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

REGULAR MEETING
Monday, June 21, 2021
9:30 A.M.

Pursuant to Executive Order N-29-20, certain provisions of the Brown Act are suspended due to a State of Emergency in response to the COVID-19 pandemic. Consistent with the Executive Order, this meeting will be conducted by video/teleconference only. None of the locations from which the Board members will participate will be open to the public.

Members of the public who wish to observe and/or participate in the meeting may do so via the Zoom app or via telephone. Members of the public who wish to provide comment during the meeting may do so by "raising your hand" in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad.

OCERS Zoom Video/Teleconference information	
Join Using Zoom App (Video & Audio) https://ocers.zoom.us/j/97143471274 **Meeting ID: 971 4347 1274** **Password: 060338** Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	**Join by Telephone (Audio Only)** Dial by your location +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) **Meeting ID: 971 4347 1274** **Password: 060338**
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

AGENDA

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

CALL MEETING TO ORDER AND ROLL CALL

PUBLIC COMMENTS

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Board; and (2) any matter appearing on the Consent Agenda**.** Members of the public who wish to provide comment at this time may do so by "raising your hand" in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad. When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

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

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board Member requests separate action on a specific item.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

Recommendation: Grant election of retirement benefit payment, Option 4, based on Segal Consulting's actuarial report.

- Joseph L. Smith
- Scott Krause

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes May 17, 2021

Recommendation: Approve minutes.

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DISABILITY/MEMBER BENEFITS AGENDA

9:30 AM

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF BENEFIT OR DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER'S APPLICATION OR APPEAL, PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.

OPEN SESSION

CONSENT ITEMS

All matters on the Consent Agenda are to be approved by one action unless a Board member requires separate action on a specific item. If separate action is requested, the item will be discussed in closed session during agenda item DA-1.

DC-1: JENNIFER ANCKAER
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as October 7, 2019.

DC-2: DANIEL BLOOM
Investigator, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as February 28, 2020.

DC-3: OLIVER DIDIO
Sheriff's Special Officer II, Orange County Sheriff's Department (General Member)

Recommendation: The Disability Committee recommends that the Board::
- Grant service connected disability retirement.
- Set the effective date as August 14, 2020.

DC-4: SARA GALLARDO
Office Specialist, Orange County Sheriff's Department (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as March 13, 2020.

DC-5: PRESTON KNOWLES
Deputy Sheriff I, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Deny service and non-service connected disability retirement due to the member's failure to cooperate.

DC-6: MORRIS LEVY
Certified Journeyman Mechanic II, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as November 12, 2017.

DC-7: DOUGLAS OBERMEIER
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 15, 2019.

DC-8: SHERI PAK
Eligibility Technician, Orange County Social Services Agency (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Deny service connected disability retirement due to insufficient evidence of job causation.

DC-9: BRYAN SWARTZ
Firefighter/Paramedic, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as October 8, 2020.

DC-10: TIMOTHY WALKER
Investigator, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as the day after the last date of regular compensation.

DC-11: ANDREAS WIKIDAL
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as August 24, 2020.

CLOSED SESSION

Government Code section 54957

Adjourn to Closed Session under Government Code section 54957 to consider member disability applications and to discuss member medical records submitted in connection therewith. The applicant may waive confidentiality and request his or her disability application to be considered in Open Session.

DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE DISABILITY/MEMBER BENEFITS CONSENT AGENDA

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board's discussion of the item. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by "raising your hand" in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called.**

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

A-2 SECOND READING AND ACTION
***Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al* – Staff Recommendations Regarding Resolution and Implementation of the Alameda Decision**
Presentation by Suzanne Jenike, Assistant CEO of External Operations and Steve Delaney, Chief Executive Officer, OCERS

Recommendation:

1. **STAFF RECOMMENDS THE BOARD APPROVE THE UPDATED PENSIONABLE DESIGNATION OF THE FOLLOWING PAY ITEMS AS A RESULT OF STAFF'S APPLICATION OF THE TEST AND DEFINITION OF NORMAL WORKING HOURS, AND FIND THESE PAY ITEMS ARE NOT PENSIONABLE:**
    a. County of Orange: Attorney Special Duty Pay, Sheriffs Canine Pay and On Call Pay
    b. Orange County Fire Authority: On Call Pay
    c. Transportation Corridor Agencies: Stand-By Statistical
    d. City of San Juan Capistrano: On Call Pay
    e. Sanitation District: On Call Pay
    f. Superior Court: On Call Pay

2. **THE GOVERNANCE COMMITTEE RECOMMENDS THE BOARD APPROVE REVISIONS TO THE FOLLOWING POLICIES, PROCEDURES, PAY ITEM REQUEST FORM AND ADMINISTRATIVE PROCEDURES (OAP) REGARDING COMPENSATION EARNABLE TO REFLECT THE APPROVED TEST AND DEFINITION OF NORMAL WORKING HOURS:**
    a. Compensation Earnable Policy
    b. Pensionable Compensation Policy
    c. Pay Item Request and Approval Procedures for Employers

d. Employer Pay Item Request Form
e. Compensation Earnable and Pensionable Compensation Determination OAP
f. Final Average Salary Calculation OAP

3. STAFF RECOMMENDS THE BOARD DIRECT STAFF TO:

a. Recalculate retirement allowances prospectively excluding the pay items listed in Recommendation #1, above, from compensation earnable for any payee with a benefit effective date of January 1, 2013 through October 1, 2020,

b. Recover overpayments made to such payees between January 1, 2013 and October 1, 2020 by offsetting the overpayments against any over-collected employee contributions during that period. Any remaining overpayments made between January 1, 2013 and October 1, 2020 will be recovered via the actuarial valuation process;

c. Credit/refund overpaid employee contributions that are remaining after being offset against the overpayments in 3.b above to the payees, if applicable;

d. Credit/refund any overpaid employee contributions made between January 1, 2013 and October 1, 2020 to the non-payees (i.e., active and deferred members) as of October 1, 2020; and

e. Collect overpayments made between October 1, 2020 and the date of the benefit recalculation in 3.a., above from the payee in accordance with the Overpayment/Underpayment of Plan Benefits Policy.

A-3 DECEMBER 31, 2020 ACTUARIAL VALUATION

Presentation by Andy Yeung, Segal Consulting

Recommendation: Approve the Actuarial Valuation and Review as of December 31, 2020 and adopt contribution rates for Fiscal Year 2022 – 2023 as recommended by Segal Consulting.

A-4 2020 AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve the following recommendations presented to the Audit Committee during a meeting held on June 4, 2021:

1. Approve OCERS' audited financial statements for the year ended December 31, 2020
2. Direct staff to finalize OCERS' 2020 Comprehensive Annual Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2020
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2020" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards"

A-5 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve the following recommendations from the Audit Committee during a meeting held on June 4, 2021:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2020.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2020 for distribution to employers.

A-6 PERSONNEL COMMITTEE – OCERS COMPENSATION STUDY OUTCOMES

Presentation by Steve Delaney, Chief Executive Officer and Cynthia Hockless, Director of Administrative Services, OCERS

Recommendation: The Personnel Committee recommends that the Board:

1. Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR
   a. Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021
   b. Approve an amendment to increase the budget for personnel costs by $220,000 for the estimated cost of the 5% pay adjustment, for a total administrative budget of $28,553,900
2. Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics and perform a formal review of the ranges at least every five years to keep the pay structure current
3. Approve a pay philosophy that allows OCERS to administer an annual performance merit based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees will receive salary increases based on the performance rating received in their annual performance evaluation as follows: Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%.
4. Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)

INFORMATION ITEMS

Each of the following informational items will be presented to the Board for discussion.

Presentations

I-1 DISCUSSION OF SENSITIVITY ANALYSIS OF ALTERNATIVE ECONOMIC ASSUMPTIONS

Presentation by Andy Yeung, Segal Consulting

I-2 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED
Written Report

Application Notices June 21, 2021
Death Notices June 21, 2021

R-2 COMMITTEE MEETING MINUTES
- 11-18-20 Personnel Committee Meeting Minutes
- 03-22-21 Audit Committee Meeting Minutes
- 05-27-21 Personnel Committee Meeting Minutes

R-3 CEO FUTURE AGENDAS AND 2021 OCERS BOARD WORK PLAN
Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS
Written Report

R-5 BOARD COMMUNICATIONS
Written Report

R-6 LEGISLATIVE UPDATE
Written Report

R-7 SAFETY ELECTION UPDATE
Written Report

R-8 2021 ANNUAL BUSINESS PLAN PROGRESS – MID YEAR REVIEW
Written Report

R-9 OCERS 2021-2023 STRATEGIC PLAN PROGRESS – MID YEAR REVIEW
Written Report

R-10 2021 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS
Written Report

CLOSED SESSION ITEMS

E-1 CONFERENCE REGARDING SIGNIFICANT EXPOSURE TO LITIGATION (ONE MATTER) (GOVERNMENT CODE SECTION 54956.9)

Adjourn pursuant to Government Code section 54956.9(d)(2)

Recommendation: Take appropriate action.

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

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ADJOURNMENT: (IN MEMORY OF THE ACTIVE MEMBERS, RETIRED MEMBERS, AND SURVIVING SPOUSES WHO PASSED AWAY THIS PAST MONTH)

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING
June 23, 2021
9:30 A.M.

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

DISABILITY COMMITTEE MEETING
July 19, 2021
8:30 A.M.

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

REGULAR BOARD MEETING
July 19, 2021
9:30 A.M.

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

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the

Board are available at the OCERS' website: https://www.ocers.org/board-committee-meetings. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

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

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Adina Bercaru, Member Services Manager

SUBJECT: **OPTION 4 RETIREMENT ELECTION – JOSEPH L. SMITH**

Recommendation

Grant election of retirement benefit payment, Option 4, based on Segal Consulting's actuarial report.

Background/Discussion

This member elected Option 4 as the benefit payment option for his service retirement allowance as required by his Domestic Relations Order (DRO), effective March 26, 2021. The Orange County Employees Retirement System (OCERS) was joined in the member's dissolution of marriage and under the terms of the DRO, the member's ex-spouse was awarded a lifetime continuance as a percentage of the member's allowance.

The approval of Option 4 will not increase OCERS liability because the cost of this Option 4 benefit is proportional to the cost of the other benefit plans. Segal Consulting has calculated the member's monthly allowance as indicated in the attached letter, as well as the allowance payable to the member's ex-spouse.

Submitted by:

A. B. – APPROVED

Adina Bercaru
Member Services Manager

Segal

Molly Calcagno, ASA, MAAA, EA
Actuary
T 415.263.8254
mcalcagno@segalco.com

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

Personal and Confidential

June 3, 2021

Ms. Adina Bercaru
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

Re: Orange County Employees Retirement System (OCERS)
Option 4 Calculation for Joseph L. Smith

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Joseph L. Smith and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated May 28, 2021.

The monthly benefits payable to the member and the ex-spouse and the data we used for our calculations are as follows:

Member's Date of Birth	
Ex-Spouse's Date of Birth	
Date of Retirement	March 26, 2021
Plan of Membership	Safety Plan F
Monthly Unmodified Benefit	$8,742.07
Ex-Spouse's Share of Monthly Unmodified Benefit	24.55%
Retirement Type	Service Retirement

Ms. Adina Bercaru
June 3, 2021
Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 24.55% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

	Payable while the Member is Alive	**Payable after the Member's Death**
Monthly benefit payable to member		
Annuity:	$1,255.23	
Pension:	5,340.66	
Total	$6,595.89	$0.00
Monthly benefit payable to ex-spouse[1]	$1,972.87	$1,972.87

ACTUARIAL ASSUMPTIONS

Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016 set back four years, weighted 80% male and 20% female for members.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 20% male and 80% female for beneficiaries.

[1] This is equal to 24.55% of the member's unmodified benefit (i.e., 24.55% * $8,742.07 or $2,146.18) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

Ms. Adina Bercaru
June 3, 2021
Page 3

The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any comments or questions. As in all matters pertaining to the interpretation and application of the law, Plan, or individual Option 4 Calculation provisions, you should be guided by the advice of the Plan's Legal Counsel.

Sincerely,

Molly Calcagno

Molly Calcagno, ASA, MAAA, EA
Actuary

JY/hy

5691410v1/05794.001

Segal

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

June 4, 2021

Joseph Lester Smith
(removed address for email purposes)

Re: Retirement Election Confirmation – Option 4

Dear Mr. SMITH:

As required by your Domestic Relations Order (DRO), you have elected Option 4 as your retirement payment option. This option will provide a 24.55% of your monthly benefit, for the life of the benefit, to:

LYNDA SMITH

This designation is irrevocable; you will not be allowed to change your retirement option or designated beneficiary.

Please complete this form and return to OCERS as soon as possible.

(✓) I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a 24.55% continuance to LYNDA SMITH.

6/8/21

Member Signature / Date

Sincerely,

Zaida Miramontes
Retirement Program Specialist

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM *2223 E. Wellington Avenue, Suite 100, Santa Ana, CA 92701*
Telephone (714) 558-6200 www.ocers.org

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Adina Bercaru, Member Services Manager

SUBJECT: **OPTION 4 RETIREMENT ELECTION – SCOTT KRAUSE**

Recommendation

Grant election of retirement benefit payment, Option 4, based on Segal Consulting's actuarial report.

Background/Discussion

This member elected Option 4 as the benefit payment option for his service retirement allowance as required by his Domestic Relations Order (DRO), effective March 26, 2021. The Orange County Employees Retirement System (OCERS) was joined in the member's dissolution of marriage and under the terms of the DRO, the member's ex-spouse was awarded a lifetime continuance as a percentage of the member's allowance.

The approval of Option 4 will not increase OCERS liability because the cost of this Option 4 benefit is proportional to the cost of the other benefit plans. Segal Consulting has calculated the member's monthly allowance as indicated in the attached letter, as well as the allowance payable to the member's ex-spouse.

Submitted by:

A. B. – APPROVED
Adina Bercaru
Member Services Manager

Segal

Molly Calcagno, ASA, MAAA, EA
Actuary
T 415.263.8254
mcalcagno@segalco.com

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San Francisco, CA 94105-6147
segalco.com

Personal and Confidential

June 3, 2021

Ms. Adina Bercaru
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

Re: Orange County Employees Retirement System (OCERS)
Option 4 Calculation for Scott Krause

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Scott Krause, his ex-spouse and his daughter based on the unmodified benefit and other information provided in the System's request dated June 1, 2021.

The monthly benefits payable to the member, the ex-spouse and the member's daughter and the data we used for our calculations are as follows:

Member's Date of Birth	
Ex-Spouse's Date of Birth	
Date of Retirement	March 26, 2021
Plan of Membership	Safety Plan F
Monthly Unmodified Benefit	$6,829.45
Ex-Spouse's Share of Monthly Unmodified Benefit	25.25%
Retirement Type	Service Retirement
Daughter's Date of Birth	
Continuance Payable to Member's Daughter	5%/10%

Ms. Adina Bercaru
June 3, 2021
Page 2

We have determined the Option 4 benefits using a two-part process. In Part One, we first calculated the adjustment to the member's unmodified benefit to provide a 25.25% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

Part One – Before Adjustment for Continuance to Daughter

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Annuity:	$1,374.20	
Pension:	3,730.81	
Total:	$5,105.01	$0.00
Monthly benefit payable to ex-spouse[1]	$1,458.98	$1,458.98

In Part Two, we further adjusted the member's benefit in Part One so that a continuance benefit of 5% or 10% can be paid to the member's daughter. In addition, the cost to provide this continuance benefit would be paid for entirely by the member.

[1] This is equal to 25.25% of the member's unmodified benefit (i.e., 25.25% * $6,829.45 or $1,724.44) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

Ms. Adina Bercaru
June 3, 2021
Page 3

Part Two - After Adjustment for Continuance Benefit Payable to Daughter

Alternative A: 5% Continuance

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Annuity:	$1,348.37	
Pension:	3,660.67	
Total:	$5,009.04	$0.00
Monthly benefit payable to daughter	$0.00	$250.45
Monthly benefit payable to ex-spouse[2]	$1,458.98	$1,458.98

Alternative B: 10% Continuance

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Annuity:	$1,323.49	
Pension:	3,593.12	
Total:	$4,916.61	$0.00
Monthly benefit payable to daughter	$0.00	$491.66
Monthly benefit payable to ex-spouse[2]	$1,458.98	$1,458.98

Actuarial Assumptions

Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016 set back four years, weighted 80% male and 20% female for members.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 20% male and 80% female for beneficiaries.

[2] This is equal to 25.25% of the member's unmodified benefit (i.e., 25.25% * $6,829.45 or $1,724.44) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any comments or questions. As in all matters pertaining to the interpretation and application of the law, Plan, or individual Option 4 Calculation provisions, you should be guided by the advice of the Plan's Legal Counsel.

Sincerely,

Molly Calcagno

Molly Calcagno, ASA, MAAA, EA
Actuary

JY/hy

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

June 8, 2021

Scott L. Krause
(removed address for email purposes)

Re: Retirement Election Confirmation – Option 4

Dear Mr. KRAUSE:

As required by your DRO, you have elected Option 4 as your retirement option. This option will provide a 25.25% of your monthly benefit, for the life of the benefit, to:

STACEY KRAUSE

This designation is irrevocable; you will not be allowed to change your retirement option or designated beneficiary.

Please complete this form and return to OCERS as soon as possible.

(✓) I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a 25.25% continuance to STACEY KRAUSE.

Krause 6/9/2021
Member Signature / Date

Sincerely,

Zaida Miramontes

Zaida Miramontes
Retirement Program Specialist

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM *2223 E. Wellington Avenue, Suite 100, Santa Ana, CA 92701*
Telephone (714) 558-6200 www.ocers.org

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

REGULAR MEETING
Monday, May 17, 2021
9:30 a.m.

MINUTES

Chair Dewane called the meeting to order at 9:34 a.m.

Cammy Torres administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Shawn Dewane, Chair; Frank Eley, Vice-Chair, Shari Freidenrich, Adele Tagaloa, Charles Packard, Chris Prevatt, Arthur Hidalgo, Jeremy Vallone, Wayne Lindholm; and Roger Hilton

Also Present via Zoom: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Jenny Sadoski, Director of Information Technology, Javier Lara, Visual Technician; Cammy Torres; Recording Secretary

Guests via Zoom: Harvey Leiderman, ReedSmith

Steve Delaney announced that the Board would not make a decision on item A-2. The item would be presented as a "first reading" only. There will be a "second reading" at the June 21st Regular Board meeting and at that time the Board would proceed with their decision.

CONSENT AGENDA

MOTION by Packard, **seconded** by Tagaloa, to approve recommendations on all of the following items on the Consent Agenda:

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

Recommendation: Grant election of retirement benefit payment, Option 4, based on Segal Consulting's actuarial report.

- Salvador Gutierrez
- Forrest C. De Spain
- James R. Johnston
- Donald Sharps

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes April 19, 2021

Recommendation: Approve minutes.

C-3 18TH ANNUAL GLOBAL ARC BOSTON

Recommendation: Approve Trustee Freidenrich's attendance and related expenses including overnight accommodations for the "18th Annual Global Arc Boston" Conference, October 25-October 27, 2021, at the InterContinental Boston, USA.

The motion passed **unanimously**.

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CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

MOTION by Packard, **seconded** by Lindholm, to approve staff's recommendation on all of the following items on the Disability/Member Benefits Consent Agenda except for DC-5:

DC-1: CHRISTINE ALFORD
Attorney IV, Orange County Public Defender's Office (General Member)

Recommendation: The Disability recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as November 23, 2018.

DC-2: VICTOR CURIEL
Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.

- Set the effective date as March 15, 2019.

DC-3: DANIEL DESLAURIERS
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as December 18, 2009.

DC-4: DEWAYNE FOWLKES
Weapons Instructor, Orange County Sheriff's Department (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as June 5, 2020.

DC-5: NOEMI GONZALEZ
Senior Administrative Analyst/Officer, Orange County Superior Court (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as March 29, 2019.

Ms. Freidenrich pulled item DC-5.

DC-6: JOHN HAMILTON
Firefighter/Paramedic, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as September 28, 2018.

DC-7: EDNA HERNANDEZ
Coach Operator Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board
- Grant non-service connected disability retirement.
- Set the effective date as August 19, 2018.

DC-8: ISELA NAVARRO-SANDOVAL
Warehouse Worker IV, Orange County Sheriff's Department (General Member)

Recommendation: The Disability Committee recommends that the Board
- Grant service connected disability retirement.
- Set the effective date as December 21, 2018.
- Require the member to undergo the reexamination process in two years' time per Government Code Section 31729.

DC-9: MARK NORTHART
Sergeant, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as September 27, 2019

DC-10: SOU PHOMMASA
Office Technician, Orange County Community Resources/Housing Authority (General Member)

Recommendation: The Disability Committee recommends that the Board:
- Deny service connected disability due to insufficient evidence of job causation.

DC-11: JACK SONGER
Sergeant, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as March 13, 2020.

DC-12: ROBERT SWANSON
Deputy Sheriff I, Orange County Sheriff's Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as April 10, 2020.

DC-13: RODOLFO TOBIAS
Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: The Disability Committee recommends that the Board
- Grant service connected disability retirement.
- Set the effective date as March 16, 2020.

DC-14: KENDALL WHALEY
Deputy Juvenile Correctional Officer II, Orange County Probation Department (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as August 17, 2020.

DC-15: MATTHEW WHITE
Firefighter, Orange County Fire Authority (Safety Member)

Recommendation: The Disability Committee recommends that the Board:
- Grant service connected disability retirement.
- Set the effective date as July 3, 2020.

The motion passed **unanimously**.

OPEN SESSION

DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE DISABILITY/MEMBER BENEFITS CONSENT AGENDA

DC-5: NOEMI GONZALEZ
Senior Administrative Analyst/Officer, Orange County Superior Court (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 29, 2019.

Ms. Freidenrich pulled item DC-5. She asked if there should be a document included in the materials that states the Board decision on the specific question of whether, her position was her job, as opposed to just seeing staff's decision as the recommendation.

Ms. Jenike stated that all documents are included in the Disability Committee's materials folder and that only certain documents are included in the Regular Board Meeting Folder. The staff analysis section of the materials shows that the Disability Committee was comfortable with the staff determination regarding the member's position.

MOTION by Freidenrich, **seconded** by Dewane, to approve item DC-5.

The motion passed **unanimously**.

The Board adjourned into closed session at 9:46 a.m.

CLOSED SESSION ITEMS

E-1 CONFERENCE REGARDING SIGNIFICANT EXPOSURE TO LITIGATION (ONE MATTER) (GOVERNMENT CODE SECTION 54956.9)
Adjourn pursuant to Government Code section 54956.9(d)(2)

Recommendation: Take appropriate action.

OPEN SESSION

The Board reconvened into open session at 10:12 a.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

On behalf of Chair Dewane, Ms. Ratto stated that there was no reportable action taken in closed session.

ACTION ITEMS:

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

A-2 ***Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al* – Staff Recommendations Regarding Resolution and Implementation of the Alameda Decision**
Presentation by Suzanne Jenike, Assistant CEO of External Operations and Steve Delaney, Chief Executive Officer, OCERS

Recommendation:

1. **STAFF RECOMMENDS THE BOARD APPROVE THE UPDATED PENSIONABLE DESIGNATION OF THE FOLLOWING PAY ITEMS AS A RESULT OF STAFF'S APPLICATION OF THE TEST AND DEFINITION OF NORMAL WORKING HOURS, AND FIND THESE PAY ITEMS ARE NOT PENSIONABLE:**
   a. County of Orange: Attorney Special Duty Pay, Sheriffs Canine Pay and On Call Pay
   b. Orange County Fire Authority: On Call Pay
   c. Transportation Corridor Agencies: Stand-By Statistical
   d. City of San Juan Capistrano: On Call Pay
   e. Sanitation District: On Call Pay
   f. Superior Court: On Call Pay

2. **THE GOVERNANCE COMMITTEE RECOMMENDS THE BOARD APPROVE REVISIONS TO THE FOLLOWING POLICIES, PROCEDURES, PAY ITEM REQUEST FORM AND ADMINISTRATIVE PROCEDURES (OAP) REGARDING COMPENSATION EARNABLE TO REFLECT THE APPROVED TEST AND DEFINITION OF NORMAL WORKING HOURS:**
   a. Compensation Earnable Policy
   b. Pensionable Compensation Policy
   c. Pay Item Request and Approval Procedures for Employers
   d. Employer Pay Item Request Form
   e. Compensation Earnable and Pensionable Compensation Determination OAP
   f. Final Average Salary Calculation OAP

3. **STAFF RECOMMENDS THE BOARD DIRECT STAFF TO:**
   a. Recalculate retirement allowances prospectively excluding the pay items listed in Recommendation #1, above, from compensation earnable for any payee with a benefit effective date of January 1, 2013 through October 1, 2020,

   b. Recover overpayments made to such payees between January 1, 2013 and October 1, 2020 by offsetting the overpayments against any over-collected employee contributions during that period. Any remaining overpayments made between January 1, 2013 and October 1, 2020 will be recovered via the actuarial valuation process;

   c. Credit/refund overpaid employee contributions that are remaining after being offset against the overpayments in 3.b above to the payees, if applicable;

d. Credit/refund any overpaid employee contributions made between January 1, 2013 and October 1, 2020 to the non-payees (i.e., active and deferred members) as of October 1, 2020; and

e. Collect overpayments made between October 1, 2020 and the date of the benefit recalculation in 3.a., above from the payee in accordance with the Overpayment/Underpayment of Plan Benefits Policy.

Mr. Delaney introduced item A-2 and reiterated that no decision would be made at the May Board meeting.

Mr. Leiderman gave an overview of the Alameda item.

Ms. Jenike reviewed and discussed the recommendations for item A-2.

Mr. Sam, retiree from the Sheriff's department, asked if he will receive a refund of his contributions since he never benefited from on-call pay. He stated that he will email Steve Delaney with his questions and will wait on his reply.

Mr. Marquez had a question regarding re-evaluating the measuring period used to calculate his benefit allowance given the exclusion of on-call pay.

Ms. Jenike stated that OCERS uses the highest consecutive 36 months of earnings and will look to a different 36 month period if it results in a higher salary for the retiree once the on call pay is removed.

Mr. Foran, Attorney representing AOCDS, expressed his disagreement with the test specified in the recommendation.

Ms. Reinhold, Attorney representing OCAA, reiterated that attorneys do not have "regular working hours" and it is not appropriate to consider their hours in the classification of "on-call" pay.

Ms. Crane, retiree, stated that her on-call pay should be included in the calculation of her benefit.

Ms. Robinson, Co-president of REAOC, spoke against the test listed in the recommendation.

Mr. Storm, Co-president of REAOC, also spoke against the recommendation.

After Board discussion, Mr. Delaney stated that the second reading of item A-2 will be held at the June Board meeting.

The Board recessed for break at 11:38 a.m.
The Board reconvened from break at 11:56 a.m.

Ms. Torres administered the roll call.

A-3 BOARD INTERVIEWS OF NOSSAMAN LLP AND REED SMITH LLP AND AWARD OF CONTRACT FOR FIDUCIARY COUNSEL SERVICES
Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: Staff recommends (1) the Board interview the two finalists, Nossaman LLP and Reed Smith LLP, selected by the Board at its April 19, 2021 meeting, to serve as the Board's fiduciary counsel; and (2) after conducting such interviews, that the Board award a Contract for Fiduciary Counsel Services to one of the two firms, subject to satisfactory negotiation of terms.

The Board interviewed the two finalists, Reed Smith LLP followed by Nossaman LLP to serve as the Board's fiduciary counsel.

After Board discussion, **MOTION** by Hilton, **seconded** by Prevatt, to award a contract for Fiduciary Counsel Services to Reed Smith LLP.

The motion passed **unanimously**.

The Board recessed for break at 2:41 p.m.
The Board reconvened from break at 2:52 p.m.

Ms. Torres administered the roll call.

INFORMATION ITEMS

Presentations

I-1 PRELIMINARY DECEMBER 31, 2020 ACTUARIAL VALUATION
Presentation by Paul Angelo, Senior Vice President, Actuary, Segal Consulting

Mr. Angelo and Mr. Yeung presented the December 31, 2020 Actuarial Valuation.

I-2 COVID-19 UPDATE
Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented the COVID-19 update for the month of May. He informed the Board that while OCERS staff continue to work remotely until the end of May, in line with current County Health Department advice emphasizing telework wherever possible, that decision is revisited by himself and the Crisis Management Team (CMT) every month. Mr. Delaney further stated that while he is sure OCERS will be continuing mandatory telework through the end of June, he would not be surprised if OCERS much like other pension plans such as CalPERS remains out into the summer. He also discussed what other Retirement systems are doing at this time in terms of returning to the office vs telecommuting.

Ms. Ratto updated the Board on the executive order of the Brown Act provisions that may affect the OCERS June 21, 2021 Regular Board meeting. Staff will update the Board once OCERS receives more information.

WRITTEN REPORTS

No written reports were pulled for discussion.

R-1 MEMBER MATERIALS DISTRIBUTED
Written Report

Application Notices	May 17, 2021
Death Notices	May 17, 2021

R-2 COMMITTEE MEETING MINUTES
- 01-25-2021 Audit Committee Minutes

R-3 CEO FUTURE AGENDAS AND 2021 OCERS BOARD WORK PLAN
Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS
Written Report

R-5 BOARD COMMUNICATIONS
Written Report

R-6 LEGISLATIVE UPDATE
Written Report

R-7 SAFETY ELECTION UPDATE
Written Report

R-8 FIRST QUARTER 2021 BUDGET TO ACTUALS REPORT
Written Report

R-9 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED MARCH 31, 2021
Written Report

BOARD MEMBER COMMENTS
N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS
N/A

COUNSEL COMMENTS
N/A

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Chair Dewane adjourned in memory of the active members, retired members, and surviving spouses who passed away during the past month. The meeting **ADJOURNED** at 3:43 p.m.

Submitted by: Approved by:

_________________________ _____________________________

Steve Delaney	Shawn Dewane
Secretary to the Board	Chairman

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 21, 2021

TO: Members of the Board

FROM: Steve Delaney, Chief Executive Officer

Suzanne Jenike, Assistant CEO, External Operations

SUBJECT: **IMPLEMENTATION OF ALAMEDA DECISION – SECOND READING AND ACTION**

Background/Discussion

On July 30, 2020, the California Supreme Court issued a unanimous decision in *Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al*, (Alameda). The decision resolved a series of legal challenges which sought to prevent county retirement boards' implementation of amendments, commonly known as PEPRA, to the County Employees Retirement Law of 1937 ("CERL"), Govt. Code §31450 *et seq*. that went into effect on January 1, 2013.

The decision of the Court in Alameda placed a number of obligations on the OCERS Board of Retirement:

1. PEPRA, having been found constitutional by the Court, must be applied to legacy (pre January 1, 2013) members as of the date PEPRA became effective, January 1, 2013;
2. County retirement boards were obligated to follow PEPRA as written. While the boards have discretion to interpret their governing law consistent with its terms, they have no authority to include as "compensation earnable" amounts that are expressly excluded by the law; and
3. Among the express exclusions from "compensation earnable" under PEPRA is pay received for additional services rendered outside of normal working hours, based on the same number of hours of work in a year for all employees in the same grade or class; and the OCERS Board must exclude such pay from compensation earnable.

On August 17, 2020, based on the Supreme Court's ruling in Alameda, OCERS administrative staff informed the OCERS Board that beginning October 1, 2020, OCERS would no longer collect pension contributions on the excluded pay items, nor would OCERS include the pay items in new benefit calculations until such time as the OCERS Board made a determination as to how best to implement the Court's findings.

In the ensuing months OCERS administrative staff held numerous meetings with both employer and labor representatives to better understand the nature and usage of the pay items in question, and reported on these meetings to the OCERS Board at each monthly Board meeting.

Board Actions at March 15, 2021 Meeting

On March 15, 2021, OCERS administrative staff made the first of two series of recommendations to the OCERS Board of Retirement: 1) adopt a test for the purpose of determining whether certain items of pay can be included in compensation earnable under the terms of the OCERS' plan document, and 2) adopt a definition of normal working hours.

The test and definition, as approved by the Board on March 15, 2021, are:

> Basic Test: Pay for services rendered outside normal working hours is excluded from compensation earnable. Conversely, pay for services rendered during normal working hours is included in compensation earnable (unless the Board otherwise determines the pay was given in order to enhance a member's retirement allowance).
>
> Definition of Normal Working Hours: "Normal working hours" are hours that (1) are required to be worked as part of the employee's regular duties; (2) are ordinarily worked by all other members in the same grade/class/rate of pay as the employee; and (3) are not and cannot be voluntarily worked by the employee. Ordinarily worked does not include time served on a temporary or emergency basis.

On March 15, 2021, the Board also referred proposed revisions to several policies and administrative procedures associated with the calculation of compensation earnable to the Governance Committee for review, approval and recommendation. On March 19, 2021, the Governance Committee met and reviewed the proposed revisions to the policies and administrative procedures and requested several additional revisions. The Governance Committee now recommends the Board approve the policies and administrative procedures, as revised by the committee, that accompany this memorandum.

Staff's Application of the Test and Definition of Normal Working Hours

Staff has applied the Board approved test and definition of normal working to the master list of pay items and has determined that the designation of the following pay items should be modified from "pensionable" to "non-pensionable" and employers should no longer deduct employee contributions on these pay items.

<u>Specific Pay Items Excluded from Compensation Earnable</u>:

- County of Orange
  - Attorney Special Duty Pay[1] - AS

[1] OCERS staff believes that the Attorney Special Duty Pay received by County of Orange attorneys associated with preparation for conducting parole hearings may be pensionable as skills-based services performed during normal working hours. However, in order to be recognized as pensionable, OCERS requires that the pay be reported to OCERS as a separate and distinct pay item. The items of pay other than pay for preparation for conducting parole hearings that are currently included in Attorney Special Duty Pay, including Search Warrant Duty Pay, Parole Hearing Travel Time, Juvenile Hotline Assignment Pay, County Counsel Juvenile Warrant and Emergency Petition Assignment Pay, are pay for additional services rendered outside of normal working hours and are therefore non-pensionable, and should no longer be reported under the Special Duty Pay code.

  - Sheriffs Canine Pay[2] - K9PAY
  - On Call Pay - OC
- Orange County Fire Authority
  - On Call Pay - OC
- Transportation Corridor Agencies
  - Stand-By Statistical - SB
- City of San Juan Capistrano
  - On Call Pay - OC
- Sanitation District
  - On Call Pay - OC
- Superior Court
  - On Call Pay - OC

Recommendations:

1. **STAFF RECOMMENDS THE BOARD APPROVE THE UPDATED PENSIONABLE DESIGNATION OF THE FOLLOWING PAY ITEMS AS A RESULT OF STAFF'S APPLICATION OF THE TEST AND DEFINITION OF NORMAL WORKING HOURS, AND FIND THESE PAY ITEMS ARE NOT PENSIONABLE:**
   a. County of Orange: Attorney Special Duty Pay[3], Sheriffs Canine Pay and On Call Pay
   b. Orange County Fire Authority: On Call Pay
   c. Transportation Corridor Agencies: Stand-By Statistical
   d. City of San Juan Capistrano: On Call Pay
   e. Sanitation District: On Call Pay
   f. Superior Court: On Call Pay
2. **THE GOVERNANCE COMMITTEE RECOMMENDS THE BOARD APPROVE REVISIONS TO THE FOLLOWING POLICIES, PROCEDURES, PAY ITEM REQUEST FORM AND ADMINISTRATIVE PROCEDURES (OAP) REGARDING COMPENSATION EARNABLE TO REFLECT THE APPROVED TEST AND DEFINITION OF NORMAL WORKING HOURS:**
   a. Compensation Earnable Policy
   b. Pensionable Compensation Policy
   c. Pay Item Request and Approval Procedures for Employers
   d. Employer Pay Item Request Form
   e. Compensation Earnable and Pensionable Compensation Determination OAP
   f. Final Average Salary Calculation OAP

[2] This is compensation for canine maintenance at one and one-half times the regular rate of pay for 30 minutes per day, seven days a week, whenever the police service dog is kenneled at the handler's residence.

[3] With the exception of pay for preparation for conducting parole hearings, provided the County reports this pay to OCERS as a separate and distinct item of pay. See footnote 1, above.

3. STAFF RECOMMENDS THE BOARD DIRECT STAFF TO:

a. Recalculate retirement allowances prospectively excluding the pay items listed in Recommendation #1, above, from compensation earnable for any payee with a benefit effective date of January 1, 2013 through October 1, 2020[4];[5]

b. Recover overpayments made to such payees between January 1, 2013 and October 1, 2020 by offsetting the overpayments against any over-collected employee contributions during that period.[6] Any remaining overpayments made between January 1, 2013 and October 1, 2020 will be recovered via the actuarial valuation process[7];

c. Credit/refund overpaid employee contributions that are remaining after being offset against the overpayments in 3.b., above, to the payees, if applicable;

d. Credit/refund any overpaid employee contributions made between January 1, 2013 and October 1, 2020 to non-payees (i.e., active and deferred members) as of October 1, 2020; and

e. Collect overpayments made between October 1, 2020 and the date of the benefit recalculation in 3.a., above, from the payee in accordance with OCERS' Overpayment/Underpayment of Plan Benefits Policy.

Submitted by:

SD - APPROVED

Steve Delaney
Chief Executive Officer

[4] These pay items were excluded from compensation earnable for payees whose benefits commenced on and after October 1, 2020 pursuant to the Board's discussion on August 17, 2020.

[5] Once the excluded pay items are removed from the calculation of final average salary, staff will determine for each payee whether there is a different period of earnings that is higher; and if so, staff will make an adjustment to the payee's measuring period.

[6] Interest will not be added to overpayments made from January 1, 2013 through October 1, 2020.

[7] The actuarial valuation process for recovering overpayments means that any remaining overpayments from 3.b., above, will be recovered from the employers by continuing to recognize the overpayments as part of the employers' unfunded actuarial accrued liability (UAAL).

Submitted by:

SJ - APPROVED

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Suzanne Jenike
Assistant CEO, External Operations

Attachments:

A-2ab Compensation Earnable Policy clean

A-2ab Compensation Earnable Policy redline

A-2bb Pensionable Compensation Policy v2 clean

A-2bb Pensionable Compensation Policy v2 redline

A-2cb Pay Item Request and Approval Procedures for Employers v2 clean

A-2cb Pay Item Request and Approval Procedures for Employers v2 redline

A-2db Employer Pay Item Request Form v2 clean

A-2db Employer Pay Item Request Form v2 redline

A-2eb Compensation Earnable Pensionable Compensation Determination OAP v2 clean

A-2eb Compensation Earnable Pensionable Compensation Determination OAP v2 redline

A-2fb Final Average Salary Calculation Procedure OAP v2 clean

A-2fb Final Average Salary Calculation Procedure OAP v2 redline

A-2g Proposed OCERS Action in Response to Alameda County Employees' Retirement Association

A-2h LTR - OCERS Special Duty Pay 4.13.21

A-2i Letter from Larry Brennler

A-2j Letter from Grant Fry

OCERS Board Policy

Compensation Earnable Policy

Purpose and Background

1. The purpose of this policy is to affirm OCERS' interpretation of the term Compensation Earnable as set forth in California Government Code section 31461 (Section 31461) and OCERS Board of Retirement Resolution 98-001 (Resolution 98-001).

2. Resolution 98-001 was adopted by the OCERS Board of Retirement (Board) on February 6, 1998, in order to implement the decision of the California Supreme Court (Supreme Court) in the case *Ventura County Deputy Sheriffs' Association vs. Board of Retirement of Ventura County Employees Retirement Association* (1997) 16 Cal.4th 483 (Ventura Decision). The Supreme Court in the Ventura Decision interpreted Section 31461 and the term Compensation Earnable and mandated a change in the method for calculating pension benefits for members and their beneficiaries by retirement systems governed by the County Employees Retirement Law of 1937 (CERL).

3. Resolution 98-001, among other things, reflects the Board's interpretation of the Ventura Decision as it applies to various types or categories of speciality or premium pay received by OCERS members from their employers, and delineates those items of pay that are to be included in and those that are to be excluded from Compensation Earnable.

4. On May 4, 1998, Resolution 98-001 was amended by Board Resolution 98-009 in response to litigation brought by the County of Orange and others challenging the legality of Resolution 98-001. Resolution 98-009 deleted Sections 6, 8 and a portion of Section 9 of Resolution 98-001 related to the imposition of contributions in arrears stemming from the change in contribution rates that resulted from the implementation of Resolution 98-001. Additionally on December 18, 2000, Resolution 98-001 was further amended by Resolution 00-003 to address the treatment of certain automobile allowances. For purposes of this policy, any reference to Resolution 98-001 will be as Resolution 98-001 was amended by Resolutions 98-009 and 00-003.

5. OCERS was a party to several litigation matters that arose subsequent to the Ventura Decision and adoption of Resolution 98-001. These cases were coordinated as class actions in San Francisco Superior Court with other litigation involving other county retirement systems involving the interpretation and implementation of the Ventura Decision (Coordinated Cases).

6. On November 1, 2002, the San Francisco Court entered a judgment (Judgment) approving a settlement agreement of the Coordinated Cases that, among other things, included an agreement that all parties would " . . . accept as final and binding the inclusions and exclusions from compensation, compensation earnable and final compensation . . . " as set forth in Resolution 98-001.

7. In 2012, the California Legislature adopted AB 197 and the Public Employees Pension Reform Act of 2012 (PEPRA), which among other things, effective January 1, 2013, amended Section 31461 to add subdivision (b), a list of items of compensation that are expressly excluded from Compensation Earnable. Among the items of compensation excluded from Compensation Earnable by subdivision (b) of Section 31461 are (1) compensation determined by the board to have been paid to enhance a member's retirement allowance, (2) payments for unused vacation, annual leave, etc., in an amount that exceeds what is earned and payable in each 12-month period during the Final

Compensation Period, (3) payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise, and (4) payments made at termination of employment, except those that do not exceed what is earned and payable in each 12-month period during the Final Compensation Period. PEPRA also added a new term – Pensionable Compensation – to define the items of compensation that are permitted to be included in the calculation of the retirement allowances of OCERS members enrolled in the pension system on or after January 1, 2013. OCERS members who were members of the system prior to January 1, 2013 are referred to as Legacy members in this policy.

8. A number of lawsuits were filed shortly after PEPRA became effective. One of these lawsuits was appealed to the Supreme Court, and on July 30, 2020, resulted in a decision of the court upholding as constitutional AB 197 and PEPRA, including the amendments to Section 31461. (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5th1032; the Alameda Decision.) The Board has amended Paragraph 10 below to reflect the holding of the Supreme Court in the Alameda Decision.

Policy Objectives

9. The objectives of this policy are to ensure that OCERS fully complies with applicable law including the Alameda Decision when calculating Compensation Earnable and Legacy members' retirement benefits, and to reaffirm the continued applicability of Resolution 98-001 as upheld by the Judgment in the Coordinated Cases.

Policy Guidelines

10. **Compensation Earnable.** Compensation Earnable for Legacy members will be calculated by OCERS in accordance with the following guidelines.

    (a) **Pay Items Included in Compensation Earnable.**

    In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours (defined below) will be included in Compensation Earnable, including but not limited to the following items of compensation, and others substantially similar to them:

    - Base Salary and Wages
    - Bilingual Premium Pay
    - Educational Incentive ("POST") Pay
    - Aircraft Rescue Firefighting
    - Paramedic Pay
    - Motorcycle Bonus

- Emergency Dispatch Pay
- Field Training 0fficer Bonus
- Shift Differential Pay
- Confined Space Pay
- Longevity Incentive
- Automobile Allowance, if paid in cash; and for members whose Final Compensation Period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Uniform Allowance
- Uniform Maintenance Allowance
- Payoffs of Vacation, Sick and Holiday leave time to the extent it was (i) earned in each 12-month period of the Final Compensation Period (pro-rated on a monthly basis); (ii) not taken as time off; and (iii) permitted to be cashed-out during the Final Compensation Period (pro-rated on a monthly basis) under the applicable MOU, regardless of when actually paid or cashed out
- Employee Contributions to a Deferred Compensation Plan [already included in Base Wages and Salary, above]
- "Mandatory or Scheduled Overtime" (including pay items such as On-Call and Standby) provided that it is pay for services rendered during the employee's Normal Working Hours (defined below).
- Compensatory Time (excluding "True Overtime" as defined in Section 10(b) below) in excess of minimum required reserve
- "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Additional Compensation for Scheduled Meal Periods
- Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991

(b) **Pay Items Excluded from Compensation Earnable.**
In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the Final Compensation Period; and (ii) is not for services rendered during the employee's Normal Working Hours (defined below) will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- "True Overtime", including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working Hours (as defined below), whether paid in a lump sum or otherwise

- Employer Contributions to a Deferred Compensation Plan
- Employer Contributions to the Retirement System
- Employer "pick up" of Employee Contributions to the Retirement System
- Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed out under the applicable MOU, during each 12-month period of the Final Compensation Period, regardless of when actually paid or cashed out
- Flexible Benefits ("Cafeteria Plan") provided in-kind
- Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring on and after January 1, 1991
- Terminal ("Final") Pay, unless included in Compensation Earnable under Section 10(a), above
- Expense Reimbursements
- In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, Licenses, Memberships provided to the member by the employer
- Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods **do not** include time before January 1, 2001.

(c) **Definition of Normal Working Hours**.

Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; ***and*** (iii) are not and cannot be voluntarily worked by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

(d) **Calculation of Compensation Earnable**.

The retiring employee's compensation will be "regularized" to what would have been received had the employee been paid for a normal work schedule during the Final Compensation Period. OCERS Staff will calculate Compensation Earnable (Earnable Salary) by creating a fraction, the numerator of which is the amount of the employee's qualifying compensation and the denominator of which is the number of ordinary work hours for which the employee was actually paid. Staff will then multiply that fraction by the number of paid hours ordinarily required to be worked by all other members in the same grade/class as the retiring employee. The result will be the retiring employee's Compensation Earnable for the Final Compensation Period.

OCERS Board Policy

Compensation Earnable Policy

Policy Review

11. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

12. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended by the Board on ____________, 2021.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

Date

OCERS Board Policy

Compensation Earnable Policy

Purpose and Background

1. The purpose of this policy is to affirm OCERS' interpretation of the term Compensation Earnable as set forth in California Government Code section 31461 (Section 31461) and OCERS Board of Retirement Resolution 98-001 (Resolution 98-001).
2. Resolution 98-001 was adopted by the OCERS Board of Retirement (Board) on February 6, 1998, in order to implement the decision of the California Supreme Court (Supreme Court) in the case *Ventura County Deputy Sheriffs' Association vs. Board of Retirement of Ventura County Employees Retirement Association* (1997) 16 Cal.4th 483 (Ventura Decision). The Supreme Court in the Ventura Decision interpreted Section 31461 and the term Compensation Earnable and mandated a change in the method for calculating pension benefits for members and their beneficiaries by retirement systems governed by the County Employees Retirement Law of 1937 (CERL).
3. Resolution 98-001, among other things, reflects the Board's interpretation of the Ventura Decision as it applies to various types or categories of speciality or premium pay received by OCERS members from their employers, and delineates those items of pay that are to be included in and those that are to be excluded from Compensation Earnable.
4. On May 4, 1998, Resolution 98-001 was amended by Board Resolution 98-009 in response to litigation brought by the County of Orange and others challenging the legality of Resolution 98-001. Resolution 98-009 deleted Sections 6, 8 and a portion of Section 9 of Resolution 98-001 related to the imposition of contributions in arrears stemming from the change in contribution rates that resulted from the implementation of Resolution 98-001. Additionally on December 18, 2000, Resolution 98-001 was further amended by Resolution 00-003 to address the treatment of certain automobile allowances. For purposes of this policy, any reference to Resolution 98-001 will be as Resolution 98-001 was amended by Resolutions 98-009 and 00-003.
5. OCERS was a party to several litigation matters that arose subsequent to the Ventura Decision and adoption of Resolution 98-001. These cases were coordinated as class actions in San Francisco Superior Court with other litigation involving other county retirement systems involving the interpretation and implementation of the Ventura Decision (Coordinated Cases).
6. On November 1, 2002, the San Francisco Court entered a judgment (Judgment) approving a settlement agreement of the Coordinated Cases that, among other things, included an agreement that all parties would " . . . accept as final and binding the inclusions and exclusions from compensation, compensation earnable and final compensation . . . " as set forth in Resolution 98-001.
7. In 2012, the California Legislature adopted AB 197 and the Public Employees Pension Reform Act of 2012 (“~~"~~PEPRA”~~"~~), which among other things, effective January 1, 2013, amended Section ~~31641~~ 31461 to add subdivision (b), a list of items of compensation that are expressly excluded from Compensation Earnable. Among the items of compensation excluded from Compensation Earnable by subdivision (b) of Section ~~31641~~ 31461 are (1) compensation determined by the board to have been paid to enhance a member's retirement allowance, (2) payments for ~~of~~ unused vacation, annual leave, etc., in an amount that exceeds what is~~that which may be~~ earned and payable in each

12-month period during the Final Compensation Period, (3) ~~-~~payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise, and (4) payments made at termination of employment, except those that do not exceed what is earned and payable in each 12-month period during the Final Compensation Period~~.~~. PEPRA also added a new term – Pensionable Compensation – to define the items of compensation that are permitted to be included in the calculation of the retirement allowances of OCERS members enrolled in the pension system on or after January 1, 2013. OCERS members who were members of the system prior to January 1, 2013 are referred to as Legacy members in this policy.

8. A number of lawsuits were filed shortly after PEPRA became effective. One of these lawsuits was appealed to the Supreme Court, and on July 30, 2020, resulted in a decision of the court upholding as constitutional AB 197 and PEPRA, including the amendments to Section ~~31641~~31461. (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5^{th}1032; the Alameda Decision.) The Board has amended Paragraph 10 below to reflect the holding of the Supreme Court in the Alameda Decision.

Policy Objectives

9. The objectives of this policy are to ensure that OCERS fully complies with applicable law including the Alameda Decision when calculating Compensation Earnable and Legacy members' retirement benefits, and to reaffirm the continued applicability of Resolution 98-001 as upheld by the Judgment in the Coordinated Cases.

Policy Guidelines

10. **Compensation Earnable.** Compensation Earnable for Legacy members will be calculated by OCERS in accordance with the following guidelines.

    (a) **Pay Items Included in Compensation Earnable.**

    In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours (defined below) will be included in Compensation Earnable, including but not limited to the following items of compensation, and others substantially similar to them:

    - Base Salary and Wages
    - Bilingual Premium Pay
    - Educational Incentive ("POST") Pay
    - Aircraft Rescue Firefighting
    - Paramedic Pay
    - Motorcycle Bonus

- Emergency Dispatch Pay
- Field Training 0fficer Bonus
- Shift Differential Pay
- Confined Space Pay
- Longevity Incentive
- Automobile Allowance, if paid in cash; and for members whose Final Compensation Period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Uniform Allowance
- Uniform Maintenance Allowance
- Payoffs of Vacation, Sick and Holiday leave time to the extent it was (i) earned in each ~~of the~~ 12-month period of the Final Compensation Period~~(s)~~ (pro-rated on a monthly basis); (ii) not taken as time off; and (iii) permitted to be cashed-out during the Final Compensation Period (pro-rated on a monthly basis) under the applicable MOU, regardless of when actually paid or cashed out
- Employee Contributions to a Deferred Compensation Plan [already included in Base Wages and Salary, above]
- "Mandatory or Scheduled Overtime" (including pay items such as On-Call and Standby) provided that it is pay for services rendered during the employee’s Normal Working Hours (defined below).
- Compensatory Time (excluding "True Overtime" as defined in Section 10(b) below) in excess of minimum required reserve
- "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Additional Compensation for Scheduled Meal Periods
- Flexible Benefits (“Cafeteria Plan") paid in cash to members retiring before January 1, 1991

(b) **Pay Items Excluded from Compensation Earnable.**
In accordance with Resolution 98-001 and subdivisions (a) and (b) of Section 31461, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the Final Compensation Period; and (ii) is not for services rendered during the employee’s Normal Working Hours (defined below) will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- “True Overtime”, including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working Hours (as defined below), whether paid in a lump sum or otherwise

- Employer Contributions to a Deferred Compensation Plan
- Employer Contributions to the Retirement System
- Employer "pick up" of Employee Contributions to the Retirement System
- Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed out under the applicable MOU, during each ~~of the~~ 12-month period of the Final Compensation Period~~(Ss)~~, regardless of when actually paid or cashed out
- Flexible Benefits ("Cafeteria Plan") provided in-kind
- Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring on and after January 1, 1991
- Terminal ("Final") Pay, unless included in Compensation Earnable under Section 10(a), above
- Expense Reimbursements
- In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, Licenses, Memberships provided to the member by the employer
- Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods **do not** include time before January 1, 2001.

(c) **Definition of Normal Working Hours**.

Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; ***and*** (iii) are not and cannot be voluntarily worked by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

(d) **Calculation of Compensation Earnable**.

The retiring employee's compensation will be "regularized" to what would have been received had the employee been paid for a normal work schedule during the Final Compensation Period. OCERS Staff will calculate Compensation Earnable (Earnable Salary) by creating a fraction, the numerator of which is the amount of the employee's qualifying compensation and the denominator of which is the number of ordinary work hours for which the employee was actually paid. Staff will then multiply that fraction by the number of paid hours ordinarily required to be worked by all other members in the same grade/class as the retiring employee. The result will be the retiring employee's Compensation Earnable for the Final Compensation Period.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Compensation Earnable Policy

Policy Review

11. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

12. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended by the Board on ____________, 2021.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney

Steve Delaney
Secretary of the Board

Date

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Pensionable Compensation Policy

Purpose and Background

1. Effective January 1, 2013, the State of California enacted the Public Employees Pension Reform Act of 2012, Government Code sections 7522, *et seq*. (PEPRA). PEPRA created a new class of pension plan members composed of members enrolled in the pension plan on or after January 1, 2013 (PEPRA Members).
2. Under Government Code section 7522.34 (Section 7522.34), the items of compensation that are to be included in a retiring PEPRA Member's final compensation are defined as "Pensionable Compensation."
3. The purpose of this policy is to set forth OCERS' interpretation of the term "Pensionable Compensation" as defined in Section 7522.34, in the context of the specific pay items utilized by OCERS' employers.

Policy Objectives

4. The objective of this policy is to ensure that OCERS fully complies with applicable law when calculating a PEPRA Member's retirement benefit.

Policy Guidelines

5. **Pensionable Compensation.** OCERS will calculate Pensionable Compensation for PEPRA Members in accordance with the following guidelines.

   (a) Pay Items Included in Pensionable Compensation.

   Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours (defined below); (vi) pursuant to Publicly Available Pay Schedules (defined below); and (vi) subject to the limitations of Section 5(b), below.

   Subject to the requirements set forth in the preceding paragraph above, Pensionable Compensation includes the following items of compensation:

   Base Salary and Wages (gross of any employee contributions to deferred compensation plans) and includes additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay items (Premium Pay), and others substantially similar to them:

   - Bilingual Pay
   - Educational Pay
   - Aircraft Rescue Firefighting Pay
   - Paramedic Pay
   - Motorcycle Pay
   - Emergency Dispatch Pay
   - Field Training 0fficer Pay

- Shift Differential Pay
- Confined Space Pay

(b) Pay Items Excluded From Pensionable Compensation.

The following items of compensation will be excluded from Pensionable Compensation:

- Any compensation determined by the Board (i) to have been paid to increase a member's retirement benefit or (ii) to be inconsistent with the requirements of subsection (a) above
- Overtime, other than as defined in Section 207(k) of Title 29 of the United States Code.
- Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise
- Employer contributions to deferred compensation plan or retirement system
- Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- Automobile, uniform or other allowances
- Payments for unused vacation, annual leave, personal leave, sick leave, holiday pay or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid
- Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, licenses, or memberships provided to or for a member by employer
- Any bonus paid in addition to the compensation defined in (a) above
- Any ad hoc or one-time pay of any sort
- Longevity Incentive Pay
- Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(c) Definition of Normal Working Hours.

- Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; **and** (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Pensionable Compensation Policy

6. **Publicly Available Pay Schedule**. In accordance with Section 7522.34, OCERS will exclude from Pensionable Compensation any pay code or item of compensation that is not included in a Publicly Available Pay Schedule. Publicly Available Pay Schedule means a document or documents that reflect the amount or category of pay and that meets all of the following requirements:

   (a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;

   (b) Identifies the position title for every employee position;

   (c) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

   (d) Is posted on the employer's internet website. If not on the website it will be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours; and

   (e) Does not reference a document which is not available in accordance with (d), above in lieu of disclosing the payrate.

   The requirement for a Publicly Available Pay Schedule can be met by posting on the employer's internet website the applicable labor memoranda of understanding, compensation resolutions or ordinances and all salary schedules or matrices, so long as taken together the documents contain all required information. The employer need not create a new document to comply with this requirement.

   If an employer fails to meet the requirements of Paragraph 6(a) above, the Board, in its sole discretion, may determine an amount that will be considered to be the applicable payrate, taking into consideration all information the Board deems relevant including, but not limited to, the following:

   a) Documents approved by the employer's governing body in accordance with the requirements of public meetings laws and maintained by the employer;
   b) The last payrate listed on a conforming pay schedule with the same employer for the position at issue;
   c) The last payrate for the member that is listed on a conforming pay schedule with the same employer for a different positon.

Policy Review

7. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

8. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended on ______, 2021.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Pensionable Compensation Policy

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

Date

OCERS Board Policy

Pensionable Compensation Policy

Purpose and Background

1. Effective January 1, 2013, the State of California enacted the Public Employees Pension Reform Act of 2012, Government Code sections 7522, *et. seq*. (PEPRA). PEPRA created a new class of pension plan members composed of ~~those~~ members enrolled in the pension plan on or after January 1, 2013 ("PEPRA Members").
2. Under Government Code section 7522.34 (Section 7522.34), the items of compensation~~earnings~~ that are to be included in a retiring PEPRA Member's final compensation are defined as "Pensionable Compensation."
3. The purpose of this policy is to set forth OCERS' interpretation of the term "Pensionable Compensation" as defined in Section 7522.34, in the context of the specific pay items utilized by OCERS' ~~plan sponsors~~employers.

Policy Objectives

4. The objective of this policy is to ensure that OCERS fully complies with applicable law when calculating a PEPRA Member's retirement benefit.

Policy Guidelines

5. **Pensionable Compensation.** OCERS ~~shall~~will calculate Pensionable Compensation for PEPRA Members in accordance with the following guidelines.

   (a) Pay Items Included in Pensionable Compensation.

   Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours (defined below); (vi) pursuant to P~~p~~ublicly A~~a~~vailable P~~p~~ay S~~s~~chedules (defined below); and (vi) subject to the limitations of Section 5(b), below. ~~Normal Working Hours are those that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee;~~ ~~**and**~~ ~~(iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.~~

   Subject to the requirements set forth in the preceding paragraph above, Pensionable Compensation includes the following items of compensation:

   Base Salary and Wages (gross of any employee contributions to deferred compensation plans) and includes additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay items (Premium Pay), and others substantially similar to them:

   - Bilingual Pay
   - Educational Pay
   - Aircraft Rescue Firefighting Pay

- Paramedic Pay
- Motorcycle Pay
- Emergency Dispatch Pay
- Field Training Officer Pay
- Shift Differential Pay
- Confined Space Pay

~~Premium Pay will be included only if the assignment, certification or license:~~
- ~~Is part of a member's regularly assigned responsibilities,~~
- ~~is an essential, normal or traditional function of the job,~~
- ~~is part of the regular assignment of all other members in the same grade or class, and,~~
- ~~is not for work performed or received solely during the final average compensation period.~~

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(b) Pay Items Excluded From Pensionable Compensation.

The following items~~categories~~ of compensation ~~shall~~will be excluded from ~~"~~Pensionable Compensation~~"~~:

- Any compensation determined by the Board (i) to have been paid to increase a member's retirement benefit or (ii) to be~~is~~ inconsistent with the requirements of subsection (a) above
- Overtime, other than as defined in Section 207(k) of Title 29 of the United States Code~~, that is not performed during Normal Working Hours~~
- Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise
- Employer contributions to deferred compensation plan or retirement system
- Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- Automobile, uniform or other allowances
- Payments for unused vacation, annual leave, personal leave, sick leave, holiday pay or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid
- Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, licenses, or memberships provided to or for a member by employer
- Any bonus paid in addition to the compensation defined in (a) above
- Any ad hoc or one-time pay of any sort
- Longevity Incentive Pay
- Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit

of the member and which was converted to and received by the member in the form of a cash payment.

- Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.
- (c) **Definition of Normal Working Hours.**
- Normal Working Hours are hours that (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in the same grade/class/rate of pay as the employee; **and** (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not include time served on a temporary or emergency basis.

6. **Publicly Available Pay Schedule**. In accordance with Section 7522.34, OCERS will exclude from~~not recognize as~~ Pensionable Compensation any pay code or item of compensation that is not included in a Publicly Available Pay Schedule. ~~For purposes of this policy, "~~Publicly Available Pay Schedule~~"~~ means a document or documents that reflect the amount or category of pay and that meets all of the following requirements:

   (a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;

   (b) Identifies the position title for every employee position;

   (c) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

   (d) Is posted on the employer's internet website. If not on the website it ~~shall~~will be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours; and

   (e) Does not reference a document which is not available in accordance with (d), above in lieu of disclosing the payrate.

   The requirement for a Publicly Available Pay Schedule can be met by posting on the employer's internet website the applicable labor memoranda of understanding, compensation resolutions or ordinances and all salary schedules or matrices, so long as taken together the documents contain all required information. The employer need not create a new document to comply with this requirement.

   If an employer fails to meet the requirements of Paragraph 6(a) above, the Board, in its sole discretion, may determine an amount that will be considered to be the applicable payrate, taking into consideration all information the Board deems relevant including, but not limited to, the following:

   a) Documents approved by the employer's governing body in accordance with the requirements of public meetings laws and maintained by the employer;
   b) The last payrate listed on a conforming pay schedule with the same employer for the position at issue;

c) The last payrate for the member that is listed on a conforming pay schedule with the same employer for a different positon.

Policy Review

7. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

8. The Board of Retirement adopted this policy on March 18, 2019, and this policy was amended on ______, 2021.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney Secretary of the Board	Date

PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

I. Purpose

This document explains the process for requesting OCERS' review and approval of new pay items or changes to existing pay items. In accordance with OCERS Board Policy - Pay Item Review, employers must submit a new pay item request for approval to OCERS 30-days before implementation of the pay item so that OCERS can a make a determination as to whether the requested pay item is pensionable and can be included in the final average salary. This analysis will help ensure proper, timely, and accurate reporting of pay on transmittal files, collection of contributions and calculation of members' pension benefits. It is part of the overall compensation review process.

II. Process Summary

When an employer has a new pay item and is requesting a new pay code for the transmittal file, the employer must submit a Pay Item Request describing the pay item including details regarding how, to whom and when it is paid. OCERS will analyze the pay item and make a determination as to whether the pay item is pensionable or non-pensionable under the County Employees Retirement Law ("CERL") or Public Employees' Pension Reform Act ("PEPRA"). OCERS will notify the employer of the determination of the pay item to implement. The pay item and status will then be added to the system and the Pay Item Master List. If the employer disagrees with the determination, it will have 30 days from the date of OCERS' notice of determination to request review of the determination by the Board. Upon receipt of a timely request for review, the Board will consider the request and make a decision on whether or not the pay item is pensionable.

III. Critical Aspects of Procedures

For this process, the most important elements are the following:

- **Timing**: Request must be submitted 30-days prior to the implementation of the pay item to provide sufficient time for OCERS to analyze the pay item and set up the code in OCERS' system. **The pay item must be properly reviewed, approved and set up in the system, or else exceptions will be created when validating the payroll transmittal and calculation of contributions and member retirement benefits may be miscalculated.**

- **Publicly Available Pay Schedule**: PEPRA requires that in order for a pay item to be included in a PEPRA member's final average salary, it must be included in a "publicly available pay schedule." In accordance with PEPRA, the pay item must be included in a pay schedule that:
  - Was duly approved by the employer's governing body;
  - Identifies the position title for every employee position along with the applicable elements of compensation;
  - Is posted or immediately accessible and available for public review at the office of the employer or posted on the employer's internet website; and

  - Does not reference an unavailable document in lieu of disclosing the element of compensation.

- **OCERS' Approval**: OCERS must approve the pay item for it to be pensionable.

- **Accuracy**: The pay item must be coded and reported correctly to prevent under or overpayment of contributions and/or a member's pension.

- **Implementation**: Employers must transmit the pay item in accordance with OCERS' determination. Failure to do may result in OCERS imposing administrative costs on the employer. Employers also will be required to prepare appropriate adjustments and calculate any refunds that may be due to an employee.

IV. Required Documents

The following documentation will be required to process new pay item requests:

1. Copies of the applicable sections of the Memorandum of Understanding (MOU), contract and/or compensation resolution in which the terms of the particular pay code are established.
2. Copies of any other official employer documents such as personnel rules or departmental procedures that evidence the conditions under which the pay item may or may not be pensionable, if not clearly determinable from the MOU.
3. Completed Pay Item Request Form, which includes:
   - General information
   - Pay item
   - Description of the pay item
   - List of job classification(s) of employees eligible for the pay item
   - Type of payment
   - Basis for eligibility

   A separate Pay Item Request is required for each new or changed pay item
4. Access to the publicly available pay schedule as described in section IV.

V. Preceding Step (Prerequisites)

To the extent possible, OCERS should be notified of pending negotiations that may result in new items of compensation or modifications to current pay items, so that OCERS can assist the bargaining parties in determining whether the pay item(s) will be considered pensionable. OCERS must approve the pay item for it to be pensionable. Advance notice will also allow OCERS staff to be prepared for the new pay item request and minimize the review time.

PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

VI. Procedure Detail for Submitting Pay Item Request for Review and Approval

As new pay items are approved by the employer's governing body, the employer must submit each item for review and approval by OCERS to determine if it is pensionable or non-pensionable.

The following describes the steps for submitting your request:

1. Gather required documentation listed in Section IV.
2. Refer to OCERS policy documents including, but not limited to, the Compensation Earnable Policy and the Pensionable Compensation Policy for guidance on pensionability of various forms of compensation.
3. Download the Pay Item Request Form from the Employer Section of the OCERS website at www.ocers.org.
4. Fill in and complete the Pay Item Request Form (see attached form)
5. Send the completed form and required documentation to:
   OCERS Employer Payroll Unit
   By Email: Employerpayroll@ocers.org

VII. Subsequent Steps for Approval and Implementation

Once the request for new pay item has been received:

1. The pay item will be reviewed by OCERS staff for compliance with the OCERS Pay Item Review Policy.
2. OCERS staff will evaluate the pay item to determine whether it is pensionable by using the applicable criteria for Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members. Legacy members refer to existing OCERS members as of January 1, 2013. PEPRA members refer to OCERS members hired on or after January 1, 2013. For more information on Compensation Earnable or Pensionable Compensation, please refer to the Compensation Earnable Policy and Pensionable Compensation Policy at www.ocers.org.
3. After completing the review, staff will send the employer a written notification of its determination, including the reasons for its determination and supporting facts and analyses.
4. If staff determines that the pay item meets the criteria for either Compensation Earnable or Pensionable Compensation but not both, a separate pay code will be required; the employer must submit a separate Pay Item Request for the non-pensionable component.
5. Employer will implement the pay item with the approved pay item status (pensionable or non-pensionable) as determined by OCERS.
6. OCERS will set up the pay code in the pension administration system and add the pay item to the approved Pay Item Master List.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

VIII. Review Process

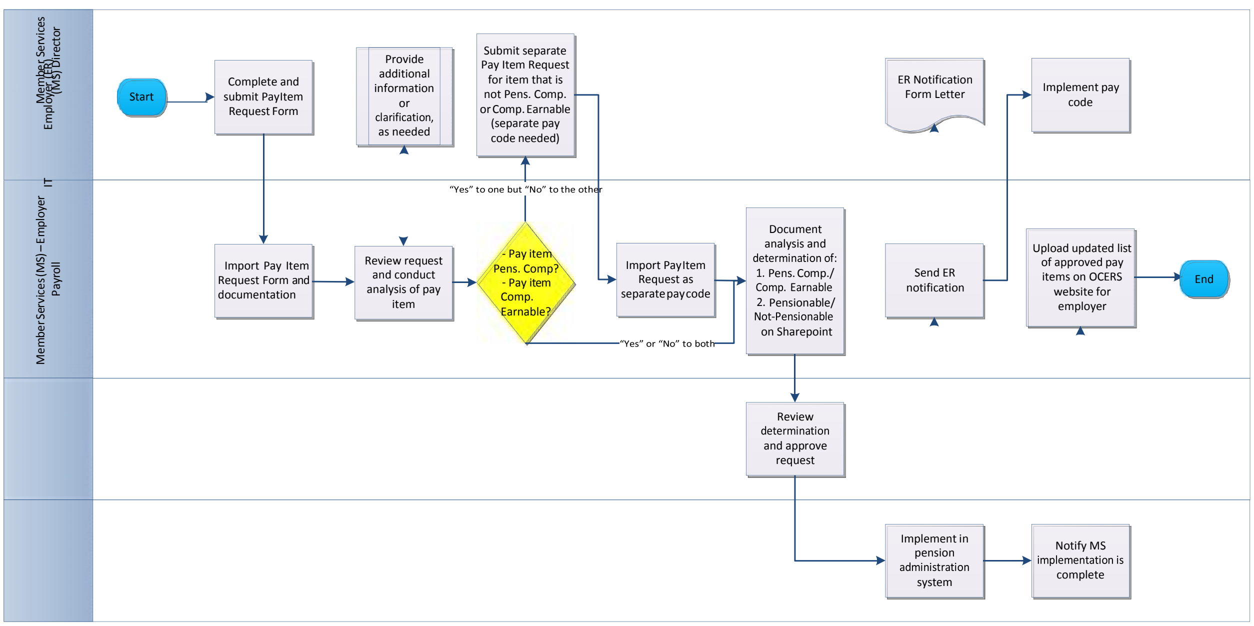
If the employer disagrees with OCERS determination, the employer will have 30 calendar days from the date of the notice of determination to file a request for review of the determination by the Board. The employer must send a letter including the reasons for the request for review and specific supporting facts and documentation to the CEO or his/her designee.

Upon receipt of a timely request, OCERS staff will schedule the review for a future Board meeting and will prepare a written report with its recommendation on the pay item in question. OCERS will provide the employer with advance notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board.

At the meeting, the Board will consider the written materials and any arguments provided by the employer. The Board will then make a determination as to whether the pay item qualifies as Compensation Earnable, Pensionable Compensation or both. The Board's decision will be final.

IX. Overall Process Flow

The following process flowchart is an overview of the pay item request and approval process.



ATTACHMENT --FORM

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

I. Purpose

This document explains the process for requesting OCERS' review and approval of new pay items or changes to existing pay items. In accordance with OCERS Board Policy - Pay Item Review, employers must submit a new pay item request for approval to OCERS 30-days before implementation of the pay item so that OCERS can a make a determination as to whether the requested pay item is pensionable and can be included in the final average salary. This analysis will help ensure proper, timely, and accurate reporting of pay on transmittal files, collection of contributions and calculation of members' pension benefits. It is part of the overall compensation review process.

II. Process Summary

When an employer has a new pay item and is requesting a new pay code for the transmittal file, the employer must submit a Pay Item Request describing the pay item including details regarding how, to whom and when it is paid. OCERS will analyze the pay item and make a determination as to whether the pay item is pensionable or non-pensionable under the County Employees Retirement Law ("CERL") or Public Employees' Pension Reform Act ("PEPRA"). OCERS will notify the employer of the determination of the pay item to implement. The pay item and status will then be added to the system and the Pay Item M~~m~~aster L~~l~~ist~~ of pay items~~. If the employer disagrees with the determination, it will have 30 days from the date of OCERS' notice of determination to ~~appeal~~ request review of the determination ~~to~~ by the Board. Upon receipt of a timely ~~appeal~~ request for review, the Board will consider the ~~appeal~~ request and make a decision on whether or not the pay item is pensionable.

III. Critical Aspects of Procedures

For this process, the most important elements are the following:

- **Timing**: Request must be submitted 30-days prior to the implementation of the pay item to provide sufficient time for OCERS to analyze the pay item and set up the code in OCERS' system. **The pay item must be properly reviewed, approved and set up in the system, or else exceptions will be created when validating the payroll transmittal and calculation of contributions and member retirement benefits may be miscalculated.**

- **Publicly Available Pay Schedule**: PEPRA requires that in order for a pay item to be included in a PEPRA member's final average salary, it must be included in a "publicly available pay schedule." In accordance with PEPRA, the pay item must be included in a pay schedule that:
    - Was duly approved by the employer's governing body;
    - Identifies the position title for every employee position along with the applicable elements of compensation;
    - Is posted or immediately accessible and available for public review at the office of the employer or posted on the employer's internet website; and

  - Does not reference an unavailable document in lieu of disclosing the element of compensation.

- **OCERS' Approval**: OCERS must approve the pay item for it to be pensionable.

- **Accuracy**: The pay item must be coded and reported correctly to prevent under or overpayment of contributions and/or a member's pension.

- **Implementation**: Employers must transmit the pay item in accordance with OCERS' determination. Failure to do may result in OCERS imposing administrative costs on the employer. Employers also will be required to prepare appropriate adjustments and calculate any refunds that may be due to an employee.

IV. Required Documents

The following documentation will be required to process new pay item requests:

1. Copies of the applicable sections of the Memorandum of Understanding (MOU), contract and/or compensation resolution in which the terms of the particular pay code are established.
2. Copies of any other official employer documents such as personnel rules or departmental procedures that evidence the conditions under which the pay item may or may not be pensionable, if not clearly determinable from the MOU.
3. Completed Pay Item Request Form, which includes:
   - General information
   - Pay item
   - Description of the pay item
   - List of job classification(s) of employees eligible for the pay item
   - Type of payment
   - Basis for eligibility

   A separate Pay Item Request is required for each new or changed pay item
4. Access to the publicly available pay schedule as described in section IV.

V. Preceding Step (Prerequisites)

To the extent possible, OCERS should be notified of pending negotiations that may result in new items of compensation or modifications to current pay items, so that OCERS can assist the bargaining parties in determining whether the pay item(s) will be considered pensionable. OCERS must approve the pay item for it to be pensionable. Advance notice will also allow OCERS staff to be prepared for the new pay item request and minimize the review time.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

VI. Procedure Detail for Submitting Pay Item Request for Review and Approval

As new pay items are approved by the employer's governing body, the employer must submit each item for review and approval by OCERS to determine if it is pensionable or non-pensionable.

The following describes the steps for submitting your request:

1. Gather required documentation listed in Section IV.
2. Refer to OCERS policy documents including, but not limited to, the Compensation Earnable ~~Board~~ Policy and the Pensionable Compensation ~~Board~~ Policy for guidance on pensionability of various forms of compensation.
3. Download the Pay Item Request Form from the Employer Section of the OCERS website at www.ocers.org.
4. Fill in and complete the Pay Item Request Form (see attached form)
5. Send the completed form and required documentation to:
   OCERS Employer Payroll Unit
   By Email: Employerpayroll@ocers.org

VII. Subsequent Steps for Approval and Implementation

Once the request for new pay item has been received:

1. The pay item will be reviewed by OCERS staff for compliance with the OCERS Pay Item Review Policy.
2. OCERS staff will evaluate the pay item to determine whether it is pensionable by using the applicable criteria for Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members. Legacy members refer to existing OCERS members as of January 1, 2013. PEPRA members refer to OCERS members hired on or after January 1, 2013. For more information on Compensation Earnable or Pensionable Compensation, please refer to the Compensation Earnable Policy and Pensionable Compensation Policy at www.ocers.org.
3. After completing the review, staff will send the employer a written notification of its determination, including the reasons for its determination and supporting facts and analyses.
4. If staff determines that the pay item meets the criteria for either Compensation Earnable or Pensionable Compensation but not both, a separate pay code will be required; the employer must submit a separate Pay Item Request for the non-pensionable component.
5. Employer will implement the pay item with the approved pay item status (pensionable or non-pensionable) as determined by OCERS.
6. OCERS will set up the pay code in the pension administration system and add the pay item to the approved Pay Item Master List.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

PAY ITEM REQUEST & APPROVAL PROCEDURES FOR EMPLOYERS

VIII. ~~Appeal~~ Review Process

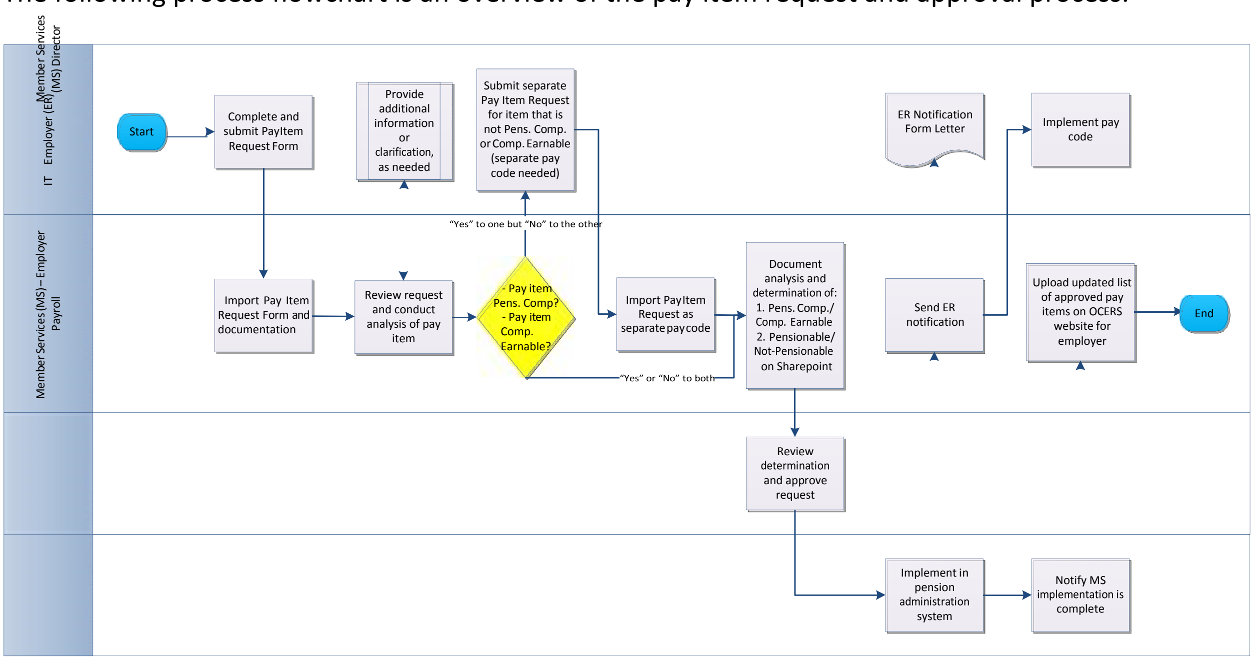
If the employer disagrees with OCERS determination, the employer will have 30 calendar days from the date of the ~~final~~ notice of determination to file a request for review of the determination by~~to~~ the Board. The e~~E~~mployer must send a letter including the reasons for the request for review and specific supporting facts and documentation to the CEO or his/her designee.

Upon receipt of a timely request, OCERS staff will schedule the review for a future Board meeting and will prepare a written report with its recommendation on the pay item in question. OCERS will provide the employer with advance notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board.

At the meeting, the Board will consider the written materials and any arguments provided by the employer. The Board will then make a determination as to whether the pay item qualifies as~~for either or both~~ Compensation Earnable, ~~or~~ Pensionable Compensation or both. The Board's decision will be~~is~~ final.

IX. Overall Process Flow

The following process flowchart is an overview of the pay item request and approval process.



ATTACHMENT --FORM

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Pay Item Request Form

2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 I Office: **714.558.6200** I FAX: 714.558.6234 I www.ocers.org

IMPORTANT INFORMATION REGARDING PAY CODES:

Please complete and submit this request form for review and approval of new codes or changes to existing pay codes. New or changed **Pay Items must be submitted 30-days prior to the time of implementation of the code.** Once the code has been approved and entered into the pension system the pay code can be sent on the transmittal. **The pay code must be set up in the system or exceptions are created when validating the file.**

Return completed form and required documentation to Employer Payroll Unit by **Email:** Employerpayroll@ocers.org or **Fax:** 714-558-6234

Use only one form per code

SECTION 1:	**GENERAL INFORMATION**		
Employer Name	Employer Representative	Contact Number	Date

SECTION 2:	**PAY CODE & EFFECTIVE DATES**			
Pay Code ID	Pay Code Description (Title)	Pay Period Effective	Pay Period Begin Date	Pay Period End Date

SECTION 3:	**PAY ITEM MOU REFERENCE MATERIAL & INFORMATION**		
Name of the governing MOU/Contract:	Term of MOU/Contract:	Date of Adoption:	MOU Page Number(s)

NOTE: Please attach a copy of the applicable MOU article, section, and page(s), amendment "side letter" and/or other official documents establishing the compensation underlying the pay code and which support your answers, below. (Do not provide copy of entire MOU)

Please provide a full description of the pay item:

1. List all job classification(s) of employees are eligible for this pay item? (Please list job classifications)

2. Indicate if all members or employees in the job classification(s) listed above are eligible to receive this pay item.	**YES** ☐	**NO** ☐	**N/A** ☐
	YES ☐	**NO** ☐	**N/A** ☐
3. Indicate how this Pay Item is calculated.	**Fixed Amount** ☐	**% of Base Pay** ☐	**N/A** ☐

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Pay Item Request Form

2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 I Office: **714.558.6200** I FAX: 714.558.6234 I www.ocers.org

		YES	NO	N/A
4.	Is the pay item for work performed outside of Normal Working Hours? If the answer is No, but served at times other than during a traditional 8, 10 or 12 hour shifts or 40-hour work week, please include supporting official documentation for that conclusion.	☐	☐	☐
5.	Is the pay item a bonus?	☐	☐	☐
6.	Is the pay item paid one-time or ad hoc?	☐	☐	☐
7.	Is the pay item an allowance (i.e. car allowance, uniform allowance, cell phone allowance)?	☐	☐	☐
8.	Is the pay item a reimbursement?	☐	☐	☐
9.	Is the pay item for deferred compensation?	☐	☐	☐
10.	Is the payment for accrued unused Leave/Vacation Payout, earned and payable within 12-month period?	☐	☐	☐
11.	Is the payment for compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee?	☐	☐	☐
12.	Is the payment severance or other payment in connection with or in anticipation of a separation or termination from employment?	☐	☐	☐
13.	If terminal pay, pay is both earned and payable within 12-month period?	☐	☐	☐
14.	What is the basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment)?			
15.	Is the pay item included in publicly available pay schedule as defined in the OCERS Pensionable Compensation Board Policy? If so in what publicly available salary schedule is the pay item listed or described? (Please provide the title and location of the document)			

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM 2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 I Office: **714.558.6200** I FAX: 714.558.6234 I www.ocers.org

OCERS Pay Item Request Form

SECTION BELOW RESERVED FOR OCERS STAFF

PEPRA PENSIONABLE COMPENSATION CRITERIA –		Qualifier	YES	NO	N/A
1.	Normal Monthly Rate of Pay or Base Pay:	YES	☐	☐	☐
2.	Payable to Similarly Situated:	YES	☐	☐	☐
3.	In Public Pay Schedule:	YES	☐	☐	☐
4.	Basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment)	YES	☐	☐	☐
5.	Earned for Normal Working Hrs. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail:	YES	☐	☐	☐
6.	Allowance, Reimbursement or Previously Paid In-Kind:	NO	☐	☐	☐
7.	Bonus, one-time ad hoc payment:	NO	☐	☐	☐
8.	Severance or Terminal Pay:	NO	☐	☐	☐
9.	Overtime other than Section 207(k) time:	NO	☐	☐	☐
10.	Payment for any Unused Leave:	NO	☐	☐	☐
11.	Employer contribution to deferred comp:	NO	☐	☐	☐
	PEPRA Pensionable?				

Notes & Comments Regarding Decisions

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at Same Pay Rate as Persons in Same Grade or Class	YES	☐	☐	☐
2.	One-Time or Ad Hoc Payment Paid to All Similarly Situated	YES	☐	☐	☐
3.	Leave/Vacation Payout Earned & Payable in 12 Month Period	YES	☐	☐	☐
4.	Terminal Pay Earned & Payable in 12 Month Period	YES	☐	☐	☐
5.	Compensation Previously Paid In Kind & Now as Cash	NO	☐	☐	☐
6.	Payment for Services Rendered During Normal Working Hours. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail :	NO	☐	☐	☐
	Comp Earnable?				

Notes & Comments Regarding Decisions

Applicable Plans		Pensionable	Used in FAS	Prorated in FAS	Additional Notes:
☐	PEPRA	☐	☐	☐	
☐	LEGACY	☐	☐	☐	
☐	BOTH	☐	☐	☐	

______________________________ APPROVED BY

______________________________ DATE

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Pay Item Request Form ~~1-16-19~~

2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 I Office: **714.558.6200** I FAX: 714.558.6234 I www.ocers.org

IMPORTANT INFORMATION REGARDING PAY CODES:

Please complete and submit this request form for review and approval of new codes or changes to existing pay codes. New or changed **Pay Items must be submitted 30-days prior to the time of implementation of the code.** Once the code has been approved and entered into the pension system the pay code can be sent on the transmittal. **The pay code must be set up in the system or exceptions are created when validating the file.**

Return completed form and required documentation to Employer Payroll Unit by **Email:** Employerpayroll@ocers.org or **Fax:** 714-558-6234

Use only one form per code

SECTION 1:	**GENERAL INFORMATION**		
Employer Name	Employer Representative	Contact Number	Date

SECTION 2:	**PAY CODE & EFFECTIVE DATES**			
Pay Code ID	Pay Code Description (Title)	Pay Period Effective	Pay Period Begin Date	Pay Period End Date

SECTION 3:	**PAY ITEM MOU REFERENCE MATERIAL & INFORMATION**		
Name of the governing MOU/Contract:	Term of MOU/Contract:	Date of Adoption:	MOU Page Number(s)

NOTE: Please attach a copy of the applicable MOU article, section, and page(s), amendment "side letter" and/or other official documents establishing the compensation underlying the pay code and which support your answers, below. (Do not provide copy of entire MOU)

Please provide a full description of the pay item:

1. List all job classification(s) of employees are eligible for this pay item? (Please list job classifications)

2. Indicate if all members or employees in the job classification(s) listed above are eligible to receive this pay item.	**YES** ☐	**NO** ☐	**N/A** ☐
~~3. If the pay item is a type of premium pay or special pay, indicate if the payassignment, certificate or license:~~ ~~i. Is required to be worked as part of a member's regularly assigned responsibilities,~~ ~~ii. is an essential, normal or traditional function of the job, and~~ ~~iii. is part of the regular assignment of all other members in the same grade or class~~	**YES** ☐	**NO** ☐	**N/A** ☐
~~4.~~3. Indicate how this Pay Item is calculated.	**Fixed Amount** ☐	**% of Base Pay** ☐	**N/A** ☐

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Pay Item Request Form ~~1-16-19~~

2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 I Office: **714.558.6200** I FAX: 714.558.6234 I www.ocers.org

~~5.~~4. Is the pay item for work performed outside of Normal Working Hours? If the answer is No, but served at times other than during a traditional 8, 10 or 12 hour shifts or 40-hour work week, please include supporting official documentation for that conclusion.	YES ☐	NO ☐	N/A ☐
~~6.~~5. Is the pay item a bonus?	YES ☐	NO ☐	N/A ☐
~~7.~~6. Is the pay item paid one-time or ad hoc?	YES ☐	NO ☐	N/A ☐
~~8.~~7. Is the pay item an allowance (i.e. car allowance, uniform allowance, cell phone allowance)?	YES ☐	NO ☐	N/A ☐
~~9.~~8. Is the pay item a reimbursement?	YES ☐	NO ☐	N/A ☐
~~10.~~9. Is the pay item for deferred compensation?	YES ☐	NO ☐	N/A ☐
~~11.~~10. Is the payment for accrued unused Leave/Vacation Payout, earned and payable within 12-month period?	YES ☐	NO ☐	N/A ☐
~~12.~~11. Is the payment for compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee?	YES ☐	NO ☐	N/A ☐
~~13.~~12. Is the payment severance or other payment in connection with or in anticipation of a separation or termination from employment?	YES ☐	NO ☐	N/A ☐
~~14.~~13. If terminal pay, pay is both earned and payable within 12-month period?	YES ☐	NO ☐	N/A ☐
~~15.~~14. What is the basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment)?			
~~16.~~15. Is the pay item included in publicly available pay schedule as defined in the OCERS Pensionable Compensation Board Policy? If so in what publicly available salary schedule is the pay item listed or described? (Please provide the title and location of the document)			

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Pay Item Request Form ~~1-16-19~~

2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 I Office: **714.558.6200** I FAX: 714.558.6234 I www.ocers.org

SECTION BELOW RESERVED FOR OCERS STAFF

PEPRA PENSIONABLE COMPENSATION CRITERIA –		Qualifier	YES	NO	N/A
1.	Normal Monthly Rate of Pay or Base Pay:	YES	☐	☐	☐
2.	Payable to Similarly Situated:	YES	☐	☐	☐
3.	In Public Pay Schedule:	YES	☐	☐	☐
4.	Basis of eligibility for the pay item in the case of premium pay or special pay (i.e. certification, degree, shift, assignment) ~~If Premium Pay or Special Pay, is the assignment, certification or license:~~ ~~i. part of a member's regularly assigned responsibilities,~~ ~~ii. an essential, normal or traditional function of the job, and~~ ~~iii. part of the regular assignment of all other members in the same grade or class~~	YES	☐	☐	☐
5.	Earned for Normal Working Hrs. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail:	YES	☐	☐	☐
6.	Allowance, Reimbursement or Previously Paid In-Kind:	NO	☐	☐	☐
7.	Bonus, one-time ad hoc payment:	NO	☐	☐	☐
8.	Severance or Terminal Pay:	NO	☐	☐	☐
9.	Overtime other than Section 207(k) time:	NO	☐	☐	☐
10.	Payment for any Unused Leave:	NO	☐	☐	☐
11.	Employer contribution to deferred comp:	NO	☐	☐	☐
	PEPRA Pensionable?				

Notes & Comments Regarding Decisions

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at Same Pay Rate as Persons in Same Grade or Class	YES	☐	☐	☐
2.	One-Time or Ad Hoc Payment Paid to All Similarly Situated	YES	☐	☐	☐
3.	Leave/Vacation Payout Earned & Payable in 12 Month Period	YES	☐	☐	☐
4.	Terminal Pay Earned & Payable in 12 Month Period	YES	☐	☐	☐
5.	Compensation Previously Paid In Kind & Now as Cash	NO	☐	☐	☐
6.	Payment for Services Rendered During Normal Working Hours. If yes and the Normal Working Hours are other than a traditional 8, 10, or 12 hour shift and/or 40 hour work week, please explain in detail :	NO	☐	☐	☐
	Comp Earnable?				

Notes & Comments Regarding Decisions

Applicable Plans		Pensionable	Used in FAS	Prorated in FAS	Additional Notes:
☐	PEPRA	☐	☐	☐	
☐	LEGACY	☐	☐	☐	
☐	BOTH	☐	☐	☐	

______________________________ APPROVED BY

______________________________ DATE

OCERS Pay Item Request Form ~~1-16-19~~

2223 E. Wellington Ave Suite I 100 Santa Ana, CA 92701 I Office: **714.558.6200** I FAX: 714.558.6234 I www.ocers.org

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

I. Purpose

The purpose of this OAP is to describe the procedure for determining whether an element of pay is pensionable and can be included as Compensation Earnable and/or Pensionable Compensation for inclusion in the Final Average Salary that is used to calculate a member's pension benefit.

II. Authority

This OAP is established pursuant to OCERS Board Policies: Compensation Earnable Policy, Pensionable Compensation Policy, Retirement Enhancement Review Policy and Pay Item Review Policy.

OCERS Board Resolution 98-001 and OCERS Compensation Earnable Policy affirm the OCERS interpretation of the term Compensation Earnable as defined in California Government Code Section 31461.

The Public Employees' Pension Reform Act of 2012 (PEPRA) and AB 197 amended Section 31461 and created the term Pensionable Compensation for members hired on or after January 1, 2013. OCERS Pensionable Compensation Policy explains OCERS interpretation of the term Pensionable Compensation as defined in California Government Code Section 7522.34.

A number of lawsuits were filed shortly after PEPRA became effective. One of these lawsuits was appealed to the Supreme Court, and on July 30, 2020 resulted in a decision of the Court upholding as constitutional AB 197 and PEPRA, including the amendments to Section31461. (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5^{th}1032; the Alameda Decision.) The Board has amended this OAP to reflect the holding of the Court in the Alameda Decision.

California Government Code Section 31542 requires the OCERS Board to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. In keeping with this requirement, the Board adopted the Retirement Enhancement Review Policy and the Pay Item Review Policy, which include policy guidelines for assessing compensation included in the calculation of the member's final average salary to ensure that an element of pay was not paid to enhance a member's retirement benefit.

III. Definitions

Following are definitions of terms that are used throughout this OAP.

Compensation Earnable: See Section V.

Final Average Salary: One of the factors used to calculate a member's monthly retirement allowance. It is a measure of a member's level of earnings based on the member's average salary for a specified period of time (e.g. one-year of 12 consecutive months or three-years of 36 consecutive months). It includes base salary and may also include other pay items that the OCERS Board of Retirement has defined as Compensation Earnable or Pensionable Compensation.

Legacy member: Member hired before January 1, 2013.

Non-pensionable: Pay item is not included in Final Average Salary and not subject to pension contributions; no pension contributions are collected from the employee or employer.

Normal Working Hours: Hours that: (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in same grade/class/rate of pay as the employee; and (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not included time served on a temporary or emergency basis. Normal Working Hours will be established by the employer, but must meet OCERS and CERL requirements. OCERS will rely upon official County or District approved documentation establishing grades/classes/rates of pay.

Pay Item: Element of compensation.

Pensionable Compensation: See Section V.

Pensionable: Pay item is included in the Final Average Salary and subject to pension contributions; pension contributions are collected from the employee and employer.

PEPRA member: Member hired on or after January 1, 2013.

Publicly Available Pay Schedule: A document that:

a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;

b) Identifies the position title for every employee position;

c) Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

d) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;

e) Does not reference an unavailable document in lieu of disclosing pay rate.

IV. Limitations

This administrative procedure shall be construed consistently with the requirements of the California Government Code Sections 31460, 31461 and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, and the Ventura Decision, the Alameda Decision, and other interpretations issued thereunder.

V. Compensation Earnable and Pensionable Compensation

Compensation Earnable

Compensation Earnable applies to Legacy members.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

ITEMS INCLUDED IN COMPENSATION EARNABLE

As set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and further clarified in OCERS' Compensation Earnable Policy, elements included in Compensation Earnable are remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring member, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours including but not limited to the following items of compensation, and others substantially similar to them:

- Base Salary and Wages
- Bilingual Premium Pay
- Educational Incentive ("POST") Pay
- Aircraft Rescue Firefighting
- Paramedic Pay
- Motorcycle Bonus
- Emergency Dispatch Pay
- Field Training 0fficer Bonus
- Shift Differential Pay
- Confined Space Pay
- Longevity Incentive
- Automobile Allowance, if paid in cash; and for members whose Final Compensation period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Uniform Allowance
- Uniform Maintenance Allowance
- Payoffs of Vacation, Sick and Holiday leave to the extent (i) was earned in each 12-month period of the Final Compensation Period (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed out during each 12-month period of the Final Compensation Period (prorated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed out
- Employee Contributions to Deferred Compensation Plan (already included in Base Salary and Wages, above)
- "Mandatory or Scheduled Overtime" (including pay items such as On-Call, and Standby) provided that the pay is for services rendered during the employee's Normal Working Hours.

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- Compensatory Time (excluding "True Overtime" in excess of minimum required reserve)
- "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Additional Compensation for Scheduled Meal Periods
- Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991

ITEMS EXCLUDED FROM COMPENSATION EARNABLE

As further set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and clarified in the Compensation Earnable Policy, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the final compensation period; and (ii) is not for services rendered during the employee's Normal Working Hours will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- "True Overtime", including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise.
- Employer Contributions for Deferred Compensation plan or to Retirement System
- Employer "pick up" of Employee Contributions to Retirement System
- Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, during each 12-month period of the Final Compensation Period, regardless of when actually cashed out.
- Flexible Benefits ("Cafeteria Plan") provided in-kind
- Flexible Benefits paid in cash to the extent paid to members retiring on or after January 1, 1991
- Terminal ("Final") Pay, unless included in Compensation Earnable under the section above
- Expense Reimbursements
- In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, Licenses, Memberships provided to member by employers
- Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation periods **do not** include time before January 1, 2001.

Pensionable Compensation

Pensionable Compensation applies to PEPRA members.

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

ITEMS INCLUDED IN PENSIONABLE COMPENSATION

For PEPRA members, Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours; pursuant to Publicly Available Pay Schedules; and (vi) subject to limitations set forth below.

Pensionable Compensation includes the following items of compensation:

Base Salary and Wages, (which includes any employee contributions to deferred compensation plans) and additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay categories, and others substantially similar to them:

- Bilingual Pay
- Educational Pay
- Aircraft Rescue Firefighting Pay
- Paramedic Pay
- Motorcycle Pay
- Emergency Dispatch Pay
- Field Training 0fficer Pay
- Shift Differential Pay
- Confined Space Pay

ITEMS EXCLUDED FROM PENSIONABLE COMPENSATION

As described in OCERS Board Policy Pensionable Compensation, Pensionable Compensation does not include items explicitly excluded from Pensionable Compensation under Government Code Section 7522.34, including the following items and others substantially similar to them:

- Any item of compensation determined by the Board (i) to have been paid in order to increase a member's retirement benefit (pension spiking) or (ii) to be inconsistent with the requirements of the Pensionable Compensation Policy.
- Overtime other than as defined in Section 207(k) of the Title 29 of the United States Code
- Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise
- Employer Contribution to deferred compensation plan or retirement system
- Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- Automobile, uniform or other allowances

- Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, licenses, or memberships provided to or for a member by employer
- Any bonus paid in addition to the compensation defined as Pensionable Compensation above
- Any ad hoc or one-time pay of any sort including one-time longevity pay
- Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

VI. Process

As pay items are requested, each item must be evaluated by OCERS to determine whether it is Compensation Earnable and/or Pensionable Compensation. Employers are required to submit a request for a new pay item or changes to a pay item for OCERS review and approval in compliance with the Pay Item Request and Approval Procedures for Employers.

The following describes the process of analyzing and determining if a pay item is Compensation Earnable and/or Pensionable Compensation.

1. Upon receiving a pay item request, OCERS staff reviews and analyses the following:
    a. Pay item description;
    b. Relevant MOU/contract/side letter or other employer document that establishes the terms or requirements of the pay item;
    c. Specific provision(s)/section(s) of the MOU/contract, and
    d. Any other relevant policy or governing code.

   Staff will ask the employer for clarification if the descriptions of the pay item or requirements are unclear.
2. OCERS staff reviews the information provided by the employer to determine:
    a. What job classifications are eligible to receive the pay item
    b. Whether all members in the same grade/class are eligible for the payment

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c. How the pay item is calculated – fixed amount or % of pay

d. Type of pay – allowance, reimbursement, bonus, cash-out, etc.

e. Frequency of payment – recurring, ad-hoc, one time

f. If payment is for work performed during Normal Working Hours

3. Then the following criteria and guidelines are applied to determine if the pay item qualifies for inclusion in Compensation Earnable and/or Pensionable Compensation:

For Legacy members, if the answer to questions 1-4 below is "Yes" and "NO" to questions 5 and 6, the pay item is Compensation Earnable. If the answers to questions 1-4 are "NO" and "Yes" to questions 5 and 6, the pay item is **not** Compensation Earnable.

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at same pay rate as persons in same grade/class	YES	☐	☐	
2.	One-time or ad hoc payment paid to all similarly situated	YES	☐	☐	☐
3.	Leave/vacation payout earned & payable in 12-month period	YES	☐	☐	☐
4.	Terminal pay earned & payable in 12-month period	YES	☐	☐	☐
5.	Compensation previously paid in-kind & now in cash	NO	☐	☐	☐
6.	Payment for services rendered outside Normal Working Hours	NO	☐	☐	☐
	Compensation Earnable?				

For PEPRA members, Pensionable Compensation must meet the following qualifying criteria pursuant to Government Code Section 7522.34 If the answers are "YES" to questions 1-4 below, the pay item is determined Pensionable Compensation. If the answer is "NO" to questions 1-4 and/or "YES" to questions 5-10, the pay item is **not** Pensionable Compensation.

PENSIONABLE COMPENSATION CRITERIA – PER GC SECTION 7522.34(a)		Qualifier	YES	NO	N/A
1.	Normal rate of pay or base pay	YES	☐	☐	☐
2.	Payable to similarly situated	YES	☐	☐	☐

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PENSIONABLE COMPENSATION CRITERIA – PER GC SECTION 7522.34(a)		Qualifier	YES	NO	N/A
3.	Earned for Normal Working Hours	YES	☐	☐	☐
4.	In public pay schedule	YES	☐	☐	☐
5.	Allowance, reimbursement or previously paid in-kind	NO	☐	☐	☐
6.	Bonus, one-time or ad-hoc	NO	☐	☐	☐
7.	Severance or terminal pay	NO	☐	☐	☐
8.	Overtime other than Section 207(k) time	NO	☐	☐	☐
9.	Payment for any unused leave	NO	☐	☐	☐
10.	Employer contribution to deferred compensation	NO	☐	☐	☐
	Pensionable Compensation?				

4. If the pay item is determined to be Compensation Earnable and/or Pensionable Compensation it will be entered into the pension system as pensionable.[1] OCERS will collect retirement contributions on the approved pay item and include it in retirement benefit calculations.

   If the pay item is not Compensation Earnable or Pensionable Compensation, it will be entered into the pension system as non-pensionable. OCERS will not collect retirement contributions on the pay item and will not include it in retirement benefit calculation.

5. After completing its assessment, OCERS staff will notify the employer of its determination. The employer will implement the pay code for the new pay item with the approved pay item status.

[1] Exceptions may apply. For example, payoff of compensatory time for holidays, sick leave, vacation, and annual leave may be Compensation Earnable but is reported as non-pensionable for salary reporting purposes. The payoff amount may be considered at the time of retirement.

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

OCERS will add the approved pay item to the master list of approved pay codes. A listing of approved pay items may be found on the Employer Section page of the OCERS website.

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Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

Reference Guide to Compensation Earnable for Legacy Members and Pensionable Compensation for PEPRA Members

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Base Salary and Wages	Yes	Yes
Bilingual Premium Pay	Yes	Yes
Educational Incentive (“POST”) Pay	Yes	Yes
Aircraft Rescue Firefighting	Yes	Yes
Paramedic Pay	Yes	Yes
Motorcycle Pay	Yes	Yes
Emergency Dispatch Pay	Yes	Yes
Field Training Officer Bonus	Yes	Yes
Shift Differential Pay	Yes	Yes
Confined Space Pay	Yes	Yes
Longevity Incentive – that is not one time or ad hoc	Yes	Yes
Employee Contributions to Deferred Compensation Plan	Yes	Yes
Overtime (i) that is required to be worked; and (ii) that is ordinarily worked by all in the same grade/class; and (iii) not voluntary (Normal Working Hours)	Yes	Only Yes, if Section 207k time
“Madera” Pay and additional compensation for scheduled meal periods	Yes	Yes
Automobile Allowance, if paid in cash; and, for members whose “final compensation” period (as defined under Sections 31462 and 31482.1 of the Government Code) includes time before January 1, 2001, also to the extent automobile was provided for personal use and declared as income	Yes	No
Uniform Allowance and Uniform Maintenance Allowance	Yes	No

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Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Payoffs and cash outs of Vacation and Sick Leave and Holiday provided that the time (1) was earned (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed-out (pro-rated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed-out	Yes	No
Compensatory Time (excluding "True-Overtime" in excess of minimum required reserve)	Yes	No
Any compensation determined by the Board to have been paid to increase a member's retirement benefit	No	No
True Overtime (amounts paid for working outside Normal Working Hours))	No	No
Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise	No	No
Employer contributions for deferred compensation plan or to retirement system	No	No
Employer "pick up" of employee contributions to retirement system	No	No
Payoffs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually cashed out.	No	No
Flexible benefits ("Cafeteria Plan") provided in-kind	No	No
Flexible benefits paid in cash to the extent paid to members retiring on or after January 1, 1991	No	No
Terminal ("Final") pay in excess of what is earned in 12-month period	No	No
Expense reimbursements	No	No
In-kind advantages (e.g. food, lodging, board, laundry, fuel)	No	No
Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a	No	No

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	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment		
Fees, licenses, memberships provided to member by employers	No	No
Automobile allowance to the extent automobile is provided for personal use and not paid in cash, whether or not declared as income, for members whose "final compensation" periods (as defined under Sections 31462 and 31482.1 of the Government Code) do not include time before January 1, 2001.	No	No
Any ad hoc or one-time pay of any sort including one-time longevity pay	Yes - if payment made to all similarly situated members in the member's grade/class. No – if not paid to all similarly situated members in the member's grade/class.	No
Any bonus paid in addition to normal monthly rate of pay or base pay	Yes - if payment made to all similarly situated members in the member's grade/class.	No

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

I. Purpose

The purpose of this OAP is to describe the procedure for determining whether an element of pay is pensionable and can be included as Compensation Earnable and/or Pensionable Compensation for inclusion in the Final Average Salary that is used to calculate a member's pension benefit.

II. Authority

This OAP is established pursuant to OCERS Board Policies: Compensation Earnable Policy, Pensionable Compensation Policy, Retirement Enhancement Review Policy and Pay Item Review Policy.

OCERS Board Resolution 98-001 and OCERS Compensation Earnable Policy affirm the OCERS interpretation of the term Compensation Earnable as defined in California Government Code Section 31461.

The Public Employees' Pension Reform Act of 2012 (PEPRA) and AB 197 amended Section 31461 and created the term Pensionable Compensation for members hired on or after January 1, 2013. OCERS Pensionable Compensation Policy explains OCERS interpretation of the term Pensionable Compensation as defined in California Government Code Section 7522.34.

A number of lawsuits were filed shortly after PEPRA became effective. One of these lawsuits was appealed to the Supreme Court, and on July 30, 2020 resulted in a decision of the Court upholding as constitutional AB 197 and PEPRA, including the amendments to Section ~~31641~~31461. (*Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* 9 Cal.5th1032; the Alameda Decision.) The Board has amended this OAP to reflect the holding of the Court in the Alameda Decision.

California Government Code Section 31542 requires the OCERS Board to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. In keeping with this requirement, the Board adopted the Retirement Enhancement Review Policy and the Pay Item Review Policy, which include policy guidelines for assessing compensation included in the calculation of the member's final average salary to ensure that an element of pay was not paid to ~~spike~~ enhance a member's retirement benefit.

III. Definitions

Following are definitions of terms that are used throughout this OAP.

Compensation Earnable: See Section V.

Final Average Salary: One of the factors used to calculate a member's monthly retirement allowance. It is a measure of a member's level of earnings based on the member's average salary for a specified period of time (e.g. one-year of 12 consecutive months or three-years of 36 consecutive months). It includes base salary and may also include other pay items that the OCERS Board of Retirement has defined as Compensation Earnable or Pensionable Compensation.

Legacy member: Member hired before January 1, 2013.

Non-pensionable: Pay item is not included in Final Average Salary and not subject to pension contributions; no pension contributions are collected from the employee or employer.

Normal Working Hours: ~~Those hours an employee must work in order to be paid their base salary, plus overtime hours, including on-call or standby pay, only to the extent that the overtime hours including on-call or standby pay~~Hours that: (i) are required to be worked as part of the employee's regular duties; (ii) are ordinarily worked during the period in question by all other members in same grade/class/rate of pay as the employee; and (iii) are not and cannot be served voluntarily by the employee. "Ordinarily worked" does not included time served on a temporary or emergency basis. Normal Working Hours will be established by the employer, but must meet OCERS and CERL requirements. OCERS will rely upon official County or District approved documentation establishing grades/classes/rates of pay.

Pay Item: Element of compensation.

Pensionable Compensation: See Section V.

Pensionable: Pay item is included in the Final Average Salary and subject to pension contributions; pension contributions are collected from the employee and employer.

PEPRA member: Member hired on or after January 1, 2013.

Publicly Available Pay Schedule: A document that:

a) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;

b) Identifies the position title for every employee position;

c) Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

d) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;

e) Does not reference an unavailable document in lieu of disclosing pay rate.

IV. Limitations

This administrative procedure shall be construed consistently with the requirements of the California Government Code Sections 31460, 31461 and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, and the Ventura Decision, the Alameda Decision, and other interpretations issued thereunder.

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

V. Compensation Earnable and Pensionable Compensation

Compensation Earnable

Compensation Earnable applies to Legacy members~~ who are existing members of OCERS as of January 1, 2013~~.

ITEMS INCLUDED IN COMPENSATION EARNABLE

As set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and further clarified in OCERS' Compensation Earnable Policy, elements included in Compensation Earnable are remuneration that is (i) earned and receivable in cash (under the applicable MOU) by the retiring member, (ii) during the final compensation period (as defined by Sections 31462 and 31482.1 of the Government Code; hereafter Final Compensation Period), and (iii) for services performed during Normal Working Hours including but not limited to the following items of compensation, and others substantially similar to them:

- Base Salary and Wages
- Bilingual Premium Pay
- Educational Incentive ("POST") Pay
- Aircraft Rescue Firefighting
- Paramedic Pay
- Motorcycle Bonus
- Emergency Dispatch Pay
- Field Training 0fficer Bonus
- Shift Differential Pay
- Confined Space Pay
- Longevity Incentive
- Automobile Allowance, if paid in cash; and for members whose Final Compensation period includes time before January 1, 2001, also to the extent that the automobile was provided for personal use and declared as income
- Uniform Allowance
- Uniform Maintenance Allowance
- Payoffs of Vacation, Sick and Holiday leave to the extent (i) was earned in each ~~of the~~ 12-month period of the Final Compensation Period~~(s)~~ (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed~~-~~ out during each ~~of the~~ 12-

month period of the Final Compensation P~~p~~eriod~~(s)~~ (prorated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed out

- Employee Contributions to Deferred Compensation Plan (already included in Base Salary and Wages, above)
- "Mandatory or Scheduled Overtime" (including pay items such as On-Call, and Standby) provided that the pay is for services rendered during the employee's Normal Working Hours.
- Compensatory Time (excluding "True Overtime" in excess of minimum required reserve)
- "Madera" Pay (see, *Madera Police Officers Association v. City Of Madera* 36 Cal.3d 403)
- Additional Compensation for Scheduled Meal Periods
- Flexible Benefits ("Cafeteria Plan") paid in cash to members retiring before January 1, 1991

ITEMS EXCLUDED FROM COMPENSATION EARNABLE

As further set out in Resolution 98-001 and subdivisions (a) and (b) of Section 31461, and clarified in the Compensation Earnable Policy, remuneration or other value to the employee that (i) is neither earned nor payable in cash to the employee during the final compensation period; and (ii) is not for services rendered during the employee's Normal Working Hours will be excluded from Compensation Earnable, including but not limited to the following items, and others substantially similar to them:

- "True Overtime", including but not limited to On-Call, Standby and similar pay, for additional services rendered outside of Normal Working H~~h~~ours, whether paid in a lump sum or otherwise.
- Employer Contributions for Deferred Compensation plan or to Retirement System
- Employer "pick up" of Employee Contributions to Retirement System
- Payoffs or cash outs of Vacation and Sick Leave and Holiday Pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, during each ~~of the~~ 12-month period of the Final Compensation Period~~(s)~~, regardless of when actually cashed out.
- Flexible Benefits ("Cafeteria Plan") provided in-kind
- Flexible Benefits paid in cash to the extent paid to members retiring on or after January 1, 1991
- Terminal ("Final") Pay, unless included in Compensation Earnable under the section above
- Expense Reimbursements
- In-Kind Advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, Licenses, Memberships provided to member by employers

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- Automobile Allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation periods **do not** include time before January 1, 2001.

Pensionable Compensation

Pensionable Compensation applies to PEPRA members~~, who are OCERS members hired on or after January 1, 2013~~.

ITEMS INCLUDED IN PENSIONABLE COMPENSATION

For PEPRA members, Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same group or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours; pursuant to P~~p~~ublicly A~~a~~vailable P~~p~~ay S~~s~~chedules; and (vi) subject to limitations set forth below.

Pensionable Compensation includes the following items of compensation:

Base Salary and Wages, (which includes any employee contributions to deferred compensation plans) and additional compensation for scheduled meal periods, plus the following skill-based or shift-based premium pay categories, and others substantially similar to them:

- Bilingual Pay
- Educational Pay
- Aircraft Rescue Firefighting Pay
- Paramedic Pay
- Motorcycle Pay
- Emergency Dispatch Pay
- Field Training Officer Pay
- Shift Differential Pay
- Confined Space Pay
- ~~Longevity Incentive Pay (other than one-time payments based on longevity)~~

~~Premium Pay will be included only if the assignment, certification or license:~~

- ~~Is part of a member's regularly assigned responsibilities,~~
- ~~Is an essential, normal or traditional function of the job,~~
- ~~Is part of theavailable to all other regular assignment of all other members in the same grade or class as part of their regular assignment, and,~~
- ~~Is not for work performed or received solely during the final average compensation period.~~

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

ITEMS EXCLUDED FROM PENSIONABLE COMPENSATION

As described in OCERS Board Policy Pensionable Compensation, Pensionable Compensation does not include items explicitly excluded from Pensionable Compensation under Government Code Section 7522.34, including the following items and others substantially similar to them:

- Any item of compensation determined by the Board (i) to have been paid in order to increase a member's retirement benefit (pension spiking) or (ii) to be~~is~~ inconsistent with the requirements of the Pensionable Compensation Policy.
- Overtime other than as defined in Section 207(k) of the Title 29 of the United States Code
- Payments for additional services rendered outside of N~~n~~ormal W~~w~~orking H~~h~~ours, whether paid in a lump sum or otherwise
- Employer Contribution to deferred compensation plan or retirement system
- Flexible benefits ("Cafeteria Plan") provided in-kind or paid in cash
- Automobile, uniform or other allowances
- Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
- Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)
- Fees, licenses, or memberships provided to or for a member by employer
- Any bonus paid in addition to the compensation defined as Pensionable Compensation above
- Any ad hoc or one-time pay of any sort including one-time longevity pay
- Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
- Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

VI. Process

As pay items are requested, each item must be evaluated by OCERS to determine whether it is Compensation Earnable and/or Pensionable Compensation. Employers are required to submit a request for a new pay item or changes to a pay item for OCERS review and approval in compliance with the Pay Item Request and Approval Procedures for Employers.

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Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

The following describes the process of analyzing and determining if a pay item is Compensation Earnable and/or Pensionable Compensation.

1. Upon receiving a pay item request, OCERS staff reviews and analyses the following:
    a. Pay item description;
    b. Relevant MOU/contract/side letter or other employer document that establishes the terms or requirements of the pay item;
    c. Specific provision(s)/section(s) of the MOU/contract, and
    d. Any other relevant policy or governing code.

    Staff will ask the employer for clarification if the descriptions of the pay item or requirements are unclear.
2. OCERS staff reviews the information provided by the employer to determine:
    a. What job classifications are eligible to receive the pay item
    b. Whether ~~payment is provided to~~ all members in the same grade/class are eligible for the payment
    c. How the pay item is calculated – fixed amount or % of pay
    d. Type of pay – allowance, reimbursement, bonus, cash-out, etc.
    e. Frequency of payment – recurring, ad-hoc, one time
    f. If payment is for work performed during N~~n~~ormal W~~w~~orking H~~h~~ours
3. Then the following criteria and guidelines are applied to determine if the pay item qualifies for inclusion in Compensation Earnable and/or Pensionable Compensation:

    For Legacy members, if the answer to questions 1-4 below is "Yes" and "NO" to questions 5 and 6, the pay item is Compensation Earnable. If the answers to questions 1-4 are "NO" and "Yes" to questions 5 and 6, the pay item is **not** Compensation Earnable.

COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
1.	Compensation at same pay rate as persons in same grade/class	YES	☐	☐	
2.	One-time or ad hoc payment paid to all similarly situated	YES	☐	☐	☐
3.	Leave/vacation payout earned & payable in 12-month period	YES	☐	☐	☐
4.	Terminal pay earned & payable in 12-month period	YES	☐	☐	☐

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COMPENSATION EARNABLE CRITERIA – PER GC SECTION 31461		Qualifier	YES	NO	N/A
5.	Compensation previously paid in-kind & now in cash	NO	☐	☐	☐
6.	Payment for services rendered outside N~~n~~ormal W~~w~~orking H~~h~~ours	NO	☐	☐	☐
	Compensation Earnable?				

For PEPRA members, Pensionable Compensation must meet the following qualifying criteria pursuant to Government Code Section 7522.34 If the answers are “YES” to questions 1-4 below, the pay item is determined Pensionable Compensation. If the answer is “NO” to questions 1-4 and/or “YES” to questions 5-10, the pay item is **not** Pensionable Compensation.

PENSIONABLE COMPENSATION CRITERIA – PER GC SECTION 7522.34(a)		Qualifier	YES	NO	N/A
1.	Normal rate of pay or base pay	YES	☐	☐	☐
2.	Payable to similarly situated	YES	☐	☐	☐
3.	Earned for N~~n~~ormal W~~w~~orking H~~h~~ours	YES	☐	☐	☐
4.	In public pay schedule	YES	☐	☐	☐
5.	Allowance, reimbursement or previously paid in-kind	NO	☐	☐	☐
6.	Bonus, one-time or ad-hoc	NO	☐	☐	☐
7.	Severance or terminal pay	NO	☐	☐	☐
8.	Overtime other than Section 207(k) time	NO	☐	☐	☐
9.	Payment for any unused leave	NO	☐	☐	☐
10.	Employer contribution to deferred compensation	NO	☐	☐	☐
	Pensionable Compensation?				

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

4. If the pay item is determined to be Compensation Earnable and/or Pensionable Compensation it will be entered into the pension system as pensionable.[1] OCERS will collect retirement contributions on the approved pay item and include it in retirement benefit calculations.

   If the pay item is not Compensation Earnable or Pensionable Compensation, it will be entered into the pension system as non-pensionable. OCERS will not collect retirement contributions on the pay item and will not include it in retirement benefit calculation.

5. After completing its assessment, OCERS staff will notify the employer of its determination. The employer will implement the pay code for the new pay item with the approved pay item status.

   OCERS will add the approved pay item to the master list of approved pay codes. A listing of approved pay items may be found on the Employer Section page of the OCERS website.

[1] Exceptions may apply. For example, payoff of compensatory time for holidays, sick leave, vacation, and annual leave may be Compensation Earnable but is reported as non-pensionable for salary reporting purposes. The payoff amount may be considered at the time of retirement.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

Reference Guide to Compensation Earnable for Legacy Members and Pensionable Compensation for PEPRA Members

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Base Salary and Wages	Yes	Yes
Bilingual Premium Pay	Yes	Yes
Educational Incentive ("POST") Pay	Yes	Yes
Aircraft Rescue Firefighting	Yes	Yes
Paramedic Pay	Yes	Yes
Motorcycle Pay	Yes	Yes
Emergency Dispatch Pay	Yes	Yes
Field Training Officer Bonus	Yes	Yes
Shift Differential Pay	Yes	Yes
Confined Space Pay	Yes	Yes
Longevity Incentive – that is not one time or ad hoc	Yes	Yes
Employee Contributions to Deferred Compensation Plan	Yes	Yes
Overtime (i) that is required to be worked; and (ii) that is ordinarily worked by all in the same grade/class; and (iii) not voluntary (Normal Working Hours)	Yes	Only Yes, if Section 207k time
"Madera" Pay and additional compensation for scheduled meal periods	Yes	Yes
Automobile Allowance, if paid in cash; and, for members whose "final compensation" period (as defined under Sections 31462 and 31482.1 of the Government Code) includes time before January 1, 2001, also to the extent automobile was provided for personal use and declared as income	Yes	No
Uniform Allowance and Uniform Maintenance Allowance	Yes	No

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
Payoffs and cash outs of Vacation and Sick Leave and Holiday provided that the time (1) was earned (pro-rated on a monthly basis); (ii) was not taken as time off; and (iii) was permitted to be cashed-out (pro-rated on a monthly basis) under the applicable MOU regardless of when actually paid or cashed-out	Yes	No
Compensatory Time (excluding "True-Overtime" in excess of minimum required reserve)	Yes	No
Any compensation determined by the Board to have been paid to increase a member's retirement benefit	No	No
True Overtime (amounts paid for working outside N~~n~~ormal W~~w~~orking H~~h~~ours))	No	No
Payments for additional services rendered outside of N~~n~~ormal W~~w~~orking H~~h~~ours, whether paid in a lump sum or otherwise	No	No
Employer contributions for deferred compensation plan or to retirement system	No	No
Employer "pick up" of employee contributions to retirement system	No	No
Payoffs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually cashed out.	No	No
Flexible benefits ("Cafeteria Plan") provided in-kind	No	No
Flexible benefits paid in cash to the extent paid to members retiring on or after January 1, 1991	No	No
Terminal ("Final") pay in excess of what is earned in 12-month period	No	No
Expense reimbursements	No	No
In-kind advantages (e.g. food, lodging, board, laundry, fuel)	No	No
Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a	No	No

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

	Compensation Earnable Legacy (GC 31461)	Pensionable Compensation PEPRA (GC 7522.34)
third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment		
Fees, licenses, memberships provided to member by employers	No	No
Automobile allowance to the extent automobile is provided for personal use and not paid in cash, whether or not declared as income, for members whose "final compensation" periods (as defined under Sections 31462 and 31482.1 of the Government Code) do not include time before January 1, 2001.	No	No
Any ad hoc or one-time pay of any sort including one-time longevity pay	Yes - if payment made to all similarly situated members in the member's grade/class. No – if not paid to all similarly situated members in the member's grade/class.	No
Any bonus paid in addition to normal monthly rate of pay or base pay	Yes - if payment made to all similarly situated members in the member's grade/class.	No

Compensation Earnable and Pensionable Compensation Analysis & Determination Procedure

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

DRAFT OCERS Administrative Procedure (OAP)

Final Average Salary Calculation

I. Purpose

This OAP describes the procedure for calculating the Final Average Salary (FAS) of a retiring member when calculating the member's monthly retirement allowance.

II. Authority

This OAP is in accordance with OCERS Board Retirement Enhancement Review Policy Compensation Review Policy, pursuant to California Government Code (GC) Section 31542 and in compliance with GC Sections 7522.32, 7522.34, 31460, 31461, 31462, and related applicable sections.

III. Final Average Salary Components

Final Average Salary (FAS) is one of the four factors used to calculate a member's monthly retirement allowance; it includes a member's base salary and may also include other pay items that the OCERS Board of Retirement (Board) has defined as Compensation Earnable or Pensionable Compensation.

COMPENSATION EARNABLE

Compensation Earnable means (i) remuneration earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period, and (iii) for working the ordinary time required of all other employees in the same grade/class. Compensation Earnable is applicable to existing members as of January 1, 2013, referred to as Legacy members.

PENSIONABLE COMPENSATION

Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same grade or class of employment; (iv) for services rendered on a full-time basis; (v) during Normal Working Hours (as defined in the Pensionable Compensation Policy); (vi) pursuant to Publicly Available Pay Schedules (as defined in the Pensionable Compensation Policy); and (vii) subject to limitations. Pensionable Compensation is applicable to all OCERS members enrolled on or after January 1, 2013, referred to as PEPRA members.

EARNABLE SALARY

FAS is based on a member's earnable salary, which represents the total base salary that could have been earned during a bi-weekly pay period. Earnable salary is calculated by multiplying the member's hourly rate by the total number of hours a member could have worked within a reported pay period.

GROSS SALARY

A member's gross salary represents the total payment made to a member within a reported bi-weekly pay period. Gross salary records are used by OCERS when calculating an eligible part-time member's FAS at retirement.

IV. Limitations

This administrative procedure will be construed consistently with the requirements of the California Government Code Sections 31460, 31461, and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, the decisions of the California Supreme Court in *Ventura County Deputy Sheriffs' Assn. v. Alameda County Employees' Retirement Assn.* (2020) 9 Cal.5th 1032 and other interpretations issued thereunder.

V. Process

The following describes the Final Average Salary calculation process.

1. Plan Verification

The first step in calculating FAS is to identify the member's plan membership and benefit plan formula.

- **Legacy**
  - **Plan Members**
    - a. Active member of OCERS prior to January 1, 2013; or
    - b. An individual who was deferred member of OCERS prior to January 1, 2013, and who returns to the same employer; or
    - c. An individual who was a deferred member of a reciprocal retirement system with service under that system prior to January 1, 2013 who became an active member of OCERS within six months of deferring membership in the reciprocal system.
    - d. Deferred Legacy members (who do not return) as either PEPRA or Legacy (depending on what they were when they deferred)
  - **Plans**
    - Plan A B C, D, E, F, G, H, I, J, M, N, O, P, Q, R and S

- **PEPRA**
  - **Plan Members** – Member enrolled in OCERS on or after January 1, 2013
  - **Plans**
    - Plan T, U, V, and W

2. Measuring Period

Then the measuring period – one-year or three-years (12 or 36 consecutive months)- is identified based on the member's plan and entry date. Members who entered OCERS prior to September 21, 1979 have a one-year measuring period; all others have a three-year measuring period.

- **One-year (12-months)**: Plan A, C, E, G, I, M, O and Q
- **Three-years (36-months)**: Plan B, D, F, H, J, N, P, R, S, T, U, V and W

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

DRAFT OCERS Administrative Procedure (OAP)

Final Average Salary Calculation

3. Compensation Review

1. Based on the selected retirement date, the highest average salary earned within a consecutive 12-month or 36-month period, whichever applies based on the member's plan and entry date, is identified.
2. OCERS staff then examines the member's earnable salary records for the highest 12 or 36 consecutive months provided by the employer to determine the member's base pay and whether there are any additional pay items that qualify for inclusion in Compensation Earnable or Pensionable Compensation.

A) ITEMS INCLUDED IN COMPENSATION EARNABLE – LEGACY MEMBERS

For Legacy members, OCERS will determine whether the member has any additional premium pay or cash out items that may be included in Compensation Earnable.

TYPES OF PAY ITEMS INCLUDED

The following pay items are included, in addition to a member's hourly base wages:

- Premium pay (e.g. shift differential, bilingual premium pay, etc.)
- Allowances (e.g. automobile, if paid in cash or used for personal use, uniform, or uniform maintenance, etc.)
- Overtime, including on-call/standby pay but only if it is: (i) required to be worked as part of the employee's Normal Work Hours (defined below); (ii) ordinarily worked during the period in question as part of the regular assignments of all other members in same grade/class as the employee; and (iii) not served voluntarily by the employee. "Ordinarily worked" does not included time served on a temporary or emergency basis.

TYPES OF CASH OUT ITEMS INCLUDED

Cash out items, often referring to Paid Time Off (PTO) hours, up to the maximum amount earned and cashable during a 12-month period, for each year of the measuring period:

- **Annual Leave/Vacation** – amount earned, not taken as time off and permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually cashed out. (e.g. employees are typically able to cash out 40, 60, or 80 hours of vacation or annual leave in a 12-month period.)
- **Sick Leave** – time that (i) was earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.
- **Compensatory Time for Holidays** - for holidays worked or for holidays that fall on a member's regularly scheduled day off, (i) the amount earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the

measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.

For Legacy members, if members have a measuring period that spans multiple fiscal years, OCERS will only include in Compensation Earnable the amount earned and could have been cashed out during each 12-month period of the measuring period.

B) ITEMS INCLUDED IN PENSIONABLE COMPENSATION – PEPRA MEMBERS

For PEPRA members, OCERS will determine the normal monthly rate of pay and any pensionable items that meet the following criteria for Pensionable Compensation:

- Pay is the normal monthly rate of pay or base pay
- Pay is paid in cash
- Paid to similarly situated members of the same group or class of employment
- Pay is for services rendered on a full-time basis during Normal Working Hours (defined below)
- Pay is paid pursuant to publicly available schedules

PAY ITEMS INCLUDED

- Base Salary and Wages (which includes employee contributions to deferred compensation plans), and including additional compensation for scheduled meal periods, plus skill-based or shift-based premium pay categories as defined in the Pensionable Compensation Policy.

NORMAL WORKING HOURS ARE HOURS THAT (I) ARE REQUIRED TO BE WORKED AS PART OF THE EMPLOYEE'S REGULAR DUTIES; (II) ARE ORDINARILY WORKED DURING THE PERIOD IN QUESTION BY ALL OTHER MEMBERS IN THE SAME GRADE/CLASS/RATE OF PAY AS THE EMPLOYEE; AND (III) ARE NOT AND CANNOT BE VOLUNTARILY WORKED BY THE EMPLOYEE. "ORDINARILY WORKED" DOES NOT INCLUDE TIME SERVED ON A TEMPORARY OR EMERGENCY BASIS.

C) ITEMS EXCLUDED FROM COMPENSATION EARNABLE AND PENSIONABLE COMPENSATION

In accordance with Resolution 98-001 and GC Section 7522.34, the following are excluded from Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members including, but not limited to the following items, and others substantially similar to them.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

DRAFT OCERS Administrative Procedure (OAP)

Final Average Salary Calculation

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	**Pensionable Compensation PEPRA Members**
Any compensation determined by the Board to have been paid to increase a member's retirement benefit or is inconsistent with the requirements of OCERS Board Policies Compensation Earnable and Pensionable Compensation.	
True overtime (not qualifying in 3. 2. A), above)	Overtime other than as defined in Section 207(k) of Title 29 of the United States Code
Payments for additional services rendered outside of Normal Working Hours, whether paid in a lump sum or otherwise.	
Payoffs or cash outs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually paid or cashed out	Payments for unused vacation, annual, leave, personal leave, sick leave or compensatory time off, however denominated, whether paid in lump sum or otherwise, regardless of when reported or paid.
Flexible benefits ("Cafeteria Plan") provided in kind and Flexible Benefits paid in cash	
Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)	
Fees, licences, memberships provide to member by employer	
Automobile allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods (as defined in Section 9(a) of the Compensation Earnable Policy) **do not** include time before January 1, 2001.	Automobile, uniform, or other allowances
Terminal "Final" pay, to the extent not included in Cash Out items	Severance or other termination pay that is received while employed
	Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	**Pensionable Compensation PEPRA Members**
	the form of a cash payment in the final average salary period.
	Any ad hoc or one-time pay of any sort

3. OCERS staff reviews each pay period that contains a pay item to determine whether the pay item is included in the approved list of pay items and is reported as pensionable. Staff then confirms that the member is eligible to receive the pay item by verifying the member's job classification, bargaining unit and MOU that was applicable during the measuring period. Staff also validates that the pay item was reported and paid correctly according to the applicable MOU.

4. For Legacy members, to determine whether a cash out item should be included in Compensation Earnable, OCERS reviews all payroll records from the employer and any relevant documents the member may have. Then, using the MOU that was applicable during the measuring period, OCERS confirms that the item was earned, not taken as time off and cashable during a 12-month period for each year of the measuring period. Members cannot receive credit for time that was used for time off.

   If payment for compensatory time for holidays has not been reported as a cash out item by the employer, the member may be required to provide supporting documentation, including pay stubs and timesheets to show that the holiday hours accrued were not used as time off and that the member either received payment for the holiday hours, or could have received payment for those hours within 12-months of the measuring period.

   No cash out items are included in Pensionable Compensation for PEPRA members.

5. OCERS will research any item of compensation that may look inconsistent or appear to have been paid to spike a member's retirement benefit.

6. OCERS may request additional documentation from the employer or member to verify what has been provided and reported.

7. If OCERS staff determines that one or more items of compensation were paid to inappropriately enhance a member's retirement benefit, OCERS staff will send written notification to the member and the employer of its determination.

8. OCERS may conduct written or oral follow-up communication with the member and/or employer as appropriate in the exercise of reasonable diligence. Staff will document any such communications and when concluded, will issue a final notice of determination.

9. Once all pay items and applicable cash out items have been validated, staff adds each pay item and/or applicable cash out item to the base salary to compute the total Compensation Earnable or Pensionable Compensation.

4. FAS Calculation

After completing the compensation review, OCERS calculates the Final Average Salary.

- For **Legacy members in Tier 1**, FAS is calculated by taking the sum of the member's highest consecutive 12-months of Compensation Earnable and dividing it by 12.
- For **Legacy members in Tier 2,** FAS is calculated by taking the sum of the member's highest 36-months of Compensation Earnable and dividing it by 36.
- For **PEPRA members**, FAS is calculated by taking the sum of the member's highest 36-months of Pensionable Compensation and dividing it by 36.

  FAS is limited to applicable IRS 401(a)17 and Social Security limits.

The FAS is then applied to the calculation of the member's monthly retirement allowance.

Part-Time or Full-Time Members with Less than One (1) Year (Tier 1) or Three (3) Years (Tier 2) of Service

If a member is a part-time employee or a full-time employee with less than 1 year of service (Tier 1) or 3 years of service (Tier 2), then the FAS is calculated using the member's Gross Salary. The member's sum of Gross Salary is divided by the number of months of service credited in OCERS and multiplied by 12.

Part-Time Members with Equivalent of Three (3) Years of Full-Time Service

For part-time members, FAS is calculated by using the member's Gross Salary over 6272 hours and dividing it by 36.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

DRAFT OCERS Administrative Procedure (OAP)

Final Average Salary Calculation

I. Purpose

This OAP describes the procedure for calculating the Final Average Salary (FAS) of a retiring member when calculating the member's monthly retirement allowance.

II. Authority

This OAP is in accordance with OCERS Board Retirement Enhancement Review Policy Compensation Review Policy, pursuant to California Government Code (GC) Section 31542 and in compliance with GC Sections 7522.32, 7522.34, 31460, 31461, 31462, and related applicable sections.

III. Final Average Salary Components

Final Average Salary (FAS) is one of the four factors used to calculate a member's monthly retirement allowance; it includes a member's base salary and may also include other pay items that the OCERS Board of Retirement (Board) has defined as Compensation Earnable or Pensionable Compensation.

Plan Formula × Age at Retirement × Years of Service × FAS = Monthly Benefit

COMPENSATION EARNABLE

Compensation Earnable means (i) remuneration earned and receivable in cash (under the applicable MOU) by the retiring employee, (ii) during the final compensation period, and (iii) for working the ordinary time required of all other employees in the same grade/class. Compensation Earnable is applicable to existing members as of January 1, 2013, referred to as Legacy members.

PENSIONABLE COMPENSATION

Pensionable Compensation means (i) the normal monthly rate of pay or base pay of the member; (ii) paid in cash; (iii) to similarly situated members of the same grade or class of employment; (iv) for services rendered on a full-time basis; (v) during N~~n~~ormal W~~w~~orking H~~h~~ours (as defined in the Pensionable Compensation Policy); (vi) pursuant to P~~p~~ublicly A~~a~~vailable P~~p~~ay S~~s~~chedules (as defined in the Pensionable Compensation Policy); and (vii) subject to limitations. Pensionable Compensation is applicable to all OCERS members enrolled on or after January 1, 2013, referred to as PEPRA members.

EARNABLE SALARY

FAS is based on a member's earnable salary, which represents the total base salary that could have been earned during a bi-weekly pay period. Earnable salary is calculated by multiplying the member's hourly rate by the total number of hours a member could have worked within a reported pay period.

GROSS SALARY

A member's gross salary represents the total payment made to a member within a reported bi-weekly pay period. Gross salary records are used by OCERS when calculating an eligible part-time member's FAS at retirement.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

DRAFT OCERS Administrative Procedure (OAP)

Final Average Salary Calculation

IV. Limitations

This administrative procedure will~~shall~~ be construed consistently with the requirements of the California Government Code Sections 31460, 31461, and 31462 (Compensation Earnable), 7522.32 and 7522.34 (Pensionable Compensation), 31542, ~~and~~ the decisions of the California Supreme Court in *Ventura County Deputy Sheriffs' Assn. v. Alameda County Employees' Retirement Assn.* (2020) 9 Cal.5th 1032 ~~Decision, the Alameda Decision,~~ and other interpretations issued thereunder.

V. Process

The following describes the Final Average Salary calculation process.

1. Plan Verification

The first step in calculating FAS is to identify the member's plan membership and benefit plan formula.

- **Legacy**
  - **Plan Members**
    a. Active member of OCERS prior to January 1, 2013; or
    b. An individual who was deferred member of OCERS prior to January 1, 2013, and who returns to the same employer; or
    c. An individual who was a deferred member of a reciprocal retirement system with service under that system prior to January 1, 2013 who became an active member of OCERS within six months of deferring membership in the reciprocal system.
    d. Deferred Legacy members (who do not return) as either PEPRA or Legacy (depending on what they were when they deferred)
  - **Plans**
    - Plan A B C, D, E, F, G, H, I, J, M, N, O, P, Q, R and S

- **PEPRA**
  - **Plan Members** – Member enrolled in OCERS on or after January 1, 2013
  - **Plans**
    - Plan T, U, V, and W

2. Measuring Period

Then the measuring period – one-year or three-years (12 or 36 consecutive months)- is identified based on the member's plan and entry date. Members who entered OCERS prior to September 21, 1979 have a one-year measuring period; all others have a three-year measuring period.

- **One-year (12-months)**: Plan A, C, E, G, I, M, O and Q
- **Three-years (36-months)**: Plan B, D, F, H, J, N, P, R, S, T, U, V and W

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

DRAFT OCERS Administrative Procedure (OAP)

Final Average Salary Calculation

3. Compensation Review

1. Based on the selected retirement date, the highest average salary earned within a consecutive 12-month or 36-month period, whichever applies based on the member's plan and entry date, is identified.
2. OCERS staff then examines the member's earnable salary records for the highest 12 or 36 consecutive months provided by the employer to determine the member's base pay and whether there are any additional pay items that qualify for inclusion in Compensation Earnable or Pensionable Compensation.

A) ITEMS INCLUDED IN COMPENSATION EARNABLE – LEGACY MEMBERS

For Legacy members, OCERS will determine whether the member has any additional premium pay or cash out items that may be included in Compensation Earnable.

TYPES OF PAY ITEMS INCLUDED

The following pay items are included, in addition to a member's hourly base wages:

- Premium pay (e.g. shift differential, bilingual premium pay, etc.)
- Allowances (e.g. automobile, if paid in cash or used for personal use, uniform, or uniform maintenance, etc.)
- Overtime, including on-call/standby pay but only if it is: (i) required to be worked as part of the employee's ~~regular duties~~Normal Work Hours (defined below); (ii) ordinarily worked during the period in question as part of the regular assignments of all other members in same grade/class as the employee; and (iii) not served voluntarily by the employee. "Ordinarily worked" does not included time served on a temporary or emergency basis.

TYPES OF CASH OUT ITEMS INCLUDED

Cash out items, often referring to Paid Time Off (PTO) hours, up to the maximum amount earned and cashable during a 12-month period, for each year of the measuring period:

- **Annual Leave/Vacation** – amount earned, not taken as time off and permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually cashed out. (e.g. e~~E~~mployees are typically able to cash out 40, 60, or 80 hours of vacation or annual leave in a 12-month period.)
- **Sick Leave** – time that (i) was earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.
- **Compensatory Time for Holidays** - for holidays worked or for holidays that fall on a member's regularly scheduled day off, (i) the amount earned; (ii) was not taken as time off; and (iii) was permitted to be cashed-out during the

measuring period under the member's applicable MOU, regardless of when actually paid or cashed out.

For Legacy members, if members have a measuring period that spans multiple fiscal years, OCERS will only include in Compensation Earnable the amount earned and could have been cashed out during each 12-month period of the measuring period.

B) ITEMS INCLUDED IN PENSIONABLE COMPENSATION – PEPRA MEMBERS

For PEPRA members, OCERS will determine the normal monthly rate of pay and any pensionable items that meet the following criteria for Pensionable Compensation:

- Pay is the normal monthly rate of pay or base pay
- Pay is paid in cash
- Paid to similarly situated members of the same group or class of employment
- Pay is for services rendered on a full-time basis during N~~n~~ormal W~~w~~orking H~~h~~ours (defined below)
- Pay is paid pursuant to publicly available schedules

PAY ITEMS INCLUDED

- Base Salary and Wages (which includes employee contributions to deferred compensation plans), and including additional compensation for scheduled meal periods, plus skill-based or shift-based premium pay categories as defined in the Pensionable Compensation Policy.

NORMAL WORKING HOURS ARE HOURS THAT (I) ARE REQUIRED TO BE WORKED AS PART OF THE EMPLOYEE'S REGULAR DUTIES; (II) ARE ORDINARILY WORKED DURING THE PERIOD IN QUESTION BY ALL OTHER MEMBERS IN THE SAME GRADE/CLASS/RATE OF PAY AS THE EMPLOYEE; AND (III) ARE NOT AND CANNOT BE VOLUNTARILY WORKED BY THE EMPLOYEE. "ORDINARILY WORKED" DOES NOT INCLUDE TIME SERVED ON A TEMPORARY OR EMERGENCY BASIS.

C) ITEMS EXCLUDED FROM COMPENSATION EARNABLE AND PENSIONABLE COMPENSATION

In accordance with Resolution 98-001 and GC Section 7522.34, the following are excluded from Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members including, but not limited to the following items, and others substantially similar to them.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

DRAFT OCERS Administrative Procedure (OAP)

Final Average Salary Calculation

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	**Pensionable Compensation PEPRA Members**
Any compensation determined by the Board to have been paid to ~~spike~~ increase a member's retirement benefit or is inconsistent with the requirements of OCERS Board Policies Compensation Earnable and Pensionable Compensation.	
True overtime (not qualifying in 3. 2. A)~~[A]~~, above)	Overtime other than as defined in Section 207(k) of Title 29 of the United States Code
Payments for additional services rendered outside of N~~n~~ormal W~~w~~orking H~~h~~ours, whether paid in a lump sum or otherwise.	
Payoffs or cash outs of vacation and sick leave and holiday pay, to the extent neither earned nor permitted to be cashed-out under the applicable MOU, regardless of when actually paid or cashed out	Payments for unused vacation, annual, leave, personal leave, sick leave or compensatory time off, however denominated, whether paid in lump sum or otherwise, regardless of when reported or paid.
Flexible benefits ("Cafeteria Plan") provided in kind and Flexible Benefits paid in cash	
Expense reimbursements and in-kind advantages (e.g. food, lodging, board, laundry, fuel)	
Fees, licences, memberships provide to member by employer	
Automobile allowance, if the automobile is provided for personal use and the allowance is not paid in cash, whether or not declared as income, for members whose Final Compensation Periods (as defined in Section 9(a) of the Compensation Earnable Policy) **do not** include time before January 1, 2001.	Automobile, uniform, or other allowances
Terminal "Final" pay, to the extent not included in Cash Out items	Severance or other termination pay that is received while employed
	Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Items Excluded from Compensation Earnable and Pensionable Compensation	
Compensation Earnable Legacy Members	**Pensionable Compensation PEPRA Members**
	the form of a cash payment in the final average salary period.
	Any ad hoc or one-time pay of any sort

3. OCERS staff reviews each pay period that contains a pay item to determine whether the pay item is included in the approved list of pay items and is reported as pensionable. Staff then confirms that the member is eligible to receive the pay item by verifying the member's job classification, bargaining unit and MOU that was applicable during the measuring period. Staff also validates that the pay item was reported and paid correctly according to the applicable MOU.

4. For Legacy members, to determine whether a cash out item should be included in Compensation Earnable, OCERS reviews all payroll records from the employer and any relevant documents the member may have. Then, using the MOU that was applicable during the measuring period, OCERS confirms that the item was earned, not taken as time off and cashable during a 12-month period for each year of the measuring period. Members cannot receive credit for time that was used for time off.

   If payment for compensatory time for holidays has not been reported as a cash out item by the employer, the member may be required to provide supporting documentation, including pay stubs and timesheets to show that the holiday hours accrued were not used as time off and that the member either received payment for the holiday hours, or could have received payment for those hours within 12-months of the measuring period.

   No cash out items are included in Pensionable Compensation for PEPRA members.

5. OCERS will research any item of compensation that may look inconsistent or appear to have been paid to spike a member's retirement benefit.

6. OCERS may request additional documentation from the employer or member to verify what has been provided and reported.

7. If OCERS staff determines that one or more items of compensation were paid to inappropriately enhance a member's retirement benefit, OCERS staff will send written notification to the member and the employer of its determination.

8. OCERS may conduct written or oral follow-up communication with the member and/or employer as appropriate in the exercise of reasonable diligence. Staff will document any such communications and when concluded, will issue a final notice of determination.

9. Once all pay items and applicable cash out items have been validated, staff adds each pay item and/or applicable cash out item to the base salary to compute the total Compensation Earnable or Pensionable Compensation.

Final Average Salary Calculation

4. FAS Calculation

After completing the compensation review, OCERS calculates the Final Average Salary.

- For **Legacy members in Tier 1**, FAS is calculated by taking the sum of the member's highest consecutive 12-months of Compensation Earnable and dividing it by 12.
- For **Legacy members in Tier 2,** FAS is calculated by taking the sum of the member's highest 36-months of Compensation Earnable and dividing it by 36.
- For **PEPRA members**, FAS is calculated by taking the sum of the member's highest 36-months of Pensionable Compensation and dividing it by 36.

  FAS is limited to applicable IRS 401(a)17 and Social Security limits.

The FAS is then applied to the calculation of the member's monthly retirement allowance.

Part-Time or Full-Time Members with Less than One (1) Year (Tier 1) or Three (3) Years (Tier 2) of Service

If a member is a part-time employee or a full-time employee with less than 1 year of service (Tier 1) or 3 years of service (Tier 2), then the FAS is calculated using the member's Gross Salary. The member's sum of Gross Salary is divided by the number of months of service credited in OCERS and multiplied by 12.

Part-Time Members with Equivalent of Three (3) Years of Full-Time Service

For part-time members, FAS is calculated by using the member's Gross Salary over 6272 hours and dividing it by 36.

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April 26, 2021

VIA EMAIL ONLY
sdelaney@ocers.org

Steve J. Delaney, Chief Executive Officer
Orange County Employees Retirement System
2223 E. Wellington Avenue, Suite 100
Santa Ana, California 92701

Re: Proposed OCERS Action in Response to *Alameda County Deputy Sheriff's Assn. v. Alameda County Employees' Retirement Association*

Dear Mr. Delaney:

First, on behalf of the Orange County Attorneys Association (OCAA or Association), I wish to thank you, Ms. Jenike and your counsel for meeting with OCAA on April 6, 2021. I would also like to thank you, on behalf of OCAA, for sharing an advance copy of the staff report on proposed OCERS action in response to the decision in *Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032 (*Alameda).*

Second, as indicated in the letter to the OCERS Board from District Attorney Todd Spitzer dated April 8, 2021, attorneys do not have regular working hours. Consequently, any policy decision by OCERS based on the inaccurate premise that Attorneys Unit employees have such regular working hours is factually unsustainable. In this regard, As District Attorney Spitzer stated about the attorneys in his Office (but which is equally true of other attorneys in OCAA's Attorneys Unit), it is expected that "attorneys . . . will work far in excess of 40 hours in any given week in order to accomplish the tasks they have been assigned and that as a result they will work at night and on weekends as part of meeting the work requirements of their assignment."

Given this, OCAA strongly disagrees with the exclusion of Attorney Special Duty Pay (other than parole hearing preparation) from pensionable compensation in purported reliance on such work being outside regular working hours. This exclusion not only is factually incorrect, but it runs afoul of attorneys' status as exempt employees who, under their MOU, do not have regular working hours. Moreover, as illustrated in the detailed description of parole hearing duty in District Attorney Spitzer's letter, OCERS attempt to delimit pensionable compensation to preparation for parole hearings is underinclusive and is built on a faulty factual predicate inasmuch as the entire parole hearing assignment is but a single assignment paid in what is effectively a lump sum, which--while calculated based on a fraction of a fixed number of hours--is paid without regard to the amount of time expended. Further, it is clear that the portion of the payment nominally attributable to the travel time is—like the preparation time—payment for tasks that ordinarily take place during hours when courtrooms are open and which would customarily be considered regular business hours for any County office or agency.

Third, OCAA wishes to call to your attention and that of your counsel that OCERS' conclusion that warrant duty-related Attorney Special Duty Pay is analogous to "on call" pay is directly contrary to the conclusion of the Santa Barbara County Employees' Retirement System reflected in the attached SBCERS Stand-By Duty Fact Finding Report ("Santa Barbara Report"), at pages 25 and 28, that such pay is pensionable compensation based on the fact that attorneys are exempt salaried employees and the payments for being assigned service requests taking place during certain hours each week were a lump sum. These are precisely the same facts which undergird Attorney Special Duty Pay for warrant duty-related assignments in the Offices of the District Attorney, Public Defender and County Counsel and are largely, if not entirely the same, as the facts related to parole hearing pay. The fact that the Santa Barbara Report reaches a directly contrary conclusion based on effectively the same facts should cause OCERS to reconsider its assertion that it is compelled to treat such special duty pay as non-pensionable and non-compensable.

The Association trusts that, upon consideration of the information in this letter, OCERS staff will reconsider its recommendations.

Very truly yours,

Laurence S. Zakson
of REICH, ADELL & CVITAN

LSZ:caw
cc: Mena Guirguis, President, OCAA

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SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM

Stand-by Duty Fact Finding Report

November 10, 2020

Contents

Executive Summary

Review Background and Procedures

This report was prepared in response to the California Supreme Court Ruling in Alameda County Deputy Sheriffs' Assoc. v. Alameda County Employees' Retirement Association (the Alameda Decision). The Alameda Decision, among other things, clarified the responsibility of the Board of Retirement to broadly construe the provisions of PEPRA that seek to control pension enhancement. The facts of the Alameda case specifically dealt with the inclusion of irregularly and voluntarily performed stand-by duty in compensation earnable.

Based on a review performed in 2012, SBCERS Board of Retirement has held that stand-by duty is part of the normal working hours of membership and therefore stand-by pay should be included in compensation earnable for legacy members. In response to the Alameda Decision, staff prepared this report in order to provide a current review of stand-by duty in the context of normal working hours and evaluate individual member use in comparison with class averages. The report was the result of interviews with 11 County of Santa Barbara operating departments, interviews with affected members and analysis of thousands of time card entries made by SBCERS members. In making this report, we sought to gather information that would demonstrate:

1. Whether stand-by duty is part of the normal working hours of SBCERS membership.
2. Whether inclusion of stand-by pay in compensation earnable was resulting in members receiving pensions greater than the average of similarly situated members.

Analysis Criteria for Compensation Earnable

For the purposes of this report we established criteria for both normal working hours and similarly situated members. For normal working hours we adopted the criteria that stand-by duty needed to be mandatory and uniformly distributed across the classification. In this report, we describe the factors that demonstrate normal working hours. These factors included regular scheduling and performance of the member's regular job for which the member earns their base pay. We also concluded that in order for the stand-by duty to be part of the member's regular schedule it could not be the result of assuming another member's scheduled work time or be the result of an ad hoc or incident related need. In order to determine the average compensation earnable for similarly situated members, we utilized the County's existing job classification system.

Analysis of Santa Barbara County Stand-by Duty

The County uses several earnings codes to account for duty performed by members on an hourly basis. In addition to hourly stand-by duty, the County also has stand-by per call pay and special duty pay types that are paid in lump sum each bi-weekly pay period regardless of utilization. Total compensation paid to members working stand-by averaged $22,785 per pay period. On average, the County utilized 93 legacy members to work approximately 5,821 hours of stand-by duty per pay period. This is an average of 63 Hours of stand-by duty per affected employee. This utilization is the equivalent of an additional 72 full time equivalent employees on an hours performed basis.

The County has members in more than 114 job classifications that work stand-by duty. The functions most reliant on stand-by to cover operational responsibility are located within public safety, welfare and protective services and those who support critical infrastructure. Eleven departments account for almost all of the stand –by duty performed by legacy plan members.

Analysis of Normal Working Hours

Most operational managers took the position that stand-by duty was ultimately mandatory; however, many had also adopted informal policies of convenience. We also found several instances of stand-by that was driven by the member's job assignment or job location. However, in the instances where stand-by duty was truly mandatory and job specific, we often were unable to demonstrate that similarly situated members of the same grade or class (job classification) all performed the assigned duty. This is due to the fact that the specialized assignments were performed by members in large job classifications. In this way, we were unable to determine that such stand-by duty was uniform across the broad classification.

In our department interviews, we found multiple examples of job classifications in the County that met all of our criteria for normal working hours. In all circumstances, these were small job classifications, with the class description closely matched to the member's job assignment and where each member performed a very consistent function within the class. The conclusion from departmental interviews was supported by data analysis.

Analysis of Stand-by Duty Utilization

To perform our analysis of stand-by duty we measured utilization across two different dimensions for each pay period. First, we evaluated how frequently members performed stand-by duty. Second, we measured the volume of stand-by duty performed within each instance. Using these two factors we were able to measure dispersion of stand-by duty performance for each job classification. In reviewing the calculated dispersion we arrived at a result that correlated with the results of our qualitative interviews. Specifically, we found that:

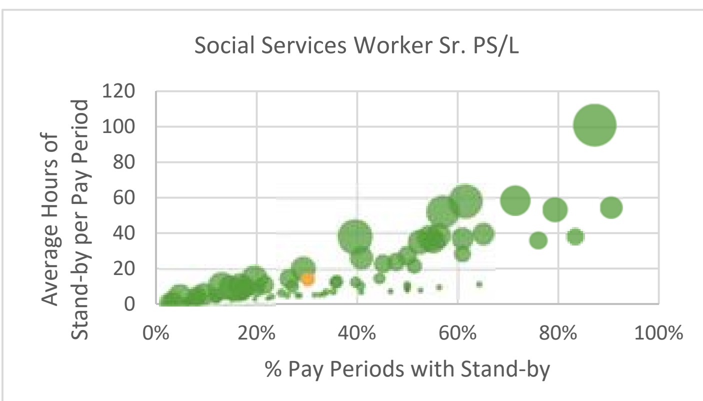


Figure 1 Chart of Social Services Worker Sr. PS/L shows a broad dispersion that is consistent with flexible departmental scheduling policies (bullet 2).

1. There are instances of job classifications performing stand-by duty that are part of normal working schedules and worked by all members of the classification. In these instances the dispersion analysis showed a tight grouping or smaller distribution of outcomes relative to the mean. We estimate that these classifications account for significantly less than 50% of the classifications using stand-by.

2. There are instances of stand-by duty that are part of normal working schedules but not performed by all members in the job classification at the same frequency or volume. In these instances the dispersion analysis showed a broad distribution of results, with numerous members performing stand-by duty at rates greater than one standard deviation from the class mean. We found this result to be consistent with departments who had adopted policies of convenience with regard to scheduling members on stand-by duty.

3. Numerous classifications contain highly specialized assignments that result in certain members performing stand-by duty at a high rate, but the majority of members in the classification perform little or no stand-by duty at all. In these cases, the dispersion analysis often displayed a barbell pattern, with a small group of members performing stand-by duty at rates greater than one standard deviation from the class mean. The members in these classifications met all of the criteria for normal working hours except for the uniformity criteria (because most members of the classification do not perform the specialized assignment).

Conclusions and Recommendations

We found significant evidence to support the determination made by the Board of Retirement in 2012 that stand-by duty is performed as part of the normal working hours of membership. In departmental interviews departmental management often held the position that such time was part of the member's normal schedule and was a cost effective way of managing their department. We also found that once we applied a statistical test to the data in order to compare a member's pay to that of other class members, the finding on normal working schedule is rendered moot because of policies of convenience surrounding schedule changes or because the stand-by was only worked by a small number of members performing specialized assignments.

Using job classifications to create cohorts of similarly situated employees produces what may be viewed as an arbitrary result. The variables of population and diversity of assignments within the series mean that some groups get it and other groups don't; this happens regardless of the individual contract between the employer and the member. We cite the barbell pattern and the existence of specialized assignments within classifications to support this view. However, departing from County job classifications to define a member's peer group may be inconsistent with the statute and may be seen as equally arbitrary, placing the Board of Retirement in the position of defining classes of County employment in a manner different than the employer.

Based on this research, we cannot conclude that all past stand-by duty should be removed from compensation earnable unilaterally and without consideration of individual job classifications. Further, we conclude that any determination that a correction to a member account is necessary can only be made on an individual basis. We found many instances where stand-by was part of normal working schedules of members and that it was worked by all similarly situated members, but not at the same amount. The dispersion may be attributable to volunteerism but also to myriad other factors having nothing to do with the goal of enhancing a members pension and more to do with the efficient management of personnel resources.

Ultimately, we concluded that the current system of accounting for stand-by duty does not support reliable and consistent outcomes. Management policy is subject to change based on the preferences and style of individual managers and the County's budgetary cycles. In order for the Board of Retirement and SBCERS staff to ensure consistent outcomes, the underlying polices of the County need to remain consistent. We do not believe that consistency will be achieved unless the related policies have greater permanence.

For that reason, we recommend that the Board of Retirement adopt the following recommendations as its determinations regarding the inclusion of stand-by duty in compensation earnable prospectively, for all legacy members.

Recommendation 1: Remove stand-by pay codes from the schedule of earnings codes included in compensation earnable.

We recommend that the Board of Retirement remove the following hourly earnings codes from its calculation of compensation earnable.

Earning Code	Title	Hourly	Amount	Employee Group
STA	Stand By 2	Y	$2.00	Local 620
SBY	Stand By 2.6	Y	$2.60	Local 721, PPOA
STB	Stand By 3	Y	$3.00	Local 620, Local 721, ETA
SSB	Sheriff Stand By	Y	$4.00	DSA
SBF	Stand By Firefighters	Y	$4.00	Local 2046
STE	Stand By 4	Y	$4.00	Local 721

This recommendation should be considered concurrently with Recommendation 2.

Recommendation 2: Establish clear guidance for future inclusion of new stand-by duty earnings codes in compensation earnable.

We recommend that the Board of Retirement establish the following standards for inclusion of new earnings codes used to account for stand-by duty when inclusion in compensation earnable is proposed.

1. Normal working schedule and any mandatory stand-by duty included in that schedule must be clearly defined in writing, including the number of stand-by duty hours normally scheduled for each job classification and associated earning code in an executed memorandum of understanding. Such hours shall be the maximum hours includable in compensation earnable for a member of the class.
2. The County must have documented time card procedures that direct employees to separately account for ad hoc, voluntary or assumed stand-by duty using an earning code that is recognizable as not included in compensation earnable and for which retirement contributions will not be collected. For the purposes of this requirement, the earnings codes identified in Recommendation 1 are suitable.
3. County scheduling procedures must allocate and track stand-by duty hours to all affected members of a class.

Recommendation 3: Remove the earning code STC from the schedule of earnings codes included in compensation earnable and refund contributions made on such pay subsequent to December 31, 2012.

In our review, we concluded that the earning code STC has been erroneously included in compensation earnable since the passage of PEPRA. In recognition that this was included as an item of compensation earnable incorrectly, we recommend that contributions made since January 1, 2013 on this pay be refunded to active members and that STC not be included in compensation earnable at retirement.

Recommendation 4: Affirm the inclusion of the earnings codes DAP, DEP and SPA in compensation earnable.

These earnings codes are a fixed amount paid to employees of the Public Defender, District Attorney and Behavioral Wellness department. In our review, we concluded that these codes are more similar to a special duty pay, which remains a valid category of compensation earnable post-PEPRA. They are paid regardless of utilization or timing and paid to employees in professional classifications that are generally exempt from overtime except in very limited circumstances (Attorneys and Doctors).

Recommendation 5: Consider implementation of procedures for evaluation of corrections.

Direct staff to develop and recommend procedures for the implementation of any necessary corrections to retired or active member accounts and benefits. The procedures should include the application of the Board's Errors, Corrections and Collections Policy, the applicable statute of limitations, a process for considering member and employer input, and a procedure for the calculation and implementation of any required corrections. At the option of the Board of Retirement, these recommendations may be brought to the full Board or preliminarily to an ad hoc committee.

Review Background and Procedures

On July 30, 2020, the California Supreme Court issued its decision in Alameda County Deputy Sheriffs' Assoc. v. Alameda County Employees' Retirement Association (the Alameda Decision). The Alameda Decision is the culmination of seven years of litigation pertaining to 2012 amendments to the County Employees' Retirement Law (CERL) made as part of the Public Employees' Pension Reform Act of 2013 and the companion bill, AB 197 (together, "PEPRA"). PEPRA established new benefit plans for new employees and modified the definition of "compensation earnable" for members who were active employees at the time of PEPRA's passage and thereafter.

Compensation earnable is a statutory term that defines the items of compensation that SBCERS uses to calculate contributions and pension benefits for members of pre-PEPRA benefit plans. Prior to PEPRA, the statutory definition of compensation earnable, as interpreted by the courts, included special items of compensation such as stand-by, leave cash-outs, and special duty pay types. Effective January 1, 2013, PEPRA made several changes to the definition of compensation earnable for then-current members of CERL retirement systems.

In response to these changes and after study and consideration in 2012, SBCERS staff reviewed plan sponsor compensation policies and recommended several modifications to compensation earnable to the SBCERS Board of Retirement. At that time, staff concluded that stand-by duty was part of the normal working hours and regular duties of members and, similar to actions taken by several other CERL systems at the time, the SBCERS Board of Retirement determined to allow stand-by duty pay to remain in compensation earnable. Immediately following the enactment of PEPRA, other CERL retirement systems, including the three defendants in the Alameda case, adopted policies excluding certain items of compensation they found to be subject to exclusion under PEPRA definitions. One of the items of compensation excluded by those three systems was stand-by duty pay. Employee groups sued to reverse the exclusion of stand-by pay (among other items) as an item of pay for "additional services rendered outside of normal working hours."

What Did the Supreme Court's Decision Say About Stand-by pay?

The primary cases at issue have been sent back to the trial court for further proceedings and new information may become available in the future as part of that further consideration. However, the Supreme Court ruling made clear that items of compensation paid for "additional services rendered outside normal working hours" must be excluded, as must compensation paid to enhance a member's retirement benefit, and are not limited to the examples provided in the statute. In this regard, some items of compensation related to stand-by pay should be excluded from compensation earnable.

The decision contains extensive discussion of the exclusion from compensation earnable of pay for "additional services outside of normal working hours" and reasons that such language "prevents employees from volunteering, during their final compensation period, to perform additional services outside of normal working hours to artificially inflate their daily rate of pay."

The court did not categorically state that all items of stand-by pay are excluded, and noted in its opinion the similarity of stand-by pay to overtime pay, citing another compensation earnable statute that excludes overtime pay except where the overtime is worked within the employee's "normally scheduled or regular working hours." Accordingly, this review of plan sponsor management practices is intended to evaluate, based on current information, whether or not stand-by pay should continue to be included in compensation earnable in whole or in part.

Departmental Interviews

SBCERS staff met with designated departmental management staff and County Human Resources department labor relations team members to document the purposes for which departments are using stand-by duty along with how it is scheduled and assigned to members. The interviews also inquired about the use of various earnings codes, the affected job classifications and the conditions imposed on members while on stand-by duty.

For the purposes of this review, SBCERS staff interviewed responsible officials for the 11 departments that are the largest users of stand-by duty. These departments are responsible for almost all of stand-by duty awarded since the passage of PEPRA. The departments reviewed included membership in both general and safety classifications and covered a broad range of classifications including first responders, professional tradespeople, traditional office workers and medical professionals. Four other departments that had de minimus utilization and were not interviewed.

Department	Functions Utilizing Stand-by Duty
Fire	Dispatch Duty, Public Information, Information Technology, Arson Investigations, Air Support Unit, Emergency Operations Support, Wildland Fire Crew, and Construction
Sheriff	Air Support, Cuyama Valley Patrol Operations and Intermittently in all divisions.
Social Services	Child Welfare Services and Adult Protective Services
Behavioral Wellness	Assertive Community Treatment, Psychiatric Health Facility, Crisis and Recovery Emergency Services, Medical Staff, Information Technology, Administration and Intermittently in all divisions.
General Services	Information Technology, Communications and Facilities maintenance.
Parks - Community Services	Cachuma Lake Recreation Area, Jalama Beach, Water Lift Stations
Public Health	Animal Services, Disease Control, Environmental Health, Emergency Medical Services
Public Works	Laguna Sanitation Plant Operations and Sewer Operations.
Probation	Institutions
District Attorney	Duty Deputy
Public Defender	Duty Deputy

Member Interviews

SBCERS identified and noticed 607 legacy plan members who have earned stand-by duty pay since the passage of PEPRA. Members were notified of potential impacts to their retirement account and encouraged to call SBCERS member services in order to arrange for a virtual counseling session. During the virtual counseling session, members were asked to take a voluntary survey. The voluntary survey documented the member's stand-by duty history, including the member's assignment and role. The survey also asked members to provide information regarding how they were assigned to stand-by duty.

Data Analysis

SBCERS staff reviewed the timecard submissions and pay history of members who have received stand – by pay subsequent to the passage of PEPRA. This involved the review of thousands of time card entries over a seven-year period. Utilizing analytical and statistical procedures, SBCERS reviewed stand–by duty time entries for consistency throughout the member's course of employment. Staff also reviewed individual member stand-by duty time coding in the context of class averages.

Analysis Criteria for Compensation Earnable

The compensation earnable statute is constructed in two parts, the first part of the compensation earnable statute 31461 (a) provides that general definition for compensation earnable that defines compensation earnable as average compensation for the number of days ordinarily worked by persons in the same grade or class of positions (emphasis added).

> *31461. (a) "Compensation earnable" by a member means* ***the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay...***

Explained simply, SBCERS staff interprets 31461(a) as limiting compensation earnable to that what is earned by similarly situated members. The second part of the compensation earnable statute 31461(b) lists items of compensation that are specifically excluded by the statute. In relation to stand – by duty pay, one component of the statute is particularly applicable as disallowing pay for additional services performed outside of normal working hours (emphasis added).

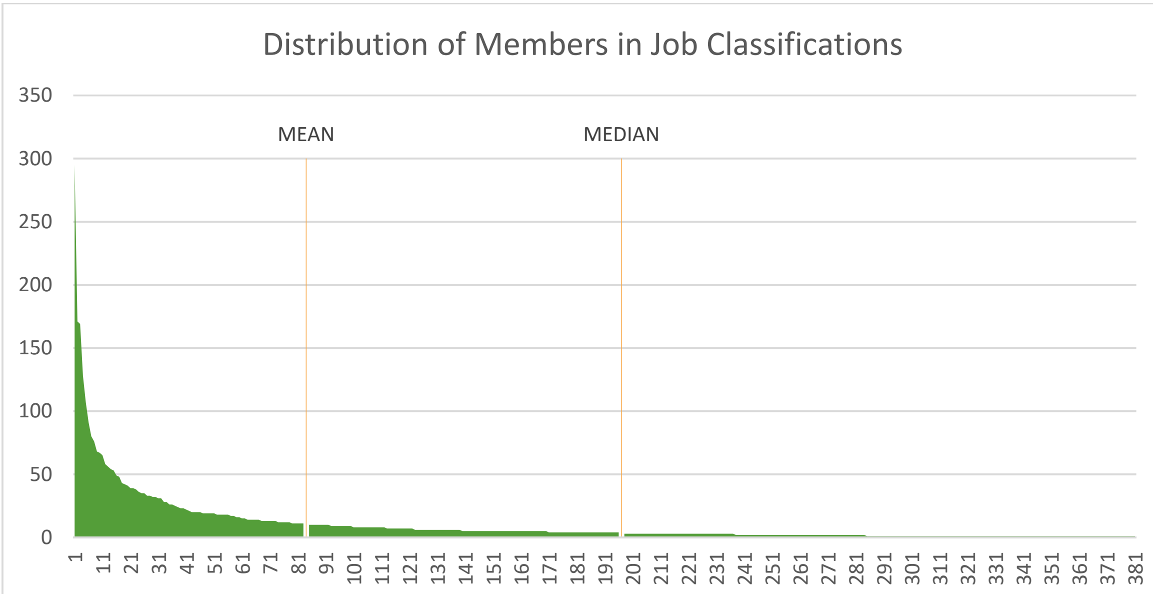
> *31461(b)(3) Payments for* ***additional services rendered outside of normal working hours****, whether paid in a lump sum or otherwise.*

In accordance with the statutes discussed above, staff established criteria for use in performing our analysis.

Criteria for Available to Similarly Situated Members

The County of Santa Barbara currently utilizes 385 active job classifications within its payroll system to classify approximately 4,035 current employees. These classifications include a range of positions covering all aspects of the County workforce. They include hourly and salaried positions as well as regular and contract employees. The largest classification currently holds 295 members while 97 classifications currently hold only a single member. On average, each classification has approximately 11 members, however, the median classification holds just 4 members. The 27 largest job classifications account for over 50% of the County workforce.

Many job classifications are built in a series that allows for job progression, for example, Social Services Worker is followed by Social Services Worker Sr. In other classifications, the series progression is denoted by the use of I, II, III, Sr., Supervisor or Expert at the end of the classification title. In a series, there is generally commonality across job classes in the example duties provided. In addition to series progression, some classifications have alternates that denote "restricted", which indicates that they are performing duties that exempt them from employee group representation. If job classifications were grouped by series, the distribution of members in job classifications would concentrate into even fewer groups of similar employees with the size of each group increasing significantly.



The classification process is a product of management's organizational design and employee collective bargaining efforts. Generally, the process of creating or modifying a classification involves the County Human Resources department studying the job duties of a position in coordination with the requesting department and preparing a class specification that is then reviewed by the responsible employee group and operating department. Upon completion, the classification is considered by the County Board of Supervisors. Using this process, minor modifications to the classification schedule are made with regularity throughout the year. These modifications include new classifications and re-classifications of various positions based on job duties.

During the 2006 -2008 fiscal years, the County completed a major reclassification effort that was the foundation for the current County classification system. The 2006-2008 reclassification effort was implemented in multiple phases and affected a broad range of classifications included clerical and leadership classifications. One iteration of the reclassification effort resulted in the consolidation of 60 classifications into 12 classifications. Reports prepared for the County Board of Supervisors at the time stated that the objective of the project was to:

> *"Provide a more flexible classification and compensation structure that would increase overall organizational capacity, provide departments with greater operational flexibility, and improve customer service delivery"*[1]

[1] https://santabarbara.legistar.com/LegislationDetail.aspx?ID=463161&GUID=B9B235CB-00DC-4B6E-B7F9-EFCAA327083E&Options=ID|Text|&Search=Classification

Safety classifications have been more stable in number, however, the example duties provided discuss a broad range of activities and don't include discussion of the specific specializations involved in operating a modern public safety department. The example duties provided in the job classifications for a Sheriff Deputy and a Sheriff Deputy – Special Duty are exactly the same, while providing greater compensation for senior class. Sheriff Deputy – Special Duty being the senior class in the series tends to hold more employees who perform specialized functions for the department. Safety classifications in other departments are similar in that the example duties are broad in nature and replicate throughout the classification series.

The classification schedules currently adopted are based around theories of efficient public sector management colloquially referred to as "broad-banding." The central concept around broad-banding was that it gives management the flexibility to staff operations free from the encumbrances of the classification process. However, a consequence of broad-banding is that it groups a diverse range of assignments into a single job classification.

Simultaneous to broad-banding, the County, like all other organizations has evolved over time and is consistently providing new services, changing methods of service for existing services and eliminating others. As a result, the County maintains several job classifications that encompass a broad range of tasks that are incompatible from a scheduling perspective due to the various service demands they support.

In our study, we identified that a significant portion of the stand-by duty assigned to members occurred within large job classifications. We also found that the major determinate of a members schedule and the amount of stand–by a member was assigned was more correlated to the member's assignment to a specific program and work location staffed by the member's job class. We did not find that schedules or the assignment of stand-by duty correlated to the member's greater job classification.

Sheriff Department Classifications

Members of Sheriff Deputy-Special Duty classification are assigned to almost all the commands and divisions of the Sheriff's Department. All of these various units require that employees have the basic skill set possessed by Sheriff Deputy Specialty Duty classification; however, the scheduling demands are entirely different depend on the employees duty and location.

Air Support Unit members receive specialized training in order to operate air assets and perform law enforcement functions that utilize those assets. Due to the limited availability of members having this specialized skill set and the need to have air assets available 24 hours a day, members employed in this division typically perform stand – by duty at a greater rate than counterparts in other divisions.

We found similar duty driven schedule divisions within basic patrol functions. In the Sheriff Deputy classification, we found that demand for stand – by duty is driven by the employee's work location. Employees performing patrol services in the rural Cuyama Valley were assigned ten times the amount of stand-by duty as the average Sheriff Deputy assigned stand-by over the same period. The increased rate of stand – by was due to the distant work location being an hour away from major population centers and the absence of other Sheriff Deputies available to support an officer in need. Accordingly, the two Sheriff Deputies assigned to patrol the Cuyama Valley area (and who live the area) are assigned stand – by duty for essentially all hours that they are not on active duty.

In the course of our work, we identified several instances where assignments within classifications were awarded using competitive practices. In many circumstances members were asked to demonstrate specialized skills or reasons for which they were uniquely suited to a duty. Some were required to apply for various duties, submit letters of intent, and in limited cases interview for the assignments. In certain departments, we found that there was no defined process for awarding specific assignments.

Several of the County's MOUs describe procedures for special assignments that are unique across job classifications. These special assignments include, Air Support Unit duty, Staff positions in the fire department and working in the Psychiatric Health Facility among others. As described in the MOUs, some of these special roles are location specific, for example, working in the Psychiatric Health Facility or Juvenile Hall is deemed a separate and specific duty within MOU documents. Many of these special roles are identified in the MOUs and have unique pay codes associated with them.

Notwithstanding our determination that job classification is an overly broad classification system we found it to be the only available objective method of determining a members "***grade or class of positions"*** as is contemplated in government code section 31461(a). From a practical perspective, we reviewed the County payroll accounting procedures, budgetary procedures and were unable to determine an alternate method of classification that would allow us to reliably group members by assignment or location - the two drivers of stand-by pay - in a consistent and objective manner. We found several departments that utilize the location or budget units to capture certain instances of specialty assignments or work locations, but the data was not uniform across all departments and classifications.

Our decision to use Job Classification to establish criteria for the grade or class of positions affected, is further reinforced by the ruling of the Fourth District Court of Appeal in *Stevenson v. Board of Retirement* (2010) 186 Cal.App.4th 498. In that matter, OCERS had excluded from compensation earnable overtime pay worked by a narcotics investigator who contended that his pay should have been included because a similar amount of overtime was worked by other narcotics investigators. The Court of Appeal rejected this contention because applicable Memoranda of Understanding and other evidence of job classifications within Orange County demonstrated that the job of "narcotics investigator," although a distinct assignment within the Sheriff's Department, was not itself a "grade or class" of employment. Rather the broader class of "investigator" applied equally to narcotics investigators and other investigators in the department who did not regularly work overtime. Accordingly, the claim for inclusion of overtime within compensation earnable was rejected.

The determination to use job classification in order to determine similarly situated members, favors members who are working in smaller classifications because of the need to limit compensation earnable to the average compensation based on the average number of days worked.

Definition of Similarly Situated Members
Members within a job class as defined in a plan sponsor salary resolution.

Criteria for Normal Working Hours

Government code section 31461(b)(3) requires that payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise, be excluded. Going further, the Alameda decision reasons that voluntary service should be excluded from compensation earnable. In its opinion the Court stated:

> *We emphasize that there is nothing inherently abusive in the practices addressed by section 31461, subdivision (b)(2) through (4), at least when divorced from their pension consequences. Accepting **voluntary on-call duty** and cashing out unused leave time to the extent permitted by an employer are ordinary practices that serve proper public policy interests. Yet by not expressly excluding such payments when determining a county employee's pension benefit, the pre-PEPRA definition of compensation earnable allowed an employee to considerably increase his or her pension benefit by volunteering for a large quantity of on-call duty or by accumulating and cashing out a large quantity of unused leave time during the final compensation period. Because such enhancements are arguably inconsistent with the underlying concept of compensation earnable, which is intended to reflect pay for work ordinarily performed during the course of a year, these types of enhancement have been characterized as pension spiking.*

In its opinion, the court clearly differentiates voluntary stand-by from mandatory stand-by pay and excludes only the former from compensation earnable. With regard to the broader issue of stand-by pay's inclusion in compensation earnable, the Court Opinion is more permissive and notes the legitimate public purpose of such pay. The Court also drew comparison to other statutes that govern the exclusion of Overtime pay. Specifically, the Court notes the similar nature of the language in G.C. 31461(b) "normal working hours" with the use of the words "normally scheduled or regular working hours" in G.C. 31461.6, a statute that generally excludes overtime from compensation earnable unless it is regularly scheduled. From this, we conclude that the Court did not disallow all stand-by pay as apotential item of compensation earnable; rather, it disallowed stand-by pay that is used to enhance a member's pension beyond the amount that would be earned by the average member of the class.

In Staff's view, in making the connection with the principal of controlling pension enhancement, the Court is providing an important distinction. Volunteering for additional duty is not the only way a member could potentially enhance their pension through performance of an hourly duty. There are other methods of implementation to consider, including the employer's policies. For that reason, we adopted criteria for normal working hours that also excludes employees from assuming another employees mandatory time, duty that results from ad hoc assignments from management and, incident related duty.

The concept of normal working hours suggests routine, frequency, advance planning, even-handedness and consistency. We adopted criteria that the stand-by pay had to have a clear connection with a member's regular duty and, that there was a clear expectation that it was the member's responsibility to perform the duty. The regularly recurring nature of such stand-by duty was considered evidence that such duty was a normal part of the member's regular job as assigned by the department.

Examples of this include members who held specialized skills, or were responsible for maintaining critical infrastructure equipment. Other examples include myriad location based pay scenarios wherein members

Wastewater Plant Operators

The County maintains several small job classifications for employees who maintain and support critical wastewater infrastructure. These employees work in both the Community Services and Public Works Departments. They operate and maintain Wastewater Treatment Plants that operate 24 hours a day, 7 days a week.

While they don't occur often, wastewater plant failures can result to significant threats to the health and safety of the area they serve. The County uses stand-by duty to ensure that employees are available to respond and critical incidents are corrected timely. Stand-by time costs significantly less than regular time and reduces the need to staff additional shifts of employees to cover evening and weekend hours. There are currently a total of 9 members in the wastewater plant operator series for the Public Works Department and 2 members in the Water & Sewage Plant Operator series for the Community Services Department.

Due to the small number of these employees who are trained to operate very complex and unique pieces of equipment, members of these classifications are assigned stand – by duty regularly and at a high rate. When employees on stand-by report to work after call in, they are preforming the same function that they perform while they are working regular time.

were assigned stand-by regularly due to need to staff an operation continuously or due to limited availability of other responsive members. We found in some circumstances that there was a general correlation between the size of geographically available workforce and the rate at which members worked stand-by duty. If a small number of members are located in an area that requires continuous service, then stand-by was likely to be utilized in a higher instance.

We considered Ad Hoc assignments that derive from short-term operational needs. In the case of ad hoc assignment, we didn't view backfilling another member's illness, or being on stand-by to support a special event as part of a member's normal and recurring working hours. We viewed stand-by that results from a natural disaster; however frequently they may occur, as not a normal duty. If an Animal Control Officer – Supervisor that normally manages a shelter is placed on stand-by in order to support field operations, that would also be an example of irregular duty and not meet our definition of normal working hours. We found that a significant amount of stand-by time coded is attributable to these factors. The following chart illustrates the criteria and factors for consideration that we adopted in evaluating the information gathered.

Normal Working Hours

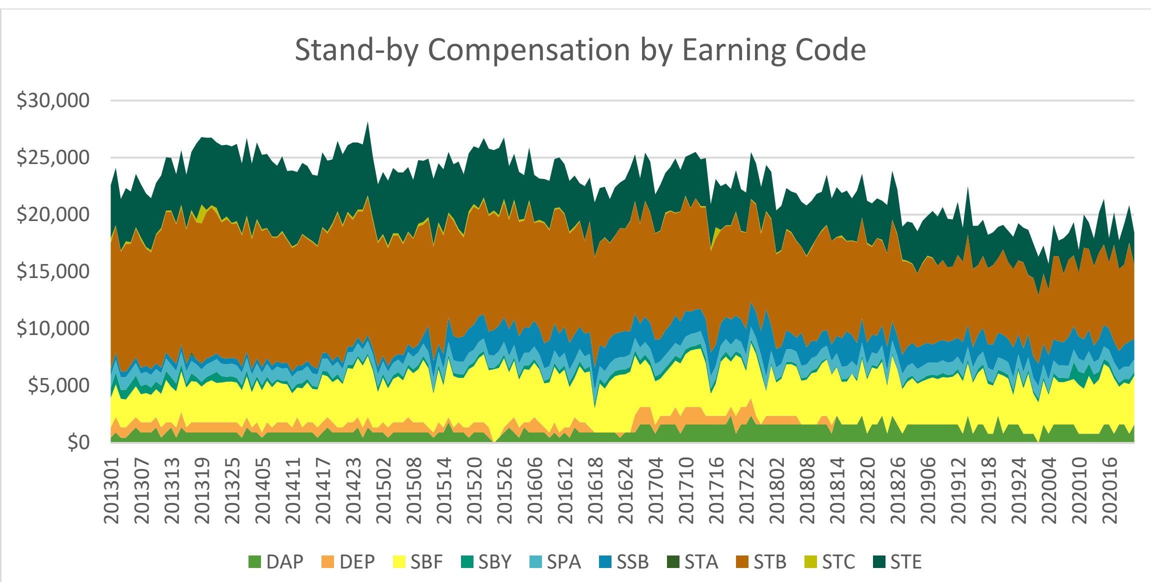
Out – Not Compensation Earnable	In – May be Compensation Earnable
Voluntary – *Voluntary agreement to stand – by.*	**Mandatory** – *Stand-by duty that is mandatory for all in the same classification.*
Ad Hoc – *Occasional assignment to stand-by duty on the basis of non-recurring factors, regardless if mandatory.*	**Scheduled in Advance** – *Stand-by duty scheduled in advance as part of normal scheduling practices.*
Assumed time – *Time assumed to cover another employees obligation to work stand-by.*	**Recurring** – *Stand-by duty that is recurring at set intervals and allocated on established rules.*
Incident Related – *Stand-by duty related to specific non-recurring incidents, emergency declarations, special events and disasters.*	**Uniform –** *Members within a job class assigned to work stand-by duty on a regular or rotational basis.*
Selective – *Stand-by duty that is assigned to individual members but not to other members who possess the same qualifications.*	

Analysis of County of Santa Barbara Stand-by Duty

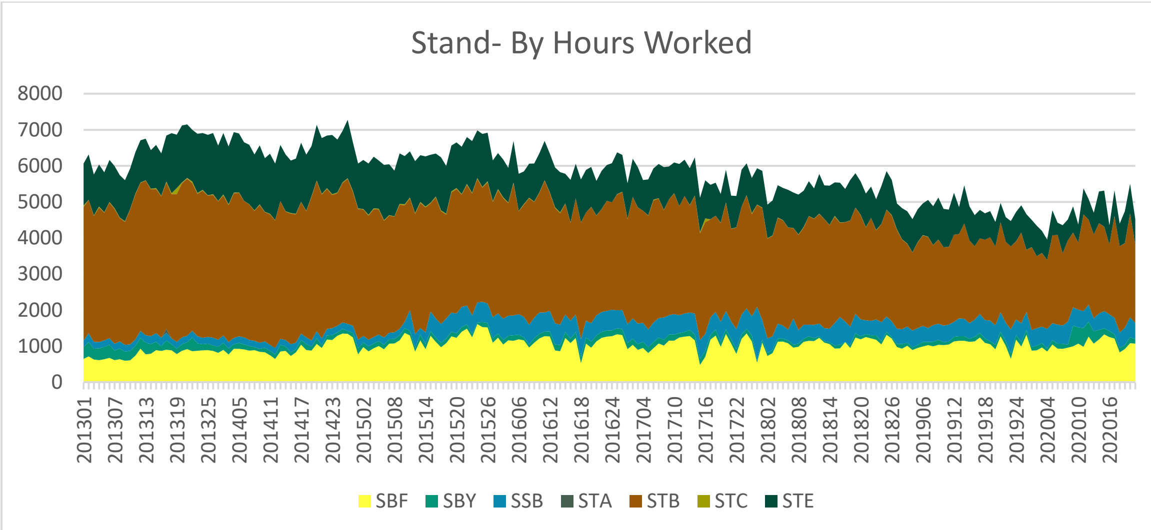
The County of Santa Barbara utilized 10 separate earnings codes during the period studied to account for Stand-by Duty performed by legacy members. Earnings codes are differentiated based on the amount of pay and the specific standards negotiated with in various memorandum of understanding. Six of the earnings codes are used to account for hours based work. The County uses one code (STC) to compensate employees on a per call basis, for accepting phone calls between midnight and 6:00am. Three earnings codes (DEP, DAP and SPA) are paid as a pay period lump sum amount and are not hours based.

Earning Code	Title	Hourly	Amount	Employee Group
STA	Stand By 2	Y	$2.00	Local 620
SBY	Stand By 2.6	Y	$2.60	Local 721, PPOA
STB	Stand By 3	Y	$3.00	Local 620, Local 721, ETA
SSB	Sheriff Stand By	Y	$4.00	DSA
SBF	Stand By Firefighters	Y	$4.00	Local 2046
STE	Stand By 4	Y	$4.00	Local 721
STC	Per Call Stand-by	N	$10.00 per call	Local 620
DEP	Public Defender Deputy Duty	N	$768.00 per pay period	Local 620
DAP	District Attorney Deputy Duty	N	$800.00 per pay period	DDA
SPA	Physician Stand-by - Special Duty	N	$1,100.00 per pay period	UAPD

The County has on average provided $22,785 in compensation earnable per pay period since January 1, 2013. The amount of compensation earnable provided has been declining slightly over time as the County's work force transitions to members enrolled in PEPRA pension plans. PEPRA plan members do not receive stand-by pay as pensionable compensation. On an average dollar per pay period basis, the three most utilized earnings codes were STB ($9,312), STE ($4,470) and SBF ($4,113). Over the period, the member contributions averaged $1,052 per pay period.



The County utilized on average 93 legacy members to work approximately 5,808 hours of stand-by duty per pay period. This is an average of 63 Hours of Stand-by Duty per affected employee. This utilization is the equivalent of an additional 72 full time equivalent employees on an hours performed basis.



The County has members of over 114 job classifications that work stand-by duty. The top 11 job classifications with the highest average utilization each pay period are listed in the table below. The functions most reliant on stand-by to cover operational responsibility are located within public safety, welfare and protective services and those who support critical infrastructure. We have included in Appendix B a complete listing of affected job classifications listed in accordance with the governing Memorandum of Understanding. Viewed another way, the table above shows the 11 County Departments that accounted for the almost all of the County's stand-by duty compensation. In total, compensation related to Stand-by Duty represents approximately 0.2% of the total compensation earnable recorded each pay period.

Average Number of Employees Utilizing Stand-by	Job Class
7	SOC SVCS WORKER SR PS/L
6	FIRE CAPTAIN STAFF
6	ANIMAL CONTROL OFF II
5	EDP OFFICE AUTO SPEC II
3	WASTEWTR PLANT OPER III
3	SOCIAL SVCS PRACTITIONER
3	SOCIAL SERVICES SUPV II
5	SHERIFFS DEPUTY S/DUTY
3	BUILDING MAINT WORKER
3	FIRE EQUIPMENT OPER
3	Park Ranger II

Average Stand-by Compensation Per Pay Period	Department
$4,477	Social Services
$4,113	Fire
$4,077	General Services
$2,998	Behavioral Wellness
$1,331	Parks - Community Services
$1,556	Sheriff
$1,211	District Attorney
$1,112	Public Health
$979	Public Works
$871	Public Defender
$392	Probation

Stand-by Duty County Policy and Normal Working Hours

In our interviews with responsible department managers, we set out to assess whether or not the departmental practices for scheduling aligned with the criteria that we established for our review. We found that procedures and policies varied across departments. We also found that while most operational managers took the position that stand-by duty was ultimately mandatory, many had also adopted informal policies of convenience. These policies of convenience mean that for the most part, managers did not have to enforce mandatory provision - *volunteering is fine so long as equity considerations are not being raised by employees who are not working stand-by*.

Notwithstanding the volunteering, we also found several instances of stand-by that was driven by the member's job assignment or job location. However, in the instances where stand-by duty was truly mandatory and job specific, we often were unable to demonstrate that similarly situated members of the same grade or class (job classification) performed the assigned duty. This is due to the fact that these specialized assignments were performed by members of large job classifications. We also found numerous instances where a material portion of the actual stand-by duty worked within the class appeared to be either ad hoc or intermittent in nature.

Ultimately, in our department interviews we found multiple examples of job classifications in the County that met all of our criteria for normal working hours and paid to all similarly situated members. In all circumstances, these were small job classifications, with the class description closely matched to the member's job assignment and where each member performed a very consistent function within the class.

The chart displays some of the classifications that we found to meet all the criteria, based on statistical analysis, we anticipate that there are other qualifying classifications.

Department	Operational Unit	Defined by Job Class	Mandatory for all employees	Uniform Distribution of Hours within unit
Community Services – Parks	Overnight Campgrounds *Water/Sewer Plant Operator Series*	☑	☑	☑
Fire	Construction *Fire Equipment Operator Series*	☑	☑	☑
Public Works	Laguna Sanitation District *Wastewater Plant Operator Series*	☑	☑	☑

We found several examples of unique duties within larger classifications that appeared to meet all criteria, except for the fact that they are performed by members who are part of large job classifications. In many cases we found that the members who are in these classifications had special skills and abilities not possessed by other members of the class. Examples of specializations within large classifications are Public Information Officers and Arson Investigators within the Fire classifications and Air Support Unit members in the Sheriff Classifications. In other areas we found that stand-by was the result of a specific duty assignment location. Examples of this included Park Rangers assigned to overnight campgrounds, Sheriff Deputy's assigned to Cuyama Valley, and Maintenance workers assigned to the Laguna Sanitation District.

Department	Operational Unit	Defined by Job Class	Mandatory for all employees	Uniform Distribution of Hours within unit
Community Services – Parks	Overnight Campgrounds *Park Ranger Series*	☐	☑	☑
Fire	Air Support Unit, PIO, Arson Investigators, Dispatch Duty Officer, EOC, Wildland Fire Crew (EI) *Fire Captain – Staff* *Fire Inspector Engineer - Staff*	☐	☑	☑
Probation	Institutions Management *Supervising Deputy Probation Officers*	☐	☑	☑
Public Health	EMS *PH Improvement Coordinator*	☐	☑	☑
Public Health	Animal Services *Animal Control Officer Supervisor*	☐	☑	☑
Public Works	Laguna Sanitation District *Maintenance Worker Series*	☐	☑	☑
Sheriff	Cuyama Resident Deputies *Sheriff Deputy*	☐	☑	☑
Sheriff	Air Support Unit *Sheriff Deputy - Special Duty*	☐	☑	☑

We found other classifications where the performance of stand-by duty did not meet the criteria because the department's policies were permissive of volunteering, or the assignment of stand-by duty was not uniform. These are the classifications that were generally subject to management policies of convenience.

Department	Operational Unit	Defined by Job Class	Mandatory for all employees	Uniform Distribution of Hours within unit
Public Health	Environmental Health *Hazardous Materials Specialist Series*	☑	☐	☐
Public Health	Animal Services *Animal Control Officer Series*	☑	☑	☐
Social Services	Adult Protective Services and Child Welfare Services Services *Social Services Worker Series* *Social Services Practitioner Series*	☑	☑	☐

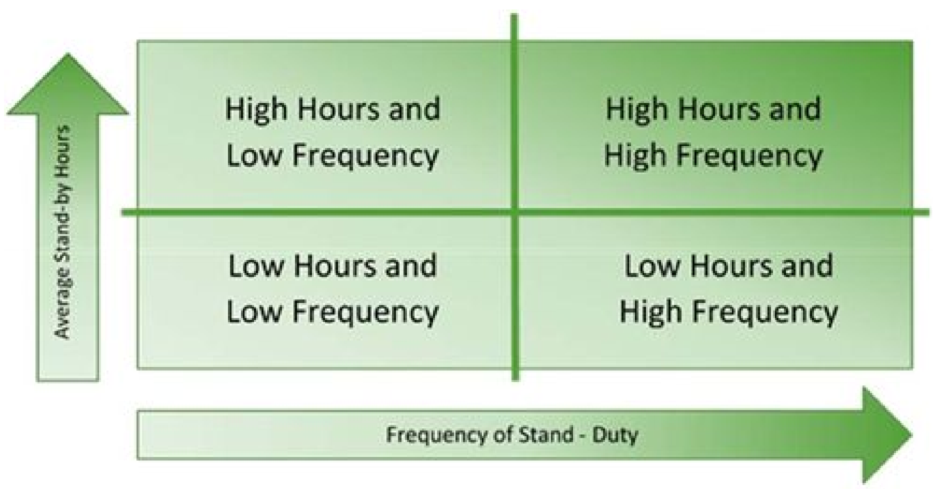
Stand-by Duty Performance Analysis

In order to analyze the hours ordinarily worked by a member of a class we developed several metrics. First, we evaluated the classifications to assess a relative trend of stand-by performance. A consistent and level usage of stand-by indicated that the County had a regular operating need for afterhours duty coverage by the employees of a given job class. We next measured the impact or cost of that need by comparing the average compensation earnable with and without for the class.

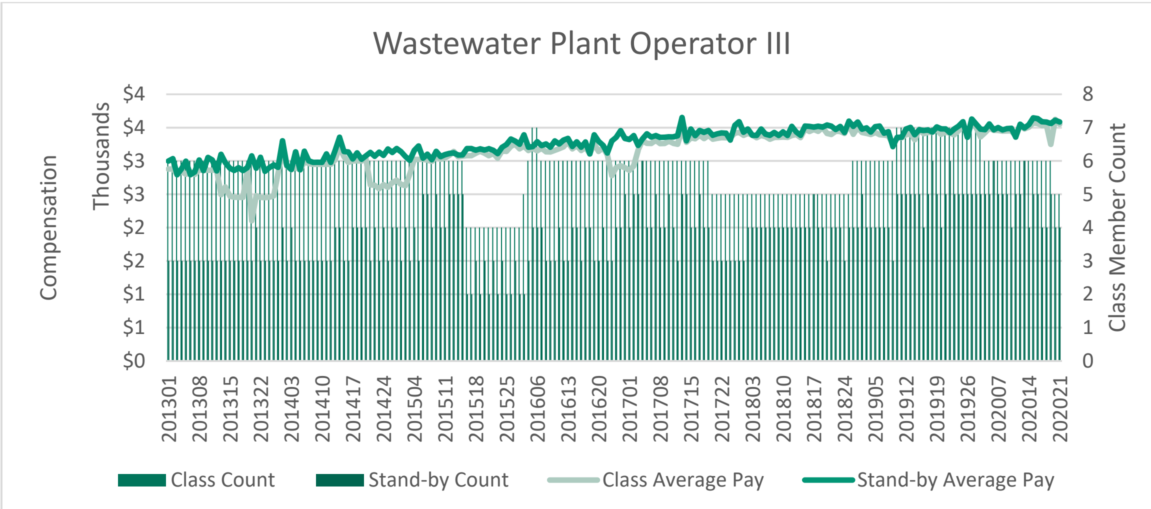
We then evaluated the frequency of stand-by duty across the class membership and the volume of stand-by duty performed within each job class. In order to establish a measure of frequency, we calculated the number of pay periods each member spent in the class and the number pay periods each member performed stand-by duty. From this we were able to calculate the probability that an employee worked stand-by during their tenure. In order to establish the volume of stand-by duty for each member we calculated the average number of hours a member worked per pay period in a given job classification.

Using this analysis we were able to assess the consistency of stand-by duty across the job class. The charts on the following pages shows volume (Average Hours Worked per Pay Period) on the Y-Axis and the Frequency (Average number of pay periods in which the duty is performed) on the X-Axis for each member of the job classification. The resulting scatter plot displays each member's stand-by duty performance relative to the class average for both metrics (orange dot). Shown on the following pages are 3 separate job classifications where stand-by duty was significant. The size of the plot point in the chart is an intensity indicator, it represents the average hours of stand-by worked with the periods that had no stand-by excluded from the calculation. We chose three classifications and that represented a variety of work types. The three classes also provide a graphic example of three separate results.

The closer the data points are grouped, the stronger the indication that all employees within the class were performing stand-by duty in the same relative manner. Charts with more dispersion indicated that the performance of stand-by duty is inconsistent across the class. Bar belled charts indicate overall inconsistency but show how a small group of members within a class may be working stand-by consistently. This view also displays the impact on the member pensions with outliers in the northwest quadrant indicating that select members received larger beneficial impacts than the group.

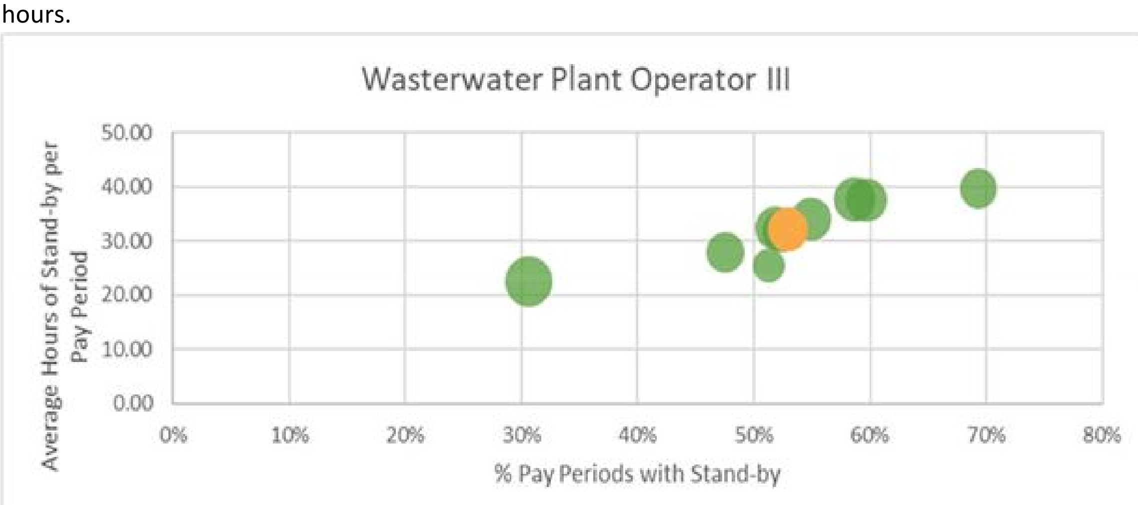


Wastewater Plant Operator III

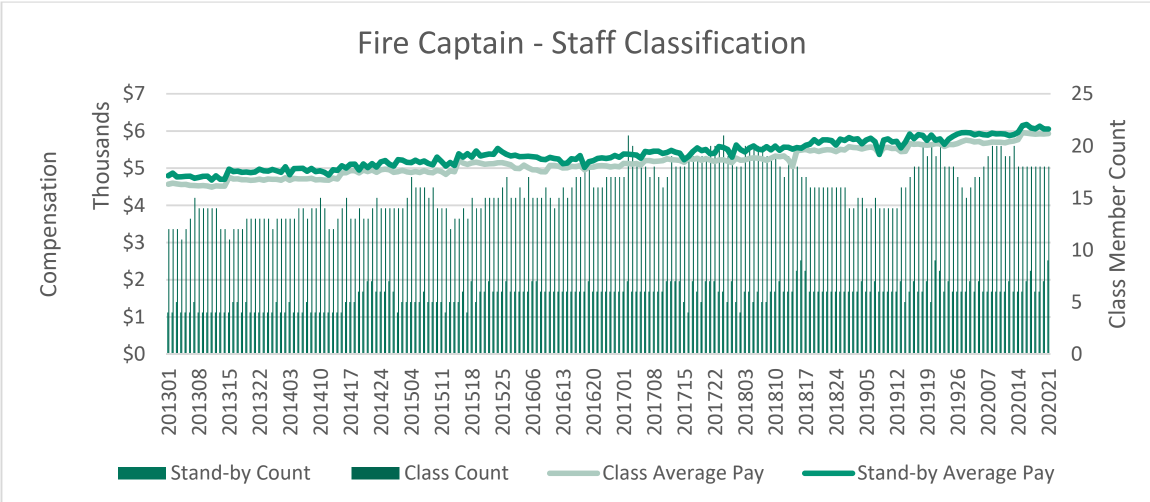


During the period studied, 9 members recorded time in the Wastewater Plant Operator III Job Classification. Of the 9 members, all have been in the class for more than 26 pay periods, or one year. On average, the County employed 6 Wastewater Plant Operator III positions during the period studied. Of these 6 positions, an average of 3.8 were awarded stand-by duty during each pay period. The positions average pay before overtime was $3,157 per pay period. Members awarded stand-by duty earned on average $3,280 per pay period, an average increase of $123. For the purposes of this analysis we eliminated overtime, vacation cash outs and administrative payroll adjustments.

In the following chart, we analyze the individual performance of stand-by duty and how it affects compensation earnable for individual members of the class. The Wastewater Plant Operator III members are grouped together. This indicates that the members of the class are performing stand-by at the same relative frequency and volume. With respect to the Waste Water Plant Operator III we found the data supports the notion that stand-by duty is performed uniformly and consistently across the class. As noted above, we also found that the operating division's policies conformed with our criteria for normal working hours.

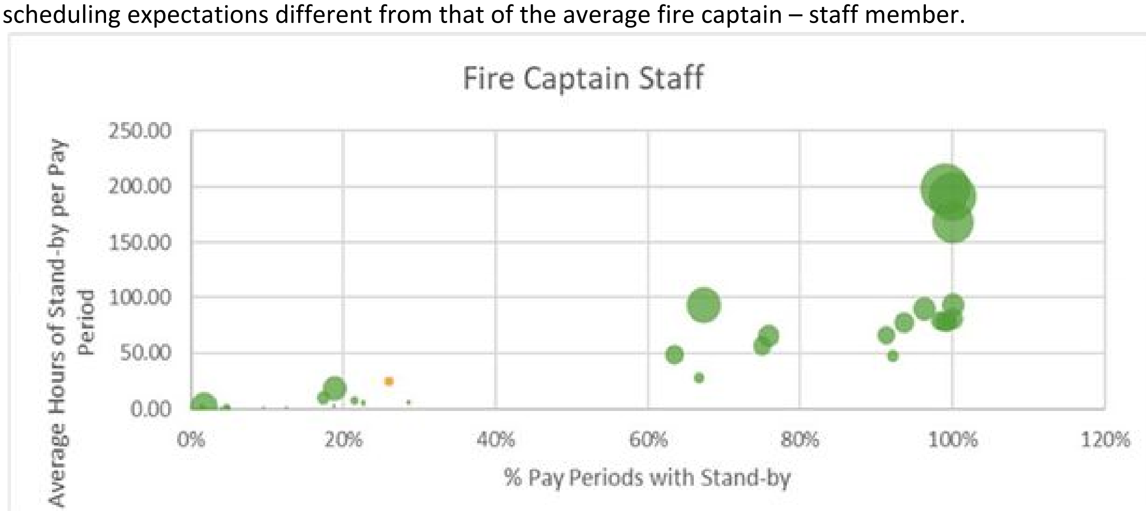


Fire Captain - Staff

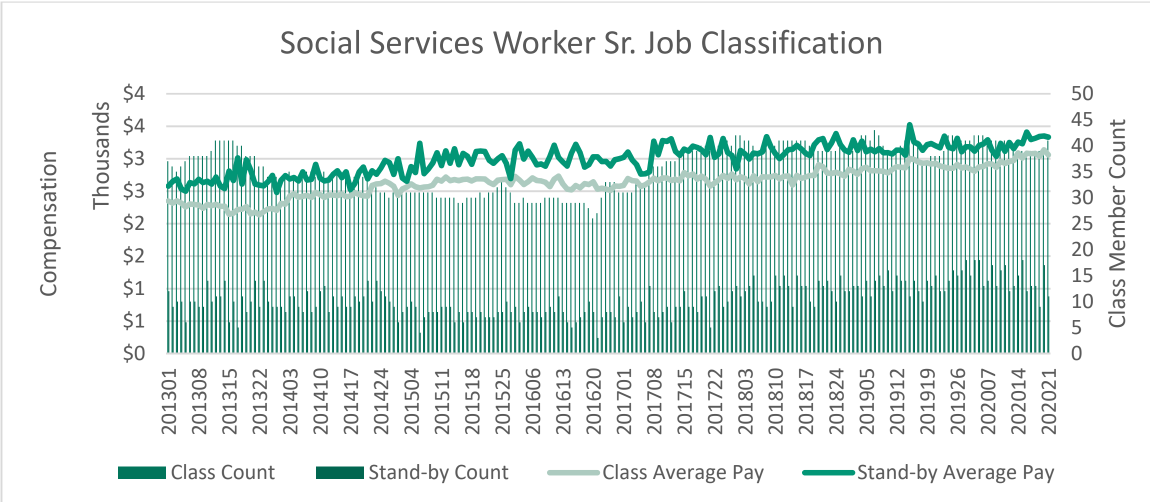


During the period studied, 65 members recorded time in the Fire Captain – Staff Job Classification. Of the 65 members, 27 members were in the class for less than 26 pay periods, or one year. The classification is used relatively flexibly with the Fire Captain – Shift classification. Class members are rotated to through the classification based on job assignment and it is relatively common for members to move between the two different classifications, which have different compensation practices.

On average, the County employed 16 Fire Captain – Staff positions during the period studied. Of these 16 positions, an average of 5.5 were awarded stand-by duty during each pay period. The positions average pay before overtime was $5,155 per pay period. Members awarded stand-by duty earned on average $5,375 per pay period, an average increase of $220. For the purposes of this analysis we eliminated overtime, vacation cash outs and administrative payroll adjustments. The Fire Captain Staff Classification displays a barbell pattern. This appears due the fact that certain units within the department are continuously performing a high rate of stand-by duty. Based on interviews we know that Fire Captain – Staff members assigned to public relations, dispatch duty officers and arson investigations have scheduling expectations different from that of the average fire captain – staff member.

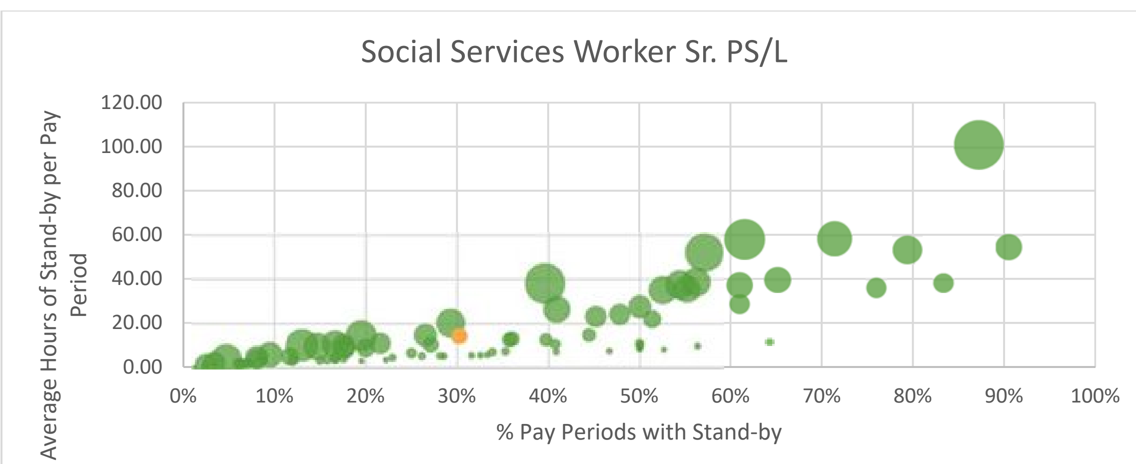


Social Services Worker Sr. PS/L



During the period studied, 89 members recorded time in the Social Services Worker Sr. PS/L Class. The classification is the Sr. or master class in the series. On average, the County employed 36 Social Services Worker Sr. PS/L positions during the period studied. Of these 36 positions, an average of 10.5 were awarded stand-by duty during each pay period. The positions average pay before overtime was $2,644 per pay period. Members awarded stand-by duty earned on average $2,999 per pay period, an average increase of $355. For the purposes of this analysis we eliminated overtime, vacation cash outs and administrative payroll adjustments.

The Social Services Worker Sr. PS/L displays a widely dispersed pattern. This dispersion shows that while stand-by duty is a consistent operational need for the county, the actual performance is varied and inconsistent across the classification due to the variety of programs supported, the location of assigned coverage areas and volunteerism. This result is consistent with our interviews which indicated that location considerations drove utilization and revealed that while stand-by performance is ultimately mandatory, management has maintained a policy of convenience that allows for employees to trade shifts and arrange coverage so long as it is approved by a supervisor.



Measure of Dispersion by Classification

Using the data we gathered, we were able to calculate the dispersion of frequency and volume of stand-by performance by calculating the Coefficient of Variation (CV) by job classification for each measure. Also known as the relative standard deviation or ratio of standard deviation to the mean, the CV measures the dispersion of a data set relative to the mean. This is an imperfect measurement and can be noisy for smaller classifications; however, we have found the lower the CV of the classification, the more likely it is to meet our criteria for inclusion in compensation earnable. We provide the results for hours based earnings codes and classifications in the appendices of this report.

In evaluating the CV results across all classifications, we estimate that significantly less than 50% of the total stand-by duty performed will meet our criteria for inclusion in compensation earnable based on it being the amount "ordinarily worked by a member of the same grade or class." This estimate is provided before consideration of the County's actual operating procedure and whether the duty is part of a member's normal working schedule, which likely would reduce that result further.

Small Job Classifications

Within the population of members working stand-by duty we identified 16 classifications with fewer than five members overall and 58 classifications with fewer than five members who work stand-by. Of the classifications with less than five members, eight only had one member. For very small classifications the definition of "normal" and "ordinary" presents a complex consideration. For a classification of one, ordinary and normal could be as simple as what happened. There is no variation within work schedules to analyze.

In general, the smaller the classification the more likely we are to see smaller variation in the assigned duties; what follows is that the smaller the classification, the more likely there is to be homogenous scheduling across the class. However, what variation there is complicates analysis due to the outsize affect one member can have on the class average. In several smaller classifications we see a phenomena where one member of the classification has no stand-by duty, however, the remainder of the class is working stand-by duty in a consistent manner. In this case, we have one member that is creating dispersion, not by electing to work more hours on average (potential pension enhancement) but by electing to **NOT** work thereby reducing their compensation earnable to an amount below the class average and ostensibly increasing the compensation earnable of other members of the class.

Non – Hourly Earnings Codes

In our review, we identified several earning codes that are similar to stand-by but not paid on an hourly basis. STC is a "$10 per call pay" that is awarded when an employee takes a phone call or service request between the hours of 12:00am and 6:00am. DAP, DEP and SPA earnings codes are a fixed amount paid to employees of the Public Defender, District Attorney and Behavioral Wellness department. These codes are not hours based, rather they are bi-weekly fixed amount paid to an employee who is assigned the responsibility for answering service requests made after 5:00pm and before 8:00am M-F and any time on Saturday and Sunday.

Conclusions, Findings and Recommendations

In evaluation of the facts gathered along with analysis of the data, we conclude that there is a material portion of stand-by duty that meets the criteria for inclusion in compensation earnable for legacy members. We were able to support this conclusion on the basis of departmental interviews, member interviews and by using statistical measurements of the data. However, we also conclude that the majority of stand-by duty (greater than 50%) being performed likely does not meet the test for inclusion in compensation earnable.

We support this conclusion that the majority of stand-by duty should be excluded from compensation earnable prospectively through our observations of:

- inconsistent policy across operating divisions of the County,
- the County's creation of broad job classifications that group disparate job assignments into a single class and,
- the County's large geographic service area that places differing scheduling demands on members based on their job location.

These findings are not a criticism of the County; rather it is an acknowledgement that operating policy design and workload management procedures are intended to maximize service outcomes. The issue of calculating a member's pension benefit is second to the objective priorities of operational management when it comes to ensuring the quality delivery of critical services. Further, management has never received direction to modify classification procedures or time reporting in the manner contemplated by the Court. As a result, the current policy framework does not permit a reliable systematic approach to controlling pension enhancement that could result from volunteerism or other management practices that create uneven outcomes.

Further, the issues of "normal working schedule", "ordinarily worked" and "similar class or pay grade" are ephemeral qualities that change with each new management regime and budgetary cycle. Absent a rigid policy constraint it is entirely likely that what was includable in 2013, may not be so in 2015 but again be includable in 2020. Looking backward, there is no way to determine with absolute certainty whether a specific instance of stand-by pay should be included or not based simply on the records maintained.

Overall, we found some evidence to support the determination made by the Board of Retirement in 2012 that stand-by duty is performed as part of the normal working hours of membership. In interviews departmental management often held the position that such time was part of the member's normal schedule and was a cost effective way of managing their department. We also found that once we applied a statistical test to the data in order to compare a members pay to that of similarly situated members, a study not performed in 2012, that a finding on normal working schedule is not supportable in the majority of cases.

Using job classifications to create cohorts of similarly situated employees produces what may be viewed as an arbitrary result. The variables of population and diversity of assignments within the series mean that some groups get it and other groups don't; this happens regardless of the individual contract between the employer and the member. We cite the barbell pattern and the existence of specialized assignments within classifications to support this view. However, departing from County job classifications to define a member's peer group may be inconsistent with the statute and may be seen as equally arbitrary, placing the Board of Retirement in the position of defining classes of County employment in a manner different than the employer.

This is exemplified by the many instances we found where stand-by was part of normal working schedules of members and that the Board could conclude that it was worked by all similarly situated members. Given those two conclusions, the question then goes to what happens when the amount of stand-by worked by an individual member of the class is far in excess of the class average. This may be attributable to volunteerism but also to myriad other factors having nothing to do with the goal of enhancing a members pension. For that reason, we recommend that the Board of Retirement adopt the following recommendations as its determinations regarding the inclusion of stand-by duty in compensation earnable prospectively.

Recommendation 1: Remove pay codes from the schedule of earnings codes included in compensation earnable.

We recommend that the Board of Retirement remove the following hourly earnings codes from its calculation of compensation earnable.

Earning Code	Title	Hourly	Amount	Employee Group
STA	Stand By 2	Y	$2.00	Local 620
SBY	Stand By 2.6	Y	$2.60	Local 721, PPOA
STB	Stand By 3	Y	$3.00	Local 620, Local 721, ETA
SSB	Sheriff Stand By	Y	$4.00	DSA
SBF	Stand By Firefighters	Y	$4.00	Local 2046
STE	Stand By 4	Y	$4.00	Local 721

We support this recommendation on the basis that the current operating policies of the County do not support consistent outcomes with regard to the calculation and determination of compensation earnable at the individual member level. This recommendation should be considered concurrently with Recommendation 2.

Recommendation 2: Establish clear guidance for future inclusion of new stand-by duty earnings codes in compensation earnable.

We recommend that the Board of Retirement establish the following standards for inclusion of new earnings codes used to account for stand-by duty when inclusion in compensation earnable is proposed.

1. Normal working schedule and any mandatory stand by duty included in that schedule must be clearly defined in writing, including the number of stand-by duty hours normally scheduled for each job classification and associated earning code in an executed memorandum of understanding. Such hours shall be the maximum hours includable in compensation earnable for a member of the class.
2. The County must have documented time card procedures that direct employees to separately account for ad hoc, voluntary or assumed stand-by duty using an earning code that is not to be included in compensation earnable, and for which no retirement contributions are collected. For the purposes of this requirement, the earnings codes identified in Recommendation 1 are suitable.

3. County scheduling procedures must allocate and track stand-by duty hours to all affected members of a class.

Recommendation 3: Remove the earning code STC from the schedule of earnings codes included in compensation earnable and refund contributions made on such pay subsequent to December 31, 2012.

In our review, we concluded that the earning code STC has been erroneously included in compensation earnable since the passage of PEPRA. STC is a "$10 per call pay" that is awarded when an employee takes a phone call or service request between the hours of 12:00am and 6:00am. By its very nature it is not subject to a normal schedule, rather, it is an incident based pay more similar to overtime pay. In recognition that this was included as an item of compensation earnable incorrectly, we recommend that contributions on this pay be refunded to active members.

Recommendation 4: Affirm the inclusion of the earnings codes DAP, DEP and SPA in compensation earnable.

These earnings codes are a fixed amount paid to employees of the Public Defender, District Attorney and Behavioral Wellness department. These codes are not hours based, rather they are bi-weekly fixed amount paid to an employee who is assigned the responsibility for answering service requests made after 5:00pm and before 8:00am M-F and any time on Saturday and Sunday. Due to budgetary considerations, the County is not currently using the DEP code for public defenders. In our review, we concluded that these codes are more similar to a special duty pay. They are paid regardless of utilization or timing and paid to employees in professional classifications that are generally exempt from overtime except in very limited circumstances (Attorneys and Doctors).

Recommendation 5: Consider implementation of procedures for evaluation of corrections.

Direct staff to develop and recommend procedures for the implementation of any necessary corrections to retired or active member accounts and benefits. The procedures should include the application of the Board's Errors, Corrections and Collections Policy, the applicable statute of limitations, a process for considering member and employer input, and a procedure for the calculation and implementation of any required corrections. At the option of the Board of Retirement, these recommendations may be brought to the full Board or preliminarily to an ad hoc committee.

Appendix A: Job Classification Dispersion Statistics

Job Class Title	Count of Members with stand-by	Total Count	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Freq. CV	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Vol. CV
ADMHS CASE WORKER	23	66	11.22%	22.17%	33.39%	-10.95%	86%	21%	198%	5.9	17.2	23.1	-11.3	91%	26%	291%
ADMHS PRACTITIONER II	14	69	4.87%	16.22%	21.09%	-11.35%	93%	13%	333%	2.7	10.7	13.4	-8.0	94%	14%	398%
ADMHS PRACTITIONER INTERN	30	104	12.12%	26.67%	38.79%	-14.55%	86%	14%	220%	9.5	24.7	34.2	-15.2	89%	18%	260%
ADMHS PSYCHIATRIC TECH II	7	37	8.37%	23.93%	32.30%	-15.56%	92%	11%	286%	7.3	27.6	34.9	-20.3	95%	14%	377%
ADMHS RECOVERY ASSISTANT	15	56	8.85%	21.30%	30.15%	-12.45%	89%	16%	241%	6.7	22.0	28.6	-15.3	93%	20%	330%
ADMHS TEAM SUPV-PRACTITIONER	9	38	8.01%	25.32%	33.33%	-17.30%	92%	16%	316%	2.8	8.0	10.9	-5.2	92%	16%	282%
ALCOHOL & DRUG SERVICE SPEC	5	19	11.24%	23.45%	34.69%	-12.22%	84%	11%	209%	3.8	9.7	13.5	-5.8	89%	16%	251%
ANIMAL CONTROL OFF I	10	13	52.80%	40.24%	93.04%	12.56%	54%	54%	76%	19.9	18.4	38.3	1.5	46%	46%	92%
DEPUTY DISTRICT ATTY SR	27	35	6.37%	5.03%	11.40%	1.34%	60%	60%	79%	0.0	0.0	0.0	0.0	0%	0%	--
ANIMAL CONTROL OFF II	13	14	77.11%	27.70%	104.81%	49.42%	86%	86%	36%	35.0	17.7	52.7	17.3	71%	71%	51%
ANIMAL CONTROL OFF SUPV	7	11	38.99%	36.72%	75.71%	2.27%	45%	45%	94%	15.6	15.5	31.2	0.1	45%	45%	99%
DEP PUBLIC DEFENDER III	19	28	5.59%	5.02%	10.61%	0.58%	54%	54%	90%	0.0	0.0	0.0	0.0	0%	0%	--
AIRCRAFT MECHANIC	1	5	0.24%	0.47%	0.71%	-0.24%	80%	0%	200%	0.1	0.1	0.2	-0.1	80%	0%	200%
BUILDING MAINT WORKER	12	34	15.70%	24.73%	40.43%	-9.04%	79%	15%	158%	13.6	21.2	34.8	-7.7	79%	15%	157%
DEPUTY DISTRICT ATTY IV	23	32	6.06%	5.87%	11.93%	0.20%	59%	59%	97%	0.0	0.0	0.0	0.0	0%	0%	--
COMPUTER SYSTEMS SPEC I	6	22	9.33%	17.84%	27.17%	-8.50%	82%	9%	191%	5.8	17.5	23.2	-11.7	95%	23%	303%

Job Class Title	Count of Members with stand-by	Total Count	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Freq. CV	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Vol. CV
COMPUTER SYSTEMS SPEC II	12	59	5.00%	14.16%	19.16%	-9.15%	90%	10%	283%	2.1	7.2	9.3	-5.0	92%	12%	340%
CUSTODY DEPUTY	117	365	1.55%	3.40%	4.96%	-1.85%	87%	19%	220%	0.0	0.1	0.1	-0.1	89%	21%	235%
HVAC SPECIALIST	3	6	20.51%	22.51%	43.02%	-2.00%	83%	33%	110%	19.8	22.2	41.9	-2.4	83%	33%	112%
CUSTODY DEPUTY S/DUTY	23	83	1.51%	4.12%	5.62%	-2.61%	90%	18%	273%	0.0	0.1	0.2	-0.1	94%	22%	287%
CCS SUPERVISING THERAPIST	1	5	0.39%	0.78%	1.17%	-0.39%	80%	0%	200%	0.0	0.1	0.1	0.0	80%	0%	200%
COMM EQUIP TECH SR	2	4	45.33%	45.33%	90.66%	0.00%	75%	25%	100%	39.2	39.2	78.4	0.0	75%	25%	100%
COMM SYSTEMS SUPV	1	1	75.61%	0.00%	75.61%	75.61%	0%	0%	0%	75.6	0.0	75.6	75.6	0%	0%	0%
DEP PUBLIC DEFENDER IV	14	26	3.10%	3.48%	6.58%	-0.39%	85%	38%	113%	0.0	0.0	0.0	0.0	0%	0%	--
CUSTODY SERGEANT	17	43	2.75%	4.95%	7.70%	-2.20%	84%	23%	180%	0.1	0.1	0.2	-0.1	81%	21%	180%
DEP PROBATION OFFICER SUP	11	35	17.67%	31.96%	49.62%	-14.29%	83%	14%	181%	8.2	15.0	23.2	-6.8	86%	17%	182%
HAZARD MATERIALS SUPV	4	7	35.24%	42.64%	77.88%	-7.40%	71%	29%	121%	42.8	53.9	96.7	-11.1	71%	29%	126%
DEP PUBLIC DEFENDER II	13	27	3.56%	4.51%	8.07%	-0.94%	85%	33%	127%	0.0	0.0	0.0	0.0	0%	0%	--
EDP NETWORK TECH II	7	7	42.00%	13.88%	55.87%	28.12%	71%	71%	33%	33.7	10.5	44.2	23.2	57%	57%	31%
DEPUTY DISTRICT ATTY III	15	40	3.04%	4.30%	7.33%	-1.26%	70%	8%	141%	0.0	0.0	0.0	0.0	0%	0%	--
ADMHS REHABILITATION SPEC	4	11	17.52%	24.81%	42.33%	-7.29%	73%	9%	142%	6.0	8.7	14.7	-2.7	73%	9%	144%
EDP NETWORK TECH III	5	6	50.71%	23.08%	73.78%	27.63%	83%	83%	46%	41.7	19.7	61.4	22.1	83%	83%	47%
DEP PUBLIC DEFENDER I	14	27	6.92%	10.05%	16.97%	-3.13%	85%	37%	145%	0.0	0.0	0.0	0.0	0%	0%	--
DA INVESTIGATOR III	1	3	0.18%	0.25%	0.42%	-0.07%	67%	0%	141%	0.1	0.2	0.3	-0.1	67%	0%	141%
EDP OFFICE AUTO SPEC I	6	13	12.09%	25.31%	37.39%	-13.22%	85%	31%	209%	15.3	38.5	53.8	-23.2	92%	38%	252%

Job Class Title	Count of Members with stand-by	Total Count	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Freq. CV	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Vol. CV
EDP OFFICE AUTO SPEC II	18	31	20.91%	27.84%	48.74%	-6.93%	77%	35%	133%	24.3	32.6	56.8	-8.3	74%	32%	134%
MAINTENANCE PLUMBER	3	9	16.97%	25.49%	42.46%	-8.52%	78%	11%	150%	15.5	23.2	38.7	-7.7	78%	11%	150%
FIRE CAPTAIN SHIFT	19	96	1.47%	5.32%	6.79%	-3.85%	93%	13%	362%	0.4	1.8	2.2	-1.4	97%	17%	464%
FIRE CAPTAIN STAFF	31	65	25.92%	38.80%	64.72%	-12.88%	75%	23%	150%	24.6	46.3	70.8	-21.7	83%	31%	188%
BUILDING MAINT SUPV	4	15	10.31%	17.69%	28.00%	-7.38%	80%	7%	172%	8.0	14.0	21.9	-6.0	73%	0%	175%
ADMHS TEAM SUPV-RN	2	8	20.99%	37.23%	58.21%	-16.24%	75%	0%	177%	27.4	54.8	82.3	-27.4	88%	13%	200%
FIRE ENG INSPECTOR SHIFT	9	104	1.29%	8.39%	9.68%	-7.10%	98%	7%	652%	0.4	3.3	3.7	-2.9	98%	7%	760%
FIRE ENG INSPECTOR STAFF	12	35	27.58%	40.00%	67.58%	-12.42%	74%	9%	145%	22.4	33.5	55.9	-11.1	74%	9%	150%
DA INVESTIGATOR I	2	8	0.18%	0.33%	0.51%	-0.15%	75%	0%	182%	0.1	0.2	0.4	-0.1	88%	13%	188%
PSYCHIATRIC NURSE SR	3	11	7.88%	14.98%	22.86%	-7.10%	82%	9%	190%	5.8	13.2	19.0	-7.4	91%	18%	226%
FIREFIGHTER STAFF	7	50	12.26%	30.72%	42.98%	-18.46%	86%	0%	251%	10.0	25.1	35.1	-15.1	86%	0%	251%
HAZ MATERIALS SPEC II	12	17	28.62%	23.50%	52.12%	5.12%	53%	53%	82%	26.4	22.7	49.0	3.7	53%	53%	86%
PARK RANGER I	2	8	16.06%	32.34%	48.40%	-16.28%	88%	13%	201%	8.0	18.9	26.9	-10.8	88%	13%	235%
HAZ MATERIALS SPEC SR	5	7	31.07%	32.71%	63.78%	-1.64%	71%	43%	105%	33.3	35.8	69.1	-2.4	71%	43%	107%
JUVENILE INST OFFICER	5	122	0.06%	0.46%	0.52%	-0.40%	97%	1%	711%	0.0	0.4	0.4	-0.4	99%	3%	1056%
MAINTENANCE WORKER II	6	79	2.94%	11.54%	14.48%	-8.60%	94%	1%	393%	2.0	8.0	10.0	-5.9	94%	1%	393%
EDP OFFICE AUTO COORD	1	1	0.49%	0.00%	0.49%	0.49%	0%	0%	0%	0.2	0.0	0.2	0.2	0%	0%	0%
PARK RANGER II	19	34	25.70%	37.94%	63.63%	-12.24%	76%	32%	148%	14.8	24.9	39.6	-10.1	76%	32%	169%
PARK RANGER III	8	9	45.62%	37.30%	82.91%	8.32%	56%	56%	82%	32.1	34.1	66.2	-2.0	89%	78%	106%

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HEALTH EDUCATION ASST SR	1	6	0.24%	0.55%	0.79%	-0.30%	83%	0%	224%	0.0	0.1	0.1	0.0	83%	0%	224%
PH PERFORM IMPROVE COORD	5	8	16.19%	18.39%	34.57%	-2.20%	75%	38%	114%	18.5	24.1	42.6	-5.5	75%	38%	130%
ELECTRONICS SYSTEMS TECH	3	4	18.46%	30.59%	49.05%	-12.13%	75%	50%	166%	15.1	25.3	40.4	-10.2	75%	50%	168%
DEP PUBLIC DEFENDER SR	3	16	0.45%	1.09%	1.54%	-0.64%	88%	6%	244%	0.0	0.0	0.0	0.0	0%	0%	--
DA INVESTIGATOR SUPV	1	7	0.17%	0.42%	0.59%	-0.25%	86%	0%	245%	0.1	0.3	0.5	-0.2	86%	0%	245%
FACILITIES SUPERVISOR	1	5	5.38%	10.77%	16.15%	-5.38%	80%	0%	200%	6.3	12.6	19.0	-6.3	80%	0%	200%
PSYCHIATRIC NURSE II	9	47	9.69%	25.39%	35.07%	-15.70%	87%	6%	262%	4.4	14.2	18.6	-9.8	91%	11%	320%
DA INVESTIGATOR II	2	15	0.09%	0.22%	0.31%	-0.13%	87%	0%	255%	0.0	0.1	0.2	-0.1	93%	7%	296%
PUBLIC HEALTH NURSE	20	66	5.08%	10.71%	15.80%	-5.63%	85%	15%	211%	0.8	1.8	2.6	-1.0	88%	18%	224%
PUBLIC HEALTH NURSE SUPV	8	12	19.98%	19.62%	39.59%	0.36%	58%	58%	98%	3.4	3.5	6.9	-0.1	83%	50%	103%
FINANCIAL SYS ANALYST I	1	9	0.35%	0.98%	1.33%	-0.63%	89%	0%	283%	0.0	0.0	0.0	0.0	0%	0%	--
FIRE EQUIPMENT OPER	3	3	92.36%	1.15%	93.51%	91.21%	67%	67%	1%	44.3	2.2	46.5	42.1	33%	33%	5%
FIRE EQUIPMENT OPER SUPV	1	1	91.22%	0.00%	91.22%	91.22%	0%	0%	0%	55.3	0.0	55.3	55.3	0%	0%	0%
COMPUTER SYSTEMS SPEC SUPV	1	9	0.19%	0.55%	0.74%	-0.35%	89%	0%	283%	0.1	0.2	0.2	-0.1	89%	0%	283%
SHERIFFS DEPUTY	61	258	1.43%	10.18%	11.62%	-8.75%	99%	22%	711%	1.1	9.9	11.0	-8.8	99%	22%	895%
GEOLOGIST REGISTERED	1	3	0.65%	0.92%	1.57%	-0.27%	67%	0%	141%	0.4	0.6	1.0	-0.2	67%	0%	141%
SHERIFFS DEPUTY S/DUTY	69	164	3.04%	11.35%	14.38%	-8.31%	96%	38%	374%	1.7	9.1	10.8	-7.4	96%	38%	526%
ENVIRON HEALTH SPEC	3	20	0.20%	0.59%	0.79%	-0.39%	90%	5%	292%	0.0	0.0	0.1	0.0	90%	5%	294%

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ENVIRON HEALTH SPEC SR	3	12	3.11%	9.36%	12.47%	-6.26%	92%	17%	301%	2.6	8.6	11.2	-6.0	92%	17%	329%
SHERIFFS SERGEANT	23	71	1.08%	5.35%	6.44%	-4.27%	99%	31%	494%	0.5	3.8	4.3	-3.3	99%	31%	760%
SOC SVCS WORKER SR PS/L	79	89	30.24%	23.80%	54.04%	6.44%	62%	62%	79%	14.2	17.7	31.9	-3.5	83%	72%	125%
EDP SYS & PROG ANLST I	1	14	0.07%	0.25%	0.32%	-0.18%	93%	0%	361%	0.0	0.1	0.2	-0.1	93%	0%	361%
SOCIAL SERVICES SUPV I	8	9	43.93%	29.18%	73.11%	14.75%	56%	56%	66%	49.5	34.4	84.0	15.1	56%	56%	69%
SOCIAL SERVICES SUPV II	24	28	22.90%	25.24%	48.14%	-2.34%	82%	68%	110%	16.2	19.3	35.5	-3.2	89%	75%	120%
MAINT ELECTRICIAN	1	1	35.71%	0.00%	35.71%	35.71%	0%	0%	0%	34.4	0.0	34.4	34.4	0%	0%	0%
HEALTH EDUCATION ASST	2	22	0.45%	1.68%	2.12%	-1.23%	95%	5%	374%	0.1	0.3	0.4	-0.2	95%	5%	396%
SOCIAL SERVICES WORKER	76	122	16.21%	19.36%	35.56%	-3.15%	83%	45%	119%	9.0	14.3	23.3	-5.3	87%	49%	159%
PROG/BUS LDR-ATTY	1	18	0.10%	0.43%	0.54%	-0.33%	94%	0%	412%	0.0	0.0	0.0	0.0	0%	0%	--
DEPUTY DISTRICT ATTY II	3	40	0.39%	1.79%	2.18%	-1.40%	93%	0%	458%	0.0	0.0	0.0	0.0	0%	0%	--
SOCIAL SVCS PRACTITIONER	61	87	20.65%	21.28%	41.93%	-0.63%	79%	49%	103%	8.6	10.8	19.4	-2.1	89%	59%	124%
ACCOUNTANT I	1	29	0.36%	1.90%	2.26%	-1.54%	97%	0%	529%	0.0	0.2	0.3	-0.2	97%	0%	529%
EDP SYS & PROG ANLST SR	1	30	0.02%	0.09%	0.10%	-0.07%	97%	0%	539%	0.0	0.2	0.2	-0.2	97%	0%	539%
COMMUNICATIONS DISP II	1	31	0.03%	0.14%	0.17%	-0.12%	97%	0%	548%	0.0	0.0	0.0	0.0	97%	0%	548%
MAINTENANCE LEADER	2	36	1.56%	9.08%	10.65%	-7.52%	97%	3%	581%	1.2	7.2	8.4	-5.9	97%	3%	590%
DEP PROBATION OFFICER SR	3	81	0.30%	1.79%	2.09%	-1.48%	96%	0%	590%	0.2	0.9	1.1	-0.8	96%	0%	540%
COST ANALYST II	1	37	0.17%	1.01%	1.18%	-0.84%	97%	0%	600%	0.0	0.0	0.0	0.0	0%	0%	--
PSYCHIATRIC NURSE SUPV	3	3	44.75%	37.37%	82.12%	7.38%	33%	33%	84%	42.5	33.3	75.7	9.2	33%	33%	78%

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STAFF PHYSICIAN	1	41	2.44%	15.43%	17.86%	-12.99%	98%	0%	632%	0.0	0.0	0.0	0.0	0%	0%	--
DEP PROBATION OFFICER	4	151	0.12%	0.75%	0.86%	-0.63%	97%	0%	647%	0.1	0.4	0.5	-0.3	97%	0%	612%
RADIO COMMUNICATION SYSTEMS ENGINEER	1	1	90.00%	0.00%	90.00%	90.00%	0%	0%	0%	71.6	0.0	71.6	71.6	0%	0%	0%
VICTIM WITNESS PROG ASST II	8	18	11.29%	18.24%	29.53%	-6.95%	78%	22%	162%	8.4	14.0	22.3	-5.6	83%	28%	166%
JUVENILE INST OFFICER SR	1	49	0.02%	0.12%	0.13%	-0.10%	98%	0%	693%	0.0	0.0	0.0	0.0	98%	0%	693%
WASTEWTR PLANT OPER II	5	6	34.30%	21.57%	55.87%	12.73%	67%	67%	63%	21.0	13.4	34.4	7.5	50%	50%	64%
WASTEWTR PLANT OPER III	9	9	52.93%	9.90%	62.83%	43.03%	78%	78%	19%	32.2	5.5	37.7	26.6	56%	56%	17%
DEPT BUS SPEC I	2	68	1.46%	11.54%	13.00%	-10.08%	99%	1%	789%	0.9	6.8	7.6	-5.9	99%	1%	789%
MEDICAL ASSISTANT	2	100	0.05%	0.40%	0.45%	-0.35%	98%	0%	819%	0.1	0.7	0.8	-0.7	99%	1%	974%
ASST DEPT LDR-EXEC	1	94	0.01%	0.05%	0.06%	-0.05%	99%	0%	964%	0.0	0.0	0.0	0.0	0%	0%	--
FIREFIGHTER SHIFT	4	141	0.41%	3.96%	4.37%	-3.56%	98%	1%	972%	0.1	1.4	1.5	-1.2	99%	2%	1047%
SOCIAL SVCS WORKER SR	1	1	20.41%	0.00%	20.41%	20.41%	0%	0%	0%	13.1	0.0	13.1	13.1	0%	0%	0%
DEPT BUS SPEC II	2	123	0.52%	5.65%	6.17%	-5.14%	99%	1%	1094%	0.5	5.3	5.8	-4.8	99%	1%	1104%
ADMN OFFICE PRO III	1	168	0.01%	0.17%	0.19%	-0.16%	99%	0%	1292%	0.0	0.1	0.1	-0.1	99%	0%	1292%
VICTIM WITNESS PROG SUPV	2	2	10.18%	9.69%	19.87%	0.49%	0%	0%	95%	18.1	17.8	35.9	0.3	50%	50%	98%
WASTEWTR PLANT OPER CHIEF	1	2	0.40%	0.40%	0.81%	0.00%	0%	0%	100%	0.1	0.1	0.1	0.0	0%	0%	100%
ADMN OFFICE PRO SR	3	215	0.47%	6.59%	7.06%	-6.12%	100%	1%	1401%	0.1	0.5	0.6	-0.5	99%	0%	1030%
ADMN OFFICE PRO II	3	535	0.37%	5.98%	6.35%	-5.61%	100%	0%	1628%	0.0	0.4	0.4	-0.3	100%	0%	1627%
WASTEWTR PLANT OPER SUPV	5	5	45.42%	20.94%	66.36%	24.48%	60%	60%	46%	25.6	9.2	34.7	16.4	40%	40%	36%

Job Class Title	Count of Members with stand-by	Total Count	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Freq. CV	Mean	Std. Dev.	Upper bound	Lower Bound	% of Total Members within 1SD of Mean	% of stand-by Members within 1SD of Mean	Vol. CV
WASTEWTR PLANT OPER TR	2	5	28.29%	34.65%	62.93%	-6.36%	60%	0%	122%	22.4	28.0	50.4	-5.6	80%	20%	125%
WTR & SEWAGE PLANT OPER II	1	1	97.56%	0.00%	97.56%	97.56%	0%	0%	0%	110.5	0.0	110.5	110.5	0%	0%	0%
WTR/SEW PLANT OPER CHIEF	1	1	99.51%	0.00%	99.51%	99.51%	0%	0%	0%	118.4	0.0	118.4	118.4	0%	0%	0%

Appendix B: Affected Job Classifications

District Attorney Association	
DEPUTY DISTRICT ATTY II	DEPUTY DISTRICT ATTY IV
DEPUTY DISTRICT ATTY III	DEPUTY DISTRICT ATTY SR
Deputy Sheriff Association	
COMMUNICATIONS DISP II	DA INVESTIGATOR III
CUSTODY DEPUTY	DA INVESTIGATOR SUPV
CUSTODY DEPUTY S/DUTY	SHERIFFS DEPUTY
CUSTODY SERGEANT	SHERIFFS DEPUTY S/DUTY
DA INVESTIGATOR I	SHERIFFS SERGEANT
DA INVESTIGATOR II	
Engineers & Technicians Association	
ENVIRON HEALTH SPEC	HAZ MATERIALS SPEC II
ENVIRON HEALTH SPEC SR	HAZ MATERIALS SPEC SR
GEOLOGIST REGISTERED	HAZARD MATERIALS SUPV
Fire Fighters Local 2046	
FIRE CAPTAIN SHIFT	FIRE EQUIPMENT OPER
FIRE CAPTAIN STAFF	FIRE EQUIPMENT OPER SUPV
FIRE ENG INSPECTOR SHIFT	FIREFIGHTER SHIFT
FIRE ENG INSPECTOR STAFF	FIREFIGHTER STAFF
Probation Peace Officers Association	
DEP PROBATION OFFICER	JUVENILE INST OFFICER
DEP PROBATION OFFICER SR	JUVENILE INST OFFICER SR
DEP PROBATION OFFICER SUP	DEP PROBATION OFFICER SUP
SEIU Local 721	
SOC SVCS WORKER SR PS/L	SOCIAL SERVICES WORKER
SOCIAL SERVICES SUPV I	SOCIAL SVCS PRACTITIONER
SOCIAL SERVICES SUPV II	SOCIAL SVCS WORKER SR
Union of American Physicians and Dentists	
STAFF PHYSICIAN	
Unrepresented	
PROG/BUS LDR-ATTY	

SEIU Local 620	
ACCOUNTANT I	EDP SYS & PROG ANLST I
ADMHS CASE WORKER	EDP SYS & PROG ANLST SR
ADMHS PRACTITIONER II	ELECTRONICS SYSTEMS TECH
ADMHS PRACTITIONER INTERN	FACILITIES SUPERVISOR
ADMHS PSYCHIATRIC TECH II	FINANCIAL SYS ANALYST I
ADMHS RECOVERY ASSISTANT	HEALTH EDUCATION ASST
ADMHS REHABILITATION SPEC	HEALTH EDUCATION ASST SR
ADMHS TEAM SUPV-PRACTITIONER	HVAC SPECIALIST
ADMHS TEAM SUPV-RN	MAINT ELECTRICIAN
AIRCRAFT MECHANIC	MAINTENANCE LEADER
ALCOHOL & DRUG SERVICE SPEC	MAINTENANCE PLUMBER
ANIMAL CONTROL OFF I	MAINTENANCE WORKER II
ANIMAL CONTROL OFF II	MEDICAL ASSISTANT
ANIMAL CONTROL OFF SUPV	PARK RANGER I
BUILDING MAINT SUPV	PARK RANGER II
BUILDING MAINT WORKER	PARK RANGER III
CCS SUPERVISING THERAPIST	PH PERFORM IMPROVE COORD
COMM EQUIP TECH SR	PSYCHIATRIC NURSE II
COMM SYSTEMS SUPV	PSYCHIATRIC NURSE SR
COMPUTER SYSTEMS SPEC I	PSYCHIATRIC NURSE SUPV
COMPUTER SYSTEMS SPEC II	PUBLIC HEALTH NURSE
COMPUTER SYSTEMS SPEC SUPV	PUBLIC HEALTH NURSE SUPV
COST ANALYST II	RADIO COMMUNICATION SYSTEMS ENGINEER
DEP PUBLIC DEFENDER I	VICTIM WITNESS PROG ASST II
DEP PUBLIC DEFENDER II	VICTIM WITNESS PROG SUPV
DEP PUBLIC DEFENDER III	WASTEWTR PLANT OPER CHIEF
DEP PUBLIC DEFENDER IV	WASTEWTR PLANT OPER II
DEP PUBLIC DEFENDER SR	WASTEWTR PLANT OPER III
DEPT BUS SPEC I	WASTEWTR PLANT OPER SUPV
DEPT BUS SPEC II	WASTEWTR PLANT OPER TR
EDP NETWORK TECH II	WTR & SEWAGE PLANT OPER II
EDP NETWORK TECH III	WTR/SEW PLANT OPER CHIEF
EDP OFFICE AUTO COORD	ADMN OFFICE PRO II
EDP OFFICE AUTO SPEC I	ADMN OFFICE PRO III
EDP OFFICE AUTO SPEC II	ADMN OFFICE PRO SR

Appendix C: Government Code Section 31461

31461(a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

> *(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:*
>
> > *(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.*
> >
> > *(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.*
> >
> > *(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.*
>
> *(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.*
>
> *(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.*
>
> *(4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.*

(c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in Salus v. San Diego County Employees Retirement Association (2004) 117 Cal.App.4th 734 and In re Retirement Cases (2003)110 Cal.App.4th 426.

(Amended by Stats. 2012, Ch. 297, Sec. 2. (AB 197) Effective January 1, 2013.)

31461.6(a) "Compensation earnable" shall not include overtime premium pay other than premium pay for hours worked within the normally scheduled or regular working hours that are in excess of the statutory *maximum workweek or work period applicable to the employee under Section 201 and following of Title 29 of the United States Code.*

(b) This section shall not apply to a member who is subject to the California Public Employees' Pension Reform Act of 2013.

(Amended by Stats. 2013, Ch. 247, Sec. 6. (AB 1380) Effective January 1, 2014.)

OFFICE OF THE
DISTRICT ATTORNEY
ORANGE COUNTY, CALIFORNIA
TODD SPITZER

April 8, 2021

VIA EMAIL
sdelaney@ocers.org

Shawn Dewane, Chair, and Members of the Board of Retirement
Orange County Employees Retirement System
C/O Steve J. Delaney, Chief Executive Officer
2223 E. Wellington Avenue, Suite 100
Santa Ana, California 92701

Re: Attorney Special Duty Pay and the Proposed OCERS Action in Response to *Alameda County Deputy Sheriff's Assn. v. Alameda County Employees' Retirement Association*

Dear Chairman Dewane and Members of the Board of Retirement:

The Orange County Attorneys Association (OCAA or Association) has requested that I provide the OCERS Board of Retirement with information concerning attorney Special Duty Pay and how it functions in the Office of the District Attorney. Initially it is important to realize that in the District Attorney's Office it is only the more experienced attorneys in the classifications of Attorney IV and Senior Deputy District Attorney who are generally eligible to earn Special Duty Pay. These are classifications that attorneys can only achieve after many years of experience and at the discretion of the management of the Office.

As the elected District Attorney it is my responsibility to ensure the Office operates efficiently and effectively fulfills the mission of prosecuting criminal cases. The attorneys I am responsible for supervising do not have normal working hours and are expected to work the number of hours and at the times of day necessary to complete the tasks they have been assigned. As a result, it is my expectation that all the attorneys working in all the classifications, but particularly the more experienced attorneys in the Attorney IV and Senior Attorney ranks, are available at all times to respond to issues and calls that arise 24/7. The attorneys are provided with a cell phone and expected to respond to calls at all hours of the day unless they are off on a leave of some type. It is not unusual for attorneys to work at night and over the weekend to perform the tasks for which they are responsible. I have directed that it is the expectation of the Office that attorneys are available to respond to calls on their cell phones at any time of day and on weekends.

Given that many, if not most, of the assignments in the Office involve working as a litigator with a very heavy case load it is expected that attorneys at various times will work far in excess of a 40 hours work week. Moreover, the hours worked beyond 80 hours in a two-week period are hours for which they receive no additional compensation as they are exempt salaried employees. When a Deputy District Attorney is in trial it is anticipated that before and during the trial they will spend many hours preparing for that trial which will generally involve working in the evenings or early morning and on weekends. Attorneys in vertical prosecution units, which are generally the positions held by Attorneys IV and Senior Deputy District Attorneys, are expected to be responsive to not just their supervising attorneys but also to police agencies that are assigned to them. So for example a prosecutor assigned to the Sex Crimes Unit, Gang Unit, or Homicide Unit is responsible for handling a case from its very inception which means they respond to calls from police agencies in the geographic area to which they are assigned and go out on calls at whatever time they arise. The prosecutor is responsible for gathering the necessary information to file any resulting criminal case and to then handle the case through all the steps in prosecuting the defendant from initially filing the case through to any trial. This type of assignment, as well as other litigation assignments in the Office, results in attorneys being expected to work long hours outside any normal working schedule of 9:00 to 5:00 in order to take the actions necessary to handle their caseloads. Thus, the inclusion of the language that has for many, many years been in the Memorandum of Understanding between the County of Orange and the Orange County Attorneys Unit that expressly provides the attorneys do not have "normal working hours." It is a communicated expectation that attorneys in the Office will work far in excess of 40 hours in any given week in order to accomplish the tasks they have been assigned and that as a result they will work at night and on weekends as part of meeting the work requirements of their assignment.

There are two types of assigned duties that result in a deputy district attorney becoming eligible to earn Attorney Special Duty Pay—Parole Hearings and Search Warrant Duty. The Office determines who is eligible to either handle a parole hearing or to be assigned search warrant duty. Only a Deputy District Attorney IV or a Senior Deputy District Attorney is eligible to be assigned either a Parole Hearing or Search Warrant Duty. Both assignments require specialized training that is provided by the Office as well as broad based prosecutorial knowledge. Senior Management in the Office reserves the right to refuse to allow an attorney to participate in either of these assignments and has exercised that right when there were concerns about the attorney's suitability for the particular assignment.

Parole Hearings

The assignment to appear at a Lifer Parole Hearing involves representing the Office during a hearing taking place when a defendant who has been sentenced to prison is being considered for parole. The Office allows attorneys who are either a Deputy District Attorney IV or a Senior Deputy District Attorney to handle these hearings after they have participated in the required sessions of training. Attorneys are assigned which parole hearing they will handle and have no ability to alter that assignment. However, attorneys who previously were responsible for prosecuting the particular defendant who has become eligible for parole will most times be assigned to handle the parole hearing for that convicted felon regardless of whether they meet the eligibility requirements and appear on the list of attorneys available to handle a parole hearing. The Parole Hearing Policy and Procedures (a copy of which is attached) provides that the Senior Management in the Office has the right to assign a parole hearing to any attorney in the Office for this reason. The practice of assigning the attorney who previously handled the prosecution of a defendant is desirable both because of their familiarity with the case and also because of their relationship with the victims of the particular crimes committed by the defendant. Victims of the crimes often participate in parole hearings which can be very emotionally charged proceedings for them. Therefore, having a prior relationship with the victims and being able to assuage any concerns they may have is an important factor.

The hearings take place generally during usual business hours (although at times the hearings go into the evening) and the attorney does not receive Attorney Special Duty pay for attending the parole hearing itself.

The attorney receives four hours of Attorney Special Duty compensation for the task of preparing for the hearing and also receives Attorney Special Duty compensation for a predetermined amount of time which is based on an estimate of the time involved in traveling to the location of the parole hearing. The Office has developed a table of the hours the Office has estimated it would ordinarily take to make the trip to and back from the prison at which the hearing is taking place. Both the preparation time and the travel time can and often do take place during usual business hours, but may not. For example the Policy and Procedures provides that attorneys are expected to travel to the hearing after 12:00 pm on the day prior to the hearing and take a return flight that leaves before noon when possible. Thus, it is clear that the tasks for which the attorney receives Attorney Special Duty pay likely take place during customary business hours, but may not. Because the pay for the time to travel is not based on the actual hours expended traveling and the attorney is already being paid for this time as a result of it occurring generally during a customary work time, the additional pay is in the nature of compensation for particularly onerous work. Attending a parole hearing inside a prison subjects the attorney to inconvenience and additional risk. While inside the prison the attorney has no access to their cell phone so they cannot be in contact with their family or with other individuals about the many issues that arise during the course of a working day. And being a deputy district attorney who likely prosecuted the particular prison inmate involved in the hearing and potentially other inmates as well it is the case that while the attorney is present inside the prison for the hearing they are at far more risk of physical danger than ordinarily and certainly more risk than other individuals.

Any contention that Attorney Special Duty pay for handling a parole hearing is pay for work performed outside normal working hours should be rejected both because: (1) attorneys in the Office do not have normal working hours and are expected to work nights and weekends; and (2) the tasks performed as a result of being assigned responsibility for a parole hearing are performed generally during normal business hours in any event.

Furthermore, it is important to recognize that attorneys only receive 1/3 of their regular hourly rate as Attorney Special Duty pay. The compensation received by an attorney who is assigned to handle a parole hearing (or search warrant duty) is not pay for hours worked outside of normal working hours for the reasons previously explained but also because paying the individual at 1/3 of their hourly rate is not payment for hours the individual is working. The pay is more in the nature of a flat stipend that is paid the attorney based upon a set number of hours that is multiplied by the particular attorney's pay rate.

<u>Search Warrant Duty</u>

With respect to search warrant duty, it is again assigned to attorneys who are either an Attorney IV or a Senior Deputy District Attorney and the attorneys are again required to participate in specialized training to handle the assignment. Moreover, attorneys need to take and pass a Search Warrant Exam to be eligible for this assignment. After receiving the training, passing the exam, and being determined to be eligible and suitable for the assignment, an attorney will be assigned by senior management to a time period of 5:00 pm to 8:00 am for one day or 24 hours of weekend days or a holiday. During the assigned time period the deputy district attorney is designated as the attorney responsible for handling any calls regarding general search warrants. The attorney is required to be readily available by telephone, to not travel out of the area, and to not consume any alcoholic beverages or other substances that would interfere with their abilities to handle the incoming calls. It is not accurate to say that any part of search warrant duty Special Duty Pay is pay for hours outside normal working hours because the attorneys in the Office do not have normal working hours and are expected to work—whether on search warrant duty or other assignments—during courtroom hours, at night and on weekends. As previously noted, attorneys in vertical units (which is the ordinary assignment for attorneys at the Attorney IV and Senior Deputy District Attorney level) are routinely required to respond to calls regarding search warrants at any time of the day or night. The only difference between the search warrant duty of those in vertical units and those who are given Special Duty Pay is the origin of the request. While those in vertical units are given search warrant duty responsibility on matters within the scope of their day-to-day assignment, those getting Special Duty Pay are given search warrant duty for cases that are not already assigned.

As previously stated, the amount of Special Duty Pay an attorney is paid is the result of multiplying a fixed number of hours by one-third (1/3) of that attorney's normal regular hourly rate and the amount paid to the attorney assigned search warrant duty is the same without regard to how many hours the attorney spends actually on the telephone discussing or reviewing and approving a search warrant during the period of time they are assigned search warrant duty. This pay is not in the nature of on call pay or pay for holding one's self ready and available for work because unlike hourly-paid employees the attorneys will not--for any of the time spent actually handling a call about a warrant--receive pay at their regular hourly rate. In other words they do not keep track of the time spent actually handling the many calls they receive during their assigned time and convert that amount of time to being in a pay status that involves their receiving their regular hourly rate for any of the time. Thus, the amount of Special Duty Pay the attorney receives is a set amount that is in the nature of a stipend for work performed that requires specialized skills and onerous conditions—handling an extremely high volume of warrant calls on an emergency basis.

Conclusion

This information is presented to assist the Board of Retirement in determining how to apply the statutory rules, as interpreted in the *Alameda* decision, to Special Duty Pay for deputy district attorneys in the District Attorney's Office. I am happy to answer any questions or concerns that are not addressed in this letter and would be pleased to respond to inquiries. You may also contact Chief Assistant District Attorney Shawn Nelson, who is available at (714) 347-8402.

Sincerely,

Todd Spitzer
District Attorney

RECEIVED
APR 08 2021
Orange County Employees
Retirement System

Larry Brennler
20730 Manzanita Ave.
Yorba Linda, CA 92886

April 8, 2021

Mr. Steve J. Delaney, Chief Executive Officer
Orange County Employees Retirement System
2223 E. Wellington Avenue, Suite 100
Santa Ana, CA 92701

RE: ALAMEDA DECISION / SUGGESTION TO MINIMIZE FINANCIAL IMPACT TO AFFECTED MEMBERS

Dear Mr. Delaney:

In response to the recent March 2021 meeting announcement regarding the Alameda Decision, it appears that OCERS is moving forward to implement the most extreme course of action in benefit reduction and recovery from affected members. This letter is intended to provide a suggested methodology to help affected members deal with any consequent severe financial impact while still allowing OCERS to meet PEPRA requirements.

While some members may be able to absorb a reasonable benefit reduction, others may be severely impacted due to higher percentages of their benefit being derived from the disputed pay elements and length of time they have received those benefits. Personally, I would not (and could not) have retired had OCERS provided my benefit estimate calculated per PEPRA. The life decision I made based upon the OCERS benefit estimate has left me shipwrecked with no means of resuming my career with the County.

Since OCERS initially provided benefit estimates that many retirees based their lives upon when they decided to retire, would it not be reasonable for OCERS to implement a method that would minimize the severity of a benefit reduction as long as it fulfills the intent of PEPRA?

A simple solution to this dilemma would be to offer affected members the option to freeze their benefit at the level they initially retired at in exchange for future COLA awards until parity is reached (equalization between the actual cumulative amount received and the recalculated PEPRA basis).

This is a win-win for OCERS and those members faced with severe financial hardship. In practical terms, unaffected members will still receive and enjoy COLA over the years, while unpaid COLA would pay for excess benefits paid to affected members. In the end, OCERS will not have paid any extra benefits and could continue using affected member contributions during the recovery period to ensure all benefits are recovered.

To illustrate, Table 1 on the following page shows what would happen if my current benefit was frozen over several years compared to what should have been paid out (the PEPRA basis). Of course, the actual time will vary depending on the size and frequency of COLA awards, but I chose a variety of lower hypothetical percentages to give you a sense of the time involved to reach parity.

Using my situation as an example, my monthly allowance is currently $7175, but under PEPRA it would be recalculated to approximately $6289 adjusted for previous COLA.

However, if that same $7175 was reduced to my original starting benefit of $6566 and frozen in exchange for future COLA, at some point in the future the basis of the recalculated PEPRA allowance would grow and become equal to the frozen benefit. Do you see how the money is being slowly recovered? I would ask that this method be seriously considered.

Respectfully submitted,

Larry Brennler
Supervising Environmental Health Specialist, Retired

Attachment

cc REAOC, OCEA

Table 1 – REDUCTION/RECOVERY THROUGH BENEFIT FREEZE AND DEFERRED COLA

YEAR	Actual COLA 2017-2021 -AND- Hypothetical COLA 2022-2031	**PAID** Current benefit level reduced to the level awarded when retirement started and which remains fixed throughout the recovery period.	**UNPAID** This is the level that should have been used under PEPRA, but now serves as the basis to determine parity.
2017	0	$6566	$5,755
2018	3.00%	$6763	$5,927
2019	3.00%	$6966	$6,104
2020	3.00%	$7,175	$6,289
2021	1.50%	$6566	$6,381
2022	1.00%	$6566	$6,445
2023	2.00%	$6566	$6,574
2024	1.50%	$6566	$6,673
2025	0.50%	$6566	$6,706
2026	1.00%	$6566	$6,773
2027	2.50%	$6566	$6,942
2028	1.50%	$6566	$7,047
2029	2.00%	$6566	$7,187
2030	1.50%	$6566	$7,277
PARITY TEST			
	SUBTOTAL	$ 1,071,598*	$1,064,660*
Returned Contributions (est.)		($6938)	$0
	GRAND TOTAL	**$1,064,660***	**$1,064,660***
PARITY REACHED??		**YES!**	
2031	1.50%	$6664	PARITY MET/ COLA RESUMES

**SUBTOTAL and GRAND TOTAL are the cumulative sums of the monthly dollar amount x 12.*

Note: Years are based on May to May to capture COLA. The 2017 accumulation is based on December 2017 to May 2018 since my retirement began at that time.

Contributions are returned at the end of the recovery period.

06/07/2021 - 8:06am	OCERS - Orange County Employees Retirement System »

WEBFORM SUBMISSION

Submitted by user

Inquiry Type:
Other
Your Full Name:
Grant Fry
Email Address:
gefry123@gmail.com
Questions or Comments:
Re: Alameda Pension Case,
If this proposed ruling goes into effect for the County of Orange retired employees, it should NOT involve current retirees! If the ruling can't be avoided altogether, it should only affect brand new retirees, not those who have already retired and count on their calculated monthly pension checks. NOT fair to punish those already retired for something that's not their fault. I certainly hope OCERS stands up and fights for its already retired & future retired employees.

Dear Mr. Fry,

Thank you for taking the time to write and share your thoughts regarding the Alameda Supreme Court decision, and the negative impact it's application will have upon many of our members. I will be sure to include your note with the materials to be shared with the Orange County Employees Retirement System (OCERS) Board of Retirement as they meet on Monday, June 21, 2021 to take action on this matter.

Unfortunately there is little the OCERS Board can do in light of the California Supreme Court's ruling in this matter. The OCERS Board must oversee the fair administration of the pension benefits our participating employers, such as the County of Orange, have negotiated. The OCERS Board cannot pay more or less than what is promised.

Fully aware of the financial ramifications of implementing the court's decision, the OCERS Board has been working slowly and deliberately through this process to allow all interested parties to fully vet this matter and ensure the OCERS Board ultimately acts on the most accurate data possible.

My assistant, Ms. Torres, will provide you with the connection information necessary should you wish to virtually attend the June 21 meeting of the OCERS Board of Retirement.

You can call me directly if you have further comment, or questions.

Steve Delaney
CEO, OCERS
(714) 558-6222 [desk]

Mr. Fry's Response:

From: Grant Fry <gefry123@gmail.com>
Sent: Monday, June 7, 2021 10:24 AM

Please include my thoughts on the complete unfairness of this decision if it's ultimately to be forced upon current OC retirees. Please consider only making this rule be for the future retirees. It isn't our (current retirees) fault!!!
-Grant Fry

The Retired Employees Association of Orange County, Inc.

PO Box 11787, Santa Ana, CA 92711-1787
Phone: 714 840-3995 • www.reaoc.org • Email: reaoc@reaoc.org
Our office hours are from 8:00 AM – 12:00 PM

June 21, 2021

Orange County Employees Retirement System
Honorable Board of Retirement Members and
CEO Steve Delaney

RE: Implementation of the Alameda Ruling

The Alameda ruling makes clear this Board is tasked and legally responsible for interpreting and applying provisions of CERL as modified by PEPRA in 2013. The intent of the PEPRA legislation was to reform public pension plans, to end egregious pension spiking and prevent perceived abuses of retirement systems.

Given legal parameters, the proposed implementation of the Alameda decision will result in unintended consequences for active employees and retirees. A new precedent is being set for OCERS and significant questions are being raised. If labor contracts are silent on legislative changes that modify Retirement Board policies to accommodate statutory changes to CERL, how can OCERS assure benefit protection to its members--particularly when unexpected legislation or judicial rulings negatively impact members' financial well-being? Are there any proactive measures OCERS can take to avoid this type of dilemma in the future?

Active employees will be represented skillfully and proficiently by their unions. For active employees, the economic consequences resulting from implementation of Alameda may be mitigated in the future through good faith negotiations with the County, a remodeled classification structure and perhaps financial remuneration. Retirees, on the other hand, will be financially disadvantaged for the rest of their lives. How do retirees receive equitable treatment?

The current process predetermines no one is entitled to on-call pay unless <u>everyone</u> in their classification receives the pay. On the other hand, the County continues to require mandatory planned and scheduled "on-call" assignments as part of <u>select</u> employees' "ordinary" working hours and as a requirement of an assignment. This is not being taken into account in OCERS' proposed implementation of Alameda. Employees and retirees will be forced to appeal OCERS' policy on a case-by-case basis. This approach is punitive. There are on-call assignments which should be included in retirement calculations.

After decades of public service, employees retired under labor contracts and the long-standing past practices in place at the time of their retirement. Each employee relied on pension calculations in determining if and when to retire. Many post PEPRA retirees were not informed of the material fact that an on-going lawsuit was proceeding through the judicial system which could affect the amount of their well-earned retirement benefit.

Following the Alameda ruling OCERS produced a new "test". The test was not a requirement of the Alameda ruling. The test does not take into account specific County operations where on-call practices are, with respect to some but not all workers in a classification, mandatory and actually a part of normal, ordinary working hours required to meet the County's mission and legal mandates. One size does not fit all. Specific assignments <u>mandate</u> on-call status as part of job duties. Those assignments require hours that are not "ordinarily" worked by comparable persons in the same grade or class of positions. When on-call is mandatory, as opposed to voluntary, it is NOT part of the ordinary working hours of co-workers in the same classification.

We would like to share the experience of just one of REAOC's members. Phyllis Crane, a recently retired HCA Regional Chief II in Children and Youth Behavioral Health (CYBH). Phyllis' highest 3-year retirement calculation was reduced significantly by the on-call pay she received during the 22 years she worked as a Regional Chief II. An On-Call Schedule was published on a monthly basis for years and Regional Service Chiefs were placed on the rotation (as it was called) on a non-voluntary basis. Phyllis first began the mandated rotation in 1998. The on-call she earned was not a manipulation of pensionable compensation—rather it was a mandated requirement for her specific assignment and not meant to artificially spike and inflate her pension. Backup documentation can be provided at your request.

Based on the adopted "test" applied to retirement calculations, Phyllis and many other retirees are adversely affected by the financial loss they will experience due to implementation of the Alameda ruling, which fails to take account of the practical realities of the working terms and conditions of many now-retired employees.

REAOC has been notified an appeals process is available to counter any decision to exclude all on-call pay from pension calculations. It is our strong opinion that any appeals process be thoroughly vetted, detailed and straightforward with clear, specific steps to allow a speedy, uncomplicated process allowing individual cases to be thoroughly considered. In finalizing an appeals process we would recommend an independent hearing officer to hear grievances/appeals. A County point person would be valuable to provide documentation to members who appeal and require data from County records to support their case. Should an appeal be denied, it seems the only available recourse is litigation. We are deeply concerned legal costs for an individual could be prohibitive and detrimental to the well-being of retirees faced with this challenge. An equitable solution is necessary and highly recommended.

Thank you for your consideration as well as your dedication to all members of the OCERS organization and to the system's financial well-being. OCERS is, after all, a substantial part of our Past, Present and Future.

Sincerely,

Linda Robinson Doug Storm

Linda Robinson & Doug Storm
Co-Presidents, REAOC

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations

SUBJECT: **DECEMBER 31, 2020 ACTUARIAL VALUATION**

Recommendation

Approve the Actuarial Valuation and Review as of December 31, 2020 and adopt contribution rates for Fiscal Year 2022 – 2023 as recommended by Segal Consulting.

Background/Discussion

In May the OCERS Board of Retirement considered the preliminary results of the December 31, 2020 Actuarial Valuation in PowerPoint format with Mr. Paul Angelo from Segal Consulting.

On June 21, Mr. Andy Yeung will present the complete Actuarial Valuation and Review as of December 31, 2020, which contains detail, and the Board will be requested to formally adopt that report and the contribution rates that will go into effect in Fiscal Year 2022-2023.

The Board considers the Actuarial Valuation report in this two-step process as a courtesy to our many stakeholders, allowing them an opportunity to consider the initial data and provide comment prior to a formal adoption. To-date we have received no comments or concerns regarding the Actuarial Valuation as of December 31, 2020.

Submitted by:

BS - Approved

Brenda Shott
Assistant CEO of Internal Operations

Orange County Employees Retirement System

Actuarial Valuation and Review

As of December 31, 2020

This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

Segal

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San Francisco, CA 94105-6147
segalco.com
T 415.263.8200

June 4, 2021

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

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of December 31, 2020. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal year 2022-2023.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the staff of the System. That assistance is gratefully acknowledged.

The actuarial calculations were directed under the supervision of Andy Yeung, ASA, MAAA, FCA and Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the System.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,
Segal

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

JY/jl

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Section 1: Actuarial Valuation Summary

Purpose and Basis

This report was prepared by Segal to present a valuation of the Orange County Employees Retirement System ("OCERS" or "the System") as of December 31, 2020. The valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits. The measurements shown in this actuarial valuation may not be applicable for other purposes. In particular, the measures herein are not necessarily appropriate for assessing the sufficiency of current Plan assets to cover the estimated cost of settling the Plan's accrued benefit obligations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The contribution requirements presented in this report are based on:

- The benefit provisions of the Plan, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of December 31, 2020, provided by OCERS;
- The assets of the Plan as of December 31, 2020, provided by OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the December 31, 2020 valuation;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the December 31, 2020 valuation; and
- The funding policy adopted by the Board of Retirement.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the System's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

Section 1: Actuarial Valuation Summary

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the System's liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the System's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information.

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both Normal Cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have applied the funding policy adopted by the Board in 2014 (and reaffirmed in 2018). Details of the funding policy are provided in *Section 4, Exhibit I* starting on page 104.

A schedule of current amortization balances and payments may be found in *Section 3, Exhibit H* starting on page 86. A graphical projection of the Unfunded Actuarial Accrued Liability (UAAL) amortization balances and payments has been included in *Section 3, Exhibit I* on pages 98 and 99.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2022 through June 30, 2023.

Section 1: Actuarial Valuation Summary

Valuation Highlights

Pg. 28 1. The results of this valuation reflect changes in the actuarial assumptions as recommended by Segal and adopted by the Board for the December 31, 2020 valuation. These changes were documented in our Actuarial Experience Study and are also outlined in *Section 4, Exhibit I* of this report. These changes increased the Actuarial Accrued Liability by about $24.3 million (or a 0.1% increase) and had a small impact on the average total (employer and member) Normal Cost. The average total (Normal Cost and UAAL) contribution rate increase for the employer and the member as a result of the assumption changes was 0.56% of payroll. However the employer rate
Pgs. 162-164 impact of the assumption changes varied considerably for the various rate groups, as shown in *Section 4, Exhibit V.*

2. This valuation incorporates a refinement in calculating some members' entry ages as used in Entry Age actuarial cost method calculations. In previous valuations, the Normal Cost was spread over a period including both the member's service with a reciprocal system (if any) and their OCERS service. Beginning with this valuation, the Normal Cost is spread over only the member's service period with OCERS. This refinement does not change the Present Value of Future Benefits but it increases the Normal Cost (NC) and decreases the Actuarial Accrued Liability (AAL) for members with reciprocal service. These changes result in a net increase in the average employer and member contribution rates of 0.11% and 0.01% of payroll, respectively.

3. Beginning with this valuation, we are valuing the actual COLA for the upcoming year (i.e. April 1, 2021) and the associated COLA banks. Under the prior methodology, the COLA for the upcoming year was based on the COLA increase assumption.

Pg. 50 4. The ratio of the Valuation Value of Assets to Actuarial Accrued Liabilities increased from 73.2% to 76.5%. The funded ratio measured on a market value basis increased from 75.4% to 80.7%. The UAAL decreased from $5,879.9 million as of December 31, 2019 to $5,379.9 million as of December 31, 2020. The decrease in UAAL is primarily due to investment gains and COLA increases less than
Pg. 29 expected for calendar year 2021 partially offset by actual contributions less than expected, changes in actuarial assumptions adopted
Pgs. 86-97 by the Board for this valuation and other actuarial losses. A complete reconciliation of the System's UAAL is provided in *Section 2,*
Pgs. 98-99 *Subsection E*. A schedule of the current UAAL amortization amounts is provided in *Section 3, Exhibit H*. A graphical projection of the UAAL amortization bases and payments is provided in *Section 3, Exhibit I*.

Pg. 31 5. The average employer contribution rate calculated in this valuation decreased from 41.35% of payroll to 41.16% of payroll. This change was primarily due to investment gains and COLA increases less than expected for calendar year 2021 partially offset by actual contributions less than expected, changes in actuarial assumptions adopted by the Board for this valuation, growth in total payroll less than expected and other actuarial losses. A complete reconciliation of the System's average employer rate is provided in *Section 2, Subsection F*.

Pg. 32 6. The average member rate calculated in this valuation has decreased from 12.18% of payroll to 12.16% of payroll. A complete reconciliation of the System's average member rate is provided in *Section 2, Subsection F*.

   The individual member rates have been updated to reflect the valuation as of December 31, 2020. The detailed member rates are provided in *Section 4, Exhibit III* of this report.

Section 1: Actuarial Valuation Summary

7. The asset information as of December 31, 2020 is based on the preliminary unaudited financial statement provided by OCERS on April 2, 2021[1]. Consistent with prior practice, the updated market value of assets has been reflected only in OCERS' December 31, 2020 financial reporting (GASB) valuation report.

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8. The rate of return on the Market Value of Assets was 12.01% for the 2020 plan year. The return on the Valuation Value of Assets was 9.31% for the same period after considering the recognition of prior years' investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.00%. This actuarial investment gain decreased the average employer contribution rate by 1.33% of payroll.

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9. As indicated in *Section 2, Subsection B* of this report, the total unrecognized investment gain as of December 31, 2020 was $969.3 million (as compared to an unrecognized gain of $479.2 million in the December 31, 2019 valuation). This investment gain will be recognized in the determination of the Actuarial Value of Assets for funding purposes over the next few years, and will offset a portion of any investment losses that may occur after December 31, 2020. This implies that earning the assumed rate of investment return of 7.00% per year (net of expenses) on a market value basis will result in investment gains on the Actuarial Value of Assets in the next few years. Therefore, if the actual market return is equal to the assumed 7.00% rate and all other actuarial assumptions are met, the employer contribution requirements would generally decrease over the next few years. The potential impact associated with the net deferred investment gains may be illustrated as follows:
   a. If the net deferred gains in this year's valuation were recognized immediately and entirely in the Valuation Value of Assets, the funded ratio would increase from 76.5% to 80.7%.

      For comparison purposes, if all of the net deferred gains in the December 31, 2019 valuation had been recognized immediately in the December 31, 2019 valuation, the funded ratio in last year's valuation would have increased from 73.2% to 75.4%.
   b. If the net deferred gains in this year's valuation were recognized immediately and entirely in the Valuation Value of Assets, the average employer contribution rate would decrease from 41.2% of payroll to 37.6% of payroll.

      For comparison purposes, if all the net deferred gains in the December 31, 2019 valuation had been recognized immediately in the December 31, 2019 valuation, the average employer contribution rate in last year's valuation would have decreased from 41.5% of payroll to 39.7% of payroll.
10. The actuarial valuation report as of December 31, 2020 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.
11. The balance in the O.C. Sanitation District UAAL Deferred Account has grown from $12.1 million as of December 31, 2019 to $13.4 million as of December 31, 2020. As of December 31, 2020, there was no transfer required from this account to pay off their UAAL.

[1] An updated financial statement was provided by OCERS on April 21, 2021 in which the market value of assets was higher by approximately $129 million.

Section 1: Actuarial Valuation Summary

12. This report reflects the $21.6 million in additional contributions made by OCFA towards their UAAL. The $21.6 million[1] of additional contributions made by OCFA has been amortized as a level percent of pay over a period of twenty years effective on December 31, 2020 and used to reduce their UAAL rates for fiscal year 2022-2023.
13. The Actuarial Standards Board approved Actuarial Standard of Practice No. 51 (ASOP 51) regarding risk assessment, which was first effective with OCERS' December 31, 2018 actuarial valuation. ASOP 51 requires actuaries to identify risks that "may reasonably be anticipated to significantly affect the plan's future financial condition". Investment risk, asset/liability mismatch risk, interest rate risk, longevity and other demographic risks and contribution risk are also cited as examples in ASOP 51. The standard does not require the actuary to evaluate the likelihood of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

    The actuary's assessment can be qualitative or quantitative (e.g., based on numerical demonstrations). The actuary may use non-numerical methods for assessing risks that might take the form of commentary about potential adverse experience and the likely effect on future results. While the standard does not require that every valuation include a quantitative risk assessment, the actuary may recommend that a more detailed risk assessment be performed. When making that decision, the actuary will take into account such factors as the Plan's design, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions.

    A copy of the risk assessment report including the analysis recommended by Segal in consultation with OCERS staff will be provided in a separate stand-alone report later in 2021.
14. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and the principal balance. The funding policy adopted by the Board meets this standard.
15. This report constitutes an actuarial valuation for the purpose of determining the actuarially determined contribution under the Plan's funding policy and measuring the progress of that funding policy. The Net Pension Liability (NPL) and Pension Expense under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, for inclusion in the plan and employer's financial statements as of December 31, 2020, will be provided separately. The accounting disclosures will utilize different methodologies from those employed in the funding valuation, as required by the GASB. However, the actuarially determined contribution in this valuation is expected to be used as the actuarially determined contribution (ADC) for GASB financial.
16. On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. That decision has important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay

[1] $21.6 million in additional contributions were made by OCFA continuously throughout the year. After adjusting with interest, those contributions have a value of $21.8 million as of December 31, 2020.

Section 1: Actuarial Valuation Summary

items from a legacy member's compensation earnable. It should be noted that neither the December 31, 2020 assets provided by OCERS nor the liabilities we calculated using the membership data provided by OCERS reflect the financial impact of the California Supreme Court decision.

17. It is important to note that this actuarial valuation is based on plan assets as of December 31, 2020. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2020. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results

	December 31, 2020		December 31, 2019	
	Total Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Total Rate[2,3]	Estimated Annual Dollar Amount[1] ($ in '000s)
Average Employer Contribution Rates:				
• Rate Group #1 – Plans A, B and U (County and IHSS)	15.13%	$13,326	15.48%	$13,636
• Rate Group #2 – Plans I, J, O, P, S, T, U and W (County et al.)	40.82%	474,649	39.04%	453,974
• Rate Group #3 – Plans B, G, H and U (OCSD)	11.99%	9,039	11.70%	8,821
• Rate Group #5 – Plans A, B and U (OCTA)	31.48%	34,597	31.41%	34,518
• Rate Group #9 – Plans M, N and U (TCA)	13.07%	859	13.15%	864
• Rate Group #10 – Plans I, J, M, N and U (OCFA)	24.39%	8,223	26.40%	8,900
• Rate Group #11 – Plans M and N, future service, and U (Cemetery)	15.36%	276	14.85%	267
• Rate Group #12 – Plans G, H, future service, and U (Law Library)	13.24%	149	13.70%	154
• Rate Group #6 – Plans E, F and V (Probation)	56.85%	34,084	59.63%	35,750
• Rate Group #7 – Plans E, F, Q, R and V (Law Enforcement)	63.25%	169,144	67.22%	179,760
• Rate Group #8 – Plans E, F, Q, R and V (OCFA)	40.65%	63,447	48.12%	75,101
All Categories Combined	**41.16%**	**$807,793**	**41.35%**	**$811,745**
Average Member Contribution Rates:				
• Rate Group #1 – Plans A, B and U (County and IHSS)	9.59%	$8,446	9.72%	$8,561
• Rate Group #2 – Plans I, J, O, P, S, T, U and W (County et al.)	10.74%	124,892	10.70%	124,427
• Rate Group #3 – Plans B, G, H and U (OCSD)	11.43%	8,614	11.38%	8,577
• Rate Group #5 – Plans A, B and U (OCTA)	10.45%	11,484	10.34%	11,364
• Rate Group #9 – Plans M, N and U (TCA)	10.79%	709	10.77%	708
• Rate Group #10 – Plans I, J, M, N and U (OCFA)	11.12%	3,749	11.11%	3,746
• Rate Group #11 – Plans M and N, future service, and U (Cemetery)	10.05%	181	10.04%	181
• Rate Group #12 – Plans G, H, future service, and U (Law Library)	13.51%	152	13.40%	151
• Rate Group #6 – Plans E, F and V (Probation)	16.43%	9,851	16.63%	9,971
• Rate Group #7 – Plans E, F, Q, R and V (Law Enforcement)	17.27%	46,182	17.35%	46,396
• Rate Group #8 – Plans E, F, Q, R and V (OCFA)	15.67%	24,458	15.96%	24,911
All Categories Combined	**12.16%**	**$238,718**	**12.18%**	**$238,993**

1 Based on December 31, 2020 projected annual compensation.
2 For those Rate Groups with plan specific contribution rates, the total rates shown above have been recalculated by applying the plan specific contribution rates determined in the December 31, 2019 valuation to the corresponding projected payrolls reported as of December 31, 2020.
3 Average December 31, 2019 member contribution rates have been recalculated by applying the individual entry age based rates determined in the December 31, 2019 valuation to the System membership as of December 31, 2020.

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results (continued)

		December 31, 2020 ($ in '000s)	December 31, 2019 ($ in '000s)
Actuarial Accrued Liability as of December 31:	• Retired members and beneficiaries	$13,599,198	$12,631,182
	• Inactive vested members[1]	510,723	500,271
	• Active members	8,795,054	8,785,277
	• Total Actuarial Accrued Liability	$22,904,975	$21,916,730
	• Normal Cost for plan year beginning December 31	528,397	529,849
Assets as of December 31:	• Market Value of Assets (MVA)[2,3]	$18,494,378	$16,516,024
	• Valuation Value of Assets (VVA)[2]	17,525,201	16,036,953
Funded status as of December 31:	• Unfunded Actuarial Accrued Liability on Market Value of Assets basis	$4,410,597	$5,400,706
	• Funded percentage on MVA basis	80.74%	75.36%
	• Unfunded Actuarial Accrued Liability on Valuation Value of Assets basis	$5,379,858	$5,879,861
	• Funded percentage on VVA basis	76.51%	73.17%
Key assumptions:	• Net investment return	7.00%	7.00%
	• Price inflation	2.50%	2.75%
	• Payroll growth increase	3.00%	3.25%
	• Cost of living adjustments	2.75%	2.75%

1 Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
2 Excludes County Investment Account (funded by pension obligation bond proceeds held by OCERS), prepaid employer contributions account, O.C. Sanitation District UAAL Deferred Account (after transfer) and non-valuation reserves.
3 Based on the preliminary unaudited financial statement provided by OCERS for this valuation.

Section 1: Actuarial Valuation Summary

Summary of Key Valuation Results (continued)

		December 31, 2020	December 31, 2019	Change From Prior Year
Demographic data as of December 31:	**Active Members:**			
	• Number of members	21,559	22,257	-3.1%
	• Average age	44.8	44.9	-0.1
	• Average service	12.5	12.5	0.0
	• Total projected compensation	$1,962,868,150	$1,952,534,335	0.5%
	• Average projected compensation	$91,046	$87,727	3.8%
	Retired Members and Beneficiaries:			
	• Number of members:			
	– Service retired	15,339	14,449	6.2%
	– Disability retired	1,525	1,505	1.3%
	– Beneficiaries	2,555	2,466	3.6%
	– Total	19,419	18,420	5.4%
	• Average age	70.2	70.1	0.1
	• Average monthly benefit[1]	$4,251	$4,077	4.3%
	Inactive Vested Members:			
	• Number of members[2]	6,818	6,520	4.6%
	• Average age	45.0	44.7	0.3
	Total Members:	47,796	47,197	1.3%

[1] Excludes monthly benefits payable from the STAR COLA.
[2] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.

Section 1: Actuarial Valuation Summary

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

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

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the Market Value of Assets as of the valuation date, as provided by the System. The System uses a "Valuation Value of Assets" that differs from market value to gradually reflect year-to-year changes in the Market Value of Assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

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

The actuarial valuation is prepared at the request of the System. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan. Future contribution requirements may differ from those determined in the valuation because of:

- Differences between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Differences between the contribution rates determined by the valuation and those adopted by the Board.

Some actuarial results in this report are not rounded, but that does not imply precision.

If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The System should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

Section 2: Actuarial Valuation Results

A. Member Data

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive vested members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B,* and *C*.

Member Population: 2011 – 2020

Year Ended December 31	Active Members	Inactive Vested Members[1]	Retired Members and Beneficiaries	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2011	21,421	4,406	13,289	17,695	0.83	0.62
2012	21,256	4,415	13,947	18,362	0.86	0.66
2013	21,368	4,613	14,505	19,118	0.89	0.68
2014	21,459	4,789	15,169	19,958	0.93	0.71
2015	21,525	5,091	15,810	20,901	0.97	0.73
2016	21,746	5,370	16,369	21,739	1.00	0.75
2017	21,721	5,803	16,947	22,750	1.05	0.78
2018	21,929	6,026	17,674	23,700	1.08	0.81
2019	22,257	6,520	18,420	24,940	1.12	0.83
2020	21,559	6,818	19,419	26,237	1.22	0.90

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

Section 2: Actuarial Valuation Results

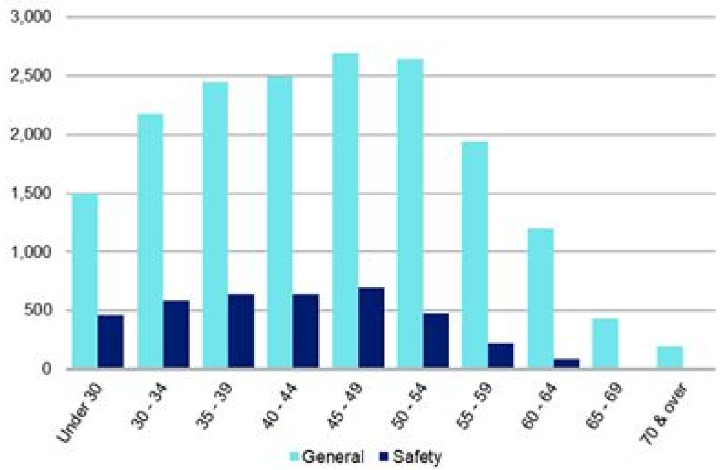
Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 21,559 active members with an average age of 44.8, average years of service of 12.5 years and average compensation of $91,046. The 22,257 active members in the prior valuation had an average age of 44.9, average service of 12.5 years and average compensation of $87,727.

Among the active members, there were none with unknown age information.

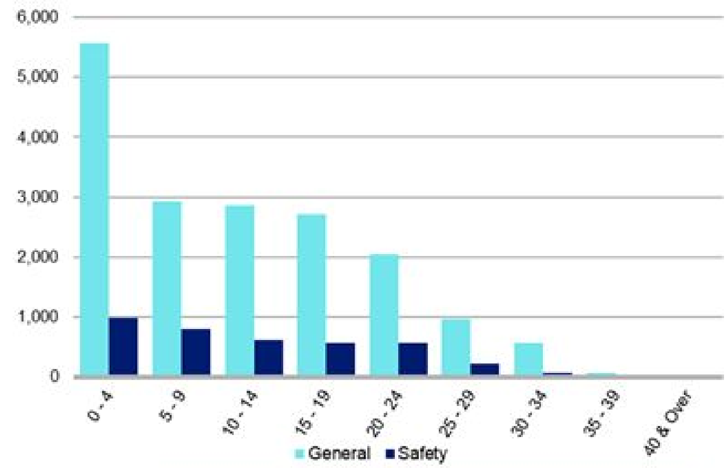
Distribution of Active Members as of December 31, 2020

Actives by Age



Average age	44.8
Prior year average age	44.9
Difference	-0.1

Actives by Years of Service



Average years of service	12.5
Prior year average years of service	12.5
Difference	0.0

Inactive Members

In this year's valuation, there were 6,818 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 6,520 in the prior valuation.

Section 2: Actuarial Valuation Results

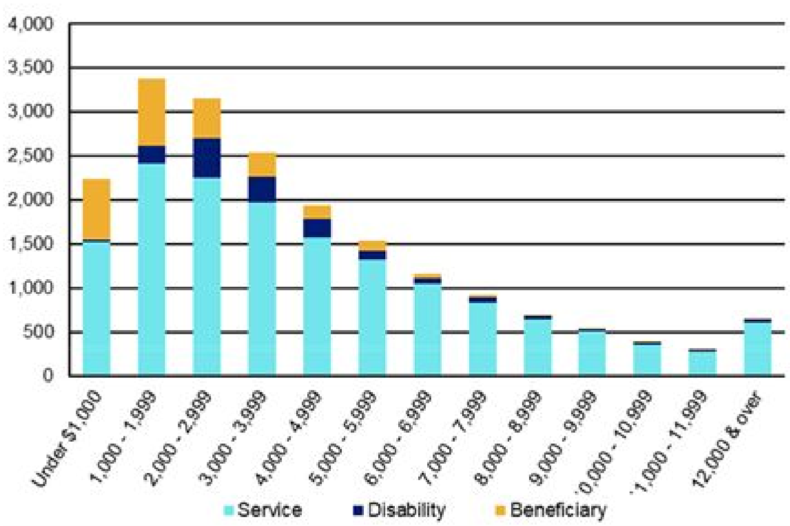
Retired Members and Beneficiaries

As of December 31, 2020, 16,864 retired members and 2,555 beneficiaries were receiving total monthly benefits of $82,556,093. For comparison, in the previous valuation, there were 15,954 retired members and 2,466 beneficiaries receiving monthly benefits of $75,094,136. These monthly benefits exclude benefits payable from the Supplemental Targeted Adjustment for Retirees Cost of Living Adjustment (STAR COLA).

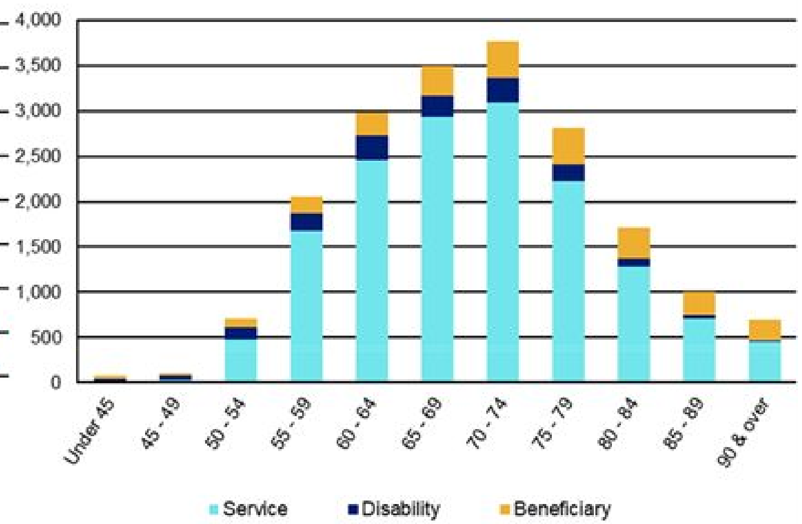
As of December 31, 2020, the average monthly benefit for retired members and beneficiaries is $4,251, compared to $4,077 in the previous valuation. The average age for retired members and beneficiaries is 70.2 in the current valuation, compared with 70.1 in the prior valuation.

Distribution of Retired Members and Beneficiaries as of December 31, 2020

Retired Members and Beneficiaries
by Type and Monthly Amount



Retired Members and Beneficiaries
by Type and Age



Section 2: Actuarial Valuation Results

Historical Plan Population

The chart below demonstrates the stability of the active population over the last ten years. The chart also shows the growth among the retired population over the same time period.

Member Data Statistics: 2011 – 2020

	Active Members			Retired Members and Beneficiaries		
Year Ended December 31	**Count**	**Average Age**	**Average Service**	**Count**	**Average Age**	**Average Monthly Amount**
2011	21,421	45.4	13.0	13,289	69.0	$3,099
2012	21,256	45.5	13.1	13,947	69.0	3,247
2013	21,368	45.6	13.2	14,505	69.2	3,366
2014	21,459	45.6	13.2	15,169	69.4	3,455
2015	21,525	45.5	13.1	15,810	69.5	3,560
2016	21,746	45.4	12.9	16,369	69.7	3,637
2017	21,721	45.3	12.9	16,947	69.8	3,745
2018	21,929	45.1	12.8	17,674	70.0	3,913
2019	22,257	44.9	12.5	18,420	70.1	4,077
2020	21,559	44.8	12.5	19,419	70.2	4,251

Section 2: Actuarial Valuation Results

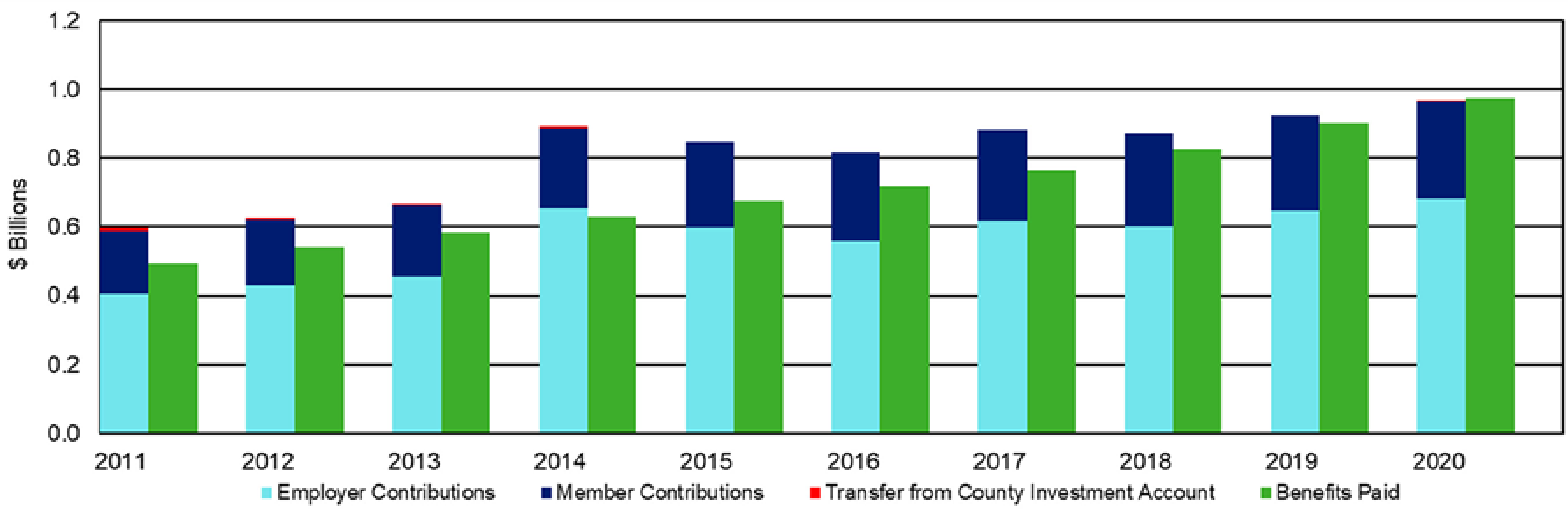
B. Financial Information

Retirement plan funding anticipates that, over the long term, both contributions and investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E, F and G*.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the valuation asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Comparison of Contributions Made with Benefits for Years Ended December 31, 2011 – 2020



Section 2: Actuarial Valuation Results

Determination of Actuarial Value of Assets for Year Ended December 31, 2020

		Actual Return	Expected Return	Original Amount	Percent Deferred	Unrecognized Amount
1	**Market Value of Assets[1,2]**					**$18,494,462,000**
2	Calculation of unrecognized return					
a)	Year ended December 31, 2016	$1,010,548,000	$840,469,000	$170,079,000	0%	$0
b)	Year ended December 31, 2017	1,878,172,000	920,426,000	957,746,000	20	191,549,000
c)	Year ended December 31, 2018	(361,321,000)	1,026,583,000	(1,387,904,000)	40	(555,162,000)
d)	Year ended December 31, 2019	2,123,258,000	1,004,779,000	1,118,479,000	60	671,087,000
e)	Year ended December 31, 2020	1,982,757,000	1,155,523,000	827,234,000	80	661,787,000
f)	Total unrecognized return[3]					$969,261,000
3	**Actuarial Value of Assets (1) - (2f)**					**$17,525,201,000**
4	Ratio of Actuarial Value to Market Value					94.8%
5	Non-valuation reserves:					
a)	Unclaimed member deposit					$0
b)	Medicare medical insurance reserve					84,000
c)	Subtotal					$84,000
6	**Valuation Value of Assets (3) – (5c)**					**$17,525,117,000**

Note: Results may be slightly off due to rounding.

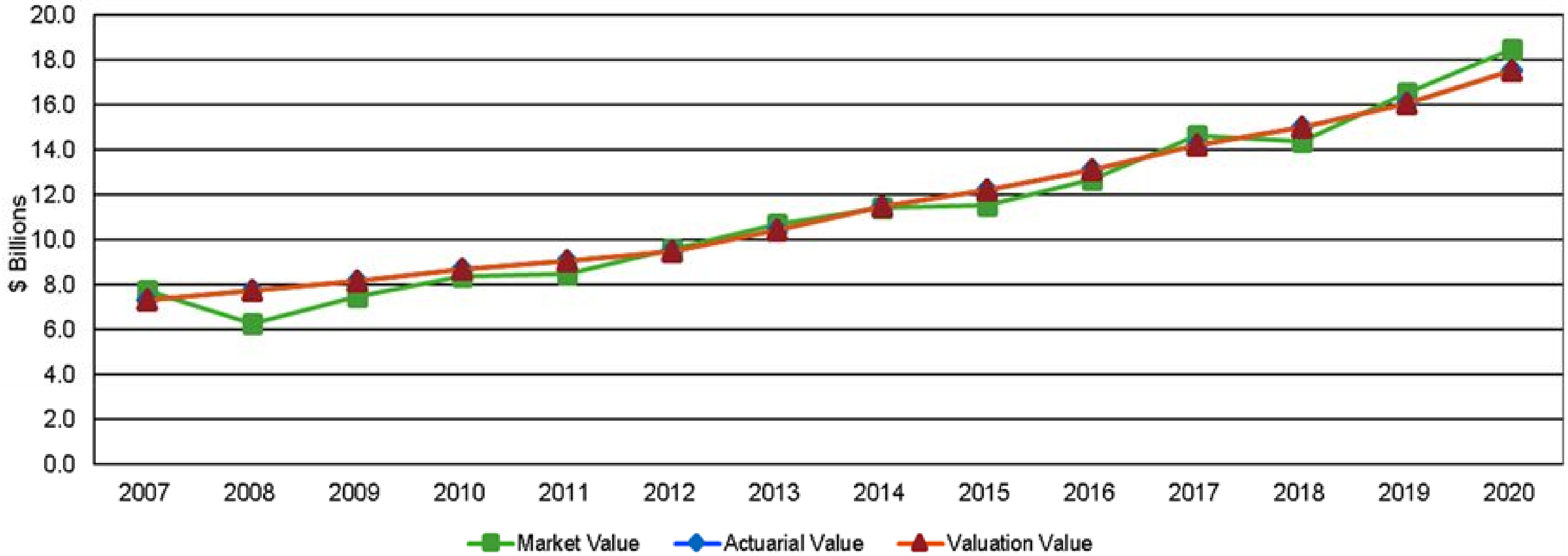
[1] Excludes $160,378,000 in County Investment Account (funded by pension obligation bond proceeds held by OCERS), $293,948,000 in Prepaid Employer Contributions and $13,433,000 in O.C. Sanitation District UAAL Deferred Account.
[2] Based on the preliminary unaudited financial statement provided by OCERS for this valuation.
[3] Deferred return as of December 31, 2020 recognized in each of the next four years:

(a)	Amount recognized on December 31, 2021	$303,110,000
(b)	Amount recognized on December 31, 2022	111,562,000
(c)	Amount recognized on December 31, 2023	389,142,000
(d)	Amount recognized on December 31, 2024	165,447,000
(e)	Total unrecognized return as of December 31, 2020	$969,261,000

Section 2: Actuarial Valuation Results

The Market Value, Actuarial Value and Valuation Value of Assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the Actuarial Value of Assets tracks the Market Value of Assets. The Valuation Value of Assets is the actuarial value, excluding any non-valuation reserves. The Valuation Value of Assets is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

Market Value, Actuarial Value, and Valuation Value of Assets as of December 31, 2007 – 2020



Section 2: Actuarial Valuation Results

C. Actuarial Experience

To calculate any actuarially determined contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the actuarially determined contribution will decrease from the previous year. On the other hand, the actuarially determined contribution will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years. There are changes in actuarial assumptions reflected in this report.

The total gain is $363.2 million, which includes $370.7 million from investment gains, a net loss of $84.8 million from contribution experience (including a gain of $25.3 million from additional UAAL payments from OCFA and anticipated payments from DOE and U.C.I.[1] and a loss of $110.1 million from all other contribution experience) and $77.4 million in gains from all other sources. The net experience variation from individual sources other than investments and contributions was 0.3% of the Actuarial Accrued Liability. A discussion of the major components of the actuarial experience is on the following pages.

Actuarial Experience for Year Ended December 31, 2020

1	Net gain from investments[2]	$370,675,000
2	Net loss from contribution experience[3]	(84,834,000)
3	Net gain from other experience[3]	77,376,000
4	**Net experience gain: 1 + 2 + 3**	**$363,217,000**

[1] Segal provided separate letters for DOE and UCI with regard to their required UAAL contributions based on the Board's Declining Employer Payroll policy. These contributions have not been reflected in the valuation. Segal also provided separate letters for O.C. Vector Control and Cypress Recreation and Parks with regard to their updated withdrawal liabilities based on the Board's Withdrawing Employer Policy, although no contributions were made by these two employers during the past calendar year.

[2] Details on next page.

[3] See *Subsection E* for further details. Does not include the effect of plan or assumption changes, if any.

Section 2: Actuarial Valuation Results

Investment Experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. The rate of return on the Market Value of Assets was 12.01% for the year ended December 31, 2020.

For valuation purposes, the assumed rate of return on the Valuation Value of Assets is 7.00%. The actual rate of return on a valuation basis for the 2020 plan year was 9.31%. Since the actual return for the year was more than the assumed return, the Plan experienced an actuarial gain during the year ended December 31, 2020 with regard to its investments.

Investment Experience for Year Ended December 31, 2020

		Market Value	Actuarial Value	Valuation Value
1	Net investment income	$1,982,757,000	$1,492,651,000	$1,492,651,000
2	Average value of assets	$16,507,467,000[1]	$16,028,312,000	$16,028,228,000
3	Rate of return: **1 ÷ 2**	12.01%[1]	9.31%	9.31%
4	Assumed rate of return	7.00%	7.00%	7.00%
5	Expected investment income: **2 x 4**	$1,155,523,000	$1,121,982,000	$1,121,976,000
6	**Actuarial gain/(loss): 1 - 5**	**$827,234,000**	**$370,669,000**	**$370,675,000**

[1] Return on market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Actual investment income on net pension plan assets was $1,982,757,000 during 2020 after including both the administrative expenses and discount for prepaid contributions while excluding the income credited to County Investment Account and O.C. Sanitation District UAAL Deferred Account. Without these adjustments, the actual investment income was $2,044,254,000.

Section 2: Actuarial Valuation Results

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial and valuation basis compared to the actual market value investment return for the last ten years, including averages over select time periods.

Investment Return – Market Value, Actuarial Value and Valuation Value: 2011 – 2020

	Market Value Investment Return[1]		Actuarial Value Investment Return[1]		Valuation Value Investment Return[1]	
Year Ended December 31	Amount[2]	Percent	Amount[2]	Percent	Amount[2]	Percent
2011	$3,236,000	0.04%	$286,585,000	3.28%	$287,241,000	3.29%
2012	1,014,471,000	11.92%	318,033,000	3.49%	318,043,000	3.49%
2013	1,031,118,000	10.73%	866,402,000	9.11%	866,402,000	9.11%
2014	487,104,000	4.52%	771,049,000	7.34%	771,174,000	7.34%
2015	(51,601,000)	(0.45%)	606,190,000	5.26%	606,191,000	5.26%
2016	1,010,548,000	8.72%	776,627,000	6.33%	776,628,000	6.33%
2017	1,878,172,000	14.79%	977,128,000	7.44%	977,130,000	7.44%
2018	(361,321,000)	(2.46%)	738,790,000	5.20%	738,791,000	5.20%
2019	2,123,258,000	14.79%	999,388,000	6.66%	999,389,000	6.66%
2020	1,982,757,000	12.01%	1,492,651,000	9.31%	1,492,651,000	9.31%
Most recent five-year average return		**9.37%**		**6.98%**		**6.98%**
Most recent ten-year average return		**7.28%**		**6.32%**		**6.32%**

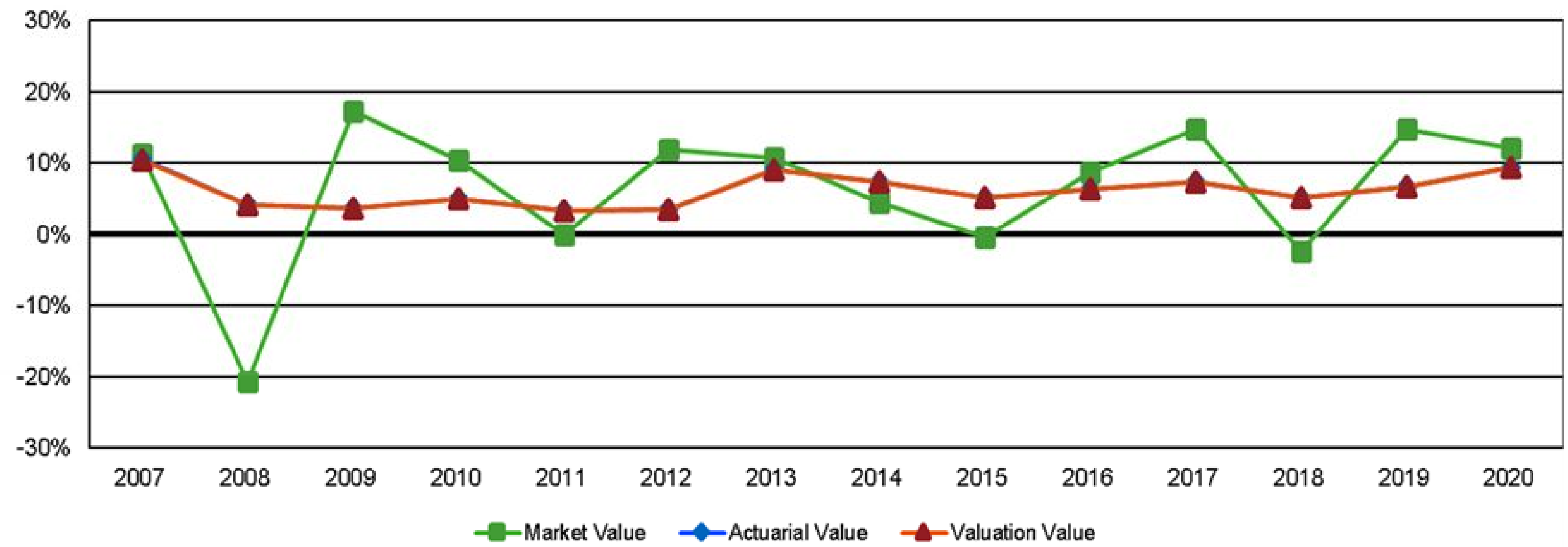
Note: Return on market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Each year's yield is weighted by the average asset value in that year.

[1] Net of administrative and investment expenses.
[2] The dollar amount of return on market value is net of the return on the County Investment Account (funded by pension obligation bond proceeds held by OCERS), prepaid employer contributions account and O.C. Sanitation District UAAL Deferred Account (after transfer), if any.

Section 2: Actuarial Valuation Results

Section 2, Subsection B described the actuarial asset valuation method that gradually recognizes fluctuations in the market value rate of return. The goal of this is to stabilize the actuarial rate of return and to produce more level pension plan costs.

Market, Actuarial and Valuation Rates of Return for Years Ended December 31, 2007 – 2020



Section 2: Actuarial Valuation Results

Contributions

Contributions for the year ended December 31, 2020 totaled $968.9 million, compared to the projected amount of $1,050.4 million. This resulted in a net loss of $84.8 million from contribution experience for the year, when adjusted for timing.

Non-Investment Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among participants,
- retirement experience (earlier or later than projected),
- mortality (more or fewer deaths than projected),
- the number of disability retirements (more or fewer than projected),
- salary increases (greater or smaller than projected), and
- cost-of-living adjustments (COLAs) higher or lower than anticipated.

The net gain from this other experience for the year ended December 31, 2020 amounted to $77.4 million, which is 0.3% of the Actuarial Accrued Liability. See *Subsection E* for a detailed development of the Unfunded Actuarial Accrued Liability.

Section 2: Actuarial Valuation Results

D. Other Changes in the Actuarial Accrued Liability

The Actuarial Accrued Liability as of December 31, 2020 is $22.9 billion, an increase of $1.0 billion, or 4.5%, from the Actuarial Accrued Liability as of the prior valuation date. The liability is expected to grow each year with Normal Cost and interest, and to decline due to benefit payments made. Additional fluctuations can occur due to actual experience that differs from expected (as discussed in the previous subsection).

Actuarial Assumptions

The assumption changes reflected in this report were based on the January 1, 2017 through December 31, 2019 Actuarial Experience Study report dated August 6, 2020 and PowerPoint presentation dated August 17, 2020.

- These changes primarily the retirement assumption for General and mortality assumption for Safety increased the Actuarial Accrued Liability by about $24.3 million (or a 0.1% increase) and had a negligible impact on the total (employer and member) Normal Cost. The total (Normal Cost and UAAL) contribution rate increase for the employer and the member as a result of the assumption changes was 0.56% of payroll.
- The assumption changes include changes to inflation, merit and promotion salary increases, retirement from active employment, retirement age for inactive vested members, percent of members assumed to go on to work for a reciprocal system, reciprocal salary increases, pre-retirement mortality, healthy life post-retirement mortality, disabled life post-retirement mortality, termination (refund and deferred vested retirement), disability (service and non-service connected), and additional cashouts.

Method Changes

This valuation incorporates a refinement in calculating some member' entry ages used for the Entry Age actuarial cost method calculations. In previous valuations, the Normal Cost was spread over a longer period including both the member's service with a reciprocal system (if any) and their OCERS service. Beginning with this valuation, the Normal Cost is spread over only the member's service period with OCERS. This refinement does not change the Present Value of Future Benefits but it increased the Normal Cost and decreased the Actuarial Accrued Liability for members with reciprocal service.

Details on actuarial assumptions and methods are in *Section 4, Exhibit I*.

Plan Provisions

There were no changes in plan provisions since the prior valuation.

A summary of plan provisions is in *Section 4, Exhibit II*.

Section 2: Actuarial Valuation Results

E. Development of Unfunded Actuarial Accrued Liability

Development for Year Ended December 31, 2020

1	**Unfunded Actuarial Accrued Liability as of December 31, 2019**		**$5,879,861,000**
2	Normal Cost at middle of year		529,849,000
3	Expected employer and member contributions		(1,050,381,000)
4	Interest		397,256,000
5	Expected Unfunded Actuarial Accrued Liability at end of year		$5,756,585,000
6	Changes due to:		
	a) Investment gains (after smoothing)	$(370,675,000)	
	b) Additional UAAL payments from OCFA and anticipated payments[1] from DOE and U.C.I.	(25,295,000)	
	c) Difference in actual versus expected contributions	110,129,000	
	d) Difference in actual versus expected salary increases	(62,291,000)	
	e) Effect of higher than expected COLA increases in 2020[2]	34,044,000	
	f) Effect of lower than expected COLA increases in 2021[3]	(157,888,000)	
	g) Changes in actuarial assumptions	24,273,000	
	h) Effect of reallocating present value benefits between NC and AAL	(37,783,000)	
	i) Other experience loss	108,759,000	
	Total changes		$(376,727,000)
7	**Unfunded Actuarial Accrued Liability as of December 31, 2020**		**$5,379,858,000**

Note: The sum of items 6b and 6c equals the "Net loss from contribution experience" shown in Subsection C.
The sum of items 6d, 6e, 6f and 6i equals the "Net gain from other experience" shown in Subsection C.

[1] Segal provided separate letters for DOE and UCI with regard to their required UAAL contributions based on the Board's Declining Employer Payroll policy. These contributions have not been reflected in the valuation. Segal also provided separate letters for O.C. Vector Control and Cypress Recreation and Parks with regard to their updated withdrawal liabilities based on the Board's Withdrawing Employer Policy, although no contributions were made by these two employers during the past calendar year.

[2] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.

[3] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.

Section 2: Actuarial Valuation Results

F. Recommended Contribution

The recommended contribution is equal to the employer Normal Cost payment and a payment on the Unfunded Actuarial Accrued Liability. As of December 31, 2020, the average recommended employer contribution is 41.16% of compensation.

The Board sets the funding policy used to calculate the recommended contribution based on layered amortization periods. See *Section 4, Exhibit I* for further details on the funding policy.

The contribution requirement as of December 31, 2020 is based on the data previously described, the actuarial assumptions and Plan provisions described in *Section 4*, including all changes affecting future costs adopted at the time of the actuarial valuation, actuarial gains and losses, and changes in the actuarial assumptions.

Average Recommended Employer Contribution for Year Ended December 31

		2020		2019	
		Amount ($ in '000s)	**% of Projected Compensation**	**Amount ($ in '000s)**	**% of Projected Compensation**
1	Total normal cost	$528,397	26.92%	$529,849	27.14%
2	Expected member normal cost contributions	(238,718)	(12.16%)	(240,270)	(12.31%)
3	Employer normal cost: (1) + (2)	$289,679	14.76%	$289,579	14.83%
4	Actuarial accrued liability	22,904,975		21,916,730	
5	Valuation Value of Assets	17,525,117		16,036,869	
6	Unfunded actuarial accrued liability (UAAL): (4) - (5)	$5,379,858		$5,879,861	
7	Payment on UAAL	$518,114	26.40%	$520,532	26.66%
9	Projected compensation	$1,962,869		$1,952,534	
10	**Total average recommended employer contribution: (3) + (7)**	**$807,793**	**41.16%**	**$810,111**	**41.49%**

Note: Contributions are assumed to be paid at the middle of the year.

Section 2: Actuarial Valuation Results

Reconciliation of Average Recommended Employer Contribution Rate

The chart below details the changes in the average recommended employer contribution from the prior valuation to the current year's valuation.

Reconciliation from December 31, 2019 to December 31, 2020

		Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Average Recommended Employer Contribution as of December 31, 2019		**41.35%**	**$811,745**
1	Effect of investment gain (after smoothing)	(1.33%)	$(26,106)
2	Effect of additional UAAL contributions from OCFA and anticipated payments[2] from DOE and U.C.I.	(0.08%)	(1,570)
3	Effect of difference in actual versus expected contributions	0.40%	7,851
4	Effect of higher than expected COLA increases in 2020[3]	0.12%	2,355
5	Effect of lower than expected COLA increases in 2021[4]	(0.69%)	(13,544)
6	Effect of difference in actual versus expected salary increases	(0.23%)	(4,515)
7	Effect of growth in total payroll less than expected	0.58%	11,385
8	Effect of other experience losses[5]	0.25%	4,684
9	Effect of changes in actuarial assumptions	0.58%	11,385
10	Effect of reallocating present value benefits between NC and AAL, increase in NC	0.23%	4,515
11	Effect of reallocating present value benefits between NC and AAL, decrease in UAAL	(0.12%)	(2,355)
12	Effect of minimum funding requirement[6]	0.10%	1,963
Total change		(0.19%)	$(3,952)
Average Recommended Employer Contribution as of December 31, 2020		**41.16%**	**$807,793**

[1] Based on December 31, 2020 projected annual compensation of $1,962,869,000.

[2] Segal provided separate letters for DOE and UCI with regard to their required UAAL contributions based on the Board's Declining Employer Payroll policy. These contributions have not been reflected in the valuation. Segal also provided separate letters for O.C. Vector Control and Cypress Recreation and Parks with regard to their updated withdrawal liabilities based on the Board's Withdrawing Employer Policy, although no contributions were made by these two employers during the past calendar year.

[3] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.

[4] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.

[5] Includes an adjustment of (0.10%) to reflect the anticipated contribution loss due to the 18-month delay between date of valuation and date of rate implementation.

[6] Under CalPEPRA, the employer's contribution rate cannot be less than the Normal Cost unless the funded ratio is over 120% and other conditions in CalPEPRA are met.

Section 2: Actuarial Valuation Results

Reconciliation of Average Recommended Member Contribution Rate

The chart below details the changes in the average recommended member contribution rate from the prior valuation to the current year's valuation.

Reconciliation from December 31, 2019 to December 31, 2020

		Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Average Recommended Member Contribution as of December 31, 2019[2]		**12.18%**	**$238,993**
1	Effect of changes in actuarial assumptions	(0.02%)	$(393)
2	Effect of reallocating present value benefits between NC and AAL, increase in NC	0.01%	196
3	Effect of changes in member demographics	(0.01%)	(78)
Total change		(0.02%)	$(275)
Average Recommended Member Contribution as of December 31, 2020		**12.16%**	**$238,718**

[1] Based on December 31, 2020 projected annual compensation of $1,962,869,000.
[2] Rates have been recalculated by applying the individual entry age based rates determined in the December 31, 2019 valuation to the System membership as of December 31, 2020.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #1 – Plans A and B (2.0% @ 57 and 1.6667% @ 57.5 – County and IHSS)				
Normal Cost	10.38%	$3,950	10.68%	$4,065
UAAL[2]	5.03%	1,914	5.16%	1,964
Total Contribution	**15.41%**	**$5,864**	**15.84%**	**$6,029**
Rate Group #1 – Plan U (2.5% @ 67 PEPRA)[3]				
Normal Cost	9.89%	$4,946	10.05%	$5,026
UAAL[2]	5.03%	2,516	5.16%	2,581
Total Contribution	**14.92%**	**$7,462**	**15.21%**	**$7,607**
Rate Group #1 – Plans A, B and U Combined				
Normal Cost	10.10%	$8,896	10.32%	$9,091
UAAL[2]	5.03%	4,430	5.16%	4,545
Total Contribution	**15.13%**	**$13,326**	**15.48%**	**$13,636**

[1] Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
[2] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[3] Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount ($ in '000s)[1]	Contribution Rate	Estimated Annual Dollar Amount ($ in '000s)[1]
Rate Group #2 – Plans I and J (2.7% @ 55 – non-OCFA, non-Children and Families Commission)				
Normal Cost	14.69%	$106,802	14.34%	$104,257
UAAL[2]	28.97%	210,623	27.38%	199,063
Total Contribution	**43.66%**	**$317,425**	**41.72%**	**$303,320**
Rate Group #2 – Plans I and J (2.7% @ 55 – non-OCFA, Children and Families Commission)				
Normal Cost	14.69%	$66	14.34%	$64
UAAL[2,3]	5.98%	27	5.36%	24
Total Contribution	**20.67%**	**$93**	**19.70%**	**$88**
Rate Group #2 – Plans O and P (1.62% @ 65)				
Normal Cost	6.26%	$952	6.10%	$928
UAAL[2]	28.97%	4,405	27.38%	4,164
Total Contribution	**35.23%**	**$5,357**	**33.48%**	**$5,092**
Rate Group #2 – Plan S (2.0% @ 57)				
Normal Cost[4]	16.45%	$337	12.61%	$258
UAAL[2]	28.97%	594	27.38%	561
Total Contribution	**45.42%**	**$931**	**39.99%**	**$819**
Rate Group #2 – Plan T (1.62% @ 65 PEPRA)[5]				
Normal Cost	7.06%	$27,232	7.14%	$27,541
UAAL[2]	28.97%	111,745	27.38%	105,612
Total Contribution	**36.03%**	**$138,977**	**34.52%**	**$133,153**

Note: For Orange County Employees Retirement System (the employer) with future service only benefit improvements under 2.7% @ 55, refer to the employer rates on page 46.

[1] Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
[2] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[3] UAAL rate has been adjusted to reflect future service only benefit improvement under 2.7% @ 55.
[4] The increase in the employer Normal Cost rate from last year to this year is primarily due to reallocating Present Value of Benefits between Normal Cost and Actuarial Accrued Liability which resulted in the average entry age increasing from 33.8 to 40.6.
[5] Applicable for members hired on or after January 1, 2013 except for County Attorneys, San Juan Capistrano members, OCERS management members and Children and Families members.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #2 – Plan U (2.5% @ 67 PEPRA, non-Children and Families Commission)[2]				
Normal Cost	8.37%	$2,614	8.81%	$2,752
UAAL[3]	28.97%	9,048	27.38%	8,552
Total Contribution	**37.34%**	**$11,662**	**36.19%**	**$11,304**
Rate Group #2 – Plan U (2.5% @ 67 PEPRA, Children and Families Commission)[2]				
Normal Cost	8.37%	$85	8.81%	$89
UAAL[3,4]	5.98%	61	5.36%	54
Total Contribution	**14.35%**	**$146**	**14.17%**	**$143**
Rate Group #2 – Plan W (1.62% @ 65 PEPRA)[5]				
Normal Cost	8.43%	$13	8.54%	$13
UAAL[3]	28.97%	45	27.38%	42
Total Contribution	**37.40%**	**$58**	**35.92%**	**$55**
Rate Group #2 – Plans I, J, O, P, S, T, U and W Combined				
Normal Cost	11.88%	$138,101	11.69%	$135,902
UAAL[3]	28.94%	336,548	27.35%	318,072
Total Contribution	**40.82%**	**$474,649**	**39.04%**	**$453,974**

Note: For Orange County Employees Retirement System (the employer) with future service only benefit improvements under 2.7% @ 55, refer to the employer rates on page 46.

[1] Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
[2] Applicable for County Attorneys, San Juan Capistrano members, OCERS management members and Children and Families members hired on or after January 1, 2013.
[3] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[4] UAAL rate has been adjusted to reflect future service only benefit improvement under 2.7% @ 55.
[5] Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate[2]	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #3 – Plans G and H (2.5% @ 55 – OCSD)				
Normal Cost	13.46%	$5,194	13.22%	$5,101
UAAL[3,4]	0.00%	0	0.00%	0
Total Contribution	**13.46%**	**$5,194**	**13.22%**	**$5,101**
Rate Group #3 – Plan B (1.64% @ 57 – OCSD)				
Normal Cost[5]	13.25%	$854	11.23%	$723
UAAL[3,4]	0.00%	0	0.00%	0
Total Contribution	**13.25%**	**$854**	**11.23%**	**$723**
Rate Group #3 – Plan U (2.5% @ 67 PEPRA)[6]				
Normal Cost	9.86%	$2,991	9.88%	$2,997
UAAL[3,4]	0.00%	0	0.00%	0
Total Contribution	**9.86%**	**$2,991**	**9.88%**	**$2,997**
Rate Group #3 – Plans B, G, H and U Combined				
Normal Cost	11.99%	$9,039	11.70%	$8,821
UAAL[3,4]	0.00%	0	0.00%	0
Total Contribution	**11.99%**	**$9,039**	**11.70%**	**$8,821**

1 Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
2 These rates are after adjustment for $18,631,000 asset transfer from O.C. Sanitation District UAAL Deferred Account.
3 UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
4 Under CalPEPRA, the employer's contribution rate cannot be less than the Normal Cost unless the funded ratio is over 120% and other conditions in CalPEPRA are met.
5 The increase in the employer Normal Cost rate from last year to this year is primarily due to reallocating Present Value of Benefits between Normal Cost and Actuarial Accrued Liability which resulted in the average entry age increasing from 33.3 to 38.4.
6 Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	**Estimated Annual Dollar Amount[1] ($ in '000s)**	**Contribution Rate**	**Estimated Annual Dollar Amount[1] ($ in '000s)**
Rate Group #5 – Plans A and B (2.0% @ 57 and 1.6667% @ 57.5 – OCTA)				
Normal Cost	12.59%	$10,136	11.97%	$9,636
UAAL[2]	19.12%	15,393	19.54%	15,731
Total Contribution	**31.71%**	**$25,529**	**31.51%**	**$25,367**
Rate Group #5 – Plan U (2.5% @ 67 PEPRA)[3]				
Normal Cost	11.73%	$3,448	11.59%	$3,407
UAAL[2]	19.12%	5,620	19.54%	5,744
Total Contribution	**30.85%**	**$9,068**	**31.13%**	**$9,151**
Rate Group #5 – Plans A, B and U Combined				
Normal Cost	12.36%	$13,584	11.87%	$13,043
UAAL[2]	19.12%	21,013	19.54%	21,475
Total Contribution	**31.48%**	**$34,597**	**31.41%**	**$34,518**

1 Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
2 UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
3 Applicable for members hired on or after January 1, 2015.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #9 – Plans M and N (2.0% @ 55 – TCA)				
Normal Cost	14.95%	$517	14.23%	$492
UAAL[2,3]	0.00%	0	0.39%	13
Total Contribution	**14.95%**	**$517**	**14.62%**	**$505**
Rate Group #9 – Plan U (2.5% @ 67 PEPRA)[4]				
Normal Cost	10.98%	$342	11.14%	$347
UAAL[2,3]	0.00%	0	0.39%	12
Total Contribution	**10.98%**	**$342**	**11.53%**	**$359**
Rate Group #9 – Plans M, N and U Combined				
Normal Cost	13.07%	$859	12.76%	$839
UAAL[2,3]	0.00%	0	0.39%	25
Total Contribution	**13.07%**	**$859**	**13.15%**	**$864**

1 Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
2 UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
3 Under CalPEPRA, the employer's contribution rate cannot be less than the Normal Cost unless the funded ratio is over 120% and other conditions in CalPEPRA are met.
4 Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #10 – Plans I and J (2.7% @ 55 – OCFA)				
Normal Cost	15.22%	$1,865	14.75%	$1,808
UAAL[2]	11.49%	1,408	14.06%	1,723
Total Contribution	**26.71%**	**$3,273**	**28.81%**	**$3,531**
Rate Group #10 – Plans M and N (2.0% @ 55 – OCFA)				
Normal Cost[3]	16.83%	$905	13.68%	$736
UAAL[2]	11.49%	618	14.06%	756
Total Contribution	**28.32%**	**$1,523**	**27.74%**	**$1,492**
Rate Group #10 – Plan U (2.5% @ 67 PEPRA)[4]				
Normal Cost	9.82%	$1,579	10.05%	$1,616
UAAL[2]	11.49%	1,848	14.06%	2,261
Total Contribution	**21.31%**	**$3,427**	**24.11%**	**$3,877**
Rate Group #10 – Plans I, J, M, N and U Combined				
Normal Cost	12.90%	$4,349	12.34%	$4,160
UAAL[2]	11.49%	3,874	14.06%	4,740
Total Contribution	**24.39%**	**$8,223**	**26.40%**	**$8,900**

[1] Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
[2] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[3] The increase in the employer Normal Cost rate from last year to this year is primarily due to reallocating Present Value of Benefits between Normal Cost and Actuarial Accrued Liability which resulted in the average entry age increasing from 33.7 to 39.4.
[4] Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #11 – Plans M and N, future service (2.0% @ 55 – Cemetery)				
Normal Cost	12.83%	$154	11.62%	$139
UAAL[2]	2.85%	34	3.01%	36
Total Contribution	**15.68%**	**$188**	**14.63%**	**$175**
Rate Group #11 – Plan U (2.5% @ 67 PEPRA)[3]				
Normal Cost	11.80%	$71	12.25%	$74
UAAL[2]	2.85%	17	3.01%	18
Total Contribution	**14.65%**	**$88**	**15.26%**	**$92**
Rate Group #11 – Plans M, N and U Combined				
Normal Cost	12.51%	$225	11.84%	$213
UAAL[2]	2.85%	51	3.01%	54
Total Contribution	**15.36%**	**$276**	**14.85%**	**$267**

[1] Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
[2] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[3] Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	**Estimated Annual Dollar Amount[1] ($ in '000s)**	**Contribution Rate**	**Estimated Annual Dollar Amount[1] ($ in '000s)**
Rate Group #12 – Plans G and H, future service (2.5% @ 55 – Law Library)				
Normal Cost	13.88%	$128	14.20%	$131
UAAL[2,3,4]	0.00%	0	0.19%	2
Total Contribution	**13.88%**	**$128**	**14.39%**	**$133**
Rate Group #12 – Plan U (2.5% @ 67 PEPRA)[5]				
Normal Cost	10.51%	$21	10.37%	$21
UAAL[2,3,4]	0.00%	0	0.19%	0
Total Contribution	**10.51%**	**$21**	**10.56%**	**$21**
Rate Group #12 – Plans G, H, future service, and U Combined				
Normal Cost	13.24%	$149	13.51%	$152
UAAL[2,3,4]	0.00%	0	0.19%	2
Total Contribution	**13.24%**	**$149**	**13.70%**	**$154**

1 Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
2 UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
3 UAAL rate has been adjusted to reflect future service only benefit improvement under 2.7% @ 55.
4 Under CalPEPRA, the employer's contribution rate cannot be less than the Normal Cost unless the funded ratio is over 120% and other conditions in CalPEPRA are met.
5 Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #6 – Plans E and F (3% @ 50 – Probation)				
Normal Cost	23.39%	$12,837	23.25%	$12,760
UAAL[2]	34.06%	18,692	36.92%	20,262
Total Contribution	**57.45%**	**$31,529**	**60.17%**	**$33,022**
Rate Group #6 – Plan V (2.7% @ 57 PEPRA)[3]				
Normal Cost	16.26%	$826	16.82%	$854
UAAL[2]	34.06%	1,729	36.92%	1,874
Total Contribution	**50.32%**	**$2,555**	**53.74%**	**$2,728**
Rate Group #6 – Plans E, F and V Combined				
Normal Cost	22.79%	$13,663	22.71%	$13,614
UAAL[2]	34.06%	20,421	36.92%	22,136
Total Contribution	**56.85%**	**$34,084**	**59.63%**	**$35,750**

1 Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
2 UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
3 Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #7 – Plans E and F (3% @ 50 – Law Enforcement)				
Normal Cost	26.66%	$36,422	26.57%	$36,299
UAAL[2]	39.73%	54,278	43.65%	59,633
Total Contribution	**66.39%**	**$90,700**	**70.22%**	**$95,932**
Rate Group #7 – Plans Q and R (3% @ 55 – Law Enforcement)				
Normal Cost	24.23%	$12,265	23.58%	$11,936
UAAL[2]	39.73%	20,111	43.65%	22,096
Total Contribution	**63.96%**	**$32,376**	**67.23%**	**$34,032**
Rate Group #7 – Plan V (2.7% @ 57 PEPRA)[3]				
Normal Cost	17.73%	$14,215	18.46%	$14,800
UAAL[2]	39.73%	31,853	43.65%	34,996
Total Contribution	**57.46%**	**$46,068**	**62.11%**	**$49,796**
Rate Group #7 – Plans E, F, Q, R and V Combined				
Normal Cost	23.52%	$62,902	23.57%	$63,035
UAAL[2]	39.73%	106,242	43.65%	116,725
Total Contribution	**63.25%**	**$169,144**	**67.22%**	**$179,760**

[1] Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
[2] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[3] Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Group #8 – Plans E and F (3% @ 50 – OCFA)				
Normal Cost	27.31%	$26,210	27.48%	$26,373
UAAL[2]	16.36%	15,701	23.79%	22,832
Total Contribution	**43.67%**	**$41,911**	**51.27%**	**$49,205**
Rate Group #8 – Plans Q and R (3% @ 55 – OCFA)				
Normal Cost[3]	27.25%	$5,878	25.77%	$5,559
UAAL[2]	16.36%	3,529	23.79%	5,132
Total Contribution	**43.61%**	**$9,407**	**49.56%**	**$10,691**
Rate Group #8 – Plan V (2.7% @ 57 PEPRA)[4]				
Normal Cost	15.11%	$5,824	15.66%	$6,036
UAAL[2]	16.36%	6,305	23.79%	9,169
Total Contribution	**31.47%**	**$12,129**	**39.45%**	**$15,205**
Rate Group #8 – Plans E, F, Q, R and V Combined				
Normal Cost	24.29%	$37,912	24.33%	$37,968
UAAL[2]	16.36%	25,535	23.79%	37,133
Total Contribution	**40.65%**	**$63,447**	**48.12%**	**$75,101**

[1] Amounts are based on December 31, 2020 projected compensation as shown on the page 45.
[2] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[3] The increase in the employer Normal Cost rate from last year to this year is primarily due to reallocating Present Value of Benefits between Normal Cost and Actuarial Accrued Liability which resulted in the average entry age increasing from 32.0 to 35.7.
[4] Applicable for members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Rate Groups #1 – #12				
Normal Cost	14.76%	$289,679	14.61%	$286,838
UAAL[2]	26.40%	518,114	26.74%	524,907
Total Contribution	**41.16%**	**$807,793**	**41.35%**	**$811,745**

[1] Amounts are based on December 31, 2020 projected compensation ($ in '000s):

General Employers		General Employers		Safety Employers	
Rate Group #1 – Plans A and B	$38,058	Rate Group #3 – Plans G and H	$38,587	Rate Group #6 – Plans E and F	$54,881
Rate Group #1 – Plan U	50,013	Rate Group #3 – Plan B	6,442	Rate Group #6 – Plan V	5,077
Rate Group #2 – Plans I and J non-Children and Families Commission	727,039	Rate Group #3 – Plan U	30,337	Rate Group #7 – Plans E and F	136,616
		Rate Group #5 – Plans A and B	80,505	Rate Group #7 – Plans Q and R	50,620
Rate Group #2 – Plans I and J Children and Families Commission	446	Rate Group #5 – Plan U	29,394	Rate Group #7 – Plan V	80,174
		Rate Group #9 – Plans M and N	3,459	Rate Group #8 – Plans E and F	95,971
Rate Group #2 – Plans O and P	15,207	Rate Group #9 – Plan U	3,114	Rate Group #8 – Plans Q and R	21,570
Rate Group #2 – Plan S	2,049	Rate Group #10 – Plans I and J	12,256	Rate Group #8 – Plan V	38,542
Rate Group #2 – Plan T	385,727	Rate Group #10 – Plans M and N	5,379		
Rate Group #2 – Plan U non-Children and Families Commission	31,234	Rate Group #10 – Plan U	16,082		
		Rate Group #11 – Plans M and N	1,197		
Rate Group #2 – Plan U Children and Families Commission	1,012	Rate Group #11 – Plan U	602		
		Rate Group #12 – Plans G and H	921		
Rate Group #2 – Plan W	154	Rate Group #12 – Plan U	204		
				Total Combined	$1,962,869

[2] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate (continued)

	December 31, 2020 Actuarial Valuation		December 31, 2019 Actuarial Valuation	
	Contribution Rate[1]	Contribution Rate[2]	Contribution Rate[1]	Contribution Rate[2]
Rate Group #2 – Plans I and J (2.7% @ 55 – non-OCFA)				
Normal Cost	14.69%	14.69%	14.34%	14.34%
UAAL[3]	27.72%	28.97%	26.16%	27.38%
Total Contributions	**42.41%**	**43.66%**	**40.50%**	**41.72%**
Rate Group #2 – Plan U (2.5% @ 67 PEPRA)[4]				
Normal Cost	8.37%	8.37%	8.81%	8.81%
UAAL[3]	27.72%	28.97%	26.16%	27.38%
Total Contributions	**36.09%**	**37.34%**	**34.97%**	**36.19%**

[1] These rates are after reflecting future service only benefit improvements under 2.7% @ 55.
[2] These rates are before reflecting future service only benefit improvements under 2.7% @ 55.
[3] UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.
[4] Applicable for Orange County Employees Retirement System members hired on or after January 1, 2013.

Section 2: Actuarial Valuation Results

"Pick-Up" Discount Percentages for Non-PEPRA Tier Members

For every dollar of member contribution "picked up" by the employer for non-PEPRA tier members and not deposited in the member's contribution account, the employer can contribute less than a dollar. This is because the "pick-up" amount is not deposited in the member's contribution account and so is not payable to a member who withdraws his or her contributions following termination of employment, and is not payable as an additional death benefit. The contribution discount percentages are as follows:

	December 31, 2020 Pick Up Percentage		December 31, 2019 Pick Up Percentage	
General Members				
Rate Group #1 Plan A/B (County and IHSS)	Plan A: N/A	Plan B: 98.80%	Plan A: 100.00%	Plan B: 98.37%
Rate Group #2 (2.7% @ 55 – non-OCFA)	Plan I: 99.38%	Plan J: 98.95%	Plan I: 99.40%	Plan J: 98.52%
Rate Group #2 (1.62% @ 65)	Plan O: N/A	Plan P: 98.28%	Plan O: N/A	Plan P: 97.76%
Rate Group #2 (2.0% @ 57)		Plan S: 98.54%		Plan S: 97.94%
Rate Group #3 (2.5% @ 55 – OCSD)	Plan G: N/A	Plan H: 99.05%	Plan G: 100.00%	Plan H: 98.67%
Rate Group #3 (1.64% @ 57 – OCSD)		Plan B: 98.38%		Plan B: 97.83%
Rate Group #5 Plan A/B (OCTA)	Plan A: 100.00%	Plan B: 98.43%	Plan A: 100.00%	Plan B: 97.77%
Rate Group #9 (2.0% @ 55 – TCA)	Plan M: N/A	Plan N: 98.76%	Plan M: N/A	Plan N: 98.59%
Rate Group #10 (2.7% @ 55 – OCFA)	Plan I: N/A	Plan J: 99.10%	Plan I: N/A	Plan J: 98.71%
Rate Group #10 (2.0% @ 55 – OCFA)	Plan M: N/A	Plan N: 98.19%	Plan M: N/A	Plan N: 97.70%
Rate Group #11 (2.0% @ 55 – Cemetery)	Plan M: N/A	Plan N: 99.14%	Plan M: N/A	Plan N: 98.69%
Rate Group #12 (2.5% @ 55 – Law Library)	Plan G: N/A	Plan H: 99.23%	Plan G: N/A	Plan H: 98.82%
Safety Members				
Rate Group #6 (3.0% @ 50 – Probation)	Plan E: N/A	Plan F: 99.79%	Plan E: N/A	Plan F: 99.49%
Rate Group #7 (3.0% @ 50 – Law Enforcement)	Plan E: N/A	Plan F: 99.89%	Plan E: N/A	Plan F: 99.73%
Rate Group #7 (3.0% @ 55 – Law Enforcement)	Plan Q: N/A	Plan R: 99.75%	Plan Q: N/A	Plan R: 99.47%
Rate Group #8 (3.0% @ 50 – OCFA)	Plan E: N/A	Plan F: 99.86%	Plan E: N/A	Plan F: 99.66%
Rate Group #8 (3.0% @ 55 – OCFA)	Plan Q: N/A	Plan R: 99.77%	Plan Q: N/A	Plan R: 99.33%

Section 2: Actuarial Valuation Results

"Pick-Up" Average Entry Age

The following table provides the average entry age by employer used in determining the "pick-up" contributions under Section 31581.1.

Employer	Code	Average Entry Age for All non PEPRA Members
General		
Orange County	101	31
Cemetery District	102	28
Law Library	103	41
Retirement System	105	31
OCFA	106	33
Transportation Corridor Agency	109	36
City of San Juan Capistrano	110	32
Sanitation District	111	33
OCTA	112	35
Children & Families Commission	118	28
Local Agency Formation Commission	119	38
Superior Court	121	32
IHSS Public Authority	122	45
Safety		
Probation	101	27
Law Enforcement	101	27
OCFA	106	29

Section 2: Actuarial Valuation Results

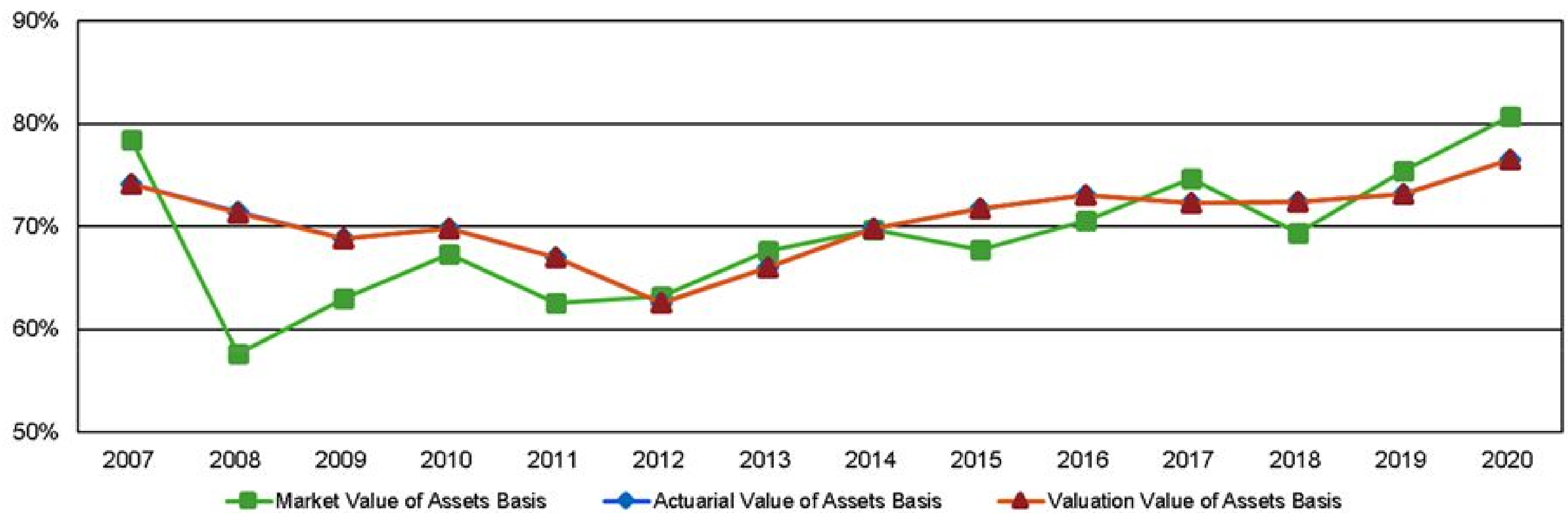
G. Funded Status

A commonly reported piece of information regarding the Plan's financial status is the funded ratio. These ratios compare the Market and Valuation Value of Assets to the Actuarial Accrued Liability of the Plan. Higher ratios indicate a relatively well-funded plan while lower ratios may indicate recent changes to actuarial assumptions, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The chart below depicts a history of the funded ratio for the Plan. The chart on the next page shows the Plan's schedule of funding progress for the last ten years.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the Market or Valuation Value of Assets is used.

Funded Ratio for Years Ended December 31, 2007 – 2020



Section 2: Actuarial Valuation Results

Schedule of Funding Progress for Years Ended December 31, 2011 – 2020

Actuarial Valuation Date as of December 31	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Projected Covered Payroll (c)	UAAL as a Percentage of Projected Covered Payroll (%) [(b) - (a)] / (c)
2011	$9,064,355,000	$13,522,978,000	$4,458,623,000	67.03%	$1,619,474,000	275.31%
2012	9,469,208,000	15,144,888,000	5,675,680,000	62.52%	1,609,600,000	352.55%
2013	10,417,125,000	15,785,042,000	5,367,917,000	65.99%	1,604,496,000	334.55%
2014	11,449,911,000	16,413,124,000	4,963,213,000	69.76%	1,648,160,000	301.14%
2015	12,228,009,000	17,050,357,000	4,822,348,000	71.72%	1,633,112,000	295.29%
2016	13,102,978,000	17,933,461,000	4,830,483,000	73.06%	1,759,831,000	274.49%
2017	14,197,125,000	19,635,427,000	5,438,302,000	72.30%	1,811,877,000	300.15%
2018	14,994,420,000	20,703,349,000	5,708,929,000	72.43%	1,875,370,000	304.42%
2019	16,036,869,000	21,916,730,000	5,879,861,000	73.17%	1,952,534,000	301.14%
2020	17,525,117,000	22,904,975,000	5,379,858,000	76.51%	1,962,869,000	274.08%

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 (funded by pension obligation bond proceeds held by OCERS), prepaid employer contributions, O.C. Sanitation District UAAL Deferred Account (after transfer), unclaimed member reserve and Medicare Medical Insurance Reserve.

Actuarial Valuation Date December 31	Funded Ratio Based on Net Market Value of Assets
2011	62.60%
2012	63.17%
2013	67.65%
2014	69.63%
2015	67.73%

Actuarial Valuation Date December 31	Funded Ratio Based on Net Market Value of Assets
2016	70.58%
2017	74.62%
2018	69.31%
2019	75.36%
2020	80.74%

Section 2: Actuarial Valuation Results

H. Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, first the amount and timing of all future payments that will be made by the Plan for current participants is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the Actuarial Present Value of Future Benefits of the Plan.

Second, this Actuarial Present Value of Future Benefits is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer Normal Cost contributions, and the present value of future employer amortization payments for the Unfunded Actuarial Accrued Liability.

Actuarial Balance Sheet

	Year Ended	
	December 31, 2020 ($ in '000s)	**December 31, 2019 ($ in '000s)**
Actuarial present value of future benefits		
• Present value of benefits for retired members and beneficiaries	$13,599,198	$12,631,182
• Present value of benefits for inactive vested members[1]	510,723	500,271
• Present value of benefits for active members	13,222,881	13,405,109
Total actuarial present value of future benefits	**$27,332,802**	**$26,536,562**
Current and future assets		
• Total Valuation Value of Assets	$17,525,117	$16,036,869
• Present value of future contributions by members	2,038,761	2,130,254
• Present value of future employer contributions for:		
• Entry age normal cost	2,389,066	2,489,578
• Unfunded actuarial accrued liability	5,379,858	5,879,861
Total of current and future assets	**$27,332,802**	**$26,536,562**

[1] This includes members who chose to leave their contributions on deposit even though they have less than five years of service.

Section 2: Actuarial Valuation Results

I. Volatility Ratios

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the Market Value of Assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measurement since it is based on the current level of assets.

The current AVR is about 9.4. This means that a 1% asset gain or loss (relative to the assumed investment return) translates to about 9.4% of one year's payroll. Since actuarial gains and losses are amortized over 20 years, there would be a 0.7% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions. The current total plan LVR is about 11.7, but is 10.5 for General compared to 15.2 for Safety. This means that assumption changes will have a greater impact on employer contribution rates for Safety than for General.

The chart on the next page shows how the asset and liability volatility ratios have varied over time.

Section 2: Actuarial Valuation Results

Volatility Ratios for Years Ended 2011 – 2020

Year Ended December 31	Asset Volatility Ratio			Liability Volatility Ratio		
	General	Safety	Total	General	Safety	Total
2011	4.7	7.1	5.2	7.6	10.9	8.4
2012	5.3	8.1	5.9	8.6	12.3	9.4
2013	6.0	8.9	6.7	9.0	12.6	9.8
2014	6.2	9.4	6.9	8.9	13.6	10.0
2015	6.3	9.6	7.1	9.3	14.3	10.4
2016	6.4	9.9	7.2	9.0	14.2	10.2
2017	7.2	11.0	8.1	9.6	14.8	10.8
2018	6.8	10.5	7.7	9.8	15.2	11.0
2019	7.5	11.5	8.5	9.9	15.3	11.2
2020	8.4	12.7	9.4	10.5	15.2	11.7

Section 2: Actuarial Valuation Results

J. Risk Assessment

Since the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan.

This report does not contain a detailed analysis of the potential range of future measurements, but does include a concise discussion of some of the primary risks that may affect the Plan's future financial condition. We recommend a more detailed assessment of the risks to provide the Board with a better understanding of the risks inherent in the Plan that can inform both financial preparation and future decision making. This assessment would enable us to work with the Board to highlight and illustrate particular risks or potential future outcomes they may be interested in discussing and could include scenario testing, sensitivity testing, stress testing and stochastic modeling. As noted in the valuation highlights section of this report the results of our more detailed risk assessment will be provided in a separate stand-alone report. We will include within that report investment scenarios that demonstrate the effects of short-term market volatility on funded status and contribution rates, which may aid in illustrating the effect on the Plan of market volatility that can result from events such as COVID-19.

This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the Plan's financial health, as well as a discussion of historical trends and maturity measures:

Risk Assessments

- Asset/Liability Mismatch Risk (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

  The most significant asset/liability mismatch risk to the Plan is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions they are typically independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

  Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but have no impact on asset levels. This risk is also discussed below.

- Investment Risk (the risk that investment returns will be different than expected)

  The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial condition of the Plan, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the Actuarial Value of Assets,

Section 2: Actuarial Valuation Results

however investment experience can still have a sizable impact. As discussed in *Section 2, Subsection I, Volatility Ratios*, on page 52, a 1% asset gain or loss (relative to the assumed investment return) translates to about 9.4% of one-year's payroll. Since actuarial gains and losses are amortized over 20 years, there would be a 0.7% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The year-by-year market value rate of return over the last 10 years has ranged from a low of -2.46% to a high of 14.79%.

- Longevity Risk (the risk that mortality experience will be different than expected)

  The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the Plan (public experience tables) that are weighted by benefit levels, and by using generational mortality projections. Effective with this valuation, the Board has adopted amount-weighted mortality tables with the generational mortality projections.

- Other Risks

  In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of demographic assumptions include retirement, termination and disability assumptions, and will likely vary in significance for different groups (for example, disability assumptions are typically more significant for Safety groups).

Some plans also carry significant contribution risk, defined as the potential for actual future contributions deviating from expected future contributions. However, the employer has a proven track-record of making the Actuarially Determined Contributions based on the Board's Actuarial Funding Policy, so contribution risk is minimal.

Evaluation of Historical Trends

Past experience can help demonstrate the sensitivity of key results to the Plan's actual experience. Over the past ten years:

- The funded percentage on the Valuation Value of Assets has increased from 67.0% to 76.5%. This is primarily due to contributions made to amortize the UAAL (i.e., amortizing each gain/loss layer of UAAL over 20 years). For a more detailed history see *Section 2, Subsection G, Funded Status* starting on page 50.

Section 2: Actuarial Valuation Results

- The geometric average investment return on the Actuarial Value of Assets over the last 10 years was 6.32%. This includes a high of 9.31% return and a low of 3.28%. The average over the last 5 years was 6.98%. For more details see the Investment Return table in *Section 2, Subsection C* on page 25.
- Beyond investment losses, the primary source of new UAAL was the strengthening of assumptions through multiple assumption changes. While the assumption changes in 2014 decreased the unfunded liability by $103 million, the assumption changes in 2017 that changed the discount rate from 7.25% to 7.00% (as well as various other changes) added $822 million in unfunded liability, and the assumption changes in this valuation (2020) added $24.3 million in unfunded liability. For more details on unfunded liability changes see *Section 3, Exhibit H, Table of Amortization Bases* starting on page 86. A graphical representation of historical changes in UAAL by source will be included in the stand-alone risk assessment report.
- The plan's funding policy effectively deals with these unfunded liabilities over time. This can be seen most clearly in the *Section 3, Exhibit I, Projection of UAAL Balances and Payments* provided on pages 98 and 99.

Maturity Measures

In the last 10 years the ratio of members in pay status to active participants has increased from 0.62 to 0.90. An increased ratio indicates that the plan has grown in maturity over time. This is to be expected, but is also informative to understanding plan sensitivity to particular risks. For more details see *Section 2, Subsection A, Member Data* on page 16.

As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Plan's asset allocation is aligned to meet emerging pension liabilities. Over the past year, benefits paid were $4.4 million more than contributions received. Plans with high levels of negative cash flows may have a need for a larger allocation to income generating assets, which can create a drag on investment return. However, the Plan currently has a low level of negative cash flow and is relatively well funded (at a 76.5% funded ratio). For more details on historical cash flows see the Comparison of Contributions Made with Benefits in *Section 2, Subsection B* on page 20.

A further discussion of plan maturity measures and how they relate to changes in assets and liabilities is included in *Section 2, Subsection I, Volatility Ratios* on page 53.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage

Total Plan

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	21,559	22,257	-3.1%
• Average age	44.8	44.9	-0.1
• Average years of service	12.5	12.5	0.0
• Total projected compensation	$1,962,868,150	$1,952,534,335	0.5%
• Average projected compensation	$91,046	$87,727	3.8%
• Account balances	$3,167,834,564	$3,116,706,969	1.6%
• Total active vested members	15,436	15,717	-1.8%
Inactive vested members:[1]			
• Number	6,818	6,520	4.6%
• Average age	45.0	44.7	0.3
Retired members:			
• Number in pay status	15,339	14,449	6.2%
• Average age	70.0	70.1	-0.1
• Average monthly benefit[2]	$4,592	$4,413	4.1%
Disabled members:			
• Number in pay status	1,525	1,505	1.3%
• Average age	66.1	65.7	0.4
• Average monthly benefit[2]	$4,109	$3,911	5.1%
Beneficiaries:			
• Number in pay status	2,555	2,466	3.6%
• Average age	73.3	73.1	0.2
• Average monthly benefit[2]	$2,293	$2,205	4.0%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #1 for Plans A, B and U (County and IHSS)[1]

Category	Year Ended December 31		Change From Prior Year
	2020	2019	
Active members in valuation:			
• Number	1,530	1,650	-7.3%
• Average age	43.3	42.9	0.4
• Average years of service	9.8	9.3	0.5
• Total projected compensation	$88,071,531	$90,620,091	-2.8%
• Average projected compensation	$57,563	$54,921	4.8%
• Account balances	$67,213,838	$64,253,545	4.6%
• Total active vested members	963	970	-0.7%
Inactive vested members:[2]			
• Number	613	581	5.5%
• Average age	42.2	41.9	0.3
Retired members:			
• Number in pay status	685	650	5.4%
• Average age	74.9	75.2	-0.3
• Average monthly benefit[3]	$2,852	$2,768	3.0%
Disabled members:			
• Number in pay status	39	38	2.6%
• Average age	68.7	68.1	0.6
• Average monthly benefit[3]	$2,515	$2,438	3.2%
Beneficiaries:			
• Number in pay status	97	98	-1.0%
• Average age	76.7	76.7	0.0
• Average monthly benefit[3]	$1,523	$1,571	-3.1%

[1] Includes payees from Vector Control, Cypress Parks and Recreation, U.C.I. and DOE.
[2] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[3] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #2 for Plans I, J, O, P, S, T, U AND W

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	13,845	14,339	-3.4%
• Average age	45.2	45.4	-0.2
• Average years of service	12.5	12.6	-0.1
• Total projected compensation	$1,162,867,995	$1,160,247,859	0.2%
• Average projected compensation	$83,992	$80,916	3.8%
• Account balances	$2,113,790,709	$2,114,331,924	0.0%
• Total active vested members	9,842	10,068	-2.2%
Inactive vested members:[1]			
• Number	4,568	4,371	4.5%
• Average age	45.0	44.7	0.3
Retired members:			
• Number in pay status	10,449	9,828	6.3%
• Average age	71.0	71.1	-0.1
• Average monthly benefit[2]	$4,111	$3,939	4.4%
Disabled members:			
• Number in pay status	562	570	-1.4%
• Average age	67.6	67.0	0.6
• Average monthly benefit[2]	$2,760	$2,666	3.5%
Beneficiaries:			
• Number in pay status	1,591	1,553	2.4%
• Average age	75.4	75.2	0.2
• Average monthly benefit[2]	$2,059	$1,983	3.8%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #3 for Plans B, G, H and U (OCSD)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	618	608	1.6%
• Average age	47.0	47.3	-0.3
• Average years of service	11.8	12.3	-0.5
• Total projected compensation	$75,365,517	$76,392,296	-1.3%
• Average projected compensation	$121,951	$125,645	-2.9%
• Account balances	$96,444,778	$95,709,705	0.8%
• Total active vested members	430	432	-0.5%
Inactive vested members:[1]			
• Number	136	135	0.7%
• Average age	47.9	46.7	1.2
Retired members:			
• Number in pay status	435	410	6.1%
• Average age	68.6	68.4	0.2
• Average monthly benefit[2]	$6,124	$5,823	5.2%
Disabled members:			
• Number in pay status	19	19	0.0%
• Average age	66.9	65.9	1.0
• Average monthly benefit[2]	$3,945	$3,830	3.0%
Beneficiaries:			
• Number in pay status	85	79	7.6%
• Average age	70.6	70.2	0.4
• Average monthly benefit[2]	$2,524	$2,536	-0.5%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #5 for Plans A, B and U (OCTA)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	1,322	1,350	-2.1%
• Average age	49.7	49.6	0.1
• Average years of service	12.7	12.8	-0.1
• Total projected compensation	$109,899,068	$112,979,357	-2.7%
• Average projected compensation	$83,131	$83,688	-0.7%
• Account balances	$136,034,765	$134,348,956	1.3%
• Total active vested members	925	959	-3.5%
Inactive vested members:[1]			
• Number	650	636	2.2%
• Average age	50.0	49.7	0.3
Retired members:			
• Number in pay status	1,029	992	3.7%
• Average age	71.0	70.6	0.4
• Average monthly benefit[2]	$2,819	$2,659	6.0%
Disabled members:			
• Number in pay status	267	268	-0.4%
• Average age	67.3	66.9	0.4
• Average monthly benefit[2]	$2,551	$2,483	2.7%
Beneficiaries:			
• Number in pay status	193	187	3.2%
• Average age	72.3	72.3	0.0
• Average monthly benefit[2]	$1,542	$1,452	6.2%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #9 for Plans M, N and U (TCA)

Category	Year Ended December 31: 2020	Year Ended December 31: 2019	Change From Prior Year
Active members in valuation:			
• Number	54	61	-11.5%
• Average age	49.5	48.7	0.8
• Average years of service	9.9	9.2	0.7
• Total projected compensation	$6,572,806	$7,334,734	-10.4%
• Average projected compensation	$121,719	$120,242	1.2%
• Account balances	$6,005,807	$5,992,102	0.2%
• Total active vested members	36	33	9.1%
Inactive vested members:[1]			
• Number	72	67	7.5%
• Average age	46.5	45.8	0.7
Retired members:			
• Number in pay status	54	51	5.9%
• Average age	69.9	69.5	0.4
• Average monthly benefit[2]	$3,298	$3,276	0.7%
Disabled members:			
• Number in pay status	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit[2]	N/A	N/A	N/A
Beneficiaries:			
• Number in pay status	4	4	0.0%
• Average age	73.0	72.0	1.0
• Average monthly benefit[2]	$493	$478	3.1%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #10 for Plans I, J, M, N and U (OCFA)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	325	310	4.8%
• Average age	44.1	44.7	-0.6
• Average years of service	9.5	10.2	-0.7
• Total projected compensation	$33,716,592	$31,598,713	6.7%
• Average projected compensation	$103,743	$101,931	1.8%
• Account balances	$31,403,494	$30,922,866	1.6%
• Total active vested members	182	173	5.2%
Inactive vested members:[1]			
• Number	234	209	12.0%
• Average age	41.8	41.9	-0.1
Retired members:			
• Number in pay status	187	172	8.7%
• Average age	66.6	66.4	0.2
• Average monthly benefit[2]	$4,794	$4,662	2.8%
Disabled members:			
• Number in pay status	11	11	0.0%
• Average age	65.5	62.2	3.3
• Average monthly benefit[2]	$3,358	$3,004	11.8%
Beneficiaries:			
• Number in pay status	13	13	0.0%
• Average age	64.7	63.7	1.0
• Average monthly benefit[2]	$1,589	$1,542	3.0%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #11 for Plans M and N, Future Service, and U (Cemetery)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	25	24	4.2%
• Average age	48.8	49.3	-0.5
• Average years of service	15.2	14.9	0.3
• Total projected compensation	$1,798,756	$1,674,297	7.4%
• Average projected compensation	$71,950	$69,762	3.1%
• Account balances	$2,496,069	$2,226,124	12.1%
• Total active vested members	17	16	6.3%
Inactive vested members:[1]			
• Number	3	2	50.0%
• Average age	36.7	41.1	-4.4
Retired members:			
• Number in pay status	7	7	0.0%
• Average age	73.3	72.3	1.0
• Average monthly benefit[2]	$3,235	$3,065	5.5%
Disabled members:			
• Number in pay status	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit[2]	N/A	N/A	N/A
Beneficiaries:			
• Number in pay status	5	6	-16.7%
• Average age	74.8	76.5	-1.7
• Average monthly benefit[2]	$1,583	$1,501	5.5%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #12 for Plans G, H, Future Service, and U (Law Library)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	14	14	0.0%
• Average age	59.2	58.2	1.0
• Average years of service	18.4	17.4	1.0
• Total projected compensation	$1,125,455	$1,119,047	0.6%
• Average projected compensation	$80,390	$79,932	0.6%
• Account balances	$2,939,753	$2,652,511	10.8%
• Total active vested members	13	12	8.3%
Inactive vested members:[1]			
• Number	3	3	0.0%
• Average age	46.4	45.4	1.0
Retired members:			
• Number in pay status	12	13	-7.7%
• Average age	72.1	72.7	-0.6
• Average monthly benefit[2]	$3,317	$3,019	9.9%
Disabled members:			
• Number in pay status	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit[2]	N/A	N/A	N/A
Beneficiaries:			
• Number in pay status	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit[2]	N/A	N/A	N/A

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #6 for Plans E, F and V (Probation)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	679	736	-7.7%
• Average age	44.9	44.6	0.3
• Average years of service	17.7	17.2	0.5
• Total projected compensation	$59,957,162	$63,093,762	-5.0%
• Average projected compensation	$88,302	$85,725	3.0%
• Account balances	$148,919,892	$148,763,700	0.1%
• Total active vested members	620	669	-7.3%
Inactive vested members:[1]			
• Number	219	222	-1.4%
• Average age	42.9	42.4	0.5
Retired members:			
• Number in pay status	427	376	13.6%
• Average age	65.1	65.6	-0.5
• Average monthly benefit[2]	$5,748	$5,672	1.3%
Disabled members:			
• Number in pay status	36	33	9.1%
• Average age	54.3	55.6	-1.3
• Average monthly benefit[2]	$3,093	$3,052	1.3%
Beneficiaries:			
• Number in pay status	37	28	32.1%
• Average age	64.6	65.3	-0.7
• Average monthly benefit[2]	$2,372	$2,469	-3.9%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #7 for Plans E, F, Q, R and V (Law Enforcement)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	2,015	2,059	-2.1%
• Average age	40.7	40.5	0.2
• Average years of service	12.6	12.6	0.0
• Total projected compensation	$267,410,289	$259,968,109	2.9%
• Average projected compensation	$132,710	$126,259	5.1%
• Account balances	$374,198,807	$348,748,071	7.3%
• Total active vested members	1,523	1,554	-2.0%
Inactive vested members:[1]			
• Number	209	194	7.7%
• Average age	43.0	43.3	-0.3
Retired members:			
• Number in pay status	1,572	1,489	5.6%
• Average age	64.3	64.2	0.1
• Average monthly benefit[2]	$7,672	$7,412	3.5%
Disabled members:			
• Number in pay status	378	370	2.2%
• Average age	64.3	63.8	0.5
• Average monthly benefit[2]	$5,627	$5,465	3.0%
Beneficiaries:			
• Number in pay status	402	385	4.4%
• Average age	69.1	68.5	0.6
• Average monthly benefit[2]	$3,369	$3,250	3.7%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage (continued)

Rate Group #8 for Plans E, F, Q, R and V (OCFA)

Category	Year Ended December 31 2020	Year Ended December 31 2019	Change From Prior Year
Active members in valuation:			
• Number	1,132	1,106	2.4%
• Average age	42.2	42.5	-0.3
• Average years of service	13.1	12.5	0.6
• Total projected compensation	$156,082,978	$147,506,069	5.8%
• Average projected compensation	$137,882	$133,369	3.4%
• Account balances	$188,386,653	$168,757,464	11.6%
• Total active vested members	885	831	6.5%
Inactive vested members:[1]			
• Number	111	100	11.0%
• Average age	40.5	41.0	-0.5
Retired members:			
• Number in pay status	481	460	4.6%
• Average age	65.8	65.3	0.5
• Average monthly benefit[2]	$8,942	$8,780	1.8%
Disabled members:			
• Number in pay status	213	196	8.7%
• Average age	65.5	65.2	0.3
• Average monthly benefit[2]	$7,444	$7,035	5.8%
Beneficiaries:			
• Number in pay status	128	113	13.3%
• Average age	64.3	63.4	0.9
• Average monthly benefit[2]	$3,514	$3,380	4.0%

[1] Includes members who chose to leave their contributions on deposit even though they have less than five years of service.
[2] Excludes monthly benefits payable from the STAR COLA.

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation

Total Plan

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	279	278	1	- -	- -	- -	- -	- -	- -	- -
	$65,958	$65,817	$104,923	- -	- -	- -	- -	- -	- -	- -
25 – 29	1,682	1,462	216	4	- -	- -	- -	- -	- -	- -
	71,325	69,374	83,876	$106,462	- -	- -	- -	- -	- -	- -
30 – 34	2,760	1,663	905	187	5	- -	- -	- -	- -	- -
	81,906	76,121	90,925	90,139	$65,588	- -	- -	- -	- -	- -
35 – 39	3,086	1,108	854	849	268	7	- -	- -	- -	- -
	89,673	82,123	95,473	94,075	88,653	$82,206	- -	- -	- -	- -
40 – 44	3,128	641	556	815	855	260	1	- -	- -	- -
	94,350	83,895	94,815	100,654	95,570	95,318	$105,391	- -	- -	- -
45 – 49	3,392	526	367	612	796	861	216	14	- -	- -
	98,851	88,763	96,435	95,585	98,946	106,104	106,874	$108,594	- -	- -
50 – 54	3,124	416	288	415	562	694	506	240	3	- -
	99,522	87,352	100,769	93,496	98,143	105,858	106,898	99,271	$68,869	- -
55 – 59	2,162	279	269	315	392	421	246	205	34	1
	95,366	93,315	101,571	93,540	89,254	95,951	96,099	102,841	93,080	$88,496
60 – 64	1,292	137	200	177	251	232	136	125	26	8
	91,356	85,618	104,592	86,468	85,893	92,906	90,293	92,849	91,419	87,770
65 – 69	454	47	57	67	104	78	47	35	15	4
	89,010	108,660	85,106	85,227	83,526	99,422	80,583	80,232	88,626	93,993
70 & over	200	7	23	25	40	51	27	16	6	5
	78,746	74,528	89,191	70,812	86,334	72,760	73,494	87,330	66,258	92,512
Total	**21,559**	**6,564**	**3,736**	**3,466**	**3,273**	**2,604**	**1,179**	**635**	**84**	**18**
	$91,046	**$78,839**	**$94,838**	**$94,845**	**$94,227**	**$101,227**	**$100,910**	**$98,014**	**$88,990**	**$90,510**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #1 for Plans A, B and U (County and IHSS)

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	30	30	- -	- -	- -	- -	- -	- -	- -	- -
	$66,514	$66,514	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	157	143	14	- -	- -	- -	- -	- -	- -	- -
	53,434	53,167	$56,157	- -	- -	- -	- -	- -	- -	- -
30 – 34	260	155	96	8	1	- -	- -	- -	- -	- -
	56,104	53,276	60,441	$59,758	$48,890	- -	- -	- -	- -	- -
35 – 39	229	94	83	35	15	2	- -	- -	- -	- -
	56,819	52,382	59,102	60,944	61,482	$63,511	- -	- -	- -	- -
40 – 44	217	54	71	29	45	18	- -	- -	- -	- -
	58,076	51,458	59,717	60,361	61,010	60,445	- -	- -	- -	- -
45 – 49	186	36	29	34	45	34	7	1	- -	- -
	58,930	51,888	59,870	61,364	60,908	60,501	$58,852	$60,533	- -	- -
50 – 54	167	29	27	27	29	23	24	8	- -	- -
	58,878	50,552	58,838	59,535	60,026	62,363	62,030	63,333	- -	- -
55 – 59	123	18	39	13	18	13	13	7	2	- -
	58,375	50,567	58,624	59,445	59,488	60,270	62,528	60,627	$59,652	- -
60 – 64	106	10	31	12	15	6	20	11	1	- -
	58,925	51,129	59,385	58,634	58,815	60,423	60,677	61,121	59,586	- -
65 – 69	37	2	9	4	9	2	5	4	2	- -
	59,795	50,056	59,919	62,574	60,957	58,343	60,150	58,292	61,764	- -
70 & over	18	1	4	3	1	5	1	3	- -	- -
	58,535	34,625	58,620	60,060	57,169	57,541	66,465	64,338	- -	- -
Total	**1,530**	**572**	**403**	**165**	**178**	**103**	**70**	**34**	**5**	**- -**
	$57,563	**$53,232**	**$59,453**	**$60,377**	**$60,432**	**$60,746**	**$61,347**	**$61,474**	**$60,483**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #2 for Plans I, J, O, P, S, T, U and W

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	154	154	- -	- -	- -	- -	- -	- -	- -	- -
	$56,510	$56,510	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	1,005	884	120	1	- -	- -	- -	- -	- -	- -
	62,308	61,883	$65,339	$74,867	- -	- -	- -	- -	- -	- -
30 – 34	1,711	1,096	502	110	3	- -	- -	- -	- -	- -
	73,842	72,062	78,916	68,594	$67,500	- -	- -	- -	- -	- -
35 – 39	1,960	717	513	549	176	5	- -	- -	- -	- -
	81,161	76,901	86,737	82,542	77,714	$89,685	- -	- -	- -	- -
40 – 44	1,984	439	324	544	511	165	1	- -	- -	- -
	87,170	81,580	87,942	92,620	87,461	81,546	$105,391	- -	- -	- -
45 – 49	2,195	351	236	436	521	506	133	12	- -	- -
	90,572	86,374	88,140	89,151	93,785	92,924	87,546	$107,586	- -	- -
50 – 54	2,112	245	173	307	387	483	337	177	3	- -
	92,070	83,059	92,077	89,743	93,831	97,717	92,532	88,829	$68,869	- -
55 – 59	1,426	166	140	236	249	310	167	133	25	- -
	89,133	90,749	91,519	88,872	85,939	92,313	84,544	91,450	78,210	- -
60 – 64	842	94	94	129	160	182	85	82	13	3
	88,018	88,365	95,601	83,532	86,406	91,535	84,074	88,361	72,894	$72,845
65 – 69	302	31	27	50	62	66	32	23	8	3
	88,193	108,466	83,584	84,957	78,706	99,794	80,192	80,594	81,993	75,060
70 & over	154	6	13	21	32	43	19	10	6	4
	78,415	81,179	78,058	71,748	91,036	72,291	68,900	94,881	66,258	97,550
Total	**13,845**	**4,183**	**2,142**	**2,383**	**2,101**	**1,760**	**774**	**437**	**55**	**10**
	$83,992	**$74,402**	**$85,083**	**$86,968**	**$88,893**	**$92,666**	**$87,949**	**$89,759**	**$75,690**	**$83,391**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #3 for Plans B, G, H and U (OCSD)

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	$86,718	$86,718	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	24	24	- -	- -	- -	- -	- -	- -	- -	- -
	98,305	98,305	- -	- -	- -	- -	- -	- -	- -	- -
30 – 34	69	49	19	1	- -	- -	- -	- -	- -	- -
	102,574	101,212	$106,206	$100,306	- -	- -	- -	- -	- -	- -
35 – 39	99	55	24	15	5	- -	- -	- -	- -	- -
	116,343	106,221	129,051	131,386	$121,566	- -	- -	- -	- -	- -
40 – 44	84	26	21	19	18	- -	- -	- -	- -	- -
	123,510	112,092	123,283	134,387	128,785	- -	- -	- -	- -	- -
45 – 49	84	23	18	22	13	4	4	- -	- -	- -
	125,684	122,042	130,123	120,205	122,714	$149,879	$142,247	- -	- -	- -
50 – 54	92	18	9	11	11	14	19	10	- -	- -
	133,572	118,425	139,636	134,446	137,760	128,522	155,811	$114,622	- -	- -
55 – 59	90	14	11	17	18	8	13	9	- -	- -
	132,327	116,619	125,726	126,297	137,954	130,986	158,889	127,788	- -	- -
60 – 64	48	5	9	10	9	7	5	3	- -	- -
	129,346	101,652	128,346	122,494	111,099	152,456	141,986	181,103	- -	- -
65 – 69	19	5	1	3	6	- -	3	1	- -	- -
	115,963	135,350	102,162	89,599	121,201	- -	110,761	96,096	- -	- -
70 & over	8	- -	1	- -	2	1	3	1	- -	- -
	97,708	- -	134,705	- -	74,336	131,993	90,718	94,142	- -	- -
Total	**618**	**220**	**113**	**98**	**82**	**34**	**47**	**24**	**- -**	**- -**
	$121,951	**$108,719**	**$124,584**	**$126,415**	**$126,775**	**$136,644**	**$147,007**	**$126,244**	**- -**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #5 for Plans A, B and U (OCTA)

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	16	16	- -	- -	- -	- -	- -	- -	- -	- -
	$63,789	$63,789	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	69	62	7	- -	- -	- -	- -	- -	- -	- -
	64,130	63,376	$70,805	- -	- -	- -	- -	- -	- -	- -
30 – 34	93	65	26	2	- -	- -	- -	- -	- -	- -
	70,545	65,920	80,823	$87,217	- -	- -	- -	- -	- -	- -
35 – 39	100	56	18	21	5	- -	- -	- -	- -	- -
	82,743	77,171	91,429	88,670	$88,995	- -	- -	- -	- -	- -
40 – 44	153	47	33	28	39	6	- -	- -	- -	- -
	85,698	78,788	91,879	84,370	86,106	$109,368	- -	- -	- -	- -
45 – 49	171	52	23	30	44	17	5	- -	- -	- -
	84,453	70,066	93,618	93,731	84,439	93,898	$104,261	- -	- -	- -
50 – 54	215	57	34	31	51	23	9	10	- -	- -
	85,426	68,249	97,244	96,112	82,646	88,917	113,584	$90,840	- -	- -
55 – 59	249	38	23	32	71	35	22	23	4	1
	86,085	63,162	100,759	102,485	79,536	84,501	101,228	91,402	$103,926	$88,496
60 – 64	177	14	16	18	55	23	17	22	8	4
	87,008	60,339	90,358	88,406	81,373	80,989	113,902	97,941	92,311	87,705
65 – 69	67	5	16	8	17	8	5	5	3	- -
	87,675	94,800	92,075	74,632	86,500	108,070	78,987	76,920	71,796	- -
70 & over	12	- -	2	1	3	2	2	1	- -	1
	82,397	- -	107,467	83,425	73,563	91,267	69,226	76,367	- -	72,361
Total	**1,322**	**412**	**198**	**171**	**285**	**114**	**60**	**61**	**15**	**6**
	$83,131	**$69,204**	**$91,847**	**$92,056**	**$82,622**	**$89,166**	**$104,005**	**$92,235**	**$91,305**	**$85,280**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #9 for Plans M, N and U (TCA)

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	$65,531	$65,531	- -	- -	- -	- -	- -	- -	- -	- -
30 – 34	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	77,007	77,007	- -	- -	- -	- -	- -	- -	- -	- -
35 – 39	9	7	2	- -	- -	- -	- -	- -	- -	- -
	111,299	115,500	$96,595	- -	- -	- -	- -	- -	- -	- -
40 – 44	5	2	2	- -	1	- -	- -	- -	- -	- -
	97,121	92,261	122,404	- -	$56,274	- -	- -	- -	- -	- -
45 – 49	9	5	1	1	2	- -	- -	- -	- -	- -
	107,983	110,001	111,587	$128,375	90,940	- -	- -	- -	- -	- -
50 – 54	12	1	6	2	1	1	1	- -	- -	- -
	150,016	123,228	161,639	156,497	101,055	$193,731	$99,348	- -	- -	- -
55 – 59	11	1	2	2	5	1	- -	- -	- -	- -
	136,074	153,671	154,040	67,350	147,494	162,894	- -	- -	- -	- -
60 – 64	6	- -	3	- -	2	1	- -	- -	- -	- -
	112,353	- -	116,909	- -	87,732	147,930	- -	- -	- -	- -
65 – 69	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	**54**	**18**	**16**	**5**	**11**	**3**	**1**	**- -**	**- -**	**- -**
	$121,719	**$109,026**	**$136,139**	**$115,214**	**$113,831**	**$168,185**	**$99,348**	**- -**	**- -**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #10 for Plans I, J, M, N and U (OCFA)

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	6	6	- -	- -	- -	- -	- -	- -	- -	- -
	$62,981	$62,981	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	34	32	2	- -	- -	- -	- -	- -	- -	- -
	78,396	77,578	$91,495	- -	- -	- -	- -	- -	- -	- -
30 – 34	40	30	10	- -	- -	- -	- -	- -	- -	- -
	88,959	84,847	101,294	- -	- -	- -	- -	- -	- -	- -
35 – 39	48	31	11	4	2	- -	- -	- -	- -	- -
	95,362	93,129	102,654	$110,900	$58,795	- -	- -	- -	- -	- -
40 – 44	46	23	11	8	4	- -	- -	- -	- -	- -
	104,808	99,481	105,713	119,518	103,532	- -	- -	- -	- -	- -
45 – 49	48	20	8	4	9	5	2	- -	- -	- -
	116,526	116,106	120,611	107,639	119,103	$118,859	$104,737	- -	- -	- -
50 – 54	39	9	7	3	6	7	5	2	- -	- -
	121,588	89,727	146,298	120,697	127,666	136,514	125,430	$99,745	- -	- -
55 – 59	35	4	4	5	9	10	2	1	- -	- -
	111,822	126,907	125,096	129,054	83,537	120,754	91,263	118,587	- -	- -
60 – 64	20	6	3	1	6	2	2	- -	- -	- -
	125,459	96,048	191,130	90,788	119,158	87,359	189,523	- -	- -	- -
65 – 69	7	1	2	- -	4	- -	- -	- -	- -	- -
	113,762	153,671	103,782	- -	108,775	- -	- -	- -	- -	- -
70 & over	2	- -	- -	- -	1	- -	1	- -	- -	- -
	80,921	- -	- -	- -	62,671	- -	99,170	- -	- -	- -
Total	**325**	**162**	**58**	**25**	**41**	**24**	**12**	**3**	**- -**	**- -**
	$103,743	**$92,272**	**$116,522**	**$117,138**	**$105,712**	**$122,173**	**$124,780**	**$106,025**	**- -**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #11 for Plans M AND N, Future Service, and U (Cemetery)

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	2	2	- -	- -	- -	- -	- -	- -	- -	- -
	$49,192	$49,192	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 – 34	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	51,182	51,182	- -	- -	- -	- -	- -	- -	- -	- -
35 – 39	3	1	- -	1	1	- -	- -	- -	- -	- -
	60,168	51,880	- -	$57,217	$71,408	- -	- -	- -	- -	- -
40 – 44	3	- -	- -	2	- -	1	- -	- -	- -	- -
	68,262	- -	- -	63,087	- -	$78,612	- -	- -	- -	- -
45 – 49	2	1	- -	- -	- -	1	- -	- -	- -	- -
	104,613	104,601	- -	- -	- -	104,626	- -	- -	- -	- -
50 – 54	7	1	2	1	1	1	- -	1	- -	- -
	77,506	53,566	$62,924	169,816	77,753	57,490	- -	$58,069	- -	- -
55 – 59	3	- -	- -	- -	- -	1	1	1	- -	- -
	73,242	- -	- -	- -	- -	57,474	$104,626	57,628	- -	- -
60 – 64	2	1	- -	- -	- -	1	- -	- -	- -	- -
	65,534	59,588	- -	- -	- -	71,481	- -	- -	- -	- -
65 – 69	2	1	- -	- -	- -	- -	- -	1	- -	- -
	80,667	56,709	- -	- -	- -	- -	- -	104,626	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	**25**	**8**	**2**	**4**	**2**	**5**	**1**	**3**	**- -**	**- -**
	$71,950	**$59,489**	**$62,924**	**$88,302**	**$74,581**	**$73,936**	**$104,626**	**$73,441**	**- -**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #12 for Plans G, H, Future Service, and U (Law Library)

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 – 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 – 39	1	- -	1	- -	- -	- -	- -	- -	- -	- -
	$56,069	- -	$56,069	- -	- -	- -	- -	- -	- -	- -
40 – 44	1	- -	- -	1	- -	- -	- -	- -	- -	- -
	107,521	- -	- -	$107,521	- -	- -	- -	- -	- -	- -
45 – 49	3	1	- -	- -	1	1	- -	- -	- -	- -
	97,254	$148,196	- -	- -	$77,032	$66,534	- -	- -	- -	- -
50 – 54	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
55 – 59	2	- -	- -	- -	1	- -	1	- -	- -	- -
	92,019	- -	- -	- -	107,006	- -	$77,032	- -	- -	- -
60 – 64	2	- -	- -	1	- -	1	- -	- -	- -	- -
	66,051	- -	- -	55,069	- -	77,032	- -	- -	- -	- -
65 – 69	3	- -	- -	- -	1	1	1	- -	- -	- -
	72,671	- -	- -	- -	66,534	66,534	84,944	- -	- -	- -
70 & over	2	- -	- -	- -	1	- -	- -	1	- -	- -
	67,975	- -	- -	- -	51,006	- -	- -	$84,944	- -	- -
Total	**14**	**1**	**1**	**2**	**4**	**3**	**2**	**1**	**- -**	**- -**
	$80,390	**$148,196**	**$56,069**	**$81,295**	**$75,395**	**$70,033**	**$80,988**	**$84,944**	**- -**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #6 for Plans E, F and V (Probation)

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	1	1	- -	- -	- -	- -	- -	- -	- -	- -
	$65,455	$65,455	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	28	28	- -	- -	- -	- -	- -	- -	- -	- -
	64,895	64,895	- -	- -	- -	- -	- -	- -	- -	- -
30 – 34	38	20	14	3	1	- -	- -	- -	- -	- -
	73,116	67,753	$80,039	$75,417	$76,550	- -	- -	- -	- -	- -
35 – 39	83	11	9	44	19	- -	- -	- -	- -	- -
	81,189	78,194	75,108	82,381	83,045	- -	- -	- -	- -	- -
40 – 44	183	- -	3	36	120	24	- -	- -	- -	- -
	88,096	- -	71,430	83,127	87,978	$98,223	- -	- -	- -	- -
45 – 49	196	1	2	14	54	107	18	- -	- -	- -
	93,067	66,235	62,547	78,837	84,643	95,714	$118,551	- -	- -	- -
50 – 54	102	3	- -	6	19	37	30	7	- -	- -
	94,376	75,403	- -	73,999	83,876	92,090	105,889	$111,220	- -	- -
55 – 59	33	2	1	- -	6	14	3	6	1	- -
	97,055	83,812	68,957	- -	82,804	90,457	103,011	107,711	$247,720	- -
60 – 64	10	1	1	1	1	2	2	1	1	- -
	91,102	91,225	114,704	76,547	92,802	83,678	91,886	92,310	92,310	- -
65 – 69	4	- -	- -	- -	3	- -	1	- -	- -	- -
	88,924	- -	- -	- -	82,444	- -	108,361	- -	- -	- -
70 & over	1	- -	- -	- -	- -	- -	1	- -	- -	- -
	98,991	- -	- -	- -	- -	- -	98,991	- -	- -	- -
Total	**679**	**67**	**30**	**104**	**223**	**184**	**55**	**14**	**2**	**- -**
	$88,302	**$69,388**	**$77,319**	**$81,422**	**$86,157**	**$94,782**	**$109,286**	**$108,365**	**$170,015**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #7 for Plans E, F, Q, R and V (Law Enforcement)

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	54	53	1	- -	- -	- -	- -	- -	- -	- -
	$89,755	$89,469	$104,923	- -	- -	- -	- -	- -	- -	- -
25 – 29	262	197	62	3	- -	- -	- -	- -	- -	- -
	104,273	99,580	118,571	$116,993	- -	- -	- -	- -	- -	- -
30 – 34	370	126	192	52	- -	- -	- -	- -	- -	- -
	119,783	103,324	127,423	131,452	- -	- -	- -	- -	- -	- -
35 – 39	342	41	129	138	34	- -	- -	- -	- -	- -
	130,260	112,435	130,111	133,800	$137,949	- -	- -	- -	- -	- -
40 – 44	252	16	34	83	81	38	- -	- -	- -	- -
	139,503	116,983	131,398	133,430	145,794	$156,094	- -	- -	- -	- -
45 – 49	328	13	17	35	66	157	40	- -	- -	- -
	149,493	128,326	136,497	138,018	141,536	155,105	$163,036	- -	- -	- -
50 – 54	258	43	10	15	34	80	62	14	- -	- -
	153,510	138,122	154,245	141,986	151,082	152,932	165,313	$169,528	- -	- -
55 – 59	104	33	16	7	6	15	12	14	1	- -
	151,055	143,980	152,769	157,168	134,573	144,392	159,991	161,777	$255,857	- -
60 – 64	38	3	22	5	- -	5	2	1	- -	- -
	152,018	146,122	158,023	157,392	- -	135,496	133,379	130,625	- -	- -
65 – 69	6	2	- -	2	2	- -	- -	- -	- -	- -
	156,863	141,668	- -	173,120	155,802	- -	- -	- -	- -	- -
70 & over	1	- -	1	- -	- -	- -	- -	- -	- -	- -
	153,671	- -	153,671	- -	- -	- -	- -	- -	- -	- -
Total	**2,015**	**527**	**484**	**340**	**223**	**295**	**116**	**29**	**1**	**- -**
	$132,710	**$108,046**	**$130,394**	**$135,057**	**$143,932**	**$153,766**	**$163,427**	**$164,445**	**$255,857**	**- -**

Section 3: Supplemental Information

Exhibit B: Members in Active Service as of December 31, 2020 by Age, Years of Service, and Average Projected Compensation (continued)

Rate Group #8 for Plans E, F, Q, R and V (OCFA)

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	15	15	- -	- -	- -	- -	- -	- -	- -	- -
	$80,560	$80,560	- -	- -	- -	- -	- -	- -	- -	- -
25 – 29	102	91	11	- -	- -	- -	- -	- -	- -	- -
	101,053	97,222	$132,749	- -	- -	- -	- -	- -	- -	- -
30 – 34	177	120	46	11	- -	- -	- -	- -	- -	- -
	116,988	108,834	133,712	$136,006	- -	- -	- -	- -	- -	- -
35 – 39	212	95	64	42	11	- -	- -	- -	- -	- -
	130,888	121,576	133,607	142,818	$149,932	- -	- -	- -	- -	- -
40 – 44	200	34	57	65	36	8	- -	- -	- -	- -
	145,988	124,191	145,150	149,607	160,036	$151,970	- -	- -	- -	- -
45 – 49	170	23	33	36	41	29	7	1	- -	- -
	154,095	138,888	146,574	155,344	161,086	162,936	$153,435	$168,746	- -	- -
50 – 54	120	10	20	12	23	25	19	11	- -	- -
	163,734	135,141	163,907	147,106	160,768	165,631	172,810	193,769	- -	- -
55 – 59	86	3	33	3	9	14	12	11	1	- -
	160,768	149,087	157,616	137,281	165,245	152,087	151,920	195,937	$170,876	- -
60 – 64	41	3	21	- -	3	2	3	5	3	1
	144,665	131,197	141,659	- -	131,145	143,182	148,035	153,452	179,624	$132,803
65 – 69	7	- -	2	- -	- -	1	- -	1	2	1
	144,866	- -	136,048	- -	- -	120,674	- -	135,968	167,265	150,789
70 & over	2	- -	2	- -	- -	- -	- -	- -	- -	- -
	149,421	- -	149,421	- -	- -	- -	- -	- -	- -	- -
Total	**1,132**	**394**	**289**	**169**	**123**	**79**	**41**	**29**	**6**	**2**
	$137,882	**$112,372**	**$142,898**	**$147,860**	**$159,296**	**$159,721**	**$161,575**	**$184,784**	**$174,046**	**$141,796**

Section 3: Supplemental Information

Exhibit C: Reconciliation of Member Data

	Active Members	Inactive Vested Members[1]	Retired Members	Disabled Members	Beneficiaries	Total
Number as of December 31, 2019	**22,257**	**6,520**	**14,449**	**1,505**	**2,466**	**47,197**
• New members	1,001	100	N/A	N/A	193	1,294
• Terminations – with vested rights	(511)	511	N/A	N/A	N/A	0
• Contribution refunds	(103)	(110)	N/A	N/A	N/A	(213)
• Retirements	(1,072)	(149)	1,221	N/A	N/A	0
• New disabilities	(30)	(3)	(24)	57	N/A	0
• Return to work	47	(42)	(3)	(2)	N/A	0
• Died with or without beneficiary	(29)	(9)	(306)	(34)	(96)	(474)
• Data adjustments	(1)	0	2	(1)	(8)	(8)
Number as of December 31, 2020	**21,559**	**6,818**	**15,339**	**1,525**	**2,555**	**47,796**

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

Section 3: Supplemental Information

Exhibit D: Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended December 31, 2020		Year Ended December 31, 2019	
Net assets at market value at the beginning of the year[1]		$16,516,108,000		$14,349,790,000
Contribution income:				
• Employer contributions[2]	$659,807,000		$642,540,000	
• Member contributions	279,384,000		279,373,000	
• Discount for prepaid contributions	24,731,000		22,049,000	
• Transfer from County Investment Account[3]	5,000,000		0	
Net contribution income		$968,922,000		$943,962,000
Investment income:				
• Interest, dividends and other income	$2,108,981,000		$2,248,759,000	
• Less investment and administrative fees	(126,224,000)		(125,501,000)	
Net investment income		$1,982,757,000		$2,123,258,000
Total income available for benefits		**$2,951,679,000**		**$3,067,220,000**
Less benefit payments:				
• Benefits paid	$(961,778,000)		$(887,653,000)	
• Withdrawal of contributions	(11,547,000)		(13,249,000)	
Net benefit payments		$(973,325,000)		$(900,902,000)
Change in net assets at market value		**$1,978,354,000**		**$2,166,318,000**
Net assets at market value at the end of the year[1]		**$18,494,462,000**		**$16,516,108,000**

Note: Results may be slightly off due to rounding.

[1] See footnote 1 on next page for further detail.
[2] Excludes $29,884,000 in contributions towards O.C. Sanitation District UAAL Deferred Account as of December 31, 2019. Includes asset transfer of $18,631,000 as of December 31, 2019 from O.C. Sanitation District UAAL Deferred Account to valuation assets.
[3] Funded by pension obligation bond proceeds held by OCERS.

Section 3: Supplemental Information

Exhibit E: Summary Statement of Plan Assets

	December 31, 2020		December 31, 2019	
Cash equivalents		$470,809,000		$415,160,000
Accounts receivable:				
• Contributions	$13,354,000		$24,104,000	
• Investment income	19,342,000		18,054,000	
• Securities settlements	87,852,000		335,681,000	
• All other	4,870,000		5,462,000	
Total accounts receivable		$125,418,000		$383,301,000
Investments:				
• Equities	$10,931,514,000		$8,291,819,000	
• Fixed income investments	2,318,741,000		2,787,092,000	
• Alternative investments and diversified credit	5,316,164,000		5,440,774,000	
• Security lending collateral	233,940,000		192,379,000	
• Fixed assets net of accumulated depreciation	13,713,000		16,060,000	
Total investments at market value		$18,814,072,000		$16,728,124,000
Total assets		$19,410,299,000		$17,526,585,000
Accounts payable:				
• Securities settlements	$(115,512,000)		$(301,621,000)	
• Securities lending liability	(233,940,000)		(192,379,000)	
• All other	(98,626,000)		(94,719,000)	
Total accounts payable		$(448,078,000)		$(588,719,000)
Net assets at market value[1]		**$18,494,462,000**		**$16,516,108,000**
Net assets at actuarial value		**$17,525,201,000**		**$16,036,953,000**
Net assets at valuation value		**$17,525,117,000**		**$16,036,869,000**

Note: Results may be slightly off due to rounding.

[1] The market value excludes $160,378,000 and $150,416,000 as of December 31, 2020 and December 31, 2019, respectively, in the County Investment Account (funded by pension obligation bond proceeds held by OCERS), $293,948,000 and $259,285,000 as of December 31, 2020 and December 31, 2019, respectively, in the prepaid employer contributions account, $13,433,000 and $12,057,000 as of December 31, 2020 and December 31, 2019, respectively in the O.C. Sanitation District UAAL Deferred Account (after transfer).

Section 3: Supplemental Information

Exhibit F: Summary of Reported Reserve Information as of December 31, 2020

		Reserves
Used in Development of Valuation Value of Assets:		
• Active Members Reserve (Book Value)		$3,494,518,000
• Retired Members Reserve (Book Value)		12,843,720,000
• Employer Advanced Reserve (Book Value)		2,853,007,000
• ERI Contribution Reserve		13,168,000
• STAR COLA Contribution Reserve		0
• Unrealized Appreciation/(Depreciation) Included in Valuation Value of Assets		(1,679,296,000)
Subtotal: Valuation Value of Assets		$17,525,117,000
Not Used in Development of Valuation Value of Assets:		
• RMBR	$0	
• Unclaimed Member Deposit	0	
• Medicare Medical Insurance Reserve	84,000	
Subtotal	$84,000	
Subtotal: Actuarial Value of Assets		$17,525,201,000
• Unrecognized Investment Income		969,261,000
Subtotal: Market Value of Assets (Net of County Investment Account[1] and Prepaid Employer Contributions and O.C. Sanitation District UAAL Deferred Account)		$18,494,462,000
• County Investment Account[1]		160,378,000
• Prepaid Employer Contributions		293,948,000
• O.C. Sanitation District UAAL Deferred Account		13,433,000
Total: Gross Market Value of Assets		**$18,962,221,000**

Note: Results may be slightly off due to rounding.

[1] Funded by pension obligation bond proceeds held by OCERS.

Section 3: Supplemental Information

Exhibit G: Development of the Fund through December 31, 2020

Year Ended December 31	Employer Contributions[1]	Member Contributions	Net Investment Return[2,3]	Benefit Payments	Market Value of Assets at Year-End	Valuation Value of Assets at Year-End	Valuation Value as a Percent of Market Value
2011	$414,451,000	$183,820,000	$3,236,000	$493,749,000	$8,465,593,000	$9,064,355,000	107.07%
2012	436,895,000	191,069,000	1,014,471,000	541,154,000	9,566,874,000	9,469,208,000	98.98%
2013	458,487,000	209,301,000	1,031,118,000	586,273,000	10,679,507,000	10,417,125,000	97.54%
2014	659,634,000	232,656,000	487,104,000	630,678,000	11,428,223,000	11,449,911,000	100.19%
2015	598,599,000	249,271,000	(51,601,000)	675,963,000	11,548,529,000	12,228,009,000	105.88%
2016	558,020,000	258,297,000	1,010,548,000	717,976,000	12,657,418,000	13,102,978,000	103.52%
2017	619,067,000	262,294,000	1,878,172,000	764,344,000	14,652,607,000	14,197,125,000	96.89%
2018	616,712,000	270,070,000	(361,321,000)	828,278,000	14,349,790,000	14,994,420,000	104.49%
2019	664,589,000	279,373,000	2,123,258,000	900,902,000	16,516,108,000	16,036,869,000	97.10%
2020	689,538,000	279,384,000	1,982,757,000	973,325,000	18,494,462,000	17,525,117,000	94.76%

1 Includes discount for prepaid contributions, asset transfers from County Investment Account and asset transfer from O.C. Sanitation District UAAL Deferred Account, if any.
2 On a market basis, net of investment fees and administrative expenses.
3 Actual investment loss on net pension plan assets includes both the administrative expenses and discount for prepaid contributions while excluding the investment gains or losses credited to County Investment Account and O.C. Sanitation District UAAL Deferred Account, if any.

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases

Rate Group #1 – Plans A, B and U (County and IHSS)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2012	Restart amortization	$70,164	13	$64,510	$6,404
December 31, 2013	Actuarial (gain) or loss	(5,744)	13	(5,281)	(524)
December 31, 2014	Actuarial (gain) or loss	(2,744)	14	(2,579)	(242)
December 31, 2014	Assumption changes	(6,545)	14	(6,149)	(577)
December 31, 2015	Actuarial (gain) or loss	(1,650)	15	(1,580)	(141)
December 31, 2016	Actuarial (gain) or loss	(9,719)	16	(9,433)	(801)
December 31, 2017	Actuarial (gain) or loss	(5,386)	17	(5,286)	(430)
December 31, 2017	Assumption changes	21,899	17	21,490	1,748
December 31, 2018	Actuarial (gain) or loss	44	18	44	3
December 31, 2019	Actuarial (gain) or loss	(6,588)	19	(6,565)	(494)
December 31, 2020	Entry Age method change	(222)	20	(222)	(16)
December 31, 2020	Actuarial (gain) or loss	(6,313)	20	(6,313)	(459)
December 31, 2020	Assumption changes	76	20	76	6
Subtotal				$42,712	$4,477
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for O.C. Vector Control[1]				$(488)	
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for Department of Education[1]				$3,054	
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for U.C.I.[1]				$29,974	
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for Cypress Recreation and Parks[1]				$538	
Rate Group #1 Subtotal				**$75,790**	

[1] In determining the UAALs for the O.C. Vector Control District, Department of Education, U.C.I and Cypress Recreation and Parks, we first start by rolling forward the VVAs of these employers as of December 31, 2019 to December 31, 2020 to reflect the actual contributions, benefit payments and return on their VVAs during 2020. The AALs for these employers are obtained from internal valuation results.

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #2 – Plans I, J, O, P, S, T, U and W

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2012	Restart amortization	$3,438,555	13	$3,161,445	$313,840
December 31, 2013	Actuarial (gain) or loss	(173,790)	13	(159,784)	(15,862)
December 31, 2014	Actuarial (gain) or loss	(78,001)	14	(73,300)	(6,876)
December 31, 2014	Assumption changes	(246,714)	14	(231,843)	(21,747)
December 31, 2015	Actuarial (gain) or loss	(65,063)	15	(62,272)	(5,547)
December 31, 2016	Actuarial (gain) or loss	39,445	16	38,284	3,252
Subtotal[1]				$2,672,530	$267,060
December 31, 2017	Actuarial (gain) or loss	$(59,911)	17	$(58,789)	$(4,782)
December 31, 2017	Assumption changes	481,098	17	472,091	38,397
December 31, 2018	Actuarial (gain) or loss	207,573	18	205,566	16,061
December 31, 2019	Actuarial (gain) or loss	186,003	19	185,349	13,952
December 31, 2020	Entry Age method change	(15,846)	20	(15,846)	(1,152)
December 31, 2020	Actuarial (gain) or loss	(118,155)	20	(118,155)	(8,592)
December 31, 2020	Assumption changes	183,272	20	183,272	13,327
Subtotal[2]				$853,488	$67,211
Rate Group #2 Subtotal				**$3,526,018**	**$334,271**

Note:

We have made an adjustment to the amortization bases to reflect the $1.7 million additional contributions made by Children and Families Commission to pay off their UAAL as of December 31, 2016. With that adjustment, we have reduced the amortization layers established on or before December 31, 2016 for Rate Group #2 by that amount on a pro-rata basis. The UAAL contribution rate for Children and Families Commission is determined based on the amortization layers established on or after December 31, 2017.

[1] This amount is spread over the payroll for all employers in Rate Group #2 excluding the payroll for Children and Families Commission.
[2] This amount is spread over the payroll for all employers in Rate Group #2 including the payroll for Children and Families Commission.

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #3 – Plans B, G, H and U (OCSD)

Date Established	Source	Initial Amount ($ in ‘000s)	Years Remaining	Outstanding Balance ($ in ‘000s)	Annual Payment ($ in ‘000s)
Rate Group #3 Subtotal				**$(24,920)**	**$0**

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #5 – Plans A, B and U (OCTA)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2012	Restart amortization	$232,513	13	$213,951	$21,239
December 31, 2013	Actuarial (gain) or loss	(13,471)	13	(12,395)	(1,230)
December 31, 2014	Actuarial (gain) or loss	4,522	14	4,253	399
December 31, 2014	Assumption changes	(19,944)	14	(18,758)	(1,760)
December 31, 2015	Actuarial (gain) or loss	(933)	15	(894)	(80)
December 31, 2016	Actuarial (gain) or loss	(9,743)	16	(9,465)	(804)
December 31, 2017	Actuarial (gain) or loss	(9,948)	17	(9,762)	(794)
December 31, 2017	Assumption changes	43,481	17	42,666	3,470
December 31, 2018	Actuarial (gain) or loss	22,318	18	22,102	1,727
December 31, 2019	Actuarial (gain) or loss	12,234	19	12,191	918
December 31, 2020	Entry Age method change	(2,414)	20	(2,414)	(176)
December 31, 2020	Actuarial (gain) or loss	(30,867)	20	(30,867)	(2,244)
December 31, 2020	Assumption changes	4,801	20	4,801	349
Rate Group #5 Subtotal				**$215,409**	**$21,014**

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #9 – Plans M, N and U (TCA)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
Rate Group #9 Subtotal				**$(1,333)**	**$0**

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #10 – Plans I, J, M, N and U (OCFA)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2012	Restart amortization	$72,750	13	$66,941	$6,645
December 31, 2013	Actuarial (gain) or loss	(2,659)	13	(2,446)	(243)
December 31, 2014	Actuarial (gain) or loss	(3,755)	14	(3,532)	(331)
December 31, 2014	Assumption changes	(4,489)	14	(4,223)	(396)
December 31, 2015	Actuarial (gain) or loss	626	15	599	53
December 31, 2016	Actuarial (gain) or loss	134	16	130	11
December 31, 2017	Actuarial (gain) or loss	(15,281)	17	(14,995)	(1,220)
December 31, 2017	Assumption changes	9,159	17	8,988	731
December 31, 2018	Actuarial (gain) or loss	(6,934)	18	(6,867)	(537)
December 31, 2019	Actuarial (gain) or loss	76	19	76	6
December 31, 2020	Entry Age method change	(2,018)	20	(2,018)	(147)
December 31, 2020	Actuarial (gain) or loss	(12,238)	20	(12,238)	(890)
December 31, 2020	Assumption changes	3,814	20	3,814	277
Rate Group #10 Subtotal				**$34,229**	**$3,959**

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #11 – Plans M and N, future service, and U (Cemetery)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2017	Restart amortization & Assumption changes	$281	17	$275	$22
December 31, 2018	Actuarial (gain) or loss	(244)	18	(241)	(19)
December 31, 2019	Actuarial (gain) or loss	613	19	611	46
December 31, 2020	Entry Age method change	(43)	20	(43)	(3)
December 31, 2020	Actuarial (gain) or loss	(178)	20	(178)	(13)
December 31, 2020	Assumption changes	218	20	218	16
Rate Group #11 Subtotal				**$642**	**$49**

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #12 – Plans G, H, future service, and U (Law Library)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
Rate Group #12 Subtotal				**$(507)**	**$0**

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #6 – Plans E, F and V (Probation)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2012	Restart amortization	$192,912	13	$177,510	$17,622
December 31, 2013	Actuarial (gain) or loss	(14,039)	13	(12,919)	(1,282)
December 31, 2014	Actuarial (gain) or loss	(2,596)	14	(2,442)	(229)
December 31, 2014	Assumption changes	36,260	14	34,103	3,199
December 31, 2015	Actuarial (gain) or loss	(10,703)	15	(10,252)	(913)
December 31, 2016	Actuarial (gain) or loss	13,799	16	13,404	1,139
December 31, 2017	Actuarial (gain) or loss	(6,566)	17	(6,444)	(524)
December 31, 2017	Assumption changes	50,030	17	49,093	3,993
December 31, 2018	Actuarial (gain) or loss	8,046	18	7,968	623
December 31, 2019	Actuarial (gain) or loss	8,063	19	8,035	605
December 31, 2020	Entry Age method change	(44)	20	(44)	(3)
December 31, 2020	Actuarial (gain) or loss	(14,580)	20	(14,580)	(1,060)
December 31, 2020	Assumption changes	(36,195)	20	(36,195)	(2,632)
Rate Group #6 Subtotal				**$207,237**	**$20,538**

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Exhibit H: Table of Amortization Bases (continued)

Rate Group #7 – Plans E, F, Q, R and V (Law Enforcement)

Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2012	Restart amortization	$988,833	13	$909,889	$90,326
December 31, 2013	Actuarial (gain) or loss	(51,652)	13	(47,528)	(4,718)
December 31, 2014	Actuarial (gain) or loss	(34,729)	14	(32,663)	(3,064)
December 31, 2014	Assumption changes	102,262	14	96,177	9,021
December 31, 2015	Actuarial (gain) or loss	23,666	15	22,669	2,019
December 31, 2016	Actuarial (gain) or loss	39,724	16	38,587	3,278
December 31, 2017	Actuarial (gain) or loss	(27,922)	17	(27,399)	(2,228)
December 31, 2017	Assumption changes	161,417	17	158,395	12,883
December 31, 2018	Actuarial (gain) or loss	69,329	18	68,658	5,364
December 31, 2019	Actuarial (gain) or loss	75,023	19	74,759	5,627
December 31, 2020	Entry Age method change	(4,900)	20	(4,900)	(356)
December 31, 2020	Actuarial (gain) or loss	(62,670)	20	(62,670)	(4,557)
December 31, 2020	Assumption changes	(88,103)	20	(88,103)	(6,406)
Rate Group #7 Subtotal				**$1,105,871**	**$107,189**

Section 3: Supplemental Information

Exhibit H: Table of Amortization Bases (continued)

Rate Group #8 – Plans E, F, Q, R and V (OCFA)

Date Established	Source	Initial Amount ($ in ‘000s)	Years Remaining	Outstanding Balance ($ in ‘000s)	Annual Payment ($ in ‘000s)
December 31, 2012	Restart amortization	$399,947	13	$368,017	$36,533
December 31, 2013	Actuarial (gain) or loss	(20,177)	13	(18,566)	(1,843)
December 31, 2014	Actuarial (gain) or loss	(35,400)	14	(33,294)	(3,123)
December 31, 2014	Assumption changes	35,957	14	33,819	3,172
December 31, 2015	Actuarial (gain) or loss	(22,228)	15	(21,293)	(1,897)
December 31, 2016	Actuarial (gain) or loss	(15,736)	16	(15,285)	(1,299)
December 31, 2017	Actuarial (gain) or loss	(43,031)	17	(42,226)	(3,434)
December 31, 2017	Assumption changes	53,637	17	52,633	4,281
December 31, 2018	Actuarial (gain) or loss	39,932	18	39,546	3,090
December 31, 2019	Actuarial (gain) or loss	16,317	19	16,260	1,224
December 31, 2020	Entry Age method change	(9,802)	20	(9,802)	(713)
December 31, 2020	Actuarial (gain) or loss	(73,621)	20	(73,621)	(5,353)
December 31, 2020	Assumption changes	(54,766)	20	(54,766)	(3,982)
Rate Group #8 Subtotal				**$241,422**	**$26,656**

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Exhibit H: Table of Amortization Bases (continued)

All Rate Groups Combined

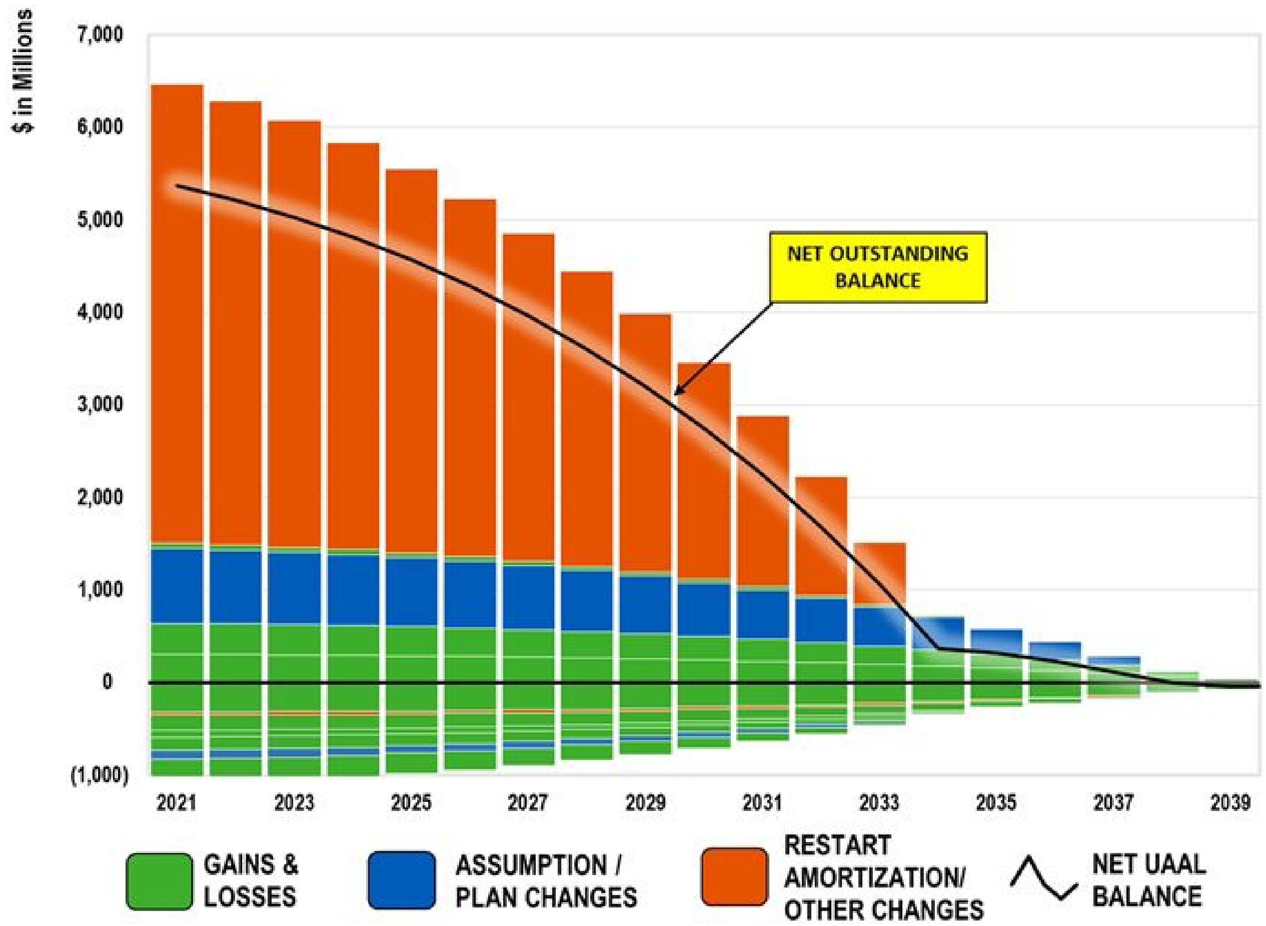
Date Established	Source	Initial Amount ($ in '000s)	Years Remaining	Outstanding Balance ($ in '000s)	Annual Payment ($ in '000s)
December 31, 2012[1]	Restart amortization	$5,395,674	13	$4,962,263	$492,609
December 31, 2013[1]	Actuarial (gain) or loss	(281,532)	13	(258,919)	(25,702)
December 31, 2014[1]	Actuarial (gain) or loss	(152,703)	14	(143,557)	(13,466)
December 31, 2014[1]	Assumption changes	(103,213)	14	(96,874)	(9,088)
December 31, 2015[1]	Actuarial (gain) or loss	(76,285)	15	(73,023)	(6,506)
December 31, 2016[1]	Actuarial (gain) or loss	57,904	16	56,222	4,776
December 31, 2017[1]	Actuarial (gain) or loss	(168,707)	17	(165,133)	(13,431)
December 31, 2017[1]	Assumption changes	821,677	17	805,863	65,544
December 31, 2018[1]	Actuarial (gain) or loss	340,064	18	336,776	26,312
December 31, 2019[1]	Actuarial (gain) or loss	291,741	19	290,716	21,884
December 31, 2020[1]	Entry Age method change	(35,289)	20	(35,289)	(2,566)
December 31, 2020[1]	Actuarial (gain) or loss	(318,622)	20	(318,622)	(23,168)
December 31, 2020[1]	Assumption changes	13,117	20	13,117	955
Subtotal				$5,373,540	$518,153
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for O.C. Vector Control				$(488)	
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for Department of Education				$3,054	
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for U.C.I.				$29,974	
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD) for Cypress Recreation and Parks				$538	
Rate Group #3 – Plans B, G, H and U (OCSD)				$(24,920)	
Rate Group #9 – Plans M, N and U (TCA)				$(1,333)	
Rate Group #12 – Plans G, H, future service, and U (Law Library)				$(507)	
Total				**$5,379,858**	

[1] Excludes O.C. Vector Control, Department of Education, U.C.I., Cypress Recreation and Parks, OCSD, TCA and Law Library.

Section 3: Supplemental Information

Exhibit I: Projection of UAAL Balances and Payments

Outstanding Balance of $5.4 Billion in Net UAAL as of December 31, 2020 [1]

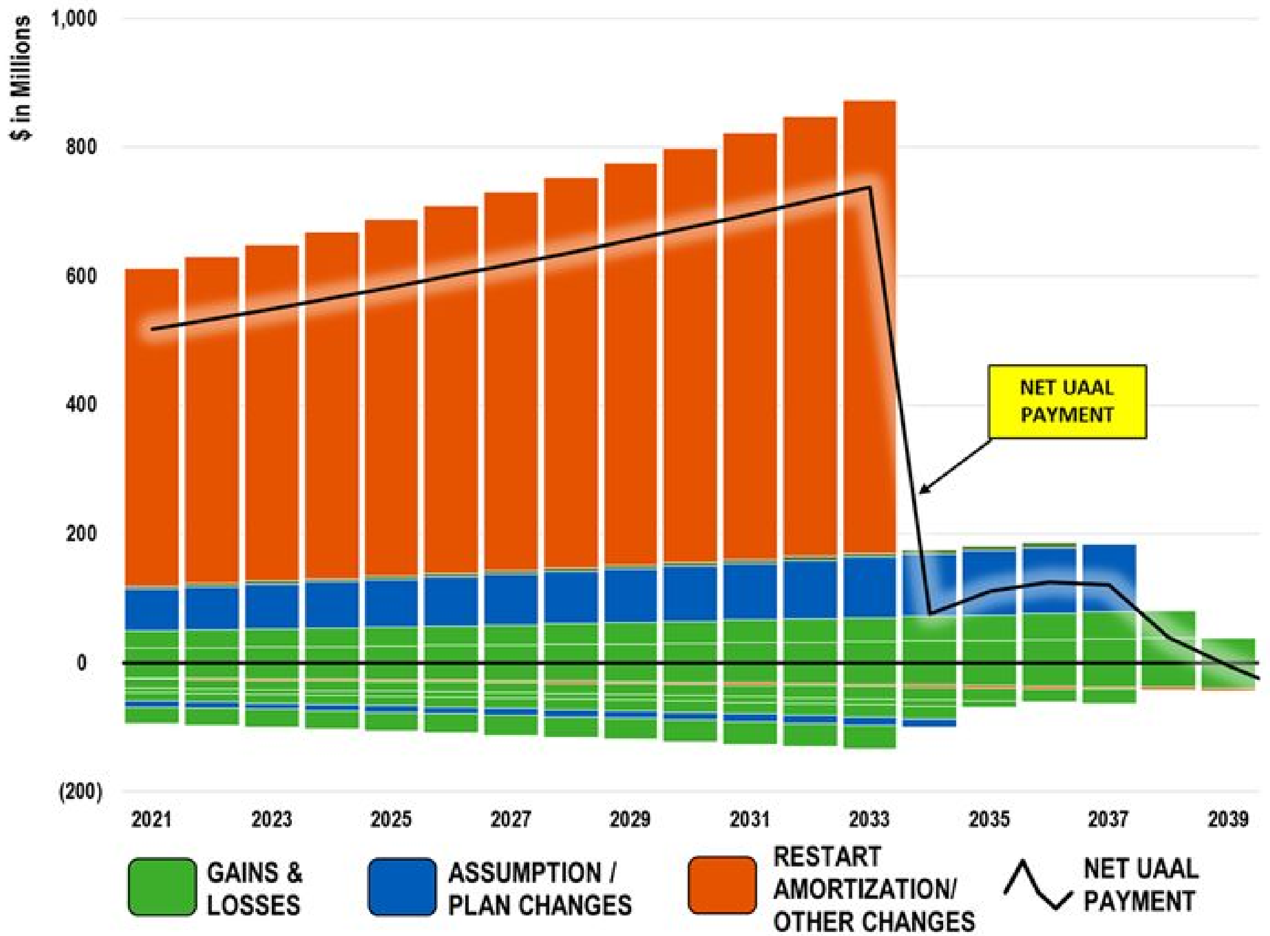


[1] As of December 31, 2037, the Net Outstanding Balance becomes fully amortized. Since this graph is for illustrative purposes only, the Net UAAL payment in calendar year 2037 was not adjusted to be set equal to the remaining UAAL balance.

Section 3: Supplemental Information

Exhibit I: Projection of UAAL Balances and Payments (continued)

Annual Payments Required to Amortize $5.4 Billion in Net UAAL as of December 31, 2020 [1]



[1] As of December 31, 2037, the Net Outstanding Balance becomes fully amortized. Since this graph is for illustrative purposes only, the Net UAAL payment in calendar year 2037 was not adjusted to be set equal to the remaining UAAL balance.

Section 3: Supplemental Information

Exhibit J: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability for Actives:	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Pensioners and Beneficiaries:	The single-sum value of lifetime benefits to existing pensioners and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial Cost Method:	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the actuarially determined contribution.
Actuarial Gain or Loss:	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.
Actuarially Equivalent:	Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV):	The 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. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Section 3: Supplemental Information

Actuarial Present Value of Future Plan Benefits:	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Actuarially Determined Contribution (ADC) and the Net Pension Liability (NPL).
Actuarial Value of Assets (AVA):	The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.
Actuarially Determined:	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.
Actuarially Determined Contribution (ADC):	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.
Amortization Method:	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization Payment:	The portion of the pension plan contribution, or ADC, that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Section 3: Supplemental Information

Assumptions or Actuarial Assumptions:	The estimates upon which the cost of the Fund is calculated, including: Investment return - the rate of investment yield that the Fund will earn over the long-term future; Mortality rates - the death rates of employees and pensioners; life expectancy is based on these rates; Retirement rates - the rate or probability of retirement at a given age or service; Disability rates - the probability of disability retirement at a given age; Termination rates - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; Salary increase rates - the rates of salary increase due to inflation and productivity growth.
Closed Amortization Period:	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc. See Open Amortization Period.
Decrements:	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.
Defined Benefit Plan:	A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.
Defined Contribution Plan:	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer Normal Cost:	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Experience Study:	A periodic review and analysis of the actual experience of the Fund that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.
Funded Ratio:	The ratio of the Actuarial Value of Assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the Market Value of Assets (MVA), rather than the AVA.
Investment Return:	The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

Section 3: Supplemental Information

Normal Cost:	That portion of the Actuarial Present Value of pension plan benefits and expenses allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated.
Open Amortization Period:	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period with level percentage of payroll is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never decrease, but will become smaller each year, in relation to covered payroll, if the actuarial assumptions are realized.
Unfunded Actuarial Accrued Liability:	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative, in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.
Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.
Valuation Value of Assets:	The Actuarial Value of Assets reduced by the value of non-valuation reserves.

Section 4: Actuarial Valuation Basis

Exhibit I: Actuarial Assumptions and Methods

Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the January 1, 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.
Economic Assumptions	
Net Investment Return:	7.00%; net of administrative and investment expenses. Based on the Actuarial Experience Study referenced above, expected administrative and investment expenses represent about 0.85% of the Actuarial Value of Assets.
Member Contribution Crediting Rate:	5.00%, compounded semi-annually.
Consumer Price Index:	Increase of 2.50% per year, retiree COLA increases of 2.75% per year. The actual COLA granted by OCERS on April 1, 2021 has been reflected in the December 31, 2020 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.

Section 4: Actuarial Valuation Basis

Salary Increases:

- The annual rate of compensation increase includes: inflation at 2.50%, plus "across the board" salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Rate (%) General	Rate (%) 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.

Section 4: Actuarial Valuation Basis

Demographic Assumptions:	
Post-Retirement Mortality Rates:	*Healthy* • **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 • **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019 *Disabled* • **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 • **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019 *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.

Section 4: Actuarial Valuation Basis

Pre-Retirement Mortality Rates:

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

	Rate (%)[1]			
	General		Safety	
Age	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.

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

Mortality Rates for Member Contributions:

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

Section 4: Actuarial Valuation Basis

Disability Incidence:

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

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

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

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

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

Section 4: Actuarial Valuation Basis

Termination:

Years of Service	Rate (%) 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 (%)

Years of Service	Rate (%) 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

Section 4: Actuarial Valuation Basis

Retirement Rates:

	Rate (%)[1]			
	General Enhanced		General Non-Enhanced[2]	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
49	0.00	30.00	0.00	25.00
50	2.00	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).

Section 4: Actuarial Valuation Basis

Retirement Rates (continued):

	Rate (%)[1]					
	Safety Law (31664.1)		Safety Fire (31664.1)		Safety Probation (31664.1)	
Age	**Less than 30 Years of Service**	**Greater than 30 Years of Service**	**Less than 30 Years of Service**	**Greater than 30 Years of Service**	**Less than 30 Years of Service**	**Greater than 30 Years of Service**
45	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.

Section 4: Actuarial Valuation Basis

Retirement Rates (continued):

	Rate (%)[1]		
Age	**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.

Section 4: Actuarial Valuation Basis

Retirement Rates (continued):

Age	Rate (%)[1] CalPEPRA 2.5% @ 67 General Formula	CalPEPRA 2.7% @ 57 Safety Formula Probation	CalPEPRA 2.7% @ 57 Safety Formula Law	CalPEPRA 2.7% @ 57 Safety Formula Fire
50	0.00	3.00	11.00	6.00
51	0.00	3.00	11.50	6.50
52	6.00	3.50	12.00	8.00
53	2.00	3.50	16.00	10.00
54	2.00	6.00	17.00	11.50
55	2.50	12.00	29.00	20.00
56	3.50	12.00	19.00	19.00
57	5.50	15.00	19.00	21.00
58	7.50	25.00	23.00	24.00
59	7.50	25.00	26.00	30.00
60	7.50	40.00	40.00	40.00
61	7.50	40.00	40.00	40.00
62	14.00	40.00	40.00	40.00
63	14.00	40.00	40.00	40.00
64	14.00	40.00	40.00	40.00
65	20.00	100.00	100.00	100.00
66	22.00	100.00	100.00	100.00
67	23.00	100.00	100.00	100.00
68	23.00	100.00	100.00	100.00
69	23.00	100.00	100.00	100.00
70	25.00	100.00	100.00	100.00
71	25.00	100.00	100.00	100.00
72	25.00	100.00	100.00	100.00
73	25.00	100.00	100.00	100.00
74	25.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00

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

Section 4: Actuarial Valuation Basis

Retirement Age and Benefit for Deferred Vested Members:	General Retirement Age: 59 Safety Retirement 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 cashout assumptions for non-CalPEPRA members), service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have 3 or more years of service, we used an average salary. For those members without salary information that have less than 3 years of service or for those members without service information, we assumed a refund of account balance.
Future Benefit Accruals:	1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Form of Payment:	All active and inactive members are assumed to elect the unmodified option at retirement.
Percent Married:	For all active and inactive members, 75% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement.
Age and Gender of Spouse:	For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Section 4: Actuarial Valuation Basis

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:

	Rate (%)	
Years of Service	**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 Funding Policy

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.

Actuarial Value of Assets:

Market value of assets (MVA) less unrecognized returns in each of the last five annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized annually over a five-year period.

Valuation Value of Assets:

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

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 (13 years remaining as of December 31, 2020).

Any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing 5-year periods; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains/losses are also amortized over separate decreasing 20-year periods.

Section 4: Actuarial Valuation Basis

Other Actuarial Methods	
Employer Contributions:	Employer contributions consist of two components: *Normal Cost* 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-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is determined as a level percentage of the member's compensation. *Contribution to the Unfunded Actuarial Accrued Liability (UAAL)* The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual payroll growth rate assumption The amortization policy is described on the previous page. The recommended employer contributions are provided in *Section 2, Subsection F.*
Member Contributions:	**Non-CalPEPRA Members** Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to: ➤ 1/200 of Final Average Salary for General Plan A; ➤ 1/120 of Final Average Salary for General Plan B; ➤ 1/100 of Final Average Salary for General Plans G, H, I, J, and S; ➤ 1/120 of Final Average Salary for General Plans M, N, O, and P; ➤ 1/200 of Final Average Salary for Safety Plans E and Q, and; ➤ 1/100 of Final Average Salary for Safety Plans F and R. The annuity age is 60 for General Plans A, B, M, N, O, P and S, 55 for Plans G, H, I, and J, and 50 for Safety Plans E, F, Q, and R. It is assumed that contributions are made annually at the same rate, starting at entry age.

Section 4: Actuarial Valuation Basis

	In addition to the basic contributions, members also pay one-half of the total normal cost necessary to fund cost-of-living benefits which is calculated separately for each rate group, with the exception of Rate Groups #9 and #11, which are developed on a combined or pooled basis as described in our Cost Sharing Structure letter dated July 30, 2010. Within each rate group, the COLA normal cost is either pooled for Tiers 1 and 2 because the same 3% COLA is provided for both Tiers, or it differs by a set formula based on past practice we carried over from the OCERS' prior actuary. Accumulation includes crediting of interest at the assumed investment earnings rate. Effective with the December 31, 2014 valuation, for determining the cost of the total benefit (i.e., basic and COLA components), the effect of the assumed additional cashouts are recognized in the valuation as an employer and member cost. **CalPEPRA Members** Pursuant to Section 7522.30(a) of the Government Code, members in Plans T, U, V and W are required to contribute at least 50% of the Normal Cost rate. We have assumed that exactly 50% of the Normal Cost would be paid by the new members. Also of note is that based on our recommendation, OCERS decided to use the discretion made available by AB1380 to not round the member's contribution rate to the nearest ¼% as previously required by CalPEPRA. For members in Plan T and Plan W, their basic rates have been calculated using a methodology similar to that used for Plan P. For members in Plan U or Plan V, their basic rates have been calculated using a methodology outlined in our letter dated December 4, 2012 that was previously approved by the Board. The member contribution rates for all members are provided in *Section 4, Exhibit III*.
Internal Revenue Code Section 415:	Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan. A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets. In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $230,000 for 2021. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. Non-CalPEPRA benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m). Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard. Non-CalPEPRA contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

Section 4: Actuarial Valuation Basis

Changed Actuarial Assumptions and Methods:	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. Previously, these assumptions and methods were as follows:
Prior Actuarial Assumptions:	
Consumer Price Index:	Increase of 2.75% per year, retiree COLA increases due to CPI subject to a 3.0% maximum change per year.
Payroll Growth:	Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year.
Increase in Section 7522.10 Compensation Limit:	Increase of 2.75% per year from the valuation date.

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):

Salary Increases:

- The annual rate of compensation increase includes: inflation at 2.75%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Rate (%) General	Rate (%) Safety
Less than 1	9.00	14.00
1 - 2	7.25	10.00
2 - 3	6.00	7.75
3 - 4	5.00	6.00
4 -5	4.00	5.50
5 - 6	3.50	4.50
6 - 7	2.50	3.75
7 - 8	2.25	3.25
8 - 9	1.75	2.50
9 - 10	1.50	2.25
10 - 11	1.50	1.75
11 - 12	1.50	1.75
12 - 13	1.50	1.75
13 - 14	1.50	1.75
14 - 15	1.50	1.75
15 - 16	1.50	1.75
16 - 17	1.00	1.50
17 - 18	1.00	1.50
18 - 19	1.00	1.50
19 - 20	1.00	1.50
20 & Over	1.00	1.50

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

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):

Post-Retirement Mortality Rates:

Healthy

- **General Members and All Beneficiaries:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, with no setback for males and females.
- **Safety Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, setback four years for males and females.

Disabled

- **General Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, set forward five years for males and females.
- **Safety Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, with no setback for males and females.

The RP-2014 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates:

- **General and Safety Members:** Headcount-Weighted RP-2014 Employee Mortality Tables multiplied by 80%, projected generationally with the two-dimensional MP-2016 projection scale.

	Rate (%)[1]			
	General		Safety	
Age	Male	Female	Male	Female
25	0.05	0.02	0.05	0.02
30	0.05	0.02	0.05	0.02
35	0.05	0.03	0.05	0.03
40	0.06	0.04	0.06	0.04
45	0.10	0.07	0.10	0.07
50	0.17	0.11	0.17	0.11
55	0.27	0.17	0.27	0.17
60	0.45	0.24	0.45	0.24
65	0.78	0.36	0.78	0.36

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.

[1] Generational projections beyond the base year (2014) are not reflected in the above mortality rates.

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):

Mortality Rates for Member Contributions:

- **General Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected 20 years with the two-dimensional mortality improvement Scale MP-2016, with no setback for males and females, weighted 40% male and 60% female.
- **Safety Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected 20 years with the two-dimensional mortality improvement Scale MP-2016, setback four years for males and females, weighted 80% male and 20% female.

Disability Incidence:

	Rate (%)			
Age	**General All Other**	**General OCTA**	**Safety Law & Fire**	**Safety Probation**
20	0.00	0.00	0.00	0.00
25	0.00	0.00	0.01	0.03
30	0.01	0.03	0.04	0.08
35	0.03	0.20	0.14	0.10
40	0.08	0.36	0.23	0.13
45	0.13	0.43	0.40	0.21
50	0.18	0.48	1.10	0.28
55	0.23	0.65	2.40	0.42
60	0.31	1.26	4.80	0.20

60% of General All Other disabilities are assumed to be service connected disabilities. The other 40% are assumed to be non-service connected.

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

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

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

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):

Termination:

Years of Service	Rate (%) General All Other	General OCTA	Safety Law & Fire	Safety Probation
Less than 1	11.00	17.50	4.50	14.00
1 – 2	7.50	11.00	2.50	13.00
2 – 3	6.50	9.00	2.00	10.00
3 – 4	5.00	8.50	1.50	5.00
4 – 5	4.50	7.50	1.25	4.00
5 – 6	4.25	7.00	1.00	3.50
6 – 7	3.75	4.50	0.95	2.75
7 – 8	3.25	4.00	0.90	2.00
8 – 9	3.00	3.50	0.85	2.00
9 – 10	2.75	3.00	0.80	1.75
10 – 11	2.50	3.00	0.75	1.75
11 – 12	2.00	3.00	0.65	1.50
12 – 13	2.00	3.00	0.60	1.25
13 – 14	1.75	2.50	0.55	1.00
14 – 15	1.50	2.50	0.50	0.75
15 – 16	1.40	2.50	0.45	0.75
16 – 17	1.30	2.00	0.40	0.75
17 – 18	1.20	1.80	0.35	0.25
18 – 19	1.10	1.60	0.30	0.25
19 – 20	1.00	1.40	0.25	0.25
20 & Over	0.90	1.20	0.20	0.25

Election for Withdrawal of Contributions (%)

Years of Service	Rate (%) General All Other	General OCTA	Safety Law & Fire	Safety Probation
Less than 5	35.00	40.00	20.00	25.00
5 – 9	30.00	35.00	20.00	25.00
10 – 14	25.00	30.00	20.00	25.00
15 & Over	20.00	20.00	20.00	25.00

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):

Retirement Rates:

	Rate (%)[1]			
Age	**General Enhanced**	**General Non-Enhanced[2]**	**General SJC (31676.12)**	**Safety Law (31664.1)[3]**
48	0.00	0.00	0.00	0.00
49	30.00	25.00	0.00	12.00
50	2.50	2.00	3.00	18.00
51	2.00	2.00	3.00	18.00
52	2.50	2.00	3.00	17.00
53	2.50	2.75	3.00	17.00
54	5.50	2.75	3.00	22.00
55	15.00	3.25	4.00	22.00
56	10.00	3.50	5.00	20.00
57	10.00	5.50	6.00	20.00
58	11.00	5.50	7.00	20.00
59	11.00	6.50	9.00	26.00
60	12.00	9.25	11.00	35.00
61	12.00	12.00	13.00	35.00
62	14.00	16.00	15.00	40.00
63	16.00	16.00	15.00	40.00
64	16.00	18.00	20.00	40.00
65	22.00	22.00	20.00	100.00
66	22.00	28.00	24.00	100.00
67	23.00	24.00	24.00	100.00
68	23.00	24.00	24.00	100.00
69	23.00	20.00	24.00	100.00
70	25.00	20.00	50.00	100.00
71	25.00	25.00	50.00	100.00
72	25.00	25.00	50.00	100.00
73	25.00	25.00	50.00	100.00
74	25.00	25.00	50.00	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.
2 These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).
3 Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):

Retirement Rates (continued):

	Rate (%)[1]			
Age	Safety Law (31664.2)[2]	Safety Fire (31664.1)	Safety Fire (31664.2)	Safety Probation[2]
48	0.00	0.00	0.00	0.00
49	0.00	2.00	0.00	0.00
50	11.50	5.00	8.00	3.25
51	12.00	7.00	10.00	3.25
52	12.70	9.50	11.00	4.25
53	17.90	10.50	12.00	4.25
54	18.80	15.00	14.00	7.00
55	30.70	18.00	24.00	12.00
56	20.00	20.00	23.00	12.00
57	20.00	21.00	27.00	18.00
58	25.00	28.00	27.00	18.00
59	30.00	28.00	36.00	18.00
60	40.00	30.00	40.00	20.00
61	40.00	30.00	40.00	20.00
62	40.00	35.00	40.00	25.00
63	40.00	35.00	40.00	40.00
64	40.00	35.00	40.00	40.00
65	100.00	100.00	100.00	100.00
66	100.00	100.00	100.00	100.00
67	100.00	100.00	100.00	100.00
68	100.00	100.00	100.00	100.00
69	100.00	100.00	100.00	100.00
70	100.00	100.00	100.00	100.00
71	100.00	100.00	100.00	100.00
72	100.00	100.00	100.00	100.00
73	100.00	100.00	100.00	100.00
74	100.00	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.
[2] Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):

Retirement Rates (continued):

	Rate (%)[1]			
Age	**CalPEPRA 2.5% @ 67 General Formula**	**CalPEPRA 2.7% @ 57 Safety Formula Probation[2]**	**CalPEPRA 2.7% @ 57 Safety Formula Law[2]**	**CalPEPRA 2.7% @ 57 Safety Formula Fire**
50	0.00	2.50	11.00	6.00
51	0.00	2.50	11.50	7.00
52	4.00	3.00	12.00	9.00
53	1.50	3.00	16.00	10.00
54	1.50	5.50	17.00	11.50
55	2.50	10.00	28.00	21.00
56	3.50	10.00	18.00	20.00
57	5.50	15.00	17.50	22.00
58	7.50	20.00	22.00	25.00
59	7.50	20.00	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	18.00	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.
[2] Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Section 4: Actuarial Valuation Basis

Prior Actuarial Assumptions (continued):	
Retirement Age and Benefit for Deferred Vested Members:	General Retirement Age: 59 Safety Retirement Age: 53 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 25% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 4.25% and 4.75% compensation increases are assumed per annum for General and Safety, respectively.
Cashout Assumptions:	Additional compensation amounts are expected to be received during a member's final average earnings period. The percentages used in this valuation are:

	Rate (%)	
Years of Service	**Final One Year Salary**	**Final Three Year Salary**
General Non-CalPEPRA	3.00%	2.80%
Safety Probation Non-CalPEPRA	3.80%	3.40%
Safety Law Non-CalPEPRA	5.20%	4.60%
Safety Fire Non-CalPEPRA	2.00%	1.70%
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.

Section 4: Actuarial Valuation Basis

Exhibit II: Summary of Plan Provisions

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

Plan Year:	January 1 through December 31
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.
	2.7% @ 55 Plans (City of San Juan Capistrano, Orange County Members except bargaining unit AFSCME members, Orange County Superior Court, Local Agency Formation Commission[(2)], Orange County Employees Retirement System[(3)], Children and Families Commission[(4)] and Orange County OCFA)
Plan I	General members hired before September 21, 1979.
Plan J	General members hired on or after September 21, 1979.
	2.0% @ 55 Plans (Transportation Corridor Agency, Cemetery District[(5)] and General OCFA)
Plan M	General members hired before September 21, 1979 and General OCFA members hired on or after July 1, 2011.
Plan N	General members hired on or after September 21, 1979.
	1.62% @ 65 Plans (Orange County Members, Orange County Superior Court, Local Agency Formation Commission and 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.
	(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. (3) Improvement for management members is prospective only for service after June 30, 2005. (4) Improvement is prospective only for service after December 22, 2005. (5) Improvement is prospective only for service after December 7, 2007.

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	2.0% @ 57 Plan (City of San Juan Capistrano)
Plan S	General members hired on or after July 1, 2012.
	All Other General Employers
Plan A	General members hired before September 21, 1979.
Plan B	General members hired on or after September 21, 1979 and Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010.
Non-CalPEPRA Safety Plans	*3.0% @ 50 Plans (Law Enforcement, OCFA and Probation Members)*
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 members of OCFA Executive Management, and before July 1, 2012 for other OCFA Safety members.
	3% @ 55 Plans (Law Enforcement, OCFA)
Plan Q	Safety Law Enforcement members rehired on or after April 9, 2010, Safety members of OCFA Executive Management rehired on or after July 1, 2011, and other OCFA Safety members 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 members of OCFA Executive Management hired on or after July 1, 2011, and other OCFA Safety members hired on or after July 1, 2012.
CalPEPRA General Plans	*1.62% @ 65 Plan (Orange County Members except County Attorneys, Orange County Employees Retirement System except Management Members, Local Agency Formation Commission, and Orange County Superior Court)*
Plan T	General members with membership dates on or after January 1, 2013.
	2.5% @ 67 Plan (All Other General Employers, Orange County Attorneys, Orange County Employees Retirement System Management Members)
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, OCFA and Probation Members)*
Plan V	Safety members with membership dates on or after January 1, 2013.

Section 4: Actuarial Valuation Basis

Final Compensation for Benefit Determination:	
Plans A, E, G, I, M, O and Q	Highest consecutive 12 months of compensation earnable (§31462.1) (FAS1).
Plans B, F, H, J, N, P, R and S	Highest consecutive 36 months of compensation earnable (§31462) (FAS3).
Plans T	Highest consecutive 36 months of pensionable compensation (§7522.32 and §7522.34) (FAS3).
Plans U, V and W	Highest consecutive 36 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:	
General	
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 members 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).
Safety	
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 members over age 55 with 10 years of employment may retire with 5 years of service.
Plan V	Age 50 with 5 years of service (§7522.25(d)) or age 70 regardless of service (§31672.3).

Section 4: Actuarial Valuation Basis

Benefit Formula:

General Plan G
2.5% @ 55 (§31676.18)

Retirement Age	Benefit Formula
50	2.00% x FAS1 x Yrs
55	2.50% x FAS1 x Yrs
60	2.50% x FAS1 x Yrs
62[1]	2.62% x FAS1 x Yrs
65 and over[1]	2.62% x FAS1 x Yrs

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

General Plan H
2.5% @ 55 (§31676.18)

Retirement Age	Benefit Formula
50	2.00% x FAS3 x Yrs
55 and over	2.50% x FAS3 x Yrs

General Plan I
2.7% @ 55 (§31676.19)

Retirement Age	Benefit Formula
50	2.00% x FAS1 x Yrs
55 and over	2.70% x FAS1 x Yrs

General Plan J
2.7% @ 55 (§31676.19)

Retirement Age	Benefit Formula
50	2.00% x FAS3 x Yrs
55 and over	2.70% x FAS3 x Yrs

General Plan M
2.0% @ 55 (§31676.16)

Retirement Age	Benefit Formula
50	1.43% x FAS1 x Yrs
55	2.00% x FAS1 x Yrs
60[2]	2.34% x FAS1 x Yrs
62[2]	2.62% x FAS1 x Yrs
65 and over[2]	2.62% x FAS1 x Yrs

(2) Reflects benefit factors from Plan A as they provide a better benefit than those under 2.0% @ 55.

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	Retirement Age	Benefit Formula
General Plan N *2.0% @ 55 (§31676.16)*	50	1.43% x FAS3 x Yrs
	55	2.00% x FAS3 x Yrs
	60	2.26% x FAS3 x Yrs
	62	2.37% x FAS3 x Yrs
	65 and over[1]	2.43% x FAS3 x Yrs

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

	Retirement Age	Benefit Formula
General Plan O *1.62% @ 65 (§31676.01)*	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 and over	1.62% x FAS1 x Yrs

	Retirement Age	Benefit Formula
General Plans P, T and W *1.62% @ 65 (§31676.01)*	50	0.79% x FAS3 x Yrs
	55	0.99% x FAS3 x Yrs
	60	1.28% x FAS3 x Yrs
	62	1.39% x FAS3 x Yrs
	65 and over	1.62% x FAS3 x Yrs

	Retirement Age	Benefit Formula
General Plan S *2.0% @ 57 (§31676.12)*	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 and over	2.62% x FAS3 x Yrs

Section 4: Actuarial Valuation Basis

Plan	Retirement Age	Benefit Formula
General Plan A 2.0% @ 57 (§31676.12)	**Retirement Age**	**Benefit Formula**
	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 and over	2.62% x FAS1 x Yrs
General Plan B (§31676.1)	**Retirement Age**	**Benefit Formula**
	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 and over	2.43% x FAS3 x Yrs
General Plan U (§7522.20(a))	**Retirement Age**	**Benefit Formula**
	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 and over	2.50% x FAS3 x Yrs
Safety Plan E 3.0% @ 50 (§31664.1)	**Retirement Age**	**Benefit Formula**
	50 and over	3.00% x FAS1 x Yrs
Safety Plan F 3.0% @ 50 (§31664.1)	**Retirement Age**	**Benefit Formula**
	50 and over	3.00% x FAS3 x Yrs
Safety Plan Q 3.0% @ 55 (§31664.2)	**Retirement Age**	**Benefit Formula**
	50	2.29% x FAS1 x Yrs
	55 and over	3.00% x FAS1 x Yrs

Section 4: Actuarial Valuation Basis

	Retirement Age	Benefit Formula
Safety Plan R *3.0% @ 55 (§31664.2)*	50	2.29% x FAS3 x Yrs
	55 and over	3.00% x FAS3 x Yrs
Safety Plan V (§7522.25(d))	**Retirement Age**	**Benefit Formula**
	50	2.00% x FAS3 x Yrs
	55	2.50% x FAS3 x Yrs
	57 and over	2.70% x FAS3 x Yrs

Section 4: Actuarial Valuation Basis

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	
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). For all members, 100% of the Service Retirement benefit will be paid, if greater.
Safety	
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).

Section 4: Actuarial Valuation Basis

Pre-Retirement Death:	
All Members	
Eligibility	None.
Basic lump sum benefit	Refund of member contributions with interest, plus one month's compensation for each year of service, to a maximum of six months' compensation (§31781). A lump sum benefit in the amount of $1,000 is payable upon the 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).
Vested Members	
Eligibility	Five years of service.
Basic benefit	60% of the greater of Service or Ordinary Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of the basic lump sum benefit above (§31781).
Death After Retirement:	
All Members	
Service Retirement or Ordinary Disability Retirement	Unless another option was selected at retirement, 60% of member's unmodified allowance continues to eligible spouse (§31760.1). A lump sum benefit amount of $1,000 is payable upon the 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 the member at least one year prior to the date of retirement (§31760.1). 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.
Line of Duty Disability	Unless another option was selected at retirement, 100% of member's allowance continued to eligible spouse (§31786). A lump sum benefit in the amount of $1,000 is payable upon the 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 employee contributions with interest, or benefit at age 70 (§31628). Effective January 1, 2003, a member may also elect to leave 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).

Section 4: Actuarial Valuation Basis

Post-retirement Cost-of-Living Benefits:	Annual adjustment based on Consumer Price Index to a maximum of 3% per year; excess "banked" (§31870.1).
Supplemental Benefit:	Non-vested supplemental COLA benefit is also paid by the System to eligible retirees and survivors. This benefit has been excluded from this valuation.
Member Contributions:	Please refer to Section 4, Exhibit III for the specific rates.
Plan A	
Basic	Entry-age based rates that provide for an annuity at age 60 equal to 1/200 of FAS1 (§31621.5).
Cost-of-Living	Entry-age based rates that provide for one-half of future Cost-of-Living costs.
Plan B	
Basic	Entry-age based rates that provide for an annuity at age 60 equal to 1/120 of FAS3 (§31621).
Cost-of-Living	Entry-age based rates that provide for one-half of future Cost-of-Living costs.
Plans G, H, I and J	
Basic	Entry-age based rates that provide for an annuity at age 55 equal to 1/100 of FAS3 (FAS1 for Plans G and I) (§31621.8).
Cost-of-Living	Entry-age based rates that provide for one-half of future Cost-of-Living costs.
Plans M, N, O and P	
Basic	Entry-age based rates that provide for an annuity at age 60 equal to 1/120 of FAS3 (FAS1 for Plans M and O) (§31621).
Cost-of-Living	Entry-age based rates that provide for one-half of future Cost-of-Living costs.
Plan S	
Basic	Entry-age based rates that provide for an annuity at age 60 equal to 1/100 of FAS3 (§31621.2).
Cost-of-Living	Entry-age based rates that provide for one-half of future Cost-of-Living costs.
Plans E and Q	
Basic	Entry-age based rates that provide for an annuity at age 50 equal to 1/200 of FAS1 (§31639.5).
Cost-of-Living	Entry-age based rates that provide for one-half of future Cost-of-Living costs.
Plans F and R	
Basic	Entry-age based rates that provide for an annuity at age 50 equal to 1/100 of FAS3 (§31639.25).
Cost-of-Living	Entry-age based rates that provide for one-half of future Cost-of-Living costs.

Section 4: Actuarial Valuation Basis

Plans T, U, V and W	Entry-age based rates that provide for one-half of the total Normal Cost rate.
Other Information:	Non-CalPEPRA Safety members with 30 or more years of service are exempt from paying member contributions. This also applies for General members hired on or before March 7, 1973.
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

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 they can both be sure the proper provisions are valued.

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates

General Tier 1 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Plan I (2.7% @ 55)		Plan A (OCTA)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**
15	7.31%	10.34%	3.17%	5.33%
16	7.31%	10.34%	3.17%	5.33%
17	7.44%	10.53%	3.23%	5.43%
18	7.57%	10.71%	3.29%	5.53%
19	7.71%	10.90%	3.34%	5.62%
20	7.84%	11.09%	3.40%	5.72%
21	7.98%	11.29%	3.46%	5.82%
22	8.12%	11.49%	3.53%	5.93%
23	8.27%	11.69%	3.59%	6.03%
24	8.41%	11.90%	3.65%	6.14%
25	8.56%	12.11%	3.72%	6.25%
26	8.71%	12.32%	3.78%	6.36%
27	8.87%	12.54%	3.85%	6.47%
28	9.02%	12.76%	3.92%	6.58%
29	9.19%	12.99%	3.98%	6.70%
30	9.35%	13.22%	4.06%	6.82%
31	9.52%	13.46%	4.13%	6.94%
32	9.69%	13.71%	4.20%	7.06%
33	9.87%	13.96%	4.28%	7.19%
34	10.05%	14.22%	4.35%	7.32%
35	10.24%	14.48%	4.43%	7.45%
36	10.44%	14.76%	4.51%	7.58%
37	10.64%	15.04%	4.59%	7.72%
38	10.85%	15.34%	4.68%	7.86%
39	11.04%	15.61%	4.76%	8.01%
40	11.24%	15.90%	4.85%	8.16%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General Tier 1 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Plan I (2.7% @ 55)		Plan A (OCTA)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**
41	11.43%	16.16%	4.94%	8.31%
42	11.62%	16.44%	5.04%	8.47%
43	11.82%	16.71%	5.14%	8.64%
44	12.02%	17.01%	5.23%	8.79%
45	12.24%	17.31%	5.33%	8.95%
46	12.47%	17.64%	5.41%	9.10%
47	12.64%	17.88%	5.51%	9.26%
48	12.81%	18.11%	5.60%	9.41%
49	12.92%	18.27%	5.70%	9.58%
50	12.97%	18.34%	5.80%	9.75%
51	12.93%	18.29%	5.91%	9.93%
52	12.80%	18.11%	5.99%	10.07%
53	12.57%	17.77%	6.07%	10.20%
54	12.16%	17.20%	6.12%	10.29%
55	12.16%	17.20%	6.14%	10.33%
56	12.16%	17.20%	6.13%	10.30%
57	12.16%	17.20%	6.07%	10.20%
58	12.16%	17.20%	5.95%	10.01%
59	12.16%	17.20%	5.76%	9.69%
60 & Over	12.16%	17.20%	5.76%	9.69%
COLA Loading:		*41.43%*		*68.12%*

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)
Additional Cashouts: See *Section 4, Exhibit I*

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Plan J (2.7% @ 55 non OCFA)		Plan H (2.5% @ 55 OCSD)		Plan N (2.0% @ 55)[1]		Plan B (OCTA)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
15	7.02%	9.93%	7.02%	9.70%	5.08%	7.43%	5.08%	7.15%
16	7.02%	9.93%	7.02%	9.70%	5.08%	7.43%	5.08%	7.15%
17	7.15%	10.11%	7.15%	9.87%	5.17%	7.56%	5.17%	7.28%
18	7.27%	10.28%	7.27%	10.05%	5.26%	7.70%	5.26%	7.41%
19	7.40%	10.47%	7.40%	10.22%	5.35%	7.83%	5.35%	7.54%
20	7.53%	10.65%	7.53%	10.40%	5.45%	5.45%	7.67%	5.45%
21	7.66%	10.84%	7.66%	10.59%	5.54%	8.11%	5.54%	7.81%
22	7.80%	11.03%	7.80%	10.77%	5.64%	8.25%	5.64%	7.95%
23	7.93%	11.22%	7.93%	10.96%	5.74%	8.40%	5.74%	8.09%
24	8.07%	11.42%	8.07%	11.15%	5.84%	8.55%	5.84%	8.23%
25	8.22%	11.62%	8.22%	11.35%	5.95%	8.70%	5.95%	8.38%
26	8.36%	11.82%	8.36%	11.55%	6.05%	8.85%	6.05%	8.52%
27	8.51%	12.03%	8.51%	11.76%	6.16%	9.01%	6.16%	8.67%
28	8.66%	12.25%	8.66%	11.96%	6.26%	9.17%	6.26%	8.83%
29	8.81%	12.46%	8.81%	12.18%	6.37%	9.33%	6.37%	8.98%
30	8.97%	12.69%	8.97%	12.39%	6.49%	9.49%	6.49%	9.14%
31	9.13%	12.91%	9.13%	12.62%	6.60%	9.66%	6.60%	9.30%
32	9.30%	13.15%	9.30%	12.84%	6.72%	9.83%	6.72%	9.46%
33	9.47%	13.39%	9.47%	13.08%	6.84%	10.00%	6.84%	9.63%
34	9.64%	13.63%	9.64%	13.32%	6.96%	10.18%	6.96%	9.80%
35	9.82%	13.89%	9.82%	13.57%	7.08%	10.36%	7.08%	9.98%
36	10.00%	14.15%	10.00%	13.82%	7.21%	10.55%	7.21%	10.16%
37	10.19%	14.41%	10.19%	14.07%	7.34%	10.74%	7.34%	10.34%
38	10.37%	14.67%	10.37%	14.33%	7.47%	10.93%	7.47%	10.53%
39	10.54%	14.91%	10.54%	14.57%	7.61%	11.14%	7.61%	10.72%
40	10.72%	15.16%	10.72%	14.81%	7.75%	11.34%	7.75%	10.92%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Plan J (2.7% @ 55 non OCFA)		Plan H (2.5% @ 55 OCSD)		Plan N (2.0% @ 55)[1]		Plan B (OCTA)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
41	10.89%	15.40%	10.89%	15.04%	7.90%	11.56%	7.90%	11.13%
42	11.06%	15.64%	11.06%	15.28%	8.04%	11.77%	8.04%	11.33%
43	11.24%	15.89%	11.24%	15.53%	8.19%	11.98%	8.19%	11.53%
44	11.42%	16.15%	11.42%	15.78%	8.33%	12.18%	8.33%	11.73%
45	11.59%	16.39%	11.59%	16.01%	8.46%	12.38%	8.46%	11.92%
46	11.74%	16.60%	11.74%	16.22%	8.60%	12.58%	8.60%	12.11%
47	11.84%	16.75%	11.84%	16.36%	8.73%	12.78%	8.73%	12.30%
48	11.90%	16.84%	11.90%	16.45%	8.87%	12.98%	8.87%	12.50%
49	11.90%	16.83%	11.90%	16.44%	9.02%	13.19%	9.02%	12.70%
50	11.82%	16.72%	11.82%	16.33%	9.15%	13.39%	9.15%	12.89%
51	11.66%	16.49%	11.66%	16.10%	9.27%	13.56%	9.27%	13.06%
52	11.40%	16.13%	11.40%	15.75%	9.35%	13.68%	9.35%	13.17%
53	11.77%	16.65%	11.77%	16.27%	9.40%	13.75%	9.40%	13.24%
54	12.16%	17.20%	12.16%	16.81%	9.40%	13.75%	9.40%	13.24%
55	12.16%	17.20%	12.16%	16.81%	9.33%	13.66%	9.33%	13.15%
56	12.16%	17.20%	12.16%	16.81%	9.20%	13.46%	9.20%	12.97%
57	12.16%	17.20%	12.16%	16.81%	9.00%	13.17%	9.00%	12.68%
58	12.16%	17.20%	12.16%	16.81%	9.30%	13.60%	9.30%	13.10%
59	12.16%	17.20%	12.16%	16.81%	9.60%	14.05%	9.60%	13.53%
60 & Over	12.16%	17.20%	12.16%	16.81%	9.60%	14.05%	9.60%	13.53%
COLA Loading:		*41.43%*		*38.16%*		*46.30%*		*40.87%*

[1] Payable by members in Rate Group #9 and Rate Group #11.

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)
Additional Cashouts: See *Section 4, Exhibit I*

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Plan B (non OCTA, non OCSD)		Plan J (2.7% @ 55 OCFA)		Plan P (1.62% @ 65)		Plan B (OCSD)	
Entry Age	Normal	Total	Normal	Total	Normal	Total	Normal	Total
15	5.08%	7.01%	7.02%	9.87%	5.08%	6.39%	5.08%	7.08%
16	5.08%	7.01%	7.02%	9.87%	5.08%	6.39%	5.08%	7.08%
17	5.17%	7.13%	7.15%	10.05%	5.17%	6.50%	5.17%	7.20%
18	5.26%	7.26%	7.27%	10.22%	5.26%	6.62%	5.26%	7.33%
19	5.35%	7.39%	7.40%	10.40%	5.35%	6.74%	5.35%	7.46%
20	7.52%	7.53%	10.59%	5.45%	6.86%	5.45%	7.59%	5.45%
21	5.54%	7.65%	7.66%	10.77%	5.54%	6.98%	5.54%	7.73%
22	5.64%	7.78%	7.80%	10.96%	5.64%	7.10%	5.64%	7.86%
23	5.74%	7.92%	7.93%	11.16%	5.74%	7.23%	5.74%	8.00%
24	5.84%	8.06%	8.07%	11.35%	5.84%	7.35%	5.84%	8.14%
25	5.95%	8.20%	8.22%	11.55%	5.95%	7.48%	5.95%	8.29%
26	6.05%	8.35%	8.36%	11.76%	6.05%	7.61%	6.05%	8.43%
27	6.16%	8.49%	8.51%	11.96%	6.16%	7.75%	6.16%	8.58%
28	6.26%	8.64%	8.66%	12.18%	6.26%	7.88%	6.26%	8.73%
29	6.37%	8.79%	8.81%	12.39%	6.37%	8.02%	6.37%	8.88%
30	6.49%	8.95%	8.97%	12.61%	6.49%	8.16%	6.49%	9.04%
31	6.60%	9.11%	9.13%	12.84%	6.60%	8.31%	6.60%	9.20%
32	6.72%	9.27%	9.30%	13.07%	6.72%	8.45%	6.72%	9.36%
33	6.84%	9.43%	9.47%	13.31%	6.84%	8.60%	6.84%	9.53%
34	6.96%	9.60%	9.64%	13.55%	6.96%	8.76%	6.96%	9.70%
35	7.08%	9.77%	9.82%	13.81%	7.08%	8.91%	7.08%	9.87%
36	7.21%	9.95%	10.00%	14.07%	7.21%	9.07%	7.21%	10.05%
37	7.34%	10.13%	10.19%	14.32%	7.34%	9.24%	7.34%	10.23%
38	7.47%	10.31%	10.37%	14.58%	7.47%	9.41%	7.47%	10.42%
39	7.61%	10.50%	10.54%	14.83%	7.61%	9.58%	7.61%	10.61%
40	7.75%	10.69%	10.72%	15.07%	7.75%	9.76%	7.75%	10.80%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Plan B (non OCTA, non OCSD)		Plan J (2.7% @ 55 OCFA)		Plan P (1.62% @ 65)		Plan B (OCSD)	
Entry Age	Normal	Total	Normal	Total	Normal	Total	Normal	Total
41	7.90%	10.90%	10.89%	15.31%	7.90%	9.94%	7.90%	11.01%
42	8.04%	11.10%	11.06%	15.55%	8.04%	10.12%	8.04%	11.21%
43	8.19%	11.30%	11.24%	15.80%	8.19%	10.30%	8.19%	11.41%
44	8.33%	11.48%	11.42%	16.06%	8.33%	10.48%	8.33%	11.60%
45	8.46%	11.67%	11.59%	16.30%	8.46%	10.65%	8.46%	11.79%
46	8.60%	11.86%	11.74%	16.51%	8.60%	10.82%	8.60%	11.98%
47	8.73%	12.05%	11.84%	16.65%	8.73%	10.99%	8.73%	12.17%
48	8.87%	12.24%	11.90%	16.74%	8.87%	11.17%	8.87%	12.37%
49	9.02%	12.44%	11.90%	16.73%	9.02%	11.35%	9.02%	12.57%
50	9.15%	12.62%	11.82%	16.62%	9.15%	11.52%	9.15%	12.75%
51	9.27%	12.79%	11.66%	16.39%	9.27%	11.66%	9.27%	12.92%
52	9.35%	12.90%	11.40%	16.03%	9.35%	11.77%	9.35%	13.03%
53	9.40%	12.97%	11.77%	16.56%	9.40%	11.83%	9.40%	13.10%
54	9.40%	12.96%	12.16%	17.10%	9.40%	11.82%	9.40%	13.10%
55	9.33%	12.88%	12.16%	17.10%	9.33%	11.75%	9.33%	13.01%
56	9.20%	12.70%	12.16%	17.10%	9.20%	11.58%	9.20%	12.83%
57	9.00%	12.42%	12.16%	17.10%	9.00%	11.33%	9.00%	12.55%
58	9.30%	12.82%	12.16%	17.10%	9.30%	11.70%	9.30%	12.96%
59	9.60%	13.25%	12.16%	17.10%	9.60%	12.09%	9.60%	13.39%
60 & Over	9.60%	13.25%	12.16%	17.10%	9.60%	12.09%	9.60%	13.39%
COLA Loading:		*37.95%*		*40.61%*		*25.84%*		*39.37%*

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)
Additional Cashouts: See *Section 4, Exhibit I*

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Plan N (OCFA)		Plan S (City of SJC)		Plan H (2.5% @ 55 Law Library)	
Entry Age	Normal	Total	Normal	Total	Normal	Total
15	5.08%	7.70%	6.09%	8.41%	7.02%	9.64%
16	5.08%	7.70%	6.09%	8.41%	7.02%	9.64%
17	5.17%	7.83%	6.20%	8.56%	7.15%	9.81%
18	5.26%	7.97%	6.31%	8.71%	7.27%	9.99%
19	5.35%	8.11%	6.42%	8.87%	7.40%	10.16%
20	8.26%	6.54%	9.03%	7.53%	7.53%	10.34%
21	5.54%	8.40%	6.65%	9.18%	7.66%	10.52%
22	5.64%	8.55%	6.77%	9.35%	7.80%	10.71%
23	5.74%	8.70%	6.89%	9.51%	7.93%	10.90%
24	5.84%	8.85%	7.01%	9.68%	8.07%	11.09%
25	5.95%	9.01%	7.13%	9.85%	8.22%	11.28%
26	6.05%	9.17%	7.26%	10.02%	8.36%	11.48%
27	6.16%	9.33%	7.39%	10.20%	8.51%	11.69%
28	6.26%	9.49%	7.52%	10.38%	8.66%	11.89%
29	6.37%	9.66%	7.65%	10.56%	8.81%	12.10%
30	6.49%	9.83%	7.78%	10.75%	8.97%	12.32%
31	6.60%	10.00%	7.92%	10.94%	9.13%	12.54%
32	6.72%	10.18%	8.06%	11.13%	9.30%	12.77%
33	6.84%	10.36%	8.20%	11.33%	9.47%	13.00%
34	6.96%	10.55%	8.35%	11.53%	9.64%	13.24%
35	7.08%	10.73%	8.50%	11.73%	9.82%	13.49%
36	7.21%	10.93%	8.65%	11.94%	10.00%	13.74%
37	7.34%	11.12%	8.81%	12.16%	10.19%	13.99%
38	7.47%	11.33%	8.97%	12.38%	10.37%	14.24%
39	7.61%	11.53%	9.13%	12.61%	10.54%	14.48%
40	7.75%	11.75%	9.30%	12.84%	10.72%	14.72%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Plan N (OCFA)		Plan S (City of SJC)		Plan H (2.5% @ 55 Law Library)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
41	7.90%	11.97%	9.48%	13.08%	10.89%	14.95%
42	8.04%	12.19%	9.65%	13.33%	11.06%	15.19%
43	8.19%	12.41%	9.83%	13.56%	11.24%	15.43%
44	8.33%	12.62%	9.99%	13.79%	11.42%	15.69%
45	8.46%	12.82%	10.15%	14.02%	11.59%	15.92%
46	8.60%	13.03%	10.31%	14.24%	11.74%	16.12%
47	8.73%	13.23%	10.48%	14.47%	11.84%	16.27%
48	8.87%	13.45%	10.65%	14.70%	11.90%	16.35%
49	9.02%	13.67%	10.82%	14.94%	11.90%	16.34%
50	9.15%	13.87%	10.98%	15.16%	11.82%	16.24%
51	9.27%	14.05%	11.12%	15.35%	11.66%	16.01%
52	9.35%	14.17%	11.22%	15.49%	11.40%	15.66%
53	9.40%	14.24%	11.28%	15.57%	11.77%	16.17%
54	9.40%	14.24%	11.28%	15.57%	12.16%	16.71%
55	9.33%	14.14%	11.20%	15.46%	12.16%	16.71%
56	9.20%	13.95%	11.04%	15.25%	12.16%	16.71%
57	9.00%	13.64%	10.80%	14.92%	12.16%	16.71%
58	9.30%	14.09%	11.16%	15.40%	12.16%	16.71%
59	9.60%	14.56%	11.53%	15.91%	12.16%	16.71%
60 & Over	9.60%	14.56%	11.53%	15.91%	12.16%	16.71%
COLA Loading:		*51.54%*		*38.05%*		*37.34%*

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)
Additional Cashouts: See *Section 4, Exhibit I*

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Rate Group 1 (Plan U)		Rate Group 2 (Plan T)		Rate Group 2 (Plan U)		Rate Group 2 (Plan W)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
15	6.00%	8.12%	3.75%	5.02%	5.18%	7.03%	3.87%	4.58%
16	6.00%	8.12%	3.75%	5.02%	5.18%	7.03%	3.87%	4.58%
17	5.73%	7.76%	3.82%	5.11%	4.95%	6.72%	3.94%	4.66%
18	5.46%	7.38%	3.89%	5.20%	4.71%	6.39%	4.01%	4.75%
19	5.55%	7.52%	3.96%	5.29%	4.80%	6.51%	4.08%	4.83%
20	5.65%	7.65%	4.03%	5.39%	4.88%	6.62%	4.15%	4.92%
21	5.76%	7.79%	4.10%	5.48%	4.97%	6.74%	4.23%	5.00%
22	5.86%	7.93%	4.17%	5.58%	5.06%	6.86%	4.30%	5.09%
23	5.96%	8.07%	4.25%	5.68%	5.15%	6.99%	4.38%	5.18%
24	6.07%	8.21%	4.32%	5.78%	5.24%	7.11%	4.45%	5.27%
25	6.18%	8.36%	4.40%	5.88%	5.33%	7.24%	4.53%	5.37%
26	6.29%	8.51%	4.48%	5.98%	5.43%	7.36%	4.61%	5.46%
27	6.40%	8.66%	4.55%	6.09%	5.53%	7.50%	4.69%	5.56%
28	6.51%	8.81%	4.63%	6.20%	5.62%	7.63%	4.78%	5.66%
29	6.63%	8.97%	4.72%	6.31%	5.72%	7.76%	4.86%	5.76%
30	6.75%	9.13%	4.80%	6.42%	5.82%	7.90%	4.95%	5.86%
31	6.86%	9.29%	4.89%	6.53%	5.93%	8.04%	5.04%	5.96%
32	6.99%	9.45%	4.97%	6.65%	6.03%	8.18%	5.12%	6.07%
33	7.11%	9.62%	5.06%	6.77%	6.14%	8.33%	5.22%	6.18%
34	7.23%	9.79%	5.15%	6.89%	6.25%	8.47%	5.31%	6.29%
35	7.36%	9.96%	5.24%	7.01%	6.36%	8.62%	5.41%	6.40%
36	7.49%	10.14%	5.34%	7.14%	6.47%	8.78%	5.50%	6.52%
37	7.63%	10.32%	5.44%	7.27%	6.58%	8.93%	5.60%	6.63%
38	7.76%	10.50%	5.54%	7.40%	6.70%	9.09%	5.71%	6.76%
39	7.90%	10.69%	5.64%	7.54%	6.82%	9.25%	5.81%	6.88%
40	8.04%	10.88%	5.75%	7.68%	6.94%	9.42%	5.92%	7.01%
41	8.18%	11.07%	5.86%	7.83%	7.07%	9.59%	6.04%	7.15%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Rate Group 1 (Plan U)		Rate Group 2 (Plan T)		Rate Group 2 (Plan U)		Rate Group 2 (Plan W)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
42	8.33%	11.27%	5.97%	7.98%	7.19%	9.76%	6.15%	7.28%
43	8.48%	11.48%	6.07%	8.12%	7.32%	9.93%	6.26%	7.41%
44	8.64%	11.68%	6.18%	8.26%	7.46%	10.12%	6.37%	7.54%
45	8.80%	11.90%	6.28%	8.40%	7.59%	10.30%	6.47%	7.67%
46	8.96%	12.12%	6.38%	8.54%	7.74%	10.49%	6.58%	7.79%
47	9.13%	12.35%	6.49%	8.68%	7.88%	10.69%	6.69%	7.92%
48	9.30%	12.59%	6.60%	8.82%	8.03%	10.90%	6.80%	8.05%
49	9.48%	12.82%	6.71%	8.97%	8.18%	11.10%	6.92%	8.19%
50	9.65%	13.05%	6.82%	9.11%	8.33%	11.30%	7.03%	8.32%
51	9.81%	13.28%	6.91%	9.24%	8.47%	11.50%	7.12%	8.43%
52	9.98%	13.50%	6.98%	9.34%	8.62%	11.69%	7.20%	8.52%
53	10.14%	13.72%	7.03%	9.40%	8.76%	11.88%	7.25%	8.58%
54	10.31%	13.95%	7.04%	9.42%	8.90%	12.08%	7.26%	8.59%
55	10.48%	14.18%	7.02%	9.38%	9.05%	12.28%	7.23%	8.56%
56	10.66%	14.42%	6.95%	9.29%	9.21%	12.49%	7.16%	8.48%
57	10.83%	14.65%	6.84%	9.15%	9.35%	12.68%	7.05%	8.35%
58	10.98%	14.85%	7.06%	9.45%	9.48%	12.86%	7.28%	8.62%
59	11.09%	15.01%	7.30%	9.76%	9.58%	12.99%	7.52%	8.91%
60	11.17%	15.11%	7.30%	9.76%	9.64%	13.08%	7.52%	8.91%
61	11.19%	15.14%	7.30%	9.76%	9.66%	13.10%	7.52%	8.91%
62	11.14%	15.08%	7.30%	9.76%	9.62%	13.05%	7.52%	8.91%
63	11.04%	14.93%	7.30%	9.76%	9.53%	12.93%	7.52%	8.91%
64	10.87%	14.70%	7.30%	9.76%	9.38%	12.73%	7.52%	8.91%
65	11.22%	15.18%	7.30%	9.76%	9.69%	13.14%	7.52%	8.91%
66 & Over	11.59%	15.69%	7.30%	9.76%	10.01%	13.58%	7.52%	8.91%
COLA Loading:		*35.29%*		*33.71%*		*35.66%*		*18.40%*

Section 4: Actuarial Valuation Basis

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)

It is our understanding that in the determination of pension benefits under the CalPEPRA 2.5% at 67 formula and the Plan W 1.62% at 65 formula, the compensation that can be taken into account for 2021 is equal to $153,671 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2021 (reference: Section 7522.10(d)).

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Rate Group 3 (Plan U)		Rate Group 5 (Plan U)		Rate Group 9 (Plan U)		Rate Group 10 (Plan U)	
Entry Age	Normal	Total	Normal	Total	Normal	Total	Normal	Total
15	5.62%	7.59%	6.46%	8.77%	5.73%	7.70%	5.75%	7.78%
16	5.62%	7.59%	6.46%	8.77%	5.73%	7.70%	5.75%	7.78%
17	5.37%	7.25%	6.17%	8.38%	5.48%	7.36%	5.49%	7.44%
18	5.11%	6.90%	5.87%	7.97%	5.21%	7.00%	5.22%	7.08%
19	5.20%	7.02%	5.98%	8.12%	5.30%	7.13%	5.32%	7.20%
20	5.29%	7.15%	6.08%	8.26%	5.40%	7.25%	5.41%	7.33%
21	5.39%	7.28%	6.19%	8.41%	5.50%	7.38%	5.51%	7.46%
22	5.49%	7.41%	6.30%	8.56%	5.59%	7.52%	5.61%	7.60%
23	5.58%	7.54%	6.42%	8.71%	5.69%	7.65%	5.71%	7.73%
24	5.68%	7.68%	6.53%	8.87%	5.80%	7.79%	5.81%	7.87%
25	5.78%	7.81%	6.65%	9.03%	5.90%	7.92%	5.92%	8.01%
26	5.89%	7.95%	6.77%	9.19%	6.00%	8.07%	6.02%	8.15%
27	5.99%	8.09%	6.89%	9.35%	6.11%	8.21%	6.13%	8.30%
28	6.10%	8.24%	7.01%	9.52%	6.22%	8.35%	6.24%	8.45%
29	6.21%	8.38%	7.13%	9.68%	6.33%	8.50%	6.35%	8.60%
30	6.32%	8.53%	7.26%	9.86%	6.44%	8.65%	6.46%	8.75%
31	6.43%	8.68%	7.39%	10.03%	6.55%	8.81%	6.57%	8.90%
32	6.54%	8.83%	7.52%	10.21%	6.67%	8.96%	6.69%	9.06%
33	6.66%	8.99%	7.65%	10.39%	6.79%	9.12%	6.81%	9.22%
34	6.77%	9.15%	7.79%	10.57%	6.91%	9.28%	6.93%	9.38%
35	6.89%	9.31%	7.92%	10.76%	7.03%	9.44%	7.05%	9.55%
36	7.01%	9.48%	8.06%	10.95%	7.15%	9.61%	7.17%	9.72%
37	7.14%	9.64%	8.21%	11.14%	7.28%	9.78%	7.30%	9.89%
38	7.27%	9.81%	8.35%	11.34%	7.41%	9.96%	7.43%	10.06%
39	7.40%	9.99%	8.50%	11.54%	7.54%	10.13%	7.56%	10.24%
40	7.53%	10.17%	8.65%	11.75%	7.68%	10.31%	7.70%	10.43%
41	7.66%	10.35%	8.81%	11.96%	7.81%	10.50%	7.84%	10.61%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Rate Group 3 (Plan U)		Rate Group 5 (Plan U)		Rate Group 9 (Plan U)		Rate Group 10 (Plan U)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
42	7.80%	10.54%	8.97%	12.17%	7.95%	10.69%	7.98%	10.80%
43	7.94%	10.73%	9.13%	12.39%	8.10%	10.88%	8.12%	11.00%
44	8.09%	10.92%	9.29%	12.62%	8.25%	11.08%	8.27%	11.20%
45	8.23%	11.12%	9.46%	12.85%	8.40%	11.28%	8.42%	11.41%
46	8.39%	11.33%	9.64%	13.09%	8.55%	11.49%	8.58%	11.62%
47	8.55%	11.54%	9.82%	13.34%	8.71%	11.71%	8.74%	11.84%
48	8.71%	11.76%	10.01%	13.59%	8.88%	11.93%	8.91%	12.06%
49	8.87%	11.98%	10.20%	13.85%	9.05%	12.15%	9.07%	12.29%
50	9.03%	12.20%	10.38%	14.10%	9.21%	12.38%	9.24%	12.51%
51	9.19%	12.41%	10.56%	14.34%	9.37%	12.59%	9.40%	12.73%
52	9.34%	12.62%	10.74%	14.58%	9.53%	12.80%	9.55%	12.94%
53	9.49%	12.83%	10.91%	14.82%	9.68%	13.01%	9.71%	13.15%
54	9.65%	13.04%	11.09%	15.06%	9.84%	13.22%	9.87%	13.37%
55	9.81%	13.25%	11.28%	15.31%	10.01%	13.44%	10.04%	13.59%
56	9.98%	13.48%	11.47%	15.58%	10.18%	13.68%	10.21%	13.83%
57	10.14%	13.69%	11.65%	15.82%	10.34%	13.89%	10.37%	14.04%
58	10.28%	13.88%	11.81%	16.04%	10.48%	14.08%	10.51%	14.24%
59	10.38%	14.03%	11.94%	16.21%	10.59%	14.23%	10.62%	14.38%
60	10.46%	14.12%	12.02%	16.32%	10.66%	14.33%	10.69%	14.48%
61	10.47%	14.15%	12.04%	16.35%	10.68%	14.35%	10.71%	14.51%
62	10.43%	14.09%	11.99%	16.28%	10.64%	14.30%	10.67%	14.45%
63	10.33%	13.96%	11.87%	16.12%	10.54%	14.16%	10.57%	14.31%
64	10.18%	13.74%	11.70%	15.88%	10.38%	13.94%	10.41%	14.10%
65	10.51%	14.19%	12.08%	16.40%	10.71%	14.39%	10.74%	14.55%
66 & Over	10.85%	14.66%	12.48%	16.94%	11.07%	14.87%	11.10%	15.04%
COLA Loading:		*35.08%*		*35.78%*		*34.35%*		*35.45%*

Section 4: Actuarial Valuation Basis

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)

It is our understanding that in the determination of pension benefits under the CalPEPRA 2.5% at 67 formula and the Plan W 1.62% at 65 formula, the compensation that can be taken into account for 2021 is equal to $153,671 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2021 (reference: Section 7522.10(d)).

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Rate Group 11 (Plan U)		Rate Group 12 (Plan U)	
Entry Age	Normal	Total	Normal	Total
15	6.32%	8.56%	5.61%	7.34%
16	6.32%	8.56%	5.61%	7.34%
17	6.04%	8.18%	5.36%	7.01%
18	5.75%	7.78%	5.10%	6.67%
19	5.85%	7.92%	5.19%	6.79%
20	5.96%	8.07%	5.29%	6.91%
21	6.06%	8.21%	5.38%	7.04%
22	6.17%	8.36%	5.48%	7.16%
23	6.28%	8.51%	5.58%	7.29%
24	6.39%	8.66%	5.68%	7.42%
25	6.51%	8.81%	5.78%	7.55%
26	6.62%	8.97%	5.88%	7.69%
27	6.74%	9.13%	5.98%	7.82%
28	6.86%	9.29%	6.09%	7.96%
29	6.98%	9.45%	6.20%	8.10%
30	7.11%	9.62%	6.31%	8.25%
31	7.23%	9.79%	6.42%	8.39%
32	7.36%	9.96%	6.53%	8.54%
33	7.49%	10.14%	6.65%	8.69%
34	7.62%	10.32%	6.76%	8.85%
35	7.76%	10.50%	6.88%	9.00%
36	7.89%	10.69%	7.01%	9.16%
37	8.03%	10.88%	7.13%	9.32%
38	8.18%	11.07%	7.26%	9.49%
39	8.32%	11.27%	7.38%	9.66%
40	8.47%	11.47%	7.52%	9.83%
41	8.62%	11.67%	7.65%	10.01%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

General CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Rate Group 11 (Plan U)		Rate Group 12 (Plan U)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**
42	8.78%	11.88%	7.79%	10.19%
43	8.93%	12.10%	7.93%	10.37%
44	9.10%	12.32%	8.07%	10.56%
45	9.27%	12.55%	8.22%	10.75%
46	9.44%	12.78%	8.38%	10.95%
47	9.62%	13.02%	8.53%	11.16%
48	9.80%	13.27%	8.70%	11.37%
49	9.98%	13.52%	8.86%	11.59%
50	10.16%	13.76%	9.02%	11.80%
51	10.34%	14.00%	9.18%	12.00%
52	10.51%	14.23%	9.33%	12.20%
53	10.68%	14.47%	9.48%	12.40%
54	10.86%	14.70%	9.64%	12.60%
55	11.04%	14.95%	9.80%	12.81%
56	11.23%	15.21%	9.97%	13.04%
57	11.41%	15.45%	10.12%	13.24%
58	11.57%	15.66%	10.26%	13.42%
59	11.68%	15.82%	10.37%	13.56%
60	11.76%	15.93%	10.44%	13.65%
61	11.78%	15.96%	10.46%	13.68%
62	11.74%	15.90%	10.42%	13.63%
63	11.62%	15.74%	10.32%	13.49%
64	11.45%	15.50%	10.16%	13.29%
65	11.82%	16.01%	10.49%	13.72%
66 & Over	12.21%	16.54%	10.84%	14.18%
COLA Loading:		*35.40%*		*30.77%*

Section 4: Actuarial Valuation Basis

Interest:	7.00% per annum
COLA:	2.75%
Mortality:	See *Section 4, Exhibit I*
Salary Increase:	Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)

It is our understanding that in the determination of pension benefits under the CalPEPRA 2.5% at 67 formula and the Plan W 1.62% at 65 formula, the compensation that can be taken into account for 2021 is equal to $153,671 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2021 (reference: Section 7522.10(d)).

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

Safety Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Plan F (OCFA)		Plan F (Law Enforcement)		Plan F (Probation)	
Entry Age	Normal	Total	Normal	Total	Normal	Total
15	8.83%	14.66%	9.26%	15.57%	8.98%	14.74%
16	8.83%	14.66%	9.26%	15.57%	8.98%	14.74%
17	8.95%	14.87%	9.40%	15.79%	9.11%	14.95%
18	9.08%	15.08%	9.53%	16.01%	9.24%	15.16%
19	9.21%	15.30%	9.66%	16.24%	9.37%	15.38%
20	9.34%	15.52%	9.80%	16.47%	9.50%	15.60%
21	9.48%	15.75%	9.94%	16.71%	9.64%	15.82%
22	9.62%	15.97%	10.08%	16.95%	9.78%	16.05%
23	9.76%	16.21%	10.23%	17.19%	9.92%	16.28%
24	9.90%	16.45%	10.38%	17.44%	10.07%	16.52%
25	10.05%	16.69%	10.53%	17.69%	10.22%	16.77%
26	10.20%	16.95%	10.68%	17.96%	10.37%	17.02%
27	10.36%	17.21%	10.84%	18.23%	10.53%	17.28%
28	10.52%	17.47%	11.01%	18.50%	10.69%	17.54%
29	10.68%	17.75%	11.18%	18.79%	10.86%	17.82%
30	10.86%	18.04%	11.35%	19.08%	11.03%	18.10%
31	11.04%	18.33%	11.53%	19.39%	11.21%	18.40%
32	11.22%	18.65%	11.72%	19.71%	11.40%	18.71%
33	11.41%	18.96%	11.91%	20.02%	11.59%	19.02%
34	11.60%	19.27%	12.10%	20.34%	11.78%	19.33%
35	11.80%	19.59%	12.29%	20.66%	11.97%	19.65%
36	12.00%	19.94%	12.50%	21.01%	12.18%	19.98%
37	12.22%	20.31%	12.71%	21.37%	12.40%	20.35%
38	12.44%	20.67%	12.93%	21.73%	12.62%	20.70%
39	12.65%	21.01%	13.12%	22.05%	12.81%	21.03%
40	12.79%	21.25%	13.25%	22.27%	12.96%	21.26%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

Safety Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Plan F (OCFA)		Plan F (Law Enforcement)		Plan F (Probation)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
41	12.88%	21.39%	13.31%	22.37%	13.03%	21.39%
42	12.90%	21.43%	13.30%	22.35%	13.04%	21.40%
43	12.86%	21.36%	13.22%	22.21%	12.98%	21.31%
44	12.75%	21.18%	13.06%	21.95%	12.86%	21.10%
45	12.57%	20.88%	12.81%	21.53%	12.65%	20.77%
46	12.30%	20.43%	12.44%	20.91%	12.35%	20.27%
47	11.91%	19.79%	11.91%	20.02%	11.91%	19.55%
48	12.29%	20.42%	12.29%	20.66%	12.29%	20.17%
49	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
50	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
51	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
52	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
53	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
54	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
55	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
56	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
57	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
58	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
59	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
60 & Over	12.69%	21.08%	12.69%	21.33%	12.69%	20.82%
COLA Loading:		*66.12%*		*68.09%*		*64.10%*

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)
Additional Cashouts: See *Section 4, Exhibit I*

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

Safety Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Plan R (OCFA)		Plan R (Law Enforcement)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**
15	8.83%	14.48%	9.26%	14.67%
16	8.83%	14.48%	9.26%	14.67%
17	8.95%	14.69%	9.40%	14.87%
18	9.08%	14.90%	9.53%	15.08%
19	9.21%	15.11%	9.66%	15.30%
20	9.34%	15.33%	9.80%	15.51%
21	9.48%	15.55%	9.94%	15.73%
22	9.62%	15.78%	10.08%	15.96%
23	9.76%	16.01%	10.23%	16.19%
24	9.90%	16.24%	10.38%	16.42%
25	10.05%	16.49%	10.53%	16.66%
26	10.20%	16.74%	10.68%	16.91%
27	10.36%	16.99%	10.84%	17.16%
28	10.52%	17.26%	11.01%	17.42%
29	10.68%	17.53%	11.18%	17.69%
30	10.86%	17.81%	11.35%	17.97%
31	11.04%	18.11%	11.53%	18.26%
32	11.22%	18.41%	11.72%	18.56%
33	11.41%	18.72%	11.91%	18.86%
34	11.60%	19.04%	12.10%	19.16%
35	11.80%	19.35%	12.29%	19.46%
36	12.00%	19.69%	12.50%	19.78%
37	12.22%	20.06%	12.71%	20.13%
38	12.44%	20.42%	12.93%	20.46%
39	12.65%	20.75%	13.12%	20.76%
40	12.79%	20.99%	13.25%	20.97%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

Safety Tier 2 Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation
(as a % of monthly payroll)

	Plan R (OCFA)		Plan R (Law Enforcement)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**
41	12.88%	21.13%	13.31%	21.07%
42	12.90%	21.16%	13.30%	21.05%
43	12.86%	21.09%	13.22%	20.92%
44	12.75%	20.92%	13.06%	20.67%
45	12.57%	20.62%	12.81%	20.27%
46	12.30%	20.18%	12.44%	19.69%
47	11.91%	19.54%	11.91%	18.86%
48	12.29%	20.16%	12.29%	19.45%
49	12.69%	20.82%	12.69%	20.09%
50	12.69%	20.82%	12.69%	20.09%
51	12.69%	20.82%	12.69%	20.09%
52	12.69%	20.82%	12.69%	20.09%
53	12.69%	20.82%	12.69%	20.09%
54	12.69%	20.82%	12.69%	20.09%
55	12.69%	20.82%	12.69%	20.09%
56	12.69%	20.82%	12.69%	20.09%
57	12.69%	20.82%	12.69%	20.09%
58	12.69%	20.82%	12.69%	20.09%
59	12.69%	20.82%	12.69%	20.09%
60 & Over	12.69%	20.82%	12.69%	20.09%
COLA Loading:		*64.06%*		*58.30%*

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit I*)
Additional Cashouts: See *Section 4, Exhibit I*

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

Safety CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Rate Group 6 (Plan V)		Rate Group 7 (Plan V)		Rate Group 8 (Plan V)	
Entry Age	Normal	Total	Normal	Total	Normal	Total
15	9.44%	13.21%	10.10%	14.25%	8.82%	12.57%
16	9.44%	13.21%	10.10%	14.25%	8.82%	12.57%
17	9.57%	13.40%	10.24%	14.46%	8.95%	12.75%
18	9.70%	13.59%	10.38%	14.66%	9.07%	12.93%
19	9.84%	13.78%	10.53%	14.87%	9.20%	13.11%
20	9.98%	13.98%	10.68%	15.08%	9.33%	13.30%
21	10.12%	14.17%	10.83%	15.29%	9.46%	13.49%
22	10.26%	14.37%	10.98%	15.50%	9.59%	13.68%
23	10.41%	14.58%	11.14%	15.73%	9.73%	13.87%
24	10.56%	14.79%	11.30%	15.95%	9.87%	14.07%
25	10.71%	15.00%	11.46%	16.18%	10.01%	14.27%
26	10.86%	15.21%	11.62%	16.41%	10.15%	14.48%
27	11.02%	15.43%	11.79%	16.65%	10.30%	14.68%
28	11.18%	15.66%	11.96%	16.89%	10.45%	14.90%
29	11.34%	15.89%	12.14%	17.14%	10.60%	15.12%
30	11.51%	16.12%	12.32%	17.39%	10.76%	15.34%
31	11.68%	16.36%	12.50%	17.65%	10.92%	15.57%
32	11.86%	16.60%	12.69%	17.91%	11.08%	15.80%
33	12.04%	16.86%	12.88%	18.18%	11.25%	16.04%
34	12.22%	17.12%	13.08%	18.46%	11.43%	16.29%
35	12.41%	17.38%	13.28%	18.75%	11.60%	16.54%
36	12.61%	17.66%	13.49%	19.05%	11.79%	16.81%
37	12.82%	17.95%	13.71%	19.36%	11.98%	17.08%
38	13.03%	18.25%	13.94%	19.68%	12.18%	17.36%
39	13.26%	18.56%	14.18%	20.02%	12.39%	17.66%
40	13.48%	18.88%	14.42%	20.36%	12.60%	17.96%
41	13.71%	19.19%	14.67%	20.70%	12.81%	18.26%

Section 4: Actuarial Valuation Basis

Exhibit III: Member Contribution Rates (continued)

Safety CalPEPRA Members' Contribution Rates Based on the December 31, 2020 Actuarial Valuation (as a % of monthly payroll)

	Rate Group 6 (Plan V)		Rate Group 7 (Plan V)		Rate Group 8 (Plan V)	
Entry Age	**Normal**	**Total**	**Normal**	**Total**	**Normal**	**Total**
42	13.94%	19.52%	14.91%	21.05%	13.03%	18.57%
43	14.19%	19.86%	15.18%	21.43%	13.26%	18.90%
44	14.45%	20.24%	15.46%	21.83%	13.51%	19.26%
45	14.72%	20.61%	15.75%	22.23%	13.76%	19.61%
46	14.96%	20.95%	16.01%	22.60%	13.99%	19.94%
47	15.15%	21.21%	16.21%	22.88%	14.16%	20.18%
48	15.26%	21.36%	16.32%	23.04%	14.26%	20.33%
49	15.29%	21.41%	16.36%	23.10%	14.29%	20.37%
50	15.25%	21.36%	16.32%	23.04%	14.26%	20.32%
51	15.14%	21.20%	16.20%	22.87%	14.15%	20.18%
52	14.95%	20.93%	15.99%	22.58%	13.97%	19.92%
53	14.66%	20.53%	15.68%	22.14%	13.70%	19.53%
54	14.24%	19.95%	15.24%	21.52%	13.31%	18.98%
55	14.70%	20.58%	15.72%	22.20%	13.74%	19.58%
56 & Over	15.18%	21.25%	16.24%	22.92%	14.19%	20.22%
COLA Loading:		*40.03%*		*41.18%*		*42.55%*

Interest: 7.00% per annum
COLA: 2.75%
Mortality: See *Section 4, Exhibit I*
Salary Increase: Inflation (2.50%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit* I)

It is our understanding that in the determination of pension benefits under the CalPEPRA 2.7% at 57 formula, the compensation that can be taken into account for 2021 is equal to $153,671 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2021 (reference: Section 7522.10(d)).

Section 4: Actuarial Valuation Basis

Exhibit IV: Funded Percentages By Rate Group

The funded percentages on a valuation value of assets basis by rate group provided for informational purposes only are as follows:

	December 31, 2020 Valuation	December 31, 2019 Valuation
General Members		
Rate Group #1 – Plans A, B and U (County and IHSS)[1]	85.72%	82.53%
Rate Group #2 – Plans I, J, O, P, S, T, U and W (County et al.)	72.50%	70.64%
Rate Group #3 – Plans B, G, H and U (OCSD)[2]	103.17%	100.00%
Rate Group #5 – Plans A, B and U (OCTA)	79.32%	75.38%
Rate Group #9 – Plans M, N and U (TCA)	102.48%	99.29%
Rate Group #10 – Plans I, J, M, N and U (OCFA)	87.82%	82.58%
Rate Group #11 – Plans M and N, future service, and U (Cemetery)	94.89%	94.39%
Rate Group #12 – Plans G, H, future service, and U (Law Library)	104.44%	99.72%
Safety Members		
Rate Group #6 – Plans E, F and V (Probation)	78.22%	71.80%
Rate Group #7 – Plans E, F, Q, R and V (Law Enforcement)	75.26%	70.33%
Rate Group #8 – Plans E, F, Q, R and V (OCFA)	87.57%	79.69%

[1] Includes payees from Vector Control, Cypress Parks and Recreation, U.C.I. and DOE.
[2] Reflects asset transfers of $18,631,000 as of December 31, 2019 from O.C. Sanitation District UAAL Deferred Account to valuation assets.

Section 4: Actuarial Valuation Basis

Exhibit V: Reconciliation of Employer Contribution Rates by Rate Group

The reconciliation of the employer contribution rates for the General Rate Groups #1 to #5 are as follows:

	RG #1	RG #2	RG #3	RG #5
Average Recommended Employer Contribution as of December 31, 2019	15.48%	39.04%	11.70%	31.41%
• Effect of investment gain (after smoothing)	(0.58%)	(1.21%)	(1.64%)	(1.14%)
• Effect of additional UAAL contributions from OCFA	0.00%	0.00%	0.00%	0.00%
• Effect of difference in actual versus expected contributions	0.16%	0.46%	0.11%	0.53%
• Effect of higher than expected COLA increases in 2020[1]	0.02%	0.12%	0.09%	0.09%
• Effect of lower than expected COLA increases in 2021[2]	(0.18%)	(0.64%)	(0.58%)	(0.54%)
• Effect of difference in actual versus expected salary increases	0.03%	(0.11%)	(1.96%)	(1.05%)
• Effect of growth in total payroll (greater)/less than expected	0.31%	0.75%	0.00%	1.14%
• Effect of other experience (gain)/loss[3]	0.06%	0.45%	0.63%	(0.07%)
• Effect of changes in actuarial assumptions	(0.18%)	1.87%	1.12%	0.97%
• Effect of reallocating present value benefits between NC and AAL, increase in NC	0.03%	0.18%	0.35%	0.29%
• Effect of reallocating present value benefits between NC and AAL, decrease in UAAL	(0.02%)	(0.09%)	(0.23%)	(0.15%)
• Effect of minimum funding requirement	0.00%	0.00%	2.40%	0.00%
Total change	(0.35%)	1.78%	0.29%	0.07%
Average Recommended Employer Contribution as of December 31, 2020	15.13%	40.82%	11.99%	31.48%

[1] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.
[2] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.
[3] Net of an adjustment to reflect 18-month delay between date of valuation and date of rate implementation for all actuarial experience.

Section 4: Actuarial Valuation Basis

Exhibit V: Reconciliation of Employer Contribution Rates by Rate Group (continued)

The reconciliation of the employer contribution rates for the General Rate Groups #9 to #12 are as follows:

	RG #9	RG #10	RG #11	RG #12
Average Recommended Employer Contribution as of December 31, 2019	13.15%	26.40%	14.85%	13.70%
• Effect of investment gain (after smoothing)	(1.27%)	(1.07%)	(1.00%)	(1.61%)
• Effect of additional UAAL contributions from OCFA	0.00%	(1.31%)	0.00%	0.00%
• Effect of difference in actual versus expected contributions	0.17%	(0.17%)	0.18%	0.02%
• Effect of higher than expected COLA increases in 2020[1]	0.06%	0.07%	0.43%	0.07%
• Effect of lower than expected COLA increases in 2021[2]	(0.40%)	(0.48%)	(0.31%)	(0.57%)
• Effect of difference in actual versus expected salary increases	(0.70%)	(0.06%)	0.11%	(1.27%)
• Effect of growth in total payroll (greater)/less than expected	0.06%	(0.50%)	(0.12%)	0.01%
• Effect of other experience (gain)/loss[3]	0.02%	0.25%	(0.69%)	(0.55%)
• Effect of changes in actuarial assumptions	0.19%	0.98%	1.17%	0.16%
• Effect of reallocating present value benefits between NC and AAL, increase in NC	0.47%	0.70%	0.84%	0.00%
• Effect of reallocating present value benefits between NC and AAL, decrease in UAAL	(0.15%)	(0.42%)	(0.10%)	0.00%
• Effect of minimum funding requirement	1.47%	0.00%	0.00%	3.28%
Total change	(0.08%)	(2.01%)	0.51%	(0.46%)
Average Recommended Employer Contribution as of December 31, 2020	13.07%	24.39%	15.36%	13.24%

[1] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.
[2] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.
[3] Net of an adjustment to reflect 18-month delay between date of valuation and date of rate implementation for all actuarial experience.

Section 4: Actuarial Valuation Basis

Exhibit V: Reconciliation of Employer Contribution Rates by Rate Group (continued)

The reconciliation of the employer contribution rates for the Safety Rate Groups are as follows:

	RG #6	RG #7	RG #8
Average Recommended Employer Contribution as of December 31, 2019	59.63%	67.22%	48.12%
• Effect of investment gain (after smoothing)	(1.86%)	(1.89%)	(1.62%)
• Effect of additional UAAL contributions from OCFA	0.00%	0.00%	(0.71%)
• Effect of difference in actual versus expected contributions	0.87%	0.40%	0.11%
• Effect of higher than expected COLA increases in 2020[1]	0.32%	0.17%	0.11%
• Effect of lower than expected COLA increases in 2021[2]	(0.77%)	(1.06%)	(0.76%)
• Effect of difference in actual versus expected salary increases	(1.02%)	0.40%	(0.59%)
• Effect of growth in total payroll (greater)/less than expected	3.12%	0.19%	(0.68%)
• Effect of other experience (gain)/loss[3]	0.30%	(0.21%)	(0.36%)
• Effect of changes in actuarial assumptions	(3.73%)	(2.11%)	(3.07%)
• Effect of reallocating present value benefits between NC and AAL, increase in NC	0.00%	0.27%	0.48%
• Effect of reallocating present value benefits between NC and AAL, decrease in UAAL	(0.01%)	(0.13%)	(0.38%)
• Effect of minimum funding requirement	0.00%	0.00%	0.00%
• Total change	(2.78%)	(3.97%)	(7.47%)
Average Recommended Employer Contribution as of December 31, 2020	56.85%	63.25%	40.65%

[1] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.
[2] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.
[3] Net of an adjustment to reflect 18-month delay between date of valuation and date of rate implementation for all actuarial experience.

Section 4: Actuarial Valuation Basis

Exhibit VI: Reconciliation of UAAL by Rate Group

The reconciliation of UAAL for the General Rate Groups #1 to #5 are as follows ($ in '000s):

		RG #1	RG #2	RG #3	RG #5
1	Unfunded Actuarial Accrued Liability as of December 31, 2019	$89,621	$3,553,748	$0	$249,186
2	Normal cost at middle of year	18,172	266,645	17,987	25,062
3	Expected employer and member contributions	(22,848)	(584,039)	(17,987)	(47,138)
4	Interest	6,074	240,393	0	16,779
5	Expected Unfunded Actuarial Accrued Liability as of December 31, 2020	$91,019	$3,476,747	$0	$243,889
6	Changes due to:				
	a) Investment gains (after smoothing)	$(9,649)	$(197,219)	$(17,364)	$(17,567)
	b) Additional UAAL payments from OCFA, DOE and U.C.I.	(3,520)	0	0	0
	c) Difference in actual versus expected contributions	2,004	74,696	1,218	8,193
	d) Difference in actual versus expected salary increases	336	(17,707)	(20,776)	(16,295)
	e) Effect of higher than expected COLA increases in 2020[1]	501	19,180	973	1,412
	f) Effect of lower than expected COLA increases in 2021[2]	(3,298)	(86,145)	(5,718)	(7,110)
	g) Changes in actuarial assumptions	(1,253)	183,271	12,086	4,801
	h) Effect of reallocating present value benefits between NC and AAL	(222)	(15,846)	(2,355)	(2,414)
	i) Other experience (gain)/loss	(128)	89,041	7,016	500
	Total changes	$(15,229)	$49,271	$(24,920)	$(28,480)
7	Unfunded Actuarial Accrued Liability as of December 31, 2020	$75,790	$3,526,018	$(24,920)	$215,409

[1] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.
[2] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.

Section 4: Actuarial Valuation Basis

Exhibit VI: Reconciliation of UAAL by Rate Group (continued)

The reconciliation of UAAL for the General Rate Groups #9 to #12 are as follows ($ in '000s):

		RG #9	RG #10	RG #11	RG #12
1	Unfunded Actuarial Accrued Liability as of December 31, 2019	$373	$46,103	$648	$31
2	Normal cost at middle of year	1,738	7,602	368	300
3	Expected employer and member contributions	(1,767)	(12,045)	(418)	(302)
4	Interest	28	3,011	47	2
5	Expected Unfunded Actuarial Accrued Liability as of December 31, 2020	$372	$44,671	$645	$31
6	Changes due to:				
	a) Investment gains (after smoothing)	$(1,170)	$(5,076)	$(252)	$(254)
	b) Additional UAAL payments from OCFA, DOE and U.C.I.	0	(6,200)	0	0
	c) Difference in actual versus expected contributions	159	(812)	45	3
	d) Difference in actual versus expected salary increases	(650)	(282)	29	(201)
	e) Effect of higher than expected COLA increases in 2020[1]	55	318	109	11
	f) Effect of lower than expected COLA increases in 2021[2]	(364)	(1,960)	(58)	(74)
	g) Changes in actuarial assumptions	334	3,814	218	66
	h) Effect of reallocating present value benefits between NC and AAL	(139)	(2,018)	(43)	0
	i) Other experience (gain)/loss	70	1,774	(51)	(89)
	Total changes	$(1,705)	$(10,442)	$(3)	$(538)
7	Unfunded Actuarial Accrued Liability as of December 31, 2020	$(1,333)	$34,229	$642	$(507)

[1] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.
[2] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.

Section 4: Actuarial Valuation Basis

Exhibit VI: Reconciliation of UAAL by Rate Group (continued)

The reconciliation of UAAL for the Safety Rate Groups are as follows ($ in '000s):

		RG #6	RG #7	RG #8
1	Unfunded Actuarial Accrued Liability as of December 31, 2019	$263,477	$1,288,095	$388,579
2	Normal cost at middle of year	24,857	106,912	60,206
3	Expected employer and member contributions	(48,151)	(220,388)	(95,298)
4	Interest	17,873	86,925	26,124
5	Expected Unfunded Actuarial Accrued Liability as of December 31, 2020	$258,056	$1,261,544	$379,611
6	Changes due to:			
	a) Investment gains (after smoothing)	$(15,638)	$(70,920)	$(35,566)
	b) Additional UAAL payments from OCFA, DOE and U.C.I.	0	0	(15,575)
	c) Difference in actual versus expected contributions	7,328	14,966	2,329
	d) Difference in actual versus expected salary increases	(8,618)	14,880	(13,007)
	e) Effect of higher than expected COLA increases in 2020[1]	2,697	6,337	2,451
	f) Effect of lower than expected COLA increases in 2021[2]	(5,547)	(33,575)	(14,039)
	g) Changes in actuarial assumptions	(36,195)	(88,103)	(54,766)
	h) Effect of reallocating present value benefits between NC and AAL	(44)	(4,900)	(9,802)
	i) Other experience (gain)/loss	5,198	5,642	(214)
	Total changes	$(50,819)	$(155,673)	$(138,189)
7	Unfunded Actuarial Accrued Liability as of December 31, 2020	$207,237	$1,105,871	$241,422

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[1] Actuarial loss from payment of an April 1, 2020 COLA of 3.00%, which is 0.25% higher than the 2.75% COLA assumption.
[2] Actuarial gain from payment of an April 1, 2021 COLA of 1.50%, which is 1.25% lower than the 2.75% COLA assumption.

OCERS
EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 21, 2021

TO: Members, Board of Retirement

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

SUBJECT: **2020 AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS**

Recommendation

Approve the following recommendations presented to the Audit Committee during a meeting held on June 4, 2021:

1. Approve OCERS' audited financial statements for the year ended December 31, 2020
2. Direct staff to finalize OCERS' 2020 Comprehensive Annual Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2020
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2020" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*"

Background/Discussion

The attached draft of OCERS' 2020 Annual Report, including the audited financial statements and related notes for the year ended December 31, 2020, are considered to be in substantially final form and include the unmodified (clean) audit opinion from MGO, OCERS' independent auditors. The audited financial statements and related notes are included in the Financial Section of OCERS' 2020 Annual Report.

The attached Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2020 is used for reporting purposes and is separate and distinct from the funding actuarial valuation. This valuation has been audited by MGO and contains necessary information and schedules that have been incorporated into Note 8 and the Required Supplementary Information sections of OCERS' 2020 Annual Report in compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans*.

As part of the normal course of an annual financial statement audit, MGO has issued their "Report to the Audit Committee" that includes the required communications of the independent auditors, comments and recommendations based on their 2020 audit of OCERS and the status of prior year comments and recommendations reported to the Audit Committee related to their 2019 audit of OCERS (which there were none). MGO has also issued an "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Performed in Accordance with Government Auditing Standards."

MGO presented their reports to the Audit Committee Meeting on June 4, 2021 and provided a detailed verbal report on their audit. Due to the short turn-around time between the Audit Committee meeting and the Regular Board meeting, those minutes are not yet available.

Memorandum

California's Government Code Section 7504 requires all state and local retirement agencies, including OCERS, to submit annual financial information to the State Controller within six months of the end of the fiscal year end. The State Controller's Office (SCO) has an automated system to allow retirement systems to provide the prescribed report containing specific financial and plan information to the SCO (this report is referred to as the State Controller's Report). In addition to the State Controller's Report, OCERS is also required to submit the annual audited financial statements and the most current funding actuarial valuation. Once the Board approves the financial statements for the year ended December 31, 2020, staff will file a timely submission of the State Controller's Report and submit OCERS' 2020 Annual Report and the Actuarial Valuation (for funding purposes) as of December 31, 2019 by the deadline of June 30, 2021.

Submitted by:

Tracy Bowman
Director of Finance

Approved by:

Brenda Shott
Asst. CEO, Finance & Internal Operations

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

2020 Audited Financial Statements

Presented on June 21, 2021

by

Brenda Shott and Tracy Bowman

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Recommendation

Approve the following recommendations presented to the Audit Committee during a meeting held on June 4, 2021:

1. Approve OCERS' audited financial statements for the year ended December 31, 2020
2. Direct staff to finalize OCERS' 2020 Comprehensive Annual Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2020
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2020" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*"

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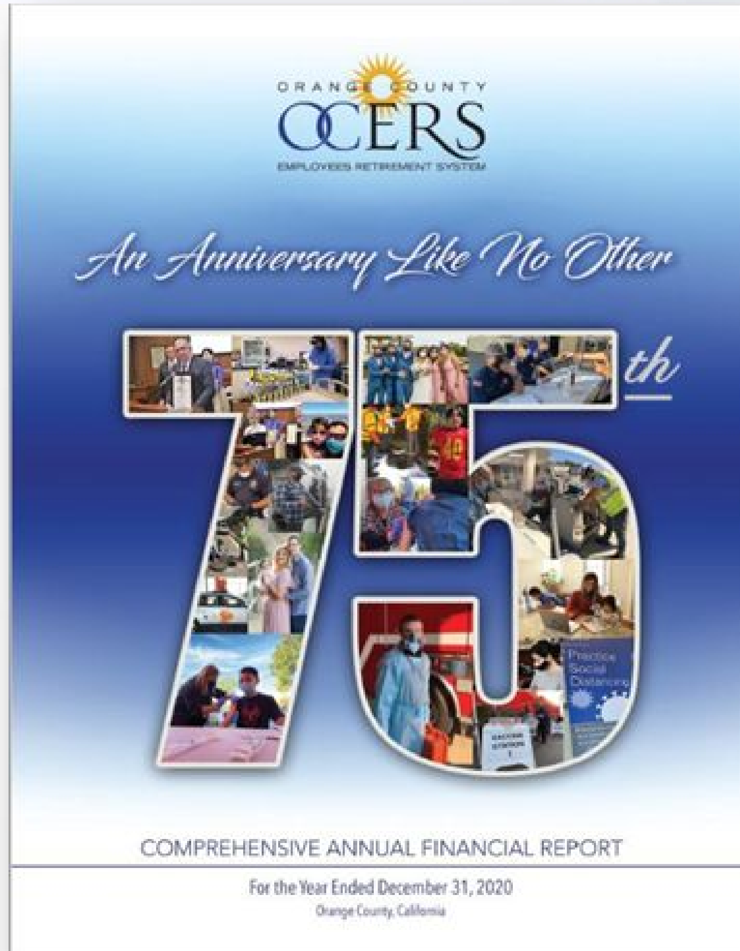
ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

2020 Annual Report

- **Audit and preparation of the Annual Report was performed and completed 100% remotely for second year in a row**
- MGO has issued an **"unmodified"** or **"clean"** opinion on the December 31, 2020 audited financial statements
- Preliminary unaudited financial statements provided to the Board in March
  - No material changes reflected in final audited version included in the Annual Report
- Theme: An Anniversary Like No Other
  - OCERS 75th Anniversary
- Adopted GFOA's End the Acronym Policy



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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

GFOA End the Acronym Policy

- New policy to address the proper referencing of the Comprehensive Annual Financial Report
  - ➢ Policy change is the result of new and evolving industry understanding that the acronym, when pronounced aloud, mimics pronunciation of a deeply derogatory term often used in other parts of the world
  - ➢ GFOA asked all industry affiliates to stop using the four-letter acronym commonly associated with the Comprehensive Annual Financial Report
  - ➢ Recommended using either the full name or a shortened format that does not include the four-letter acronym
    - OCERS is using either full name or “Annual Report”

- GASB approved an Exposure Draft of a proposed statement, *The Annual Comprehensive Financial Report*, to consider renaming the comprehensive annual financial report
  - ➢ Final Statement estimated to be considered for approval in October 2021

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Financial Highlights – MD&A

- Net position totaled $19.3 billion, an increase of $2.2 billion or 12.7% from the prior year
  - ➢ Net investment income was approximately $2.2 billion in 2020 and 2019, with a net return of 11.4% vs. 14.41% in the prior year
  - ➢ Employee and employer contributions for pension, health care OPEB added $983.3 million
- Increases offset by member pension benefit payments of $961 million, an increase of 8.3% or $73.8 million from the prior year

Table 2: Changes in Fiduciary Net Position
For the Years Ended December 31, 2020 and 2019
(Dollars in Thousands)

	12/31/2020	12/31/2019	Increase / (Decrease)	Percentage Change
Additions				
Employer Pension Contributions	$ 659,807	$ 653,793	$ 6,014	0.9%
Employer Health Care Contributions	43,535	56,899	(13,364)	-23.5%
Employee Pension Contributions	279,384	279,373	11	0.0%
Employer OPEB Contributions	613	613	-	0.0%
Net Investment Income/(Loss)	2,220,401	2,235,897	(15,496)	-0.7%
Total Additions	3,203,740	3,226,575	(22,835)	-0.7%
Deductions				
Participant Benefits - Pension	960,846	887,003	73,843	8.3%
Participant Benefits - Health Care	42,323	40,030	2,293	5.7%
Death Benefits	932	650	282	43.4%
Member Withdrawals and Refunds	11,547	13,249	(1,702)	-12.8%
Employer OPEB Payments	1,383	1,318	65	4.9%
Administrative Expenses - Pension	20,428	19,171	1,257	6.6%
Administrative Expenses - Health Care and Employer	66	61	5	8.2%
Total Deductions	1,037,525	961,482	76,043	7.9%
Increase/(Decrease) in Net Position Restricted for Pension, Other Postemployment Benefits and Employer	2,166,215	2,265,093	(98,878)	-4.4%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer				
Beginning of the Year	17,108,384	14,843,291		
End of the Year	$ 19,274,599	$ 17,108,384		

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Financial Highlights – MD&A (continued)

Table 3: Membership Data
As of December 31, 2020 and 2019

	12/31/2020	12/31/2019	Increase/ (Decrease)	Percentage Change
Active Members	21,559	22,257	(698)	-3.1%
Retired Members	19,419	18,420	999	5.4%
Deferred Members	6,818	6,520	298	4.6%
Total Membership	47,796	47,197	599	1.3%

- Increases in member pension benefit payments can be attributed to an increase in the number of retirees receiving a benefit
  - ➢ Number of retirees increased by 5.4% or 999, for a total of 19,419 payees as of December 31, 2020
  - ➢ The average benefit paid to retired members and beneficiaries during 2020 was $49,480 vs. $48,154 in 2019, an increase of 2.8%

Note: County of Orange offered eligible employees a voluntary separation and retirement incentive program in the Fall of 2020; over 500 active employees accepted offer to separate or retire and the vacated positions will be eliminated for at least one year

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Financial Highlights – MD&A (continued)

- Annual Report includes information from the December 31, 2019 funding valuation, which is the most currently available information at the time the Annual Report is completed
  - Funding status based on actuarial value of assets (which smooths market gains and losses over five years) was 73.17% versus 75.36% if market gains and losses were recognized immediately
  - In comparison, in the December 31, 2020 funding valuation to be presented at the June Board meeting, the funding status based on actuarial value of assets was 76.51% versus 80.74% if market gains and losses were recognized immediately

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Note 1 – Pension Plan Membership

OCERS Membership - General Members

As of December 31, 2020

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
1	A	I	-	-	326	1	327
1	B	II	626	2	489	285	1,402
1	U	II-PEPRA	333	569	6	327	1,235
Rate Group 1 Total			959	571	821	613	2,964
2	A	I	-	-	2,773	9	2,782
2	B	II	-	-	1,905	640	2,545
2	I	I	14	-	1,140	-	1,154
2	J	II	7,965	117	6,766	2,310	17,158
2	P	II	167	9	10	90	276
2	S	II	10	6	1	5	22
2	T	II-PEPRA Compliant	1,433	3,850	6	1,454	6,743
2	U	II-PEPRA	79	194	1	61	335
2	W	II-PEPRA Alternative	-	1	-	-	1
Rate Group 2 Total			9,668	4,177	12,602	4,569	31,016
3	A	I	-	-	79	1	80
3	B	II	39	13	63	44	159
3	G	I	-	-	30	-	30
3	H	II	292	-	365	52	709
3	U	II-PEPRA	67	207	2	39	315
Rate Group 3 Total			398	220	539	136	1,293
4	H	II	-	-	1	-	1
Rate Group 4 Total			-	-	1	-	1
5	A	I	1	-	370	3	374
5	B	II	879	17	1,117	515	2,528
5	U	II-PEPRA	30	395	2	132	559
Rate Group 5 Total			910	412	1,489	650	3,461
9	A	I	-	-	4	-	4
9	B	II	-	-	10	12	22
9	N	II	25	1	43	41	110
9	U	II-PEPRA	11	17	1	19	48
Rate Group 9 Total			36	18	58	72	184
10	A	I	-	-	7	-	7
10	B	II	-	-	40	8	48
10	I	I	-	-	16	-	16
10	J	II	105	-	144	89	338
10	N	II	23	19	2	18	62
10	U	II-PEPRA	35	143	2	119	299
Rate Group 10 Total			163	162	211	234	770
11	A	I	-	-	3	-	3
11	B	II	-	-	3	-	3
11	N	II	15	-	6	2	23
11	U	II-PEPRA	2	8	-	1	11
Rate Group 11 Total			17	8	12	3	40
12	A	I	-	-	2	-	2
12	B	II	-	-	3	1	4
12	H	II	12	-	7	2	21
12	U	II-PEPRA	1	1	-	-	2
Rate Group 12 Total			13	1	12	3	29
Total General Members			12,164	5,569	15,745	6,280	39,758

OCERS Membership - Safety Members

As of December 31, 2020

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
6	C	I	-	-	86	-	86
6	D	II	-	-	45	34	79
6	E	I	-	-	45	-	45
6	F	II	601	4	324	171	1,100
6	V	II-PEPRA	11	63	0	13	87
Rate Group 6 Total			612	67	500	218	1,397
7	C	I	-	-	452	-	452
7	D	II	-	-	271	39	310
7	E	I	-	-	280	-	280
7	F	II	919	-	1,337	94	2,350
7	R	II	370	17	5	35	427
7	V	II-PEPRA	199	510	7	41	757
Rate Group 7 Total			1,488	527	2,352	209	4,576
8	C	I	-	-	27	-	27
8	D	II	-	-	69	4	73
8	E	I	-	-	16	-	16
8	F	II	619	1	707	45	1,372
8	R	II	38	122	1	7	168
8	V	II-PEPRA	81	271	2	55	409
Rate Group 8 Total			738	394	822	111	2,065
Total Safety Members			2,838	988	3,674	538	8,038
Grand Total			15,002	6,557	19,419	6,818	47,796

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

GASB 67

- GASB 67 Valuation is prepared by Segal for ***reporting purposes only***
  - Information is incorporated into the Notes (Note 8) and Required Supplementary Information sections of the Annual Report
  - Total Pension Liability (TPL) is based on rolling forward the TPL from the 2019 valuation to the December 31, 2020 measurement date
- 2020 Net Pension Liability (NPL) decreased from $5.1 billion to $4.2 billion, primarily due to higher than expected returns
  - 2020 NPL is amount used in GASB 68 proportionate share calculation

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Other Matters

- Implementation of GASB 84, *Fiduciary Activities*
  - OCERS early adopted in December 31, 2019
  - County of Orange to adopt in June 30, 2021
    - Due to the financial burden criterion established in GASB 84 (County appoints majority of OCERS' Board), the County will report OCERS as a pension trust fund in their financial statements
      - This does **not** change OCERS' legal and fiscal independence of the County of Orange

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Conclusion

Questions?

Please refer to the Financial Reports on the OCERS' website

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

to view the final version of the audited financial statements included in the Annual Comprehensive Financial Report for the Fiscal Year Ended December 31, 2020.

Orange County Employees Retirement System (OCERS)

Governmental Accounting Standards Board Statement 67 (GASB 67) Actuarial Valuation

As of December 31, 2020

Segal

Segal

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

May 7, 2021

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2020. It contains various information that will need to be disclosed in order to comply with GASB Statement 67.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist Orange County Employees Retirement System (OCERS) in preparing items related to the pension plan in their financial report. The census and financial information on which our calculations were based were prepared by OCERS. That assistance is gratefully acknowledged.

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

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the System.

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

Sincerely,

Segal

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

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

JY/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board (GASB) Statement 67 as of December 31, 2020. This valuation is based on:

- The benefit provisions of OCERS, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of December 31, 2019, provided by OCERS;
- The assets of the Plan as of December 31, 2020, provided by OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the December 31, 2020 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the December 31, 2020 valuation.

General observations on GASB 67 actuarial valuation

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

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. For this report, the reporting dates for the Plan are December 31, 2020 and 2019. The NPLs measured as of December 31, 2020 and 2019 have been determined by rolling forward the TPLs as of December 31, 2019 and 2018, respectively. The Plan's Fiduciary Net Positions were valued as of the measurement dates. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.

2. The NPL decreased from $5,075.7 million as of December 31, 2019 to $4,213.2 million as of December 31, 2020 primarily as a result a 12.79%[1] return on the market value of assets during 2020 that was higher than the assumed return of 7.00% of approximately $1,008.0 million. The gain was offset to some extent by an experience loss of $162.3 million and a loss of $19.0 million from changes in actuarial assumptions. Changes in these values during the last two calendar years ending December 31, 2020 and December 31, 2019 can be found in *Section 2, Schedule of changes in Net Pension Liability* on page 18.

3. The discount rate used to determine the TPL and NPL as of both December 31, 2020 and 2019 was 7.00% following the same assumption used by the System in the pension funding valuations as of the December 31, 2019 and December 31, 2018. However, as the Board has approved a new set of actuarial assumptions for use in the next pension funding valuation as of December 31, 2020, we have estimated the impact of these assumption changes by (1) revaluing the TPL as of December 31, 2019 (before the roll forward) and (2) using this revalued TPL in rolling forward the results from December 31, 2019 to December 31, 2020. The detailed calculation of the discount rate of 7.00% used in the calculation of the TPL and NPL as of December 31, 2020 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

4. The Plan's Fiduciary Net Position of $16,678,581,000 as of December 31, 2019 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2019. This differs from the $16,516,108,000 market value of assets used in our December 31, 2019 funding valuation because the funding valuation excludes $150,416,000 in the County Investment Account and $12,057,000 in O.C. Sanitation District UAAL Deferred Account (after transfer of $18,631,000 to offset the District's entire UAAL as of December 31, 2019).

   The Plan's Fiduciary Net Position of $18,797,203,000 as of December 31, 2020 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2020. This differs from the $18,494,462,000 market value of assets used in our December 31, 2020 funding valuation because (1) our valuation was based on the preliminary market value of assets provided in

[1] As documented in the funding valuation report, return on market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Actual investment gain on net pension plan assets was $2,111,687,000 during 2020 after including both the administrative expenses and discount for prepaid contributions while excluding the gains credited to County Investment Account and O.C. Sanitation District UAAL Deferred Account. Without these adjustments, the actual investment gain was $2,173,184,000.

Section 1: Actuarial Valuation Summary

the unaudited financial statements[2] and (2) the market value of assets in the funding valuation excludes $160,378,000 in the County Investment Account and $13,433,000 in O.C. Sanitation District UAAL Deferred Account.

5. On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. That decision has important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay items from a legacy member's compensation earnable. It should be noted that neither the December 31, 2020 assets provided by OCERS nor the liabilities we calculated using the membership data provided by OCERS reflect the financial impact of the California Supreme Court decision.
6. It is important to note that this actuarial valuation is based on plan assets as of December 31, 2020. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2020. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.

[2] The final market value of assets provided in the December 31, 2020 financial statements was higher than the preliminary market value of assets provided in the unaudited financial statements by approximately $129 million.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Measurement Date		December 31, 2020	December 31, 2019
Disclosure elements for calendar year ending December 31:	• Service cost[1]	$512,255,298	$499,255,591
	• Total Pension Liability	23,010,449,650	21,754,263,463
	• Plan's Fiduciary Net Position	18,797,203,000	16,678,581,000
	• Net Pension Liability	4,213,246,650	5,075,682,463
Schedule of contributions for calendar year ending December 31:	• Actuarially determined contributions	$638,215,000	$583,057,000
	• Actual contributions[2]	659,807,000	653,793,000
	• Contribution deficiency / (excess)[3]	(21,592,000)	(70,736,000)
Demographic data for calendar year ending December 31:	• Number of retired members and beneficiaries	19,419	18,420
	• Number of inactive vested members	6,818	6,520
	• Number of active members	21,559	22,257
Key assumptions as of December 31:	• Investment rate of return	7.00%	7.00%
	• Inflation rate	2.50%	2.75%
	• Projected salary increases[4]	General: 4.00% to 11.00% and Safety: 4.60% to 15.00%	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%
	• Cost of living adjustments	2.75% of retirement income	2.75% of retirement income

[1] The Service Cost is based on the previous year's valuation, meaning the December 31, 2020 and December 31, 2019 measurement date values are based on the valuations as of December 31, 2019 and December 31, 2018, respectively. Both service costs have been calculated using the assumptions shown in the December 31, 2019 measurement date column, as there had been no changes in the actuarial assumptions between the December 31, 2018 and December 31, 2019 valuations.

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

[3] Includes additional contributions made by employers toward the reduction of their UAAL. Details are shown in *Section 2, Schedule of Contributions* on page 19.

[4] For December 31, 2020 and December 31, 2019, includes inflation at 2.50% and 2.75% respectively, plus real across-the-board salary increases of 0.50% plus merit and promotion increases.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

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

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by OCERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the measurement date, as provided by OCERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

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

The valuation is prepared at the request of the Board to assist OCERS in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
If OCERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of OCERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to OCERS.

Section 2: GASB 67 Information

General information about the pension plan

Plan Description

Plan administration. The Orange County Employees Retirement System (OCERS) was established by the County of Orange in 1945. OCERS is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.). OCERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the Safety and General members employed by the County of Orange. OCERS also provides retirement benefits to the employee members of the Orange County Courts, the Orange County Retirement System, two cities and thirteen special districts.

The management of OCERS is vested with the Orange County Board of Retirement. The Board consists of nine members and one alternate. The County Treasurer is a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two members are elected by the General membership; one member and one alternate are elected by the Safety membership, one member is elected by the retired members of the System. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with the County Treasurer term.

Plan membership. At December 31, 2020, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	19,419
Inactive vested members entitled to but not yet receiving benefits	6,818
Active members	21,559
Total	**47,796**

Note: Data as of December 31, 2020 is not used in the measurement of the TPL as of December 31, 2020.

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Benefits provided. OCERS provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Orange or contracting agencies who work a minimum of 20 hours per week become members of OCERS effective on the first day of employment in an eligible position. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. Any new Safety member who becomes a member on or after January 1, 2013 is designated PEPRA Safety and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. All other employees are classified as General members. New General members employed on or after January 1, 2013 are designated as PEPRA General subject to the provisions of California Government Code 7522 et. seq.

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

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

All General and Safety members can also retire at the age of 70 regardless of service.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits are calculated pursuant to the provisions of Sections 31676.01, 31676.1, 31676.12, 31676.16, 31676.18 or 31676.19. For Section 31676.01, the monthly allowance is equal to 1/90th of final compensation times years of accrued retirement service credit times age factor from that Section. For Section 31676.1, the monthly allowance is equal to 1/60th of final compensation times years of accrued retirement service credit times age factor from that Section. For Sections 31676.12, 31676.16, 31676.18 or 31676.19, the monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from the corresponding Section. General member benefits for those who are first hired on or after January 1, 2013, excluding members of Plan T and Plan W, are calculated pursuant to the provision of California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety member benefits are calculated pursuant to the provisions of California Government Code Sections 31664.1 and 31664.2. The monthly allowance is equal to 3% of final compensation times years of accrued retirement service credit times age factor from the corresponding Section. Safety member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

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For members with membership dates before January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members with membership dates on or after January 1, 2013, excluding members of Plan T and Plan W.

Final average compensation consists of the highest 12 consecutive months for a General Tier 1 or Safety Tier 1 member and the highest 36 consecutive months for a General Tier 2, General PEPRA, Safety Tier 2 or Safety PEPRA member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

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

The County of Orange and contracting agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from OCERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate for the first six months of calendar year 2020 or the second half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 37.97%[3] of compensation. The average employer contribution rate for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 (based on the December 31, 2018 valuation) was 40.02%[2] of compensation.

All members are required to make contributions to OCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate for the first six months of calendar year 2020 or the second half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 12.63%[4] of compensation. The average member contribution rate for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 (based on the December 31, 2018 valuation) was 12.47%[4] of compensation.

[3] These employer contribution rates may be higher or lower than the composite rate for 2020 as shown on page 19 of this report because these rates have not been adjusted to reflect any pick-ups or reverse pick-ups. These employer contribution rates also do not reflect the shift in payroll to the lower cost plans from the valuation date to the date of rate implementation.

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

Section 2: GASB 67 Information

Net Pension Liability

Measurement Date	December 31, 2020	December 31, 2019
Components of the Net Pension Liability		
Total Pension Liability	$23,010,449,650	$21,754,263,463
Plan's Fiduciary Net Position	(18,797,203,000)	(16,678,581,000)
Net Pension Liability	**$4,213,246,650**	**$5,075,682,463**
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	81.69%	76.67%

The Net Pension Liability (NPL) was measured as of December 31, 2020 and 2019. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of December 31, 2019 and 2018, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of December 31, 2020 and 2019 are the same as those used in the OCERS actuarial valuations as of December 31, 2020 and 2019, respectively.

Actuarial assumptions. The TPL as of December 31, 2020 was remeasured by (1) revaluing the TPL as of December 31, 2019 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of December 31, 2020 and (2) using this revalued TPL in rolling forward the results from December 31, 2019 to December 31, 2020:

Inflation:	2.50%
Salary increases:	General: 4.00% to 11.00% and Safety: 4.60% to 15.00%, vary by service, including inflation
Cost of living adjustments:	2.75% of retirement income
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation
Other assumptions:	See analysis of actuarial experience during the period January 1, 2017 through December 31, 2019

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The TPL as of December 31, 2019 was determined by actuarial valuations as of December 31, 2018. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2014 through December 31, 2016 and they are the same assumptions used in the December 31, 2019 funding valuation for OCERS.

Inflation:	2.75%
Salary increases:	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation
Cost of living adjustments:	2.75% of retirement income
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation
Other assumptions:	See analysis of actuarial experience during the period January 1, 2014 through December 31, 2016

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Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments[5] was determined in 2020 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, but before investment 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, 2020 actuarial valuation. This information will change every three years based on the actuarial experience study.

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

[5] Note that 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.

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Discount rate. The discount rate used to measure the TPL was 7.00% as of December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2020 and 2019.

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Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL as of December 31, 2020, calculated using the discount rate of 7.00%, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of December 31, 2020	$7,460,868,132	$4,213,246,650	$1,565,936,725

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Schedule of changes in Net Pension Liability – Last two calendar years

Measurement Date	December 31, 2020	December 31, 2019
Total Pension Liability		
• Service cost	$512,255,298	$499,255,591
• Interest	1,535,953,426	1,452,644,872
• Change of benefit terms	0	0
• Differences between expected and actual experience	162,335,537	24,382,911
• Changes of assumptions	18,966,926	0
• Benefit payments, including refunds of member contributions	(973,325,000)	(900,902,000)
• Transfer of members among Rate Groups	0	0
• Other	0	0
Net change in Total Pension Liability	**$1,256,186,187**	**$1,075,381,374**
Total Pension Liability – beginning	**21,754,263,463**	**20,678,882,089**
Total Pension Liability – ending	**$23,010,449,650**	**$21,754,263,463**
Plan's Fiduciary Net Position		
• Contributions – employer[1]	$659,807,000	$653,793,000
• Contributions – member	279,384,000	279,373,000
• Net investment income	2,173,184,000	2,183,808,000
• Benefit payments, including refunds of member contributions	(973,325,000)	(900,902,000)
• Transfer of members among Rate Groups	0	0
• Administrative expense	(20,428,000)	(19,171,000)
• Other	0	0
Net change in Plan's Fiduciary Net Position	**$2,118,622,000**	**$2,196,901,000**
Plan's Fiduciary Net Position – beginning	**$16,678,581,000**	**14,481,680,000**
Plan's Fiduciary Net Position – ending	**$18,797,203,000**	**$16,678,581,000**
Net Pension Liability – ending	**$4,213,246,650**	**$5,075,682,463**
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	**81.69%**	**76.67%**
Covered payroll[2]	**$1,909,268,000**	**$1,783,054,000**
Plan Net Pension Liability as percentage of covered payroll	**220.67%**	**284.66%**

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

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

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Schedule of contributions – Last ten calendar years

Year Ended December 31	Actuarially Determined Contributions[1,2]	Contributions in Relation to the Actuarially Determined Contributions[1,2]	Contribution Deficiency / (Excess)	Covered Payroll[3]	Contributions as a Percentage of Covered Payroll[1,2]
2011	$387,585,000	$387,585,000	$0	$1,498,914,000	25.86%
2012	406,521,000	406,521,000	0	1,497,475,000	27.15%
2013	426,020,000	427,095,000[4]	(1,075,000)	1,494,745,000	28.57%
2014	476,320,000	625,520,000[6]	(149,200,000)	1,513,206,000	41.34%
2015	502,886,000	571,298,000[7]	(68,412,000)	1,521,036,000	37.56%
2016	521,447,000	567,196,000[8]	(45,749,000)	1,602,675,000	35.40%
2017	536,726,000[9]	572,104,000[8, 10]	(35,378,000)	1,678,322,000	34.09%
2018	556,728,000[11]	580,905,000[10, 12]	(24,177,000)	1,718,798,000	33.80%
2019	583,057,000	653,793,000[13]	(70,736,000)	1,783,054,000	36.67%
2020	638,215,000	659,807,000[14]	(21,592,000)	1,909,268,000	34.56%

1 Reduced by transfers from County Investment Account (funded by pension obligation proceeds held by OCERS). Those transfers are as follows:

Calendar Year Ended December 31	Transfers from County Investment Account	Calendar Year Ended December 31	Transfers from County Investment Account
2011	$11,000,000	2016	$0
2012	5,500,000	2017	0
2013	5,000,000	2018	0
2014	5,000,000	2019	0
2015	0	2020	5,000,000

2 Reduced by discount for prepaid contributions.

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

4 Includes additional contributions of $1,075,000 made by O.C. Fire Authority towards the reduction of their UAAL.

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

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

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

9 $24,042,000 transfer from O.C. Sanitation District Deferred UAAL Account required to offset UAAL increase for the assumption changes has been excluded from both these amounts.

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

11 $14,589,000 transfer from O.C. Sanitation District Deferred UAAL Account required to offset UAAL increase for the actuarial losses as of December 31, 2018 has been excluded from both these amounts.

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

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

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

Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date:	Actuarially determined contribution rates for the first six months of calendar year 2020 or the second half of fiscal year 2019-2020 are calculated based on the December 31, 2017 valuation. Actuarially determined contribution rates for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 are calculated based on the December 31, 2018 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.

Section 2: GASB 67 Information

Actuarial assumptions:		
Valuation Date:	**December 31, 2017 valuation**	**December 31, 2018 Valuation**
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation
Inflation rate:	2.75%	2.75%
Real across-the-board salary increase:	0.50%	0.50%
Projected salary increases:	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation
Cost of living adjustments:	2.75% of retirement income	2.75% of retirement income
Other assumptions:	Same as those used in the December 31, 2017 funding actuarial valuation	Same as those used in the December 31, 2018 funding actuarial valuation

Section 3: Appendices

Appendix A: Projection of Pension Plan's Fiduciary Net Position ($ in millions) for use in the Calculation of Discount Rate as of December 31, 2020

Year Beginning January 1	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions * (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2020	$16,679	$939	$973	$20	$2,173	$18,797
2021	18,797	1,004	1,054	23	1,313	20,038
2022	20,038	983	1,123	25	1,397	21,270
2023	21,270	971	1,194	26	1,480	22,502
2024	22,502	938	1,264	28	1,563	23,711
2025	23,711	921	1,335	29	1,645	24,912
2026	24,912	923	1,410	31	1,726	26,121
2027	26,121	926	1,485	32	1,808	27,339
2028	27,339	929	1,561	33	1,891	28,564
2029	28,564	932	1,640	35	1,974	29,795
2045	37,237	175	2,793	46	2,515	37,088
2046	37,088	165	2,832	45	2,503	36,878
2047	36,878	156	2,866	45	2,487	36,610
2048	36,610	148	2,894	45	2,467	36,286
2049	36,286	140	2,917	44	2,443	35,907
2094	38,962	61	189	48	2,721	41,507
2095	41,507	63	154	51	2,901	44,265
2096	44,265	65	124	54	3,095	47,246
2097	47,246	67	98	58	3,304	50,462
2098	50,462	70	76	62	3,530	53,924
2133	536,612	657	0 **	657	37,563	574,174
2134	574,174					
2134 Discounted Value:	275 ***					

* Of all the projected total contributions, only the first year's (i.e., 2020) contribution has been reduced by discount for prepaid contributions and transfers from County Investment Account, if any.

** Less than $1 million, when rounded.

*** $574,174 million when discounted with interest at the rate of 7.00% per annum has a value of $275 million as of December 31, 2020. Of this amount, about $160 million is the balance available in the County Investment Account and $13 million is the O.C. Sanitation District UAAL Deferred Acount as of December 31, 2020.

Note: We have not utilized the balance in the County Investment Account to reduce the projected total contributions in column (b) even though those amounts have been used to reduce the NPL for the County as of December 31, 2020.

Section 3: Appendices

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Amounts shown in the year beginning January 1, 2020 row are actual amounts, based on the final audited financial statements provided by OCERS.

(3) Certain years have been omitted from the table.

(4) Column (a): Except for the "discounted value" shown for 2134, all of the projected beginning Plan's Fiduciary Net Position amounts shown have not been adjusted for the time value of money.

(5) Column (b): Projected total contributions include member and employer normal cost rates applied to closed group projected payroll (based on covered active members as of December 31, 2019), plus employer contributions to the Unfunded Actuarial Accrued Liability. Contributions are assumed to occur halfway through the year, on average.

(6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of December 31, 2019. The projected benefit payments reflect the cost of living increase assumptions used in the December 31, 2020 valuation report. The 2020 benefit payments have been increased by the balance of the Medicare Insurance Reserve as of December 31, 2020.

(7) Column (d): Projected administrative expenses are calculated as approximately 0.12% of the projected beginning Plan's Fiduciary Net Position amount. The 0.12% portion was based on the actual calendar year 2020 administrative expenses (unaudited) as a percentage of the actual beginning Plan's Fiduciary Net Position as of January 1, 2020. Administrative expenses are assumed to occur halfway through the year, on average.

(8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.

(9) As illustrated in this Appendix, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2020 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

(10) This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement 67. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to a pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.

Section 3: Appendices

Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 67.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 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 Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

Section 3: Appendices

Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 67.

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Orange County Employees Retirement System
December 31, 2020
Audit Results
Presented By
David Bullock, CPA
Engagement Partner
MGO
TYPE ATYPICAL
A new breed of professional services firm

OCERS

Overview

MGO Certified Public Accountants

Deliverables/Report Products:

- Independent Auditor's Report – Comprehensive Annual Financial Report
- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters (required under *Government Auditing Standards*)
- Independent Auditor's Report on the Schedule of Allocated Pension Amounts by Employer
- Report to the Audit Committee (Required Communications)

OCERS

Audit Results

MGO Certified Public Accountants

Basic Financial Statements:

- Framework
  - U.S. Generally Accepted Accounting Principles (GASB)
  - U.S. Generally Accepted Auditing Standards (AICPA)
  - Government Auditing Standards (GAO)

- Unmodified Opinion on Financial Statements

- Unmodified Opinion on Schedule of Allocated Pension Amounts by Employer

OCERS

Audit Results

MGO Certified Public Accountants

Required Communications:

- Qualitative Aspects of Significant Accounting Practices
  - Significant Accounting Policies
  - Significant Accounting Estimates
  - Financial Statement Disclosures
- Identified or Suspected Fraud
- Significant Difficulties Encountered during the Audit
- Uncorrected and Corrected Misstatements
- Disagreements with Management
- Representations Requested from Management
- Management's Consultations with Other Accountants
- Other Significant Matters, Findings, or Issues

OCERS

Recent Developments in Accounting and Financial Reporting

MGO Certified Public Accountants

Implementation of GASB Statement No. 84, *Fiduciary Activities:*

- OCERS implemented for the year ended December 31, 2019.

- County of Orange to implement for year ended June 30, 2021
  - The County will include OCERS in its financial reporting entity due to the financial burden criterion established in GASB 84. The County will report OCERS as pension trust fund in their financial statements, however:
    - This does **not** change OCERS' legal and fiscal independence of the County of Orange.

Questions?
Let's Talk.

MGO | Certified Public Accountants

MGO Certified Public Accountants

June 4, 2021

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

We have audited the financial statements of the Orange County Employees Retirement System (System) as of and for the year ended December 31, 2020, and have issued our report thereon dated June 4, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 21, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the System solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

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111 Pacifica, Suite 300
Irvine, CA 92618

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Qualitative Aspects of the System's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the System is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Actuarial valuations of the total pension liability and actuarially determined contributions for the Defined Benefit Pension Plan.

  The actuarial pension data contained in Note 8 to the basic financial statements and required supplementary information is based on actuarial calculations performed by the System's actuary in accordance with the parameters set forth in GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The actuarial pension valuation is sensitive to the underlying assumptions, including the discount rate.

- Fair value of real assets, private equity, absolute return, risk mitigation and diversified credit investments, including derivative investments, and related income.

  Directly held real estate investment fair values are based on recent estimates provided by independent third-party appraisers. Fair values for timber, energy and agriculture are based on independent appraisals and/or estimates made in good faith by the general partner or management. Commingled real estate funds are based on the investment's net asset value per share provided by the investment manager firms/general partners. The fair value of private equity and absolute return investments that are not publicly traded were determined by management, in consultation with the general partner and valuation specialists, based on the net asset value per share (or its equivalent) of OCERS' ownership interest in partner's capital. The fair values of credit, risk mitigation, and unique strategies funds structured as partnerships are based on net asset value per share of the investment. The fair values for credit investments comprised of mortgages, direct lending and energy-based credit funds are based on the general partner's estimates considering factors such as market quotes, earnings-multiple analysis or discounted cash flow analysis.

We evaluated the key factors and assumptions used to develop these accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the System's financial statements relate to:

- Participating employers' net pension liability, which is based on the total pension liability determined in the actuarial valuation as of December 31, 2019, and rolled forward to December 31, 2020, and the related sensitivity analysis. As described in Note 8 to the basic financial statements, the actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and these amounts and assumptions are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Identified or Suspected Fraud

We have identified no information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no such misstatements identified other than those that are clearly trivial.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the System's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated June 4, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the System, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the System's auditors.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability of Participating Employers, Schedule of Investment Returns, Schedule of Employer Contributions, and Notes to the Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompanies the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory, investment, actuarial, statistical, and glossary sections, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Audit Committee, the Board of Retirement, and management of the System and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Irvine, California
June 4, 2021

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

June 4, 2021

Macias Gini & O'Connell LLP
111 Pacifica, Suite 300
Irvine, CA 92618

This representation letter is provided in connection with your audit of the financial statements of Orange County Employees' Retirement System (the System) as of December 31, 2020, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position and the results of operations of the System in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in your FY 2020 Audit Service Plan presented to the Audit Committee on March 22, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

6. We have a process to track the status of audit findings and recommendations.

7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

8. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

10. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

11. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

13. Components of fiduciary net position (restricted) are properly classified.

14. Additions and deductions have been appropriately classified in the statement of changes in fiduciary net position.

15. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

16. All required supplementary information (RSI), including that required by Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting For Pension Plans — an Amendment of GASB Statement No. 25* (GASB 67), is measured and presented within the prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

17. With regard to investments and other instruments reported at fair value:
    - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

- Subsequent events that require adjustments to the fair value measurements and disclosures are included in the financial statements.

Information Provided

18. We have provided you with:
    - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
    - Additional information that you have requested from us for the purpose of the audit; and
    - Unrestricted access to persons within the System from whom you determined it necessary to obtain audit evidence.
    - Plan instruments, trust, participation and investment management agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

19. All transactions have been recorded in the accounting records and are reflected in the financial statements.

20. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

21. We have provided to you our analysis of the System's ability to continue as a going concern, including significant conditions and events present.

22. We have no knowledge of any fraud or suspected fraud that affects the System and involves:
    - Management;
    - Employees who have significant roles in internal control; or
    - Others where the fraud could have a material effect on the financial statements.

23. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the System's financial statements communicated by employees, former employees, vendors, regulators, or others.

24. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

25. We have disclosed to you the identity of the System's related parties and all the related party relationships and transactions of which we are aware.

26. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

27. The System has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

28. The System has no guarantees, whether written or oral, under which the System is contingently liable.

29. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB 62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

30. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

31. There are no:
    - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB 62.
    - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62
    - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).

32. The System has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral.

33. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Government—specific

34. The System is qualified under the appropriate section of the Internal Revenue Code and we intend to continue as a qualified System. The System's Board has operated the System in a manner that did not jeopardize this tax status.

35. There are no material violations of finance-related legal and contractual provisions with respect to real estate related debt or other contractual obligations, and all unfunded commitments have been properly disclosed in the notes to the financial statements.

36. All required filings of the System's documents with the appropriate agencies have been made.

37. Provisions for uncollectible receivables have been properly identified and recorded.

38. The amounts and terms of outstanding loans on real estate investments have been properly disclosed. There are no outstanding loans in default, and the System has complied with the loan limits and provisions specified in the System's investment policies.

39. Alternative investment fair values are based upon the net asset values provided by general partners and investment advisors and further supported by audited financial statements. We believe that these values best approximate fair value as of December 31, 2020.

40. Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.

41. The System believes that it has properly identified all derivative instruments and the fair values of all derivatives have been determined based on prevailing market prices or by using financial models that we believe are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate.

42. Derivative instruments are properly classified and disclosed in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). In addition, none of the derivatives held by the System met the definition of hedging transactions under GASB 53.

43. Arrangements with financial institutions involving securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.

44. Deposit and investment risks have been properly and fully disclosed in accordance with the provisions of GASB Statement No. 40, *Deposit an Investment Risk Disclosures, an amendment of GASB Statement No. 3* (GASB 40), and investments are properly valued.

45. We believe that the System's investments considered to be highly sensitive to interest rate changes, as described in paragraph 16 of GASB 40 are adequately disclosed in Note 3 to the basic financial statements.

46. We believe that the System's derivative instruments considered to be highly sensitive to interest rate changes, as described in paragraph 76(b) of GASB 53, are adequately disclosed in Note 3 to the basic financial statements.

47. We are in agreement with the methods and approach used by investment general partners, investment advisors and appraisers in determining the fair value of real estate investments, alternative investments, and other investments where no readily ascertainable market value exists.

48. The System has properly recorded contributions, which are due pursuant to legal requirements for the defined benefit pension plan.

49. The System has properly recorded benefit payments, when benefits are currently due and payable in accordance with benefit terms for the defined benefit pension plan.

50. The System is responsible for determining the fair value of certain investments as required by GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The amounts reported present the System's best estimate their fair value of investments. In accordance with GASB 72, the System disclosed the methods and significant assumptions used to estimate the fair value of its investments and has properly classified and reported investments, including the classification and disclosure of the leveling of investments in accordance with GASB 72.

51. The methods and significant assumptions used to estimate fair values of financial instruments, including non-readily marketable securities are proper based on the provision of GASB 67 and GASB 72, and are summarized as follows:
    - The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied.
    - The fair values of publically traded investments are generally based on published market prices and quotations from major investment firms.
    - International investments have been translated to U.S. dollars based on quoted exchange rates.
    - Short-term investments are reported at cost or amortized cost, which approximates fair value.
    - Real estate investment fair values are determined by management based on net asset values provided by general partners as reflected in the related partnerships' December 31,

2020 financial statements and recent estimates provided by the System's contract real estate advisors or independent appraisers. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

- Private equity, real return, risk mitigation and unique strategies investment fair values were determined by management, in consultation with the general partner and valuation specialists, based on the net asset value per share (or its equivalent) of OCERS' ownership interest in partner's capital.
- The fair values of credit investments structured as partnerships are based on net asset value per share of the investment. The fair values for credit investments comprised of mortgages, direct lending and energy-based credit funds are based on the general partner's estimates considering factors such as market quotes, earnings-multiple analysis or discounted cash flow analysis.

52. We agree with the work of appraisal specialists in evaluating the appraised value of real estate investment held by the System and have adequately considered the qualifications of the specialist in determining amounts and disclosures reflected in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have affected the independence or objectivity.

53. With respect to the System's investment holdings:
    - There have been no material declines in fair value as of the financial statements date through the date of this letter.
    - All investment holdings, other than alternative and real estate investments, are considered to be marketable and the System has sufficient liquidity to pay obligations as they become due.

54. Premium pay has been properly reported to the System's actuary and reflected in the most recent actuarial valuation.

55. Actuarial data contained in the financial statements, relating to the defined benefit pension plan, was derived in accordance with the parameters set forth in GASB 67, and the actuarial methods and significant assumptions used to prepare the pension plan actuarial valuation report as of December 31, 2019, rolled forward to December 31, 2020, is consistent with Actuarial Standards of Practice and the provisions of GASB 67.

56. We agree with the findings of specialists in evaluating the actuarial calculations and measurements, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not

otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

57. The discount rate used to measure the total pension liability of the participating employers of the defined benefit pension plan is equal to the plan's long-term expected rate of return and appropriate tests have been performed to determine that:
    - The defined benefit pension plan's fiduciary net position is projected (in conformity with GASB 67, paragraph 41-43) to be sufficient to make projected benefit payments (determined in conformity with GASB 67 paragraph 39), and
    - The defined benefit pension plan's assets are expected to be invested using a strategy to achieve that return.

58. The member census data provided to the System's third-party actuaries for the purpose of determining the total pension liability and other actuarially determined amounts in the financial statements is complete and accurate. Any inaccuracies in the member census data would not cause a material misstatement in the calculation of the total pension liability.

59. Management is aware of an error with the data validation logic used to extract the 2019 member census data, which affected the benefit service credit of certain inactive members. We do not believe the errors in the affected member's benefit service credit will cause the total pension liability to be materially misstated. We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

60. There were no known omissions of participant's census data used by the System's actuary for the purpose of determining the employer's total pension liability, net pension liability, actuarially determined contributions, and other actuarially determined amounts reflected in the financial statements for the defined benefit pension plan. In the event there were omissions, we believe such omissions do not materially impact the Systems' financial statements.

61. Management is aware that GASB Statement No. 82, *Pension Issues — an Amendment of GASB Statements No. 67, No. 68, and No. 73*, requires employer-paid member contributions in the defined benefit pension plan be reported as member contributions if those amounts are included in salary expense. Due to system constraints, management is unable to determine whether employers that make contributions on behalf of members have reported such amounts as salary expense, and therefore all employer paid member contributions have been reported as member contributions. Management believes that any amounts currently reported as member contributions that should have been reported as employer contributions are not material to the basic financial statements.

62. Management is aware that there were two members that exceeded the compensation limits established by the California Public Employees' Pension Reform Act. We have determined that the amounts by which their compensation exceeded the limit is not material. We have taken timely and appropriate steps to remedy instances of noncompliance with laws and regulations reported to us.

63. For the defined benefit pension plan, we believe that the actuarial assumptions and methods used by the System's third-party actuary for purposes of financial reporting in accordance with generally

accepted accounting principles are appropriate in the circumstances. We have no knowledge or belief that would make such assumptions or methods inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the Systems' actuary with respect to values or amounts derived and we are not aware of any matters to have impacted the objectivity of the System's actuary.

64. The significant assumptions and other inputs used to measure the total pension and net pension liability of the cost-sharing multiple employer defined benefit pension plan have been properly disclosed in Note 8 to the basic financial statements.

65. We understand that the County of Orange (County) and Orange County Fire Authority (OCFA) accept responsibility for reporting their OPEB plans. OCERS maintains the 401(h) accounts for County and OCFA OPEB funds invested with OCERS, but OCERS does not have reporting responsibility under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, for the OPEB plans.

66. With respect to the Required Supplementary Information:
    - We acknowledge our responsibility for presenting the Schedule of Changes in Net Pension Liability of Participating Employers, Schedule of Investment Returns, and Schedule of Employer Contributions (RSI) in accordance with accounting principles generally accepted in the United States of America.
    - We believe the RSI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
    - The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

67. With respect to the Other Supplementary Information:
    - We acknowledge our responsibility for presenting the Schedule of Contributions, Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Payments for Professional Services (the Schedules) in accordance with accounting principles generally accepted in the United States of America.
    - We believe the Schedules, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
    - The methods of measurement and presentation of the Schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

68. Management's discussion and analysis (MD&A) is based on facts, decisions, or conditions currently known to management and does not contain forecasts or other prospective information.

69. We have properly allocated certain assets, liabilities, and additions to the County and OCFA Health Care Funds in an accurate and systematic manner and believe the allocations to comply with the

underlying participation and trust agreements and to be fairly presented in accordance with generally accepted accounting principles.

70. We have accurately calculated and credited the investment earnings of the respective Health Care Funds for the County and the OCFA in a manner consistent with each of the respective agreements.
71. We have inquired of the System's actuaries, legal counsel, investment personnel, and other individuals in the organization who have specialized knowledge relating to the amounts, disclosures and assertions in the financial statements. We made such inquiries as we considered appropriate to support the written representations contained in this letter.

Steve Delaney

Steve Delaney, Chief Executive Officer

Brenda M Shott

Brenda Shott, Assistant CEO, Internal Operations

Molly Murphy, CFA, Chief Investment Officer

Tracy Bowman

Tracy Bowman, Director of Finance

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SIGNATURE CERTIFICATE

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number E961F2DF-BB48-42B4-B70B-7D8430910BB9	**Document Name** Management Representation Letter - Final
Transaction Type Signature Request	**Filename** management_representation_letter_-_final.pdf
Sent At 06/03/2021 17:34 EDT	**Pages** 10 pages
Executed At 06/03/2021 23:26 EDT	**Content Type** application/pdf
Identity Method email	**File Size** 207 KB
Distribution Method email	**Original Checksum** a38458429c7dceb4be3d3fdf9033d5cfe9dfa9636e80d04e8d9746f59e8bf33a
Signed Checksum ad84841e88f0c1e81ffeae00264bbbaaf2d640b04465c0481fbf6d17bc964ebf	
Signer Sequencing Disabled	
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SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Brenda Shott **Email** bshott@ocers.org **Components** 1	**Status** signed **Multi-factor Digital Fingerprint Checksum** f754ba9c4d682c4bf2de2a70917e49afd6abc72b7a63450fb4afdcac01426fb8 **IP Address** 68.5.228.61 **Device** Chrome via Windows **Typed Signature** Brenda M Shott **Signature Reference ID** 49490211	**Viewed At** 06/03/2021 23:21 EDT **Identity Authenticated At** 06/03/2021 23:26 EDT **Signed At** 06/03/2021 23:26 EDT
Name Molly Murphy **Email** mmurphy@ocers.org **Components** 1	**Status** signed **Multi-factor Digital Fingerprint Checksum** 0eec36d811fcef346347c5a45b6aca8004ebca3e87628829a679c25812d5c5e9 **IP Address** 172.116.151.57 **Device** Mobile Safari via iOS **Drawn Signature**  **Signature Reference ID** 880F2522 **Signature Biometric Count** 360	**Viewed At** 06/03/2021 23:24 EDT **Identity Authenticated At** 06/03/2021 23:25 EDT **Signed At** 06/03/2021 23:25 EDT
Name	**Status**	**Viewed At**

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1

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Steve Delaney
Signature Reference ID
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Signature Biometric Count
283

06/03/2021 22:53 EDT
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1

Status
signed
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AUDITS

TIMESTAMP	AUDIT
06/03/2021 17:34 EDT	Gizelle Halvorson (ghalvorson@mgocpa.com) created document 'management_representation_letter_-_final.pdf' on Chrome via Windows from 38.99.107.66.
06/03/2021 17:34 EDT	Brenda Shott (bshott@ocers.org) was emailed a link to sign.
06/03/2021 17:34 EDT	Molly Murphy (mmurphy@ocers.org) was emailed a link to sign.
06/03/2021 17:34 EDT	Tracy Bowman (tbowman@ocers.org) was emailed a link to sign.
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Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Orange County Employees Retirement System (the System) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated June 4, 2021. Our report contained an emphasis-of-matter paragraph that describes the net pension liability of participating employers as of December 31, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Macias Gini & O'Connell LLP

Irvine, California
June 4, 2021

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

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

SUBJECT: **GASB 68 VALUATION AND AUDIT REPORT**

Recommendations

Approve the following recommendations from the Audit Committee during a meeting held on June 4, 2021:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2020.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2020 for distribution to employers.

Background/Discussion

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

Net Pension Liability vs. Unfunded Actuarial Accrued Liability

The attached GASB 68 valuation is used for financial reporting purposes and was prepared by Segal Consulting. This report is *separate and distinct from the funding actuarial valuation*. The net pension liability (NPL) shown in Exhibit 2 of the GASB 68 valuation as of December 31, 2020 is $4.2 billion compared to the unfunded actuarial accrued liability (UAAL) of $5.4 billion in the funding actuarial valuation as of December 31, 2020. The differences between the NPL and the UAAL are a direct result of the different liability and asset values used in measuring these amounts as detailed in the attached letter from Segal Consulting which includes a reconciliation of the Plan's December 31, 2020 NPL and UAAL. The primary differences can be attributed to NPL being calculated using the Plan's current market value of assets, including the proceeds available in the County Investment Account and the Orange County Sanitation District (OCSD) UAAL Deferred Account; the UAAL is calculated by adjusting the market value of assets for asset smoothing per OCERS Actuarial Funding Policy and excluding the reserves for the County Investment Account and OCSD UAAL Deferred Account. Differences are also created by timing differences of when actuarial gains and losses are recognized in the liability calculation for financial reporting purposes compared to funding valuation purposes.

Schedule of Allocated Pension Amounts by Employer

The attached Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2020 and related notes were audited by OCERS' independent auditor, Macias Gini & O'Connell LLP (MGO).

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

The proportionate share allocation is based on rate groups. All rate groups, with the exception of rate groups 1 and 2, have only one active employer, so all of the NPL for those rate groups is allocated to that employer. For rate groups 1 and 2, the NPL is allocated based on the actual employer contributions within the rate group and excludes employers with inactive membership. If an employer participates in several rate groups, the employer's total proportionate share of the NPL is the sum of its allocated NPL from each rate group.

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

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

Submitted by:

Tracy Bowman

Director of Finance

Approved by:

Brenda M Shott

Brenda Shott

Asst. CEO, Finance & Internal Operations

2011

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

GASB 68 Valuation and Audit Report

Presented on June 21, 2021

by

Brenda Shott and Tracy Bowman

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Recommendation

- Approve the following recommendations from the Audit Committee during a meeting held on June 4, 2021:
  1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2020
  2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2020 for distribution to employers

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Overview

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

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

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Audit Report on GASB 68 Schedules

- Using the NPL calculated for GASB 67, Segal prepares the Schedule of Allocated Pension Amounts by Employer (included in Appendix B of the full GASB 68 valuation - Section 3)
- MGO audits this schedule which includes amounts and information required for GASB 68 reporting for each employer
- MGO has issued a "clean opinion" on the 2020 schedule and related notes which will allow our Employers' auditors to rely on MGO's work, avoiding multiple audits of OCERS' information.

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

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Conclusion

Questions?

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

Orange County Employees Retirement System (OCERS)

Governmental Accounting Standards Board Statement 68 (GASB 68) Actuarial Valuation

Actuarial Valuation Based on December 31, 2020 Measurement Date for Employer Reporting as of June 30, 2021

Segal

Segal

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

June 4, 2021

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation based on December 31, 2020 measurement date for employer reporting as of June 30, 2021. It contains various information that will need to be disclosed in order for employers to comply with GASB Statement 68.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors of the Orange County Employees Retirement System (OCERS) in preparing their financial report for their liabilities associated with the OCERS pension plan. The census and financial information on which our calculations were based were prepared by OCERS. That assistance is gratefully acknowledged.

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

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the System.

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

Sincerely,

Segal

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

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

JY/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board (GASB) Statement 68 for employer reporting as of June 30, 2021. The results used in preparing this GASB 68 report are comparable to those used in preparing the GASB Statement 67 report for the plan based on a reporting date and a measurement date as of December 31, 2020. This valuation is based on:

- The benefit provisions of OCERS, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of December 31, 2019, provided by OCERS;
- The assets of the Plan as of December 31, 2020, provided by OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the December 31, 2020 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the December 31, 2020 valuation.

General observations on GASB 68 actuarial valuation

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

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. For this report, the reporting dates for the employers are June 30, 2021 and 2020. The NPLs measured as of December 31, 2020 and 2019 have been determined by rolling forward the TPLs as of December 31, 2019 and 2018, respectively. The Plan's Fiduciary Net Positions were valued as of the measurement dates. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.
2. The NPL decreased from $5,075.7 million as of December 31, 2019 to $4,213.2 million as of December 31, 2020 primarily as a result a 12.79%[1] return on the market value of assets during 2020 that was higher than the assumed return of 7.00% of approximately $1,008.0 million. The gain was offset to some extent by an experience loss of $162.3 million and a loss of $19.0 million from changes in actuarial assumptions. Changes in these values during the last two calendar years ending December 31, 2020 and December 31, 2019 can be found in *Section 2, Schedule of changes in Net Pension Liability* on page 19.
3. There was a decrease in the total employer pension expense from $590.7 million calculated last year to $255.9 million calculated this year. The primary cause of the decrease was due to an investment gain of $1.0 billion with $201.6 million being recognized in this year's expense. There was also a reduction in the expense by about $170.2 million due to the full recognition of the investment losses during calendar year 2015 in developing last year's expense.
4. The discount rate used to determine the TPL and NPL as of both December 31, 2020 and 2019 was 7.00% following the same assumption used by the System in the pension funding valuations as of December 31, 2019 and December 31, 2018. However, as the Board has approved a new set of actuarial assumptions for use in the next pension funding valuation as of December 31, 2020, we have estimated the impact of these assumption changes by (1) revaluing the TPL as of December 31, 2019 (before the roll forward) and (2) using this revalued TPL in rolling forward the results from December 31, 2019 to December 31, 2020. The detailed calculation of the discount rate of 7.00% used in the calculation of the TPL and NPL as of December 31, 2020 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
5. The Plan's Fiduciary Net Position of $16,678,581,000 as of December 31, 2019 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2019. This differs from the $16,516,108,000 market value of assets used in our December 31, 2019 funding valuation because the funding valuation excludes $150,416,000 in the County Investment Account and $12,057,000 in O.C. Sanitation District UAAL Deferred Account (after transfer of $18,631,000 to offset the District's entire UAAL as of December 31, 2019).

[1] As documented in the funding valuation report, return on market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Actual investment gain on net pension plan assets was $2,111,687,000 during 2020 after including both the administrative expenses and discount for prepaid contributions while excluding the gains credited to County Investment Account and O.C. Sanitation District UAAL Deferred Account. Without these adjustments, the actual investment gain was $2,173,184,000.

Section 1: Actuarial Valuation Summary

The Plan's Fiduciary Net Position of $18,797,203,000 as of December 31, 2020 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2020. This differs from the $18,494,462,000 market value of assets used in our December 31, 2020 funding valuation because (1) our valuation was based on the preliminary market value of assets provided in the unaudited financial statements[1] and (2) the market value of assets in the funding valuation excludes $160,378,000 in the County Investment Account and $13,433,000 in O.C. Sanitation District UAAL Deferred Account.

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

7. Results shown in this report exclude any employer contributions made after the measurement date of December 31, 2020. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.

8. All Rate Groups except Rate Groups #1 and #2 only have one active employer, so all of the NPL for those Rate Groups is allocated to that employer.

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

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

   If the employer is in several Rate Groups, the employer's total allocated NPL is the sum of its allocated NPL from each Rate Group. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers. The NPL allocation can be found in the Schedule of Determination of Proportionate Share in *Section 2*.

9. On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement of ACERA. That decision has important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay items from a legacy member's compensation earnable. It should be noted that neither the December 31, 2020 assets provided by OCERS nor the liabilities we calculated using the membership data provided by OCERS reflect the financial impact of the California Supreme Court decision.

[1] The final market value of assets provided in the December 31, 2020 financial statements was higher than the preliminary market value of assets provided in the unaudited financial statements by approximately $129 million.

[2] The NPL for Rate Group #1 was adjusted by the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I. prior to allocating the net NPL to the other employers in Rate Group #1 as the NPLs for these four employers were calculated separately.

Section 1: Actuarial Valuation Summary

10. It is important to note that this actuarial valuation is based on plan assets as of December 31, 2020. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2020. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Reporting Date for Employer under GASB 68[1]		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Disclosure elements for calendar year ending December 31:	• Service cost[2]	$512,255,298	$499,255,591
	• Total Pension Liability	23,010,449,650	21,754,263,463
	• Plan's Fiduciary Net Position	18,797,203,000	16,678,581,000
	• Net Pension Liability	4,213,246,650	5,075,682,463
	• Pension expense	255,861,827	590,748,219
Schedule of contributions for calendar year ending December 31:	• Actuarially determined contributions[3]	$638,215,000	$583,057,000
	• Actual contributions[3]	659,807,000	653,793,000
	• Contribution deficiency / (excess)[4]	(21,592,000)	(70,736,000)
Demographic data for for calendar year ending December 31:	• Number of retired members and beneficiaries	19,419	18,420
	• Number of inactive vested members	6,818	6,520
	• Number of active members	21,559	22,257
Key assumptions as of December 31:	• Investment rate of return	7.00%	7.00%
	• Inflation rate	2.50%	2.75%
	• Projected salary increases[5]	General: 4.00% to 11.00% and Safety: 4.60% to 15.00%	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%
	• Cost of living adjustments	2.75% of retirement income	2.75% of retirement income

[1] The reporting date and measurement date for the plan are December 31, 2020 and December 31, 2019.
[2] The service cost is based on the previous year's valuation, meaning the December 31, 2020 and December 31, 2019 measurement date values are based on the valuations as of December 31, 2019 and December 31, 2018, respectively. Both service costs have been calculated using the assumptions shown in the December 31, 2019 measurement date column, as there had been no changes in the actuarial assumptions between the December 31, 2018 and December 31, 2019 valuations.
[3] Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.
[4] Includes additional contributions made by employers toward the reduction of their UAAL. Details are shown in *Section 2, Schedule of Contributions* on page 20.
[5] For measurement dates December 31, 2020 and December 31, 2019, includes inflation at 2.50% and 2.75% respectively, plus real across-the-board salary increases of 0.50% plus merit and promotion increases.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

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

Plan of Benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant Data	An actuarial valuation for a plan is based on data provided to the actuary by OCERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the measurement date, as provided by OCERS.
Actuarial Assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

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

The valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
If OCERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of OCERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to OCERS.

Section 2: GASB 68 Information

General information about the pension plan

Plan Description

Plan administration. The Orange County Employees Retirement System (OCERS) was established by the County of Orange in 1945. OCERS is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.). OCERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the Safety and General members employed by the County of Orange. OCERS also provides retirement benefits to the employee members of the Orange County Courts, the Orange County Retirement System, two cities and thirteen special districts.

The management of OCERS is vested with the Orange County Board of Retirement. The Board consists of nine members and one alternate. The County Treasurer is a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two members are elected by the General membership; one member and one alternate are elected by the Safety membership, one member is elected by the retired members of the System. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with the County Treasurer term.

Plan membership. At December 31, 2020, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	19,419
Inactive vested members entitled to but not yet receiving benefits	6,818
Active members	21,559
Total	**47,796**

Note: Data as of December 31, 2020 is not used in the measurement of the TPL as of December 31, 2020.

Section 2: GASB 68 Information

Benefits provided. OCERS provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Orange or contracting agencies who work a minimum of 20 hours per week become members of OCERS effective on the first day of employment in an eligible position. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. Any new Safety member who becomes a member on or after January 1, 2013 is designated PEPRA Safety and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. All other employees are classified as General members. New General members employed on or after January 1, 2013 are designated as PEPRA General subject to the provisions of California Government Code 7522 et. seq.

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

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

All General and Safety members can also retire at the age of 70 regardless of service.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits are calculated pursuant to the provisions of Sections 31676.01, 31676.1, 31676.12, 31676.16, 31676.18 or 31676.19. For Section 31676.01, the monthly allowance is equal to 1/90th of final compensation times years of accrued retirement service credit times age factor from that Section. For Section 31676.1, the monthly allowance is equal to 1/60th of final compensation times years of accrued retirement service credit times age factor from that Section. For Sections 31676.12, 31676.16, 31676.18 or 31676.19, the monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from the corresponding Section. General member benefits for those who are first hired on or after January 1, 2013, excluding members of Plan T and Plan W, are calculated pursuant to the provision of California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety member benefits are calculated pursuant to the provisions of California Government Code Sections 31664.1 and 31664.2. The monthly allowance is equal to 3% of final compensation times years of accrued retirement service credit times age factor from the corresponding Section. Safety member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

Section 2: GASB 68 Information

For members with membership dates before January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members with membership dates on or after January 1, 2013, excluding members of Plan T and Plan W.

Final average compensation consists of the highest 12 consecutive months for a General Tier 1 or Safety Tier 1 member and the highest 36 consecutive months for a General Tier 2, General PEPRA, Safety Tier 2 or Safety PEPRA member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

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

The County of Orange and contracting agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from OCERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate for the first six months of calendar year 2020 or the second half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 37.97%[1] of compensation. The average employer contribution rate for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 (based on the December 31, 2018 valuation) was 40.02%[1] of compensation.

All members are required to make contributions to OCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate for the first six months of calendar year 2020 or the second half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 12.63%[2] of compensation. The average member contribution rate for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 (based on the December 31, 2018 valuation) was 12.47%[2] of compensation.

1 These employer contribution rates may be higher or lower than the composite rate for 2020 as shown in the valuation report because these rates have not been adjusted to reflect any pick-ups or reverse pick-ups. These employer contribution rates also do not reflect the shift in payroll to the lower cost plans from the valuation date to the date of rate implementation.

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

Section 2: GASB 68 Information

Net Pension Liability

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of the Net Pension Liability		
Total Pension Liability	$23,010,449,650	$21,754,263,463
Plan's Fiduciary Net Position	(18,797,203,000)	(16,678,581,000)
Net Pension Liability	**$4,213,246,650**	**$5,075,682,463**
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	81.69%	76.67%

The Net Pension Liability (NPL) was measured as of December 31, 2020 and 2019. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of December 31, 2019 and 2018, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of December 31, 2020 and 2019 are the same as those used in the OCERS actuarial valuations as of December 31, 2020 and 2019, respectively.

Actuarial assumptions. The TPL as of December 31, 2020 was remeasured by (1) revaluing the TPL as of December 31, 2019 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of December 31, 2020 and (2) using this revalued TPL in rolling forward the results from December 31, 2019 to December 31, 2020:

Inflation:	2.50%
Salary increases:	General: 4.00% to 11.00% and Safety: 4.60% to 15.00%, vary by service, including inflation
Cost of living adjustments:	2.75% of retirement income
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation
Other assumptions:	See analysis of actuarial experience during the period January 1, 2017 through December 31, 2019

Section 2: GASB 68 Information

The TPL as of December 31, 2019 was determined by actuarial valuations as of December 31, 2018. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2014 through December 31, 2016 and they are the same assumptions used in the December 31, 2019 funding valuation for OCERS.

Inflation:	2.75%
Salary increases:	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation
Cost of living adjustments:	2.75% of retirement income
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation
Other assumptions:	See analysis of actuarial experience during the period January 1, 2014 through December 31, 2016

Section 2: GASB 68 Information

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments[1] was determined in 2020 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, but before investment 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, 2020 actuarial valuation. This information will change every three years based on the actuarial experience study.

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

[1] Note that 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.

Section 2: GASB 68 Information

Discount rate. The discount rate used to measure the TPL was 7.00% as of December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2020 and 2019.

Section 2: GASB 68 Information

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL as of December 31, 2020, calculated using the discount rate of 7.00%, as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Orange County	$5,967,353,655	$3,547,545,979	$1,575,031,351
O.C. Cemetery District	1,621,494	(145,195)	(1,585,318)
O.C. Law Library	706,984	(949,226)	(2,299,292)
O.C. Vector Control District	2,252,210	(1,681,965)	(4,888,921)
O.C. Retirement System	40,232,657	24,954,057	12,499,653
O.C. Fire Authority	498,882,290	181,121,638	(77,902,060)
Cypress Recreation and Parks	1,528,495	185,117	(909,942)
Department of Education	4,354,261	2,661,390	1,281,440
Transportation Corridor Agency	3,824,171	(3,881,366)	(10,162,561)
City of San Juan Capistrano	32,433,157	20,116,465	10,076,471
O.C. Sanitation District	45,329,114	(68,643,380)	(161,548,454)
O.C. Transportation Authority	336,233,423	186,024,390	63,580,976
U.C.I.	39,863,273	25,337,145	13,496,121
O.C. Children and Families Comm.	83,263	(612,417)	(1,179,503)
Local Agency Formation Comm.	2,012,326	1,248,133	625,198
Rancho Santa Margarita	3,780	(2,733)	(8,042)
O.C. Superior Court	483,138,839	299,663,880	150,103,631
O.C. IHSS Public Authority	1,014,740	304,738	(274,023)
Total for all Employers	**$7,460,868,132**	**$4,213,246,650**	**$1,565,936,725**

Section 2: GASB 68 Information

Schedule of changes in Net Pension Liability — Last two calendar years

Reporting Date for Employer under GASB 68 Measurement Date for Employer under GASB 68	June 30, 2021 December 31, 2020	June 30, 2020 December 31, 2019
Total Pension Liability		
• Service cost	$512,255,298	$499,255,591
• Interest	1,535,953,426	1,452,644,872
• Change of benefit terms	0	0
• Differences between expected and actual experience	162,335,537	24,382,911
• Changes of assumptions	18,966,926	0
• Benefit payments, including refunds of member contributions	(973,325,000)	(900,902,000)
• Transfer of members among Rate Groups	0	0
• Other	0	0
Net change in Total Pension Liability	**$1,256,186,187**	**$1,075,381,374**
Total Pension Liability – beginning	**21,754,263,463**	**20,678,882,089**
Total Pension Liability – ending	**$23,010,449,650**	**$21,754,263,463**
Plan's Fiduciary Net Position		
• Contributions – employer[1]	$659,807,000	$653,793,000
• Contributions – member	279,384,000	279,373,000
• Net investment income	2,173,184,000	2,183,808,000
• Benefit payments, including refunds of member contributions	(973,325,000)	(900,902,000)
• Transfer of members among Rate Groups	0	0
• Administrative expense	(20,428,000)	(19,171,000)
• Other	0	0
Net change in Plan's Fiduciary Net Position	**$2,118,622,000**	**$2,196,901,000**
Plan's Fiduciary Net Position – beginning	**$16,678,581,000**	**14,481,680,000**
Plan's Fiduciary Net Position – ending	**$18,797,203,000**	**$16,678,581,000**
Net Pension Liability – ending	**$4,213,246,650**	**$5,075,682,463**
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	**81.69%**	**76.67%**
Covered payroll[2]	**$1,909,268,000**	**$1,783,054,000**
Plan Net Pension Liability as percentage of covered payroll	**220.67%**	**284.66%**

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

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Schedule of contributions – Last ten calendar years

Year Ended December 31	Actuarially Determined Contributions[1,2]	Contributions in Relation to the Actuarially Determined Contributions[1,2]	Contribution Deficiency / (Excess)	Covered Payroll[3]	Contributions as a Percentage of Covered Payroll[1,2]
2011	$387,585,000	$387,585,000	$0	$1,498,914,000	25.86%
2012	406,521,000	406,521,000	0	1,497,475,000	27.15%
2013	426,020,000	427,095,000[4]	(1,075,000)	1,494,745,000	28.57%
2014	476,320,000	625,520,000[5]	(149,200,000)	1,513,206,000	41.34%
2015	502,886,000	571,298,000[6]	(68,412,000)	1,521,036,000	37.56%
2016	521,447,000	567,196,000[7]	(45,749,000)	1,602,675,000	35.40%
2017	536,726,000[8]	572,104,000[7,9]	(35,378,000)	1,678,322,000	34.09%
2018	556,728,000[10]	580,905,000[9,11]	(24,177,000)	1,718,798,000	33.80%
2019	583,057,000	653,793,000[12]	(70,736,000)	1,783,054,000	36.67%
2020	638,215,000	659,807,000[13]	(21,592,000)	1,909,268,000	34.56%

1 Reduced by transfers from County Investment Account (funded by pension obligation proceeds held by OCERS). Those transfers are as follows:

Calendar Year Ended December 31	Transfers from County Investment Account	Calendar Year Ended December 31	Transfers from County Investment Account
2011	$11,000,000	2016	$0
2012	5,500,000	2017	0
2013	5,000,000	2018	0
2014	5,000,000	2019	0
2015	0	2020	5,000,000

2 Reduced by discount for prepaid contributions.

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

4 Includes additional contributions of $1,075,000 made by O.C. Fire Authority towards the reduction of their UAAL.

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

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

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

8 $24,042,000 transfer from O.C. Sanitation District Deferred UAAL Account required to offset UAAL increase for the assumption changes has been excluded from both these amounts.

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

10 $14,589,000 transfer from O.C. Sanitation District Deferred UAAL Account required to offset UAAL increase for the actuarial losses as of December 31, 2018 has been excluded from both these amounts.

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

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

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

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Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date:	Actuarially determined contribution rates for the first six months of calendar year 2020 or the second half of fiscal year 2019-2020 are calculated based on the December 31, 2017 valuation. Actuarially determined contribution rates for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 are calculated based on the December 31, 2018 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.

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Actuarial assumptions

Valuation Date	December 31, 2017 valuation	December 31, 2018 Valuation
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation
Inflation rate:	2.75%	2.75%
Real across-the-board salary increase:	0.50%	0.50%
Projected salary increases:	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation
Cost of living adjustments:	2.75% of retirement income	2.75% of retirement income
Other assumptions:	Same as those used in the December 31, 2017 funding actuarial valuation	Same as those used in the December 31, 2018 funding actuarial valuation

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Determination of proportionate share

Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2019 to December 31, 2019

	Rate Group #1	Rate Group #1 Percentage	Rate Group #2	Rate Group #2 Percentage	Rate Group #3	Rate Group #3 Percentage
Orange County	$13,232,000	98.599%	$264,402,000	87.836%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	2,503,000	0.832%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	2,444,000	0.812%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	8,056,000	100.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	106,000	0.035%	0	0.000%
Local Agency Formation Comm.	0	0.000%	139,000	0.046%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	31,424,000	10.439%	0	0.000%
O.C. IHSS Public Authority	188,000	1.401%	0	0.000%	0	0.000%
Total for all Employers	**$13,420,000**	**100.000%**	**$301,018,000**	**100.000%**	**$8,056,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2019 to December 31, 2019

	Rate Group #4	Rate Group #4 Percentage	Rate Group #5	Rate Group #5 Percentage	Rate Group #9	Rate Group #9 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	1,248,000	100.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	26,415,000	100.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	100.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$0**	**100.000%**	**$26,415,000**	**100.000%**	**$1,248,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2019 to December 31, 2019

	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	Rate Group #12 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	187,000	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	118,000	100.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	8,578,000	100.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$8,578,000**	**100.000%**	**$187,000**	**100.000%**	**$118,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2019 to December 31, 2019

	Rate Group #6	Rate Group #6 Percentage	Rate Group #7	Rate Group #7 Percentage	Rate Group #8	Rate Group #8 Percentage
Orange County	$30,025,000	100.000%	$151,060,000	100.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	61,888,000	100.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$30,025,000**	**100.000%**	**$151,060,000**	**100.000%**	**$61,888,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2019 to December 31, 2019

	Total Contributions[1]	Total Percentage
Orange County	$458,719,000	76.197%
O.C. Cemetery District	187,000	0.031%
O.C. Law Library	118,000	0.020%
O.C. Vector Control District	0	0.000%
O.C. Retirement System	2,503,000	0.416%
O.C. Fire Authority	70,466,000	11.705%
Cypress Recreation and Parks	0	0.000%
Department of Education	0	0.000%
Transportation Corridor Agency	1,248,000	0.207%
City of San Juan Capistrano	2,444,000	0.406%
O.C. Sanitation District	8,056,000	1.338%
O.C. Transportation Authority	26,415,000	4.388%
U.C.I.	0	0.000%
O.C. Children and Families Comm.	106,000	0.018%
Local Agency Formation Comm.	139,000	0.023%
Rancho Santa Margarita	0	0.000%
O.C. Superior Court	31,424,000	5.220%
O.C. IHSS Public Authority	188,000	0.031%
Total for all Employers	**$602,013,000**	**100.000%**

Note: Results may not total due to rounding.

[1] Excludes combined additional contributions of $69,858,000 made by O.C. Fire Authority, Transportation Corridor Agency and O.C. Sanitation District towards the reduction of their UAALs, combined contributions of $3,934,000 made by O.C. Vector Control District, Department of Education and U.C.I. and combined employer pick-up contributions of $35,000.

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Allocation of December 31, 2019 Net Pension Liability

	Rate Group #1	Rate Group #1 Percentage	Rate Group #2	Rate Group #2 Percentage	Rate Group #3	Rate Group #3 Percentage
Orange County	$45,068,171	57.238%	$2,741,111,450	87.527%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District[1]	(625,500)	(0.794%)	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	26,824,264	0.857%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks[1]	262,415	0.333%	0	0.000%	0	0.000%
Department of Education[1]	3,099,339	3.936%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	26,191,970	0.836%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	(49,446,617)	100.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.[1]	30,213,739	38.373%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	(646,472)	(0.021%)	0	0.000%
Local Agency Formation Comm.	0	0.000%	1,489,642	0.048%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	336,766,149	10.753%	0	0.000%
O.C. IHSS Public Authority	719,301	0.914%	0	0.000%	0	0.000%
Total for all Employers	**$78,737,465**	**100.000%**	**$3,131,737,003**	**100.000%**	**$(49,446,617)**	**100.000%**

Note: Results may not total due to rounding.

[1] In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2018 to December 31, 2019 for the actual contributions, benefit payments and return on their VVAs during 2019. Those VVAs are then marked to the Plan's Fiduciary Net Position as of December 31, 2019. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2018).

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Allocation of December 31, 2019 Net Pension Liability

	Rate Group #4	Rate Group #4 Percentage	Rate Group #5	Rate Group #5 Percentage	Rate Group #9	Rate Group #9 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	(1,753,164)	100.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	224,284,548	100.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	(2,214)	100.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$(2,214)**	**100.000%**	**$224,284,548**	**100.000%**	**$(1,753,164)**	**100.000%**

Note: Results may not total due to rounding.

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Allocation of December 31, 2019 Net Pension Liability

	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	Rate Group #12 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	(228,119)	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	(74,515)	100.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	32,453,715	100.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$32,453,715**	**100.000%**	**$(228,119)**	**100.000%**	**$(74,515)**	**100.000%**

Note: Results may not total due to rounding.

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Allocation of December 31, 2019 Net Pension Liability

	Rate Group #6	Rate Group #6 Percentage	Rate Group #7	Rate Group #7 Percentage	Rate Group #8	Rate Group #8 Percentage
Orange County	$235,494,376	100.000%	$1,102,538,243	100.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	321,941,742	100.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$235,494,376**	**100.000%**	**$1,102,538,243**	**100.000%**	**$321,941,742**	**100.000%**

Note: Results may not total due to rounding.

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Allocation of December 31, 2019 Net Pension Liability

	Total NPL	Total Percentage
Orange County	$4,124,212,240	81.254%
O.C. Cemetery District	(228,119)	(0.004%)
O.C. Law Library	(74,515)	(0.001%)
O.C. Vector Control District[1]	(625,500)	(0.012%)
O.C. Retirement System	26,824,264	0.529%
O.C. Fire Authority	354,395,457	6.982%
Cypress Recreation and Parks[1]	262,415	0.005%
Department of Education[1]	3,099,339	0.061%
Transportation Corridor Agency	(1,753,164)	(0.035%)
City of San Juan Capistrano	26,191,970	0.516%
O.C. Sanitation District	(49,446,617)	(0.974%)
O.C. Transportation Authority	224,284,548	4.419%
U.C.I.[1]	30,213,739	0.595%
O.C. Children and Families Comm.	(646,472)	(0.013%)
Local Agency Formation Comm.	1,489,642	0.029%
Rancho Santa Margarita	(2,214)	(0.000%)
O.C. Superior Court	336,766,149	6.635%
O.C. IHSS Public Authority	719,301	0.014%
Total for all Employers	**$5,075,682,463**	**100.000%**

Note: Results may not total due to rounding.

[1] In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2018 to December 31, 2019 for the actual contributions, benefit payments and return on their VVAs during 2019. Those VVAs are then marked to the Plan's Fiduciary Net Position as of December 31, 2019. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2018).

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Notes regarding determination of proportionate share as of December 31, 2019 measurement date

1. Based on the January 1, 2019 through December 31, 2019 employer contributions as provided by OCERS. These contributions have been adjusted to exclude employer paid member contributions and they have not been reduced for discount due to prepaid contributions. (It should be noted that we would also have included transfers made from the County Investment Account had those transfers been made in 2019.)

2a. The Net Pension Liability (NPL) for each Rate Group is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each Rate Group is obtained from internal valuation results. The Plan's Fiduciary Net Position for each Rate Group is estimated by adjusting the Valuation Value of Assets (VVA) for each membership class by the ratio of the total OCERS Plan's Fiduciary Net Position (excluding the balance of the County Investment Account and the O.C. Sanitation District UAAL Deferred Account) to total OCERS VVA. As previously directed by OCERS, the County Investment Account is then allocated among the four County Rate Groups using the proportions of County POB contributions applied during 2019. Again, as there were no such County POB contributions made during 2019, we have continued to apply the same proportions determined in 2014 for each of the four County Rate Groups to allocate the $150,416,000 in the County Investment Accout as of December 31, 2019. These amounts are provided in item 3. The O.C. Sanitation District UAAL Deferred Account is allocated entirely to Rate Group #3 and the balance of that account has been reduced by from $30,688,000 to $12,057,000 at the end of the year to mitigate the additional UAAL due to actuarial losses (and that UAAL was measured on a VVA basis). Nonetheless, the balance of the O.C. Sanitation District UAAL Deferred Account was used to reduce the NPL for the O.C. Sanitation District as of the measurement date.

b. Each of General Rate Groups #3, #4, #5, #9, #10, #11 and #12 and Safety Rate Groups #6, #7 and #8 have only one active employer, so all of the NPL for that Rate Group is allocated to the corresponding employer.

c. For General Rate Groups #1 and #2, the NPL is allocated based on the actual employer contributions within the General Rate Group.

- The NPL for Rate Group #1 was adjusted by the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I. prior to allocating the net NPL to the other employers in Rate Group #1 as the NPLs for these four employers were calculated separately.
- Calculate ratio of employer's contributions to the total contributions for the Rate Group. For this purpose, the employer contributions exclude the following amounts:

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(i) Rate Group #1 (Department of Education): $267,000

(ii) Rate Group #1 (U.C.I.): $2,789,000

(iii) Rate Group #1 (O.C. Vector Control District): $878,000

- Multiply this ratio (unrounded) by the NPL for the Rate Group to determine the employer's proportionate share of the NPL for the Rate Group.
- The UAAL contributions referenced in (i), (ii) and (iii) above are adjusted with interest to December 31, 2019 and are used to reduce the NPL for the three employers as of December 31, 2019.

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

Rate Group #1:	$5,558,363
Rate Group #2:	92,443,896
Rate Group #6:	9,607,620
Rate Group #7:	42,806,121
Total:	**$150,416,000**

In addition, the NPL for Rate Group #2 was allocated prior to applying the adjusted balance of the $1,744,454 in additional UAAL contributions made by O.C. Children and Families Commission on November 15, 2017. That balance is equal to $1,809,390 as of December 31, 2018 and is equal to $1,782,458 as of December 31, 2019 when adjusted with interest for the entire year and UAAL contribution offset starting from January 1, 2019 to December 31, 2019. We would continue to maintain the outstanding balance of the additional UAAL contributions for use in determining the NPL for this employer.

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

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2020 to December 31, 2020

	Rate Group #1	Rate Group #1 Percentage	Rate Group #2	Rate Group #2 Percentage	Rate Group #3	Rate Group #3 Percentage
Orange County	$12,491,000	98.696%	$303,401,000	88.268%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	2,899,000	0.843%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	2,337,000	0.680%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	8,481,000	100.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	132,000	0.038%	0	0.000%
Local Agency Formation Comm.	0	0.000%	145,000	0.042%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	34,813,000	10.128%	0	0.000%
O.C. IHSS Public Authority	165,000	1.304%	0	0.000%	0	0.000%
Total for all Employers	**$12,656,000**	**100.000%**	**$343,727,000**	**100.000%**	**$8,481,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2020 to December 31, 2020

	Rate Group #4	Rate Group #4 Percentage	Rate Group #5	Rate Group #5 Percentage	Rate Group #9	Rate Group #9 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	865,000	100.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	28,893,000	100.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	100.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$0**	**100.000%**	**$28,893,000**	**100.000%**	**$865,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2020 to December 31, 2020

	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	Rate Group #12 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	207,000	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	135,000	100.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	9,130,000	100.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$9,130,000**	**100.000%**	**$207,000**	**100.000%**	**$135,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2020 to December 31, 2020

	Rate Group #6	Rate Group #6 Percentage	Rate Group #7	Rate Group #7 Percentage	Rate Group #8	Rate Group #8 Percentage
Orange County	$31,178,000	100.000%	$160,831,000	100.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	68,457,000	100.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$31,178,000**	**100.000%**	**$160,831,000**	**100.000%**	**$68,457,000**	**100.000%**

Note: Results may not total due to rounding.

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Actual Contributions (Excluding Employer Paid Member Contributions and Not Reduced for Discount Due to Prepaid Contributions) by Employer and Rate Group

January 1, 2020 to December 31, 2020

	Total Contributions[1]	Total Percentage
Orange County	$507,901,000	76.427%
O.C. Cemetery District	207,000	0.031%
O.C. Law Library	135,000	0.020%
O.C. Vector Control District	0	0.000%
O.C. Retirement System	2,899,000	0.436%
O.C. Fire Authority	77,587,000	11.675%
Cypress Recreation and Parks	0	0.000%
Department of Education	0	0.000%
Transportation Corridor Agency	865,000	0.130%
City of San Juan Capistrano	2,337,000	0.352%
O.C. Sanitation District	8,481,000	1.276%
O.C. Transportation Authority	28,893,000	4.348%
U.C.I.	0	0.000%
O.C. Children and Families Comm.	132,000	0.020%
Local Agency Formation Comm.	145,000	0.022%
Rancho Santa Margarita	0	0.000%
O.C. Superior Court	34,813,000	5.239%
O.C. IHSS Public Authority	165,000	0.025%
Total for all Employers	**$664,560,000**	**100.000%**

Note: Results may not total due to rounding.

[1] Excludes combined additional contributions of $21,592,000 made by O.C. Fire Authority towards the reduction of their UAALs, combined contributions of $3,354,000 made by Department of Education and U.C.I. and combined employer pick-up contributions of $32,000.

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Allocation of December 31, 2020 Net Pension Liability

	Rate Group #1	Rate Group #1 Percentage	Rate Group #2	Rate Group #2 Percentage	Rate Group #3	Rate Group #3 Percentage
Orange County	$19,115,737	41.626%	$2,515,885,249	87.929%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District[1]	(1,681,965)	(3.663%)	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	24,954,057	0.872%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks[1]	185,117	0.403%	0	0.000%	0	0.000%
Department of Education[1]	2,661,390	5.795%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	20,116,465	0.703%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	(68,643,380)	100.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.[1]	25,337,145	55.174%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	(612,417)	(0.021%)	0	0.000%
Local Agency Formation Comm.	0	0.000%	1,248,133	0.044%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	299,663,880	10.473%	0	0.000%
O.C. IHSS Public Authority	304,738	0.664%	0	0.000%	0	0.000%
Total for all Employers	**$45,922,162**	**100.000%**	**$2,861,255,367**	**100.000%**	**$(68,643,380)**	**100.000%**

Note: Results may not total due to rounding.

[1] In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2019 to December 31, 2020 for the actual contributions, benefit payments and return on their VVAs during 2020. Those VVAs are then marked to the Plan's Fiduciary Net Position as of December 31, 2020. The TPLs for these employers are obtained from internal valuation results (first by revaluing the TPL as of December 31, 2019 to include the actuarial assumptions adopted by the Board for use in the pension funding valuation as of December 31, 2020 and then rolling forward those results from December 31, 2019 to December 31, 2020).

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Allocation of December 31, 2020 Net Pension Liability

	Rate Group #4	Rate Group #4 Percentage	Rate Group #5	Rate Group #5 Percentage	Rate Group #9	Rate Group #9 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	(3,881,366)	100.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	186,024,390	100.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	(2,733)	100.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$(2,733)**	**100.000%**	**$186,024,390**	**100.000%**	**$(3,881,366)**	**100.000%**

Note: Results may not total due to rounding.

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Allocation of December 31, 2020 Net Pension Liability

	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	Rate Group #12 Percentage
Orange County	$0	0.000%	$0	0.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	(145,195)	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	(949,226)	100.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	19,602,561	100.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$19,602,561**	**100.000%**	**$(145,195)**	**100.000%**	**$(949,226)**	**100.000%**

Note: Results may not total due to rounding.

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Allocation of December 31, 2020 Net Pension Liability

	Rate Group #6	Rate Group #6 Percentage	Rate Group #7	Rate Group #7 Percentage	Rate Group #8	Rate Group #8 Percentage
Orange County	$156,749,960	100.000%	$855,795,033	100.000%	$0	0.000%
O.C. Cemetery District	0	0.000%	0	0.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	0	0.000%
O.C. Vector Control District	0	0.000%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	0	0.000%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	161,519,077	100.000%
Cypress Recreation and Parks	0	0.000%	0	0.000%	0	0.000%
Department of Education	0	0.000%	0	0.000%	0	0.000%
Transportation Corridor Agency	0	0.000%	0	0.000%	0	0.000%
City of San Juan Capistrano	0	0.000%	0	0.000%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	0	0.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I.	0	0.000%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	0	0.000%	0	0.000%
Local Agency Formation Comm.	0	0.000%	0	0.000%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	0	0.000%	0	0.000%
O.C. IHSS Public Authority	0	0.000%	0	0.000%	0	0.000%
Total for all Employers	**$156,749,960**	**100.000%**	**$855,795,033**	**100.000%**	**$161,519,077**	**100.000%**

Note: Results may not total due to rounding.

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Allocation of December 31, 2020 Net Pension Liability

	Total NPL	Total Percentage
Orange County	$3,547,545,979	84.200%
O.C. Cemetery District	(145,195)	(0.003%)
O.C. Law Library	(949,226)	(0.023%)
O.C. Vector Control District[1]	(1,681,965)	(0.040%)
O.C. Retirement System	24,954,057	0.592%
O.C. Fire Authority	181,121,638	4.299%
Cypress Recreation and Parks[1]	185,117	0.004%
Department of Education[1]	2,661,390	0.063%
Transportation Corridor Agency	(3,881,366)	(0.092%)
City of San Juan Capistrano	20,116,465	0.477%
O.C. Sanitation District	(68,643,380)	(1.629%)
O.C. Transportation Authority	186,024,390	4.415%
U.C.I.[1]	25,337,145	0.601%
O.C. Children and Families Comm.	(612,417)	(0.015%)
Local Agency Formation Comm.	1,248,133	0.030%
Rancho Santa Margarita	(2,733)	0.000%
O.C. Superior Court	299,663,880	7.112%
O.C. IHSS Public Authority	304,738	0.007%
Total for all Employers	**$4,213,246,650**	**100.000%**

Note: Results may not total due to rounding.

[1] In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2019 to December 31, 2020 for the actual contributions, benefit payments and return on their VVAs during 2020. Those VVAs are then marked to the Plan's Fiduciary Net Position as of December 31, 2020. The TPLs for these employers are obtained from internal valuation results (first by revaluing the TPL as of December 31, 2019 to include the actuarial assumptions adopted by the Board for use in the pension funding valuation as of December 31, 2020 and then rolling forward those results from December 31, 2019 to December 31, 2020).

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Notes regarding determination of proportionate share as of December 31, 2020 measurement date

1. Based on the January 1, 2020 through December 31, 2020 employer contributions as provided by OCERS. These contributions have been adjusted to include transfers made from the County Investment Account and to exclude employer paid member contributions and they have not been reduced for discount due to prepaid contributions.

2a. The Net Pension Liability (NPL) for each Rate Group is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each Rate Group is obtained from internal valuation results. The Plan's Fiduciary Net Position for each Rate Group is estimated by adjusting the Valuation Value of Assets (VVA) for each membership class by the ratio of the total OCERS Plan's Fiduciary Net Position (excluding the balance of the County Investment Account and the O.C. Sanitation District UAAL Deferred Account) to total OCERS VVA. As previously directed by OCERS, the County Investment Account is then allocated among the four County Rate Groups using the proportions of County POB contributions applied during 2020. These amounts are provided in item 3. The O.C. Sanitation District UAAL Deferred Account is allocated entirely to Rate Group #3 and the balance of that account has increased by from $12,057,000 to $13,433,000 at the end of the year. The balance of the O.C. Sanitation District UAAL Deferred Account was used to reduce the NPL for the O.C. Sanitation District as of the measurement date.

b. Each of General Rate Groups #3, #4, #5, #9, #10, #11 and #12 and Safety Rate Groups #6, #7 and #8 have only one active employer, so all of the NPL for that Rate Group is allocated to the corresponding employer.

c. For General Rate Groups #1 and #2, the NPL is allocated based on the actual employer contributions within the General Rate Group.

- The NPL for Rate Group #1 was adjusted by the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I. prior to allocating the net NPL to the other employers in Rate Group #1 as the NPLs for these four employers were calculated separately.
- Calculate ratio of employer's contributions to the total contributions for the Rate Group. For this purpose, the employer contributions exclude the following amounts:
  - (i) Rate Group #1 (Department of Education): $286,000
  - (ii) Rate Group #1 (U.C.I.): $3,068,000
- Multiply this ratio (unrounded) by the NPL for the Rate Group to determine the employer's proportionate share of the NPL for the Rate Group.
- The UAAL contributions referenced in (i) and (ii) above are adjusted with interest to December 31, 2020 and are used to reduce the NPL for the three employers as of December 31, 2020.

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

Rate Group #1:	$3,953,868
Rate Group #2:	95,734,572
Rate Group #6:	9,868,945
Rate Group #7:	50,820,615
Total:	**$160,378,000**

In addition, the NPL for Rate Group #2 was allocated prior to applying the adjusted balance of the $1,744,454 in additional UAAL contributions made by O.C. Children and Families Commission on November 15, 2017. That balance is equal to $1,782,458 as of December 31, 2019 as shown on Exhibit A1 and is equal to $1,748,649 as of December 31, 2020 when adjusted with interest for the entire year and UAAL contribution offset starting from January 1, 2020 to December 31, 2020. We would continue to maintain the outstanding balance of the additional UAAL contributions for use in determining the NPL for this employer.

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

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

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

Section 2: GASB 68 Information

Pension expense

Total for All Employers

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$512,255,298	$499,255,591
• Interest on the Total Pension Liability	1,535,953,426	1,452,644,872
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	27,940,714	4,160,905
• Expensed portion of current-period changes of assumptions or other inputs	3,264,531	0
• Member contributions[1]	(279,416,000)	(279,408,000)
• Projected earnings on plan investments	(1,165,140,244)	(1,012,912,065)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(201,608,751)	(234,179,185)
• Administrative expense	20,428,000	19,171,000
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	428,190,705	613,106,124
• Recognition of beginning of year deferred inflows of resources as pension expense	(626,005,852)	(471,091,023)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$255,861,827**	**$590,748,219**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

Orange County

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$371,346,735	$366,249,523
• Interest on the Total Pension Liability	1,139,902,216	1,076,190,936
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	2,220,532	(971,449)
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	18,249,861	(2,795,814)
• Expensed portion of current-period changes of assumptions or other inputs	7,156,061	0
• Member contributions[1]	(210,961,842)	(213,046,536)
• Projected earnings on plan investments	(840,642,533)	(730,206,990)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(145,873,766)	(168,900,852)
• Administrative expense	15,077,479	13,419,571
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	310,426,008	449,703,448
• Recognition of beginning of year deferred inflows of resources as pension expense	(452,374,213)	(341,078,002)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	5,628,662	7,241,587
Pension Expense	**$220,155,200**	**$455,805,422**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Cemetery District

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$355,759	$351,892
• Interest on the Total Pension Liability	820,243	730,794
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	94,716	(83,319)
• Expensed portion of current-period changes of assumptions or other inputs	29,012	0
• Member contributions[1]	(168,000)	(153,000)
• Projected earnings on plan investments	(785,319)	(684,372)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(133,716)	(155,024)
• Administrative expense	7,961	6,821
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	297,806	415,056
• Recognition of beginning of year deferred inflows of resources as pension expense	(478,922)	(301,651)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$39,540**	**$127,197**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Law Library

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$311,289	$303,555
• Interest on the Total Pension Liability	777,650	757,369
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(53,515)	8,931
• Expensed portion of current-period changes of assumptions or other inputs	14,948	0
• Member contributions[1]	(164,000)	(159,000)
• Projected earnings on plan investments	(792,873)	(701,619)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(132,015)	(158,795)
• Administrative expense	6,373	5,567
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	273,670	862,354
• Recognition of beginning of year deferred inflows of resources as pension expense	(525,707)	(686,027)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(414,500)	(372,508)
Pension Expense	**$(698,680)**	**$(140,173)**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Vector Control District

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$0	$0
• Interest on the Total Pension Liability	1,873,171	1,838,973
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	57,350	(63,304)
• Expensed portion of current-period changes of assumptions or other inputs	19,465	0
• Member contributions[1]	0	0
• Projected earnings on plan investments	(1,893,631)	(1,749,918)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(296,460)	(395,310)
• Administrative expense	0	18,033
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	699,624	1,062,703
• Recognition of beginning of year deferred inflows of resources as pension expense	(1,521,054)	(1,062,441)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$(1,061,535)**	**$(351,264)**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Retirement System

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$2,248,238	$2,204,272
• Interest on the Total Pension Liability	7,376,867	6,886,777
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	96,804	449,510
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	111,162	(10,876)
• Expensed portion of current-period changes of assumptions or other inputs	282,596	0
• Member contributions[1]	(1,466,419)	(1,499,664)
• Projected earnings on plan investments	(5,410,502)	(4,653,533)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(925,785)	(1,072,280)
• Administrative expense	94,104	81,847
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	1,963,543	2,728,584
• Recognition of beginning of year deferred inflows of resources as pension expense	(2,964,238)	(2,347,848)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	1,010,362	703,821
Pension Expense	**$2,416,732**	**$3,470,610**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Fire Authority

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$65,552,468	$58,846,217
• Interest on the Total Pension Liability	154,018,603	143,191,634
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	4,854,232	4,913,957
• Expensed portion of current-period changes of assumptions or other inputs	(10,312,352)	0
• Member contributions[1]	(28,291,000)	(25,523,000)
• Projected earnings on plan investments	(126,504,684)	(107,793,739)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(22,320,190)	(24,840,760)
• Administrative expense	2,735,425	2,331,831
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	44,055,157	60,681,021
• Recognition of beginning of year deferred inflows of resources as pension expense	(66,197,374)	(44,682,965)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$17,590,285**	**$67,124,196**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

Cypress Recreation and Parks

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$0	$0
• Interest on the Total Pension Liability	316,509	308,444
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	22,924	20,711
• Expensed portion of current-period changes of assumptions or other inputs	(2,566)	0
• Member contributions[1]	0	0
• Projected earnings on plan investments	(288,817)	(271,334)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(44,653)	(60,969)
• Administrative expense	0	0
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	828,662	807,951
• Recognition of beginning of year deferred inflows of resources as pension expense	(861,427)	(800,458)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$(29,368)**	**$4,345**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

Department of Education

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$0	$0
• Interest on the Total Pension Liability	833,351	846,896
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	36,028	44,534
• Expensed portion of current-period changes of assumptions or other inputs	(21,159)	0
• Member contributions[1]	0	0
• Projected earnings on plan investments	(611,476)	(590,740)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(93,270)	(134,644)
• Administrative expense	6,223	5,494
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	348,521	596,709
• Recognition of beginning of year deferred inflows of resources as pension expense	(585,617)	(496,921)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$(87,399)**	**$271,328**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

Transportation Corridor Agency

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$1,680,188	$1,628,951
• Interest on the Total Pension Liability	3,628,098	3,487,510
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	96,200	111,634
• Expensed portion of current-period changes of assumptions or other inputs	36,170	0
• Member contributions[1]	(748,000)	(748,000)
• Projected earnings on plan investments	(3,648,043)	(2,907,084)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(603,159)	(683,108)
• Administrative expense	34,279	303,189
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	1,069,955	1,317,753
• Recognition of beginning of year deferred inflows of resources as pension expense	(1,589,325)	(1,134,685)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$(43,637)**	**$1,376,160**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

City of San Juan Capistrano

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$1,812,394	$2,152,313
• Interest on the Total Pension Liability	5,946,788	6,724,443
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(781,253)	(197,603)
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	89,612	(10,620)
• Expensed portion of current-period changes of assumptions or other inputs	227,812	0
• Member contributions[1]	(1,182,139)	(1,464,314)
• Projected earnings on plan investments	(4,361,622)	(4,543,841)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(746,312)	(1,047,004)
• Administrative expense	75,861	79,918
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	1,582,891	2,664,267
• Recognition of beginning of year deferred inflows of resources as pension expense	(2,389,591)	(2,292,505)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(518,208)	(100,772)
Pension Expense	**$(243,767)**	**$1,964,282**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Sanitation District

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$17,388,689	$17,019,396
• Interest on the Total Pension Liability	53,187,470	49,777,766
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	2,527,848	1,527,660
• Expensed portion of current-period changes of assumptions or other inputs	2,035,121	0
• Member contributions[1]	(8,329,000)	(7,999,000)
• Projected earnings on plan investments	(54,967,224)	(46,959,052)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(9,041,738)	(10,929,917)
• Administrative expense	358,146	1,103,626
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	19,316,348	25,093,591
• Recognition of beginning of year deferred inflows of resources as pension expense	(25,653,746)	(18,624,486)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	414,500	372,508
Pension Expense	**$(2,763,586)**	**$10,382,092**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Transportation Authority

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$24,228,350	$22,489,191
• Interest on the Total Pension Liability	70,938,807	67,523,163
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	361,484	434,162
• Expensed portion of current-period changes of assumptions or other inputs	589,638	0
• Member contributions[1]	(10,329,000)	(9,822,000)
• Projected earnings on plan investments	(54,696,206)	(48,088,883)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(9,421,035)	(11,118,571)
• Administrative expense	826,046	721,096
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	21,034,188	29,054,915
• Recognition of beginning of year deferred inflows of resources as pension expense	(31,437,967)	(24,856,850)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$12,094,305**	**$26,336,223**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

U.C.I

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$0	$0
• Interest on the Total Pension Liability	7,153,449	7,314,482
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	179,363	217,420
• Expensed portion of current-period changes of assumptions or other inputs	(189,697)	0
• Member contributions[1]	0	0
• Projected earnings on plan investments	(5,069,213)	(4,883,758)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(779,876)	(1,113,640)
• Administrative expense	66,734	57,294
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	2,523,897	3,586,875
• Recognition of beginning of year deferred inflows of resources as pension expense	(3,532,556)	(3,010,050)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$352,101**	**$2,168,623**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Children and Families Comm.

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$(55,177)	$(53,122)
• Interest on the Total Pension Liability	(181,041)	(165,973)
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	29,890	(189,450)
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,728)	262
• Expensed portion of current-period changes of assumptions or other inputs	(6,935)	0
• Member contributions[1]	35,989	36,142
• Projected earnings on plan investments	132,783	112,151
• Expensed portion of current-period differences between actual and projected earnings on plan investments	22,720	25,842
• Administrative expense	(2,309)	(1,973)
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	(48,189)	(65,760)
• Recognition of beginning of year deferred inflows of resources as pension expense	72,748	56,584
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(495,651)	(350,297)
Pension Expense	**$(497,900)**	**$(595,594)**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

Local Agency Formation Comm.

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$112,450	$122,410
• Interest on the Total Pension Liability	368,970	382,446
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(23,468)	26,906
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	5,560	(604)
• Expensed portion of current-period changes of assumptions or other inputs	14,135	0
• Member contributions[1]	(73,346)	(83,281)
• Projected earnings on plan investments	(270,618)	(258,426)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(46,305)	(59,547)
• Administrative expense	4,707	4,545
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	98,211	151,527
• Recognition of beginning of year deferred inflows of resources as pension expense	(148,263)	(130,384)
• Net amortization of deferred amounts from changes in proportion and differences between employer’s contributions and proportionate share of contributions	29,626	31,249
Pension Expense	**$71,659**	**$186,841**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

Rancho Santa Margarita

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$0	$0
• Interest on the Total Pension Liability	3,220	3,220
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	134	133
• Expensed portion of current-period changes of assumptions or other inputs	(184)	0
• Member contributions[1]	0	0
• Projected earnings on plan investments	(3,320)	(3,076)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(26)	(884)
• Administrative expense	0	0
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	2,337	3,874
• Recognition of beginning of year deferred inflows of resources as pension expense	(4,101)	(3,362)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	**$(1,940)**	**$(95)**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. Superior Court

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$26,998,252	$27,673,610
• Interest on the Total Pension Liability	88,586,015	86,460,274
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,537,061)	878,732
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	1,334,903	(136,545)
• Expensed portion of current-period changes of assumptions or other inputs	3,393,587	0
• Member contributions[1]	(17,609,678)	(18,827,583)
• Projected earnings on plan investments	(64,972,680)	(58,422,939)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(11,117,400)	(13,461,975)
• Administrative expense	1,130,057	1,027,549
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	23,579,451	34,256,104
• Recognition of beginning of year deferred inflows of resources as pension expense	(35,596,413)	(29,476,139)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(5,693,830)	(7,563,741)
Pension Expense	**$8,495,203**	**$22,407,347**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Pension expense (continued)

O.C. IHSS Public Authority

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Components of Pension Expense		
• Service cost	$275,663	$267,383
• Interest on the Total Pension Liability	403,040	385,718
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(5,444)	3,354
• Current-period benefit changes	0	0
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(24,420)	(17,417)
• Expensed portion of current-period changes of assumptions or other inputs	(1,121)	0
• Member contributions[1]	(129,565)	(118,764)
• Projected earnings on plan investments	(354,266)	(304,912)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	(55,765)	(71,747)
• Administrative expense	6,914	6,592
• Other	0	0
• Recognition of beginning of year deferred outflows of resources as pension expense	138,625	185,152
• Recognition of beginning of year deferred inflows of resources as pension expense	(218,086)	(162,833)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	39,039	38,153
Pension Expense	**$74,614**	**$210,679**

[1] Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources

Total for all Employers

Reporting Date for Employer under GASB 68		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$29,842,680	$28,080,600
• Changes of assumptions or other inputs		447,613,509	419,380,310
• Difference between projected and actual earnings on pension plan investments		544,111,478	816,168,467
• Difference between expected and actual experience in the Total Pension Liability		185,878,956	55,757,456
• **Total Deferred Outflows of Resources**		**$1,207,446,623**	**$1,319,386,833**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$29,842,680	$28,080,600
• Changes of assumptions or other inputs		155,261,175	8,813,853
• Difference between projected and actual earnings on pension plan investments		1,710,902,886	1,383,375,142
• Difference between expected and actual experience in the Total Pension Liability		169,219,589	298,374,305
• **Total Deferred Inflows of Resources**		**$2,065,226,330**	**$1,718,643,900**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(197,815,147)
	2022	$(277,027,099)	(106,623,593)
	2023	(21,858,500)	148,545,006
	2024	(417,345,225)	(246,941,719)
	2025	(166,825,121)	3,578,386
	2026	25,276,238	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Orange County

Reporting Date for Employer under GASB 68		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$22,213,247	$18,170,596
• Changes of assumptions or other inputs		350,580,446	322,870,826
• Difference between projected and actual earnings on pension plan investments		392,622,732	587,160,184
• Difference between expected and actual experience in the Total Pension Liability		106,688,286	13,982,779
• **Total Deferred Outflows of Resources**		**$872,104,711**	**$942,184,385**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$3,780,248	$4,789,699
• Changes of assumptions or other inputs		102,623,510	6,642,961
• Difference between projected and actual earnings on pension plan investments		1,237,325,625	997,095,584
• Difference between expected and actual experience in the Total Pension Liability		116,822,611	206,914,979
• **Total Deferred Inflows of Resources**		**$1,460,551,994**	**$1,215,443,223**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(135,857,568)
	2022	$(187,706,942)	(67,712,535)
	2023	8,279,692	116,022,910
	2024	(336,443,054)	(182,471,793)
	2025	(112,476,870)	(3,239,852)
	2026	39,568,470	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Cemetery District

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	302,773	244,428
• Difference between projected and actual earnings on pension plan investments	371,071	556,607
• Difference between expected and actual experience in the Total Pension Liability	528,105	103,588
• **Total Deferred Outflows of Resources**	**$1,201,949**	**$904,623**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	0	5,895
• Difference between projected and actual earnings on pension plan investments	1,132,625	911,694
• Difference between expected and actual experience in the Total Pension Liability	423,161	582,255
• **Total Deferred Inflows of Resources**	**$1,555,786**	**$1,499,844**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2021	N/A	$(181,116)
2022	$(155,369)	(145,381)
2023	8,260	18,248
2024	(225,303)	(215,315)
2025	(81,645)	(71,657)
2026	100,220	0
2027	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Law Library

Reporting Date for Employer under GASB 68		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$9,214
• Changes of assumptions or other inputs		215,323	214,778
• Difference between projected and actual earnings on pension plan investments		386,769	580,153
• Difference between expected and actual experience in the Total Pension Liability		34,476	43,407
• **Total Deferred Outflows of Resources**		**$636,568**	**$847,552**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$25,423	$449,137
• Changes of assumptions or other inputs		0	30,514
• Difference between projected and actual earnings on pension plan investments		1,139,777	921,702
• Difference between expected and actual experience in the Total Pension Liability		481,376	409,176
• **Total Deferred Inflows of Resources**		**$1,646,576**	**$1,810,529**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(666,537)
	2022	$(315,774)	(145,192)
	2023	(126,251)	44,331
	2024	(373,844)	(203,262)
	2025	(162,898)	7,683
	2026	(31,241)	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Vector Control District

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	384,382	435,411
• Difference between projected and actual earnings on pension plan investments	994,611	1,491,917
• Difference between expected and actual experience in the Total Pension Liability	388,960	170,770
• **Total Deferred Outflows of Resources**	**$1,767,953**	**$2,098,098**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	0	0
• Difference between projected and actual earnings on pension plan investments	2,740,586	2,404,780
• Difference between expected and actual experience in the Total Pension Liability	840,768	1,511,789
• **Total Deferred Inflows of Resources**	**$3,581,354**	**$3,916,569**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2021	N/A	$(821,430)
2022	$(568,755)	(349,110)
2023	(177,724)	41,921
2024	(855,054)	(635,409)
2025	(274,087)	(54,443)
2026	62,219	0
2027	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Retirement System

Reporting Date for Employer under GASB 68		June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$3,305,581	$3,962,866
• Changes of assumptions or other inputs		2,731,424	2,018,023
• Difference between projected and actual earnings on pension plan investments		2,561,775	3,773,899
• Difference between expected and actual experience in the Total Pension Liability		534,689	0
• **Total Deferred Outflows of Resources**		**$9,133,469**	**$9,754,788**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$105,794	$218,343
• Changes of assumptions or other inputs		0	62,731
• Difference between projected and actual earnings on pension plan investments		7,932,122	6,362,377
• Difference between expected and actual experience in the Total Pension Liability		645,269	1,273,114
• **Total Deferred Inflows of Resources**		**$8,683,185**	**$7,916,565**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$27,575
	2022	$27,575	246,502
	2023	246,502	1,558,040
	2024	1,558,040	(371,122)
	2025	(371,122)	377,228
	2026	(1,010,711)	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Fire Authority

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	December 31, 2020	December 31, 2019
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	20,847,354	29,267,911
• Difference between projected and actual earnings on pension plan investments	56,903,410	85,355,117
• Difference between expected and actual experience in the Total Pension Liability	42,647,259	24,478,887
• **Total Deferred Outflows of Resources**	**$120,398,023**	**$139,101,915**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	51,604,825	130,986
• Difference between projected and actual earnings on pension plan investments	184,283,215	144,282,784
• Difference between expected and actual experience in the Total Pension Liability	22,151,617	38,937,675
• **Total Deferred Inflows of Resources**	**$258,039,657**	**$183,351,445**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2021	N/A	$(22,142,217)
2022	$(42,479,079)	(14,700,769)
2023	(16,842,534)	10,935,776
2024	(50,346,635)	(22,568,325)
2025	(23,552,306)	4,226,005
2026	(4,421,080)	0
2027	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Cypress Recreation and Parks

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	46,968	70,336
• Difference between projected and actual earnings on pension plan investments	141,322	211,982
• Difference between expected and actual experience in the Total Pension Liability	1,628,200	2,252,572
• **Total Deferred Outflows of Resources**	**$1,816,490**	**$2,534,890**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	12,345	0
• Difference between projected and actual earnings on pension plan investments	1,161,975	1,844,790
• Difference between expected and actual experience in the Total Pension Liability	0	0
• **Total Deferred Inflows of Resources**	**$1,174,320**	**$1,844,790**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2021	N/A	$(32,765)
2022	$(57,059)	(32,764)
2023	743,400	767,695
2024	(54,174)	(29,879)
2025	(6,482)	17,813
2026	16,485	0
2027	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Department of Education

Reporting Date for Employer under GASB 68		June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		118,721	177,787
• Difference between projected and actual earnings on pension plan investments		360,014	540,022
• Difference between expected and actual experience in the Total Pension Liability		444,465	380,618
• **Total Deferred Outflows of Resources**		**$923,200**	**$1,098,427**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		101,775	10,085
• Difference between projected and actual earnings on pension plan investments		917,172	858,174
• Difference between expected and actual experience in the Total Pension Liability		417,291	678,741
• **Total Deferred Inflows of Resources**		**$1,436,238**	**$1,547,000**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(237,096)
	2022	$(245,262)	(166,861)
	2023	(100,781)	(22,380)
	2024	(138,938)	(60,537)
	2025	(40,100)	38,301
	2026	12,043	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Transportation Corridor Agency

Reporting Date for Employer under GASB 68		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		761,881	880,388
• Difference between projected and actual earnings on pension plan investments		1,248,052	1,872,077
• Difference between expected and actual experience in the Total Pension Liability		924,761	615,484
• **Total Deferred Outflows of Resources**		**$2,934,694**	**$3,367,949**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		0	28,116
• Difference between projected and actual earnings on pension plan investments		4,929,682	3,760,486
• Difference between expected and actual experience in the Total Pension Liability		622,420	940,190
• **Total Deferred Inflows of Resources**		**$5,552,102**	**$4,728,792**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(519,370)
	2022	$(858,073)	(387,284)
	2023	(421,479)	49,310
	2024	(1,070,295)	(599,506)
	2025	(374,781)	96,007
	2026	107,220	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

City of San Juan Capistrano

Reporting Date for Employer under GASB 68		June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$560,255	$887,243
• Changes of assumptions or other inputs		2,201,910	1,970,455
• Difference between projected and actual earnings on pension plan investments		2,065,149	3,684,941
• Difference between expected and actual experience in the Total Pension Liability		431,035	0
• **Total Deferred Outflows of Resources**		**$5,258,349**	**$6,542,639**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$4,888,341	$1,975,710
• Changes of assumptions or other inputs		0	61,252
• Difference between projected and actual earnings on pension plan investments		6,394,402	6,212,405
• Difference between expected and actual experience in the Total Pension Liability		520,178	1,243,105
• **Total Deferred Inflows of Resources**		**$11,802,921**	**$9,492,472**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(1,477,829)
	2022	$(1,477,829)	(718,794)
	2023	(718,794)	771,469
	2024	771,469	(1,345,609)
	2025	(1,345,609)	(179,070)
	2026	(3,773,809)	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Sanitation District

Reporting Date for Employer under GASB 68		June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$25,423	$449,137
• Changes of assumptions or other inputs		18,009,943	12,311,067
• Difference between projected and actual earnings on pension plan investments		26,281,119	39,421,678
• Difference between expected and actual experience in the Total Pension Liability		19,679,712	9,606,499
• **Total Deferred Outflows of Resources**		**$63,996,197**	**$61,788,381**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$9,214
• Changes of assumptions or other inputs		0	372,978
• Difference between projected and actual earnings on pension plan investments		78,515,498	64,842,567
• Difference between expected and actual experience in the Total Pension Liability		2,630,086	5,416,832
• **Total Deferred Inflows of Resources**		**$81,145,584**	**$70,641,591**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(5,922,898)
	2022	$(7,334,143)	(2,855,374)
	2023	2,995,140	7,473,909
	2024	(13,341,404)	(8,862,635)
	2025	(3,164,982)	1,313,788
	2026	3,696,002	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Transportation Authority

Reporting Date for Employer under GASB 68		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		17,474,376	21,920,909
• Difference between projected and actual earnings on pension plan investments		26,217,519	39,326,279
• Difference between expected and actual experience in the Total Pension Liability		3,427,122	2,331,117
• **Total Deferred Outflows of Resources**		**$47,119,017**	**$63,578,305**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		0	595,454
• Difference between projected and actual earnings on pension plan investments		80,855,942	66,279,519
• Difference between expected and actual experience in the Total Pension Liability		14,033,597	21,768,391
• **Total Deferred Inflows of Resources**		**$94,889,539**	**$88,643,364**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(10,403,779)
	2022	$(15,757,308)	(7,287,395)
	2023	(3,707,875)	4,762,038
	2024	(20,979,218)	(12,509,305)
	2025	(8,096,533)	373,382
	2026	770,412	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

U.C.I.

Reporting Date for Employer under GASB 68		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		951,705	1,425,191
• Difference between projected and actual earnings on pension plan investments		2,966,035	4,449,052
• Difference between expected and actual experience in the Total Pension Liability		2,085,835	1,790,493
• **Total Deferred Outflows of Resources**		**$6,003,575**	**$7,664,736**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$0	$0
• Changes of assumptions or other inputs		912,444	79,608
• Difference between projected and actual earnings on pension plan investments		7,628,033	7,119,985
• Difference between expected and actual experience in the Total Pension Liability		1,590,593	2,432,087
• **Total Deferred Inflows of Resources**		**$10,131,070**	**$9,631,680**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(1,008,659)
	2022	$(1,526,539)	(736,329)
	2023	(405,286)	384,924
	2024	(1,584,071)	(793,861)
	2025	(603,227)	186,981
	2026	(8,372)	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Children and Families Comm.

		June 30, 2021	June 30, 2020
Reporting Date for Employer under GASB 68		**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68		**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$143,769	$0
• Changes of assumptions or other inputs		(67,034)	(48,635)
• Difference between projected and actual earnings on pension plan investments		(62,871)	(90,952)
• Difference between expected and actual experience in the Total Pension Liability		(13,122)	0
• **Total Deferred Outflows of Resources**		**$742**	**$(139,587)**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$1,156,467	$1,652,118
• Changes of assumptions or other inputs		0	(1,512)
• Difference between projected and actual earnings on pension plan investments		(194,668)	(153,335)
• Difference between expected and actual experience in the Total Pension Liability		(15,836)	(30,682)
• **Total Deferred Inflows of Resources**		**$945,963**	**$1,466,589**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(471,966)
	2022	$(471,966)	(411,273)
	2023	(411,273)	(342,312)
	2024	(342,312)	(217,925)
	2025	(217,925)	(162,700)
	2026	498,255	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Local Agency Formation Comm.

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$159,107	$246,158
• Changes of assumptions or other inputs	136,618	112,068
• Difference between projected and actual earnings on pension plan investments	128,133	209,577
• Difference between expected and actual experience in the Total Pension Liability	26,744	0
• **Total Deferred Outflows of Resources**	**$450,602**	**$567,803**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$132,905	$77,447
• Changes of assumptions or other inputs	0	3,484
• Difference between projected and actual earnings on pension plan investments	396,743	353,324
• Difference between expected and actual experience in the Total Pension Liability	32,275	70,700
• **Total Deferred Inflows of Resources**	**$561,923**	**$504,955**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2021	N/A	$(24,951)
2022	$(24,951)	39,056
2023	39,056	61,377
2024	61,377	(35,256)
2025	(35,256)	22,622
2026	(151,547)	0
2027	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Rancho Santa Margarita

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	321	480
• Difference between projected and actual earnings on pension plan investments	1,174	3,008
• Difference between expected and actual experience in the Total Pension Liability	1,544	1,242
• **Total Deferred Outflows of Resources**	**$3,039**	**$4,730**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$0	$0
• Changes of assumptions or other inputs	886	29
• Difference between projected and actual earnings on pension plan investments	3,756	5,535
• Difference between expected and actual experience in the Total Pension Liability	3,198	5,388
• **Total Deferred Inflows of Resources**	**$7,840**	**$10,952**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2021	N/A	$(1,764)
2022	$(2,848)	(2,772)
2023	(1,235)	(1,159)
2024	(718)	(642)
2025	40	115
2026	(40)	0
2027	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. Superior Court

Reporting Date for Employer under GASB 68		June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68		December 31, 2020	December 31, 2019
Deferred Outflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$3,391,904	$4,270,636
• Changes of assumptions or other inputs		32,800,644	25,335,345
• Difference between projected and actual earnings on pension plan investments		30,763,392	47,379,540
• Difference between expected and actual experience in the Total Pension Liability		6,420,885	0
• **Total Deferred Outflows of Resources**		**$73,376,825**	**$76,985,521**
Deferred Inflows of Resources			
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]		$19,720,574	$18,899,874
• Changes of assumptions or other inputs		0	787,559
• Difference between projected and actual earnings on pension plan investments		95,253,873	79,876,681
• Difference between expected and actual experience in the Total Pension Liability		7,748,797	15,983,355
• **Total Deferred Inflows of Resources**		**$122,723,244**	**$115,547,469**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:			
Reporting Date for Employer under GASB 68 Year Ended June 30:			
	2021	N/A	$(18,032,264)
	2022	$(18,032,264)	(11,227,431)
	2023	(11,227,431)	5,992,846
	2024	5,992,846	(15,933,378)
	2025	(15,933,378)	638,279
	2026	(10,146,192)	0
	2027	0	0
	Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

O.C. IHSS Public Authority

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$43,394	$84,750
• Changes of assumptions or other inputs	115,754	173,542
• Difference between projected and actual earnings on pension plan investments	162,072	243,386
• Difference between expected and actual experience in the Total Pension Liability	0	0
• **Total Deferred Outflows of Resources**	**$321,220**	**$501,678**
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions[1]	$32,928	$9,058
• Changes of assumptions or other inputs	5,390	3,713
• Difference between projected and actual earnings on pension plan investments	486,528	396,090
• Difference between expected and actual experience in the Total Pension Liability	272,188	237,210
• **Total Deferred Inflows of Resources**	**$797,034**	**$646,071**
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GASB 68 Year Ended June 30:		
2021	N/A	$(40,513)
2022	$(40,513)	(29,887)
2023	(29,887)	26,063
2024	26,063	(87,960)
2025	(87,960)	(12,096)
2026	(12,096)	0
2027	0	0
Thereafter	0	0

[1] Calculated in accordance with Paragraphs 54 and 55 of GASB 68.

Deferred outflows of resources and deferred inflows of resources (continued)

There are changes in each employer's proportionate share of the total NPL during the measurement period ended December 31, 2020. The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for the current period (i.e., 2020) is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS which is 5.81 years determined as of December 31, 2019 (the beginning of the measurement period ended December 31, 2020). This is described in Paragraph 33a. of GASB 68.

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2020 is recognized over the same period.

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

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

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

Schedule of proportionate share of the Net Pension Liability

Total for All Employers

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	100.000%	$5,291,126,088	$1,494,745,333	353.98%	67.16%
2015	100.000%	5,082,480,673	1,513,206,357	335.87%	69.42%
2016	100.000%	5,716,604,741	1,521,035,820	375.84%	67.10%
2017	100.000%	5,191,216,603	1,602,675,426	323.91%	71.16%
2018	100.000%	4,952,099,401	1,678,322,080	295.06%	74.93%
2019	100.000%	6,197,202,089	1,718,798,287	360.55%	70.03%
2020	100.000%	5,075,682,463	1,783,054,087	284.66%	76.67%
2021	100.000%	4,213,246,650	1,909,268,347	220.67%	81.69%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Orange County

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	74.198%	$3,925,918,613	$1,086,993,804	361.17%	66.88%
2015	76.680%	3,897,232,634	1,107,550,873	351.88%	68.16%
2016	76.813%	4,391,070,880	1,117,547,827	392.92%	65.66%
2017	77.898%	4,043,855,643	1,199,272,843	337.19%	69.56%
2018	80.445%	3,983,695,231	1,246,487,036	319.59%	72.85%
2019	79.367%	4,918,576,912	1,271,800,976	386.74%	68.06%
2020	81.254%	4,124,212,240	1,312,799,835	314.15%	74.47%
2021	84.200%	3,547,545,979	1,403,384,933	252.78%	79.31%

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

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Cemetery District

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.034%	$1,820,018	$1,183,960	153.72%	76.02%
2015	(0.002%)	(95,350)	1,202,916	(7.93%)	101.24%
2016	0.009%	533,906	1,247,006	42.82%	93.62%
2017	0.004%	222,409	1,288,388	17.26%	97.47%
2018	(0.004%)	(173,677)	1,419,045	(12.24%)	101.78%
2019	0.016%	962,119	1,518,808	63.35%	91.02%
2020	(0.004%)	(228,119)	1,595,506	(14.30%)	102.07%
2021	(0.003%)	(145,195)	1,730,433	(8.39%)	101.16%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Law Library

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.063%	$3,314,766	$1,191,662	278.16%	63.14%
2015	0.063%	3,221,570	1,193,852	269.85%	66.76%
2016	0.061%	3,472,003	1,153,022	301.12%	62.38%
2017	0.034%	1,770,282	1,106,587	159.98%	80.96%
2018	(0.001%)	(36,317)	1,095,599	(3.31%)	100.35%
2019	0.009%	573,252	1,075,119	53.32%	94.64%
2020	(0.001%)	(74,515)	1,057,915	(7.04%)	100.66%
2021	(0.023%)	(949,226)	1,109,082	(85.59%)	108.09%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Vector Control District

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.047%	$2,464,723	$0	N/A	91.24%
2015	0.057%	2,900,367	0	N/A	89.85%
2016	0.034%	1,941,891	0	N/A	92.66%
2017	0.032%	1,669,793	0	N/A	93.78%
2018	0.024%	1,166,920	0	N/A	95.89%
2019	0.040%	2,492,695	0	N/A	90.92%
2020	(0.012%)	(625,500)	0	N/A	102.29%
2021	(0.040%)	(1,681,965)	0	N/A	106.03%

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

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Retirement System

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.402%	$21,259,813	$5,368,550	396.01%	64.40%
2015	0.406%	20,656,114	5,655,725	365.22%	67.15%
2016	0.433%	24,747,342	6,063,327	408.15%	64.73%
2017	0.422%	21,886,393	6,190,905	353.52%	68.69%
2018	0.433%	21,427,080	6,486,488	330.33%	71.95%
2019	0.465%	28,844,760	7,501,588	384.52%	67.06%
2020	0.528%	26,824,264	8,491,615	315.89%	73.18%
2021	0.592%	24,954,057	9,414,503	265.06%	76.95%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Fire Authority

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	8.366%	$442,651,348	$129,689,221	341.32%	69.66%
2015	9.188%	466,968,323	129,187,729	361.46%	70.35%
2016	9.056%	517,669,806	129,452,647	399.89%	68.90%
2017	9.043%	469,430,660	124,514,004	377.01%	73.11%
2018	7.485%	370,674,668	148,890,685	248.96%	80.44%
2019	7.531%	466,731,526	155,479,486	300.19%	76.63%
2020	6.982%	354,395,457	164,583,742	215.33%	83.51%
2021	4.299%	181,121,638	190,254,989	95.20%	91.96%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Cypress Recreation and Parks

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.000%	$0	$0	N/A	N/A
2015	0.000%	0	0	N/A	N/A
2016	0.000%	0	0	N/A	N/A
2017	0.000%	0	0	N/A	N/A
2018	0.015%	718,340	0	N/A	83.78%
2019	0.007%	408,781	0	N/A	90.81%
2020	0.005%	262,415	0	N/A	94.23%
2021	0.004%	185,117	0	N/A	96.03%

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

Schedule of proportionate share of the Net Pension Liability (continued)

Department of Education

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.051%	$2,691,224	$62,538	4303.34%	81.08%
2015	0.072%	3,637,615	0	N/A	75.31%
2016	0.075%	4,306,689	0	N/A	69.50%
2017	0.085%	4,415,517	0	N/A	68.18%
2018	0.051%	2,530,324	0	N/A	80.00%
2019	0.057%	3,517,372	0	N/A	71.79%
2020	0.061%	3,099,339	0	N/A	74.84%
2021	0.063%	2,661,390	0	N/A	77.81%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Transportation Corridor Agency

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.215%	$11,359,334	$6,054,822	187.61%	66.44%
2015	0.210%	10,682,807	6,118,067	174.61%	69.62%
2016	0.222%	12,713,136	6,088,331	208.81%	66.45%
2017	0.239%	12,423,364	6,431,272	193.17%	69.93%
2018	0.207%	10,242,769	6,775,031	151.18%	76.84%
2019	0.214%	13,253,632	6,609,886	200.51%	71.83%
2020	(0.035%)	(1,753,164)	6,809,655	(25.75%)	103.35%
2021	(0.092%)	(3,881,366)	7,257,523	(53.48%)	107.11%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

City of San Juan Capistrano

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.535%	$28,312,625	$6,324,207	447.69%	64.40%
2015	0.548%	27,866,378	6,863,345	406.02%	67.15%
2016	0.512%	29,249,120	6,464,876	452.43%	64.73%
2017	0.483%	25,089,009	6,636,488	378.05%	68.69%
2018	0.528%	26,138,852	7,227,226	361.67%	71.95%
2019	0.519%	32,142,058	7,253,654	443.12%	67.06%
2020	0.516%	26,191,970	7,294,439	359.07%	73.18%
2021	0.477%	20,116,465	6,701,987	300.16%	76.95%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Sanitation District

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	3.832%	$202,747,516	$58,954,754	343.90%	63.14%
2015	1.130%	57,418,760	58,641,163	97.92%	89.61%
2016	0.742%	42,439,759	59,789,927	70.98%	92.74%
2017	(0.200%)	(10,384,510)	60,000,017	(17.31%)	101.70%
2018	(0.799%)	(39,571,102)	62,341,796	(63.47%)	105.96%
2019	0.468%	29,029,145	66,475,479	43.67%	95.86%
2020	(0.974%)	(49,446,617)	71,395,906	(69.26%)	106.64%
2021	(1.629%)	(68,643,380)	73,290,519	(93.66%)	108.50%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Transportation Authority

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	4.112%	$217,568,793	$92,199,745	235.98%	71.77%
2015	4.006%	203,591,950	95,061,437	214.17%	74.00%
2016	4.377%	250,192,983	93,109,984	268.71%	69.82%
2017	4.436%	230,260,478	94,507,309	243.64%	73.17%
2018	4.283%	212,117,162	94,528,116	224.40%	77.15%
2019	4.353%	269,788,642	97,229,545	277.48%	71.97%
2020	4.419%	224,284,548	101,980,885	219.93%	77.80%
2021	4.415%	186,024,390	102,499,571	181.49%	82.52%

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

Schedule of proportionate share of the Net Pension Liability (continued)

U.C.I.

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.609%	$32,214,491	$643,375	5007.11%	74.44%
2015	0.523%	26,578,391	574,780	4624.10%	77.81%
2016	0.633%	36,184,065	285,025	12695.05%	69.50%
2017	0.696%	36,113,699	43,707	82626.81%	68.96%
2018	0.558%	27,644,960	14,874	185860.97%	75.13%
2019	0.562%	34,808,679	0	N/A	67.93%
2020	0.595%	30,213,739	0	N/A	71.62%
2021	0.601%	25,337,145	0	N/A	75.38%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Children and Families Comm.

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.087%	$4,590,845	$1,116,074	411.34%	64.40%
2015	0.078%	3,957,425	1,043,030	379.42%	67.15%
2016	0.071%	4,066,523	1,042,786	389.97%	64.73%
2017	0.061%	3,158,290	925,031	341.43%	68.69%
2018	0.019%	962,204	849,266	113.30%	90.09%
2019	0.010%	630,610	966,061	65.28%	91.49%
2020	(0.013%)	(646,472)	1,061,044	(60.93%)	115.26%
2021	(0.015%)	(612,417)	1,167,468	(52.46%)	112.42%

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

Schedule of proportionate share of the Net Pension Liability (continued)

Local Agency Formation Comm.

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.022%	$1,187,537	$273,719	433.85%	64.40%
2015	0.026%	1,303,484	334,804	389.33%	67.15%
2016	0.020%	1,156,534	287,698	402.00%	64.73%
2017	0.026%	1,340,888	374,792	357.77%	68.69%
2018	0.026%	1,268,133	394,760	321.24%	71.95%
2019	0.026%	1,582,703	419,538	377.25%	67.06%
2020	0.029%	1,489,642	475,099	313.54%	73.18%
2021	0.030%	1,248,133	463,507	269.28%	76.95%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Rancho Santa Margarita

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	(0.000%)	$(4,181)	$0	N/A	108.66%
2015	0.000%	1,729	0	N/A	96.78%
2016	0.000%	6,660	0	N/A	88.06%
2017	0.000%	9,332	0	N/A	82.95%
2018	(0.000%)	(2,320)	0	N/A	104.91%
2019	0.000%	1,284	0	N/A	97.28%
2020	(0.000%)	(2,214)	0	N/A	104.69%
2021	(0.000%)	(2,733)	0	N/A	105.92%

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

Section 2: GASB 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. Superior Court

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	7.415%	$392,321,750	$103,987,082	377.28%	64.40%
2015	7.002%	355,886,410	99,034,265	359.36%	67.15%
2016	6.926%	395,957,480	97,656,241	405.46%	64.73%
2017	6.726%	349,173,850	100,413,439	347.74%	68.69%
2018	6.716%	332,589,831	100,683,255	330.33%	71.95%
2019	6.338%	392,760,910	101,374,099	387.44%	67.06%
2020	6.635%	336,766,149	104,356,239	322.71%	73.18%
2021	7.112%	299,663,880	110,862,286	270.30%	76.95%

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

Schedule of proportionate share of the Net Pension Liability (continued)

O.C. IHSS Public Authority

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll[1]	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.013%	$706,873	$701,820	100.72%	73.15%
2015	0.013%	672,066	744,371	90.29%	75.26%
2016	0.016%	895,964	847,123	105.77%	73.52%
2017	0.015%	781,506	970,644	80.51%	79.30%
2018	0.014%	706,343	1,128,903	62.57%	84.20%
2019	0.018%	1,097,009	1,094,048	100.27%	77.97%
2020	0.014%	719,301	1,152,206	62.43%	86.11%
2021	0.007%	304,738	1,131,545	26.93%	93.94%

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

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability

Total for All Employers

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$5,075,682,463	$6,197,202,089
• Pension Expense	255,861,827	590,748,219
• Employer Contributions	(659,775,000)	(653,758,000)
• New Net Deferred Inflows/Outflows	(656,337,787)	(916,494,744)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	197,815,147	(142,015,101)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$4,213,246,650**	**$5,075,682,463**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Orange County

Reporting Date for Employer under GASB 68 Measurement Date for Employer under GASB 68 Reconciliation of Net Pension Liability	June 30, 2021 December 31, 2020	June 30, 2020 December 31, 2019
• Beginning Net Pension Liability	$4,124,212,240	$4,918,576,912
• Pension Expense	220,155,200	455,805,422
• Employer Contributions	(481,633,016)	(439,861,920)
• New Net Deferred Inflows/Outflows	(461,292,587)	(689,191,062)
• Change in Allocation of Prior Deferred Inflows/Outflows	(896,165)	(528,831)
• New Net Deferred Flows Due to Change in Proportion[1]	10,680,764	(4,721,248)
• Recognition of Prior Deferred Inflows/Outflows	141,948,205	(108,625,446)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	(5,628,662)	(7,241,587)
Ending Net Pension Liability	**$3,547,545,979**	**$4,124,212,240**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Cemetery District

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$(228,119)	$962,119
• Pension Expense	39,540	127,197
• Employer Contributions	(198,000)	(179,000)
• New Net Deferred Inflows/Outflows	60,268	(1,025,030)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	181,116	(113,405)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$(145,195)**	**$(228,119)**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Law Library

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$(74,515)	$573,252
• Pension Expense	(698,680)	(140,173)
• Employer Contributions	(129,000)	(112,000)
• New Net Deferred Inflows/Outflows	(713,568)	(591,775)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	252,037	(176,327)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	414,500	372,508
Ending Net Pension Liability	**$(949,226)**	**$(74,515)**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Vector Control District

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$(625,500)	$2,492,695
• Pension Expense	(1,061,535)	(351,264)
• Employer Contributions	0	(877,769)
• New Net Deferred Inflows/Outflows	(816,360)	(1,888,900)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	821,430	(262)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$(1,681,965)**	**$(625,500)**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Retirement System

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$26,824,264	$28,844,760
• Pension Expense	2,416,732	3,470,610
• Employer Contributions	(2,899,000)	(2,504,000)
• New Net Deferred Inflows/Outflows	(1,809,163)	(4,341,978)
• Change in Allocation of Prior Deferred Inflows/Outflows	(34,735)	254,808
• New Net Deferred Flows Due to Change in Proportion[1]	465,626	2,184,621
• Recognition of Prior Deferred Inflows/Outflows	1,000,695	(380,736)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	(1,010,362)	(703,821)
Ending Net Pension Liability	**$24,954,057**	**$26,824,264**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Fire Authority

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$354,395,457	$466,731,526
• Pension Expense	17,590,285	67,124,196
• Employer Contributions	(97,472,000)	(87,981,000)
• New Net Deferred Inflows/Outflows	(115,534,321)	(75,481,209)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	22,142,217	(15,998,056)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$181,121,638**	**$354,395,457**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Cypress Recreation and Parks

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$262,415	$408,781
• Pension Expense	(29,368)	4,345
• Employer Contributions	0	0
• New Net Deferred Inflows/Outflows	(80,695)	(143,218)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	32,765	(7,493)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$185,117**	**$262,415**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Department of Education

Reporting Date for Employer under GASB 68 Measurement Date for Employer under GASB 68 Reconciliation of Net Pension Liability	June 30, 2021 December 31, 2020	June 30, 2020 December 31, 2019
• Beginning Net Pension Liability	$3,099,339	$3,517,372
• Pension Expense	(87,399)	271,328
• Employer Contributions	(286,085)	(267,432)
• New Net Deferred Inflows/Outflows	(301,561)	(322,141)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	237,096	(99,788)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$2,661,390**	**$3,099,339**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Transportation Corridor Agency

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$(1,753,164)	$13,253,632
• Pension Expense	(43,637)	1,376,160
• Employer Contributions	(828,000)	(14,010,000)
• New Net Deferred Inflows/Outflows	(1,775,935)	(2,189,888)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	519,370	(183,068)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$(3,881,366)**	**$(1,753,164)**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

City of San Juan Capistrano

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$26,191,970	$32,142,058
• Pension Expense	(243,767)	1,964,282
• Employer Contributions	(2,237,000)	(2,339,000)
• New Net Deferred Inflows/Outflows	(1,458,439)	(4,239,630)
• Change in Allocation of Prior Deferred Inflows/Outflows	296,620	(104,402)
• New Net Deferred Flows Due to Change in Proportion[1]	(3,757,827)	(960,348)
• Recognition of Prior Deferred Inflows/Outflows	806,700	(371,762)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	518,208	100,772
Ending Net Pension Liability	**$20,116,465**	**$26,191,970**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Sanitation District

Reporting Date for Employer under GASB 68 Measurement Date for Employer under GASB 68 Reconciliation of Net Pension Liability	June 30, 2021 December 31, 2020	June 30, 2020 December 31, 2019
• Beginning Net Pension Liability	$(49,446,617)	$29,029,145
• Pension Expense	(2,763,586)	10,382,092
• Employer Contributions	(8,137,000)	(45,721,000)
• New Net Deferred Inflows/Outflows	(14,219,075)	(36,295,241)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	6,337,398	(6,469,105)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	(414,500)	(372,508)
Ending Net Pension Liability	**$(68,643,380)**	**$(49,446,617)**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Transportation Authority

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$224,284,548	$269,788,642
• Pension Expense	12,094,305	26,336,223
• Employer Contributions	(27,649,000)	(25,278,000)
• New Net Deferred Inflows/Outflows	(33,109,242)	(42,364,252)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	10,403,779	(4,198,065)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$186,024,390**	**$224,284,548**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

U.C.I.

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$30,213,739	$34,808,679
• Pension Expense	352,101	2,168,623
• Employer Contributions	(3,068,144)	(2,788,839)
• New Net Deferred Inflows/Outflows	(3,169,210)	(3,397,899)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	1,008,659	(576,825)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$25,337,145**	**$30,213,739**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Children and Families Comm.

Reporting Date for Employer under GASB 68 Measurement Date for Employer under GASB 68 Reconciliation of Net Pension Liability	June 30, 2021 December 31, 2020	June 30, 2020 December 31, 2019
• Beginning Net Pension Liability	$(646,472)	$630,610
• Pension Expense	(497,900)	(595,594)
• Employer Contributions	(129,000)	(101,000)
• New Net Deferred Inflows/Outflows	44,400	104,643
• Change in Allocation of Prior Deferred Inflows/Outflows	1,694	(123,879)
• New Net Deferred Flows Due to Change in Proportion[1]	143,769	(920,725)
• Recognition of Prior Deferred Inflows/Outflows	(24,559)	9,176
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	495,651	350,297
Ending Net Pension Liability	**$(612,417)**	**$(646,472)**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Local Agency Formation Comm.

Reporting Date for Employer under GASB 68	June 30, 2021	June 30, 2020
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$1,489,642	$1,582,703
• Pension Expense	71,659	186,841
• Employer Contributions	(139,000)	(133,000)
• New Net Deferred Inflows/Outflows	(90,489)	(241,125)
• Change in Allocation of Prior Deferred Inflows/Outflows	8,778	15,850
• New Net Deferred Flows Due to Change in Proportion[1]	(112,883)	130,765
• Recognition of Prior Deferred Inflows/Outflows	50,052	(21,143)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	(29,626)	(31,249)
Ending Net Pension Liability	**$1,248,133**	**$1,489,642**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Rancho Santa Margarita

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$(2,214)	$1,284
• Pension Expense	(1,940)	(95)
• Employer Contributions	0	0
• New Net Deferred Inflows/Outflows	(343)	(2,891)
• Change in Allocation of Prior Deferred Inflows/Outflows	0	0
• New Net Deferred Flows Due to Change in Proportion[1]	0	0
• Recognition of Prior Deferred Inflows/Outflows	1,764	(512)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	0	0
Ending Net Pension Liability	**$(2,733)**	**$(2,214)**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. Superior Court

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$336,766,149	$392,760,910
• Pension Expense	8,495,203	22,407,347
• Employer Contributions	(34,813,000)	(31,424,000)
• New Net Deferred Inflows/Outflows	(21,725,558)	(54,511,512)
• Change in Allocation of Prior Deferred Inflows/Outflows	623,556	478,992
• New Net Deferred Flows Due to Change in Proportion[1]	(7,393,262)	4,270,636
• Recognition of Prior Deferred Inflows/Outflows	12,016,962	(4,779,965)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	5,693,830	7,563,741
Ending Net Pension Liability	**$299,663,880**	**$336,766,149**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

O.C. IHSS Public Authority

Reporting Date for Employer under GASB 68	**June 30, 2021**	**June 30, 2020**
Measurement Date for Employer under GASB 68	**December 31, 2020**	**December 31, 2019**
Reconciliation of Net Pension Liability		
• Beginning Net Pension Liability	$719,301	$1,097,009
• Pension Expense	74,614	210,679
• Employer Contributions	(157,755)	(180,040)
• New Net Deferred Inflows/Outflows	(345,909)	(371,636)
• Change in Allocation of Prior Deferred Inflows/Outflows	252	7,462
• New Net Deferred Flows Due to Change in Proportion[1]	(26,187)	16,299
• Recognition of Prior Deferred Inflows/Outflows	79,461	(22,319)
• Recognition of Prior Deferred Flows Due to Change in Proportion[1]	(39,039)	(38,153)
Ending Net Pension Liability	**$304,738**	**$719,301**

[1] Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Schedule of recognition of changes in total Net Pension Liability

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

Reporting Date for Employer Under GASB 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	Reporting Date for Employer under GASB 68 Year Ended June 30: 2020	2021	2022	2023	2024	2025	2026	Thereafter
2015	$(327,402,088)	6.18	$(52,977,684)	$(9,535,984)	$0	$0	$0	$0	$0	$0
2016	(205,462,673)	6.06	(33,904,732)	(33,904,732)	(2,034,281)	0	0	0	0	0
2017	(323,565,741)	5.94	(54,472,347)	(54,472,347)	(51,204,006)	0	0	0	0	0
2018	(66,963,603)	6.01	(11,142,029)	(11,142,029)	(11,142,029)	(11,142,029)	(111,429)	0	0	0
2019	(118,124,401)	5.91	(19,987,206)	(19,987,206)	(19,987,206)	(19,987,206)	(18,188,371)	0	0	0
2020	24,382,911	5.86	4,160,905	4,160,905	4,160,905	4,160,905	4,160,905	3,578,386	0	0
2021	162,335,537	5.81	N/A	27,940,714	27,940,714	27,940,714	27,940,714	27,940,714	22,631,967	0
Net increase (decrease) in pension expense			**$(168,323,093)**	**$(96,940,679)**	**$(52,265,903)**	**$972,384**	**$13,801,819**	**$31,519,100**	**$22,631,967**	**$0**

As described in the Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through OCERS (active and inactive employees) determined as of December 31, 2019 (the beginning of the measurement period ending December 31, 2020) is 5.81 years.

Section 2: GASB 68 Information

Schedule of recognition of changes in total Net Pension Liability (continued)

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

Reporting Date for Employer Under GASB 68 Year Ended June 30	Effects of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GASB 68 Year Ended June 30:							
			2020	2021	2022	2023	2024	2025	2026	Thereafter
2015	$(127,729,220)	6.18	$(20,668,159)	$(3,720,266)	$0	$0	$0	$0	$0	$0
2016	0	6.06	0	0	0	0	0	0	0	0
2017	0	5.94	0	0	0	0	0	0	0	0
2018	827,197,075	6.01	137,636,784	137,636,784	137,636,784	137,636,784	1,376,371	0	0	0
2019	0	5.91	0	0	0	0	0	0	0	0
2020	0	5.86	0	0	0	0	0	0	0	0
2021	18,966,926	5.81	N/A	3,264,531	3,264,531	3,264,531	3,264,531	3,264,531	2,644,271	0
Net increase (decrease) in pension expense			**$116,968,625**	**$137,181,049**	**$140,901,315**	**$140,901,315**	**$4,640,902**	**$3,264,531**	**$2,644,271**	**$0**

As described in the Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through OCERS (active and inactive employees) determined as of December 31, 2019 (the beginning of the measurement period ending December 31, 2020) is 5.81 years.

Section 2: GASB 68 Information

Schedule of recognition of changes in total Net Pension Liability (continued)

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

Reporting Date for Employer Under GASB 68 Year Ended June 30	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GASB 68 Year Ended June 30: 2020	2021	2022	2023	2024	2025	2026	Thereafter
2016	$851,007,781	5.00	$170,201,561	$0	$0	$0	$0	$0	$0	$0
2017	(213,982,570)	5.00	42,796,514)	(42,796,514)	0	0	0	0	0	0
2018	(1,009,651,572)	5.00	(201,930,314)	(201,930,314)	(201,930,316)	0	0	0	0	0
2019	1,360,278,701	5.00	272,055,741	272,055,741	272,055,741	272,055,737	0	0	0	0
2020	(1,170,895,935)	5.00	(234,179,185)	(234,179,185)	(234,179,185)	(234,179,185)	(234,179,195)	0	0	0
2021	(1,008,043,756)	5.00	N/A	(201,608,751)	(201,608,751)	(201,608,751)	(201,608,751)	(201,608,752)	0	0
Net increase (decrease) in pension expense			**$(36,648,711)**	**$(408,459,023)**	**$(365,662,511)**	**$(163,732,199)**	**$(435,787,946)**	**$(201,608,752)**	**$0**	**$0**

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

Section 2: GASB 68 Information

Schedule of recognition of changes in total Net Pension Liability (continued)

Total Increase (Decrease) in Pension Expense

Reporting Date for Employer Under GASB 68 Year Ended June 30	Total Differences	Reporting Date for Employer under GASB 68 Year Ended June 30:							
		2020	2021	2022	2023	2024	2025	2026	Thereafter
2015	$(165,086,234)	$(73,645,843)	$(13,256,250)	$0	$0	$0	$0	$0	$0
2016	$645,545,108	136,296,829	(33,904,732)	(2,034,281)	0	0	0	0	0
2017	(537,548,311)	(97,268,861)	(97,268,861)	(51,204,006)	0	0	0	0	0
2018	(249,418,100)	(75,435,559)	(75,435,559)	(75,435,561)	126,494,755	1,264,942	0	0	0
2019	1,242,154,300	252,068,535	252,068,535	252,068,535	252,068,531	(18,188,371)	0	0	0
2020	(1,146,513,024)	(230,018,280)	(230,018,280)	(230,018,280)	(230,018,280)	(230,018,290)	3,578,386	0	0
2021	(826,741,293)	N/A	(170,403,506)	(170,403,506)	(170,403,506)	(170,403,506)	(170,403,507)	25,276,238	0
Net increase (decrease) in pension expense		**$(88,003,179)**	**$(368,218,653)**	**$(277,027,099)**	**$(21,858,500)**	**$(417,345,225)**	**$(166,825,121)**	**$25,276,238**	**$0**

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability

In addition to the amounts shown in the Schedule of Recognition of Changes in Total Net Pension Liability, there are changes in each employer's proportionate share of the total Net Pension Liability (NPL) during the measurement period ending on December 31, 2020. The net effect of the change in the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown above. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on December 31, 2020 is recognized over the same periods. These amounts are shown on the following table, with the corresponding amounts for the measurement periods ending on December 31 beginning in 2014 shown on the following pages. While these amounts are different for each employer, they sum to zero over the entire OCERS.

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended December 31, 2020

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

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended December 31, 2019

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

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended December 31, 2018

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

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended December 31, 2017

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

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended December 31, 2016

	Total Change to be Recognized	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	Thereafter
Orange County	$14,453,662	5.94	$2,433,278	$2,433,278	$2,433,278	$2,433,278	$2,433,278	$2,287,272	$0
O.C. Cemetery District	0	5.94	0	0	0	0	0	0	0
O.C. Law Library	0	5.94	0	0	0	0	0	0	0
O.C. Vector Control District	0	5.94	0	0	0	0	0	0	0
O.C. Retirement System	(668,539)	5.94	(112,549)	(112,549)	(112,549)	(112,549)	(112,549)	(105,794)	0
O.C. Fire Authority	0	5.94	0	0	0	0	0	0	0
Department of Education	0	5.94	0	0	0	0	0	0	0
Transportation Corridor Agency	0	5.94	0	0	0	0	0	0	0
City of San Juan Capistrano	(1,754,991)	5.94	(295,453)	(295,453)	(295,453)	(295,453)	(295,453)	(277,726)	0
O.C. Sanitation District	0	5.94	0	0	0	0	0	0	0
O.C. Transportation Authority	0	5.94	0	0	0	0	0	0	0
U.C.I.	0	5.94	0	0	0	0	0	0	0
O.C. Children and Families Comm.	(598,916)	5.94	(100,828)	(100,828)	(100,828)	(100,828)	(100,828)	(94,776)	0
Local Agency Formation Comm.	306,180	5.94	51,545	51,545	51,545	51,545	51,545	48,455	0
Rancho Santa Margarita	0	5.94	0	0	0	0	0	0	0
O.C. Superior Court	(11,785,507)	5.94	(1,984,092)	(1,984,092)	(1,984,092)	(1,984,092)	(1,984,092)	(1,865,047)	0
O.C. IHSS Public Authority	48,111	5.94	8,099	8,099	8,099	8,099	8,099	7,616	0
Total for all Employers	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended December 31, 2015

	Total Change to be Recognized	Recognition Period (Years)	2016	2017	2018	2019	2020	2021	Thereafter
Orange County	$2,736,401	6.06	$451,552	$451,552	$451,552	$451,552	$451,552	$451,552	$27,089
O.C. Cemetery District	0	6.06	0	0	0	0	0	0	0
O.C. Law Library	(2,567,707)	6.06	(423,714)	(423,714)	(423,714)	(423,714)	(423,714)	(423,714)	(25,423)
O.C. Vector Control District	0	6.06	0	0	0	0	0	0	0
O.C. Retirement System	1,607,456	6.06	265,257	265,257	265,257	265,257	265,257	265,257	15,914
O.C. Fire Authority	0	6.06	0	0	0	0	0	0	0
Department of Education	0	6.06	0	0	0	0	0	0	0
Transportation Corridor Agency	0	6.06	0	0	0	0	0	0	0
City of San Juan Capistrano	(1,987,430)	6.06	(327,959)	(327,959)	(327,959)	(327,959)	(327,959)	(327,959)	(19,676)
O.C. Sanitation District	2,567,707	6.06	423,714	423,714	423,714	423,714	423,714	423,714	25,423
O.C. Transportation Authority	0	6.06	0	0	0	0	0	0	0
U.C.I.	0	6.06	0	0	0	0	0	0	0
O.C. Children and Families Comm.	(366,436)	6.06	(60,468)	(60,468)	(60,468)	(60,468)	(60,468)	(60,468)	(3,628)
Local Agency Formation Comm.	(296,484)	6.06	(48,925)	(48,925)	(48,925)	(48,925)	(48,925)	(48,925)	(2,934)
Rancho Santa Margarita	0	6.06	0	0	0	0	0	0	0
O.C. Superior Court	(1,805,959)	6.06	(298,013)	(298,013)	(298,013)	(298,013)	(298,013)	(298,013)	(17,881)
O.C. IHSS Public Authority	112,452	6.06	18,556	18,556	18,556	18,556	18,556	18,556	1,116
Total for all Employers	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Section 2: GASB 68 Information

Allocation of changes in total Net Pension Liability (continued)

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended December 31, 2014

	Total Change to be Recognized	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	Thereafter
Orange County	$4,834,533	6.18	$782,287	$782,287	$782,287	$782,287	$782,287	$782,287	$140,811
O.C. Cemetery District	0	6.18	0	0	0	0	0	0	0
O.C. Law Library	316,450	6.18	51,206	51,206	51,206	51,206	51,206	51,206	9,214
O.C. Vector Control District	0	6.18	0	0	0	0	0	0	0
O.C. Retirement System	1,077,481	6.18	174,350	174,350	174,350	174,350	174,350	174,350	31,381
O.C. Fire Authority	0	6.18	0	0	0	0	0	0	0
Department of Education	0	6.18	0	0	0	0	0	0	0
Transportation Corridor Agency	0	6.18	0	0	0	0	0	0	0
City of San Juan Capistrano	1,656,769	6.18	268,086	268,086	268,086	268,086	268,086	268,086	48,253
O.C. Sanitation District	(316,450)	6.18	(51,206)	(51,206)	(51,206)	(51,206)	(51,206)	(51,206)	(9,214)
O.C. Transportation Authority	0	6.18	0	0	0	0	0	0	0
U.C.I.	0	6.18	0	0	0	0	0	0	0
O.C. Children and Families Comm.	(332,329)	6.18	(53,775)	(53,775)	(53,775)	(53,775)	(53,775)	(53,775)	(9,679)
Local Agency Formation Comm.	215,036	6.18	34,795	34,795	34,795	34,795	34,795	34,795	6,266
Rancho Santa Margarita	0	6.18	0	0	0	0	0	0	0
O.C. Superior Court	(7,470,106)	6.18	(1,208,755)	(1,208,755)	(1,208,755)	(1,208,755)	(1,208,755)	(1,208,755)	(217,576)
O.C. IHSS Public Authority	18,616	6.18	3,012	3,012	3,012	3,012	3,012	3,012	544
Total for all Employers	**$0**		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

For December 31, 2020 Measurement Date and Employer Reporting as of June 30, 2021

Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the January 1, 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.
Economic Assumptions	
Net Investment Return:	7.00%; net of investment expenses.
Member Contribution Crediting Rate:	5.00%, compounded semi-annually.
Consumer Price Index:	Increase of 2.50% per year, retiree COLA increases of 2.75% per year
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.

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Salary Increases:

- The annual rate of compensation increase includes: inflation at 2.50%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Rate (%) General	Rate (%) 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.

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Demographic Assumptions:	
Post-Retirement Mortality Rates:	*Healthy* • **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 • **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019 *Disabled* • **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 • **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019 *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.
Pre-Retirement Mortality Rates:	• **General Members:** Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019 • **Safety Members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019

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	Rate (%)[1]			
	General		Safety	
Age	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.

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

Mortality Rates for Member Contributions:

- **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
- **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

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Disability Incidence:

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

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

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

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

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

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Termination:

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

Election for Withdrawal of Contributions (%)

	Rate (%)			
Years of Service	**General All Other**	**General OCTA**	**Safety Law & Fire**	**Safety Probation**
Less than 5	30.00	40.00	20.00	25.00
5 – 9	25.00	30.00	20.00	25.00
10 – 14	25.00	25.00	10.00	25.00
15 & Over	17.50	15.00	10.00	15.00

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Retirement Rates:

	Rate (%)[1]			
	General Enhanced		General Non-Enhanced[2]	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
49	0.00	30.00	0.00	25.00
50	2.00	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).

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Retirement Rates (continued):

	Rate (%)[1]					
	Safety Law (31664.1)		Safety Fire (31664.1)		Safety Probation (31664.1)	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
45	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.

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates (continued):

Age	Rate (%)[1] 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.

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates (continued):

	Rate (%)[1]			
Age	**CalPEPRA 2.5% @ 67 General Formula**	**CalPEPRA 2.7% @ 57 Safety Formula Probation**	**CalPEPRA 2.7% @ 57 Safety Formula Law**	**CalPEPRA 2.7% @ 57 Safety Formula Fire**
50	0.00	3.00	11.00	6.00
51	0.00	3.00	11.50	6.50
52	6.00	3.50	12.00	8.00
53	2.00	3.50	16.00	10.00
54	2.00	6.00	17.00	11.50
55	2.50	12.00	29.00	20.00
56	3.50	12.00	19.00	19.00
57	5.50	15.00	19.00	21.00
58	7.50	25.00	23.00	24.00
59	7.50	25.00	26.00	30.00
60	7.50	40.00	40.00	40.00
61	7.50	40.00	40.00	40.00
62	14.00	40.00	40.00	40.00
63	14.00	40.00	40.00	40.00
64	14.00	40.00	40.00	40.00
65	20.00	100.00	100.00	100.00
66	22.00	100.00	100.00	100.00
67	23.00	100.00	100.00	100.00
68	23.00	100.00	100.00	100.00
69	23.00	100.00	100.00	100.00
70	25.00	100.00	100.00	100.00
71	25.00	100.00	100.00	100.00
72	25.00	100.00	100.00	100.00
73	25.00	100.00	100.00	100.00
74	25.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00

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

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Age and Benefit for Deferred Vested Members:	General Retirement Age: 59 Safety Retirement 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 cashout assumptions for non-CalPEPRA members), service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have 3 or more years of service, we used an average salary. For those members without salary information that have less than 3 years of service or for those members without service information, we assumed a refund of account balance.
Future Benefit Accruals:	1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Form of Payment:	All active and inactive members are assumed to elect the unmodified option at retirement.
Percent Married:	For all active and inactive members, 75% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement.
Age and Gender of Spouse:	For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Section 3: Actuarial Assumptions and Methods and Appendices

Cashout Assumptions:

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

	Rate (%)	
Years of Service	**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 terminal pay assumptions are the same for service and disability retirements.

Actuarial Funding Policy

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.

Expected Remaining Service Lives:

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

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

Changed Actuarial Assumptions and Methods:

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.

Based on the Actuarial Experience Study, the following assumptions were changed.

Previously, these assumptions and methods were as follows:

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Consumer Price Index:

- Increase of 2.75% per year, retiree COLA increases due to CPI subject to a 3.0% maximum change per year.

Payroll Growth:

- Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year.

Increase in Section 7522.10 Compensation Limit:

- Increase of 2.75% per year from the valuation date.

Salary Increases:

- The annual rate of compensation increase includes: inflation at 2.75%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Rate (%) General	Rate (%) Safety
Less than 1	9.00	14.00
1 - 2	7.25	10.00
2 - 3	6.00	7.75
3 - 4	5.00	6.00
4 -5	4.00	5.50
5 - 6	3.50	4.50
6 - 7	2.50	3.75
7 - 8	2.25	3.25
8 - 9	1.75	2.50
9 - 10	1.50	2.25
10 - 11	1.50	1.75
11 - 12	1.50	1.75
12 - 13	1.50	1.75
13 - 14	1.50	1.75
14 - 15	1.50	1.75
15 - 16	1.50	1.75
16 - 17	1.00	1.50
17 - 18	1.00	1.50
18 - 19	1.00	1.50
19 - 20	1.00	1.50
20 & Over	1.00	1.50

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

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Post-Retirement Mortality Rates:

Healthy

- **General Members and All Beneficiaries:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, with no setback for males and females.
- **Safety Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, setback four years for males and females.

Disabled

- **General Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, set forward five years for males and females.
- **Safety Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected generationally with the two-dimensional MP-2016 projection scale, with no setback for males and females.

The RP-2014 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates:

- **General and Safety Members:** Headcount-Weighted RP-2014 Employee Mortality Tables multiplied by 80%, projected generationally with the two-dimensional MP-2016 projection scale.

	Rate (%)[1]			
	General		Safety	
Age	Male	Female	Male	Female
25	0.05	0.02	0.05	0.02
30	0.05	0.02	0.05	0.02
35	0.05	0.03	0.05	0.03
40	0.06	0.04	0.06	0.04
45	0.10	0.07	0.10	0.07
50	0.17	0.11	0.17	0.11
55	0.27	0.17	0.27	0.17
60	0.45	0.24	0.45	0.24
65	0.78	0.36	0.78	0.36

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.

[1] Generational projections beyond the base year (2014) are not reflected in the above mortality rates.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Mortality Rates for Member Contributions:

- **General Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected 20 years with the two-dimensional mortality improvement Scale MP-2016, with no setback for males and females, weighted 40% male and 60% female.
- **Safety Members:** Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected 20 years with the two-dimensional mortality improvement Scale MP-2016, setback four years for males and females, weighted 80% male and 20% female.

Disability Incidence:

	Rate (%)			
Age	General All Other	General OCTA	Safety Law & Fire	Safety Probation
20	0.00	0.00	0.00	0.00
25	0.00	0.00	0.01	0.03
30	0.01	0.03	0.04	0.08
35	0.03	0.20	0.14	0.10
40	0.08	0.36	0.23	0.13
45	0.13	0.43	0.40	0.21
50	0.18	0.48	1.10	0.28
55	0.23	0.65	2.40	0.42
60	0.31	1.26	4.80	0.20

60% of General All Other disabilities are assumed to be service connected disabilities. The other 40% are assumed to be non-service connected.

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

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

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

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Termination:

Years of Service	Rate (%) General All Other	General OCTA	Safety Law & Fire	Safety Probation
Less than 1	11.00	17.50	4.50	14.00
1 – 2	7.50	11.00	2.50	13.00
2 – 3	6.50	9.00	2.00	10.00
3 – 4	5.00	8.50	1.50	5.00
4 – 5	4.50	7.50	1.25	4.00
5 – 6	4.25	7.00	1.00	3.50
6 – 7	3.75	4.50	0.95	2.75
7 – 8	3.25	4.00	0.90	2.00
8 – 9	3.00	3.50	0.85	2.00
9 – 10	2.75	3.00	0.80	1.75
10 – 11	2.50	3.00	0.75	1.75
11 – 12	2.00	3.00	0.65	1.50
12 – 13	2.00	3.00	0.60	1.25
13 – 14	1.75	2.50	0.55	1.00
14 – 15	1.50	2.50	0.50	0.75
15 – 16	1.40	2.50	0.45	0.75
16 – 17	1.30	2.00	0.40	0.75
17 – 18	1.20	1.80	0.35	0.25
18 – 19	1.10	1.60	0.30	0.25
19 – 20	1.00	1.40	0.25	0.25
20 & Over	0.90	1.20	0.20	0.25

Election for Withdrawal of Contributions (%)

Years of Service	Rate (%) General All Other	General OCTA	Safety Law & Fire	Safety Probation
Less than 5	35.00	40.00	20.00	25.00
5 – 9	30.00	35.00	20.00	25.00
10 – 14	25.00	30.00	20.00	25.00
15 & Over	20.00	20.00	20.00	25.00

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Retirement Rates:

	Rate (%)[1]			
Age	**General Enhanced**	**General Non-Enhanced[2]**	**General SJC (31676.12)**	**Safety Law (31664.1)[3]**
48	0.00	0.00	0.00	0.00
49	30.00	25.00	0.00	12.00
50	2.50	2.00	3.00	18.00
51	2.00	2.00	3.00	18.00
52	2.50	2.00	3.00	17.00
53	2.50	2.75	3.00	17.00
54	5.50	2.75	3.00	22.00
55	15.00	3.25	4.00	22.00
56	10.00	3.50	5.00	20.00
57	10.00	5.50	6.00	20.00
58	11.00	5.50	7.00	20.00
59	11.00	6.50	9.00	26.00
60	12.00	9.25	11.00	35.00
61	12.00	12.00	13.00	35.00
62	14.00	16.00	15.00	40.00
63	16.00	16.00	15.00	40.00
64	16.00	18.00	20.00	40.00
65	22.00	22.00	20.00	100.00
66	22.00	28.00	24.00	100.00
67	23.00	24.00	24.00	100.00
68	23.00	24.00	24.00	100.00
69	23.00	20.00	24.00	100.00
70	25.00	20.00	50.00	100.00
71	25.00	25.00	50.00	100.00
72	25.00	25.00	50.00	100.00
73	25.00	25.00	50.00	100.00
74	25.00	25.00	50.00	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.
[2] These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).
[3] Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Retirement Rates (continued):

	Rate (%)[1]			
Age	**Safety Law (31664.2)[2]**	**Safety Fire (31664.1)**	**Safety Fire (31664.2)**	**Safety Probation[2]**
48	0.00	0.00	0.00	0.00
49	0.00	2.00	0.00	0.00
50	11.50	5.00	8.00	3.25
51	12.00	7.00	10.00	3.25
52	12.70	9.50	11.00	4.25
53	17.90	10.50	12.00	4.25
54	18.80	15.00	14.00	7.00
55	30.70	18.00	24.00	12.00
56	20.00	20.00	23.00	12.00
57	20.00	21.00	27.00	18.00
58	25.00	28.00	27.00	18.00
59	30.00	28.00	36.00	18.00
60	40.00	30.00	40.00	20.00
61	40.00	30.00	40.00	20.00
62	40.00	35.00	40.00	25.00
63	40.00	35.00	40.00	40.00
64	40.00	35.00	40.00	40.00
65	100.00	100.00	100.00	100.00
66	100.00	100.00	100.00	100.00
67	100.00	100.00	100.00	100.00
68	100.00	100.00	100.00	100.00
69	100.00	100.00	100.00	100.00
70	100.00	100.00	100.00	100.00
71	100.00	100.00	100.00	100.00
72	100.00	100.00	100.00	100.00
73	100.00	100.00	100.00	100.00
74	100.00	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.
[2] Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Retirement Rates (continued):

	Rate (%)[1]			
Age	**CalPEPRA 2.5% @ 67 General Formula**	**CalPEPRA 2.7% @ 57 Safety Formula Probation[2]**	**CalPEPRA 2.7% @ 57 Safety Formula Law[2]**	**CalPEPRA 2.7% @ 57 Safety Formula Fire**
50	0.00	2.50	11.00	6.00
51	0.00	2.50	11.50	7.00
52	4.00	3.00	12.00	9.00
53	1.50	3.00	16.00	10.00
54	1.50	5.50	17.00	11.50
55	2.50	10.00	28.00	21.00
56	3.50	10.00	18.00	20.00
57	5.50	15.00	17.50	22.00
58	7.50	20.00	22.00	25.00
59	7.50	20.00	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	18.00	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.
2 Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):	
Retirement Age and Benefit for Deferred Vested Members:	General Retirement Age: 59 Safety Retirement Age: 53 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 25% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 4.25% and 4.75% compensation increases are assumed per annum for General and Safety, respectively.
Cashout Assumptions:	Additional compensation amounts are expected to be received during a member's final average earnings period. The percentages used in this valuation are:

	Rate (%)	
Years of Service	**Final One Year Salary**	**Final Three Year Salary**
General Non-CalPEPRA	3.00%	2.80%
Safety Probation Non-CalPEPRA	3.80%	3.40%
Safety Law Non-CalPEPRA	5.20%	4.60%
Safety Fire Non-CalPEPRA	2.00%	1.70%
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 terminal pay assumptions are the same for service and disability retirements.

Section 3: Actuarial Assumptions and Methods and Appendices

Appendix A: Projection of Pension Plan's Fiduciary Net Position ($ in millions) for use in the Calculation of Discount Rate as of December 31, 2020

Year Beginning January 1	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions * (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2020	$16,679	$939	$973	$20	$2,173	$18,797
2021	18,797	1,004	1,054	23	1,313	20,038
2022	20,038	983	1,123	25	1,397	21,270
2023	21,270	971	1,194	26	1,480	22,502
2024	22,502	938	1,264	28	1,563	23,711
2025	23,711	921	1,335	29	1,645	24,912
2026	24,912	923	1,410	31	1,726	26,121
2027	26,121	926	1,485	32	1,808	27,339
2028	27,339	929	1,561	33	1,891	28,564
2029	28,564	932	1,640	35	1,974	29,795
2045	37,237	175	2,793	46	2,515	37,088
2046	37,088	165	2,832	45	2,503	36,878
2047	36,878	156	2,866	45	2,487	36,610
2048	36,610	148	2,894	45	2,467	36,286
2049	36,286	140	2,917	44	2,443	35,907
2094	38,962	61	189	48	2,721	41,507
2095	41,507	63	154	51	2,901	44,265
2096	44,265	65	124	54	3,095	47,246
2097	47,246	67	98	58	3,304	50,462
2098	50,462	70	76	62	3,530	53,924
2133	536,612	657	0 **	657	37,563	574,174
2134	574,174					
2134 Discounted Value:	275 ***					

* Of all the projected total contributions, only the first year's (i.e., 2020) contribution has been reduced by discount for prepaid contributions and transfers from County Investment Account, if any.

** Less than $1 million, when rounded.

*** $574,174 million when discounted with interest at the rate of 7.00% per annum has a value of $275 million as of December 31, 2020. Of this amount, about $160 million is the balance available in the County Investment Account and $13 million is the O.C. Sanitation District UAAL Deferred Acount as of December 31, 2020.

Note: We have not utilized the balance in the County Investment Account to reduce the projected total contributions in column (b) even though those amounts have been used to reduce the NPL for the County as of December 31, 2020.

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Amounts shown in the year beginning January 1, 2020 row are actual amounts, based on the final audited financial statements provided by OCERS.

(3) Certain years have been omitted from the table.---*+**

(4) Column (a): Except for the "discounted value" shown for 2134, all of the projected beginning Plan's Fiduciary Net Position amounts shown have not been adjusted for the time value of money.

(5) Column (b): Projected total contributions include member and employer normal cost rates applied to closed group projected payroll (based on covered active members as of December 31, 2019), plus employer contributions to the Unfunded Actuarial Accrued Liability. Contributions are assumed to occur halfway through the year, on average.

(6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of December 31, 2019. The projected benefit payments reflect the cost of living increase assumptions used in the December 31, 2020 valuation report. The 2020 benefit payments have been increased by the balance of the Medicare Insurance Reserve as of December 31, 2020.

(7) Column (d): Projected administrative expenses are calculated as approximately 0.12% of the projected beginning Plan's Fiduciary Net Position amount. The 0.12% portion was based on the actual calendar year 2020 administrative expenses (unaudited) as a percentage of the actual beginning Plan's Fiduciary Net Position as of January 1, 2020. Administrative expenses are assumed to occur halfway through the year, on average.

(8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.

(9) As illustrated in this Appendix, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2020 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

(10) This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2020

Deferred Outflows of Resources	Orange County	O.C. Cemetery District	O.C. Law Library	O.C. Vector Control District	O.C. Retirement System
• Differences Between Expected and Actual Experience	$106,688,286	$528,105	$34,476	$388,960	$534,689
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	392,622,732	371,071	386,769	994,611	2,561,775
• Changes of Assumptions	350,580,446	302,773	215,323	384,382	2,731,424
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	22,213,247	0	0	0	3,305,581
• **Total Deferred Outflows of Resources**	**$872,104,711**	**$1,201,949**	**$636,568**	**$1,767,953**	**$9,133,469**
Deferred Inflows of Resources					
• Differences Between Expected and Actual Experience	$116,822,611	$423,161	$481,376	$840,768	$645,269
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,237,325,625	1,132,625	1,139,777	2,740,586	7,932,122
• Changes of Assumptions	102,623,510	0	0	0	0
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,780,248	0	25,423	0	105,794
• **Total Deferred Inflows of Resources**	**$1,460,551,994**	**$1,555,786**	**$1,646,576**	**$3,581,354**	**$8,683,185**
Net Pension Liability as of December 31, 2019	$4,124,212,240	$(228,119)	$(74,515)	$(625,500)	$26,824,264
Net Pension Liability as of December 31, 2020	$3,547,545,979	$(145,195)	$(949,226)	$(1,681,965)	$24,954,057
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
• Proportionate Share of Allocable Plan Pension Expense	$212,306,006	$39,540	$(284,180)	$(1,061,535)	$1,309,566
• Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,849,194	0	(414,500)	0	1,107,166
• **Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions**	**$220,155,200**	**$39,540**	**$(698,680)**	**$(1,061,535)**	**$2,416,732**

Section 3: Actuarial Assumptions and Methods and Appendices

Deferred Outflows of Resources	O.C. Fire Authority	Cypress Recreation and Parks	Department of Education	Transportation Corridor Agency	City of San Juan Capistrano
• Differences Between Expected and Actual Experience	$42,647,259	$1,628,200	$444,465	$924,761	$431,035
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	56,903,410	141,322	360,014	1,248,052	2,065,149
• Changes of Assumptions	20,847,354	46,968	118,721	761,881	2,201,910
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	0	560,255
• **Total Deferred Outflows of Resources**	**$120,398,023**	**$1,816,490**	**$923,200**	**$2,934,694**	**$5,258,349**
Deferred Inflows of Resources					
• Differences Between Expected and Actual Experience	$22,151,617	$0	$417,291	$622,420	$520,178
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	184,283,215	1,161,975	917,172	4,929,682	6,394,402
• Changes of Assumptions	51,604,825	12,345	101,775	0	0
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	0	4,888,341
• **Total Deferred Inflows of Resources**	**$258,039,657**	**$1,174,320**	**$1,436,238**	**$5,552,102**	**$11,802,921**
Net Pension Liability as of December 31, 2019	$354,395,457	$262,415	$3,099,339	$(1,753,164)	$26,191,970
Net Pension Liability as of December 31, 2020	$181,121,638	$185,117	$2,661,390	$(3,881,366)	$20,116,465
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
• Proportionate Share of Allocable Plan Pension Expense	$17,590,285	$(29,368)	$(87,399)	$(43,637)	$1,055,694
• Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	0	(1,299,461)
• **Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions**	**$17,590,285**	**$(29,368)**	**$(87,399)**	**$(43,637)**	**$(243,767)**

Section 3: Actuarial Assumptions and Methods and Appendices

Deferred Outflows of Resources	O.C. Sanitation District	O.C. Transportation Authority	U.C.I.	O.C. Children and Families Comm.	Local Agency Formation Comm.
• Differences Between Expected and Actual Experience	$19,679,712	$3,427,122	$2,085,835	$(13,122)	$26,744
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	26,281,119	26,217,519	2,966,035	(62,871)	128,133
• Changes of Assumptions	18,009,943	17,474,376	951,705	(67,034)	136,618
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	25,423	0	0	143,769	159,107
• **Total Deferred Outflows of Resources**	**$63,996,197**	**$47,119,017**	**$6,003,575**	**$742**	**$450,602**
Deferred Inflows of Resources					
• Differences Between Expected and Actual Experience	$2,630,086	$14,033,597	$1,590,593	$(15,836)	$32,275
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	78,515,498	80,855,942	7,628,033	(194,668)	396,743
• Changes of Assumptions	0	0	912,444	0	0
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	1,156,467	132,905
• **Total Deferred Inflows of Resources**	**$81,145,584**	**$94,889,539**	**$10,131,070**	**$945,963**	**$561,923**
Net Pension Liability as of December 31, 2019	$(49,446,617)	$224,284,548	$30,213,739	$(646,472)	$1,489,642
Net Pension Liability as of December 31, 2020	$(68,643,380)	$186,024,390	$25,337,145	$(612,417)	$1,248,133
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
• Proportionate Share of Allocable Plan Pension Expense	$(3,178,086)	$12,094,305	$352,101	$(32,139)	$65,501
• Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	414,500	0	0	(465,761)	6,158
• **Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions**	**$(2,763,586)**	**$12,094,305**	**$352,101**	**$(497,900)**	**$71,659**

Section 3: Actuarial Assumptions and Methods and Appendices

Deferred Outflows of Resources	Rancho Santa Margarita	O.C. Superior Court	O.C. IHSS Public Authority	Total for all Employers
• Differences Between Expected and Actual Experience	$1,544	$6,420,885	$0	$185,878,956
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,174	30,763,392	162,072	544,111,478
• Changes of Assumptions	321	32,800,644	115,754	447,613,509
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	3,391,904	43,394	29,842,680
• **Total Deferred Outflows of Resources**	**$3,039**	**$73,376,825**	**$321,220**	**$1,207,446,623**
Deferred Inflows of Resources				
• Differences Between Expected and Actual Experience	$3,198	$7,748,797	$272,188	$169,219,589
• Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	3,756	95,253,873	486,528	1,710,902,886
• Changes of Assumptions	886	0	5,390	155,261,175
• Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	19,720,574	32,928	29,842,680
• **Total Deferred Inflows of Resources**	**$7,840**	**$122,723,244**	**$797,034**	**$2,065,226,330**
Net Pension Liability as of December 31, 2019	$(2,214)	$336,766,149	$719,301	$5,075,682,463
Net Pension Liability as of December 31, 2020	$(2,733)	$299,663,880	$304,738	$4,213,246,650
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions				
• Proportionate Share of Allocable Plan Pension Expense	$(1,940)	$15,726,094	$41,019	$255,861,827
• Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	(7,230,891)	33,595	0
• **Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions**	**$(1,940)**	**$8,495,203**	**$74,614**	**$255,861,827**

Section 3: Actuarial Assumptions and Methods and Appendices

Notes:

Amounts shown in this Appendix were allocated by employer based on the Employer Allocation Percentage calculated in the Schedule of Determination of Proportionate Share in this report.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current-period (i.e., 2020) differences between expected and actual experience and changes of assumptions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS determined as of December 31, 2019 (the beginning of the measurement period ending December 31, 2020) and is 5.81 years.
- Prior-period differences between expected and actual experience and changes of assumptions are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

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

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

There was a decrease in the total employer pension expense from $590.7 million calculated last year to $255.9 million calculated this year. The primary cause of the decrease was due to an investment gain of $1.0 billion with $201.6 million being recognized in this year's expense. There was also a reduction in the expense by about $170.2 million due to the full recognition of the investment losses during calendar year 2015 in developing last year's expense.

Note: Results may not total due to rounding.

Appendix C: Definition of Terms

Definitions of certain terms as they are used in Statement 68. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Pension Expense:	Pension expense arising from certain changes in the collective Net Pension Liability.
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Section 3: Actuarial Assumptions and Methods and Appendices

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to a pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.
Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 67.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 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 Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

Section 3: Actuarial Assumptions and Methods and Appendices

Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement Period:	The period between the prior and the current measurement dates.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.
Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Section 3: Actuarial Assumptions and Methods and Appendices

Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

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Segal

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Via Email

May 28, 2021

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

**Re: Orange County Employees Retirement System (OCERS)
Reconciliation of the Plan's December 31, 2020 Net Pension Liability (NPL) and Unfunded Actuarial Accrued Liability (UAAL)**

Dear Steve:

We have been requested by OCERS to reconcile, for each Rate Group, the December 31, 2020 Net Pension Liability (NPL) and the Unfunded Actuarial Accrued Liability (UAAL) as shown in the December 31, 2020 Governmental Accounting Standards Board (GASB) Statement 67 addendum letter and funding valuation report, respectively. (The breakdown of the NPL as disclosed in the GASB 67 addendum letter also appears in our GASB 68 financial report.)

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

Liability

The Total Pension Liability (TPL) shown in the GASB 67 addendum letter was measured based on the December 31, 2019 demographic data by: (i) rolling forward the liability from December 31, 2019[1] to December 31, 2020 and (ii) assuming that the actuarial experience of the System would match with that anticipated by the demographic assumptions. On the other hand, the Actuarial Accrued Liability (AAL) shown in the funding valuation report was measured based on the December 31, 2020 demographic data.

The differences between the TPL and the AAL were primarily due to: (a) actuarial gains/losses on the liability items as documented in Section 4, Exhibit VI of the December 31, 2020 funding valuation report for each Rate Group and (b) differences between the rolled forward liabilities and the actual liabilities.

[1] As the Board has adopted a new set of actuarial assumptions for use in the pension funding valuation as of December 31, 2020, we have included the impact of these assumption changes by revaluing the TPL as of December 31, 2019 prior to the rollforward.

Assets

The Plan Fiduciary Net Position shown in the GASB 67 report as of December 31, 2020 (that we subsequently used for our GASB 67 addendum letter) was based on the plan's Market Value of Assets (MVA) including the proceeds available in the County Investment Account and O.C. Sanitation District (OCSD) UAAL Deferred Account. On the other hand, the funding valuation report used the preliminary unaudited MVA provided by OCERS on April 2, 2021[2] and the Valuation Value of Assets (VVA) after adjusting the MVA for asset smoothing and excluding the non-valuation reserve.

The differences between the Plan Fiduciary Net Position and the VVA were primarily due to adjustment of deferred investment gain.

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

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

Please let us know if you have any questions or comments.

Sincerely,

Andy Yeung

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

JY/bbf
Enclosures

cc: Tracy Bowman
Brenda Shott

[2] An updated financial statement was provided by OCERS on April 21, 2021 in which the market value of assets was higher by approximately $129 million.

Attachment A

All Rate Groups (Results are as of December 31, 2020)

(A) Liability Reconciliation	Rate Group #1	Rate Group #2	Rate Group #3	Rate Group #4
(1) Total Pension Liability Included in the development of the GASB 67 Addendum Letter	$533,314,805	$12,835,378,957	$807,532,021	$46,150
(2) (Gain)/Loss from (Lower)/Higher than Expected Salary Increases[3]	336,000	(17,707,000)	(20,776,000)	0
(3) Loss from Higher than Expected COLA Increases in 2020[1]	501,000	19,180,000	973,000	0
(4) Gain from Lower than Expected COLA Increases in 2021[1]	(3,298,000)	(86,145,000)	(5,718,000)	0
(5) Other Experience (Gain)/Loss[1]	(128,000)	89,039,000	7,016,000	2,000
(6) Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	(6,805)	(17,895,957)	(2,083,021)	(2,150)
(7) Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items (1) through (6))	**$530,719,000**	**$12,821,850,000**	**$786,944,000**	**$46,000**
(B) Asset Reconciliation				
(1) Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	$483,438,775	$9,878,389,018	$862,742,401	$48,883
(2) County Investment Account and OCSD UAAL Deferred Account	3,953,868	95,734,572	13,433,000	0
(3) Plan's Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1) + (2)	$487,392,643	$9,974,123,590	$876,175,401	$48,883
(4) Adjustment for Deferred Investment Return, Non-Valuation Reserve, and using Preliminary Unaudited Financial Statement	(28,509,775)	(582,557,018)	(50,878,401)	(2,883)
(5) Valuation of Assets Included in the Funding Valuation Report (1) + (4)	**$454,929,000**	**$9,295,832,000**	**$811,864,000**	**$46,000**
Net Pension Liability Shown in the GASB 67 Addendum Letter (A1) - (B3)	**$45,922,162**	**$2,861,255,367**	**$(68,643,380)**	**$(2,733)**
Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A7) - (B5)	**$75,790,000**	**$3,526,018,000**	**$(24,920,000)**	**$0**

[3] These actuarial gain/loss items can be found in Section 4, Exhibit VI of our December 31, 2020 funding valuation report.

Attachment A (continued)

All Rate Groups (Results are as of December 31, 2020)

(A) Liability Reconciliation	Rate Group #5	Rate Group #9	Rate Group #10	Rate Group #11
(1) Total Pension Liability Included in the development of the GASB 67 Addendum Letter	$1,064,279,628	$54,596,226	$281,808,606	$12,517,564
(2) (Gain)/Loss from (Lower)/Higher than Expected Salary Increases[1]	(16,295,000)	(650,000)	(282,000)	29,000
(3) Loss from Higher than Expected COLA Increases in 2020[1]	1,412,000	55,000	318,000	109,000
(4) Gain from Lower than Expected COLA Increases in 2021[1]	(7,110,000)	(364,000)	(1,960,000)	(58,000)
(5) Other Experience (Gain)/Loss[1]	500,000	70,000	1,774,000	(51,000)
(6) Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	(915,628)	(11,226)	(686,606)	11,436
(7) Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items (1) through (6))	**$1,041,871,000**	**$53,696,000**	**$280,972,000**	**$12,558,000**

(B) Asset Reconciliation	Rate Group #5	Rate Group #9	Rate Group #10	Rate Group #11
(1) Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	$878,255,238	$58,477,592	$262,206,045	$12,662,759
(2) County Investment Account and OCSD UAAL Deferred Account	0	0	0	0
(3) Plan's Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1) + (2)	$878,255,238	$58,477,592	$262,206,045	$12,662,759
(4) Adjustment for Deferred Investment Return, Non-Valuation Reserve, and using Preliminary Unaudited Financial Statement	(51,793,238)	(3,448,592)	(15,463,045)	(746,759)
(5) Valuation of Assets Included in the Funding Valuation Report (1) + (4)	**$826,462,000**	**$55,029,000**	**$246,743,000**	**$11,916,000**
Net Pension Liability Shown in the GASB 67 Addendum Letter (A1) - (B3)	**$186,024,390**	**$(3,881,366)**	**$19,602,561**	**$(145,195)**
Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A7) - (B5)	**$215,409,000**	**$(1,333,000)**	**$34,229,000**	**$642,000**

[1] These actuarial gain/loss items can be found in Section 4, Exhibit VI of our December 31, 2020 funding valuation report.

Attachment A (continued)

All Rate Groups (Results are as of December 31, 2020)

(A) Liability Reconciliation	Rate Group #12	Rate Group #6	Rate Group #7	Rate Group #8	Total
(1) Total Pension Liability Included in the development of the GASB 67 Addendum Letter	$11,734,787	$957,733,190	$4,481,879,226	$1,969,628,490	$23,010,449,650
(2) (Gain)/Loss from (Lower)/Higher than Expected Salary Increases[1]	(201,000)	(8,618,000)	14,880,000	(13,007,000)	(62,291,000)
(3) Loss from Higher than Expected COLA Increases in 2020[1]	11,000	2,697,000	6,337,000	2,451,000	34,044,000
(4) Gain from Lower than Expected COLA Increases in 2021[1]	(74,000)	(5,547,000)	(33,575,000)	(14,039,000)	(157,888,000)
(5) Other Experience (Gain)/Loss[1]	(89,000)	5,198,000	5,642,000	(214,000)	108,759,000
(6) Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	47,213	233,810	(4,872,226)	(1,917,490)	(28,098,650)
(7) Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items (1) through (6))	**$11,429,000**	**$951,697,000**	**$4,470,291,000**	**$1,942,902,000**	**$22,904,975,000**

(B) Asset Reconciliation	Rate Group #12	Rate Group #6	Rate Group #7	Rate Group #8	Total
(1) Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	$12,684,013	$791,114,285	$3,575,263,578	$1,808,109,413	$18,623,392,000
(2) County Investment Account and OCSD UAAL Deferred Account	0	9,868,945	50,820,615	0	173,811,000
(3) Plan's Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1) + (2)	$12,684,013	$800,983,230	$3,626,084,193	$1,808,109,413	$18,797,203,000
(4) Adjustment for Deferred Investment Return, Non-Valuation Reserve, and using Preliminary Unaudited Financial Statement	(748,013)	(46,654,285)	(210,843,578)	(106,629,413)	(1,098,275,000)
(5) Valuation of Assets Included in the Funding Valuation Report (1) + (4)	**$11,936,000**	**$744,460,000**	**$3,364,420,000**	**$1,701,480,000**	**$17,525,117,000**
Net Pension Liability Shown in the GASB 67 Addendum Letter (A1) - (B3)	**$(949,226)**	**$156,749,960**	**$855,795,033**	**$161,519,077**	**$4,213,246,650**
Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A7) - (B5)	**$(507,000)**	**$207,237,000**	**$1,105,871,000**	**$241,422,000**	**$5,379,858,000**

[1] These actuarial gain/loss items can be found in Section 4, Exhibit VI of our December 31, 2020 funding valuation report.

ORANGE COUNTY EMPLOYEES
RETIREMENT SYSTEM
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

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MGO Certified Public Accountants

Independent Auditor's Report

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

We have audited the employer allocations and the total for all employers of the rows titled total deferred outflows of resources, total deferred inflows of resources, net pension liability, and total pension expense excluding employer-paid member contributions (specified row totals) included in the accompanying Schedule of Allocated Pension Amounts by Employer (Schedule) of the Orange County Employees Retirement System (System) Cost-Sharing Multiple-Employer Defined Benefit Pension Plan as of and for the year ended December 31, 2020, and the related notes to the Schedule of Allocated Pension Amounts by Employer.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

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

Opinions

In our opinion, the Schedule referred to above presents fairly, in all material respects, the employer allocations, and the total deferred outflows of resources, total deferred inflows of resources, net pension liability, and total pension expense excluding employer-paid member contributions for the total of all employers participating in the Orange County Employees Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan as of and for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the System's financial statements as of and for the year ended December 31, 2020, and our report thereon dated June 4, 2021, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Macias Gini & O'Connell LLP

Irvine, California
June 4, 2021

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

Deferred Outflows of Resources	**Orange County**	**O.C. Cemetery District**	**O.C. Public Law Library**	**O.C. Mosquito and Vector Control District**	**O.C. Employees Retirement System**
Differences Between Expected and Actual Experience	$ 106,688,286	$ 528,105	$ 34,476	$ 388,960	$ 534,689
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	-	-
Changes of Assumptions	350,580,446	302,773	215,323	384,382	2,731,424
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	22,213,247	-	-	-	3,305,581
Total Deferred Outflows of Resources	**$ 479,481,979**	**$ 830,878**	**$ 249,799**	**$ 773,342**	**$ 6,571,694**
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$ 116,822,611	$ 423,161	$ 481,376	$ 840,768	$ 645,269
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	844,702,893	761,554	753,008	1,745,975	5,370,347
Changes of Assumptions	102,623,510	-	-	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,780,248	-	25,423	-	105,794
Total Deferred Inflows of Resources	**$ 1,067,929,262**	**$ 1,184,715**	**$ 1,259,807**	**$ 2,586,743**	**$ 6,121,410**
Net Pension Liability/(Asset) as of December 31, 2020	**$ 3,547,545,979**	**$ (145,195)**	**$ (949,226)**	**$ (1,681,965)**	**$ 24,954,057**
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/(Income)	$ 212,306,006	$ 39,540	$ (284,180)	$ (1,061,535)	$ 1,309,566
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,849,194	-	(414,500)	-	1,107,166
Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions	**$ 220,155,200**	**$ 39,540**	**$ (698,680)**	**$ (1,061,535)**	**$ 2,416,732**

(Continued)

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

Deferred Outflows of Resources	**O.C. Fire Authority**	**Cypress Recreation & Parks District**	**O.C. Department of Education**	**Transportation Corridor Agencies**	**City of San Juan Capistrano**
Differences Between Expected and Actual Experience	$ 42,647,259	$ 1,628,200	$ 444,465	$ 924,761	$ 431,035
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	-	-
Changes of Assumptions	20,847,354	46,968	118,721	761,881	2,201,910
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	-	560,255
Total Deferred Outflows of Resources	**$ 63,494,613**	**$ 1,675,168**	**$ 563,186**	**$ 1,686,642**	**$ 3,193,200**
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$ 22,151,617	$ -	$ 417,291	$ 622,420	$ 520,178
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	127,379,805	1,020,653	557,158	3,681,630	4,329,253
Changes of Assumptions	51,604,825	12,345	101,775	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	-	4,888,341
Total Deferred Inflows of Resources	**$ 201,136,247**	**$ 1,032,998**	**$ 1,076,224**	**$ 4,304,050**	**$ 9,737,772**
Net Pension Liability/(Asset) as of December 31, 2020	**$ 181,121,638**	**$ 185,117**	**$ 2,661,390**	**$ (3,881,366)**	**$ 20,116,465**
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/(Income)	$ 17,590,285	$ (29,368)	$ (87,399)	$ (43,637)	$ 1,055,694
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	-	(1,299,461)
Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions	**$ 17,590,285**	**$ (29,368)**	**$ (87,399)**	**$ (43,637)**	**$ (243,767)**

(Continued)

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

Deferred Outflows of Resources	O.C. Sanitation District	O.C. Transportation Authority	U.C.I. Medical Center and Campus	Children and Families Commission of O.C.	O.C. Local Agency Formation Commission
Differences Between Expected and Actual Experience	$ 19,679,712	$ 3,427,122	$ 2,085,835	$ (13,122)	$ 26,744
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	131,797	-
Changes of Assumptions	18,009,943	17,474,376	951,705	(67,034)	136,618
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	25,423	-	-	143,769	159,107
Total Deferred Outflows of Resources	**$ 37,715,078**	**$ 20,901,498**	**$ 3,037,540**	**$ 195,410**	**$ 322,469**
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$ 2,630,086	$ 14,033,597	$ 1,590,593	$ (15,836)	$ 32,275
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	52,234,379	54,638,423	4,661,998	-	268,610
Changes of Assumptions	-	-	912,444	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	1,156,467	132,905
Total Deferred Inflows of Resources	**$ 54,864,465**	**$ 68,672,020**	**$ 7,165,035**	**$ 1,140,631**	**$ 433,790**
Net Pension Liability/(Asset) as of December 31, 2020	**$ (68,643,380)**	**$ 186,024,390**	**$ 25,337,145**	**$ (612,417)**	**$ 1,248,133**
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/(Income)	$ (3,178,086)	$ 12,094,305	$ 352,101	$ (32,139)	$ 65,501
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	414,500	-	-	(465,761)	6,158
Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions	**$ (2,763,586)**	**$ 12,094,305**	**$ 352,101**	**$ (497,900)**	**$ 71,659**

(Continued)

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

Deferred Outflows of Resources	**City of Rancho Santa Margarita**	**O.C. Superior Court of California**	**O.C. IHSS Public Authority**	**Total for all Employers**
Differences Between Expected and Actual Experience	$ 1,544	$ 6,420,885	$ -	$ 185,878,956
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	131,797
Changes of Assumptions	321	32,800,644	115,754	447,613,509
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	3,391,904	43,394	29,842,680
Total Deferred Outflows of Resources	**$ 1,865**	**$ 42,613,433**	**$ 159,148**	**$ 663,466,942**
Deferred Inflows of Resources				
Differences Between Expected and Actual Experience	$ 3,198	$ 7,748,797	$ 272,188	$ 169,219,589
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,582	64,490,481	324,456	1,166,923,205
Changes of Assumptions	886	-	5,390	155,261,175
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	19,720,574	32,928	29,842,680
Total Deferred Inflows of Resources	**$ 6,666**	**$ 91,959,852**	**$ 634,962**	**$ 1,521,246,649**
Net Pension Liability/(Asset) as of December 31, 2020	**$ (2,733)**	**$ 299,663,880**	**$ 304,738**	**$ 4,213,246,650**
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions				
Proportionate Share of Allocable Plan Pension Expense/(Income)	$ (1,940)	$ 15,726,094	$ 41,019	$ 255,861,827
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	(7,230,891)	33,595	-
Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions	**$ (1,940)**	**$ 8,495,203**	**$ 74,614**	**$ 255,861,827**

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

NOTE 1 – PLAN DESCRIPTION

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Basis of Accounting

Employers participating in the Plan are required to report pension information in their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The Schedule of Allocated Pension Amounts by Employer (the Schedule) along with OCERS' audited financial statements, the GASB Statement 67 Actuarial Valuation as of December 31, 2020 and the GASB Statement 68 Actuarial Valuation Based on the December 31, 2020 Measurement Date for Employer Reporting as of June 30, 2021, prepared by OCERS' third-party actuary, provide the required information for financial reporting related to the Plan that employers may use in their financial statements.

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

Orange County Employees Retirement System

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Allocated Pension Amounts by Employer

As of and for the Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

Legally or statutorily required employer contributions for the year ended December 31, 2020, less any amounts of those legally or statutorily required contributions that are paid by the employees (referred to as reverse pick-ups), are used as the basis for determining each employer's proportion of total contributions. For the year ended December 31, 2020, employer paid member contributions of $32,000 under Government Code Section 31581.1 which OCERS reports as employer contributions as these payments do not become part of the accumulated employee contributions, have been excluded in determining each employer's proportion of total contributions. Contributions made by the employer on behalf of employees under Government Code Section 31581.2 are classified as employee contributions and are not included in the proportionate share calculation for the year ended December 31, 2020.

Employer contributions have not been reduced for discount due to prepaid contributions. Contributions for each employer are assigned to its respective participating Rate Group. Rate Groups are a collection of members who are or were employed by employers that offer similar pension benefit formula(s). Rate Groups exist for the purpose of risk-pooling and the contribution rates developed by the actuary should, in the long-term, fairly and accurately reflect the benefits offered/promised to members in each group. Rate Groups can contain one or more employers and employers may be included in one or more Rate Groups. If an employer participates in several Rate Groups, the employer's total proportionate share of the Net Pension Liability (NPL) and related allocated pension amounts is the sum of its NPL and allocated pension amounts from each Rate Group.

The following Rate Groups have only one active employer, so all of the NPL for that Rate Group is allocated to the corresponding employer:

Rate Group	Employer
3	Orange County Sanitation District
4	City of Rancho Santa Margarita
5	Orange County Transportation Authority
6	County of Orange (Probation)
7	County of Orange (Law Enforcement)
8	Orange County Fire Authority (Safety)
9	Transportation Corridor Agencies
10	Orange County Fire Authority (General)
11	Orange County Cemetery District
12	Orange County Public Law Library

The total Plan contributions are determined through OCERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. California Government Code Title 3, Division 4, Parts 3 and 3.9, Articles 6 and 6.8 define the methodology used to calculate member basic contribution rates for General members and Safety members. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Legally or statutorily required employer contributions were determined by multiplying the employers' contribution rate by the employers' payrolls for the fiscal year.

Orange County Employees Retirement System

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

The NPL is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets). The TPL for each Rate Group is obtained from valuation results. The Fiduciary Net Position for each Rate Group is estimated by adjusting the valuation value of assets for each membership class by the ratio of the total Plan Fiduciary Net Position (excluding the balance of the County of Orange (County) Investment Account) to total OCERS' valuation value of assets. The County Investment Account is then allocated among the four County Rate Groups using the proportion of the County's most recent contributions that were derived from the proceeds of the Pension Obligation Bonds for each of the four County Rate Groups. The Orange County Sanitation District (OCSD) Unfunded Actuarial Accrued Liability (UAAL) Deferred Account balance of $13,433,000 was allocated entirely to Rate Group 3 as of December 31, 2020. The NPL is then allocated to the respective employers based on the legally or statutorily required employer contributions within each Rate Group.

In developing the pension expense amounts, the NPL proportionate share percentage is used to calculate the employer's pension expense components (service cost, interest, change in benefit terms, differences between expected and actual experience, changes in assumptions and benefit payments, including refunds of employee contributions), with the exception of the Orange County Mosquito and Vector Control District (Vector Control), Cypress Recreation & Parks District (CRPD), University of California, Irvine Medical Center and Campus (UCI) and the Orange County Department of Education (OCDE) which were adjusted to reflect the appropriate amount of service costs based on their current inactive membership.

The employer contributions used to determine the NPL proportionate share percentage for Rate Group 1 excludes UCI, and OCDE employer contributions of $3,068,000 and $286,000, respectively. These employer contributions were intended to reduce the NPL of the specific employer, not the respective Rate Group as a whole. The percentages of contributions by employer do not equal the percentages used to allocate the NPL by employer because the NPL for the County has been reduced to reflect the portion of the County Investment Account, as described above. The amounts of the County Investment Account that have been allocated to those Rate Groups are as follows:

Rate Group		2020
1	$	3,953,868
2		95,734,572
6		9,868,945
7		50,820,615
Total	$	160,378,000

Orange County Employees Retirement System

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Allocated Pension Amounts by Employer

As of and for the Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

In addition, the NPL for Rate Group 1 was adjusted by the NPL for Vector Control, OCDE, UCI and CRPD prior to allocating the net NPL to the other employers in Rate Group 1. The NPL for these four employers were calculated separately as follows:

> The Vector Control is no longer an active employer, but retired members and their beneficiaries, as well as deferred members, remain in the Plan. For this employer, the allocated net pension liability is based on the most recent estimate of the withdrawal liability and adjusted to reflect the Plan Fiduciary Net Position as of December 31, 2020.
>
> The participation in the Plan for the OCDE and UCI is closed to new members. The funding obligation for these employers' UAAL is no longer pro-rata based on its payroll as there are no active members. Instead, the employer's UAAL is determined based on its specific actuarial accrued liability and a share of assets allocated to the employer. The employer's contributions for its UAAL are to be paid at level, fixed-dollar amounts over a period not to exceed twenty years. The employer will also be liable, or receive a credit, for any change in its funding obligation determined annually thereafter as a result of actuarial experience or changes in actuarial assumptions.
>
> On October 19, 2015, the Board of Retirement approved the amortization schedule for payment of the OCDE UAAL and UCI UAAL of $3,238,000 and $27,586,000, respectively. These balances were calculated based on the December 31, 2014 actuarial valuation assuming fixed-dollar payments over twenty years beginning on July 1, 2016. As per the Declining Payroll Policy, the UAAL balances were updated as of the December 31, 2019 actuarial valuation to reflect actuarial gains or losses and other events that will be captured in a new twenty-year closed amortization layer. The amortization schedules for the new UAAL layers for the OCDE and UCI, after being adjusted for interest to December 31, 2020, can be found on OCERS' website as discussed in Note 4 – Additional Financial and Actuarial Information.
>
> CRPD and Capistrano Beach Sanitary District (CBSD) are no longer active employers. CRPD has twenty-two retired members and beneficiaries, as well as five deferred members, and CBSD has three retired members remaining in the Plan. At the time these employers left the System, OCERS did not have an express policy addressing how the UAAL would be funded for inactive employers. On October 15, 2018, OCERS entered into a withdrawing employer and continuing contribution agreement with the City of Cypress and received payment of the UAAL associated with CRPD members, including interest through October 14, 2018, for a total of $740,000. As of December 31, 2020, and every three years thereafter, CRPD's UAAL obligation will be recalculated and in the event there is any new UAAL obligation, CRPD will have three years following the effective date of the recalculation to satisfy the obligation in full, including accrued interest. As of December 31, 2020, the allocated net pension liability is based on the most recent estimate of the withdrawal liability and adjusted to reflect the Plan Fiduciary Net Position as of December 31, 2020. CBSD is no longer in existence and OCERS does not have the ability to collect any UAAL from this inactive employer under OCERS' Declining Employer Payroll Policy; unpaid liabilities from this employer are deemed immaterial.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Notes to the Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Schedules

The preparation of the Schedule in conformity with GAAP requires management to make significant estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

The components of the NPL related to OCERS' plan at December 31, 2020, are as follows (dollars in thousands):

	2020
Total pension liability	$ 23,010,450
Less: Plan fiduciary net position	(18,797,203)
Net pension liability	$ 4,213,247

For the measurement period ended December 31, 2020 (the measurement date), total pension liability was determined by rolling forward the December 31, 2019 (the valuation date) total pension liability. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2017 through December 31, 2019.

NOTE 3 -- ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The December 31, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Experience Study	Three-Year Period Ending December 31, 2019
Actuarial Cost Method	Entry Age in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Investment Rate of Return	7.00%. net of pension plan investment expenses, including inflation
Inflation Rate	2.50%
Projected Salary Increases	General: 4.00% to 11.00% and Safety: 4.60% to 15.00% Vary by service, including inflation
Cost of Living Adjustments	2.75% of retirement income

Orange County Employees Retirement System

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Allocated Pension Amounts by Employer

As of and for the Year Ended December 31, 2020

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

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

Mortality Assumptions

The mortality assumptions used in the TPL at December 31, 2020, were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019, using the Public Retirement Plans Mortality tables (Pub-2010) published by the Society of Actuaries. Within the Pub-2010 family of mortality tables, OCERS has adopted both the General and Safety Amount-Weighted Above-Median Mortality Tables (adjusted for OCERS experience), projected generationally with the two-dimensional mortality improvement scale MP-2019, and adjusted separately for healthy and disabled for both general and safety members.

Discount Rate

The discount rate used to measure the TPL as of December 31, 2020 was 7.00%. In determining the discount rate, OCERS took into account the projection of cash flows and assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2020.

According to Paragraph 30 of Statement 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense.

The 7.00% investment return assumption used in the actuarial valuation for funding is net of administrative expenses. Administrative expenses are assumed to be 12 basis points. The investment return assumption remained the same for reporting purposes due to the immaterial impact administrative expenses has on the overall assumed rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. Additional information on the target allocation and projected arithmetic real rate of return for each major asset class is available in the OCERS' Comprehensive Annual Financial Report for the year ended December 31, 2020.

Orange County Employees Retirement System

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Allocated Pension Amounts by Employer

As of and for the Year Ended December 31, 2020

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

The net difference between projected and actual investment earnings on pension plan investments in the Schedule represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis. The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis beginning with the year in which they occur. One-fifth was recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earnings on pension plan investments at the measurement date is to be amortized over the remaining period.

Deferred outflows of resources and deferred inflows of resources related to the differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through the Plan determined as of December 31, 2019 (the beginning of the measurement period ending December 31, 2020) which is 5.81 years. Prior measurement period differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions continue to be recognized based on the expected remaining service lives of all employees calculated as of the beginning of those measurement periods.

The Schedule of Allocated Pension Amounts by Employer does not reflect contributions made to OCERS subsequent to the measurement date as defined in GASB Statement No. 68 paragraph 57. Appropriate treatment of such amounts is the responsibility of the employers.

NOTE 4 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial and actuarial information required for GASB Statement No. 68 disclosures is presented in OCERS' Comprehensive Annual Financial Report as of and for the year ended December 31, 2020, the OCERS' GASB Statement No. 67 Actuarial Valuation as of December 31, 2020, the OCERS' GASB Statement No. 68 Actuarial Valuation Based on the December 31, 2020, Measurement Date for Employer Reporting as of June 30, 2021, and the Unfunded Actuarial Liability and Associated Amortization Schedules as of the December 31, 2019 valuation for the Orange County Department Education and University of California, Irvine Medical Center and Campus, which can be found on OCERS' website at www.ocers.org.

PERSONNEL COMMITTEE MEETING

A-6 Compensation Study

June 21, 2021

Cynthia Hockless, Director of Human Resources

Steve Delaney, Chief Executive Officer

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

TALENT MANAGEMENT

2021 Business Plan Initiative

GOAL: Recruit, Retain, and Inspire a High-Performing Workforce

Objective A: Recruit and Retain a Diverse High-Performing Workforce to Meet Organizational Priorities

1. *Complete compensation study and implement recommendations as appropriate*

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OBJECTIVES OF THE COMPENSATION STUDY

- To provide an objective and comprehensive comparison report of OCERS total compensation (salary, bonus, benefits, etc.) in relation to other public sector employers
- To be competitive in the ability to ***Recruit, Retain, and Inspire a High-Performing Workforce***
- To align the pay structure with a comprehensive total compensation package that will support OCERS pay philosophy

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

RECOMMENDATIONS

The Personnel Committee recommends that the Board of Retirement:

1. Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR

a) Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure, effective July 2, 2021

b) Approve an amendment to increase the budget for personnel costs by $220,000 for the estimated cost of the 5% pay adjustment, for a total administrative budget of $28,553,900

2. Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics and perform a formal review of the ranges at least every five years to keep the pay structure current

3. Approve a pay philosophy that allows OCERS to administer an annual performance merit based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees will receive salary increases based on the performance rating received in their annual performance evaluation as follows: Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%.

4. Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

WHAT DID WE LEARN FROM OTHER SYSTEMS

Peer Group

Review Aggregated Salaries

Aged Data

Identified Labor Market

The labor market agencies included:

1. California Public Employees Retirement System (CalPERS)
2. California State Teachers Retirement System (CalSTRS)
3. Los Angeles City Employees Retirement System (LACERS)
4. Los Angeles County Employees Retirement Association (LACERA)
5. Los Angeles Fire and Police Pensions (LAFPP)
6. Orange County, CA *
7. San Bernardino County Employees Retirement Association (SBCERA)
8. San Diego City Employee Retirement System (SDCERS)
9. San Diego County Retirement Association (SDCERA)
10. San Francisco Employees Retirement System (SFERS)

Data Gathered January 5-8, 2021; Updated February 8-9, 2021; Updated June 2, 2021

Surveyed Agency	2019	2020	2021	2022	SUM - 2019 to 2021	SUM - 2019 to 2022
California Public Employees Retirement System (CalPERS)	6.00	2.20	--	--	8.20	
California State Teachers Retirement System (CalSTRS)	5.00	5.00	5.00	--	15.00	
County of Orange	**2.50**	**2.50**	**2.50**	**3.00**	**7.50**	**10.50**
Los Angeles City Employees Retirement System (LACERS)	2.90	2.75	2.00	--	7.65	
Los Angeles County Employees Retirement Association (LACERA)	3.50	2.50	2.50	--	8.50	
Los Angeles Fire and Police Pensions (LAFPP)	2.90	2.75	0.00	--	5.65	
San Bernardino County Employees Retirement Association (SBCERA)	4.84	3.10	1.70	--	9.64	
San Diego City Employee Retirement System (SDCERS)	3.30	0.00	0.00	4.00	3.30	7.30
San Diego County Retirement Association (SDCERA)	3.00	2.00	2.00	--	7.00	
San Francisco Employees Retirement System (SFERS)	4.00	3.50	3.00	--	10.50	
		AVERAGE:			**8.29**	
BLS Employers Cost Index*	2.90	2.60	2.70		**8.20**	
WorldatWork 2021 Salary Budget Increases Report	3.00	3.00	3.00	**3.00**	**9.00**	

*2021 Data is for 12-month ended in March

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

CURRENT RANGES

OCERS Direct Employees 2021 Salary Range

1.5% Salary Range Increase (Effective date January 1, 2021)

	OCERS Employee Position	Current Annual Minimum	Current Annual Midpoint	Current Annual Maximum
1	Chief Investment Officer	$223,940	$279,926	$335,911
2	General Counsel	$142,091	$211,232	$280,373
3	Assistant Chief Executive Officer	$142,091	$194,773	$247,455
4	Managing Director of Investments	$142,091	$194,773	$247,455
5	Director of Investments	$142,091	$175,290	$208,489
6	Deputy Legal Counsel	$142,091	$175,290	$208,489
7	Staff Attorney	$119,809	$149,145	$178,481
8	Senior Investment Officer	$113,762	$144,610	$175,458
9	Director of Member Services	$126,750	$148,473	$170,195
10	Director of Internal Audit	$112,643	$140,803	$168,963
11	Director of Finance	$120,145	$144,274	$168,404
12	Director of Information Technology	$110,291	$137,891	$165,492
13	Director of Human Resources	$122,831	$141,867	$160,902
14	Director of Information Security	$110,291	$135,596	$160,902
15	Senior Manager Operations Support Services	$67,966	$105,196	$142,426
16	Investment Officer	$85,434	$113,930	$142,426
17	Information Security Manager	$67,966	$105,196	$142,426
18	Retirement Analyst	$67,966	$105,196	$142,426
19	Finance Manager	$64,159	$94,727	$125,295
20	Member Services Manager	$64,159	$94,727	$125,295
21	Disability Manager	$64,159	$94,727	$125,295
22	Learning and Organization Development Manager	$64,159	$94,727	$125,295
23	Contracts, Risk & Performance Administrator	$64,159	$94,727	$125,295
24	Senior Investment Analyst	$74,796	$99,766	$124,735
25	Communications Manager	$64,159	$89,520	$114,882
26	Internal Auditor	$75,468	$94,279	$113,090
27	HR Staff Analyst	$64,159	$85,602	$107,044
28	Finance Analyst	$64,159	$85,602	$107,044
29	Investment Analyst	$64,159	$85,602	$107,044

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

PROPOSED SALARY RANGES

OCERS Direct Employee Position	Current Minimum	Current Midpoint	Current Maximum	Recomm Grade	New Minimum	New Midpoint	New Maximum
Investment Analyst	$64,159	$85,602	$107,044	114	$79,885	$97,859	$115,833
Staff Analyst	$64,159	$85,602	$107,044	114	$79,885	$97,859	$115,833
Finance Staff Analyst	$64,159	$85,602	$107,044	114	$79,885	$97,859	$115,833
Internal Auditor	$75,468	$94,279	$113,090	115	$85,876	$109,492	$133,108
Communications Manager	$64,159	$89,520	$114,882	116	$92,317	$117,704	$143,091
Senior Investment Analyst	$74,796	$99,766	$124,735	117	$99,241	$126,532	$153,823
Member Services Manager	$64,159	$94,727	$125,295	117	$99,241	$126,532	$153,823
Learning and Organization Development Manager	$64,159	$94,727	$125,295	117	$99,241	$126,532	$153,823
Disability Manager	$64,159	$94,727	$125,295	117	$99,241	$126,532	$153,823
Contracts, Risk & Performance Administrator	$64,159	$94,727	$125,295	117	$99,241	$126,532	$153,823
Senior Manager, Operations Support Services	$67,966	$105,196	$142,426	118	$106,684	$136,022	$165,360
Information Security Manager	$67,966	$105,196	$142,426	118	$106,684	$136,022	$165,360
Finance Manager	$64,159	$94,727	$125,295	118	$106,684	$136,022	$165,360
Senior Retirement Manager (Retirement Analyst)	$67,966	$105,196	$142,426	118	$106,684	$136,022	$165,360
Staff Attorney	$119,809	$149,145	$178,481	120	$123,286	$157,190	$191,094
Investment Officer	$85,434	$113,930	$142,426	120	$123,286	$157,190	$191,094
Director of Information Technology	$110,291	$137,891	$165,492	121	$132,533	$168,980	$205,426
Director of Information Security	$110,291	$135,596	$160,902	121	$132,533	$168,980	$205,426
Director of Finance	$120,145	$144,274	$168,404	121	$132,533	$168,980	$205,426
Director of Internal Audit	$112,643	$140,803	$168,963	121	$132,533	$168,980	$205,426
Director of Member Services	$126,750	$148,473	$170,195	121	$132,533	$168,980	$205,426
Director of Human Resources	$122,831	$141,867	$160,902	121	$132,533	$168,980	$205,426
Deputy Legal Counsel	$142,091	$175,290	$208,489	122	$142,473	$181,653	$220,833
Senior Investment Officer	$113,762	$144,610	$175,458	122	$142,473	$181,653	$220,833
Director of Investments	$142,091	$175,290	$208,489	124	$164,645	$209,923	$255,200
Assistant Chief Executive Officer	$142,091	$194,773	$247,455	125	$176,994	$225,667	$274,340
Managing Director of Investments	$142,091	$194,773	$247,455	127	$204,538	$260,786	$317,034
General Counsel	$142,091	$211,232	$280,373	127	$204,538	$260,786	$317,034
Chief Investment Officer	$223,940	$279,926	$335,911	132	$293,641	$374,393	$455,144

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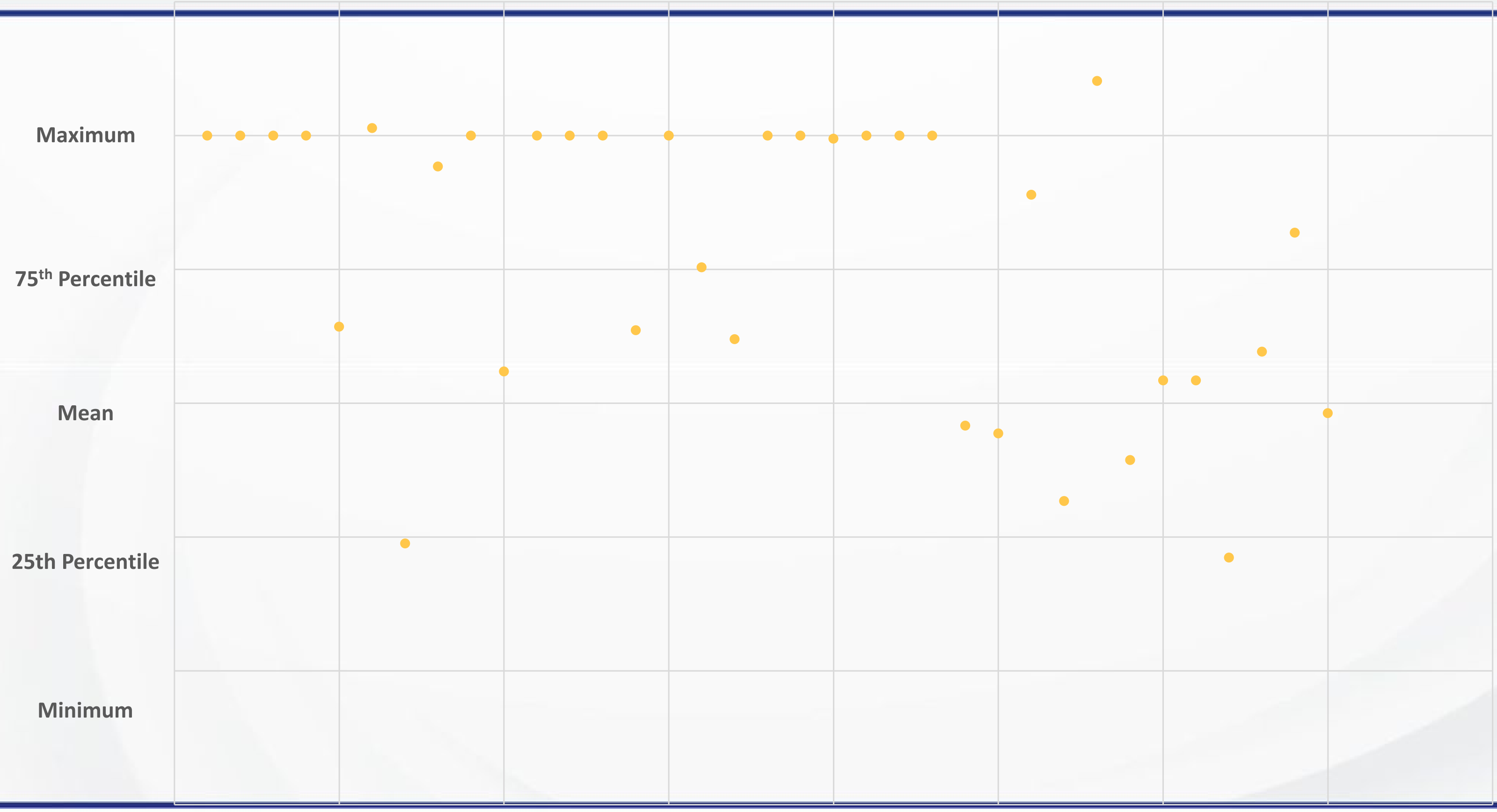
OCERS DIRECT CURRENT (2021) SALARIES



16 Incumbents currently at top of range

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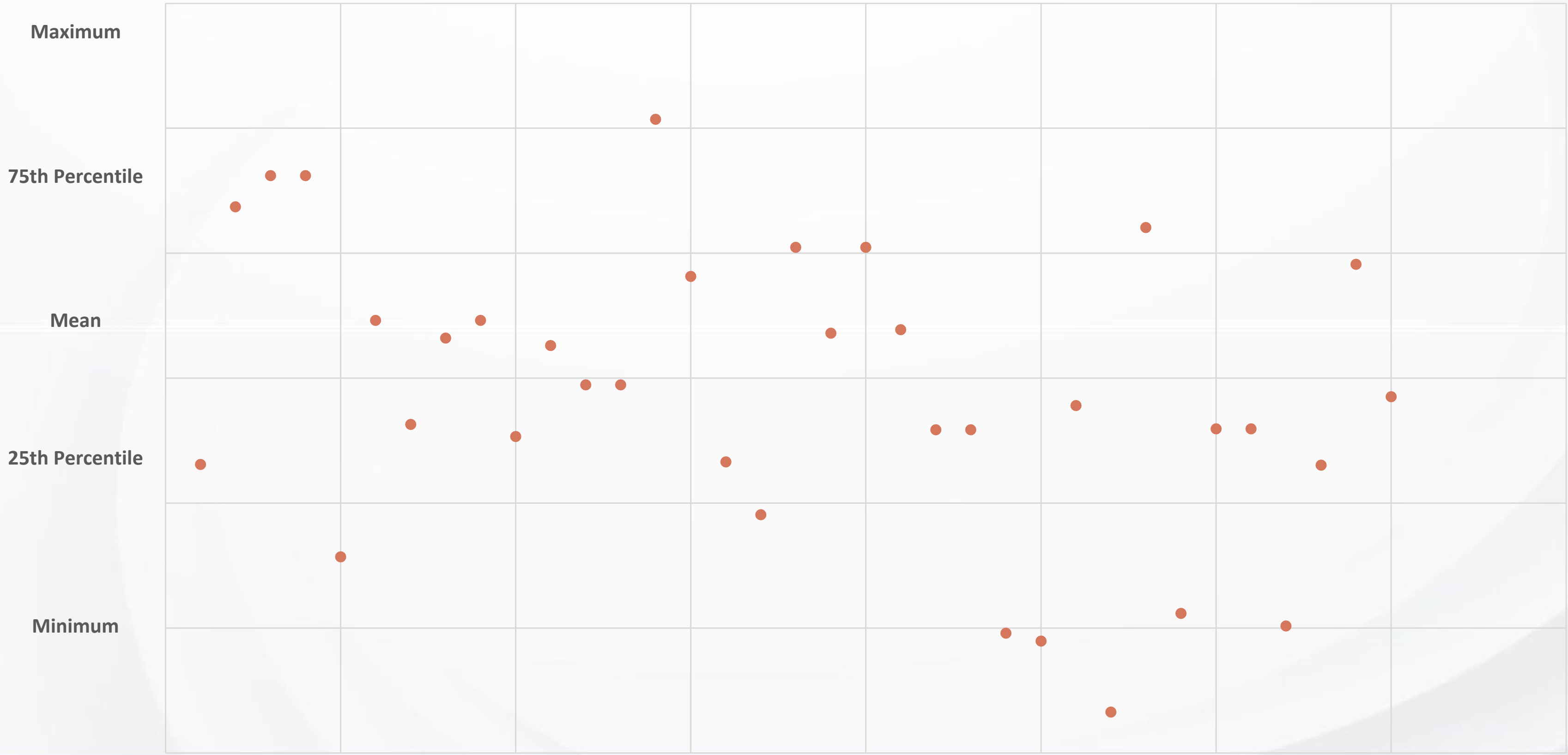
ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

CURRENT SALARIES IN RELATION TO PROPOSED 2022 RANGES



Three incumbents' salaries are currently below proposed minimum

Estimated annual cost to bring 3 positions up to proposed minimums = $9000

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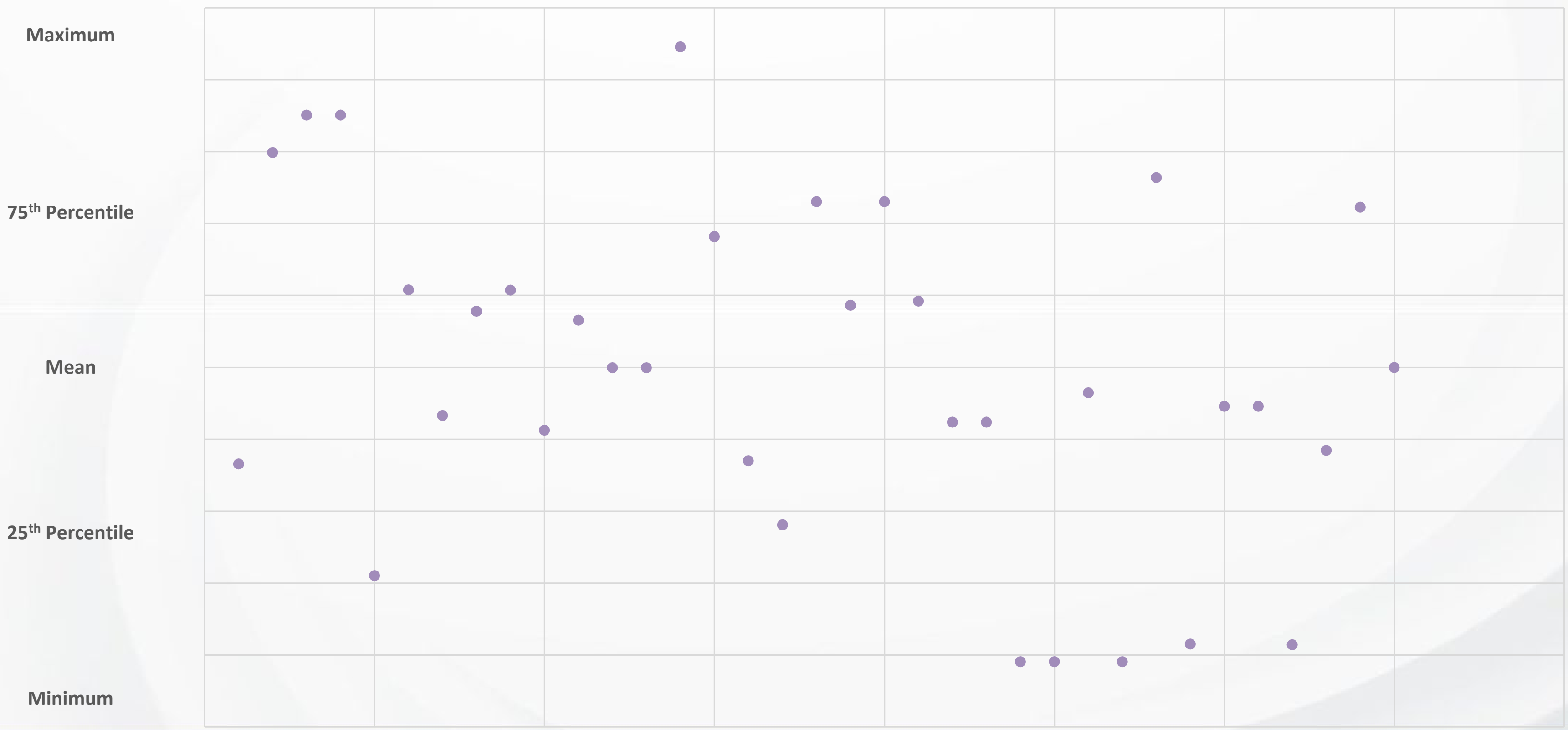
ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

CURRENT SALARIES + 5% INCREASE IN RELATION TO PROPOSED 2022 RANGES



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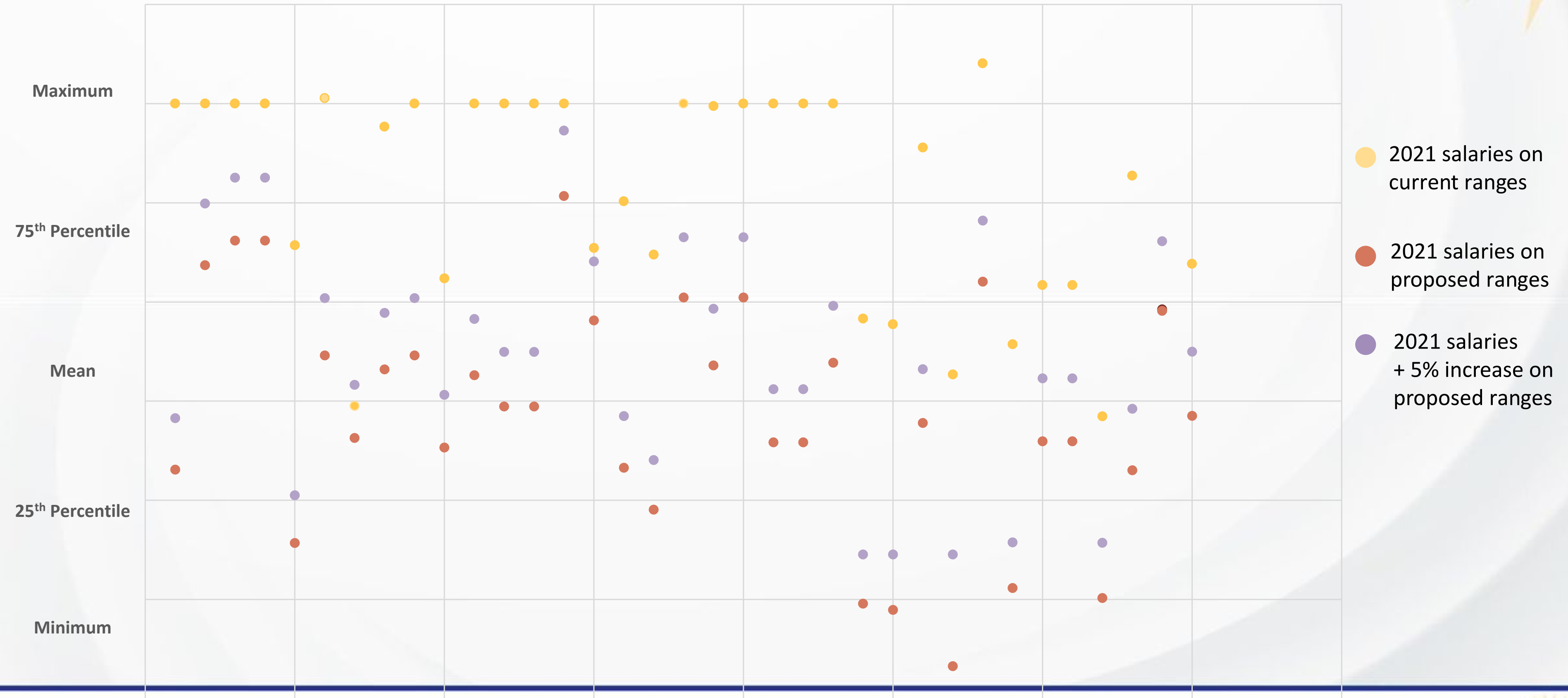
ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

SALARIES IN RELATION TO PROPOSED 2022 RANGES



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BUDGET AMENDMENT DETAILS

COST TO INCREASE OCERS DIRECT SALARIES BY 5% EFFECTIVE JULY 2, 2021

SALARIES:	143,000*
BENEFITS:	69,000
MIN RANGE:	5,000 **(total adjustment of $9,000, prorated for ½ year and rounded)**
GRAND TOTAL:	$220k **(Rounded)**

***Includes cost to adjust three salaries to the minimum of the range**

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

COMPARISON OF 21 BASIS POINT CALCULATION WITH PROPOSED SALARY AMENDMENT

Orange County Employees Retirement System
21 Basis Points for Budget Year 2021

	2021 Amended Budget	2021 Amended Budget with Proposed Salary Amendment
Projected actuarial accrued liability as of December 31, 2020	$22,980,997,000	$22,980,997,000
21 basis points of projected actuarial accrued liability	48,260,094	48,260,094
FY21 proposed budget amount subject to 21 basis points limitation [1]	20,079,272	20,243,772
Amount under 21 basis points	$28,180,822	$28,016,322
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY21	8.74	8.81
Budgeted amount expressed as basis points of projected actuarial accrued liability-FY20	9.04	9.04

[1] Reconciliation of amount subject to 21 basis points limitation:

	Current	Proposed
Total FY21 proposed budget	$ 28,333,900	$ 28,553,900
Less: Investment-related costs	(6,208,728)	(6,264,228)
Total FY21 proposed administrative budget	22,125,172	22,289,672
Less: IT Capital expenses	-	-
Computer hardware/software	(698,500)	(698,500)
Information Security-Professional services consulting	(180,000)	(180,000)
InformationTechnology-Professional services consulting	(1,167,400)	(1,167,400)
FY21 proposed budget amount subject to 21 basis points limitation	$ 20,079,272	$ 20,243,772

21 Basis Point History	2017	2018	2019	2020	Current 2021	Proposed 2021
21 Basis Points	8.55	9.31	8.93	9.04	8.74	8.81

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Summary of Changes to the Compensation Philosophy now Policy

1. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review.
2. In each year in which salary ranges are not reviewed, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.
3. Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
4. Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position.
5. Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position.
6. Each Merit Step is equal to 2.75%.
7. No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted. If an employee’s salary increase under the performance management program would cause the employee’s salary to exceed the maximum of the salary range for the position, the employee’s salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

QUESTIONS

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

RECOMMENDATIONS

The Personnel Committee recommends that the Board of Retirement:

1. Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR

a) Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure, effective July 2, 2021

b) Approve an amendment to increase the budget for personnel costs by $220,000 for the estimated cost of the 5% pay adjustment, for a total administrative budget of $28,553,900

2. Approve an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics and perform a formal review of the ranges at least every five years to keep the pay structure current

3. Approve a pay philosophy that allows OCERS to administer an annual performance merit based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees will receive salary increases based on the performance rating received in their annual performance evaluation as follows: Meets = Base increase equal to inflation, Exceeds = Base + 1 step of 2.75% and Exceptional = Base + 2 steps or 5.5%.

4. Approve the recommended changes to the OCERS Compensation Policy (previously named OCERS Compensation Philosophy)

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APPENDIX

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

AGING TABLE

Data Table Prepared By CPS HR

Data Gathered January 5-8, 2021; Updated February 8-9, 2021; Updated June 2, 2021

Surveyed Agency	2019	2020	2021	2022	SUM - 2019 to 2021	SUM - 2019 to 2022
California Public Employees Retirement System (CalPERS)	6.00	2.20	--	--	8.20	
California State Teachers Retirement System (CalSTRS)	5.00	5.00	5.00	--	15.00	
County of Orange	**2.50**	**2.50**	**2.50**	**3.00**	**7.50**	**10.50**
Los Angeles City Employees Retirement System (LACERS)	2.90	2.75	2.00	--	7.65	
Los Angeles County Employees Retirement Association (LACERA)	3.50	2.50	2.50	--	8.50	
Los Angeles Fire and Police Pensions (LAFPP)	2.90	2.75	0.00	--	5.65	
San Bernardino County Employees Retirement Association (SBCERA)	4.84	3.10	1.70	--	9.64	
San Diego City Employee Retirement System (SDCERS)	3.30	0.00	0.00	4.00	3.30	7.30
San Diego County Retirement Association (SDCERA)	3.00	2.00	2.00	--	7.00	
San Francisco Employees Retirement System (SFERS)	4.00	3.50	3.00	--	10.50	
	AVERAGE:				**8.29**	
BLS Employers Cost Index*	2.90	2.60	2.70		**8.20**	
WorldatWork 2021 Salary Budget Increases Report	3.00	3.00	3.00	**3.00**	**9.00**	

*2021 Data is for 12-month ended in March

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

HISTORIC CHANGES FOR CPI AND ECI

Budget Year	Direct Employees Salary Range Adjustment	CPI - 12 months ending prior September	OCERS Retired Members Wage Adjustments	Employer Cost Index (ECI) for Salaries and Wages
2013	0.0%	2.2%	2.0%	1.7%
2014	0.0%	0.6%	1.0%	1.6%
2015	0.0%	1.7%	1.5%	2.1%
2016	0.0%	0.7%	1.0%	2.1%
2017	5.0%*	1.9%	2.0%	2.4%
2018	0.0%	3.1%	3.0%	2.5%
2019	2.5%	3.9%	3.0%	2.9%
2020	2.5%	3.0%	3.0%	2.9%
2021	1.5%	1.2%	1.5%	2.5%
Total	**11.5%**	**18.3%**	**18%**	**20.7%**

*Salary range adjustment in 2017 intended to adjust for CPI from 2013-2016.

CPI for Los Angeles Area. Information gathered for CPI and ECI for September of each year

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

TRENDS WITH PROPOSED SALARY ADJUSTMENT AMENDMENT

	2017	2018	2019	2020	2021	5 Year Average	Proposed Amended 2021[2]	Proposed Amended 5 Year Average
Total Budget	$ 22,831	$ 25,508	$ 26,433	$ 27,185	$ 28,284		$ 28,554	
% Increase/(Decrease)	2.6%	11.7%	3.6%	2.8%	4.0%	5.0%	5.0%	5.2%
Total Budget (No Capital Expenditures)	$ 21,538	$ 24,413	$ 26,063	$ 26,585	$ 27,614		$ 27,884	
% Increase/(Decrease)	6.9%	13.3%	6.8%	2.0%	3.9%	6.6%	4.9%	6.8%
Actuals	$ 18,039	$ 20,568	$ 21,842	$ 23,687	N/A		N/A	
% Increase/(Decrease)	-2.0%	14.0%	6.2%	8.4%	N/A	6.7%	N/A	6.7%
Actuals (No Capital Expenditures)	$ 17,697	$ 20,404	$ 21,790	$ 23,491	N/A		N/A	
% Increase/(Decrease)	-3.6%	15.3%	6.8%	7.8%	N/A	6.6%	N/A	6.6%
Budgeted Personnel Costs	$ 12,417	$ 13,925	$ 14,765	$ 15,507	$ 16,034		$ 16,254	
% Increase	8.0%	12.1%	6.0%	5.0%	3.4%	6.9%	4.8%	7.2%
Budgeted FTE[1]	79	91.5	92.5	95.5	94.5		94.5	
% Increase	6.0%	15.8%	1.1%	3.2%	-1.0%	5.0%	-1.0%	5.0%

[1] Budgeted FTE was amended for FY2020 to include three additional extra help positions in Member Services. Budget amounts are reported in millions.

[2] Proposed Amended Total Budget for 2021, includes $50,000 amendment for Accounting Software Implementation, and $220,000 for personnel costs.

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

County Staff Salary Adjustments from 2019 – 2022 MOU

Effective Date	County Employees Salary Range Adjustment	Reduction in Retirement Contributions Reverse Pickup
October 25, 2019	2.5%	1.2%
July 3, 2020	2.5%	1.2%
July 2, 2021	2.5%	1.2%
July 1, 2022	3.5%	
Total	**11.0%**	**3.6%**

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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

County Management Staff Salary Adjustments from 2019 – 2022 MOU

Budget Year	County Employees Salary Range Adjustment	Reduction in Retirement Contributions Reverse Pickup
October 25, 2019	2.5%	1.2%
July 3, 2020	2.5%	1.2%
July 2, 2021	2.5%	1.2%
July 1, 2022	3.0%	0.5%
Total	**10.5%**	**4.1%**

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Compensation Study Timeline

2016

Managing Partners conducted a Workforce Analysis survey of the OCERS organization

2017

Managing Partners presented the results of the survey at the Budget workshop. Identified concerns:
- Challenges with retaining staff
- 18% turnover rate

Recommendations:
- Create competitive compensation packages
- Create independent classification systems
- Build career ladders
- Move to a single employer staffing model

2018

OCERS contracted with CPS HR to conduct a total comprehensive compensation study for OCERS direct

Utilized predetermined labor market of ten (10) comparable agencies as crafted by staff and the Personnel Committee

Collected and analyzed the base salary & total compensation data effective August 1,

2019

CPS HR presented recommendations to the Personnel Committee:

Salary
- Develop a salary range structure
- Certification incentive compensation program
- Performance awards

Benefits
- Raise the benefit level of basic life insurance
- Match deferred comp contributions
- Increase the leave cash out from 90 to 120
- Raise LTD benefit level

The Personnel Committee requested to hear directly from CPS HR on their methodology and how to best use the data provided

2020

CPS HR presented an Education session to the Personnel Committee regarding the methodology and data collection methods utilized

The Personnel Committee directed OCERS Staff to work with CPS HR to design a pay structure using the 65th percentile and to take the pay ranges of County employees into consideration

In April, the project was paused at the Committee's direction

In October, CPS HR proceeded with the development of the recommended salary structure with the Personnel Committee directive

2021

CPS HR contacted the ten (10) labor market agencies to gather the percent of salary increase that each agency provided for their management level staff in 2019, 2020, and 2021

Internal discussions and meetings with CPS HR, the HR Director, and Senior Executive Team.

CPS HR reviewed and updated the data reports and drafted the proposed salary structure by:
- Aging the data reports by 9.5%
- Using 65th percentile
- Aligning the recommendations with internal equity

CPS HR will discuss the following:
1) Methodology of how ranges were developed
2) Recommend placement of classifications on the proposed range
3) Recommend how OCERS team members can progress through the range moving forward

OCERS Direct Employees
2021 Salary Range

1.5% Salary Range Increase (Effective date January 1, 2021)

	OCERS Employee Position	Current Annual Minimum	Current Annual Midpoint	Current Annual Maximum
1	Chief Investment Officer	$223,940	$279,926	$335,911
2	General Counsel	$142,091	$211,232	$280,373
3	Assistant Chief Executive Officer	$142,091	$194,773	$247,455
4	Managing Director of Investments	$142,091	$194,773	$247,455
5	Director of Investments	$142,091	$175,290	$208,489
6	Deputy Legal Counsel	$142,091	$175,290	$208,489
7	Staff Attorney	$119,809	$149,145	$178,481
8	Senior Investment Officer	$113,762	$144,610	$175,458
9	Director of Member Services	$126,750	$148,473	$170,195
10	Director of Internal Audit	$112,643	$140,803	$168,963
11	Director of Finance	$120,145	$144,274	$168,404
12	Director of Information Technology	$110,291	$137,891	$165,492
13	Director of Human Resources	$122,831	$141,867	$160,902
14	Director of Information Security	$110,291	$135,596	$160,902
15	Senior Manager Operations Support Services	$67,966	$105,196	$142,426
16	Investment Officer	$85,434	$113,930	$142,426
17	Information Security Manager	$67,966	$105,196	$142,426
18	Retirement Analyst	$67,966	$105,196	$142,426
19	Finance Manager	$64,159	$94,727	$125,295
20	Member Services Manager	$64,159	$94,727	$125,295
21	Disability Manager	$64,159	$94,727	$125,295
22	Learning and Organization Development Manager	$64,159	$94,727	$125,295
23	Contracts, Risk & Performance Administrator	$64,159	$94,727	$125,295
24	Senior Investment Analyst	$74,796	$99,766	$124,735
25	Communications Manager	$64,159	$89,520	$114,882
26	Internal Auditor	$75,468	$94,279	$113,090
27	HR Staff Analyst	$64,159	$85,602	$107,044
28	Finance Analyst	$64,159	$85,602	$107,044
29	Investment Analyst	$64,159	$85,602	$107,044

CPS HR CONSULTING

PROPOSED PAY STRUCTURE

Grade	Grade Minimum	Grade Midpoint	Grade Maximum	Width	Sep
101	$31,200	$38,220	$45,240	45%	
102	$33,540	$41,087	$48,633	45%	7.50%
103	$36,056	$44,168	$52,280	45%	7.50%
104	$38,760	$47,481	$56,202	45%	7.50%
105	$41,667	$51,042	$60,417	45%	7.50%
106	$44,792	$54,870	$64,948	45%	7.50%
107	$48,151	$58,985	$69,819	45%	7.50%
108	$51,762	$63,409	$75,055	45%	7.50%
109	$55,645	$68,165	$80,685	45%	7.50%
110	$59,818	$73,277	$86,736	45%	7.50%
111	$64,304	$78,773	$93,241	45%	7.50%
112	$69,127	$84,681	$100,234	45%	7.50%
113	$74,312	$91,032	$107,752	45%	7.50%
114	$79,885	$97,859	$115,833	45%	7.50%
115	**$85,876**	**$109,492**	**$133,108**	**55%**	**11.89%**
116	$92,317	$117,704	$143,091	55%	7.50%
117	$99,241	$126,532	$153,823	55%	7.50%
118	$106,684	$136,022	$165,360	55%	7.50%
119	$114,685	$146,223	$177,762	55%	7.50%
120	$123,286	$157,190	$191,094	55%	7.50%
121	$132,533	$168,980	$205,426	55%	7.50%
122	$142,473	$181,653	$220,833	55%	7.50%
123	$153,158	$195,277	$237,396	55%	7.50%
124	$164,645	$209,923	$255,200	55%	7.50%
125	$176,994	$225,667	$274,340	55%	7.50%
126	$190,268	$242,592	$294,916	55%	7.50%
127	$204,538	$260,786	$317,034	55%	7.50%
128	$219,879	$280,345	$340,812	55%	7.50%
129	$236,370	$301,371	$366,373	55%	7.50%
130	$254,097	$323,974	$393,851	55%	7.50%
131	$273,155	$348,272	$423,390	55%	7.50%
132	$293,641	$374,393	$455,144	55%	7.50%
133	$315,664	$402,472	$489,280	55%	7.50%
134	$339,339	$432,657	$525,976	55%	7.50%

OCERS Proposed Pay Ranges and Salary Structure

OCERS Direct Employee Position	Current Minimum	Current Midpoint	Current Maximum	Recomm Grade	New Minimum	New Midpoint	New Maximum
Investment Analyst	$64,159	$85,602	$107,044	**114**	$79,885	$97,859	$115,833
Staff Analyst	$64,159	$85,602	$107,044	**114**	$79,885	$97,859	$115,833
Finance Staff Analyst	$64,159	$85,602	$107,044	**114**	$79,885	$97,859	$115,833
Internal Auditor	$75,468	$94,279	$113,090	**115**	$85,876	$109,492	$133,108
Communications Manager	$64,159	$89,520	$114,882	**116**	$92,317	$117,704	$143,091
Senior Investment Analyst	$74,796	$99,766	$124,735	**117**	$99,241	$126,532	$153,823
Member Services Manager	$64,159	$94,727	$125,295	**117**	$99,241	$126,532	$153,823
Learning and Organization Development Manager	$64,159	$94,727	$125,295	**117**	$99,241	$126,532	$153,823
Disability Manager	$64,159	$94,727	$125,295	**117**	$99,241	$126,532	$153,823
Contracts, Risk & Performance Administrator	$64,159	$94,727	$125,295	**117**	$99,241	$126,532	$153,823
Senior Manager, Operations Support Services	$67,966	$105,196	$142,426	**118**	$106,684	$136,022	$165,360
Information Security Manager	$67,966	$105,196	$142,426	**118**	$106,684	$136,022	$165,360
Finance Manager	$64,159	$94,727	$125,295	**118**	$106,684	$136,022	$165,360
Senior Retirement Manager (Retirement Analyst)	$67,966	$105,196	$142,426	**118**	$106,684	$136,022	$165,360
Staff Attorney	$119,809	$149,145	$178,481	**120**	$123,286	$157,190	$191,094
Investment Officer	$85,434	$113,930	$142,426	**120**	$123,286	$157,190	$191,094
Director of Information Technology	$110,291	$137,891	$165,492	**121**	$132,533	$168,980	$205,426
Director of Information Security	$110,291	$135,596	$160,902	**121**	$132,533	$168,980	$205,426
Director of Finance	$120,145	$144,274	$168,404	**121**	$132,533	$168,980	$205,426
Director of Internal Audit	$112,643	$140,803	$168,963	**121**	$132,533	$168,980	$205,426
Director of Member Services	$126,750	$148,473	$170,195	**121**	$132,533	$168,980	$205,426
Director of Human Resources	$122,831	$141,867	$160,902	**121**	$132,533	$168,980	$205,426
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Senior Investment Officer	$113,762	$144,610	$175,458	**122**	$142,473	$181,653	$220,833
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Managing Director of Investments	$142,091	$194,773	$247,455	**127**	$204,538	$260,786	$317,034
General Counsel	$142,091	$211,232	$280,373	**127**	$204,538	$260,786	$317,034
Chief Investment Officer	$223,940	$279,926	$335,911	**132**	$293,641	$374,393	$455,144

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Compensation Philosophy

Purpose and Background

1. The philosophy behind the Orange County Employees Retirement System's ("OCERS") compensation program is to create a pay structure with the goal of attracting, developing and retaining strong leaders who support OCERS' mission and values. We believe our compensation program is a management tool that when aligned with an effective communication plan is designed to support, reinforce, and align our values, business strategy, operation & financial needs through professional and proficient staff that provide secure retirement benefits to our members with the highest standards of excellence.

   The underlying philosophy governing OCERS' compensation program is designed to accomplish the following:

   - Provide pay levels that are externally competitive among peers within our industry and within published market data for similar sized governmental organizations.
   - Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
   - Provide management the flexibility to make compensation decisions within budgetary guidelines.

   In alignment with our organization's culture, we will strive to communicate openly about the goals of the agency and the design of the compensation program. The compensation process is intended to be fair and uncomplicated so that all employees and managers understand the goals and the outcome of the process.

Compensation Strategy

2. Total Compensation of OCERS employees includes both cash compensation and benefits. OCERS' Board of Retirement is responsible for approving salary ranges for each authorized position. The CEO is responsible for managing salaries within the approved salary ranges. The CEO will use the following process:

   - In November of each year, or other time of year as determined by the Chief Executive Officer, each Executive, Management and/or Professional employee as of June 1 of that year shall receive a written performance evaluation and be eligible for an annual merit increase with a performance rating of meets performance standards or better.
   - Salary increases within a range shall not be automatic. The Chief of each division will provide performance feedback and salary adjustment recommendations for the CEO's consideration. The CEO will make the final determination of salary awards based on the annual performance pool and individual award limits approved by the Board of Retirement in connection with the budget.
   - Salary ranges will be reviewed annually with an intended purpose of keeping total compensation competitive. The CEO may ask the Board of Retirement to consider adjustments to the salary ranges during the annual budget approval process.

OCERS Compensation Philosophy

The Board of Retirement has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS' direct employees. The agreement with the County calls for OCERS' employees to receive the same benefits offered to County administrative and executive management employees.

History

3. This policy was adopted by the Board of Retirement on October 21, 2013. This policy was approved by the CEO on December 19, 2014.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

10/21/13
Date

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Compensation Policy~~Philosophy~~

Purpose and Background

1. This Compensation Policy applies to all employees employed directly by the Orange County Employees Retirement System (OCERS; OCERS Direct Employee) and not to employees of the County of Orange who are assigned to work at OCERS.

~~1.~~2. The philosophy behind the ~~Orange County Employees Retirement System's ("OCERS")~~ C~~c~~ompensation Policy~~program~~ is to create and maintain a pay structure that attracts, develops and retains ~~with the goal of attracting, developing and retaining~~ strong leaders who model and promote ~~support~~ OCERS' mission and values. ~~We believe our~~ This C~~c~~ompensation Policy ~~program~~ is a management tool that when aligned with an effective communication plan ~~is designed to~~will support, reinforce, and align OCERS' ~~our~~ values, business strategy, operations and ~~&~~ financial needs ~~through professional and proficient staff that~~ and provide secure retirement benefits to OCERS~~our~~ members with the highest standards of excellence.

The goals of this Compensation Policy are to~~underlying philosophy governing OCERS' compensation program is designed to accomplish the following~~:

- Create and maintain a pay structure that is~~Provide pay levels that are externally~~ competitive among ~~peers within our industry~~OCERS' peers in the public pension community and aligned with~~within~~ published market data for similarly sized governmental organizations.
- Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
- Provide management the flexibility to make compensation decisions within budgetary guidelines.
- Provide OCERS Direct Employees with some measure of predictability with respect to both salary growth and rewards for superior performance.

In alignment with OCERS'~~our organization's~~ culture, ~~we will strive to communicate openly about~~ the goals of the agency and the design of the compensation program will be communicated openly to all OCERS Direct Employees. The compensation program~~process~~ is intended to be fair and ~~uncomplicated~~ straightforward so that all OCERS Direct E~~e~~mployees ~~and managers~~ understand the goals ~~and the outcome~~ of the process.

Compensation Program~~Strategy~~

3. ~~Total Compensation of OCERS employees includes both cash compensation and benefits.~~ The OCERS~~'~~ Board of Retirement (Board) ~~is responsible for approving~~will approve a salary range~~s~~ for each ~~authorized~~ OCERS Direct Employee position. Consistent with the goals of this Policy, the salary ranges will be competitive with OCERS' peers and aligned with published market data. The Board may direct the CEO to retain a compensation consultant for purposes of obtaining peer and market data and advice regarding OCERS' compensation program.

4. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every ~~three~~ five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Compensation Policy~~Philosophy~~

for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges.

5. In each year in which salary ranges are not reviewed in accordance with Section 4, above, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

~~2.~~6. The CEO ~~is~~ will be responsible for managing salaries of the OCERS Direct Employees within the Board-approved salary ranges. The CEO will use the following process:

- In November of each year, or such other time of year as determined by the ~~Chief Executive Officer~~CEO, each ~~Executive, Management and/or Professional e~~OCERS Direct Employee who was employed by OCERS as of June 1 of that year ~~shall~~ will receive a written performance evaluation. Each OCERS Direct Employee's performance will be rated as Does Not Meet Expectations; Meets Expectations; Exceeds Expectations; or Exceptional. The CEO must concur in each performance rating.

- Employees who receive a performance rating of Meets Expectations or better will ~~and~~ be eligible for ~~an annual merit~~a salary increase ~~with a performance rating of meets performance standards or better~~.

    - Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).

    - Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.

    - Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.

    - Each Merit Step is equal to 2.75%.

    - No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted in accordance with Section 4 or 5, above. If an employee's salary increase under this provision would cause the employee's salary to exceed the maximum of the salary range for the position, the employee's salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Compensation Policy~~Philosophy~~

- ~~Salary increases within a range shall not be automatic. The Chief of each division will provide performance feedback and salary adjustment recommendations for the CEO's consideration. The CEO will make the final determination of salary awards based on the annual performance pool and individual award limits approved by the Board of Retirement in connection with the budget.~~

- ~~Salary ranges will be reviewed annually with an intended purpose of keeping total compensation competitive. The CEO may ask the Board of Retirement to consider adjustments to the salary ranges during the annual budget approval process.~~

7. The Board ~~of Retirement~~ has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS~~'~~ D~~d~~irect E~~e~~mployees. The agreement with the County calls for OCERS~~'~~ Direct E~~e~~mployees to receive the same benefits offered to County administrative and executive management employees.

History

~~3.~~8. This policy was adopted by the Board of Retirement on October 21, 2013, and revised on October 11, 2017 and June 21, 2021. ~~This policy was approved by the CEO on December 19, 2014.~~

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney ~~10/21/13~~

Steve Delaney
Secretary of the Board

Date

OCERS Compensation Policy

Purpose and Background

1. This Compensation Policy applies to all employees employed directly by the Orange County Employees Retirement System (OCERS; OCERS Direct Employee) and not to employees of the County of Orange who are assigned to work at OCERS.

2. The philosophy behind the Compensation Policy is to create and maintain a pay structure that attracts, develops and retains strong leaders who model and promote OCERS' mission and values. This Compensation Policy is a management tool that when aligned with an effective communication plan will support, reinforce, and align OCERS' values, business strategy, operations and financial needs and provide secure retirement benefits to OCERS members with the highest standards of excellence.

   The goals of this Compensation Policy are to:

   - Create and maintain a pay structure that is competitive among OCERS' peers in the public pension community and aligned with published market data for similarly sized governmental organizations.
   - Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
   - Provide management the flexibility to make compensation decisions within budgetary guidelines.
   - Provide OCERS Direct Employees with some measure of predictability with respect to both salary growth and rewards for superior performance.

   In alignment with OCERS' culture, the goals of the agency and the design of the compensation program will be communicated openly to all OCERS Direct Employees. The compensation program is intended to be fair and straightforward so that all OCERS Direct Employees understand the goals of the process.

Compensation Program

3. The OCERS Board of Retirement (Board) will approve a salary range for each OCERS Direct Employee position. Consistent with the goals of this Policy, the salary ranges will be competitive with OCERS' peers and aligned with published market data. The Board may direct the CEO to retain a compensation consultant for purposes of obtaining peer and market data and advice regarding OCERS' compensation program.

4. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every five years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges.

OCERS Compensation Policy

5. In each year in which salary ranges are not reviewed in accordance with Section 4, above, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

6. The CEO will be responsible for managing salaries of the OCERS Direct Employees within the Board-approved salary ranges. The CEO will use the following process:

   - In November of each year, or such other time of year as determined by the CEO, each OCERS Direct Employee who was employed by OCERS as of June 1 of that year will receive a written performance evaluation. Each OCERS Direct Employee's performance will be rated as Does Not Meet Expectations; Meets Expectations; Exceeds Expectations; or Exceptional. The CEO must concur in each performance rating.

   - Employees who receive a performance rating of Meets Expectations or better will be eligible for a salary increase.

     - Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
     - Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
     - Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
     - Each Merit Step is equal to 2.75%.
     - No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted in accordance with Section 4 or 5, above. If an employee's salary increase under this provision would cause the employee's salary to exceed the maximum of the salary range for the position, the employee's salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.

7. The Board has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS Direct Employees. The agreement with the County calls for OCERS Direct Employees to receive the same benefits offered to County administrative and executive management employees.

OCERS Compensation Policy

History

8. This policy was adopted by the Board of Retirement on October 21, 2013, and revised on October 11, 2017 and June 21, 2021.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

Date

Orange County Employees
Retirement System

Alternative Economic Assumptions for Use in 2021 Sensitivity Analyses

June 21, 2021

Prepared by Paul Angelo and Andy Yeung

5691408v1

Segal

Review of Scope and Terminology (from Actuarial Standard on Risk Assessments)

- Scenario testing – impact of occurrence of possible event(s)
  - For example, illustrations prepared each year to show impact of one year of favorable or unfavorable market return
  - Metrics studied, both by rate group and for entire plan
    - Employer contribution rate
    - Funded ratio
    - Unfunded Actuarial Accrued Liability
  - Scenario test will be repeated using results from 12/31/2020 valuation
- Sensitivity testing – impact of change in actuarial assumption(s)
  - Same metrics but using alternative long term economic assumptions (i.e., different from those used in 12/31/2020 valuation)
  - Performed every year, even if no experience study
  - Results only for entire plan

OCERS Scenario Testing – Impact due to One Year of Favorable or Unfavorable Market Return

- Under three hypothetical market returns for year following valuation
  - 0.00%
  - 7.00% (current baseline)
  - 14.00%
- Metrics studied (by Rate Group)
  - Employer contribution rate
  - Funded ratio
  - Unfunded Actuarial Accrued Liability
- Can be useful as a budgeting tool for the employer
  - Next year's employer contribution rate can be estimated as actual year-to-date market return becomes available from OCERS
- Scenario testing will be updated using results and assumptions from 12/31/2020 valuation

OCERS Sensitivity Testing – Hypothetical Impact of Alternative Economic Assumptions

- Metrics studied (for the entire System) – first done in 2017
  - Employer contribution rate
  - Funded ratio
  - Unfunded Actuarial Accrued Liability
- Illustrates "what if" impact of changes to economic assumptions
  1. Inflation (2.50% used in 12/31/2020 valuation)
     - COLA increases for retirees based on 2.50% inflation plus a margin of 0.25% to reflect higher CPI for LA-Long Beach-Anaheim Area
     - Component of salary increases for actives and wage increases for amortizing UAAL
     - Component of investment return assumption
  2. Real return (4.50% used in 12/31/2020 valuation)
  3. Investment return (7.00% used in 12/31/2020 valuation)
  - In practice, two of these assumptions determines the third (since Inflation + Real Return = Investment Return)

OCERS Economic Assumptions

	12/31/20 Valuation		12/31/17-19 Valuation		12/31/14-16 Valuation		12/31/12-13 Valuation	
	Return	Pay*	Return	Pay*	Return	Pay*	Return	Pay*
Price Inflation	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%	3.25%	3.25%
Real Wages	n/a	0.50%	n/a	0.50%	n/a	0.50%	n/a	0.50%
Net Real Return	4.50%	n/a	4.25%	n/a	4.25%	n/a	4.00%	n/a
Total	7.00%	3.00%	7.00%	3.25%	7.25%	3.50%	7.25%	3.75%

* Excludes Merit and Promotion component of assumed individual salary increases

Sensitivity Testing – Proposed 2021 Alternative Economic Assumptions

- Alternatives 1 through 4 are comparable to those proposed by Segal and approved by OCERS in 2020
- For the baseline and each proposed inflation assumption, the COLA assumption would include an additional margin of 0.25% to reflect higher CPI for LA-Long Beach-Anaheim Area
- These alternatives are not necessarily assumptions Segal would recommend in any future triennial experience study

	Inflation*	Real Return	Investment Return
Baseline (assumptions used in 12/31/2020 valuation)	**2.50%**	**4.50%**	**7.00%**
Alt #1: Lower inflation only	**2.25%**	**4.50%**	**6.75%**
Alt #2: Lower real return only	**2.50%**	**4.25%**	**6.75%**
Alt #3: Lower inflation and lower real return	**2.25%**	**4.25%**	**6.50%**
Alt #4: Lower inflation and higher real return	**2.25%**	**4.75%**	**7.00%**

* Plus a 0.25% margin for COLA

Questions and Discussion

segalco.com

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **COVID-19 UPDATE**

Presentation

The OCERS staff continues to do a great job meeting the COVID-19 challenge and ensuring that our members receive the services they expect as we fulfil this agency's mission. Rather than provide you with a written report of the agency status prior to the Monday, June 21st meeting of the OCERS Board of Retirement, I will instead provide a verbal update of plan status and challenges at that time. This recognizes the fact that issues impacted by COVID-19 seem to change daily.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System
Retirement Board Meeting
June 21, 2021
Application Notices

Member Name	Agency/Employer	Retirement Date
Alvarez, Jose	Sheriff's Dept	3/26/2021
Arabatzis, Konstantinos	County Executive Office (CEO)	3/26/2021
Bonhall, Steven	OC Public Works	3/26/2021
Bordeaux, Jonathan	Sheriff's Dept	3/26/2021
Bovard, Joseph	OC Public Works	4/1/2021
Bozanich, Earlene	Probation	3/31/2021
Brown Cooksey, Cynthia	Social Services Agency	3/26/2021
Brown Guillen, Reyna	Health Care Agency	3/26/2021
Butani, Ratna	Treasurer - Tax Collector	3/26/2021
Carvo, Paul	District Attorney	3/26/2021
Chavez, Victor	Social Services Agency	3/26/2021
Cipolletti, Michelle	District Attorney	3/30/2021
Collier, Cindy	Social Services Agency	3/26/2021
Cooper, Melanie	Sheriff's Dept	3/12/2021
Core, Kelly	District Attorney	3/26/2021
Corn, Christopher	Sheriff's Dept	3/26/2021
Cristaldi, Frank	OC Public Works	3/26/2021
Cristerna, Cindy	Superior Court	3/26/2021
Croy, Jeffrey	OC Public Works	3/26/2021
De Baca, Manuel	Fire Authority (OCFA)	3/26/2021
De Spain, Forrest	OC Public Works	2/26/2021
Deacon, Elizabeth	Fire Authority (OCFA)	3/31/2021
Dinh, Charlie	Sheriff's Dept	3/26/2021
Do, Bich	Auditor Controller	3/26/2021
Durbin, Jennifer	Health Care Agency	4/1/2021
Eldred, Steven	Child Support Services	3/26/2021
Ellis, Gregory	Fire Authority (OCFA)	3/26/2021
Ergueta, Sandra	Social Services Agency	4/5/2021
Flores, Larry	Sheriff's Dept	4/1/2021
Ford, Joseph	OC Community Resources	3/26/2021
Franco, Salvador	Social Services Agency	4/23/2021
Frigo, Lisa	Sanitation District	3/26/2021
Gaugler, Earl	OCWR	4/23/2021
Gertner, Brent	Sheriff's Dept	3/26/2021
Gilbert, April	Public Defender	3/26/2021
Gonzalez, Jesus	John Wayne Airport	4/9/2021
Gorman, Nancy	Superior Court	4/1/2021
Gorritti, Helene	Superior Court	4/9/2021
Grisenti, Frank	Fire Authority (OCFA)	3/26/2021
Groom, Lisa	Superior Court	3/26/2021
Ha, Cam-Tu	Auditor Controller	4/1/2021
Haffner, Janice	Health Care Agency	3/26/2021
Haffner, Janice	Health Care Agency	3/26/2021
Halle, Tamara	Health Care Agency	3/26/2021
Hartman, Douglas	Fire Authority (OCFA)	4/23/2021
Haworth, Michael	Sanitation District	3/26/2021
Hermosura, Helen	Health Care Agency	3/26/2021
Hewitt, Jeffery	Sheriff's Dept	3/26/2021
Hoffmann, Robert	Sheriff's Dept	3/26/2021

Member Name	Agency/Employer	Retirement Date
Hwang, Juana	Social Services Agency	3/26/2021
Johnston, James	Sheriff's Dept	3/12/2021
Kibby, Gregory	Sheriff's Dept	3/26/2021
Kodaira, Susan	Health Care Agency	4/1/2021
Koehl, Cynthia	Superior Court	3/26/2021
La Russa, Michael	Sheriff's Dept	3/26/2021
Lakdawala, Janice	Registrar of Voters	4/1/2021
Lazarin, Adirana	Child Support Services	4/11/2021
Lincke, Ted	Registrar of Voters	3/8/2021
Liu, Mark	OC Public Works	3/26/2021
Loc, Ruth	OC Community Resources	3/26/2021
Loehr, Paul	Sanitation District	3/5/2021
Maclean, Joel	Fire Authority (OCFA)	3/31/2021
Martin, Daniel	Superior Court	3/26/2021
Martinez, Anthony	Health Care Agency	4/1/2021
Martinez, Norma	Probation	3/26/2021
Mattern, William	Fire Authority (OCFA)	3/26/2021
Mc Namee, Daniel	Sheriff's Dept	3/26/2021
Mcbride, Jeffrey	Fire Authority (OCFA)	3/26/2021
Merritt, Rhonda	Health Care Agency	4/1/2021
Michaelson, Barry	Superior Court	3/26/2021
Millard, Lori	Superior Court	3/26/2021
Monico, Angel	Child Support Services	4/21/2021
Monsoor, Sally	Social Services Agency	3/26/2021
Moreno, Miriam	Social Services Agency	3/26/2021
Munoz, Phyliss	Health Care Agency	3/31/2021
Nguyen, Judy	Social Services Agency	3/26/2021
Pay, Stephen	Superior Court	4/1/2021
Pittman, Michael	Health Care Agency	3/25/2021
Pittman, Ted	OC Public Works	3/26/2021
Ralsten, Maxwell	County Executive Office (CEO)	3/26/2021
Rawlins, Mary	Health Care Agency	3/26/2021
Reed, James	District Attorney	3/26/2021
Reveles, Cynthia	Social Services Agency	3/26/2021
Rice, James	Superior Court	3/26/2021
Rich, David Rullman	Fire Authority (OCFA)	3/26/2021
Rivera, Elizabeth	Social Services Agency	3/26/2021
Ross, Kelton	Sanitation District	3/26/2021
Ruiz, Maria	Child Support Services	4/1/2021
Sawley, Susan	Health Care Agency	4/1/2021
Sawyer, David	Sheriff's Dept	3/26/2021
Sharps, Donald	Health Care Agency	3/27/2021
Shavalier, Mary	OCTA	4/1/2021
Smith, Brian	Social Services Agency	4/23/2021
Soo, Steven	OC Public Works	4/1/2021
Soofi, Fe Jocelyn	Child Support Services	3/26/2021
Stansifer, Laurence	OC Public Works	3/26/2021
Sutherland, Karen	District Attorney	3/26/2021
Tengan, Nadine	OCTA	11/27/2020
Tsai, Yu-Li	Sanitation District	3/26/2021
Van Patten, Gregory	Sheriff's Dept	3/26/2021
Vandegrift, Lora	District Attorney	3/26/2021
Vargas, Rebecca	Social Services Agency	3/26/2021
Vlad, Michael	Social Services Agency	3/26/2021

Orange County Employees Retirement
Retirement Board Meeting
June 21, 2021
Death Notices

Active Members	*Agency/Employer*
Montoya, Rachel	District Attorney
Zuniga, Catalina	OCTA

Retired Members	*Agency/Employer*
Burks, Juanita	Sheriff's Dept
Davis, Marilyn	Superior Court
Espinoza, Thomas	OCTA
Ferguson, Larry	OCTA
Gonzales, Daniel	UCI
Hauber, Ida	OC Community Resources
Head, Anne	OC Community Resources
Hillhouse, Esmaralda	Children & Families Commission
Jenkins, Joann	Health Care Agency
Kuhel, Robert	Superior Court
Lamb, Rosemary	Social Services Agency
Lefko, James	Auditor Controller
Lehosit, Emory	OC Community Resources
Lyons, James	UCI
Markowitz, Mark	UCI
Medellin, David	Sanitation District
Morris, Mary	Health Care Agency
Munoz, Frank	OC Public Works
Newport, Ronald	Fire Authority (OCFA)
Nisperos, Chico	Social Services Agency
O'Sullivan, John	City of San Juan Capistrano
Palacios, Antonio	Health Care Agency
Rossini, Vincent	Assessor
Sletta, Tracey	Social Services Agency
Welton, Dexter	OC Public Works
Wilkeson, Lavonne	OC Public Works

Surviving Spouses	
Bennett, Kathryn	
Champine, Edward	
Citron, Theresa	
Mediati, Marie	
Peoples, Barbara	
Shafer, Fred	
Vargas, Sally	
Wiltberger, Rita	

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

PERSONNEL COMMITTEE MEETING
Wednesday, November 18, 2020
11:00 A.M. OR UPON ADJOURNMENT OF THE INVESTMENT COMMITTEE MEETING, WHICHEVER IS LATER

Members of the Committee
Chris Prevatt, Chair
Wayne Lindholm, Vice Chair
Roger Hilton

MINUTES

Chair Prevatt called the meeting to order at 11:48 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Present:	Chris Prevatt, Chair; Wayne Lindholm, Vice Chair; Roger Hilton
Also Present:	Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Molly Murphy, Chief Investment Officer; Gina Ratto, General Counsel; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Visual Technician; and Brittany Cleberg, Recording Secretary

The Committee recessed for a break at 11:48 a.m.
The Committee reconvened at 12:19 a.m.

CONSENT AGENDA

MOTION by Lindholm, **seconded** by Hilton, to approve staff's recommendation on all of the following items on the Consent Agenda:

C-1 COMMITTEE MEETING:

Personnel Committee Meeting	February 26, 2020
Personnel Committee Meeting	August 19, 2020

Recommendation: Approve minutes.

The motion passed **unanimously**.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 PROPOSED LEGISLATIVE AMENDMENT TO CERL REGARDING BOARD'S AUTHORITY TO APPOINT OCERS PERSONNEL

Presentation Gina M. Ratto, General Counsel

After discussion by the Committee, **MOTION** by Lindholm, **seconded** by Hilton, to approve and recommend that the Board approve introduction of a legislative bill to amend Government Code section 31522.5 regarding the Board's authority to appoint OCERS personnel.

The motion passed **unanimously.**

COMMITTEE MEMBER/CEO/CONSULTANT/COUNSEL COMMENTS

None

The meeting **ADJOURNED** at 1:02 p.m.

Submitted by:	Approved by:
___________________________	______________________________
Steve Delaney	Chris Prevatt
Secretary to the Committee	Chair

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

PERSONNEL COMMITTEE MEETING
Thursday, May 27, 2021
9:30 AM
Members of the Committee
Roger Hilton, Chair
Shawn Dewane, Vice Chair
Chris Prevatt

MINUTES

Roger Hilton called the meeting to order at 9:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Present: Roger Hilton, Chair; Shawn Dewane, Vice Chair; Chris Prevatt

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Molly Murphy, Chief Investment Officer; Gina Ratto, General Counsel; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Visual Technician; and Brittany Cleberg, Recording Secretary

PUBLIC COMMENTS
None

The Committee recessed for a break at 9:59 a.m.
The Committee reconvened at 11:00 a.m.

Recording Secretary administered the Roll Call attendance. All committee members were present.

CONSENT AGENDA

MOTION by Hilton, **seconded** by Prevatt, to approve staff's recommendation on all of the following items on the Consent Agenda:

C-1 COMMITTEE MEETING:
Personnel Committee Meeting November 18, 2020

Recommendation: Approve minutes.

The motion passed **unanimously,** pursuant to a Roll Call vote, as follows:

AYES	NAYS	ABSTAIN	ABSENT
Mr. Dewane			
Mr. Prevatt			
Chair Hilton			

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 OCERS COMPENSATION STUDY

Presentation Steve Delaney, CEO; Cynthia Hockless, Director of Human Resources, OCERS; & Igor Shegolev, Senior HR Consultant, CPS HR

After discussion by the Committee, **MOTION** by Prevatt, **seconded** by Dewane, to approve and recommend that the Board approve staff recommendation: (1) Approve the proposed salary ranges and pay structure for the OCERS Direct employees as designed by CPS HR Senior Compensation Consultant, Igor Shegolev and (2) Approve a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure. Effective July 2, 2021.

The motion passed **2-1,** pursuant to a Roll Call vote, as follows:

AYES	NAYS	ABSTAIN	ABSENT
Mr. Dewane			
Mr. Prevatt			
	Chair Hilton		

COMMITTEE MEMBER/CEO/CONSULTANT/COUNSEL COMMENTS
None

The meeting **ADJOURNED** at 1:02 p.m.

Submitted by:	Approved by:
___________________________	______________________________
Steve Delaney	Chris Prevatt
Secretary to the Committee	Chair

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

AUDIT COMMITTEE MEETING
March 22, 2021
9:00 a.m.

MINUTES

OPEN SESSION

The Chair called the meeting to order at 9:02am.

Attendance was as follows:

Present via Zoom Video conference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Frank Eley, Chair; Shari Freidenrich, Vice Chair; Charles Packard; Jeremy Vallone

Also Present via Zoom:

David Kim, Director of Internal Audit; Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Jenny Sadoski, Director of Information Technology; Mark Adviento, Internal Auditor; Sonal Sharma-Beeson, Recording Secretary; Anthony Beltran, Audio Visual Technician.

PUBLIC COMMENT
None.

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes January 25, 2021

MOTION was made by Packard, **seconded** by Freidenrich to approve the minutes.

The motion passed **unanimously.**

I-1 2020 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE
Presentation by David Bullock and Craig Harner, Macias Gini & O'Connell

The Committee recessed into Closed Session at 9:43am.
The Committee resumed at 10:47am.

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957)

Adjourn into Closed Session pursuant to Government Code section 54957 to consult with *Steve Delaney, CEO, Brenda Shott, Asst. CEO; Matthew Eakin, Director of Information Security; Jenny Sadoski, Director of Information Technology; Jon Gossard, Information Security Manager; and Gina M. Ratto, General Counsel*

Recommendation: Take appropriate action.

The Audit Committee took no reportable action.

The Committee took a break at 10:47am.
The Committee resumed at 11:04am.

A-2 AUDIT OF ORANGE COUNTY CEMETERY DISTRICT PAYROLL TRANSMITTALS
Presentation by David Kim, Director of Internal Audit and Mark Adviento, Internal Auditor

Recommendation: Receive and file.

MOTION was made by Packard, **seconded** by Freidenrich to approve staff recommendation.

The motion passed **unanimously.**

A-3 AUDIT OF ORANGE COUNTY SHERIFF'S DEPARTMENT PAYROLL TRANSMITTALS
Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

MOTION was made by Packard, **seconded** by Freidenrich to approve staff recommendation.

The motion passed **unanimously.**

A-4 CONTINUOUS AUDIT OF FINAL AVERAGE SALARY CALCULATIONS (Q3/Q4 2020)
Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file

MOTION was made by Packard, **seconded** by Vallone to approve staff recommendation.

The motion passed **unanimously.**

A-5 MEMBER SERVICES MANGEMENT QUALITY ASSURANCE REVIEW (Q1/Q2 2020)
Presentation by Suzanne Jenike, Assistant CEO of External Operations and Jeff Lamberson, Director of Member Services

Recommendation: Receive and file

MOTION was made by Packard, **seconded** by Vallone to approve staff recommendation.

The motion passed **unanimously.**

INFORMATION ITEMS

I-2 STATUS UPDATE OF 2021 AUDIT PLAN
Written Report

I-3 MANAGEMENT ACTION PLAN VERIFICATION
Written Report

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

The Chair adjourned the meeting at 12:31 am.

Submitted by:

DocuSigned by:
C00D5744FF39463...

Steve Delaney
Secretary to the Board

Approved by:

DocuSigned by:
9F34288D95E2472...

Frank Eley
Chair

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **CEO FUTURE AGENDAS AND 2021 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

JULY

Actuarial Review: Risk Assessment
Alt. Invest. Return and Assumption Sensitivity: 20-year Illustration
Consideration of early payment of Employer Contributions for fiscal year 2021-2023
OCERS Different Benefit Plans – An Overview (Suzanne)
CEM Benchmarking Presentation
OCFA Liability Paydown Update
SEGAL Cost Projections
Strategic Planning Workshop – Final Agenda
Travel and Training Expense Report

AUGUST

Employer Employee Contribution Matrix
OCERS by the Numbers
The Evolution of the OCERS UAAL

SEPTEMBER

Employer Status Update
Quality of Member Services
Proposed Board meeting schedule for 2022
Strategic Planning Workshop
The Current State of OCERS – Annual Report

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2021 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight		STAR COLA Posting **(I)**	Approve 2021 STAR COLA **(A)**	SACRS Board of Directors Election **(A)**	Preliminary December 31, 2020 Valuation **(I)**	Mid-Year Review of 2021 Business Plan Progress **(I)**	Alt. Invest. Return and Assumption Sensitivity: 20-year Illustration **(I)**	Review 2nd Quarter Budget to Actuals Financial Report **(I)**	Strategic Planning Workshop **(I)**	Overview of 2022 Administrative Budget and Investment (Workshop) **(I)**	Review 3rd Quarter Budget to Actuals Financial Report **(I)**	
		Approve 2021 COLA **(A)**	Quarterly 2021-2023 Strategic Plan Review **(A)**			Approve December 31, 2020 Actuarial Valuation & Funded Status of OCERS **(A)**	Actuarial Review: Risk Assessment **(I)**	Receive OCERS by the Numbers **(I)**	Annual OCERS Employer Review **(I)**	Approve 2022-2024 Strategic Plan **(A)**	Approve 2022 Administrative (Operating) Budget **(A)**	
						Approve 2020 Comprehensive Annual Financial Report **(A)**	Approve Early Payment Rates for Fiscal Year 2021-22 **(A)**	Receive Evolution of the UAAL **(I)**		Approve 2022 Business Plan **(A)**	Annual CEO Performance Review and Compensation **(A)**	
						Quarterly 2021-2023 Strategic Plan Review **(A)**		Employer & Employee Pension Cost Comparison **(I)**				
											Adopt 2022 Board Meeting Calendar **(A)**	
Board Governance				Brown Act Training (biannual) **(I)**					Annual Review of Succession Plan **(I)**			Adopt Annual Work Plan for 2022 **(A)**
				Fiduciary Training **(I)**								Vice-Chair Election **(A)**
Regulation / Policies	Communication Policy Fact Sheet **(I)**											
Compliance	Status of Board Education Hours for 2020 **(I)**			Form 700 Due **(A)**		Receive Financial Audit **(I)**			State of OCERS **(I)**			

(A) = Action **(I) = Information**

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Jim Doezie, Contracts, Risk and Performance Administrator

SUBJECT: **QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Written Report
Background/Discussion

1. ***Quiet Period Policy Guidelines***
The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for any contract to be awarded by OCERS:

"…Board Members and OCERS staff shall not knowingly communicate with any party financially interested in any prospective contract with OCERS regarding the contract, the services to be provided under the contract or the selection process;"

2. ***Quiet Period Guidelines***
In addition, the following language is included in all distributed RFP's:

"From the date of issuance of this RFP until the selection of one or more respondents is completed and announced, respondents are not permitted to communicate with any OCERS staff member or Board Members regarding this procurement, except through the Point of Contact named herein. Respondents violating the communications prohibition may be disqualified at OCERS' discretion. Respondents having current business with OCERS must limit their communications to the subject of such business."

Distributed RFP's
The RFP's noted below are subject to the quiet period until such time as a contract(s) is finalized.

- An RFP for an Accounting System (ERP) was released October 30th. We need to replace our current, unsupported system so this RFP is to solicit bids for this effort. Five bids were received. A final selection was made and we are in contract negotiations.
- An RFP for Microsoft 365 Implementation Services was distributed February 25th, 2021. This is for consulting services to assist with a computer software upgrade to Microsoft 365. Due to a lack of bids received, this RFP was cancelled without a vendor selection. The RFP was revised and redistributed April 29, 2021. There were eight bids received. We are currently evaluating the proposals.
- An RFP for a Board Room Presentation and Audio/Visual solution was distributed June 7th. This is to solicit proposals to upgrade the audio/visual systems for the Board Room. Bids are due June 21st.

Submitted by:
Jim Doezie
Contracts, Risk and Performance Administrator

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **BOARD COMMUNICATIONS**

Written Report

Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

Attached:

- OCERS Activities for April 2021

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Monthly Team Status
April 2021

To the members of the OCERS Board of Retirement,

The following is my regular monthly summary of OCERS' team activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for the month of April.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received

Month	2019	2020	2021
January	261	254	101
February	201	169	90
March	206	80	57
April	38	33	40
May	44	47	0
June	52	63	0
July	56	288	0
August	65	229	0
September	41	114	0
October	69	57	0
November	54	52	0
December	75	66	0

2021 Customer Service Statistics

Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Queue Calls Received	Direct to Extension Calls	Operator Calls Received	Total Calls (monthly)
January	2	100%	2606	4867	992	**8465**
February	1	100%	2618	4839	1811	**9268**
March	1	95%	2947	5630	1599	**10176**
April	0	95%	2830	5120	1146	**9096**
Grand Total	4	98%	**11001**	**20456**	**5548**	**37005**

MEMBER SURVEY RESPONSE

"I wanted to let you know how much I appreciated the courteous, and patient manner of the OCERS representative who helped me this morning to complete the "Application For Service Retirement" form. The team member was very patient and thorough as he explained to me each item of the application form. The OCERS representative gave me a sense of confidence that I had both understood and completed the form correctly. My words cannot adequately express my gratitude to this team member for having helped me in such a very kind and professional manner. Thank YOU again."

April 2021

"Member called to commend our OCERS representative for the customer service experience they provided while answering questions regarding reciprocity. Member said she found the representatives voice to be very joyful which she finds rare during these unprecedented times and appreciated the kindness and willingness to assist her."

March 2021

"The OCERS representative I reached today provided all the answers I needed in preparation for my upcoming retirement. I can't thank them enough for the detailed information they provided in order for me to get to my goals. They were very professional, friendly, helpful, patient and answered all the questions and concerns I've had. This team member truly embodied the characteristics of a stellar employee and is such a great asset to your department. With their help, I am looking forward to a smooth transition to retirement without any concerns. I want to thank you for having such a wonderful representative in your unit."

February 2021

Monthly Team Status
April 2021

ACTIVITIES

OCERS YEAR IN REVIEW - OUTREACH

On April 20, along with Ms Jenike and Ms Shott, I launched our annual OCERS YEAR IN REVIEW outreach, sharing those highlights and materials the OCERS Board reviewed earlier this year. Our first outreach was with Orange County Sanitation, and we met via Zoom. There were no concerns on the part of their leadership team, especially as Sanitation was our first employer to fully pay off their unfunded liabilities, and are now just paying the "normal cost" as their employer contribution rate.

On April 23 we met with the executive team at the City of San Juan Capistrano, again via Zoom. No concerns expressed here either.

Going on our fourteenth year with this program, our team meets with the executive leadership of all thirteen of our participating employers, as well as with leadership of nearly a dozen different union groups representing are active members. Additionally, later in the year I will be accompanying Chair Dewane and Vice Chair Eley for our individual meetings with each of the County Supervisors. This effort takes much of the year due to scheduling challenges, but has proven its value through the years in maintaining that personal connection to each of our stakeholders while ensuring everyone receives the same information and understanding of the challenges and opportunities facing OCERS.

OCERS INFORMATIONAL UPDATE – FOR STAKEHOLDERS

Still meeting via Zoom, on April 21 we presented our monthly OCERS Informational Update presentation, available to all stakeholders both employer and labor. The update reviewed topics discussed at the prior OCERS Board meeting, as well as a monthly review of the investment portfolio's performance provided by our Mr. Tarek Turaigi. Indicating the continued close attention being paid by all parties to OCERS and current issues such as the Alameda case, we had 24 stakeholder representatives in virtual attendance. No concerns were raised, though some questions seeking clarification were posed.

LEADERSHIP TRAINING

On April 23 I joined Hugo Wildeman of Oakland Bay Transit and Anthony Suine of CalPERS in providing an overview of our three systems, their challenges, opportunities as well as investment portfolio details to a CALAPRS class on leadership. The goal was to provide enrolled pension system staff with a comparison of approaches by a small, medium and large sized plan. I am a strong proponent of having OCERS staff take advantage of these industry specific learning opportunities and was happy to see that 10 out of the 84 attendees present virtually were OCERS employees.

Monthly Team Status
April 2021

UPDATES

INVESTMENT TEAM UPDATES

Mr. Beeson reports:

As of March 31, 2021, the portfolio year-to-date is up 2.7% net of fees, while the one-year return is up 25.7%. The fund value crossed the $20 billion threshold for the first time and now stands at $20.2 billion. The OCERS Investment Team continued to work effectively remotely during the coronavirus pandemic. OCERS' Investment Team added two new strategies to the portfolio. OCERS committed €16.5 million (approximately $20 million) to FSN Capital VI within the private equity buyout space. FSN Capital VI will invest in control equity investments in lower middle-market companies based in the Nordic and DACH regions of Europe with a focus on the business services, industrial/manufacturing, and consumer/digital sectors. OCERS also committed $35 million to Genstar Capital Partners X. This is a re-up investment as OCERS also committed $25 million to Genstar Capital Partners IX within the private equity buyout space. Genstar invests in control equity investments in middle-market companies across four core industry verticals: financial services, healthcare, software, and industrial technology. Shanta Chary and Duc Nguyen completed the global public equity asset class review during April. In 2021 thus far, OCERS' Investment Team rebalanced an additional $200 million to global public equities and further rebalanced assets from growth to value and emerging markets to U.S. equities to realize gains and position the portfolio for the reopening trade. OCERS' Investment Team completed work on the new co-investment structure within private equity during the month. OCERS' newly approved co-investment program can invest up to 10% of annual private equity commitments in co-investments sourced from OCERS' incumbent General Partners with up to $10 million per transaction.

SENIOR EXECUTIVE TEAM COACHING

As part of the 2021 budget the Board approved a coaching initiative for the OCERS senior executives. On April 28 I joined the seniors in interviewing three different firms. Getting the right cultural fit is crucial to the success of an effort if this sort, and I was pleased that one firm in particular had unanimous approval from the senior executive team. We are presently completing a contract.

OCERS STAFFING

Fourteen months have now passed since the OCERS staff began working virtually. And to-date we have had ZERO staff turnover. I'm not sure if this is a trend elsewhere, but it has been a very surprising positive outcome for us. We have had two hires since the beginning of the pandemic, both were for expansion positions approved by the Board for the Investment Committee.

I have heard from other pension CEOs however, during the recent SACRS conference, as a caution for us all, that those systems that required their staff to return full time have experienced higher than normal turnover due to resistance on the part of some to fully return. I have stated to the Board that my goal is to create some version of a hybrid mix, so staff will have some work performed virtually – I want to be sure we do not lose the skillsets we have cultivated over this past year, as this ability to work from home is a key component of this agency's disaster recovery program.

Monthly Team Status
April 2021

As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the June 21 meeting of the OCERS Board of Retirement.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Gina M. Ratto, General Counsel

SUBJECT: **LEGISLATIVE UPDATE**

Written Report

State Legislative Update

The California Legislature reconvened on January 11, 2021, beginning the two-year legislative session. The last day for each house to pass bills introduced in that house was June 4, 2021. Summer Recess will begin on July 16, 2021 and the Legislature will reconvene on August 16, 2021. A comprehensive list and summary of the pending bills that staff is monitoring during the first year of the 2021-2022 legislative session is attached. Below are the bills that may be of greater interest to the Board. **New or updated information since the last report to the Board are indicated in bold text.**

OCERS Sponsored Bill

AB 761 (Chen)
This bill would add section 31522.11 to the Government Code to authorize the board of retirement for Orange County to appoint an administrator, assistant administrators, a chief investment officer, subordinate investment officers subordinate investment officers next in line of authority to the chief investment officer, senior management employees next in line of authority to the subordinate investment officers, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel. The bill would provide that the personnel appointed pursuant to these provisions would not be county employees subject to county civil service and merit system rules, and instead would be employees of the retirement system. The bill would provide that the compensation of personnel appointed pursuant to these provisions is an expense of administration of the retirement system. The bill would authorize the board of retirement and board of supervisors to enter into agreements as necessary and appropriate to carry out these provisions and would make related, conforming changes. The bill would make conforming changes to Government Code sections 31522.5 and 31580.2.
(STATUS: Introduced and read first time on 02/16/21. Referred to Com. on P.E & R on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R. Read second time and amended on 03/18/21. Re-Referred to Com. on P.E & R on 03/22/21. From Committee: To Consent Calendar on 04/19/21. Read second time; and ordered to third reading on 04/20/21. Read third time; passed; and ordered to the Senate on 04/22/21. In Senate; read first time; and referred to Com. on RLS for assignment on 04/26/21. **Referred to Com. on L, P.E & R on 05/12/21; set for hearing on 06/07/21.**)

SACRS Sponsored Bills

SB 634 (Cortese, Durazo, Laird, Newman, and Ochoa Bogh)
This bill is the annual housekeeping bill for CalPERS, CalSTRS and the CERL systems.
(1) Current law requires CalSTRS to pay premiums associated with Medicare Part A for certain retired or disabled members and creates the Cash Balance Benefit Program administered by the CalSTRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. Current law applicable to the Defined Benefit Program, for applications and documents requiring a signature, requires that the signature be in a form prescribed by the system. This bill would apply the above-described requirements regarding signed applications and documents to the Cash Balance Benefit Program and the requirement that CalSTRS pay certain Medicare Part A premiums.

Existing law authorizes a member of CalSTRS who is not retired and who was previously excluded from membership in the Defined Benefit Program request to purchase service credit in the program for certain types of other service. This bill would prohibit a member from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year.

Existing law authorizes a member of CalSTRS who files an application for service retirement to change or cancel their retirement application if specified requirements are met, and requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment. This bill would extend the requirement to return total gross distribution amount, as described above, to apply to any canceled benefit.

(2) The PERL excludes specified appointees, elective officers, and legislative employees from membership in CalPERS unless the person elects to file with the board an election in writing to become a member. This bill would prescribe the circumstances pursuant to which the start date would be determined for an appointee, elective officer, or legislative employee who elects to become a member of PERS.

The PERL prescribes the circumstances pursuant to which specified payments and benefits may be paid by PERS in connection with the death of a member, among others. This bill would require that overpayments, issued after the date of death to a member, retired member, or beneficiary, made to or on behalf of any member, retired member, or beneficiary, as specified, be deducted from any subsequent payment or benefit that is payable by PERS as a result of the death.

(3) The CERL requires the county health officer to advise the retirement board on medical matters and, if requested, attend its meetings. This bill would authorize a county health officer's duly authorized representative to also advise the board of retirement with advice on medical matters.

The CERL authorizes a member of a system established under its provision who ceases to be an employee of the county under certain provisions of the Education Code to elect to remain a member of the CERL system.
This bill would correct an obsolete cross-reference in this regard.

The CERL provides benefits based upon service credit, defines service for this purpose, and authorizes a member to elect to receive service credit for other forms of public service, as defined, by making contributions. CERL authorizes a member who has elected to make contributions to receive service credit to complete payment, at any time prior to the effective date of the member's retirement, by a lump sum. This bill would repeal the above-described authority of a member to complete a payment by lump sum.

The CERL requires the board of retirement to secure medical, investigatory, and other service and advice as is necessary for the purpose of administering provisions relating to disability retirement. This bill would authorize the board to contract with a physician in private practice for the medical advice necessary to carry out the purpose of provisions relating to disability retirement.
(STATUS: Introduced 02/19/21. Referred to Com. on L, P.E & R on 03/03/21. From committee: Do pass and re-refer to Com. on APPR on APPR on 03/23/21. From committee: Ordered to second reading and consent calendar on 04/05/21. Read second time; ordered to consent calendar on 04/06/21. Read third time; passed; ordered to Assembly; read first time in Assembly and held at Desk on 04/08/21. **Referred to Com. on P.E & R on 05/13/21.**)

<u>Bills that Would Amend the CERL or PEPRA</u>

AB 761 (Chen)
See description, above.

SB 634 (Cortese, Durazo, Laird, Newman, and Ochoa Bogh)
See description, above.

AB 845 (Rodriguez)
Current law provides that participants of public retirement systems who are in certain membership categories may be entitled to special benefits if death or disability arises in the course of employment. PEPRA generally requires a public retirement system to modify its plan or plans to comply with PEPRA and establishes, among other things, limits on defined benefit formulas and caps on pensionable compensation. This bill, until January 1, 2023, would create a presumption, applicable to the retirement systems that PEPRA regulates and to specified members in those systems, that would be applied to disability retirements on the basis, in whole or in part, of a COVID-19-related illness. In this circumstance, the bill would require that it be presumed that the disability arose out of, or in the course of, the member's employment. The bill would authorize the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system would be required to find in accordance with the presumption.
(STATUS: Introduced and read first time on 02/17/21. Referred to Com. on P.E & R on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R. Read second time and amended on 03/30/21. Re-referred to Com. on P.E & R on 04/05/21. From committee: Do pass and re-refer to Com. on APPR on 04/19/21. From committee: Do pass on 04/28/21. Read second time; ordered to third reading on 04/29/21. **Read third time; passed; ordered to Senate; in Senate, read first time; and referred to Com. on RLS for assignment on 05/06/21. Referred to Com. on L, P.E. & R on 05/19/21.**)

AB 1354 (Grayson)
PEPRA generally prohibits a retired person from being employed by a public employer in the same public retirement system from which the retiree receives pension benefits without reinstatement from retirement into that system, subject to certain exceptions. This bill would make non-substantive changes to that provision. (STATUS: Introduced and read first time on 02/22/21.)

Bills that Would Amend the Brown Act

AB 339 (Lee) – *Applies only to City Councils and County Boards of Supervisors*
This bill **would, until December 31, 2023** require all **open and public** meetings of a **city council or a county board of supervisors that governs a jurisdiction containing least 250,000 people** to include an opportunity for members of the public to attend via a telephonic option ~~and~~or an internet-based service option. It would also require all **open and public** meetings to include an in-person public comment opportunity, except in specified circumstances during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via a telephonic ~~and~~ **or** an internet-based service option, as provided~~, and would specify requirements for public comment registration. The bill would require the legislative body to provide interpretation services as requested, and have a system to process requests for interpretation services and publicize that system online. Finally, the bill would require the legislative body to make available instructions on joining the meeting to all non-English-speaking persons upon request, and publish instructions in the two most spoken languages other than English within the local agency's jurisdiction~~.
(STATUS: Referred to Com. on L. GOV on 04/15/21. From committee chair, with author's amendments. Re-referred to Com. on L. GOV on 04/19/21. **From committee: Amend and do pass as amended and re-refer to Com. on APPR on 05/03/21. Read second time and amended on 05/04/21. Re-referred to Com. on APPR on 05/05/21. From committee: Do pass on 05/19/21. Read second time; ordered to third reading on 05/20/21. Read third time; passed; ordered to Senate on 06/02/21. Read first time in Senate and referred to Com. on RLS on 06/03/21.**)

AB 361 (R. Rivas) – *Applies only to meetings held to declare a local emergency or during a local emergency*
This bill would authorize the legislative body of a local agency to hold public meetings using teleconferencing without complying with the teleconferencing requirements imposed by the Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state of emergency or local emergency, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency, provided the legislative body ~~makes certain determinations~~ **determines,** by majority vote**, that meeting in person would present imminent risks to the health or safety of attendees.** The bill would require legislative bodies that hold teleconferenced meetings under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option, and to conduct the meeting in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body. The bill would require the legislative body to take no further action on agenda items when there is a disruption which prevents the public agency from broadcasting the meeting, or

in the event of a disruption within the local agency's control which prevents members of the public from submitting public comments, until public access is restored. The bill would specify that actions taken during the disruption are subject to challenge proceedings. The bill would prohibit the legislative body from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. When there is a continuing state of emergency, local emergency, or when state or local officials have imposed or recommended measures to promote social distancing, the bill would require a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting pursuant to these provisions, and make those findings every 30 days thereafter in order to continue to meet under these teleconferencing procedures. (STATUS: Introduced and read first time on 02/01/21. Referred to Com. on L. Gov on 02/12/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV on 04/07/21. **Read second time and amended; ordered returned to second reading on 05/10/21. Read second time; ordered to third reading on 05/11/21. Read third time; passed; ordered to the Senate on 05/17/21. In Senate; read first time; referred to Com. on RLS for assignment on 05/18/21. Referred to Coms. on GOV & F and JUD on 05/27/21.**)

AB 703 (Rubio)

Executive Order N-29-20 suspended the Brown Act requirements for teleconferencing during the COVID-19 pandemic, provided that notice requirements are met, the ability of the public to observe and comment is preserved, and a local agency has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities.

This bill would remove the notice requirements particular to teleconferencing and would revise the requirements of the Brown Act to would allow for teleconferencing ***provided that***:

- Existing provisions regarding the posting of notice of an agenda are met;
- The public is allowed to observe the meeting and address the legislative body directly both in person and remotely via a call-in option or internet-based service option;
- A quorum of members participate in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the jurisdiction;
- In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment; and
- The legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act.

(STATUS: Introduced and read first time on 02/16/21. Referred to Com. on L. GOV on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV; read second time and amended on 04/29/21. Re-referred to Com. on L. GOV on 05/03/21.)

SB 274 (Weockowski)

The Brown Act authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body of a local agency be mailed to that person.

This bill would require a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. If a local agency determines it to be technologically infeasible to send a copy of the documents or a link to a website that contains the documents by email or by other electronic means, the bill would require the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to mail a copy of all other documents constituting the agenda packet, as specified.
(STATUS: Introduced 01/29/21. Read first time on 02/01/21. Referred to Com. on GOV & F on 02/10/21. From committee: Do pass as amended and re-refer to Com. on APPR on 03/25/21. From committee: Ordered to second reading and to consent calendar on 04/19/21. Read second time; ordered to consent calendar on 04/20/21. Read third time; passed; ordered to Assembly. In Assembly, read first time; held at Desk on 04/22/21. **Referred to Com. on L. GOV. on 05/13/21.**)

Bills that Would Amend Other Laws Applicable to OCERS

AB 627 (Waldron)
The Tribal Court Civil Money Judgment Act governs the procedure by which the superior courts of the state recognize and enter tribal court money judgments of any federally recognized Indian tribe. Under the act, an applicant may apply for recognition and entry of a judgment based on a tribal court money judgment by filing an application, as specified. If granted, the act requires the court to enter a judgment that has the same terms and provisions as the tribal court money judgment and that has the same effect and is enforceable as a civil money judgment, order, or decree of a state court. The act does not apply to tribal court money judgment orders for which federal law requires that states grant full faith and credit recognition or for which state law otherwise provides for recognition. This bill would establish a procedure pursuant to which one or both of the parties to a tribal court proceeding may file an application for recognition of a tribal court order that establishes a right to child support, spousal support payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant in a retirement plan or other plan of deferred compensation, and that assigns all or a portion of the benefits payable with respect to the plan participant to an alternate payee.
(STATUS: Introduced and read first time on 02/12/21. Referred to Com. on JUD on 02/25/21. From committee: Do pass and re-refer to Com. on APPR on 03/23/21 with recommendation: to Consent Calendar. From committee: To Consent Calendar on 04/24/21. Read second time; ordered to Consent Calendar on 04/15/21. Read third time; passed; and ordered to Senate on 04/22/21. In Senate; read first time; referred to Com. on RLS for assignment on 04/26/21. **Referred to Com. on JUD on 05/12/21.**)

Other Bills of Interest

AB 766 (Gabriel and Bennett)
This bill would require, beginning January 1, 2025, and annually thereafter, a covered corporation (defined as a publicly traded domestic or foreign corporation whose principal executive offices, according to the corporation's SEC 10-K form, are located in the state and whose annual revenues exceed one hundred million dollars) to disclose to the State Air Resources Board and the Secretary of State specified information for the prior calendar year, including, but not limited to, the potential financial impacts of, and any risk management strategies relating to the physical and transition risks, as defined, posed to the covered corporation by climate change. The

bill would require the state board to establish climate change-related disclosure guidance that, to the extent practicable would be specialized for industries within specified sectors of the economy, establish reporting standards for estimating and disclosing direct and indirect greenhouse gas emissions, as defined, include reporting standards for fossil fuel-related assets, establish a minimum social cost of carbon, as defined, and require a covered corporation to conduct climate scenario analyses, as provided.
(STATUS: Introduced and read first time on 02/16/21. Referred to Com. on NAT. RES. From committee chair, with author's amendments: Amend, and re-refer to Com. on NAT. RES. Read second time and amended on 03/18/21. Re-referred to Com. on NAT. RES on 03/22/21.)

AB 885 (Quirk)
This bill would amend the Bagley-Keene Act (applicable to state bodies) to require a state body that elects to conduct a meeting or proceeding by teleconference to make the portion that is required to be open to the public both audibly and visually observable. The bill would require a state body that elects to conduct a meeting or proceeding by teleconference to post an agenda at the designated primary physical meeting location in the notice of the meeting where members of the public may physically attend the meeting and participate. The bill would extend the above requirements of meetings of multimember advisory bodies that are held by teleconference to meetings of all multimember state bodies. The bill would require a multimember state body to provide a means by which the public may both audibly and visually remotely observe a meeting if a member of that body participates remotely. The bill would further require any body that is to adjourn and reconvene a meeting on the same day to communicate how a member of the public may both audibly and visually observe the meeting.
(STATUS: Introduced and read first time on 02/17/21. Referred to Com. on G.O on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time on 03/24/21. Re-referred to Com. on G.O on 03/25/21.)

SB 449 (Stern and Wiener)
Existing law generally provides for the regulation of various financial institutions, including banks, credit unions, and finance lenders, by the Department of Financial Protection and Innovation. Existing law requires the Secretary for Environmental Protection to coordinate greenhouse gas emission reductions and climate-change activities in state government. Executive Order N-19-19 requires, among other things, the Department of Finance to create a Climate Investment Framework and to consult with the Office of Planning and Research on the framework. This bill would require a covered entity, defined as a corporation, partnership, limited liability company, or other business entity incorporated, formed, or issued a license to operate or certificate of authority under the laws of the state that had annual gross revenues of at least five hundred million dollars ($500,000,000) in the prior calendar year, to, on or before December 31, 2022, and annually thereafter, prepare a climate-related financial risk report, as defined, and to submit to the Secretary of State, and make available to the public on its own internet website, a copy of that report. The bill would also require a covered entity to submit to the Secretary of State a statement affirming, not under penalty of perjury, that the climate-related financial risk report discloses climate-related financial risk, as required by the bill. This bill would also require, on or before January 31, 2023, and annually thereafter, the Secretary of State to deliver to the Climate-Related Risk Disclosure Advisory Group in the Office of Planning and Research copies of all climate-related financial risk

reports received pursuant to these provisions in the prior calendar year and would require the office to make those reports available to the public on its internet website.
(STATUS: Introduced 02/16/21. Referred to Com. on B & F.I and E.Q on 02/25/21. From committee with author's amendments; read second time; amended; and re-referred to Com. on B & F.I on 04/13/21. From committee: Do pass as amended and re-referred to Com. on E.Q on 04/21/21. Read second time; amended; re-referred to Com. on E.Q on 04/22/21. From committee: pass and re-refer to Com. on APPR on 04/29/21. **Placed on APPR suspense file on 05/17/21. Held in committee and under submission on 05/20/21.**)

Bills that Apply to CalPERS and/or CalSTRS Only

AB 386 (Cooper)
The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Current law excludes from disclosure certain records regarding alternative investments in which public investment funds invest. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by CalPERS. Under the bill, these records would include quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information. The bill would prescribe specified exceptions to the new exemption from disclosure.
(STATUS: Introduced and read first time on 02/02/21. Referred to Coms on P.E & R and JUD on 02/12/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R. Read second time and amended on 03/18/21. Re-Referred to Com. on P.E & R on 03/22/21. From committee: Do pass and re-refer to Com. on JUD on 04/19/21. From committee: Amend, passed; re-refer to Com. on APPR on 04/27/21. Read second time and amended on 04/28/21. Re-referred to Com. on APPR on 04/29/21. **From Committee: Pass on 05/12/21. Read second time; ordered third reading on 05/13/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate; ordered to Com. on RLS for assignment on 06/02/21.**)

AB 539 (Cooley and Cervantes)
The Teachers' Retirement Law authorizes the CalSTRS board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers. This bill would additionally authorize the CalSTRS board to contract with investment *advisers*, as defined, upon the same finding by the board and approval by the State Personnel Board. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.
(STATUS: Introduced and read first time on 02/10/21. Referred to Com. on P.E & R on 02/18/21. From committee: Do pass and re-refer to Com. on APPR on 04/16/21. From committee: Do pass. To Consent Calendar on 04/28/21. Read second time; ordered to Consent Calendar on 04/29/21. **Read third time; passed; ordered to the Senate; in Senate, read first time; referred to Com. on RLS for assignment on 05/06/21. Referred to Com. on L, P.E & R on 05/19/21.**)

AB 551 (Rodriguez)

Current law authorizes CalSTRS to administer an individual retirement plan described in Section 408A of Title 26 of the United States Code, commonly referred to as a Roth IRA, for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system to the extent the rollover complies with specified federal law. Current law establishes the Teachers' Deferred Compensation Fund, which is continuously appropriated, to serve as the repository of funds received by the system for various deferred compensation plans, and specifies where in the fund certain premium and fee revenues received by the system are to be deposited. This bill would also authorize the system to administer an individual retirement plan as described in Section 408 of Title 26 of the United States Code. The bill would eliminate the requirement that the administration of these plans be for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system, as described above. The bill would instead specify categories of people for whom the system could provide this service, including certain former eligible employees and their spouses. The bill would make a conforming change regarding where premium and fee revenues received in this regard are to be deposited.

(STATUS: Introduced and read first time on 02/10/21. Referred to Com. on P.E & R on 02/18/21. From committee: Do pass and re-refer to Com. on APPR on 04/19/21. **From committee: Do pass on 05/05/21. Read second time; ordered to third reading on 05/06/21. Ordered to inactive file by author on 06/03/21.**)

AB 890 (Cervantes)

This bill would require**, until January 1, 2028,** the Boards of CalPERS and CalSTRS to provide reports to the Legislature, commencing March 1, ~~2022~~ **2023**, and annually thereafter, on the status of achieving objectives and initiatives, to be defined by the boards, regarding participation of emerging managers or diverse managers responsible for asset management within each retirement system's portfolio of investments. The bill would require the reports to contain specified information and would require the boards to define "emerging manager" and "diverse manager" for purposes of these reports. The bill would require that the reports be based on contracts that the system enters into on and after January 1, ~~2021~~**2022**, and be based on information from the prior fiscal year.

(STATUS: Introduced and read first time on 02/17/21. Referred to Com. on P.E & R; from committee chair, with author's amendments; re-referred to Com. on P.E & R; read second time and amended on 03/11/21. From committee: Do pass and re-referred to Com. on APPR on 05/03/21. **Referred to APPR suspense file on 05/12/21. From committee: Amend, and passed on 05/20/21. Read second time; amended; ordered to second reading on 05/24/21. Read second time; ordered to third reading on 05/25/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate; referred to Com. on RLS for assignment on 06/02/21.**)

AB 1092 (Mayes)

The Public Employees' Medical and Hospital Care Act (PEMHCA), administered by CalPERS, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their families. PEMHCA authorizes an employee or annuitant, as those terms are defined, of the state to enroll in a health benefit plan approved or maintained by CalPERS. The act generally requires the state and each employee or annuitant to contribute a portion of the cost of providing the benefit coverage afforded under the approved health benefit plan in which the employee or annuitant is enrolled. PEMHCA also prohibits, among other things, employees, annuitants, and family members who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan. PEMHCA, however, permits the employee, annuitant, or family member to enroll in a Medicare health benefit plan if they are enrolled in Part **A** and Part B of Medicare. PEMHCA establishes the Public Employees' Contingency Reserve Fund for the purpose of funding health benefits and funding administrative expenses. This bill would preclude a person who has retired under PERS and who obtains work with a subsequent employer from receiving any health benefits offered under PEMHCA if the person's subsequent employer offers health care coverage that provides reasonably comparable benefits. The bill would also prohibit, except as provided and by January 1, 2023, persons who have retired under a public retirement system, as defined, annuitants of a public retirement system, and their beneficiaries who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan, as defined, offered by the public retirement system. (STATUS: Introduce and read first time on 02/18/21. Referred to Com. on P.E & R; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R; read second time and amended on 03/18/21. Re-referred to Com. on P.E & R on 03/22/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R; read second time and amended on 04/26/21. Re-referred to Com. on P.E & R on 04/27/21.)

AB 1293 (Cooley)

Current law establishes the Judges' Retirement System II, administered by CalPERS. Current law authorizes a judge who is a member of the system and retires after meeting specified conditions to receive pension benefits~~.~~ Federal law limits the amount a defined benefit plan may pay a participant annually, and requires that this limitation be adjusted annually by regulation to account for increases in the cost of living. This bill would prohibit the amount payable to a member under the Judges' Retirement System II, including cost-of-living adjustments, from exceeding the limits established by federal law, and would incorporate specified provisions of federal law by reference. The bill would also require the retirement allowance of a member or monetary credits available to a member to be increased to reflect cost-of-living adjustments contained in federal law, in accordance with specified limits.

(STATUS: Introduced 02/19/21. Read first time on 02/22/21. Referred to Com. on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R; read second time and amended on 03/18/21. Re-referred to Com. on P.E. & R on 04/08/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R; read second time and amended on 04/13/21. From committee: Do pass and re-refer to Com. on APPR on 04/19/21. **From committee: Do pass on 05/05/21. Read second time; ordered to third reading on 05/06/21. Read third time; passed; ordered to the Senate; in Senate, read first time; and referred to Com. on RLS for assignment on 05/13/21. Referred to Com. on L, P.E & R. on 05/27/21.**)

SB 278 (Leyva)

PEPRA, among other things, established new defined benefit formulas and caps on pensionable compensation. This bill would establish new procedures under the PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPRA and other specified laws and thus impermissible under the PERL. This bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require CalPERS to adjust the benefit to reflect the exclusion of the disallowed compensation and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity, or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided.

The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2022, that is intended to form the basis of a pension benefit calculation in order for CalPERS to review its consistency with PEPRA and other laws, as specified, and would require CalPERS to provide guidance regarding the review within 90 days, as specified. The bill would require CalPERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee. (STATUS: Introduced 01/29/21. Read first time on 02/01/21. To Com. on L, P.E & R and JUD on 02/10/21. From committee: Do pass and re-refer to Com. on JUD on 03/09/21. From committee with author's amendments; read second time and amended; re-referred to Com. on JUD on 03/23/21. From Committee: Do pass and re-refer to Com. on APPR on 04/07/21. **From committee: Do pass; read second time; ordered third reading on 05/20/21. Read third time; passed and ordered to Assembly on 06/01/21. Read first time in Assembly and held at Desk on 06/02/21.**)

SB 294 (Leyva)

CalPERS and CalSTRS require employees to make contributions to the system based on their creditable compensation, as defined. Existing law defines "leave of absence" for purposes of both laws as a period of leave to which a member is entitled that is expressly authorized or required pursuant to specified provisions, including employer-approved compensated leave. Under current law, during a leave of absence for an employer-approved compensated leave, an employee earns full service credit and is required to pay employee contributions. Existing law limits the maximum amount of the service credit earned during an employer-approved compensated leave of absence to 12 years. This bill would remove the 12-year limitation for service credit earned on an employer-approved compensated leave.

(STATUS: Introduced 02/02/21. Referred to Com. on L, P.E & R on 02/10/21. From committee: Do pass and re-refer to Com. on APPR on 03/09/21. From committee: ordered to second reading on 03/22/21. Read second time and ordered to third reading on 03/23/21. Read third time; passed; ordered to Assembly on 05/03/21. **Read first time in Assembly; and held at Desk on 05/04/21. Referred to Com. on P.E & R on 05/13/21.**)

SB 411 (Cortese)
PEPRA prescribed various limitations on public employees, employers, and retirement systems concerning, among other things, work after retirement. PERL generally prohibits retired PERS members from working for an agency participating in the system without reinstatement in the system, unless that employment is otherwise specifically authorized. This bill would eliminate the above-described requirement that a person employed without reinstatement in a manner other than authorized by PERL be reinstated, instead providing that reinstatement is permissive. The bill would limit the circumstances pursuant to which retired members and employers are obligated to pay employee and employer contributions, which would have otherwise been paid, plus interest, to apply only to specified reinstatements. The bill would make conforming changes and make specific reference to the duties of employees and employers regarding reinstatement after retirement in violation of PEPRA.
(STATUS: Introduced 02/12/21. Re-referred to Com. on L., P.E & R on 04/06/21. From committee with author's amendments; read second time and amended; and re-referred to Com. on L, P.E & R on 04/13/21. From committee: Do pass and re-refer to Com. on APPR on 04/20/21. **From committee: ordered to second reading on 05/04/21. Read second time and ordered third reading on 05/05/21. Read third time; passed and ordered to Assembly; and read first time in Assembly on 05/10/21. Referred to Com. on P.E & R on 05/20/21.**)

SB 457 (Portatino & Wilk)
This bill would require the boards of CalPERS and CalSTRS to provide employers that are school districts and cities that participate in the systems an option to elect an investment portfolio that does not contain investment vehicles that are issued or owned by the government of the Republic of Turkey.
(STATUS: Introduced 02/16/21. Referred to Com. on L, P.E & R on 02/25/21. From committee: Do pass and re-refer to Com. on APPR on 04/20/21. **From committee: Do pass; read second time; ordered to third reading on 05/20/21. Read third time; passed; ordered to Assembly; read first time in Assembly and held at desk on 05/24/21. Referred to Com. on P.E & R on 05/28/21.**)

Divestment Proposals (CalPERS and CalSTRS Only)

AB 1019 (Holden)
Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of CalPERS and CalSTRS from making additional or new investments or renewing existing investments of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law repeals this provision on January 1, 2025, or upon a determination by the board, the United States Department of State, the Congress of the United States, or another appropriate federal agency that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide, whichever occurs first. This bill would, in addition, prohibit state trust

moneys from being used to make additional or new investments or to renew existing investments in investment vehicles issued or owned by the government of Turkey, unless the government adopts a policy to acknowledge the Armenian Genocide and embark on a path of affording justice to its victims. The bill would define "state trust moneys" to mean funds administered by CalPERS and CalSTRS.
(STATUS: Introduced 02/18/21. Read first time on 02/18/21. Referred to Com. on P.E. & R on 03/04/21.)

Attachments:
Legislative Update
2021 Legislative Calendar

Submitted by:

GMR- Approved

Gina M. Ratto
General Counsel

OCERS BOARD OF RETIREMENT
JUNE 21, 2021 MEETING

LEGISLATIVE UPDATE – ATTACHMENT
2021 - 2022 CALIFORNIA STATE LEGISLATIVE SESSION
BILLS OF INTEREST

New or updated information in bold text

AB 339 (Lee) – ***Applies only to City Councils and County Boards of Supervisors***

This bill **would, until December 31, 2023** require all **open and public** meetings of a **city council or a county board of supervisors that governs a jurisdiction containing least 250,000 people** to include an opportunity for members of the public to attend via a telephonic option ~~**and**~~or an internet-based service option. It would also require all **open and public** meetings to include an in-person public comment opportunity, except in specified circumstances during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via a telephonic ~~**and**~~ **or** an internet-based service option, as provided~~**, and would specify requirements for public comment registration. The bill would require the legislative body to provide interpretation services as requested, and have a system to process requests for interpretation services and publicize that system online. Finally, the bill would require the legislative body to make available instructions on joining the meeting to all non-English-speaking persons upon request, and publish instructions in the two most spoken languages other than English within the local agency's jurisdiction**~~**.**

(STATUS: Referred to Com. on L. GOV on 04/15/21. From committee chair, with author's amendments. Re-referred to Com. on L. GOV on 04/19/21. **From committee: Amend and do pass as amended and re-refer to Com. on APPR on 05/03/21. Read second time and amended on 05/04/21. Re-referred to Com. on APPR on 05/05/21. From committee: Do pass on 05/19/21. Read second time; ordered to third reading on 05/20/21. Read third time; passed; ordered to Senate on 06/02/21. Read first time in Senate and referred to Com. on RLS on 06/03/21.**)

AB 361 (R. Rivas) – ***Applies only to meetings held to declare a local emergency or during a local emergency***

This bill would authorize the legislative body of a local agency to hold public meetings using teleconferencing without complying with the teleconferencing requirements imposed by the Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state of emergency or local emergency, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency, provided the legislative body ~~**makes certain determinations**~~ **determines,** by majority vote**, that meeting in person would present imminent risks to the health or safety of attendees.** The bill would require legislative bodies that hold teleconferenced meetings under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option, and to conduct the meeting in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body. The bill would require the legislative body to take no further action on agenda items when there is a disruption which prevents the public agency from broadcasting the meeting, or in the event of a disruption within the local agency's control which prevents members of the public from submitting public comments, until public access is restored. The bill would specify that actions taken during the disruption are subject to challenge proceedings. The bill would prohibit the legislative body from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. When there is a continuing state of emergency, local emergency, or when state or local officials have imposed or recommended measures to promote social distancing, the bill would require a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting pursuant to these provisions, and make those findings every 30 days thereafter in order to continue to meet under these teleconferencing procedures. (STATUS: Introduced and read first time on 02/01/21. Referred to Com. on L. Gov on 02/12/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV on 04/07/21. **Read second time and amended; ordered returned to second reading on 05/10/21. Read second time; ordered to third reading on 05/11/21. Read third time; passed; ordered to the Senate on 05/17/21. In Senate; read first time; referred to Com. on RLS for assignment on 05/18/21. Referred to Coms. on GOV & F and JUD on 05/27/21.**)

AB 386 (Cooper)
The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Current law excludes from disclosure certain records regarding alternative investments in which public investment funds invest. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by CalPERS. Under the bill, these records would include quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information. The bill would prescribe specified exceptions to the new exemption from disclosure.
(STATUS: Introduced and read first time on 02/02/21. Referred to Coms on P.E & R and JUD on 02/12/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R. Read second time and amended on 03/18/21. Re-Referred to Com. on P.E & R on 03/22/21. From committee: Do pass and re-refer to Com. on JUD on 04/19/21. From committee: Amend, passed; re-refer to Com. on APPR on 04/27/21. Read second time and amended on 04/28/21. Re-referred to Com. on APPR on 04/29/21. **From Committee: Pass on 05/12/21. Read second time; ordered third reading on 05/13/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate; ordered to Com. on RLS for assignment on 06/02/21.**)

AB 539 (Cooley and Cervantes)
The Teachers' Retirement Law authorizes the CalSTRS board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers. This bill would additionally authorize the

CalSTRS board to contract with investment *advisers*, as defined, upon the same finding by the board and approval by the State Personnel Board. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers. (STATUS: Introduced and read first time on 02/10/21. Referred to Com. on P.E & R on 02/18/21. From committee: Do pass and re-refer to Com. on APPR on 04/16/21. From committee: Do pass. To Consent Calendar on 04/28/21. Read second time; ordered to Consent Calendar on 04/29/21. **Read third time; passed; ordered to the Senate; in Senate, read first time; referred to Com. on RLS for assignment on 05/06/21. Referred to Com. on L, P.E & R on 05/19/21.**)

AB 551 (Rodriguez)
Current law authorizes CalSTRS to administer an individual retirement plan described in Section 408A of Title 26 of the United States Code, commonly referred to as a Roth IRA, for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system to the extent the rollover complies with specified federal law. Current law establishes the Teachers' Deferred Compensation Fund, which is continuously appropriated, to serve as the repository of funds received by the system for various deferred compensation plans, and specifies where in the fund certain premium and fee revenues received by the system are to be deposited. This bill would also authorize the system to administer an individual retirement plan as described in Section 408 of Title 26 of the United States Code. The bill would eliminate the requirement that the administration of these plans be for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system, as described above. The bill would instead specify categories of people for whom the system could provide this service, including certain former eligible employees and their spouses. The bill would make a conforming change regarding where premium and fee revenues received in this regard are to be deposited.
(STATUS: Introduced and read first time on 02/10/21. Referred to Com. on P.E & R on 02/18/21. From committee: Do pass and re-refer to Com. on APPR on 04/19/21. **From committee: Do pass on 05/05/21. Read second time; ordered to third reading on 05/06/21. Ordered to inactive file by author on 06/03/21.**)

AB 627 (Waldron)
The Tribal Court Civil Money Judgment Act governs the procedure by which the superior courts of the state recognize and enter tribal court money judgments of any federally recognized Indian tribe. Under the act, an applicant may apply for recognition and entry of a judgment based on a tribal court money judgment by filing an application, as specified. If granted, the act requires the court to enter a judgment that has the same terms and provisions as the tribal court money judgment and that has the same effect and is enforceable as a civil money judgment, order, or decree of a state court. The act does not apply to tribal court money judgment orders for which federal law requires that states grant full faith and credit recognition or for which state law otherwise provides for recognition. This bill would establish a procedure pursuant to which one or both of the parties to a tribal court proceeding may file an application for recognition of a tribal court order that establishes a right to child support, spousal support payments, or marital property rights to a spouse, former spouse, child, or other

dependent of a participant in a retirement plan or other plan of deferred compensation, and that assigns all or a portion of the benefits payable with respect to the plan participant to an alternate payee.
(STATUS: Introduced and read first time on 02/12/21. Referred to Com. on JUD on 02/25/21. From committee: Do pass and re-refer to Com. on APPR on 03/23/21 with recommendation: to Consent Calendar. From committee: To Consent Calendar on 04/24/21. Read second time; ordered to Consent Calendar on 04/15/21. Read third time; passed; and ordered to Senate on 04/22/21. In Senate; read first time; referred to Com. on RLS for assignment on 04/26/21. **Referred to Com. on JUD on 05/12/21.**)

AB 703 (Rubio)
Executive Order N-29-20 suspended the Brown Act requirements for teleconferencing during the COVID-19 pandemic, provided that notice requirements are met, the ability of the public to observe and comment is preserved, and a local agency has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities.

This bill would remove the notice requirements particular to teleconferencing and would revise the requirements of the Brown Act to would allow for teleconferencing ***provided that***:

- Existing provisions regarding the posting of notice of an agenda are met;
- The public is allowed to observe the meeting and address the legislative body directly both in person and remotely via a call-in option or internet-based service option;
- A quorum of members participate in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the jurisdiction;
- In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment; and
- The legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act.

(STATUS: Introduced and read first time on 02/16/21. Referred to Com. on L. GOV on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV; read second time and amended on 04/29/21. Re-referred to Com. on L. GOV on 05/03/21.)

AB 761 (Chen) – OCERS' Sponsored Bill
This bill would add section 31522.11 to the Government Code to authorize the board of retirement for Orange County to appoint an administrator, assistant administrators, a chief investment officer, subordinate investment officers subordinate investment officers next in line of authority to the chief investment officer, senior management employees next in line of authority to the subordinate investment officers, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel. The bill would provide that the personnel appointed pursuant to these provisions would not be county employees subject to county civil service and merit system rules, and instead would be employees of the retirement system. The bill would provide that the compensation of personnel appointed pursuant to these

provisions is an expense of administration of the retirement system. The bill would authorize the board of retirement and board of supervisors to enter into agreements as necessary and appropriate to carry out these provisions and would make related, conforming changes. The bill would make conforming changes to Government Code sections 31522.5 and 31580.2.
(STATUS: Introduced and read first time on 02/16/21. Referred to Com. on P.E & R on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R. Read second time and amended on 03/18/21. Re-Referred to Com. on P.E & R on 03/22/21. From Committee: To Consent Calendar on 04/19/21. Read second time; and ordered to third reading on 04/20/21. Read third time; passed; and ordered to the Senate on 04/22/21. In Senate; read first time; and referred to Com. on RLS for assignment on 04/26/21. **Referred to Com. on L, P.E & R on 05/12/21; set for hearing on 06/07/21.**)

AB 766 (Gabriel and Bennett)
This bill would require, beginning January 1, 2025, and annually thereafter, a covered corporation (defined as a publicly traded domestic or foreign corporation whose principal executive offices, according to the corporation's SEC 10-K form, are located in the state and whose annual revenues exceed one hundred million dollars) to disclose to the State Air Resources Board and the Secretary of State specified information for the prior calendar year, including, but not limited to, the potential financial impacts of, and any risk management strategies relating to the physical and transition risks, as defined, posed to the covered corporation by climate change. The bill would require the state board to establish climate change-related disclosure guidance that, to the extent practicable would be specialized for industries within specified sectors of the economy, establish reporting standards for estimating and disclosing direct and indirect greenhouse gas emissions, as defined, include reporting standards for fossil fuel-related assets, establish a minimum social cost of carbon, as defined, and require a covered corporation to conduct climate scenario analyses, as provided.
(STATUS: Introduced and read first time on 02/16/21. Referred to Com. on NAT. RES. From committee chair, with author's amendments: Amend, and re-refer to Com. on NAT. RES. Read second time and amended on 03/18/21. Re-referred to Com. on NAT. RES on 03/22/21.)

AB 845 (Rodriguez)
Current law provides that participants of public retirement systems who are in certain membership categories may be entitled to special benefits if death or disability arises in the course of employment. PEPRA generally requires a public retirement system to modify its plan or plans to comply with PEPRA and establishes, among other things, limits on defined benefit formulas and caps on pensionable compensation. This bill, until January 1, 2023, would create a presumption, applicable to the retirement systems that PEPRA regulates and to specified members in those systems, that would be applied to disability retirements on the basis, in whole or in part, of a COVID-19-related illness. In this circumstance, the bill would require that it be presumed that the disability arose out of, or in the course of, the member's employment. The bill would authorize the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system would be required to find in accordance with the presumption.
(STATUS: Introduced and read first time on 02/17/21. Referred to Com. on P.E & R on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E & R. Read second time and

amended on 03/30/21. Re-referred to Com. on P.E & R on 04/05/21. From committee: Do pass and re-refer to Com. on APPR on 04/19/21. From committee: Do pass on 04/28/21. Read second time; ordered to third reading on 04/29/21. **Read third time; passed; ordered to Senate; in Senate, read first time; and referred to Com. on RLS for assignment on 05/06/21. Referred to Com. on L, P.E. & R on 05/19/21.**)

AB 885 (Quirk)
This bill would require a state body that elects to conduct a meeting or proceeding by teleconference to make the portion that is required to be open to the public both audibly and visually observable. The bill would require a state body that elects to conduct a meeting or proceeding by teleconference to post an agenda at the designated primary physical meeting location in the notice of the meeting where members of the public may physically attend the meeting and participate. The bill would extend the above requirements of meetings of multimember advisory bodies that are held by teleconference to meetings of all multimember state bodies. The bill would require a multimember state body to provide a means by which the public may both audibly and visually remotely observe a meeting if a member of that body participates remotely. The bill would further require any body that is to adjourn and reconvene a meeting on the same day to communicate how a member of the public may both audibly and visually observe the meeting.
(STATUS: Introduced and read first time on 02/17/21. Referred to Com. on G.O on 02/25/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time on 03/24/21. Re-referred to Com. on G.O on 03/25/21.)

AB 890 (Cervantes)
This bill would require**, until January 1, 2028,** the Boards of CalPERS and CalSTRS to provide reports to the Legislature, commencing March 1, ~~2022~~ **2023**, and annually thereafter, on the status of achieving objectives and initiatives, to be defined by the boards, regarding participation of emerging managers or diverse managers responsible for asset management within each retirement system's portfolio of investments. The bill would require the reports to contain specified information and would require the boards to define "emerging manager" and "diverse manager" for purposes of these reports. The bill would require that the reports be based on contracts that the system enters into on and after January 1, ~~2021~~**2022**, and be based on information from the prior fiscal year.
(STATUS: Introduced and read first time on 02/17/21. Referred to Com. on P.E & R; from committee chair, with author's amendments; re-referred to Com. on P.E & R; read second time and amended on 03/11/21. From committee: Do pass and re-referred to Com. on APPR on 05/03/21. **Referred to APPR suspense file on 05/12/21. From committee: Amend, and passed on 05/20/21. Read second time; amended; ordered to second reading on 05/24/21. Read second time; ordered to third reading on 05/25/21. Read third time; passed; ordered to Senate on 06/01/21. Read first time in Senate; referred to Com. on RLS for assignment on 06/02/21.**)

AB 1019 (Holden)
Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of CalPERS and CalSTRS from making additional or new investments or renewing existing investments of public employee

retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law repeals this provision on January 1, 2025, or upon a determination by the board, the United States Department of State, the Congress of the United States, or another appropriate federal agency that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide, whichever occurs first. This bill would, in addition, prohibit state trust moneys from being used to make additional or new investments or to renew existing investments in investment vehicles issued or owned by the government of Turkey, unless the government adopts a policy to acknowledge the Armenian Genocide and embark on a path of affording justice to its victims. The bill would define “state trust moneys” to mean funds administered by CalPERS and CalSTRS.
(STATUS: Introduced 02/18/21. Read first time on 02/18/21. Referred to Com. on P.E. & R on 03/04/21.)

AB 1092 (Mayes)
The Public Employees’ Medical and Hospital Care Act (PEMHCA), administered by CalPERS, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their families. PEMHCA authorizes an employee or annuitant, as those terms are defined, of the state to enroll in a health benefit plan approved or maintained by CalPERS. The act generally requires the state and each employee or annuitant to contribute a portion of the cost of providing the benefit coverage afforded under the approved health benefit plan in which the employee or annuitant is enrolled. PEMHCA also prohibits, among other things, employees, annuitants, and family members who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan. PEMHCA, however, permits the employee, annuitant, or family member to enroll in a Medicare health benefit plan if they are enrolled in Part **A** and Part B of Medicare. PEMHCA establishes the Public Employees’ Contingency Reserve Fund for the purpose of funding health benefits and funding administrative expenses. This bill would preclude a person who has retired under PERS and who obtains work with a subsequent employer from receiving any health benefits offered under PEMHCA if the person’s subsequent employer offers health care coverage that provides reasonably comparable benefits. The bill would also prohibit, except as provided and by January 1, 2023, persons who have retired under a public retirement system, as defined, annuitants of a public retirement system, and their beneficiaries who become eligible to enroll on or after January 1, 1985, in Part A and Part B of Medicare from being enrolled in a basic health benefit plan, as defined, offered by the public retirement system.
(STATUS: Introduce and read first time on 02/18/21. Referred to Com. on P.E & R; from committee chair, with author’s amendments: Amend, and re-refer to Com. on P.E & R; read second time and amended on 03/18/21. Re-referred to Com. on P.E & R on 03/22/21. From committee chair, with author’s amendments: Amend, and re-refer to Com. on P.E & R; read second time and amended on 04/26/21. Re-referred to Com. on P.E & R on 04/27/21.)

AB 1133 (Chen)
This bill would state the intent of the Legislature to enact legislation that would create a hybrid retirement benefit, consisting of a defined benefit pension and a defined contribution program, within CalPERS, that state employees would have the option of electing.
(STATUS: Introduced and read first time on 02/18/21.)

AB 1293 (Cooley)
Current law establishes the Judges' Retirement System II, administered by CalPERS. Current law authorizes a judge who is a member of the system and retires after meeting specified conditions to receive pension benefits~~.~~ Federal law limits the amount a defined benefit plan may pay a participant annually, and requires that this limitation be adjusted annually by regulation to account for increases in the cost of living. This bill would prohibit the amount payable to a member under the Judges' Retirement System II, including cost-of-living adjustments, from exceeding the limits established by federal law, and would incorporate specified provisions of federal law by reference. The bill would also require the retirement allowance of a member or monetary credits available to a member to be increased to reflect cost-of-living adjustments contained in federal law, in accordance with specified limits.
(STATUS: Introduced 02/19/21. Read first time on 02/22/21. Referred to Com. on P.E. & R; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R; read second time and amended on 03/18/21. Re-referred to Com. on P.E. & R on 04/08/21. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R; read second time and amended on 04/13/21. From committee: Do pass and re-refer to Com. on APPR on 04/19/21. **From committee: Do pass on 05/05/21. Read second time; ordered to third reading on 05/06/21. Read third time; passed; ordered to the Senate; in Senate, read first time; and referred to Com. on RLS for assignment on 05/13/21. Referred to Com. on L, P.E & R. on 05/27/21.**)

AB 1354 (Grayson)
PEPRA generally prohibits a retired person from being employed by a public employer in the same public retirement system from which the retiree receives pension benefits without reinstatement from retirement into that system, subject to certain exceptions. This bill would make non-substantive changes to that provision.
(STATUS: Introduced and read first time on 02/22/21.)

SB 274 (Weockowski)
The Brown Act authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body of a local agency be mailed to that person. This bill would require a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. If a local agency determines it to be technologically infeasible to send a copy of the documents or a link to a website that contains the documents by email or by other electronic means, the bill would require the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to mail a copy of all other documents constituting the agenda packet, as specified.
(STATUS: Introduced 01/29/21. Read first time on 02/01/21. Referred to Com. on GOV & F on 02/10/21. From committee: Do pass as amended and re-refer to Com. on APPR on 03/25/21. From committee: Ordered to second reading and to consent calendar on 04/19/21. Read second time; ordered to consent calendar on 04/20/21. Read third time; passed; ordered to Assembly. In Assembly, read first time; held at Desk on 04/22/21. **Referred to Com. on L. GOV. on 05/13/21.**)

SB 278 (Leyva)
PEPRA, among other things, established new defined benefit formulas and caps on pensionable compensation. This bill would establish new procedures under the PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPRA and other specified laws and thus impermissible under the PERL. This bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require CalPERS to adjust the benefit to reflect the exclusion of the disallowed compensation and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity, or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided.

The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2022, that is intended to form the basis of a pension benefit calculation in order for CalPERS to review its consistency with PEPRA and other laws, as specified, and would require CalPERS to provide guidance regarding the review within 90 days, as specified. The bill would require CalPERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee. (STATUS: Introduced 01/29/21. Read first time on 02/01/21. To Com. on L, P.E & R and JUD on 02/10/21. From committee: Do pass and re-refer to Com. on JUD on 03/09/21. From committee with author's amendments; read second time and amended; re-referred to Com. on JUD on 03/23/21. From Committee: Do pass and re-refer to Com. on APPR on 04/07/21. **From committee: Do pass; read second time; ordered third reading on 05/20/21. Read third time; passed and ordered to Assembly on 06/01/21. Read first time in Assembly and held at Desk on 06/02/21.**)

SB 294 (Leyva)
CalPERS and CalSTRS require employees to make contributions to the system based on their creditable compensation, as defined. Existing law defines "leave of absence" for purposes of both laws as a period of leave to which a member is entitled that is expressly authorized or required pursuant to specified provisions, including employer-approved compensated leave. Under current law, during a leave of absence for an employer-approved compensated leave, an employee earns full service credit and is required to pay employee contributions. Existing law limits the maximum amount of the service credit earned during an employer-approved compensated leave of absence to 12 years. This bill would remove the 12-year limitation for service credit earned on an employer-approved compensated leave.
(STATUS: Introduced 02/02/21. Referred to Com. on L, P.E & R on 02/10/21. From committee: Do pass and re-refer to Com. on APPR on 03/09/21. From committee: ordered to second reading on 03/22/21. Read second time and ordered to third reading on 03/23/21. Read third time; passed; ordered to Assembly on 05/03/21. **Read first time in Assembly; and held at Desk on 05/04/21. Referred to Com. on P.E & R on 05/13/21.**)

SB 411 (Cortese)
PEPRA prescribed various limitations on public employees, employers, and retirement systems concerning, among other things, work after retirement. PERL generally prohibits retired PERS members from working for an agency participating in the system without reinstatement in the system, unless that employment is otherwise specifically authorized. This bill would eliminate the above-described requirement that a person employed without reinstatement in a manner other than authorized by PERL be reinstated, instead providing that reinstatement is permissive. The bill would limit the circumstances pursuant to which retired members and employers are obligated to pay employee and employer contributions, which would have otherwise been paid, plus interest, to apply only to specified reinstatements. The bill would make conforming changes and make specific reference to the duties of employees and employers regarding reinstatement after retirement in violation of PEPRA.
(STATUS: Introduced 02/12/21. Re-referred to Com. on L., P.E & R on 04/06/21. From committee with author's amendments; read second time and amended; and re-referred to Com. on L, P.E & R on 04/13/21. From committee: Do pass and re-refer to Com. on APPR on 04/20/21. **From committee: ordered to second reading on 05/04/21. Read second time and ordered third reading on 05/05/21. Read third time; passed and ordered to Assembly; and read first time in Assembly on 05/10/21. Referred to Com. on P.E & R on 05/20/21.**)

SB 449 (Stern and Wiener)
Existing law generally provides for the regulation of various financial institutions, including banks, credit unions, and finance lenders, by the Department of Financial Protection and Innovation. Existing law requires the Secretary for Environmental Protection to coordinate greenhouse gas emission reductions and climate-change activities in state government. Executive Order N-19-19 requires, among other things, the Department of Finance to create a Climate Investment Framework and to consult with the Office of Planning and Research on the framework. This bill would require a covered entity, defined as a corporation, partnership, limited liability company, or other business entity incorporated, formed, or issued a license to operate or certificate of authority under the laws of the state that had annual gross revenues of at least five hundred million dollars ($500,000,000) in the prior calendar year, to, on or before December 31, 2022, and annually thereafter, prepare

a climate-related financial risk report, as defined, and to submit to the Secretary of State, and make available to the public on its own internet website, a copy of that report. The bill would also require a covered entity to submit to the Secretary of State a statement affirming, not under penalty of perjury, that the climate-related financial risk report discloses climate-related financial risk, as required by the bill. This bill would also require, on or before January 31, 2023, and annually thereafter, the Secretary of State to deliver to the Climate-Related Risk Disclosure Advisory Group in the Office of Planning and Research copies of all climate-related financial risk reports received pursuant to these provisions in the prior calendar year and would require the office to make those reports available to the public on its internet website.
(STATUS: Introduced 02/16/21. Referred to Com. on B & F.I and E.Q on 02/25/21. From committee with author's amendments; read second time; amended; and re-referred to Com. on B & F.I on 04/13/21. From committee: Do pass as amended and re-referred to Com. on E.Q on 04/21/21. Read second time; amended; re-referred to Com. on E.Q on 04/22/21. From committee: pass and re-refer to Com. on APPR on 04/29/21. **Placed on APPR suspense file on 05/17/21. Held in committee and under submission on 05/20/21.**)

SB 457 (Portatino & Wilk)
This bill would require the boards of CalPERS and CalSTRS to provide employers that are school districts and cities that participate in the systems an option to elect an investment portfolio that does not contain investment vehicles that are issued or owned by the government of the Republic of Turkey.
(STATUS: Introduced 02/16/21. Referred to Com. on L, P.E & R on 02/25/21. From committee: Do pass and re-refer to Com. on APPR on 04/20/21. **From committee: Do pass; read second time; ordered to third reading on 05/20/21. Read third time; passed; ordered to Assembly; read first time in Assembly and held at desk on 05/24/21. Referred to Com. on P.E & R on 05/28/21.**)

SB 634 (Cortese, Durazo, Laird, Newman, and Ochoa Bogh)
This bill is the annual housekeeping bill for CalPERS, CalSTRS and the CERL systems.
(1) Current law requires CalSTRS to pay premiums associated with Medicare Part A for certain retired or disabled members and creates the Cash Balance Benefit Program administered by the CalSTRS board, to provide a retirement plan for the benefit of participating employees who provide creditable service for less than 50% of full time. Current law applicable to the Defined Benefit Program, for applications and documents requiring a signature, requires that the signature be in a form prescribed by the system. This bill would apply the above-described requirements regarding signed applications and documents to the Cash Balance Benefit Program and the requirement that CalSTRS pay certain Medicare Part A premiums.

Existing law authorizes a member of CalSTRS who is not retired and who was previously excluded from membership in the Defined Benefit Program request to purchase service credit in the program for certain types of other service. This bill would prohibit a member from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year.

Existing law authorizes a member of CalSTRS who files an application for service retirement to change or cancel their retirement application if specified requirements are met, and requires a member to return the total gross distribution amount of all payments for any canceled retirement benefit, including a lump-sum payment. This bill would extend the requirement to return total gross distribution amount, as described above, to apply to any canceled benefit.

(2) The PERL excludes specified appointees, elective officers, and legislative employees from membership in CalPERS unless the person elects to file with the board an election in writing to become a member. This bill would prescribe the circumstances pursuant to which the start date would be determined for an appointee, elective officer, or legislative employee who elects to become a member of PERS.

The PERL prescribes the circumstances pursuant to which specified payments and benefits may be paid by PERS in connection with the death of a member, among others. This bill would require that overpayments, issued after the date of death to a member, retired member, or beneficiary, made to or on behalf of any member, retired member, or beneficiary, as specified, be deducted from any subsequent payment or benefit that is payable by PERS as a result of the death.

(3) The CERL requires the county health officer to advise the retirement board on medical matters and, if requested, attend its meetings. This bill would authorize a county health officer's duly authorized representative to also advise the board of retirement with advice on medical matters.

The CERL authorizes a member of a system established under its provision who ceases to be an employee of the county under certain provisions of the Education Code to elect to remain a member of the CERL system.
This bill would correct an obsolete cross-reference in this regard.

The CERL provides benefits based upon service credit, defines service for this purpose, and authorizes a member to elect to receive service credit for other forms of public service, as defined, by making contributions. CERL authorizes a member who has elected to make contributions to receive service credit to complete payment, at any time prior to the effective date of the member's retirement, by a lump sum. This bill would repeal the above-described authority of a member to complete a payment by lump sum.

The CERL requires the board of retirement to secure medical, investigatory, and other service and advice as is necessary for the purpose of administering provisions relating to disability retirement. This bill would authorize the board to contract with a physician in private practice for the medical advice necessary to carry out the purpose of provisions relating to disability retirement.
(STATUS: Introduced 02/19/21. Referred to Com. on L, P.E & R on 03/03/21. From committee: Do pass and re-refer to Com. on APPR on APPR on 03/23/21. From committee: Ordered to second reading and consent calendar on 04/05/21. Read second time; ordered to consent calendar on 04/06/21. Read third time; passed; ordered to Assembly; read first time in Assembly and held at Desk on 04/08/21. **Referred to Com. on P.E & R on 05/13/21.**)

2021 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICES OF THE SECRETARY OF THE SENATE AND THE CHIEF CLERK
Revised 12-21-2020

JANUARY

S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY

S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH

S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL

S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY

S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

DEADLINES

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 10 Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).

Jan. 11 Legislature **reconvenes** (J.R. 51(a)(1)).

Jan. 18 Martin Luther King, Jr. Day.

Jan. 22 Last day to submit **bill requests** to the Office of Legislative Counsel.

Feb. 15 Presidents' Day

Feb. 19 Last day for bills to be **introduced** (J.R. 61(a)(1)), (J.R. 54(a)).

Mar. 25 **Spring Recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).

Mar. 31 Cesar Chavez Day.

Apr. 5 Legislature reconvenes from **Spring Recess** (J.R. 51(a)(2)).

Apr. 30 Last day for **policy committees** to hear and report to Fiscal Committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).

May 7 Last day for **policy committees** to hear and report to the Floor **non-fiscal** bills introduced in their house (J.R. 61(a)(3)).

May 14 Last day for **policy committees** to meet prior to June 7 (J.R. 61(a)(4)).

May 21 Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61 (a)(5)). Last day for **fiscal committees** to meet prior to June 7 (J.R. 61 (a)(6)).

May 31 Memorial Day.

* Holiday schedule subject to final approval by Rules Committee

2021 Revised Agreed Regular
bcm

2021 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICES OF THE SECRETARY OF THE SENATE AND THE CHIEF CLERK
Revised 12-21-2020

JUNE						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

June 1-4 **Floor Session Only**. No committee, other than Conference or Rules, may meet for any purpose (J.R. 61(a)(7)).

June 4 Last day for bills to be **passed out of the house of origin** (J.R. 61(a)(8)).

June 7 Committee meetings may resume (J.R. 61(a)(9)).

June 15 **Budget bill** must be passed by **midnight** (Art. IV, Sec. 12 (c)(3)).

JULY						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

July 2 Independence Day observed.

July 14 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

July 16 **Summer Recess** begins upon adjournment of this day's session, provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Aug. 16 Legislature reconvenes from **Summer Recess** (J.R. 51(a)(3)).

Aug. 27 Last day for **fiscal committees** to meet and report bills to the Floor (J.R. 61(a)(11)).

Aug. 30-Sept. 10 **Floor Session only**. No committees, other than conference committees and Rules Committee, may meet for any purpose (J.R. 61(a)(12)).

SEPTEMBER						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Sept. 3 Last day to **amend** bills on the Floor (J.R. 61(a)(13)).

Sept. 6 Labor Day.

Sept. 10 Last day for **each house to pass bills** (J.R. 61(a)(14)).
Interim Study Recess begins at end of this day's session (J.R. 51(a)(4)).

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

2021

Oct. 10 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 10 and in the Governor's possession after Sept. 10 (Art. IV, Sec. 10(b)(1)).

2022

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3 Legislature reconvenes (J.R. 51 (a)(4)).

** Holiday schedule subject to final approval by Rules Committee

2021 Revised Agreed Regular
bcm

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 08, 2021

TO: Members of the Board of Retirement

FROM: Cynthia Hockless, Director of Human Resources

SUBJECT: **UPDATE BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER RESULTS**

Written Report

Background/Discussion:

OCERS contacted the Registrar of Voters office on December 28, 2020, with a request to conduct an election for the position of Safety Member and Alternate Safety Member with a term of office from July 1, 2021, through June 30, 2024.

The following two candidates submitted completed nomination paperwork and biographical statements and were determined qualified candidates:

1. Jeremy Vallone, Incumbent Alternate Safety Board Member/ Firefighter
2. Richard Oates, Deputy Sheriff II

On May 18, the Registrar of Voters declared Richard Oates as the candidate receiving the highest total of votes and elected to the Safety Member seat thus electing Jeremy Vallone as the Alternate Safety Member.

The Orange County Board of Supervisors certified the election results on May 25, 2021.

Attachment:

1. Election Certification from OC Registrar of Voters
2. ASR from OC Board of Supervisors

Submitted by:

C.H. – APPROVED

Cynthia Hockless
Director of Human Resources

NEAL KELLEY
Registrar of Voters

Mailing Address:
P.O. Box 11298
Santa Ana, California 92711

REGISTRAR OF VOTERS
1300 South Grand Avenue, Bldg. C
Santa Ana, California 92705
(714) 567-7600
FAX (714) 567-7627
ocvote.com

May 18, 2021

Ms. Cynthia Hockless
Director of Administrative Services
Orange County Employees Retirement System
2223 Wellington Avenue, Suite 100
Santa Ana, CA 92701

Dear Ms. Hockless:

I have enclosed the Certification of the Registrar of Voters as to the results of the canvass of the election returns for the May 18, 2021 election of a Safety Member and Alternate Safety Member to the Board of Retirement of the Orange County Employees Retirement System. The Board of Supervisors will receive and file these documents at their May 25, 2021 meeting.

If you have any questions, please contact me at (714) 567-7568 or Marcia.Nielsen@rov.ocgov.com.

Sincerely,

Marcia Nielsen
Candidate and Voter Services Manager

Enclosure

RECEIVED
MAY 26 2021
Orange County Employees Retirement System

ELECTION CERTIFICATION

I, Neal Kelley, Registrar of Voters of Orange County, State of California, hereby certify that I conducted an election among the Safety Members of the Orange County Employees Retirement System for the purpose of electing a Safety Member and Alternate Member to the Board of Retirement of the County of Orange for terms commencing July 1, 2021 and ending June 30, 2024.

I further certify that the results of the votes indicate that Richard Oates was elected the Safety Member and Jeremy Vallone was elected the Alternate Member. I further certify the following to be a complete tally of the votes cast:

SAFETY AND ALTERNATE MEMBERS
ORANGE COUNTY BOARD OF RETIREMENT

RICHARD OATES	623
JEREMY VALLONE	326
TOTAL BALLOTS CAST:	949

WITNESS my hand and Official Seal this 18th day of May, 2021.

COUNTY OF ORANGE CALIFORNIA

NEAL KELLEY
Registrar of Voters
Orange County

Cumulative Results Report

Official

Run Time 1:30 PM
Run Date 05/18/2021

Orange County Employees Retirement System

Board of Retirement Election

5/18/2021

Page 1

Unofficial Results

Registered Voters
949 of 0 = 0.00%

Precincts Reporting
0 of 1 = 0.00%

BOARD OF RETIREMENT SAFETY MEMBER - Vote for One

Choice	Party	Absentee Voting		Early Voting		Election Day Voting		Total	
RICHARD OATES		623	65.65%	0	0.00%	0	0.00%	623	65.65%
JEREMY VALLONE		326	34.35%	0	0.00%	0	0.00%	326	34.35%
	Cast Votes:	949	100.00%	0	0.00%	0	0.00%	949	100.00%
	Undervotes:	0		0		0		0	
	Overvotes:	0		0		0		0	

*** End of report ***

Agenda Item

AGENDA STAFF REPORT

ASR Control 21-000319

MEETING DATE:	05/25/21
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	All Districts
SUBMITTING AGENCY/DEPARTMENT:	Registrar of Voters (Approved)
DEPARTMENT CONTACT PERSON(S):	Neal Kelley (714) 567-5139 Kimberly Hostler (714) 567-5107

SUBJECT: Certification of May 18, 2021, Retirement Board Election

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	No Legal Objection	Consent Calendar 3 Votes Board Majority

Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** **Sole Source:** N/A

Current Fiscal Year Revenue: N/A

Funding Source: N/A **County Audit in last 3 years:** No

Prior Board Action: N/A

RECOMMENDED ACTION(S):

1. Receive and file the Election Certification and Certification of Registrar of Voters as to the results of the canvass of the election returns for the May 18, 2021, election for the Board of Retirement of the Orange County Employees Retirement System.

2. Declare the candidate receiving the highest total of votes elected to the position of Safety Member of the Board of Retirement of the Orange County Employees Retirement System for a three-year term beginning on July 1, 2021, through June 30, 2024.

3. Declare the candidate receiving the second highest total of votes elected to the position of Alternate Safety Member of the Board of Retirement of the Orange County Employees Retirement System for a three-year term beginning on July 1, 2021, through June 30, 2024.

SUMMARY:

Declaring the results and receiving the Certification of Registrar of Voters as to the results of the canvass of the election returns for the May 18, 2021, election for the Board of Retirement of the Orange County Employees Retirement System will support compliance with the Election Procedures for the Board of Retirement amended by the Board of Retirement on November 16, 2020.

BACKGROUND INFORMATION:

The Orange County Employees Retirement System requested the Registrar of Voters to conduct an election for the positions of Safety Member and Alternate Safety Member of the Board of Retirement for three-year terms beginning on July 1, 2021, through June 30, 2024. Nomination Papers were available to candidates at the Registrar of Voters' office from February 16, 2021, through March 19, 2021, 5 p.m. Two candidates filed nomination papers by the deadline and were determined qualified candidates.

All costs for this election will be charged to the Orange County Employees Retirement System.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A - Election Certification
Attachment B - Certification of Registrar of Voters Results of the Canvass of the Election Returns
Attachment C - OCERS Election Procedures for the Board of Retirement

Memorandum

DATE: June 21, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **OCERS 2021 BUSINESS PLAN - MID YEAR REVIEW**

Written Report

Background/Discussion

The OCERS Board's "Monitoring and Reporting" policy calls for an annual report on the status of the Business Plan, which we provide in June of each year.

CURRENT STATUS:

The 2021 Business Plan lays out the details as to how OCERS staff will in 2021 advance towards the goals and objectives approved as part of the OCERS Board's 2021-2023 Strategic Plan.

The current status of each objective is noted in the attached 2021 Business Plan.

As shared in the review of the 2021-2023 Strategic Plan, two newer challenges have arisen in the past year, which may require some modification of current business goals.

Specifically, OCERS management must now prepare for the recalculation of approximately 500-600 retirement benefits, to ensure that we are fully compliant with the California Supreme Court's Alameda decision.

Separately, OCERS Internal Audit Department, working with the OCERS Board's Audit Committee, have identified certain weaknesses in our Final Average Salary benefit calculation process which must be addressed to ensure 100% accuracy of all benefit payments. The Member Services Department is taking definitive action to bolster and support our Quality Assurance program, which may again require some modification of current business goals in order to provide the necessary resources.

I will be discussing both issues, and their possible future impact on OCERS' long term goals and objectives at the September 8-9, 2021 OCERS Board's Strategic Planning Workshop.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2021
BUSINESS PLAN

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

MISSION, VISION AND VALUES

MISSION STATEMENT:

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

VISION STATEMENT:

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

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

2021-2023 STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management
- Effective Governance

FUND SUSTAINABILITY

GOAL: STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Business Plan Initiatives

Objective A: Mitigate the Risk of Significant Investment Loss
Executive Lead – Molly Murphy

1. Investment Consultant Contract Reviews – The IC approved extensions for all investment consultants through March 2022. The investment team will launch an RFP for all consulting services later in 2021 to conclude by March 2022.

2. Complete implementation of an investment/risk management system (year two) – IN PROCESS

Objective B: Prudent Use and Security of Resources
Executive Lead – Molly Murphy

1. Investigate Custodial Bank Services options – ONGOING

EXCELLENT SERVICE AND SUPPORT

GOAL: ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND PLAN SPONSORS

Business Plan Initiatives

Objective A: Provide Accurate and Timely Benefits
Executive Lead – Suzanne Jenike

1. Streamline the retirement process by implementing:
   a. LEAN action items – IN PROCESS
      - Working in conjunction with LEAD Committee Process.
      - FAS Calculation Tool and redesign was completed in March 2021
   b. Review and improve paper forms – IN PROCESS
      - Tax withholding form and EFT form in process of being updated.
      - Additional forms in process.
   c. Investigate options to initiate Disability applications online – IN PROCESS

2. Improve customer service standards by enhancing V3 workflows, monitoring and reporting (multi-year) – IN PROCESS
   - Working in conjunction with LEAN process improvements.

3. Investigate phone system options to improve service and reporting – IN PROCESS
   - COMPLETED – Optimized Phone Menu to service

members better
- COMPLETED – Improved monthly OCERS Activity Update reporting
- Enhanced phone reporting will be completed by July 31st.

4. Investigate options on developing a Mobile App/Enhanced Self-Service Portal – DEFERRED. To be considered with planning of new/updated pension administration system.

Objective B: Provide Education to our Members and Employers
Executive Lead – Suzanne Jenike

1. Update annual employer workshop to virtual format – COMPLETED

2. Create videos and other online educational resources to enhance education to members and stakeholders about OCERS benefits, administrative operations and investments (multi-year) – IN PROCESS. OCERS has posted several animated whiteboard videos ("On The Move" and "How To Use OCERS' Benefits Calculator"), a CIO Investment Portfolio Recap, as well as several video updates about OCERS' operations during the pandemic. Additionally, the Communications Department worked with the Social Security Administration and the County of Orange Benefits Department to create full-length videos about their programs earlier this year that are posted on the OCERS website.

Objective C: Continuously Improve Business Processes and Procedures to be Efficient and Effective
Executive Leads – Brenda Shott and Suzanne Jenike

1. Explore the process of obtaining LEAN certifications – IN PROCESS
   - One team member registered and working on completing training.
   - Second team member to start later in 2021 depending on Alameda.
2. Identify additional business process to implement LEAN principles – IN PROCESS

- Working in conjunction with LEAD committee process.

3. Implement new Enterprise Resource Planning (ERP) system – IN PROCESS. Currently working with vendor to finalize the contract and Statement of Work.
4. Migrate to Microsoft 365 infrastructure – IN PROCESS – RFP has been issued and responses are being evaluated.

RISK MANAGEMENT

GOAL: CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Business Plan Initiatives

Objective A: Enhance Governance of Technology Risks

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Continue implementation plan for security and operational best practice controls (multi-year) – (InfoSec) – ON-GOING and CONTINUOUS
2. Develop and enhance information security policies – (InfoSec) – Project has been started, expect completion in the second half of 2021
3. Implement project management tools and best practices for use throughout the organization – this project has not been started, expect completion in the second half of 2021.

Objective B: Continuously Assess Technology Environment and Address Risks

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Implement best practice security controls for Microsoft 365 – (InfoSec) – this pending the start of the Microsoft 365 migration project

2. Implement network access control to allow only authorized devices on the internal network – (InfoSec) – this project has not been started, may be completed in the second half of 2021
3. Implement network traffic analysis to observe internal network traffic and detect potential intrusions – (InfoSec) – this project has not been started, expect completion in the second half of 2021
4. Implement network/server/service monitoring to detect and alert on operational status of systems – (IT/InfoSec) – this project has not been started, expect completion in the second half of 2021
5. Implement DNS security solution to protect computer endpoints – (InfoSec) – this project has not been started, expect completion in the second half of 2021
6. Evaluate alternative methods of exchanging member identification protocols – Department meetings planned for Q3 2021 with recommendations and budget items for 2022.

Objective C: Ensure Compliance with Industry Frameworks and Best Practices

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Conduct a data classification study – this project has not been started. Expect to begin project in the 4th quarter of 2021, with completion in 2022.
2. Implement automated inventories for tracking technology assets – (IT/InfoSec) – this project has not been started, expect completion in the second half of 2021

Objective D: Provide a Robust Business Continuity Solution

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Implement new backup solutions to enhance recovery of on premise and cloud systems – Pending the start of the Microsoft 365 migration project, expect completion in the second half of 2021.
2. Implement infrastructure to allow employees to work a hybrid in office and remote environment – IN PROCESS. Issuance of permanent mobile device and accessories to all team members expected to be complete in the second half of 2021.
3. Adopt policies to support a hybrid work environment – IN PROCESS

Objective E: Ensure a Safe and Secure Workplace and Public Service Facility

Executive Lead – Brenda Shott

1. Investigate and evaluate long term options for OCERS headquarters – ON-GOING – staff is continuing to seek information on how the post pandemic office environment requirements and best practices might affect long term space needs
2. Implement COVID - 19 protocols and worksite plan – IN PROCESS – The COVID -19 prevention plan has been completed and the team is currently planning the details
   for a phased approach to returning to the OCERS headquarters.
3. Upgrade the Board Room audio/visual equipment – RFP has been re-issued with project proposals due by June 21, 2021. Expect completion of project in the second half of 2021.

TALENT MANAGEMENT

GOAL: RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

Business Plan Initiatives

Objective A: Recruit and Retain a Diverse High-Performing Workforce to Meet Organizational Priorities
Executive Leads – Steve Delaney and Cynthia Hockless

1. Review and implement necessary changes onboarding and transitioning of new hires into the organization during remote work conditions – COMPLETED

2. Expand advertising and outreach sources in order to continue to encourage diversity in recruitments (multi-year) – IN PROCESS

3. Complete compensation study and implement recommendations as appropriate – IN PROCESS
   Review completed by Personnel Committee on June 9, 2021. Request to approve and implement goes to OCERS Board on June 21, 2021.

Objective B: Develop and empower every member of the team
Executive Lead – Steve Delaney

1. Design and develop a comprehensive training program based on individual needs and career goals that embeds a talent management mindset and creates succession plans across the agency – IN PROCESS (add language from Dina)

2. Develop a comprehensive standardized library of process and procedure manuals across the organization – IN PROCESS. LEAD Committee presently working on standardized library. Senior Executive Team presently seeking project manager to guide LEAD committee. Process now seems additionally as helping lay foundation for new/updated pension administration system.

Objective C: Cultivate a Collaborative, Inclusive and Creative Culture
Executive Lead – Steve Delaney

1. Continue to implement strategies that promote an inclusive workplace – ONGOING
   a. Diversity/equity/inclusion project with outside consultant presently underway
   b. Annual one-on-one meetings with CEO and each individual team member presently underway
   c. Weekly all OCERS Team ZOOM meetings implemented at start of pandemic

EFFECTIVE GOVERNANCE

GOAL: IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY CLARIFYING ROLES AND RESPONSIBILITIES, IMPROVING OVERSIGHT, CLARIFYING ACCOUNTABILITY AND IMPROVING DECISION MAKING

Objective A: Employ a Governance Structure that Supports a Dynamic System
Executive Lead – Steve Delaney

1. Explore methods of focusing Board and staff time and effort on activities that support or advance OCERS' Strategic Goals – IN PROCESS – CEO is presently studying materials and programs offered by various governance consultants.

Objective B: Improve the Governance and Management of OCERS' Records (multi-year)
Executive Lead – Gina Ratto

1. Identify "best practices" in record retention
2. Develop and implement a records retention program that reflects best practices and identifies appropriate retention periods for each category of records
3. Establish storage protocols and automate destruction schedules for electronic mail
4. Establish an alternative "work space" and/or storage place for emails
5. Systematically bring each department within OCERS into compliance with the records retention program
6. Establish procedures to maintain and audit compliance with the record retention program

UPDATE:

- A draft policy/procedures document reflecting Items 1, 2, 5 and 6 above is in progress and will be ready for review by the Governance Committee by the end of 2021.
- The records retention schedule, reflecting the documents retained and managed by each Department and the appropriate retention period for each category of documents, is very near completion and will be ready for review by the Governance Committee by the end of 2021.
- Items 3 and 4 will be added to the Records Management Program after OCERS migrates to Microsoft 365 (expected to be by the end of 2021).

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: June 10, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **OCERS 2021-2023 STRATEGIC PLAN – MID YEAR REVIEW**

Written Report

Background/Discussion

Using a simplified plan format, the strategic plan provides a broad overview of the goals and objectives the OCERS Board of Retirement has laid out for the coming three year period.

CURRENT STATUS:

While not requiring a change in objective, it should be noted that the tasks requiring immediate attention in order to support the goal of "Excellent Service and Support", and specifically Objective A – "Provide accurate and timely benefits" have changed since these goals were approved by the OCERS Board in October 2020.

The recalculation of pension benefits paid to some 500-600 retired members who received a payment based on certain salary items determined by the California Supreme Court in the Alameda Decision to no longer be valid, will require many months of work by OCERS staff. It meets the objective of "accurate" benefits, but is not what was originally planned when this goal was crafted.

Additionally, the recent internal audits that have identified a certain number of errors in the calculation of Final Average Salary, above our goal of 0% errors, requires the reallocation of personnel resources from other projects in order to meet the same objective of "accurate" benefits.

I anticipate we will be discussing both issues at the September 8-9, 2021 OCERS Board Strategic Planning Workshop, which may lead to a change or modification to certain current multi-year goals and objectives.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2021-2023 STRATEGIC PLAN

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

MISSION, VISION AND VALUES

MISSION STATEMENT:

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VISION STATEMENT:

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STRATEGIC PLAN

2021-2023 STRATEGIC GOALS

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- Risk Management
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Objective A: Mitigate the risk of significant investment loss

Objective B: Prudent Use and Security of Resources

EXCELLENT SERVICE AND SUPPORT

ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND PLAN SPONSORS

Objective A: Provide accurate and timely benefits

Objective B: Provide education to our members and plan sponsors

Objective C: Continuously improve business processes and procedures to be efficient and effective

RISK MANAGEMENT

CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Objective A: Provide system and data security and a robust business continuity solution

Objective B: Ensure a safe and secure workplace and public service facility

TALENT MANAGEMENT

RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

Objective A: Recruit and retain a high-performing workforce to meet organizational priorities

Objective B: Develop and empower every member of the team

Objective C: Cultivate a collaborative, inclusive and creative culture

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IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY CLARIFYING ROLES AND RESPONSIBILITIES, IMPROVING OVERSIGHT, CLARIFYING ACCOUNTABILITY AND IMPROVING DECISION MAKING

Objective A: Employ a governance structure that supports a dynamic System

Objective B: Improve the governance and management of OCERS' records

LOOKING AHEAD 5-10 YEARS

Objective A: Investment best practices as fund approaches $35 billion

Address by developing investment technology and team resources needed to manage the anticipated Portfolio

Objective B: Preparing for the end of pension administration system (V3)

Address by determining if current pension administrative system is to be upgraded or if new technology will be required

Objective C: Investigate implementation of artificial intelligence (AI) driven Member Self-Service technologies

Objective D: Investigate OCERS management/oversight of member medical coverage upon retirement

Objective E: Short Term (Next 5 Years) – Multi-Factor Authentication for Member and Employer Accounts

Objective F: Long Term (Next 10 Years) – Use of Artificial Intelligence and Machine Learning to Detect Fraudulent Activity and Transactions

ORANGE COUNTY

OCERS

EMPLOYEES RETIREMENT SYSTEM

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

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
www.ocers.org

Memorandum

DATE: June 10, 2021

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **2021 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS**

Written Report

Background/Discussion

It's time to begin planning for OCERS' annual Strategic Planning Workshop scheduled for Wednesday, September89 and Thursday, September 9, 2021.

The workshop has traditionally had multiple goals, with the overall strategic direction of both the agency and the investment fund being the binding theme**:**

- Combine both education and discussion on topics pertinent to operations and investments over the next several years. Seek consensus on Board and agency priorities for the coming calendar year.
- Focus is generally on operational issues as they relate to the agency's strategic objectives, and their funding. Investment operations and strategic goals are covered as well.
- Presentations and discussions provide the opportunity for sharing of ideas among OCERS' trustees, staff and consultants, truly an opportunity for thinking outside the box as OCERS pursues "continuous improvement."

Though held off-site in the past, no matter where this meeting is held it is a public meeting, and has consistently had an audience of a size similar to regular OCERS Board meetings.

Possible Format

While we are just under three months away from the strategic planning workshop, we are at a strange period of time as the pandemic comes to an end. It is unclear if we will be able to hold the workshop in person, or even if we could, is it desired?

There are a number of primary questions regarding format in an "almost" post-COVID-19 world that need to be considered by the Board:

1. Shall the 2021 OCERS Board Strategic Planning Workshop be held by Zoom, in person, or a mixture of the two?
2. If there is interest in holding the workshop in person, should the planned date be moved out to October or November to allow for a clearer picture of best CDC and Orange County Department of Health advice?

3. No matter what format is directed, shall we consider shortening the workshop from its traditional two 8-hour day sessions, to something less, recognizing that if held in-person some travel issues may remain for certain speakers, and if held via Zoom it may simply be too tiring to expect attendees to focus on a monitor for two 8-hour days?

Pre-Arranged Agenda Topics:

The annual Strategic Planning workshop is the first occasion for the Board to consider staff's early proposals for the coming year 2022's business plan goals, as well as any updates to the multi-year strategic plan.

For general administration issues:

1. STATE OF OCERS
   Due to time constraints in collecting and updating system data, beginning in 2019 I have delivered the annual presentation of the "STATE OF OCERS" at the Strategic Planning Workshop.

2. STAKEHOLDER COMMENTS
   Once again we will open with comments from representatives of our participating employers and labor groups. This allows the Board of Trustees to hear directly from our stakeholders regarding the economic and life challenges being faced by employers and members in relation to the retirement benefits this Board administers.

3. PUBLIC PENSION PLAN GOVERNANCE BEST PRACTICES
   As part of OCERS' culture of continuous improvement, we are always looking for examples of governance best practice. Prepped for last year, but canceled due to COVID, I have again arranged for the Legal Counsel and CIO of the Retirement Systems of Alabama (RSA) to share some of their unique approaches to pension administration and investment. (Having learned to work with Zoom, even if we hold the meeting in person, I may be able to appeal to the legendary director of RSA, Dr. David Bronner, to join us via Zoom and speak to his 44 years of experience in leading that system.)

Other Possible Agenda Topics:

Each June I lay out possible topics that could be considered at the workshop, and request that Trustees offer suggestions as well. Some topics we believe may be of interest:

The Challenges of Running a Remote Office

Real Estate – The Modern Post-COVID Office

Detailed discussion of OCERS' New HQ Project

Cryptocurrency and Blockchain Introduction

ESG Baseline Analysis

Portfolio Liquidity Analysis

Portfolio Leverage and Capital Efficiency

Please let me know if there is a topic that you would like explored at this year's workshop and I will work with the Board Chair and Investment Committee Chair to give each request full consideration. I will return in July with an update on proposed format and agenda topics for the 2021 Strategic Planning Workshop for the Board's final review and approval.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer