

Internal Audit Department

O R A N G E C O U N T Y
6th Largest County in the USA

FINANCIAL AUDIT: AUDIT OF THE ORANGE COUNTY MANAGERS ASSOCIATION (OCMA) PENSION ENHANCEMENTS FOR FISCAL YEARS 2010-11, 2011-12, & 2012-13

OCMA General Members themselves, and not the County, fully paid \$32.9 million Pension Enhancements for Fiscal Years 2010-11, 2011-12, & 2012-13.


We have completed our audit of the Orange County Managers Association (OCMA) Pension Enhancements (2.7% @ age 55 benefit plan) for fiscal years ended 2010-11, 2011-12, and 2012-13. We found OCMA General Members themselves, and not the County, paid for the cost of the pension enhancements of \$32.9 million for fiscal years ended 2010-11, 2011-12 and 2012-13

The \$32.9 million included employee contributions of \$27.7 million and health insurance cost savings of \$5.2 million as agreed upon in the 2004 Memorandum of Understanding.

AUDIT NO: 1318
REPORT DATE: AUGUST 19, 2014

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RISK BASED AUDITING

GAO & IIA Peer Review Compliant – 2001, 2004, 2007, 2010, 2013
 Member of AICPA
American Institute of Certified Public Accountants Award to Dr. Peter Hughes as 2010 Outstanding CPA of the Year for Local Government

GRC (Government, Risk & Compliance) Group 2010 Award to IAD as MVP in Risk Management



2009 Association of Certified Fraud Examiners' Hubbard Award to Dr. Peter Hughes for the Most Outstanding Article of the Year – Ethics Pays



2008 Association of Local Government Auditors' Bronze Website Award



2005 Institute of Internal Auditors' Award to IAD for Recognition of Commitment to Professional Excellence, Quality, and Outreach

 ORANGE COUNTY BOARD OF SUPERVISORS'
Internal Audit Department

GAO & IIA Peer Review Compliant - 2001, 2004, 2007, 2010, 2013

Providing Facts and Perspectives Countywide

RISK BASED AUDITING

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OC Fraud Hotline (714) 834-3608



Transmittal Letter



Audit No. 1318 August 19, 2014

TO: Members, Board of Supervisors
Michael Giancola, County Executive Officer

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Financial Audit: Audit of the Orange County
Managers Association (OCMA) Pension
Enhancements for Fiscal Years 2010-11, 2011-12,
& 2012-13

We have completed our Audit of the Orange County Managers Association (OCMA) Pension Enhancements for Fiscal Years 2010-11, 2011-12, & 2012-13 to determine if OCMA General Members' additional retirement contributions and related health insurance cost savings under the OCMA contract of 2004 fully and accurately covered the cost of the pension enhancements. The final report is attached for your review.

Each month I submit an **Audit Status Report** to the BOS where I detail any critical and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

Please feel free to call me should you wish to discuss any aspect of our audit report. Additionally, we will request your department complete a **Customer Survey** of Audit Services. You will receive the survey shortly after the distribution of our final report.

ATTACHMENTS

Other recipients of this report are listed on the **OC Internal Auditor's Report** on page 6.

Table of Contents



*Financial Audit:
Audit of the Orange County Managers Association (OCMA)
Pension Enhancements for Fiscal Years 2010-11, 2011-12, & 2012-13
Audit No. 1318*

Transmittal Letter	i
OC Internal Auditor's Report	
OBJECTIVES	1
RESULTS	1
BACKGROUND	2
SCOPE AND METHODOLOGY	5
SCOPE EXCLUSIONS	5
Attachment A: FY 2010-11 Employer and Employee Retirement Rates	7
Attachment B: FY 2011-12 Employer and Employee Retirement Rates	8
Attachment C: FY 2012-13 Employer and Employee Retirement Rates	9

OC Internal Auditor's Report



Audit No. 1318

August 19, 2014

TO: Members, Board of Supervisors
Michael Giancola, County Executive Officer

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Financial Audit: Audit of Orange County Managers Association (OCMA) Pension Enhancements for Fiscal Years 2010-11, 2011-12, & 2012-13

Audit Highlight

The objective of the audit was to determine if OCMA General Members' additional retirement contributions and related health insurance cost savings under the OCMA MOU of 2004 fully and accurately covered the cost of the pension enhancements for Fiscal Years 2010-11, 2011-12, and 2012-13. We found OCMA members themselves, and not the County, paid for the cost of the pension enhancements of \$32.9 million for Fiscal Years 2010-11, 2011-12 and 2012-13.

The \$32.9 million included employee contributions of \$27.7 million and health insurance cost savings of \$5.2 million as agreed upon in the 2004 Memorandum of Understanding.

OBJECTIVES

In accordance with our *FY 2013/2014 Audit Plan and Risk Assessment* approved by the Audit Oversight Committee and Board of Supervisors, we conducted an audit of the source of funding for the Orange County Managers Association (OCMA) pension benefit enhancements (the 2.7% @ age 55 benefit formula). The objective of the audit was to determine if OCMA General Members' additional retirement contributions and related health insurance cost savings under the OCMA 2004 Memorandum of Understanding (MOU) fully and accurately covered the cost of the pension enhancements for Fiscal Years 2010-11, 2011-12, and 2012-13. Our audit was conducted in accordance with professional standards established by the Institute of Internal Auditors.

RESULTS

The Internal Audit Department determined that OCMA General Members themselves, and not the County, fully and accurately paid for the cost of pension enhancements (2.7% @ age 55 benefit plan) as agreed upon in the OCMA 2004 Memorandum of Understanding for Fiscal Years 2010-11, 2011-12 and 2012-13, totaling \$32.9 million for the three fiscal years. The \$32.9 million included employee contributions of \$27.7 million and health insurance cost savings of \$5.2 million as follows.

	Employee Contributions	Health Care Savings	2.7% @ 55 Enhancement
FY 10/11	9,026,333	1,717,235	10,743,568
FY 11/12	9,760,608	1,745,951	11,506,559
FY 12/13	8,881,622	1,731,558	10,613,180
TOTAL	27,668,563	5,194,744	32,863,307

Note: A small percentage (approximately 1 to 2%) of Employee Contributions and Health Care Savings includes the MB class (Executive Assistants) due to the combining of equal rates in the system.

We noted the following:

1. County Executive Office (CEO)/Office of Finance accurately computed the dollar amounts due from employee and employer contributions to fully cover the pension enhancements for Fiscal Years 2010-11, 2011-12, and 2012-13.
2. CEO/Office of Finance accurately included the health insurance cost savings concessions agreed to by OCMA in the 2004 MOU from the



employees in 2010-11, 2011-12, & 2012-13 for the Pension Enhancements in the 2004 MOU.

3. CEO/Office of Finance obtained an annual actuarial study to calculate the cost of the 2.7% @ age 55 pension enhancement.

BACKGROUND

The County of Orange is a participant of the Orange County Employees Retirement System (OCERS), which provides retirement benefits for employees of the County and certain districts. Retirement benefit costs are based on OCERS' actuarial study. Both the employer and employee (member) are required to make a mandatory contribution each payroll period to OCERS to fund the retirement plan. Based on the study, OCERS prescribes to the CEO/Office of Finance the employee and employer contribution rates for the applicable fiscal year. The Orange County Board of Supervisors (BOS) approves and adopts the rates on an annual basis.

Pension Enhancement

In 2001, the California State Legislature passed Assembly Bill 616 that provided options for new retirement benefit formulas for public sector general members covered by both Public Employees' Retirement System (PERS) and 1937 County Employees Retirement Act. One of the available options for the benefit formulas is known as 2.7% @ age 55. On August 24, 2004, the BOS adopted Resolution No. 2004-247 to implement a **2.7% @ age 55** retirement formula for General Members of the OCERS retiring on or after July 1, 2005. Employees in this bargaining unit who are general members of the retirement system, who retire on or after July 1, 2005, will be provided a one - fiftieth (1/50) retirement benefit calculated pursuant to Section 31676.19 of the Government Code. This retirement benefit formula is commonly known as the "2.7% @ age 55" benefit formula.

Funding for Pension Enhancement

Under the 1937 County Employees Retirement Act, the employer and employees can agree that employees will pay a portion of the benefit cost that would customarily be the employer's cost. This arrangement is referred as "Reverse Pick Up." Through negotiations with the labor organizations, e.g. Orange County Managers Association (OCMA), the bargaining units agreed that the pension enhancement would be without any additional cost to the County; therefore, members would make additional employee contributions (Reverse Pick Up) to the system.

Also, members agreed to the health benefit changes (increased co-payments, higher deductibles and increased employee payroll deductions). The combination of Reverse Pick Up and Health Insurance Cost Savings are required to cover the annual cost of implementing the enhanced retirement benefits. In addition, there is an annual review of the enhanced benefits and costs to determine what adjustments to the future Reverse Pick Up calculations are needed.

Pickup 1 – Government Code 31581.1 allows the employer to pay up to ½ of the employee's share of retirement cost; this is referred to as Pickup 1. Auditor-Controller office calculates these Pickup rates based on information, e.g. average age of entry and discount percentage, provided by the Actuarial Study and uses an average rate. **NOTE:** Effective upon adoption of the MOU or the first pay period of **January 2013**, the County no longer pays the retirement contributions described in Government Code Section 31581.1 (Pickup 1) for general members and the employees will thereafter make such payment.

Pickup 2 – Government Code 31581.2, allows the employer to pay the remaining share of the employee's retirement costs; this is referred to as Pickup 2.

OC Internal Auditor's Report



Due to age of entry, actual employee contribution rate varies. **NOTE:** Effective the first pay period of **July 2013**, the County no longer pays the retirement contributions described in Government Code Section 31581.2.

Reverse Pick Up

The Reverse Pick Up is calculated based on the cost of the enhanced retirement benefits, net of the health insurance cost savings (offset) to the County:

Reverse Pick Up = Enhanced Retirement Benefit (-) Health Care Savings

As a result of an Amendment to the 2004 MOU, Sections 5.A, 5.B, and 5.C, employee and employer retirement contributions increased for general members in the bargaining unit. It was the intention of the parties that the amount of this increase will be borne by the general member employees, and not by the County. Therefore, commencing with the pay period that began on June 24, 2005, the employees of the retirement system would pay, through payroll deductions, retirement contributions as follows: (1) An amount equal to 3.61 percent of each employee's compensation earnable, which has been determined as the amount necessary under Section 31678.3(d) of the Government Code to make up the additional cost to the employer of the "2.7" @ age 55" retirement benefit, plus (2) an amount equal to 2.43 percent of each employee's compensation earnable which is weighted average of the increase in normal employee contributions for members of this bargaining unit, due to the adoption of normal contribution rates pursuant to Government Code Section 31621.8, replacing the normal contributions rates in effect prior to June 24, 2005 computed under Section 31621 or Section 31621.5 of the Government Code. The foregoing figure of 2.43 percent is subject to further review and negotiation between the County and OCMA to determine whether or not an adjustment to this percentage rate is appropriate to insure the additional cost of normal employee contributions will be borne by the members of this bargaining unit.

It was the intent of the parties that the County would continue to pay or "pick up" on behalf of the employees the normal employee contributions that would have been made by employees prior to the implementation of Section 31621.8 employee contribution rate, but the County would not pay or "pick up" any part of the increase in normal contribution rates resulting from the adoption of Section 31621.8 of the Government Code. **Any other contributions to the retirement system that would otherwise be paid by the employees pursuant to Sections 5.A, 5.B, and 5.C above, and which are over and above the percentage amounts set forth in this paragraph, will continue to be paid or "picked up" by the County.** Such payment by the County will be pursuant to Government Code Section 31581.1, up to the statutory maximum of one-half of the total employee contribution. Any remaining payment of employee contributions by the County (above an amount equal to one-half of the total employee contribution) will be pursuant to Government Code Section 31581.2.

The established rates are set forth in the corresponding Memorandum of Understanding (MOU). The CEO/Office of Finance annually reviews the costs and adjusts the Reverse Pick Up rate accordingly.

Enhanced Retirement Expense

OCERS had The Segal Company, an actuary, perform actuarial studies which resulted in the issuance of Actuarial Valuation and Review reports as of December 31, 2008, December 31, 2009, and December 31, 2010, which established the funding requirements for Fiscal Years 2010-11, 2011-12, and 2012-13, respectively.

OC Internal Auditor's Report



The County uses the relative-ratio based methodology to determine the additional employee contribution toward the "2.7% @ age 55" retirement benefit formula. The relative-ratio method takes the ratio of the total employer contribution rate increase from pre-enhancement to the total employer contribution rate in the Actuarial Study Report for calculating the cost of the enhanced retirement for subsequent fiscal years.

	<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>
Actuarial Retirement Rate (Calculated by Actuarial Firm)			
Normal Cost	11.79%	11.61%	11.55%
UAAL	<u>13.00%</u>	<u>15.50%</u>	<u>16.84%</u>
Total Actuarial Retirement Rate	<u>24.79%</u>	<u>27.11%</u>	<u>28.39%</u>
Calculated Retirement Rate (Calculated by CEO/Budget)			
Base (Normal + UAAL)	18.47%	20.20%	21.15%
2.7% (Normal + UAAL)	<u>6.32%</u>	<u>6.91%</u>	<u>7.24%</u>
Total Calculated Rate	<u>24.79%</u>	<u>27.11%</u>	<u>28.39%</u>

1. **FY 10/11** – The Actuarial Valuation and Review statement as of 12/31/08 sets rates for FY 10/11. The contribution requirements are determined as a percentage of payroll. Orange County Employees Retirement System (OCERS) employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, it continued with the BOS funding policy to amortize the outstanding balance of the unfunded actuarial accrued liability (UAAL) from the December 31, 2004 valuation over a declining period, currently 26 years. Any increases or decreases in unfunded actuarial accrued liabilities that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods. Any increases or decreases in UAAL due to changes in actuarial assumptions are amortized over separate 30-year periods.
2. **FY 11/12** – The Actuarial Valuation and Review statement as of 12/31/09 sets rates for FY 11/12. The contribution requirements are determined as a percentage of payroll. The OCERS employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, it continued with the BOS funding policy to amortize the outstanding balance of the UAAL from the December 31, 2004 valuation over a declining period, currently 25 years. The additional UAAL established as a result of including premium pay items as pensionable salary is amortized over a 25-year period, beginning December 31, 2009. Any increases or decreases in unfunded actuarial accrued liabilities that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods. Any increases or decreases in UAAL due to changes in actuarial assumptions are amortized over separate 30-year periods.
3. **FY 12/13** – The Actuarial Valuation and Review statement as of 12/31/10 sets rates for FY 12/13. The contribution requirements are determined as a percentage of payroll. The OCERS employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, it continued with the BOS funding policy to amortize the outstanding balance of the unfunded actuarial accrued liability (UAAL) from the December 31, 2004 valuation over a declining period, currently 24 years.



The outstanding balance of the UAAL established in the December 31, 2009 valuation as a result of including additional premium pay items as pensionable salary and the new UAAL established in the December 31, 2010 valuation as a result of reallocating contributions and benefit payments among Rate Groups are also amortized over a 24-year period, beginning December 31, 2010. Any increases or decreases in unfunded actuarial accrued liabilities that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods. Any increases or decreases in UAAL due to changes in actuarial assumptions are amortized over separate 30-year periods.

Based on the study, OCERS prescribes to the CEO/Office of Finance the employee and employer contribution rates for the applicable fiscal year. The Orange County Board of Supervisors (BOS) approves and adopts the rates on an annual basis. See [Attachments A through C](#).

Health Insurance Savings

The labor organizations agreed to the changes in health benefits effective January 1, 2005. The health insurance cost savings was originally calculated based on health cost pricing for the 2005 proposed health plans (increased co-payments, higher deductible and increased employee payroll deductions). In August 2004, Mercer, Health Benefit Consultant, performed the annual health insurance cost savings projection for the County. Subsequently, CEO/Office of Finance updates the amounts based on a percentage of actual compensation earnable. For the three years ended June 30, 2013, CEO/Office of Finance determined that the allocated health insurance cost savings was 1.68% of total compensation earnable. As a result, OCMA members were allocated \$5.2 million for three years ended June 30, 2013.

SCOPE AND METHODOLOGY

Our audit was limited to evaluating the calculated employee and employee contributions (Reverse Pick Up) and the health insurance cost savings offset of OCMA General Members associated with the implementation of the enhanced retirement plan. Our review included Orange County Managers Association (OCMA) employees eligible for the 2.7% @ age 55 retirement benefits during Fiscal Years 2010-11, 2011-12, and 2012-13. OCMA includes approximately 1,060 employees, or 6% of the County's workforce.

Our methodology included inquiry, auditor observation and examination, and testing of relevant documentation. In the course of conducting the audit, we interviewed personnel at various County departments, including CEO and the Auditor-Controller's Office.

SCOPE EXCLUSIONS

We did not assess the actuarial assumptions and projections made by the actuary as the basis for the calculations of employer/employee pension contributions nor Mercer's health insurance costs savings determination.

We did not review cost allocations for pension enhancements represented by other labor organizations, e.g. Orange County Employees Association (OCEA), or other benefit formulas, e.g. 3% @ age 50. In addition, we did not review the calculations of prior agreements of employee and employer retirement contributions.



Acknowledgment

We appreciate the courtesy and cooperation extended to us during the audit by the personnel of the County Executive Office/Office of Finance and the Auditor-Controller's Office. If we can be of further assistance, please contact me directly at (714) 834-5475 or Alan Marcum, Senior Audit Manager at (714) 834-4119.

Attachments

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Audit Oversight Committee
Frank Kim, Chief Financial Officer
Mitch Tevlin, Manager, County Executive Office/Budget Development
Jan Grimes, Auditor-Controller
Philip Daigneau, Director, Information Technology, Auditor-Controller
Teresa White, Manager, CAPS+ HR/Payroll System, Auditor-Controller
Steve Danley, Chief Human Resources Officer, Human Resource Services
Foreperson, Grand Jury
Susan Novak, Clerk of the Board of Supervisors
Macias Gini & O'Connell LLP, County External Auditor

OC Internal Auditor's Report



Attachment A: FY 2010-11 Employer and Employee Retirement Rates

COUNTY OF ORANGE FY 2010-11 EMPLOYER AND EMPLOYEE RETIREMENT RATES (Effective 7/2/10)

EMPLOYER RATES FOR GENERAL MEMBERS

		FY 2009-10	FY 2010-11
Plans A & B (AFSCME)	Normal Cost	8.92%	8.99%
	UAAL	5.25%	7.06%
	Total	14.17%	16.05%
Plans I & J (2.7% @ 55)	Normal Cost	11.24%	11.79%
	UAAL	10.59%	13.00%
	Total	21.83%	24.79%
Plan P (1.62% @ 65)	Normal Cost	3.69%	3.69%
	UAAL	13.00%	13.00%
	Total	16.69%	16.69%

EMPLOYEE RATES FOR GENERAL MEMBERS

Entry Age	PLAN "A" (AFSCME - Tier I)		PLAN "B" (AFSCME - Tier II)		PLAN "I" (2.7% @ 55 - Tier I)		PLAN "J" (2.7% @ 55 - Tier II)	
	FY 2009-10	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10	FY 2010-11
15	4.01%	4.00%	5.46%	5.45%	7.98%	8.08%	7.64%	7.73%
16	4.01%	4.00%	5.46%	5.45%	7.98%	8.08%	7.64%	7.73%
17	4.08%	4.07%	5.56%	5.55%	8.14%	8.23%	7.79%	7.88%
18	4.16%	4.15%	5.67%	5.66%	8.29%	8.39%	7.94%	8.03%
19	4.24%	4.23%	5.78%	5.77%	8.45%	8.55%	8.09%	8.18%
20	4.32%	4.31%	5.89%	5.88%	8.62%	8.71%	8.24%	8.34%
21	4.40%	4.40%	6.00%	5.99%	8.77%	8.87%	8.40%	8.50%
22	4.49%	4.48%	6.11%	6.11%	8.93%	9.04%	8.56%	8.66%
23	4.57%	4.56%	6.30%	6.22%	9.10%	9.21%	8.72%	8.82%
24	4.66%	4.65%	6.35%	6.34%	9.27%	9.38%	8.88%	8.98%
25	4.75%	4.74%	6.47%	6.46%	9.45%	9.56%	9.05%	9.15%
26	4.84%	4.83%	6.59%	6.58%	9.63%	9.74%	9.22%	9.33%
27	4.93%	4.92%	6.71%	6.70%	9.81%	9.92%	9.39%	9.50%
28	5.02%	5.01%	6.84%	6.83%	9.99%	10.11%	9.57%	9.68%
29	5.12%	5.11%	6.97%	6.96%	10.18%	10.30%	9.75%	9.86%
30	5.21%	5.20%	7.10%	7.09%	10.37%	10.49%	9.93%	10.05%
31	5.31%	5.30%	7.23%	7.22%	10.57%	10.69%	10.12%	10.24%
32	5.41%	5.40%	7.37%	7.36%	10.77%	10.90%	10.31%	10.43%
33	5.51%	5.50%	7.51%	7.50%	10.98%	11.10%	10.51%	10.63%
34	5.62%	5.60%	7.65%	7.64%	11.19%	11.32%	10.71%	10.84%
35	5.72%	5.71%	7.79%	7.78%	11.40%	11.54%	10.92%	11.05%
36	5.83%	5.82%	7.94%	7.93%	11.63%	11.76%	11.13%	11.26%
37	5.94%	5.93%	8.09%	8.08%	11.86%	11.99%	11.34%	11.48%
38	6.05%	6.04%	8.25%	8.24%	12.09%	12.24%	11.55%	11.69%
39	6.17%	6.16%	8.41%	8.40%	12.31%	12.45%	11.76%	11.90%
40	6.29%	6.28%	8.57%	8.56%	12.53%	12.68%	11.98%	12.12%
41	6.41%	6.40%	8.74%	8.72%	12.77%	12.92%	12.20%	12.34%
42	6.54%	6.53%	8.90%	8.89%	13.01%	13.17%	12.43%	12.58%
43	6.67%	6.66%	9.07%	9.05%	13.27%	13.43%	12.68%	12.83%
44	6.79%	6.78%	9.23%	9.22%	13.54%	13.70%	12.93%	13.08%
45	6.91%	6.90%	9.40%	9.39%	13.84%	14.00%	13.18%	13.33%
46	7.04%	7.03%	9.57%	9.56%	14.12%	14.29%	13.42%	13.58%
47	7.18%	7.16%	9.76%	9.74%	14.41%	14.58%	13.63%	13.79%
48	7.32%	7.30%	9.95%	9.93%	14.69%	14.87%	13.78%	13.94%
49	7.47%	7.45%	10.15%	10.13%	14.89%	15.07%	13.84%	14.00%
50	7.63%	7.62%	10.34%	10.33%	15.00%	15.18%	13.82%	13.98%
51	7.79%	7.77%	10.53%	10.52%	15.02%	15.20%	13.72%	13.88%
52	7.95%	7.93%	10.69%	10.68%	14.95%	15.12%	13.53%	13.69%
53	8.11%	8.09%	10.81%	10.80%	14.78%	14.96%	14.02%	14.19%
54	8.22%	8.20%	10.86%	10.85%	14.54%	14.71%	14.54%	14.71%
55	8.28%	8.26%	10.85%	10.83%	14.54%	14.71%	14.54%	14.71%
56	8.28%	8.27%	10.76%	10.75%	14.54%	14.71%	14.54%	14.71%
57	8.24%	8.23%	10.62%	10.61%	14.54%	14.71%	14.54%	14.71%
58	8.15%	8.14%	11.00%	10.99%	14.54%	14.71%	14.54%	14.71%
59	8.02%	8.00%	11.41%	11.39%	14.54%	14.71%	14.54%	14.71%
60	8.02%	8.00%	11.41%	11.39%	14.54%	14.71%	14.54%	14.71%

NOTE: Average Age Of Entry = 33 (Plans A, B, I & J)

OC Internal Auditor's Report



Attachment B: FY 2011-12 Employer and Employee Retirement Rates

COUNTY OF ORANGE FY 2011-12 EMPLOYER AND EMPLOYEE RETIREMENT RATES (Effective 7/1/11)

EMPLOYER RATES FOR GENERAL MEMBERS

Plans	Normal Cost	FY 2010-11	FY 2011-12
		UAAL	
Total			
Plans I & J (2.7% @ 55)	Normal Cost	11.79%	11.61%
	UAAL	13.00%	15.50%
Total		24.79%	27.11%
Plan P (1.62% @ 65)	Normal Cost	3.69%	3.69%
	UAAL	13.00%	15.50%
Total		16.69%	19.19%

EMPLOYEE RATES FOR GENERAL MEMBERS

Entry Age	PLAN "A" (AFSCME - Tier I)		PLAN "B" (AFSCME - Tier II)		PLAN "I" (2.7% @ 55 - Tier I)		PLAN "J" (2.7% @ 55 - Tier II)		PLAN "P" (1.62% @ 65 - Tier II)	
	FY 2010-11	FY 2011-12	FY 2010-11	FY 2011-12	FY 2010-11	FY 2011-12	FY 2010-11	FY 2011-12	FY 2010-11	FY 2011-12
15	4.00%	3.98%	5.45%	5.43%	8.08%	8.06%	7.73%	7.72%	5.04%	5.04%
16	4.00%	3.98%	5.45%	5.43%	8.08%	8.06%	7.73%	7.72%	5.04%	5.04%
17	4.07%	4.06%	5.55%	5.54%	8.23%	8.22%	7.88%	7.87%	5.14%	5.14%
18	4.15%	4.14%	5.66%	5.64%	8.39%	8.37%	8.03%	8.02%	5.24%	5.24%
19	4.23%	4.21%	5.77%	5.75%	8.55%	8.53%	8.18%	8.17%	5.34%	5.34%
20	4.31%	4.29%	5.88%	5.86%	8.71%	8.69%	8.34%	8.32%	5.44%	5.44%
21	4.40%	4.38%	5.99%	5.97%	8.87%	8.86%	8.50%	8.48%	5.55%	5.55%
22	4.48%	4.46%	6.11%	6.09%	9.04%	9.02%	8.66%	8.64%	5.65%	5.65%
23	4.56%	4.54%	6.22%	6.20%	9.21%	9.19%	8.82%	8.80%	5.76%	5.76%
24	4.65%	4.63%	6.34%	6.32%	9.38%	9.37%	8.98%	8.97%	5.87%	5.87%
25	4.74%	4.72%	6.46%	6.44%	9.56%	9.54%	9.15%	9.14%	5.98%	5.98%
26	4.83%	4.81%	6.58%	6.56%	9.74%	9.72%	9.33%	9.31%	6.09%	6.09%
27	4.92%	4.90%	6.70%	6.69%	9.92%	9.90%	9.50%	9.48%	6.21%	6.21%
28	5.01%	4.99%	6.83%	6.81%	10.11%	10.09%	9.68%	9.66%	6.32%	6.32%
29	5.11%	5.08%	6.96%	6.94%	10.30%	10.28%	9.86%	9.84%	6.44%	6.44%
30	5.20%	5.18%	7.09%	7.07%	10.49%	10.47%	10.05%	10.03%	6.56%	6.56%
31	5.30%	5.28%	7.22%	7.20%	10.69%	10.67%	10.24%	10.22%	6.69%	6.69%
32	5.40%	5.38%	7.36%	7.34%	10.90%	10.88%	10.43%	10.41%	6.81%	6.81%
33	5.50%	5.48%	7.50%	7.48%	11.10%	11.08%	10.63%	10.61%	6.94%	6.94%
34	5.60%	5.58%	7.64%	7.62%	11.32%	11.30%	10.84%	10.82%	7.07%	7.07%
35	5.71%	5.69%	7.78%	7.76%	11.54%	11.51%	11.05%	11.03%	7.20%	7.20%
36	5.82%	5.79%	7.93%	7.91%	11.76%	11.74%	11.26%	11.24%	7.34%	7.34%
37	5.93%	5.90%	8.08%	8.06%	11.99%	11.97%	11.48%	11.46%	7.48%	7.48%
38	6.04%	6.02%	8.24%	8.21%	12.24%	12.21%	11.69%	11.67%	7.62%	7.62%
39	6.16%	6.13%	8.40%	8.37%	12.45%	12.43%	11.90%	11.88%	7.77%	7.77%
40	6.28%	6.25%	8.56%	8.53%	12.68%	12.66%	12.12%	12.09%	7.92%	7.92%
41	6.40%	6.37%	8.72%	8.70%	12.92%	12.89%	12.34%	12.32%	8.08%	8.08%
42	6.53%	6.50%	8.89%	8.86%	13.17%	13.14%	12.58%	12.55%	8.23%	8.23%
43	6.66%	6.63%	9.05%	9.03%	13.43%	13.40%	12.83%	12.80%	8.38%	8.38%
44	6.78%	6.75%	9.22%	9.19%	13.70%	13.67%	13.08%	13.05%	8.53%	8.53%
45	6.90%	6.87%	9.39%	9.36%	14.00%	13.97%	13.33%	13.31%	8.69%	8.69%
46	7.03%	7.00%	9.56%	9.53%	14.29%	14.26%	13.58%	13.55%	8.85%	8.85%
47	7.16%	7.13%	9.74%	9.71%	14.58%	14.55%	13.79%	13.76%	9.02%	9.02%
48	7.30%	7.27%	9.93%	9.91%	14.87%	14.84%	13.94%	13.91%	9.20%	9.20%
49	7.45%	7.42%	10.13%	10.10%	15.07%	15.04%	14.00%	13.98%	9.38%	9.38%
50	7.62%	7.58%	10.33%	10.30%	15.18%	15.15%	13.98%	13.96%	9.56%	9.56%
51	7.77%	7.74%	10.52%	10.49%	15.20%	15.17%	13.88%	13.85%	9.73%	9.73%
52	7.93%	7.90%	10.68%	10.65%	15.12%	15.09%	13.69%	13.67%	9.89%	9.89%
53	8.09%	8.06%	10.80%	10.76%	14.96%	14.93%	14.19%	14.16%	9.99%	9.99%
54	8.20%	8.17%	10.85%	10.81%	14.71%	14.68%	14.71%	14.68%	10.04%	10.04%
55	8.26%	8.22%	10.83%	10.80%	14.71%	14.68%	14.71%	14.68%	10.02%	10.02%
56	8.27%	8.23%	10.75%	10.72%	14.71%	14.68%	14.71%	14.68%	9.95%	9.95%
57	8.23%	8.19%	10.61%	10.58%	14.71%	14.68%	14.71%	14.68%	9.82%	9.82%
58	8.14%	8.10%	10.99%	10.96%	14.71%	14.68%	14.71%	14.68%	10.17%	10.17%
59	8.00%	7.97%	11.39%	11.36%	14.71%	14.68%	14.71%	14.68%	10.54%	10.54%
60	8.00%	7.97%	11.39%	11.36%	14.71%	14.68%	14.71%	14.68%	10.54%	10.54%

NOTE: Average Age Of Entry = 33 (Plans A, B, I, J & P)

OC Internal Auditor's Report



Attachment C: FY 2012-13 Employer and Employee Retirement Rates

COUNTY OF ORANGE FY 2012-13 EMPLOYER AND EMPLOYEE RETIREMENT RATES (Effective 6/29/12)

EMPLOYER RATES FOR GENERAL MEMBERS

Plans	Cost Type	FY 2011-12	FY 2012-13
		8.69%	8.59%
Plans A & B (AFSCME)	UAAL	10.43%	8.26%
	Total	19.12%	16.85%
Plans I & J (2.7% @ 55)	Normal Cost	11.61%	11.55%
	UAAL	15.50%	16.84%
	Total	27.11%	28.39%
Plan P (1.62% @ 65)	Normal Cost	3.69%	5.10%
	UAAL	15.50%	18.84%
	Total	19.19%	21.94%

EMPLOYEE RATES FOR GENERAL MEMBERS

Entry Age	PLAN "A" (AFSCME - Tier I)		PLAN "B" (AFSCME - Tier II)		PLAN "I" (2.7% @ 55 - Tier I)		PLAN "J" (2.7% @ 55 - Tier II)		PLAN "P" (1.62% @ 65 - Tier II)	
	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13
	15	3.98%	3.97%	5.43%	5.42%	8.06%	8.06%	7.72%	7.71%	5.04%
16	3.98%	3.97%	5.43%	5.42%	8.06%	8.06%	7.72%	7.71%	5.04%	5.00%
17	4.06%	4.04%	5.54%	5.53%	8.22%	8.21%	7.87%	7.86%	5.14%	5.10%
18	4.14%	4.12%	5.64%	5.63%	8.37%	8.37%	8.02%	8.01%	5.24%	5.20%
19	4.21%	4.20%	5.75%	5.74%	8.53%	8.52%	8.17%	8.16%	5.34%	5.30%
20	4.29%	4.28%	5.86%	5.85%	8.69%	8.69%	8.32%	8.32%	5.44%	5.40%
21	4.38%	4.36%	5.97%	5.96%	8.86%	8.85%	8.48%	8.47%	5.55%	5.50%
22	4.46%	4.45%	6.09%	6.07%	9.02%	9.02%	8.64%	8.63%	5.65%	5.60%
23	4.54%	4.53%	6.20%	6.19%	9.19%	9.19%	8.80%	8.80%	5.76%	5.71%
24	4.63%	4.62%	6.32%	6.31%	9.37%	9.36%	8.97%	8.96%	5.87%	5.82%
25	4.72%	4.70%	6.44%	6.43%	9.54%	9.53%	9.14%	9.13%	5.98%	5.93%
26	4.81%	4.79%	6.56%	6.55%	9.72%	9.71%	9.31%	9.30%	6.09%	6.04%
27	4.90%	4.88%	6.69%	6.67%	9.90%	9.90%	9.48%	9.48%	6.21%	6.16%
28	4.99%	4.97%	6.81%	6.80%	10.09%	10.08%	9.66%	9.66%	6.32%	6.27%
29	5.08%	5.07%	6.94%	6.92%	10.28%	10.27%	9.84%	9.84%	6.44%	6.39%
30	5.18%	5.16%	7.07%	7.05%	10.47%	10.47%	10.03%	10.02%	6.56%	6.51%
31	5.28%	5.26%	7.20%	7.19%	10.67%	10.67%	10.22%	10.21%	6.69%	6.63%
32	5.38%	5.36%	7.34%	7.32%	10.89%	10.87%	10.41%	10.41%	6.81%	6.76%
33	5.48%	5.46%	7.48%	7.46%	11.08%	11.08%	10.61%	10.61%	6.94%	6.88%
34	5.58%	5.56%	7.62%	7.60%	11.30%	11.29%	10.82%	10.81%	7.07%	7.01%
35	5.69%	5.67%	7.76%	7.74%	11.51%	11.51%	11.03%	11.02%	7.20%	7.15%
36	5.79%	5.78%	7.91%	7.89%	11.74%	11.73%	11.24%	11.23%	7.34%	7.28%
37	5.90%	5.89%	8.06%	8.04%	11.97%	11.96%	11.46%	11.45%	7.48%	7.42%
38	6.02%	6.00%	8.21%	8.19%	12.21%	12.20%	11.67%	11.66%	7.62%	7.56%
39	6.13%	6.11%	8.37%	8.35%	12.43%	12.42%	11.88%	11.87%	7.77%	7.71%
40	6.25%	6.23%	8.53%	8.51%	12.66%	12.65%	12.09%	12.08%	7.92%	7.86%
41	6.37%	6.35%	8.70%	8.68%	12.89%	12.89%	12.32%	12.31%	8.08%	8.01%
42	6.50%	6.48%	8.86%	8.84%	13.14%	13.13%	12.55%	12.54%	8.23%	8.16%
43	6.63%	6.61%	9.03%	9.01%	13.40%	13.39%	12.80%	12.79%	8.38%	8.31%
44	6.75%	6.73%	9.19%	9.17%	13.67%	13.67%	13.05%	13.05%	8.53%	8.46%
45	6.87%	6.85%	9.36%	9.34%	13.97%	13.96%	13.31%	13.30%	8.69%	8.62%
46	7.00%	6.98%	9.53%	9.51%	14.26%	14.25%	13.55%	13.54%	8.85%	8.78%
47	7.13%	7.11%	9.71%	9.69%	14.56%	14.54%	13.76%	13.75%	9.02%	8.94%
48	7.27%	7.25%	9.91%	9.88%	14.84%	14.83%	13.91%	13.90%	9.20%	9.12%
49	7.42%	7.40%	10.10%	10.08%	15.04%	15.03%	13.98%	13.97%	9.38%	9.30%
50	7.58%	7.56%	10.30%	10.27%	15.15%	15.14%	13.96%	13.95%	9.56%	9.48%
51	7.74%	7.72%	10.49%	10.46%	15.17%	15.16%	13.85%	13.84%	9.73%	9.65%
52	7.90%	7.87%	10.65%	10.63%	15.09%	15.08%	13.67%	13.66%	9.89%	9.80%
53	8.06%	8.03%	10.76%	10.74%	14.93%	14.92%	14.16%	14.15%	9.99%	9.91%
54	8.17%	8.14%	10.81%	10.79%	14.88%	14.87%	14.68%	14.67%	10.04%	9.96%
55	8.22%	8.20%	10.80%	10.77%	14.88%	14.87%	14.68%	14.67%	10.02%	9.94%
56	8.23%	8.21%	10.72%	10.69%	14.68%	14.67%	14.68%	14.67%	9.95%	9.87%
57	8.19%	8.17%	10.58%	10.55%	14.68%	14.67%	14.68%	14.67%	9.82%	9.74%
58	8.10%	8.08%	10.96%	10.93%	14.68%	14.67%	14.68%	14.67%	10.17%	10.09%
59	7.97%	7.94%	11.36%	11.33%	14.68%	14.67%	14.68%	14.67%	10.54%	10.46%
60	7.97%	7.94%	11.36%	11.33%	14.68%	14.67%	14.68%	14.67%	10.54%	10.46%

NOTE: Average Age Of Entry = 33 (Plans A, B, I, J & P)