WHAT THE AUDITORS FOUND?

We found that OCEA members themselves and not the County fully and accurately paid for the cost of the pension enhancements of $101.2 million (2.7% @ age 55 benefit formula) as agreed upon in their 2004 Memorandum of Understanding for Fiscal Years 2008-09, 2009-10, & 2010-11. The $101.2 million paid included additional employee contributions of $67.6 million and health insurance cost savings of $33.6 million. The health insurance cost savings resulted from the labor organizations agreeing to changes of health benefits (increased co-payments, higher deductible and increased employee payroll deductions) effective January 1, 2005.

WHY IS THIS AUDIT IMPORTANT?

This audit is important because it has a significant financial, Countywide impact. The Orange County Employees’ Association (OCEA) represents the largest number of County employees and our review covered six (6) bargaining units of OCEA. These bargaining units consist of approximately 11,800 employees (or 68% of total County workforce). In addition, it is of taxpayers’ interest if OCEA members are covering their pension costs as negotiated, or if the County General Fund is paying for their pension enhancements in error. The OCEA bargaining units agreed that the pension enhancement will be without any additional cost to the County; therefore, they will make additional employee contributions to the system.