

Executive Team:

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement:

Phil Franey, Chair
David Couch, Vice-Chair
Deon Duffey
Juan Gonzalez
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
John Sanders
Tyler Whitezell
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate

May 23, 2024

Members, Board of Retirement
Employee Bargaining Units
Requesting News Media
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association Finance Committee

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Finance Committee will be held on Wednesday, May 29, 2024 at 8:30 a.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers (for best audio a landline is recommended) and enter ID# 898 6124 5692

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/89861245692?pwd=ZlhtY0F4QWtzMDNKM25XZGpXMUdOUT09>
- Passcode: 771567

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to administration@kcera.org.

Sincerely,

Dominic D. Brown
Chief Executive Officer

Attachments

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

CALL TO ORDER

ROLL CALL (IN PERSON)

AB 2449 REMOTE APPEARANCE(S)

Items 1 and/or 2 withdrawn from agenda if no trustee(s) request to appear remotely:

1. JUST CAUSE CIRCUMSTANCE(S):
 - a) The following Trustee(s) have notified the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) who wish to notify the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953) – RECEIVE/HEAR REQUEST(S); NO COMMITTEE ACTION REQUIRED
2. EMERGENCY CIRCUMSTANCE(S):
 - a) The following Trustee(s) have requested the Committee approve their attendance of this meeting via teleconference due to an "Emergency Circumstance." (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) requesting the Committee approve their attendance of this meeting via teleconference due to an "Emergency Circumstance". (See Government Code § 54953) – TAKE ACTION ON REQUEST(S) FOR REMOTE APPEARANCE DUE TO EMERGENCY CIRCUMSTANCE

CONSENT MATTERS

All items listed with an asterisk (*) are considered to be routine and non-controversial by staff and will be approved by one motion if no member of the Committee or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Committee concerning the item before action is taken. Staff recommendations are shown in caps after each item.

- *3. [KCERA Schedules of Employer Allocations and Pension Amounts by Employer](#) and related notes including independent auditors' report as of and for the year ended June 30, 2023, and Segal's Governmental Accounting Standards Board (GASB 68) Actuarial Valuation based on June 30, 2023 Measurement Date for Employer Reporting as of June 30, 2024 – RECOMMEND BOARD OF RETIREMENT RECEIVE AND FILE

PUBLIC COMMENTS

4. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

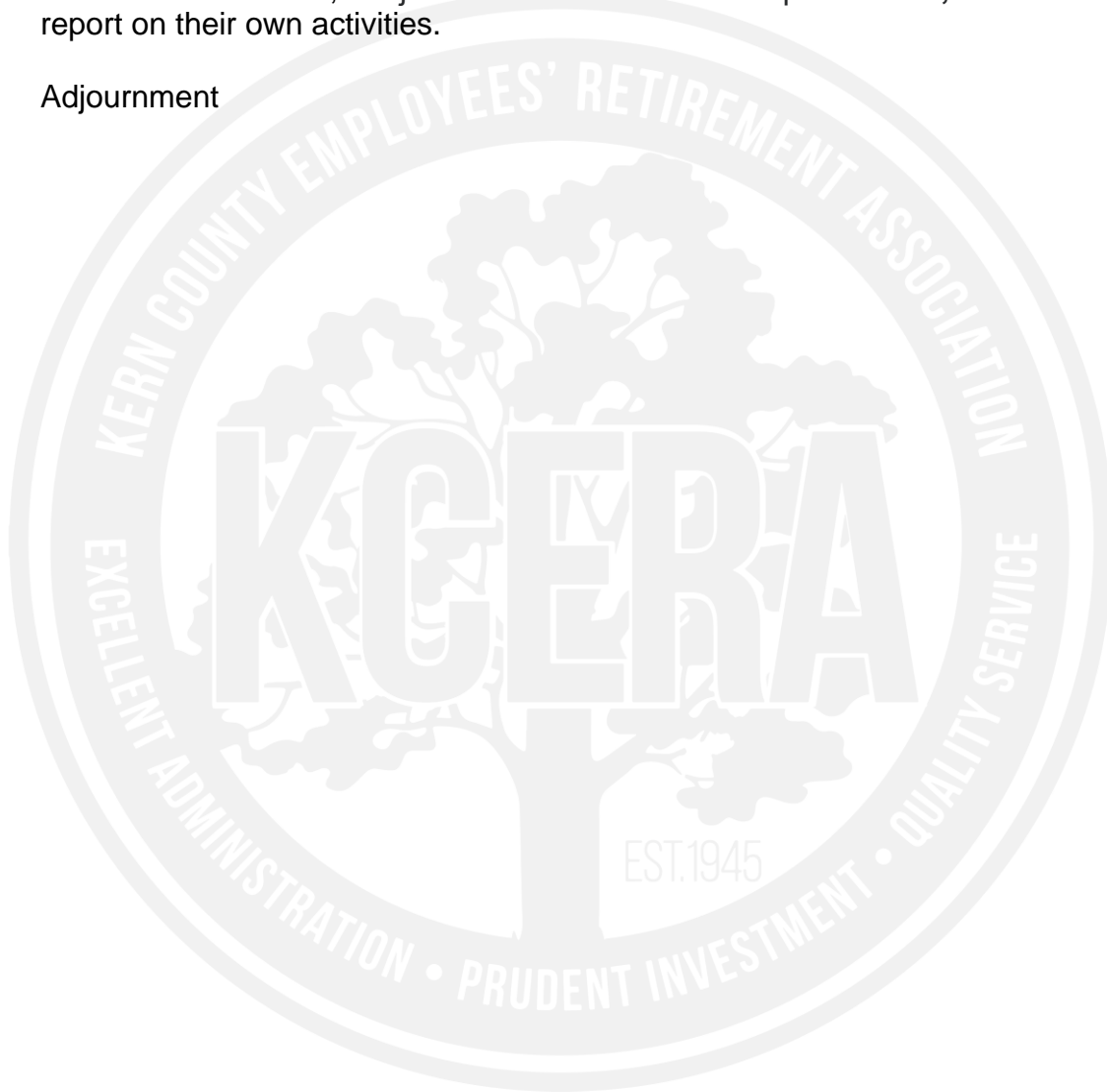
FINANCE MATTERS

5. [Presentation on the audit plan for the FY 2023-24 Financial Statement Audit](#), presented by Jason Ostroski, CPA, Principal, and Tim Rawal, CPA, Senior Manager, UHY LLP – APPROVE
6. [Discussion and appropriate action on Request for Proposal \(RFP\) for Actuarial Audit Services](#), presented by Chief Executive Officer Dominic Brown and Chief Operations Officer Matthew Henry – RECOMMEND THE BOARD OF RETIREMENT ENGAGE CHEIRON TO PERFORM AN ACTUARIAL AUDIT OF THE JUNE 30, 2023 ACTUARIAL VALUATION AND THE JULY 1, 2019 THROUGH JUNE 30, 2023 ACTUARIAL EXPERIENCE STUDY; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
7. [Presentation regarding KCERA Organizational Landscape and Budget Governance](#) presented by presented by Chief Executive Officer Dominic Brown – HEAR PRESENTATION

8. [Discussion and appropriate action on the proposed fiscal year 2024-2025 KCERA Operating Budget](#) presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matthew Henry, and Chief Financial Officer Angela Kruger – RECOMMEND APPROVAL TO BOARD OF RETIREMENT

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

9. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.
10. Adjournment





SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

*Actuarial Valuation based on June 30, 2023 Measurement Date
for Employer Reporting as of June 30, 2024*

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
11125 River Run Boulevard Bakersfield, CA 93311
(661) 381-7700 (661) 381-7799 fax www.kcera.org

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INDEPENDENT AUDITOR'S REPORT

Board of Retirement
Kern County Employees' Retirement Association
Bakersfield, California

Opinion

We have audited the accompanying schedule of employer allocations of the Kern County Employees' Retirement Association (KCERA), as of and for the year ended June 30, 2023, and related notes. We have also audited the total for all entities of the rows titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense as of and for the year ended June 30, 2023, and the net pension liability as of June 30, 2022 (specified row totals), included in the accompanying schedule of pension amounts by employer and related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense for KCERA, as of and for the year ended June 30, 2023, and net pension liability as of June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of KCERA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error. In preparing the schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified row totals included in the accompanying schedule of pension amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KCERA's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Audited Fiduciary Net Position of the Kern County Employees' Retirement Association

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of KCERA, as of and for the year ended June 30, 2023, and our report thereon, dated December 13, 2023, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of management and the Board of Retirement of KCERA, its employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

UHY LLP

Columbia, Maryland
May 14, 2024

Kern County Employees' Retirement Association - Schedule of Employer Allocations

As of and for the year ended June 30, 2023

	Actual Payroll by Employer	Employer Payroll Percentage	Total Allocated Net Pension Liability	Employer Proportionate Share
Kern County	\$ 484,326,866	71.537 %	\$ 1,905,312,538	75.718 %
Kern County Hospital Authority	116,976,730	17.278 %	344,447,058	13.688 %
Kern County Superior Courts	34,739,947	5.131 %	102,294,470	4.065 %
Berrenda Mesa Water District	183,116	0.027 %	3,963,829	0.158 %
Buttonwillow Recreation and Park District	82,462	0.012 %	323,772	0.013 %
East Kern Cemetery District	142,762	0.021 %	560,529	0.022 %
Inyokern Community Services District	—	— %	132,705	0.005 %
Kern County Water Agency	6,291,738	0.929 %	24,703,345	0.982 %
Kern Mosquito and Vector Control District	1,329,594	0.196 %	5,220,405	0.207 %
North of the River Sanitation District	1,267,296	0.187 %	4,975,803	0.198 %
San Joaquin Valley Unified Air Pollution Control District	30,552,374	4.513 %	119,958,246	4.767 %
Shafter Recreation and Park District	178,851	0.026 %	702,225	0.028 %
West Side Cemetery District	197,621	0.029 %	775,922	0.031 %
West Side Mosquito and Vector Control District	426,512	0.063 %	1,674,620	0.067 %
West Side Recreation and Park District	330,556	0.049 %	1,297,867	0.052 %
Total	\$ 677,026,425	100 %	\$ 2,516,343,334	100 %

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022

	Kern County	Kern County Hospital Authority	Kern County Superior Courts
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 1,775,600,455	\$ 345,399,109	\$ 100,732,710
NET PENSION LIABILITY (ASSET) as of June 30, 2023	1,905,312,538	344,447,058	102,294,470
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	126,177,671	22,810,708	6,774,363
Changes of assumptions	134,740,491	24,358,715	7,234,092
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,377,238	10,103,570	397,460
Total Deferred Outflows of Resources	284,295,400	57,272,993	14,405,915
Deferred Inflows of Resources			
Differences between expected and actual experience	59,333,006	10,726,366	3,185,534
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,369,098	21,152,722	4,472,579
Total Deferred Inflows of Resources	67,702,104	31,879,088	7,658,113
Pension Expense			
Proportionate share of plan pension expense	234,306,329	42,358,471	12,579,690
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(3,362,468)	1,948,786	(1,107,319)
Total Employer Pension Expense	\$ 230,943,861	\$ 44,307,257	\$ 11,472,371

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	Berrenda Mesa Water District	Buttonwillow Recreation and Park District	East Kern Cemetery District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 4,056,987	\$ 153,804	\$ 537,298
NET PENSION LIABILITY (ASSET) as of June 30, 2023	3,963,829	323,772	560,529
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	262,501	21,442	37,121
Changes of assumptions	280,315	22,897	39,640
Changes in proportion and differences between employer contributions and proportionate share of contributions	402,732	116,993	24,212
Total Deferred Outflows of Resources	945,548	161,332	100,973
Deferred Inflows of Resources			
Differences between expected and actual experience	123,437	10,083	17,455
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	818,366	14,701	4,976
Total Deferred Inflows of Resources	941,803	24,784	22,431
Pension Expense			
Proportionate share of plan pension expense	487,452	39,816	68,931
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	378,795	3,100	14,379
Total Employer Pension Expense	\$ 866,247	\$ 42,916	\$ 83,310

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	Inyokern Community Services District	Kern County Water Agency	Kern Mosquito and Vector Control District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 113,126	\$ 24,377,444	\$ 5,400,397
NET PENSION LIABILITY (ASSET) as of June 30, 2023	132,705	24,703,345	5,220,405
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	8,788	1,635,958	345,717
Changes of assumptions	9,385	1,746,979	369,178
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,763	4,408	379,902
Total Deferred Outflows of Resources	29,936	3,387,345	1,094,797
Deferred Inflows of Resources			
Differences between expected and actual experience	4,133	769,283	162,568
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,404	1,174,893	390,957
Total Deferred Inflows of Resources	12,537	1,944,176	553,525
Pension Expense			
Proportionate share of plan pension expense	16,318	3,037,900	641,980
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	18,106	(415,237)	93,890
Total Employer Pension Expense	\$ 34,424	\$ 2,622,663	\$ 735,870

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	North of the River Sanitation District	San Joaquin Valley Unified Air Pollution Control District	Shafter Recreation and Park District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 4,935,134	\$ 113,722,982	\$ 647,741
NET PENSION LIABILITY (ASSET) as of June 30, 2023	4,975,803	119,958,246	702,225
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	329,518	7,944,131	46,504
Changes of assumptions	351,880	8,483,245	49,660
Changes in proportion and differences between employer contributions and proportionate share of contributions	236,455	4,746,503	67,398
Total Deferred Outflows of Resources	917,853	21,173,879	163,562
Deferred Inflows of Resources			
Differences between expected and actual experience	154,951	3,735,599	21,868
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	284,764	2,169,220	80,831
Total Deferred Inflows of Resources	439,715	5,904,819	102,699
Pension Expense			
Proportionate share of plan pension expense	611,901	14,751,899	86,356
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	76,718	2,706,716	41,636
Total Employer Pension Expense	\$ 688,619	\$ 17,458,615	\$ 127,992

**Kern County Employees' Retirement Association - Schedule of
Pension Amounts by Employer**

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	West Side Cemetery District	West Side Mosquito and Vector Control District	West Side Recreation and Park District	Total
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 938,815	\$ 1,626,425	\$ 1,534,454	\$2,379,776,881
NET PENSION LIABILITY (ASSET) as of June 30, 2023	775,922	1,674,620	1,297,867	2,516,343,334
Deferred Outflows of Resources				
Differences between expected and actual experience	—	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	51,385	110,900	85,950	166,642,657
Changes of assumptions	54,872	118,426	91,783	177,951,558
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,524	1,123	68,099	39,942,380
Total Deferred Outflows of Resources	110,781	230,449	245,832	384,536,595
Deferred Inflows of Resources				
Differences between expected and actual experience	24,163	52,149	40,417	78,361,012
Net difference between projected and actual investment earnings on pension plan investments	—	—	—	—
Changes of assumptions	—	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	459,563	222,856	318,450	39,942,380
Total Deferred Inflows of Resources	483,726	275,005	358,867	118,303,392
Pension Expense				
Proportionate share of plan pension expense	95,420	205,937	159,606	309,448,006
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(160,521)	(83,341)	(153,240)	—
Total Employer Pension Expense	\$ (65,101)	\$ 122,596	\$ 6,366	\$ 309,448,006

Cost-Sharing, Multiple-Employer Pension Plan
Notes to Schedules of Employer Allocations and Pension Amounts
by Employer As of and for the Year Ended June 30, 2023

Note 1 – DESCRIPTION OF THE ENTITY

Plan Description

The Kern County Employees' Retirement Association (KCERA) was established on January 1, 1945 by the County of Kern Board of Supervisors under the provisions of the County Employees' Retirement Law of 1937 (CERL). KCERA is a cost-sharing, multiple-employer defined benefit plan (the Plan) covering all permanent employees of the County of Kern and of the following agencies: Buttonwillow Recreation and Park District, East Kern Cemetery District, Kern County Hospital Authority, Kern County Superior Court, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Unified Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, West Side Recreation and Park District, and. The Plan is administered by the Kern County Board of Retirement, which consists of nine members and two alternate members.

Pension Benefits

All regular, full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the payroll period following the date of hire. Safety membership includes those in active law enforcement, fire suppression, criminal investigation, detention and probation.

General members (excluding Tier III) are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with 5 or more years of retirement service credit.

Safety members are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age.

The retirement benefit the member will receive is based on age at retirement, final average compensation (FAC), years of retirement service credit and benefit tier.

General member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Sections 31676.17 and 31676.01, respectively. The monthly allowance is equal to 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31676.17 (Tier I), or 1/90th of FAC times years of accrued retirement service credit times an age factor from Section 31676.01 (Tier II). General Tier III member benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the FAC multiplied by years of accrued retirement credit multiplied by an age factor from Section 7522.20(a).

Safety member benefits for Tier I and Tier II are calculated pursuant to California Gov. Code Sections 31664.1 and 31664, respectively. The monthly allowance is equal to 3% of FAC times years of accrued retirement service credit times an age factor from Section 31664.1 (Tier I), or 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31664 (Tier II).

For members in Tiers I and II, the maximum monthly retirement allowance is 100% of final average compensation (FAC). There is no FAC limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2023 for members in Tier I and Tier II is \$330,000. For General Tier III members who are enrolled in Social Security, the maximum amount of pensionable compensation that can be taken into account for 2023 is equal to \$146,042 (\$175,250 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

FAC consists of the highest 12 consecutive months of pensionable pay for a General Tier I or Tier IIA member or a Safety Tier I or Tier IIA members, and the highest 36 consecutive months of pensionable pay for a General Tier IIB or Tier III member or a Safety Tier IIB 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 spouse or 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 on or prior to the date of death. 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 to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

Death Benefits

An active member's beneficiary is entitled to receive death benefits, which consist of accumulated contributions, plus interest, and one month's salary for each full year of service, up to a maximum of six months of salary.

If a member is vested and their death is not the result of a job-caused injury or disease, the spouse or registered domestic partner will be entitled to receive a lifetime monthly allowance equal to 60% of the retirement allowance to which they would have been entitled if they had retired with a nonservice-connected disability on the date of their death. The same choice is given to their minor children under the age of 18 (continuing to age 22 if enrolled full time in an accredited school).

If a member dies in the performance of duty, the spouse or registered domestic partner receives, for life, monthly allowance equal to at least 50% of the member's final average salary. This will only apply to minor children under the age of 18 (continuing to age 22 if enrolled full time in an accredited school).

If a member dies after retirement, a death benefit of \$5,000 is payable to their designated beneficiary or the estate.

If the retirement was for service-connected or nonservice-connected disability and the member chose the unmodified allowance option, their surviving spouse, registered domestic partner or minor children will receive a monthly continuance equal to 60% of the benefit.

If the retirement was for service-connected disability, their spouse, registered domestic partner or minor children will receive a 100% continuance of the member's benefit.

Disability Benefits

A member with five years of service, regardless of age, who becomes permanently incapacitated from the performance of duty will be eligible for a nonservice-connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible for a service-connected disability, regardless of service length or age.

Cost-of-Living Adjustments

An annual cost-of-living adjustment (COLA) of up to 2.0% was adopted for all retirees and continuance beneficiaries as of April 1, 1973. An additional 0.5% COLA was granted by the Ventura Settlement as of April 1, 2002, resulting in a maximum COLA of 2.5%, depending on the rate of inflation.

Supplemental Benefits

The Board of Retirement and the Board of Supervisors adopted Government Code Section 31618 on April 23, 1984, which provides for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is used only for the benefit of future and current retired members and their beneficiaries. The supplemental benefit is not a guaranteed benefit. The distribution of the SRBR is determined by the Board of Retirement. SRBR currently provides for 82% purchasing power protection and the \$5,000 death benefit.

On September 14, 2022, the Board adopted a Restructured SRBR benefit effective July 1, 2022 equal to \$1.80 per year of service, but no less than the member's current SRBR benefit as of July 1, 2022. The Restructured SRBR benefit also includes a 2.5% COLA on the SRBR benefit, so long as the SRBR remains adequately funded. This plan amendment increased the NPL by \$30.4 million.

Contributions

Eligible employees and their beneficiaries are entitled to pension, disability and survivors' benefits under the provision of the CERL with the establishment of KCERA on January 1, 1945. As a condition of participation under the provisions of the CERL, members are required to pay a percentage of their salaries, depending up their age at date of entry in the Plan, membership type and benefit tier.

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation) was 6.82% of compensation.

Interest is credited to member contributions semi-annually on June 30 and December 31, in accordance with Article 5.5 of the CERL. Member contributions and credited interest are refundable upon termination of membership.

The County of Kern and contracting districts 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 KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation and after reflecting the phase-in of the impact of the assumption changes) was 48.76% of compensation.

Note 2 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Employers participating in the Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2015, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27. In accordance with GASB Statement No. 82, Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73, employer-paid member contributions are classified as employee contributions for purposes of GASB Statement 68. Starting with the June 30, 2016 measurement date for the employers, employer-paid member contributions are excluded from employer contributions.

The accompanying schedules were prepared by KCERA's independent actuary and were derived from information provided by KCERA in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB, they are reported using the economic resources measurement focus and the accrual basis of accounting.

Employer-covered payroll KCERA received within the fiscal year ended June 30, 2023, is used as the basis for determining each employer's proportionate share reported in the Schedule of Employer Allocations. The following items for each membership class is based on the corresponding proportionate share within each membership class:

- Net Pension Liability
- Service cost
- Interest on the Total Pension Liability
- Expensed portion of the current-period benefit changes
- Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- Member contributions
- Projected earnings on plan investments
- Expensed portion of current-period differences between actual and projected earnings on plan investments
- Administrative expense
- Recognition of beginning-of-year deferred outflows of resources as pension expense
- Recognition of beginning-of-year deferred inflows of resources as pension expense

The Fiduciary Net Position of KCERA and additions to/deductions from KCERA's Fiduciary Net Position have been determined on the same basis as they are reported in KCERA's Annual Comprehensive Financial Report. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The reporting date and measurement date for the plan is June 30, 2023. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – NET PENSION LIABILITY

The Net Pension Liability of \$2,516,343,334 was measured as of June 30, 2023. The Net Pension Liability (NPL) is the Total Pension Liability reduced by the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability was determined based upon rolling forward the Total Pension Liability from the actuarial valuation as of June 30, 2022 to the measurement date of June 30, 2023. The Plan provisions used in the measurement of the Net Pension Liability are the same as those used in the KCERA actuarial valuation as of June 30, 2023. The Total Pension Liability and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR). The employers' proportions of the NPL are based on the employers' share of covered payroll for each membership class.

The NPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class.

- The safety membership class has only one employer (Kern County), so all of the NPL for safety is allocated to the County.
- For general and district membership classes, the NPL is allocated based on the covered payroll within their respective classes.
 - Calculate ratio of employer's payroll to the total payroll for the membership class.
 - This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.
- If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. 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 negative NPL associated with the SRBR is allocated based on the actual total payroll for each employer within KCERA.

Note 4 – ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) as of June 30, 2023 was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward)) to include the following actuarial assumptions and actuarial cost method that the Retirement Board has adopted for use in the June 30, 2023 funding valuation and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

<i>Inflation:</i>	2.50%
<i>Salary Increases:</i>	General: 3.70% to 8.00%. Safety: 4.00% to 10.00%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.00%, net of pension plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.95% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
<i>Other Assumptions:</i>	Same as those used in the in June 30, 2023 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2019 through June 30, 2022.

The TPL as of June 30, 2022 that was measured by the actuarial valuation as of June 30, 2021 used the same actuarial assumptions and actuarial cost method as of the June 30, 2022 funding valuation. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

<i>Inflation:</i>	2.75%
<i>Salary Increases:</i>	General: 4.00% to 8.75%. Safety: 3.75% to 12.00%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.25%, net of pension plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
<i>Other Assumptions:</i>	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2016 through June 30, 2019 Actuarial Experience Study dated August 3, 2020. Unless otherwise noted, all actuarial assumptions and methods apply to members for all tiers. These assumptions were adopted by the Board.

The Entry Age Actuarial Cost Method used in KCERA's annual actuarial valuation has also been applied in measuring the Service Cost and TPL with one exception. For purposes of measuring the Service Cost and TPL, KCERA has reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the Normal Cost and Actuarial Accrued Liability are determined as if the current benefit accrual rate had always been in effect.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the chart on page 16.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Weighted Average
Global Equity	37%	7.05%	2.60%
Core Fixed Income	14%	1.97%	0.28%
High Yield Corporate Credit	6%	4.63%	0.28%
Emerging Market Debt Blend (Hard)	2%	4.72%	0.09%
Emerging Market Debt Blend (Local)	2%	4.53%	0.09%
Commodities	4%	4.21%	0.17%
Core Real Estate	5%	3.86%	0.19%
Value Added Real Estate	5%	6.70%	0.34%
Midstream	5%	8.00%	0.40%
Capital Efficiency Alpha Pool	8%	3.10%	0.25%
Hedge Funds	10%	3.10%	0.31%
Private Equity	5%	10.27%	0.51%
Private Credit	5%	6.97%	0.35%
Cash	(8)%	0.63%	(0.05)%
Inflation			2.50%
Total	100%		8.31%

Note 5 – DISCOUNT RATE

The discount rate used to measure the TPL was 7.00% as of June 30, 2023 and 7.25% as of June 20, 2022. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions 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 both June 30, 2023 and June 30, 2022.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and Supplemental Retiree Benefit Reserve SRBR asset pools.

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability as of June 30, 2023, calculated using a discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one point lower (6.00%) or one point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2023	\$3,549,044,545	\$2,516,343,334	\$1,667,639,118

Note 6 - AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

There are changes in each employer’s proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2023. 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 is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 4.64 years determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023).

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2025	\$ 67,269,950
2026	\$ 7,826,347
2027	\$ 156,924,379
2028	\$ 34,212,527
2029	\$ —
Thereafter	\$ —

Note 7 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (including the disclosure of the Net Pension Liability and the unmodified audit opinion on the financial statements) is located in the Kern County Employees’ Retirement Association’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The supporting actuarial information is included in the Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2023 and Governmental Accounting Standard (GAS) 68 Actuarial Valuation as of June 30, 2023. The additional financial and actuarial information is available at www.kcera.org or by contacting KCERA’s office, 11125 River Run Blvd., Bakersfield, CA 93311, or by calling (661) 381-7700.

May 14, 2024

Board of Retirement
Kern County Employees' Retirement Association
Bakersfield, California

We have audited the schedule of employer allocations and the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense included in the schedule of pension amounts by employer as of and for the year ended June 30, 2023, and net pension liability as of June 30, 2022 (the Schedules) of the Kern County Employees' Retirement Association (KCERA), and the related notes and have issued our report thereon dated May 14, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by KCERA are described in the related notes to the Schedules. We noted no transactions entered into by KCERA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Schedules in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the Schedules prepared by management and are based on management's 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 Schedules and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Schedules is related to the actuarial valuation of the total pension liability.

The actuarial valuation was based on the actuarial assumptions and methods adopted by the Board, including an actuarial expected investment rate of return of 7.00% per annum compounded annually. In accordance with GASB 67, the total pension liability of the defined benefit pension plan was calculated with the most recently available actuarial valuation dated June 30, 2022, rolled forward to the measurement date of June 30, 2023. We evaluated the key factors and assumptions used to develop the estimate of the total pension liability in determining that it is reasonable in relation to the Schedules taken as a whole.

The Schedules' Disclosures

There were no particularly sensitive disclosures.

The disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated May 14, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to KCERA's Schedules or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Restriction on Use

This information is intended solely for the information and use of the Board of Retirement and management of KCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

UHY LLP

Columbia, Maryland



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

May 14, 2024

UHY LLP
8601 Robert Fulton Drive
Columbia, Maryland 21046

This representation letter is provided in connection with your audit of the schedules of employer allocations and pension amounts by employer (the schedules) of the Kern County Employees' Retirement Association (KCERA) as of June 30, 2023, and pension liability as of June 30, 2022, and the related notes to the schedules, for the purpose of expressing opinions as to whether schedules are presented fairly, in all material respects, in accordance with accounting principles generally accepted 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 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 6, 2024, the following representations made to you during your audit.

Schedules

- 1) We have fulfilled our responsibilities, as set out in the terms of our contract dated June 14, 2023 and management acknowledgement letter dated March 19, 2024, including our responsibility for the preparation and fair presentation of the schedules in accordance with U.S. GAAP.
- 2) The schedules referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All significant KCERA amendments, adopted during the period or subsequent to the date of the schedules, and their effects on benefits and fiduciary net position have been disclosed in the schedules.
- 8) No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the schedules.

- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the schedules in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fiduciary net position.
- 11) With respect to actuarial assumptions and valuations:
 - a) We agree with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the total pension liability and have no knowledge or belief that would make such methods or assumptions inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the actuary.
 - b) There were no omissions from the participant data provided to the actuary for the purpose of determining the total pension liability and other actuarially determined amounts in the schedules.
 - c) There have been no changes in the actuarial methods or assumptions used in calculating the amounts recorded or disclosed in the schedules, except as made known to you and disclosed in the schedules.
 - d) There have been no changes in plan provisions between the actuarial valuation date and the date of this letter, except as made known to you and disclosed in the schedules.
- 12) We believe the plan and trust are qualified under the appropriate section of the Internal Revenue Code, and we intend to continue them as a qualified plan and trust.
- 13) We are not aware of any present legislative intentions to terminate the plans.
- 14) There are no material concentrations to be properly disclosed in accordance with U.S. GAAP. We understand that concentrations include the nature and type of investments held by the entity, or markets for which events could occur which would significantly disrupt normal finances within the next year.

Information Provided

- 15) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the schedules, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within KCERA from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Retirement or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 16) All material transactions have been recorded in the accounting records and are reflected in the schedules.
- 17) We have disclosed to you the results of our assessment of the risk that the schedules may be materially misstated as a result of fraud.
- 18) We have no knowledge of any fraud or suspected fraud that affect KCERA and involve—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the schedules.

- 19) We have no knowledge of any allegations of fraud or suspected fraud affecting KCERA's schedules communicated by employees, former employees, regulators, or others.
- 20) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing schedules.
- 21) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the schedules, and we have disclosed to you any material consultations with our General Counsel or outside lawyers concerning litigation, claims, or assessments.
- 22) We have disclosed to you the names of KCERA's related parties and all the related party relationships and transactions, including any side agreements.
- 23) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 24) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 25) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 26) KCERA has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.
- 27) We are responsible for compliance with the laws, regulations, and provisions of contracts applicable to us, including debt limits or debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts agreements, or debt limits, and any related debt covenants whose effects should be considered for disclosure in the schedules, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) KCERA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) KCERA has complied with all aspects of contractual agreements that would have a material effect on the schedules in the event of noncompliance.
- 31) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: *Dominic D. Brown*

Title: CEO

Signature: *Angela Kruger*

Title: CFO

Kern County Employees' Retirement Association

Governmental Accounting Standards Board Statement No. 68 (GAS 68) Actuarial Valuation

Actuarial Valuation based on June 30, 2023 Measurement
Date for Employer Reporting as of June 30, 2024



This report has been prepared at the request of the Board of Retirement to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the KCERA pension plan. 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.

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Segal



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T 415.263.8200

April 29, 2024

Board of Retirement
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

Dear Board Members:

We are pleased to submit this Governmental Accounting Standard (GAS) 68 Actuarial Valuation based on a June 30, 2023 measurement date for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order for Kern County Employees' Retirement Association (KCERA) employers to comply with GAS 68.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the KCERA pension plan. The census and financial information on which our calculations were based was provided by KCERA. 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 directed under the supervision of Molly Calcagno, ASA, MAAA 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. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Association and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

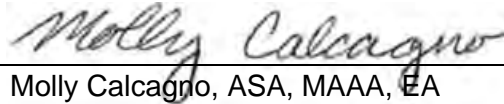
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

ST/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 Statement 68 (GAS 68) for employer reporting as of as of June 30, 2024. The results used in preparing this GAS 68 report are comparable to those used in preparing the Governmental Accounting Standards Board Statement 67 (GAS 67) report for the plan based on a reporting date and a measurement date as of June 30, 2023. This valuation is based on:

- The benefit provisions of KCERA, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2022, provided by KCERA;
- The assets of the Plan as of June 30, 2023, provided by KCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the June 30, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the June 30, 2023 valuation.

General observations on the GAS 68 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for actual 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 KCERA 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 KCERA's 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 Plan's Fiduciary Net Position includes assets held for the Supplemental Retiree Benefit Reserve (SRBR). The TPL reflects all future projected benefits expected to be paid from the SRBR for members as of the valuation date.

Section 1: Actuarial Valuation Summary

- 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. The exception is that the NPL is reduced by the excess of the SRBR assets over the TPL associated with the SRBR benefits.

Highlights of the valuation

- For this report, the reporting dates for the employer are June 30, 2024 and June 30, 2023. The NPL was measured as of June 30, 2023 and June 30, 2022, respectively, and was determined based upon rolling forward the results from actuarial valuations as of June 30, 2022 and June 30, 2021. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 and June 30, 2022 are not adjusted or rolled forward to the June 30, 2024 and June 30, 2023 reporting dates, respectively.
- The NPL increased from \$2.38 billion as of June 30, 2022 to \$2.52 billion as of June 30, 2023 primarily due to the changes in actuarial assumptions and the 5.96% return on the market value of assets during 2022-2023 (that was lower than the assumed return of 7.25%), offset to some extent by gains from retirement experience during 2021-2022 (because liabilities are rolled forward from June 30, 2022 to June 30, 2023, this change is not reflected until this valuation as of June 30, 2023). Changes in these values during the last two fiscal years ending June 30, 2023 and June 30, 2022 can be found in *Section 2, Schedule of changes in Net Pension Liability* on page 22.
- All results shown in this report are on a combined basis including both the regular statutory (non-SRBR) benefits and the SRBR benefits. For purposes of illustration, separate values for the TPL, Plan's Fiduciary Net Position and NPL for the regular statutory (non-SRBR) benefits and the SRBR benefits as of June 30, 2023 are shown in the table below:

	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability (TPL)	\$7,791,557,918	\$111,366,610	\$7,902,924,528
Plan's Fiduciary Net Position¹	5,252,882,900	133,698,294	5,386,581,194
Net Pension Liability (NPL)	2,538,675,018	(22,331,684)	2,516,343,334

¹ The total Fiduciary Net Position of \$5,386,581,194 as of June 30, 2023 is equal to the final market value of assets in the Pension Trust Fund as of June 30, 2023. This differs from the \$5,381,286,859 market value of assets used in our June 30, 2023 funding valuation because our funding valuation was based on the preliminary market value of assets provided in the unaudited financial statements.

Section 1: Actuarial Valuation Summary

4. The pension expense increased from \$255.7 million as of June 30, 2022 to \$309.4 million as of June 30, 2023. The primary cause of the increase is a result of natural changes in the components of the pension expense as well as new expense from the assumption changes. A breakdown of the pension expense for the last two fiscal years can be found in *Section 2, Pension Expense* on page 36.
5. The discount rate originally used to determine the TPL and NPL as of June 30, 2023 was 7.25%, following the same assumption used by the Association in the funding valuation as of June 30, 2022. However, as the Board has approved a new set of actuarial assumptions (including a new discount rate of 7.00%) for use in the funding valuation as of June 30, 2023, we have estimated the impact of these assumption changes by (1) revaluing the TPL as of June 30, 2022 (before the roll forward) and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The detailed derivation of the discount rate of 7.00% used in the calculation of the TPL and NPL as of June 30, 2023 can be found in *Section 3, Appendix A*. The discount rate assumption has been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and SRBR asset pools. Various other information that is required to be disclosed can be found throughout *Section 2*.
6. As discussed in our letter dated September 11, 2015 regarding the treatment of the SRBR for financial reporting purposes, Actuarial Standard of Practice (ASOP) No. 4 (“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”) states that some plan provisions, including “gain sharing” provisions, “may create pension obligations that are difficult to appropriately measure using traditional valuation procedures.” ASOP No. 4 further states that “for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling... to reflect the impact of variations in experience from year to year.” The 50% allocation of future excess earnings to the SRBR for KCERA is a clear example of the gain sharing provisions referenced by ASOP No. 4.

After several meetings with KCERA and its auditors, and based on information regarding another SRBR system that included discussions with GASB staff, it was previously determined that future allocations to the SRBR should be treated as an additional “outflow” (i.e., assets not available to fund the benefits included in the determination of the TPL) against the Plan’s Fiduciary Net Position in the GASB crossover test² (see *Section 3, Appendix A*).

However, as noted earlier in this report, the Plan’s Fiduciary Net Position includes assets held for the SRBR, and the TPL includes all projected future benefits expected to be paid from the SRBR for members as of the valuation date. This treatment was also discussed with KCERA and its auditors and determined to be appropriate. Therefore, any outflows due to the 50/50 excess earnings allocation would not affect the outcome of the crossover test since the crossover test is performed based on the combined results of the statutory (non-SRBR) benefits and the SRBR.

² The purpose of the GASB crossover test is to determine if the full expected return (or 7.00% in this case) can be used as the discount rate to determine the TPL and the NPL. That is, if there is no crossover point where the projected benefit payments would exceed the Plan’s Fiduciary Net Position, then the full expected return assumption can be used. As detailed later in this report, KCERA does pass the crossover test, which means that the full 7.00% investment rate of return assumption can be used as the discount rate to determine the TPL and the resulting NPL.

Section 1: Actuarial Valuation Summary

7. Based on discussions with KCERA and their auditors, starting with the June 30, 2016 measurement date for the employers, employer paid member contributions are excluded from employer contributions in the determination of the Actuarially Determined Contribution (ADC). The amount of employer paid member contributions was estimated by first determining what the employer contribution rates would have been during the year, excluding any employer paid member contributions. The actual employer contribution rates were then adjusted by the ratio of the employer contribution rates determined above and the employer contribution rates determined in the annual actuarial valuation. The result is the employer contributions excluding any employer paid member contributions. This change has not been applied on a retroactive basis prior to the 2015-2016 fiscal year.
8. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2023. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.
9. Due to the implementation of the Declining Employer Payroll Policy, the NPL as of June 30, 2022 and June 30, 2023 for Berrenda Mesa Water District and Inyokern Community Services District was determined based on rolling forward the results from the actuarial valuations as of June 30, 2021 and June 30, 2022, respectively, and allocating a portion of the Plan's Fiduciary Net Position as of June 30, 2022 and June 30, 2023, respectively, based on the valuation value of assets allocated to these employers as of the same dates.
10. The Safety membership class has only one employer (Kern County), so all of the NPL for Safety as of both June 30, 2022 and June 30, 2023 is allocated to the County.

For General and District, the NPL as of June 30, 2022 and June 30, 2023 is allocated based on the actual payroll within the General and District membership classes for 2021-2022 and 2022-2023, respectively. The steps we used are as follows:

- Calculate ratio of employer's payroll to the total payroll for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.³

The negative NPL associated with the SRBR is allocated based on the proportionate share of the non-SRBR NPL for each employer within KCERA.

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 *Section 2, Determination of proportionate share*.

11. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2023. 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 is based on Plan data as of June 30, 2022 and it does not include any possible short-term or long-term

³ For the District, the ratio used to multiply the NPL is the employer's payroll to the total payroll (less the payroll for Berrenda Mesa Water District and Inyokern Community Services District). The NPL allocated is the total District NPL (less the NPL for Berrenda Mesa Water District and Inyokern Community Services District).

Section 1: Actuarial Valuation Summary

impacts on mortality of the covered population that may emerge after June 30, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Reporting Date for Employer under GAS 68		June 30, 2024 ¹	June 30, 2023 ¹
Measurement Date for Employer under GAS 68		June 30, 2023	June 30, 2022
Disclosure elements for plan year ending June 30:	• Service cost ²	\$119,519,579	\$118,979,049
	• Total Pension Liability	7,902,924,528	7,510,905,541
	• Plan's Fiduciary Net Position	5,386,581,194	5,131,128,660
	• Net Pension Liability	2,516,343,334	2,379,776,881
	• Pension expense	309,448,006	255,707,142
Schedule of contributions for plan year ending June 30:	• Actuarially determined contributions ³	\$316,838,000	\$287,063,000
	• Actual employer contributions ³	316,838,000	287,063,000
	• Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:⁴	• Number of retired members and beneficiaries	9,156	9,015
	• Number of inactive vested members ⁵	4,391	4,015
	• Number of active members	9,557	9,076
Key assumptions as of June 30:	• Investment rate of return	7.00%	7.25%
	• Inflation rate	2.50%	2.75%
	• Real across-the-board salary increase	0.50%	0.50%
	• Projected salary increases ⁶	General: 3.70% to 8.00% and Safety: 4.00% to 10.00%	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%
	• Cost of living adjustments	2.50%	2.50%

¹ The reporting dates and measurement dates for the plan are June 30, 2023 and June 30, 2022, respectively.

² Excludes administrative expense load. The service cost is based on the previous year's valuation, meaning the June 30, 2023 and June 30, 2022 values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively. Both service costs have been calculated using the assumptions shown in the June 30, 2022 column, as there had been no changes in the actuarial assumptions between the June 30, 2021 and June 30, 2022 valuations.

³ See footnote (1) under *Section 2, Schedule of contributions* on page 23.

⁴ Data as of June 30, 2022 is used in the measurement of the TPL as of June 30, 2023.

⁵ Includes terminated members due a refund of member contributions.

⁶ Includes inflation at 2.50% plus real across-the-board salary increase of 0.50% plus merit and promotional increases that vary by service for the June 30, 2023 measurement date and includes inflation at 2.75% plus real across-the-board salary increase of 0.50% plus merit and promotional increases that vary by service for the June 30, 2022 measurement date.

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 provisions	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 (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant information	An actuarial valuation for a plan is based on data provided to the actuary by KCERA. 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 measurement date, as provided by KCERA.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted 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. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
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.

Actuarial results in this report are not rounded, but that does not imply precision.

If KCERA 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 Association should look to their other advisors for expertise in these areas.

While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

Segal's report shall be deemed to be final and accepted by KCERA upon delivery and review. KCERA should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of KCERA, it is not a fiduciary in its capacity as actuaries and consultants with respect to KCERA.

Section 2: GAS 68 Information

General information about the pension plan

Plan Description

Plan administration. The Kern County Employees' Retirement Association (KCERA) was established by the County of Kern in 1945. KCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.), the California Public Employees' Pension Reform Act (CalPEPRA) and the bylaws, procedures and policies adopted by the KCERA Board. KCERA is a cost-sharing multiple employer defined benefit public employee retirement system whose main function is to provide retirement, disability, death, beneficiary, cost-of-living and supplemental retirement benefits to the General and Safety members employed by the County of Kern. KCERA also provides retirement benefits to the employee members of the Berrenda Mesa Water District, Buttonwillow Recreation and Park District, East Kern Cemetery District, Inyokern Community Services District, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Unified Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, West Side Recreation and Park District, the Kern County Superior Court, and the Kern County Hospital Authority.

The management of KCERA is vested with the KCERA Board of Retirement. The Board consists of nine members and two alternate members. The County Treasurer is elected by the general public and 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 member are elected by the safety membership; and one member and one alternate member are elected by the retired members of the Association. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his term as County Treasurer.

Plan membership. At June 30, 2023, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	9,156
Inactive vested members entitled to, but not yet receiving benefits ¹	4,391
Active members	9,557
Total	23,104

¹ Includes terminated members due a refund of member contributions.

Note: Data as of June 30, 2023 is not used in the measurement of the TPL as of June 30, 2023.

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Benefits provided. KCERA provides retirement, disability, beneficiary, cost-of-living and supplemental retirement benefits to eligible employees. All regular full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the first full biweekly payroll period following the date of employment. There are separate retirement benefits for General and Safety members. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers.

General members (excluding Tier III) are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire once they have attained the age of 70 regardless of service or at age 52 and have acquired 5 or more years of retirement service credit.

Safety members are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age.

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 for Tier I and Tier II are calculated pursuant to the provisions of California Government Code Sections 31676.17 and 31676.01, respectively. The monthly allowance is equal to 1/50th of final average compensation times years of accrued retirement service credit times age factor from Section 31676.17 (Tier I) or 1/90th of final average compensation times years of accrued retirement service credit times age factor from Section 31676.01 (Tier II). General Tier III member benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final average compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety member benefits for Tier I and Tier II are calculated pursuant to the provisions of California Government Code Sections 31664.1 and 31664, respectively. The monthly allowance is equal to 3% of final average compensation times years of accrued retirement service credit times age factor from 31664.1 (Tier I) or 1/50th (or 2%) of final average compensation times years of accrued retirement service credit times age factor from Section 31664 (Tier II).

For members in Tier I or Tier II, the maximum monthly retirement allowance is 100% of final average compensation. There is no final average compensation limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2023 for members in Tier I or Tier II is \$330,000. For General Tier III members who are enrolled in Social Security, the maximum amount of pensionable compensation that can be taken into account for 2023 is equal to \$146,042 (\$175,250 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Section 2: GAS 68 Information

Final average compensation consists of the highest 12 consecutive months of pensionable pay for a General Tier I or Tier IIA member or a Safety Tier I or Tier IIA member and the highest 36 consecutive months of pensionable pay for a General Tier IIB or Tier III member or a Safety Tier IIB 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 on or prior to the date of death. 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 to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

KCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the ratio of the past two Consumer Price Indices for the Los Angeles-Long Beach-Anaheim Area, is capped at 2.5%.

The County of Kern and contracting districts 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 KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation and after reflecting the phase-in of the impact of the assumption changes for the County Safety cost group) was 48.91% of compensation.

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation) was 6.82% of compensation.

Section 2: GAS 68 Information

Net Pension Liability

The components of the Net Pension Liability were as follows:

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Total Pension Liability	\$7,902,924,528	\$7,510,905,541
Plan's Fiduciary Net Position	<u>5,386,581,194</u>	<u>5,131,128,660</u>
Net Pension Liability	\$2,516,343,334	\$2,379,776,881
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	68.16%	68.32%

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2023 and June 30, 2022. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2022 and June 30, 2021, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2023 and June 30, 2022 are the same as those used in the KCERA actuarial valuations as of June 30, 2023 and June 30, 2022, respectively. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR).

Actuarial assumptions and actuarial cost method. The TPLs as of June 30, 2023 was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward) to include the following actuarial assumptions and actuarial cost method that the Retirement Board has adopted for use in the June 30, 2023 funding valuation and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The actuarial assumptions used in the June 30, 2023 funding valuation were based on the result of an experience study for the period from July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the June 30, 2023 measurement:

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Investment rate of return:	7.00%, net of pension plan investment expense, including inflation.
Inflation rate:	2.50%
Administrative expenses:	0.95% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 3.70% to 8.00% and Safety: 4.00% to 10.00%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	Retiree COLA increases due to CPI are assumed to be 2.50%.
Other assumptions:	Same as those used in the June 30, 2023 funding valuations. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2019 through June 30, 2022.

The TPL as of June 30, 2022 that was measured by the actuarial valuation as of June 30, 2021 used the same actuarial assumptions and actuarial cost method as the June 30, 2022 funding valuation. The actuarial assumptions used in the June 30, 2022 funding valuation were based on the result of an experience study for the period from July 1, 2016 through June 30, 2019. In particular, the following actuarial assumptions were applied to all periods included in the June 30, 2022 measurement:

Investment rate of return:	7.25%, net of pension plan investment expense, including inflation.
Inflation rate:	2.75%
Administrative expenses:	0.90% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
Real across-the-board salary increase:	0.50%
Projected salary increases:	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%, varying by service, including inflation and real across-the-board salary increase
Cost of living adjustments (COLA):	Retiree COLA increases due to CPI are assumed to be 2.50%.
Other assumptions:	Same as those used in the June 30, 2022 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2016 through June 30, 2019.

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The Entry Age Actuarial Cost Method used in KCERA's annual actuarial valuation has also been applied in measuring the service cost and TPL with one exception. For purposes of measuring the service cost and TPL, we have reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the Normal Cost is determined as if the current benefit accrual rate had always been in effect.

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Determination of discount rate and investment rates of return

In the most recent experience study performed in 2023, the long-term expected rate of return on pension plan investments was determined using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023 this portfolio return is also adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following tables. For June 30, 2022 these rates are before deducting investment management expenses while for June 30, 2023 they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 and June 30, 2022 actuarial valuations. This information will change every three years based on the actuarial experience study.

June 30, 2023

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	37%	7.05%
Core Fixed Income	14%	1.97%
High Yield Corporate Credit	6%	4.63%
Emerging Market Debt (Hard)	2%	4.72%
Emerging Market Debt (Local)	2%	4.53%
Commodities	4%	4.21%
Core Real Estate	5%	3.86%
Value Added Real Estate	5%	6.70%
Midstream	5%	8.00%
Capital Efficiency Alpha Pool	8%	3.10%
Hedge Fund	10%	3.10%
Private Equity	5%	10.27%
Private Credit	5%	6.97%
Cash	-8%	0.63%
Total	100%	5.81%

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June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	37%	6.51%
Core Fixed Income	14%	1.09%
High Yield Corporate Credit	6%	3.38%
Emerging Market Debt Blend	4%	3.41%
Commodities	4%	3.08%
Core Real Estate	5%	4.59%
Private Real Estate	5%	9.50%
Midstream	5%	8.20%
Capital Efficiency Alpha Pool	5%	2.40%
Hedge Fund	10%	2.40%
Private Equity	5%	9.40%
Private Credit	5%	5.60%
Cash	-5%	0.00%
Total	100%	5.25%

Discount rate. The discount rate used to measure the TPL was 7.00% as of June 30, 2023 and 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rates 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 employee and 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 June 30, 2023 and June 30, 2022.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and Supplement Retirement Benefit Reserve (SRBR) asset pools.

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Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL of the KCERA as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the KCERA's 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%)
Kern County	\$2,687,248,188	\$1,905,312,538	\$1,262,694,829
Kern County Hospital Authority	485,807,297	344,447,058	228,273,058
Kern County Superior Courts	144,275,873	102,294,470	67,792,919
Berrenda Mesa Water District	5,590,575	3,963,829	2,626,921
Buttonwillow Recreation and Park District	456,647	323,772	214,571
East Kern Cemetery District	790,569	560,529	371,476
Inyokern Community Services District	187,167	132,705	87,947
Kern County Water Agency	34,841,538	24,703,345	16,371,480
Kern Mosquito and Vector Control District	7,362,847	5,220,405	3,459,684
North of the River Sanitation District	7,017,861	4,975,803	3,297,580
San Joaquin Valley Unified Air Pollution Control District	169,188,820	119,958,246	79,499,113
Shafter Recreation and Park District	990,416	702,225	465,381
West Side Cemetery District	1,094,359	775,922	514,222
West Side Mosquito and Vector Control District	2,361,880	1,674,620	1,109,810
West Side Recreation and Park District	<u>1,830,508</u>	<u>1,297,867</u>	<u>860,127</u>
Total for all Employers	\$3,549,044,545	\$2,516,343,334	\$1,667,639,118

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Schedule of changes in Net Pension Liability – Last two fiscal years

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Total Pension Liability		
• Service cost	\$119,519,579	\$118,979,049
• Interest	538,058,603	523,871,953
• Change of benefit terms	0	30,437,639
• Differences between expected and actual experience	(33,519,899)	(69,170,152)
• Changes of assumptions	185,815,002	0
• Benefit payments, including refunds of member contributions	<u>(417,854,298)</u>	<u>(400,107,882)</u>
Net change in Total Pension Liability	\$392,018,987	\$204,010,607
Total Pension Liability – beginning	<u>7,510,905,541</u>	<u>7,306,894,934</u>
Total Pension Liability – ending (a)	<u>\$7,902,924,528</u>	<u>\$7,510,905,541</u>
Plan’s Fiduciary Net Position		
• Contributions – employer ¹	\$316,837,594	\$287,063,044
• Contributions – employee ¹	59,521,508	54,514,264
• Net investment income	304,207,898	(219,947,045)
• Benefit payments, including refunds of member contributions	(417,854,298)	(400,107,882)
• Administrative expense	(7,260,168)	(6,702,394)
• Other	<u>0</u>	<u>(1,204,506)</u> ²
Net change in Plan’s Fiduciary Net Position	\$255,452,534	\$(286,384,519)
Plan’s Fiduciary Net Position – beginning	<u>5,131,128,660</u>	<u>5,417,513,179</u>
Plan’s Fiduciary Net Position – ending (b)	<u>\$5,386,581,194</u>	<u>\$5,131,128,660</u>
Net Pension Liability – ending (a) – (b)	<u>\$2,516,343,334</u>	<u>\$2,379,776,881</u>
Plan’s Fiduciary Net Position as a percentage of the Total Pension Liability	68.16%	68.32%
Covered payroll ³	\$677,026,425	\$612,609,249
Net Pension Liability as percentage of covered payroll	371.68%	388.47%

¹ See footnote (1) under *Section 2, Schedule of contributions* on page 23.

² This represents the amount of recovery or refunds of benefits and/or member contributions previously paid in conjunction with PEPRA implementation and pay items impacted by the implementation of the Alameda decision.

³ Covered payroll represents payroll on which contributions to the pension plan are based.

Notes to Schedule: Benefit changes: None.

Section 2: GAS 68 Information

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions ¹	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll
2014	\$220,393,000	\$220,393,000	\$0	\$533,850,811	41.28%
2015	215,477,000	215,477,000	0	531,598,183	40.53%
2016	216,229,000	216,229,000	0	537,539,991	40.23%
2017	224,351,000	224,351,000	0	546,671,003	41.04%
2018	242,534,000	242,534,000	0	576,728,789	42.05%
2019	229,120,000	229,120,000	0	579,071,865	39.57%
2020	273,909,000	273,909,000	0	607,695,110	45.07%
2021	268,626,000	268,626,000	0	604,320,398	44.45%
2022	287,063,000	287,063,000	0	612,609,249	46.86%
2023	316,838,000	316,838,000	0	677,026,425	46.80%

¹ All "Actuarially Determined Contributions" through June 30, 2014 were determined as the "Annual Required Contribution" under GAS 25 and 27. Starting from 2016, actuarially determined contributions exclude employer paid member contributions.

² Covered payroll represents payroll on which contributions to the pension plan are based.

See accompanying notes to this schedule on next page.

Section 2: GAS 68 Information

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level percent of payroll for total unfunded liability
Remaining amortization period:	12.5 years as of June 30, 2023 for all UAAL as of June 30, 2011. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
Asset valuation method:	Market value of assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized semi-annually over a five-year period. The AVA cannot be less than 50% of MVA, nor greater than 150% of MVA. The Actuarial Value of Assets (AVA) is reduced by the value of the non-valuation reserves.

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Actuarial assumptions:

Valuation Date:	June 30, 2021 Valuation Date (used for the year ended June 30, 2023 ADC)
Investment rate of return:	7.25%, net of pension plan investment expenses, including inflation
Inflation rate:	2.75%
Administrative expense:	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member
Real across-the-board salary increase:	0.50%
Projected salary increases:¹	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%
Cost of living adjustments:	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)
Other assumptions:	Same as those used in the June 30, 2021 funding actuarial valuation

¹ Includes inflation at 2.75% plus real across-the-board salary increase of 0.50% plus merit and promotional increases that vary by service.

Section 2: GAS 68 Information

Determination of proportionate share

Actual Payroll by Employer and Membership Class
July 1, 2021 to June 30, 2022
for Proportionate Share as of June 30, 2022 Measurement Date

Employer	General	General Percentage ¹	Safety	Safety Percentage	District	District Percentage ¹	Total	Total Percentage
Kern County	\$298,565,177	68.400%	\$137,577,656	100.000%	\$0	0.000%	\$436,142,833	71.194%
Kern County Hospital Authority	106,790,632	24.465%	0	0.000%	0	0.000%	106,790,632	17.432%
Kern County Superior Courts	31,144,579	7.135%	0	0.000%	0	0.000%	31,144,579	5.084%
Berrenda Mesa Water District	0	0.000%	0	0.000%	179,557	0.466%	179,557	0.029%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	38,334	0.099%	38,334	0.006%
East Kern Cemetery District	0	0.000%	0	0.000%	133,916	0.348%	133,916	0.022%
Inyokern Community Services District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
Kern County Water Agency	0	0.000%	0	0.000%	6,075,829	15.769%	6,075,829	0.992%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,345,994	3.493%	1,345,994	0.220%
North of the River Sanitation District	0	0.000%	0	0.000%	1,230,032	3.192%	1,230,032	0.201%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	28,344,293	73.562%	28,344,293	4.627%
Shafter Recreation and Park District	0	0.000%	0	0.000%	161,443	0.419%	161,443	0.026%
West Side Cemetery District	0	0.000%	0	0.000%	233,990	0.607%	233,990	0.038%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	405,370	1.052%	405,370	0.066%
West Side Recreation and Park District	0	0.000%	0	0.000%	382,447	0.993%	382,447	0.062%
Total for all Employers	\$436,500,388	100.000%	\$137,577,656	100.000%	\$38,531,205	100.000%	\$612,609,249	100.000%

¹ The unrounded percentages are used in the allocation of the NPL amongst the General and District employers.

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2022 Net Pension Liability

Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$975,200,025	68.400%	\$817,929,838	100.000%	\$0	0.000%	\$1,793,129,863	74.612%
Kern County Hospital Authority	348,809,021	24.465%	0	0.000%	0	0.000%	348,809,021	14.514%
Kern County Superior Courts	101,727,182	7.135%	0	0.000%	0	0.000%	101,727,182	4.233%
Berrenda Mesa Water District	0	0.000%	0	0.000%	4,097,039	2.567%	4,097,039	0.170%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	155,322	0.097%	155,322	0.006%
East Kern Cemetery District	0	0.000%	0	0.000%	542,602	0.340%	542,602	0.023%
Inyokern Community Services District	0	0.000%	0	0.000%	114,243	0.072%	114,243	0.005%
Kern County Water Agency	0	0.000%	0	0.000%	24,618,107	15.424%	24,618,107	1.024%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	5,453,712	3.417%	5,453,712	0.227%
North of the River Sanitation District	0	0.000%	0	0.000%	4,983,856	3.123%	4,983,856	0.207%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	114,845,699	71.956%	114,845,699	4.779%
Shafter Recreation and Park District	0	0.000%	0	0.000%	654,136	0.410%	654,136	0.027%
West Side Cemetery District	0	0.000%	0	0.000%	948,083	0.594%	948,083	0.039%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	1,642,482	1.029%	1,642,482	0.068%
West Side Recreation and Park District	0	0.000%	0	0.000%	1,549,603	0.971%	1,549,603	0.064%
Total for all Employers	\$1,425,736,228	100.000%	\$817,929,838	100.000%	\$159,604,884	100.000%	\$2,403,270,950	100.000%

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2022 Net Pension Liability

Employer	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(17,529,408)	74.612%	\$1,775,600,455	74.612%
Kern County Hospital Authority	(3,409,912)	14.514%	345,399,109	14.514%
Kern County Superior Courts	(994,472)	4.233%	100,732,710	4.233%
Berrenda Mesa Water District	(40,052)	0.170%	4,056,987	0.170%
Buttonwillow Recreation and Park District	(1,518)	0.006%	153,804	0.006%
East Kern Cemetery District	(5,304)	0.023%	537,298	0.023%
Inyokern Community Services District	(1,117)	0.005%	113,126	0.005%
Kern County Water Agency	(240,663)	1.024%	24,377,444	1.024%
Kern Mosquito and Vector Control District	(53,315)	0.227%	5,400,397	0.227%
North of the River Sanitation District	(48,722)	0.207%	4,935,134	0.207%
San Joaquin Valley Unified Air Pollution Control District	(1,122,717)	4.779%	113,722,982	4.779%
Shafter Recreation and Park District	(6,395)	0.027%	647,741	0.027%
West Side Cemetery District	(9,268)	0.039%	938,815	0.039%
West Side Mosquito and Vector Control District	(16,057)	0.068%	1,626,425	0.068%
West Side Recreation and Park District	(15,149)	0.064%	1,534,454	0.064%
Total for all Employers	\$(23,494,069)	100.000%	\$2,379,776,881	100.000%

Note: Results may not total due to rounding.

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Notes:

Based on the July 1, 2021 through June 30, 2022 actual payroll as provided by KCERA.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding the SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets. Note that the NPL for Berrenda Mesa Water District and Inyokern Community Services District is calculated for each employer separately using the methodology described below.

Due to the implementation of the Declining Employer Payroll Policy, the NPL as of June 30, 2022 for Berrenda Mesa Water District and Inyokern Community Services District was determined based on rolling forward the results from the actuarial valuation as of June 30, 2021 and allocating a portion of the Plan's Fiduciary Net Position as of June 30, 2022 based on the valuation value of assets allocated to these employers as of the same dates.

The Safety membership class has only one employer (Kern County), so all of the NPL for Safety is allocated to the County.

For General and District, the NPL is allocated based on the actual payroll within the General and District membership classes, respectively.

- Calculate ratio of employer's payroll to the total payroll for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.¹

The NPL associated with the SRBR is allocated based on the proportionate share of the non-SRBR NPL for each employer within KCERA.

If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. 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 purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2023. The reporting date and measurement date for the plan under GAS 67 are June 30, 2022. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2022 are not adjusted or "rolled forward" to June 30, 2023. Other results such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

¹ For the District, the ratio used to multiply the NPL is the employer's payroll to the total payroll (less the payroll for Berrenda Mesa Water District and Inyokern Community Services District). The NPL allocated is the total District NPL (less the NPL for Berrenda Mesa Water District and Inyokern Community Services District).

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Notes (continued):

The following items are allocated based on the corresponding proportionate share:

- 1) Net Pension Liability
- 2) Service cost
- 3) Interest on the Total Pension Liability
- 4) Current-period benefit changes
- 5) Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- 6) Expensed portion of current-period changes of assumptions or other inputs
- 7) Member contributions
- 8) Projected earnings on plan investments
- 9) Expensed portion of current-period differences between actual and projected earnings on plan investments
- 10) Administrative expense
- 11) Other
- 12) Recognition of beginning of year deferred outflows of resources as pension expense
- 13) Recognition of beginning of year deferred inflows of resources as pension expense

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Actual Payroll by Employer and Membership Class
July 1, 2022 to June 30, 2023
for Proportionate Share as of June 30, 2023 Measurement Date

Employer	General	General Percentage ¹	Safety	Safety Percentage	District	District Percentage ¹	Total	Total Percentage
Kern County	\$335,693,777	68.873%	\$148,633,089	100.000%	\$0	0.000%	\$484,326,866	71.537%
Kern County Hospital Authority	116,976,730	24.000%	0	0.000%	0	0.000%	116,976,730	17.278%
Kern County Superior Courts	34,739,947	7.127%	0	0.000%	0	0.000%	34,739,947	5.131%
Berrenda Mesa Water District	0	0.000%	0	0.000%	183,116	0.447%	183,116	0.027%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	82,462	0.201%	82,462	0.012%
East Kern Cemetery District	0	0.000%	0	0.000%	142,762	0.348%	142,762	0.021%
Inyokern Community Services District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
Kern County Water Agency	0	0.000%	0	0.000%	6,291,738	15.354%	6,291,738	0.929%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,329,594	3.244%	1,329,594	0.196%
North of the River Sanitation District	0	0.000%	0	0.000%	1,267,296	3.092%	1,267,296	0.187%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	30,552,374	74.549%	30,552,374	4.513%
Shafter Recreation and Park District	0	0.000%	0	0.000%	178,851	0.436%	178,851	0.026%
West Side Cemetery District	0	0.000%	0	0.000%	197,621	0.482%	197,621	0.029%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	426,512	1.041%	426,512	0.063%
West Side Recreation and Park District	0	0.000%	0	0.000%	330,556	0.807%	330,556	0.049%
Total for all Employers	\$487,410,454	100.000%	\$148,633,089	100.000%	\$40,982,882	100.000%	\$677,026,425	100.000%

¹ The unrounded percentages are used in the allocation of the NPL amongst the General and District employers.

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2023 Net Pension Liability

Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$997,248,759	68.873%	\$924,972,775	100.000%	\$0	0.000%	\$1,922,221,534	75.718%
Kern County Hospital Authority	347,503,907	24.000%	0	0.000%	0	0.000%	347,503,907	13.688%
Kern County Superior Courts	103,202,298	7.127%	0	0.000%	0	0.000%	103,202,298	4.065%
Berrenda Mesa Water District	0	0.000%	0	0.000%	3,999,007	2.413%	3,999,007	0.158%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	326,645	0.197%	326,645	0.013%
East Kern Cemetery District	0	0.000%	0	0.000%	565,503	0.341%	565,503	0.022%
Inyokern Community Services District	0	0.000%	0	0.000%	133,883	0.081%	133,883	0.005%
Kern County Water Agency	0	0.000%	0	0.000%	24,922,579	15.036%	24,922,579	0.982%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	5,266,734	3.178%	5,266,734	0.207%
North of the River Sanitation District	0	0.000%	0	0.000%	5,019,962	3.029%	5,019,962	0.198%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	121,022,834	73.016%	121,022,834	4.767%
Shafter Recreation and Park District	0	0.000%	0	0.000%	708,457	0.427%	708,457	0.028%
West Side Cemetery District	0	0.000%	0	0.000%	782,808	0.472%	782,808	0.031%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	1,689,482	1.019%	1,689,482	0.067%
West Side Recreation and Park District	0	0.000%	0	0.000%	1,309,385	0.790%	1,309,385	0.052%
Total for all Employers	\$1,447,954,964	100.000%	\$924,972,775	100.000%	\$165,747,279	100.000%	\$2,538,675,018	100.000%

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Determination of proportionate share (continued)

Allocation of June 30, 2023 Net Pension Liability

Employer	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(16,908,996)	75.718%	\$1,905,312,538	75.718%
Kern County Hospital Authority	(3,056,849)	13.688%	344,447,058	13.688%
Kern County Superior Courts	(907,828)	4.065%	102,294,470	4.065%
Berrenda Mesa Water District	(35,178)	0.158%	3,963,829	0.158%
Buttonwillow Recreation and Park District	(2,873)	0.013%	323,772	0.013%
East Kern Cemetery District	(4,974)	0.022%	560,529	0.022%
Inyokern Community Services District	(1,178)	0.005%	132,705	0.005%
Kern County Water Agency	(219,234)	0.982%	24,703,345	0.982%
Kern Mosquito and Vector Control District	(46,329)	0.207%	5,220,405	0.207%
North of the River Sanitation District	(44,159)	0.198%	4,975,803	0.198%
San Joaquin Valley Unified Air Pollution Control District	(1,064,588)	4.767%	119,958,246	4.767%
Shafter Recreation and Park District	(6,232)	0.028%	702,225	0.028%
West Side Cemetery District	(6,886)	0.031%	775,922	0.031%
West Side Mosquito and Vector Control District	(14,862)	0.067%	1,674,620	0.067%
West Side Recreation and Park District	(11,518)	0.052%	1,297,867	0.052%
Total for all Employers	\$(22,331,684)	100.000%	\$2,516,343,334	100.000%

Note: Results may not total due to rounding.

Section 2: GAS 68 Information

Notes:

Based on the July 1, 2022 through June 30, 2023 actual payroll as provided by KCERA.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding the SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets. Note that the NPL for Berrenda Mesa Water District and Inyokern Community Services District is calculated for each employer separately using the methodology described below.

Due to the implementation of the Declining Employer Payroll Policy, the NPL as of June 30, 2023 for Berrenda Mesa Water District and Inyokern Community Services District was determined based on rolling forward the results from the actuarial valuation as of June 30, 2022 and allocating a portion of the Plan's Fiduciary Net Position as of June 30, 2023 based on the valuation value of assets allocated to these employers as of the same dates.

The Safety membership class has only one employer (Kern County), so all of the NPL for Safety is allocated to the County.

For General and District, the NPL is allocated based on the actual payroll within the General and District membership classes, respectively.

- Calculate ratio of employer's payroll to the total payroll for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.¹

The NPL associated with the SRBR is allocated based on the proportionate share of the non-SRBR NPL for each employer within KCERA.

If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. 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 purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2024. The reporting date and measurement date for the plan under GAS 67 are June 30, 2023. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2023 are not adjusted or "rolled forward" to June 30, 2024. Other results such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

¹ For the District, the ratio used to multiply the NPL is the employer's payroll to the total payroll (less the payroll for Berrenda Mesa Water District and Inyokern Community Services District). The NPL allocated is the total District NPL (less the NPL for Berrenda Mesa Water District and Inyokern Community Services District).

Section 2: GAS 68 Information

Notes (continued):

The following items are allocated based on the corresponding proportionate share:

- 1) Net Pension Liability
- 2) Service cost
- 3) Interest on the Total Pension Liability
- 4) Current-period benefit changes
- 5) Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- 6) Expensed portion of current-period changes of assumptions or other inputs
- 7) Member contributions
- 8) Projected earnings on plan investments
- 9) Expensed portion of current-period differences between actual and projected earnings on plan investments
- 10) Administrative expense
- 11) Other
- 12) Recognition of beginning of year deferred outflows of resources as pension expense
- 13) Recognition of beginning of year deferred inflows of resources as pension expense

Section 2: GAS 68 Information

Pension expense

Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$119,519,579	\$118,979,049
• Interest on the Total Pension Liability	538,058,603	523,871,953
• 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	30,437,639
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(7,224,116)	(14,501,080)
• Expensed portion of current-period changes of assumptions or other inputs	40,046,337	0
• Member contributions	(59,521,508)	(54,514,264)
• Projected earnings on plan investments	(370,239,446)	(390,361,347)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	13,206,310	122,061,678
• Administrative expense	7,260,168	6,702,394
• Other	0	1,204,506
• Recognition of beginning of year deferred outflows of resources as pension expense	206,596,148	92,459,734
• Recognition of beginning of year deferred inflows of resources as pension expense	(178,254,069)	(180,633,120)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	\$309,448,006	\$255,707,142

Section 2: GAS 68 Information

Pension expense (continued)

Kern County

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$90,497,247	\$88,772,713
• Interest on the Total Pension Liability	407,404,581	390,871,635
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	5,115,565	1,717,179
• Current-period benefit changes	0	22,710,147
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(5,469,919)	(10,819,554)
• Expensed portion of current-period changes of assumptions or other inputs	30,322,090	0
• Member contributions	(45,068,206)	(40,674,213)
• Projected earnings on plan investments	(280,336,094)	(291,256,626)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	9,999,491	91,072,729
• Administrative expense	5,497,218	5,000,793
• Other	0	898,708
• Recognition of beginning of year deferred outflows of resources as pension expense	156,429,463	68,986,110
• Recognition of beginning of year deferred inflows of resources as pension expense	(134,969,542)	(134,774,085)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(8,478,033)	(14,223,310)
Pension Expense	\$230,943,861	\$178,282,226

Section 2: GAS 68 Information

Pension expense (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$16,360,315	\$17,268,534
• Interest on the Total Pension Liability	73,651,596	76,034,399
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(3,731,898)	(2,732,352)
• Current-period benefit changes	0	4,417,697
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(988,866)	(2,104,676)
• Expensed portion of current-period changes of assumptions or other inputs	5,481,701	0
• Member contributions	(8,147,540)	(7,912,161)
• Projected earnings on plan investments	(50,679,844)	(56,656,766)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	1,807,732	17,715,944
• Administrative expense	993,801	972,781
• Other	0	174,821
• Recognition of beginning of year deferred outflows of resources as pension expense	28,279,700	13,419,539
• Recognition of beginning of year deferred inflows of resources as pension expense	(24,400,124)	(26,216,961)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>5,680,684</u>	<u>10,838,349</u>
Pension Expense	\$44,307,257	\$45,219,148

Section 2: GAS 68 Information

Pension expense (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$4,858,713	\$5,036,221
• Interest on the Total Pension Liability	21,873,176	22,174,785
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(632,870)	64,133
• Current-period benefit changes	0	1,288,384
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(293,675)	(613,811)
• Expensed portion of current-period changes of assumptions or other inputs	1,627,965	0
• Member contributions	(2,419,670)	(2,307,514)
• Projected earnings on plan investments	(15,050,986)	(16,523,463)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	536,863	5,166,704
• Administrative expense	295,141	283,703
• Other	0	50,985
• Recognition of beginning of year deferred outflows of resources as pension expense	8,398,553	3,913,694
• Recognition of beginning of year deferred inflows of resources as pension expense	(7,246,390)	(7,645,954)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(474,449)	26,431
Pension Expense	\$11,472,371	\$10,914,298

Section 2: GAS 68 Information

Pension expense (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$188,272	\$202,834
• Interest on the Total Pension Liability	847,568	893,084
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(71,236)	(201,830)
• Current-period benefit changes	0	51,889
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(11,380)	(24,721)
• Expensed portion of current-period changes of assumptions or other inputs	63,082	0
• Member contributions	(93,760)	(92,935)
• Projected earnings on plan investments	(583,214)	(665,479)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	20,803	208,088
• Administrative expense	11,436	11,426
• Other	0	2,053
• Recognition of beginning of year deferred outflows of resources as pension expense	325,437	157,623
• Recognition of beginning of year deferred inflows of resources as pension expense	(280,792)	(307,939)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>450,031</u>	<u>631,312</u>
Pension Expense	\$866,247	\$865,405

Section 2: GAS 68 Information

Pension expense (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$15,379	\$7,689
• Interest on the Total Pension Liability	69,231	33,858
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	31,343	1,049
• Current-period benefit changes	0	1,967
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(930)	(937)
• Expensed portion of current-period changes of assumptions or other inputs	5,153	0
• Member contributions	(7,658)	(3,523)
• Projected earnings on plan investments	(47,638)	(25,229)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	1,699	7,889
• Administrative expense	934	433
• Other	0	78
• Recognition of beginning of year deferred outflows of resources as pension expense	26,582	5,976
• Recognition of beginning of year deferred inflows of resources as pension expense	(22,936)	(11,674)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(28,243)</u>	<u>(68,572)</u>
Pension Expense	\$42,916	\$(50,996)

Section 2: GAS 68 Information

Pension expense (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$26,624	\$26,862
• Interest on the Total Pension Liability	119,855	118,278
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,367)	5,764
• Current-period benefit changes	0	6,872
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,609)	(3,274)
• Expensed portion of current-period changes of assumptions or other inputs	8,921	0
• Member contributions	(13,259)	(12,308)
• Projected earnings on plan investments	(82,473)	(88,134)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	2,942	27,559
• Administrative expense	1,617	1,513
• Other	0	272
• Recognition of beginning of year deferred outflows of resources as pension expense	46,020	20,875
• Recognition of beginning of year deferred inflows of resources as pension expense	(39,707)	(40,783)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>15,746</u>	<u>13,188</u>
Pension Expense	\$83,310	\$76,684

Section 2: GAS 68 Information

Pension expense (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$6,302	\$5,655
• Interest on the Total Pension Liability	28,376	24,903
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	1,731	(2,556)
• Current-period benefit changes	0	1,447
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(381)	(689)
• Expensed portion of current-period changes of assumptions or other inputs	2,112	0
• Member contributions	(3,139)	(2,591)
• Projected earnings on plan investments	(19,525)	(18,556)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	696	5,802
• Administrative expense	383	319
• Other	0	57
• Recognition of beginning of year deferred outflows of resources as pension expense	10,895	4,395
• Recognition of beginning of year deferred inflows of resources as pension expense	(9,401)	(8,587)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>16,375</u>	<u>14,665</u>
Pension Expense	\$34,424	\$24,264

Section 2: GAS 68 Information

Pension expense (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$1,173,344	\$1,218,771
• Interest on the Total Pension Liability	5,282,207	5,366,326
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(206,324)	(19,138)
• Current-period benefit changes	0	311,791
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(70,920)	(148,543)
• Expensed portion of current-period changes of assumptions or other inputs	393,141	0
• Member contributions	(584,332)	(558,421)
• Projected earnings on plan investments	(3,634,700)	(3,998,699)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	129,648	1,250,349
• Administrative expense	71,274	68,657
• Other	0	12,338
• Recognition of beginning of year deferred outflows of resources as pension expense	2,028,187	947,119
• Recognition of beginning of year deferred inflows of resources as pension expense	(1,749,949)	(1,850,331)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(208,913)	(4,378)
Pension Expense	\$2,622,663	\$2,595,841

Section 2: GAS 68 Information

Pension expense (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$247,955	\$269,997
• Interest on the Total Pension Liability	1,116,256	1,188,816
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(99,297)	96,493
• Current-period benefit changes	0	69,072
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(14,987)	(32,907)
• Expensed portion of current-period changes of assumptions or other inputs	83,080	0
• Member contributions	(123,483)	(123,709)
• Projected earnings on plan investments	(768,099)	(885,842)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	27,398	276,993
• Administrative expense	15,062	15,210
• Other	0	2,733
• Recognition of beginning of year deferred outflows of resources as pension expense	428,604	209,818
• Recognition of beginning of year deferred inflows of resources as pension expense	(369,806)	(409,908)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>193,187</u>	<u>111,156</u>
Pension Expense	\$735,870	\$787,922

Section 2: GAS 68 Information

Pension expense (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$236,338	\$246,738
• Interest on the Total Pension Liability	1,063,954	1,086,395
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(60,992)	59,311
• Current-period benefit changes	0	63,121
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(14,285)	(30,072)
• Expensed portion of current-period changes of assumptions or other inputs	79,187	0
• Member contributions	(117,697)	(113,051)
• Projected earnings on plan investments	(732,109)	(809,524)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	26,114	253,129
• Administrative expense	14,356	13,899
• Other	0	2,498
• Recognition of beginning of year deferred outflows of resources as pension expense	408,522	191,741
• Recognition of beginning of year deferred inflows of resources as pension expense	(352,479)	(374,593)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>137,710</u>	<u>125,477</u>
Pension Expense	\$688,619	\$715,069

Section 2: GAS 68 Information

Pension expense (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$5,697,697	\$5,685,682
• Interest on the Total Pension Liability	25,650,143	25,034,398
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(240,514)	1,103,832
• Current-period benefit changes	0	1,454,531
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(344,386)	(692,967)
• Expensed portion of current-period changes of assumptions or other inputs	1,909,075	0
• Member contributions	(2,837,489)	(2,605,087)
• Projected earnings on plan investments	(17,649,926)	(18,654,294)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	629,567	5,832,991
• Administrative expense	346,104	320,289
• Other	0	57,560
• Recognition of beginning of year deferred outflows of resources as pension expense	9,848,780	4,418,396
• Recognition of beginning of year deferred inflows of resources as pension expense	(8,497,666)	(8,631,959)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>2,947,230</u>	<u>2,693,982</u>
Pension Expense	\$17,458,615	\$16,017,354

Section 2: GAS 68 Information

Pension expense (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$33,353	\$32,384
• Interest on the Total Pension Liability	150,154	142,590
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	1,602	(29,181)
• Current-period benefit changes	0	8,285
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,016)	(3,947)
• Expensed portion of current-period changes of assumptions or other inputs	11,176	0
• Member contributions	(16,610)	(14,838)
• Projected earnings on plan investments	(103,321)	(106,251)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	3,685	33,223
• Administrative expense	2,026	1,824
• Other	0	328
• Recognition of beginning of year deferred outflows of resources as pension expense	57,654	25,166
• Recognition of beginning of year deferred inflows of resources as pension expense	(49,745)	(49,166)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	40,034	90,664
Pension Expense	\$127,992	\$131,081

Section 2: GAS 68 Information

Pension expense (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$36,855	\$46,937
• Interest on the Total Pension Liability	165,912	206,666
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(40,100)	(53,305)
• Current-period benefit changes	0	12,008
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,228)	(5,721)
• Expensed portion of current-period changes of assumptions or other inputs	12,348	0
• Member contributions	(18,354)	(21,506)
• Projected earnings on plan investments	(114,164)	(153,996)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	4,072	48,153
• Administrative expense	2,239	2,644
• Other	0	475
• Recognition of beginning of year deferred outflows of resources as pension expense	63,705	36,475
• Recognition of beginning of year deferred inflows of resources as pension expense	(54,965)	(71,259)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(120,421)	(49,564)
Pension Expense	(\$65,101)	\$(1,993)

Section 2: GAS 68 Information

Pension expense (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$79,539	\$81,315
• Interest on the Total Pension Liability	358,077	358,033
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(5,973)	(33,983)
• Current-period benefit changes	0	20,802
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(4,808)	(9,911)
• Expensed portion of current-period changes of assumptions or other inputs	26,651	0
• Member contributions	(39,611)	(37,257)
• Projected earnings on plan investments	(246,393)	(266,787)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	8,789	83,421
• Administrative expense	4,832	4,581
• Other	0	823
• Recognition of beginning of year deferred outflows of resources as pension expense	137,489	63,190
• Recognition of beginning of year deferred inflows of resources as pension expense	(118,628)	(123,451)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(77,368)</u>	<u>(60,326)</u>
Pension Expense	\$122,596	\$80,450

Section 2: GAS 68 Information

Pension expense (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
• Service cost	\$61,646	\$76,717
• Interest on the Total Pension Liability	277,517	337,787
• Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(59,670)	24,584
• Current-period benefit changes	0	19,626
• Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(3,726)	(9,350)
• Expensed portion of current-period changes of assumptions or other inputs	20,655	0
• Member contributions	(30,700)	(35,150)
• Projected earnings on plan investments	(190,960)	(251,701)
• Expensed portion of current-period differences between actual and projected earnings on plan investments	6,811	78,704
• Administrative expense	3,745	4,322
• Other	0	777
• Recognition of beginning of year deferred outflows of resources as pension expense	106,557	59,617
• Recognition of beginning of year deferred inflows of resources as pension expense	(91,939)	(116,470)
• Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(93,570)</u>	<u>(139,074)</u>
Pension Expense	\$6,366	\$50,389

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources

Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$39,942,380	\$36,940,751
• Changes of assumptions or other inputs	177,951,558	61,981,869
• Net excess of projected over actual earnings on pension plan investments (if any)	166,642,657	145,836,317
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$384,536,595	\$244,758,937
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$39,942,380	\$36,940,751
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	78,361,012	85,541,024
• Total Deferred Inflows of Resources	\$118,303,392	\$122,481,775
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$28,342,079
2025	\$67,269,950	21,241,419
2026	7,826,347	(38,202,184)
2027	156,924,379	110,895,848
2028	34,212,527	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$23,377,238	\$6,473,756
• Changes of assumptions or other inputs	134,740,491	46,245,946
• Net excess of projected over actual earnings on pension plan investments (if any)	126,177,671	108,811,475
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$284,295,400	\$161,531,177
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$8,369,098	\$18,564,310
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	59,333,006	63,823,917
• Total Deferred Inflows of Resources	\$67,702,104	\$82,388,227
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$12,668,575
2025	\$51,069,040	10,867,003
2026	11,088,396	(28,456,519)
2027	125,257,016	84,063,891
2028	29,178,844	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$10,103,570	\$18,516,606
• Changes of assumptions or other inputs	24,358,715	8,996,004
• Net excess of projected over actual earnings on pension plan investments (if any)	22,810,708	21,166,578
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$57,272,993	\$48,679,188
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$21,152,722	\$10,300,967
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	10,726,366	12,415,363
• Total Deferred Inflows of Resources	\$31,879,088	\$22,716,330
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$9,794,233
2025	\$9,637,730	7,244,414
2026	(2,183,181)	(5,067,222)
2027	15,644,623	13,991,433
2028	2,294,733	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$397,460	\$1,064,553
• Changes of assumptions or other inputs	7,234,092	2,623,608
• Net excess of projected over actual earnings on pension plan investments (if any)	6,774,363	6,173,052
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$14,405,915	\$9,861,213
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,472,579	\$3,310,473
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	3,185,534	3,620,835
• Total Deferred Inflows of Resources	\$7,658,113	\$6,931,308
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$725,233
2025	\$1,229,297	26,627
2026	(1,263,074)	(2,565,407)
2027	5,795,808	4,743,452
2028	985,771	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$402,732	\$1,056,071
• Changes of assumptions or other inputs	280,315	105,665
• Net excess of projected over actual earnings on pension plan investments (if any)	262,501	248,618
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$945,548	\$1,410,354
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$818,366	\$762,375
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>123,437</u>	<u>145,828</u>
• Total Deferred Inflows of Resources	\$941,803	\$908,203
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$498,348
2025	\$75,968	77,450
2026	(101,074)	(107,292)
2027	20,550	33,645
2028	8,301	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$116,993	\$3,955
• Changes of assumptions or other inputs	22,897	4,006
• Net excess of projected over actual earnings on pension plan investments (if any)	21,442	9,425
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$161,332	\$17,386
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$14,701	\$43,993
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>10,083</u>	<u>5,528</u>
• Total Deferred Inflows of Resources	\$24,784	\$49,521
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(26,411)
2025	\$27,871	(10,754)
2026	31,874	(2,945)
2027	52,342	7,975
2028	24,461	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$24,212	\$39,958
• Changes of assumptions or other inputs	39,640	13,994
• Net excess of projected over actual earnings on pension plan investments (if any)	37,121	32,926
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$100,973	\$86,878
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,976	\$0
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>17,455</u>	<u>19,313</u>
• Total Deferred Inflows of Resources	\$22,431	\$19,313
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$22,145
2025	\$26,581	17,759
2026	7,186	(1,815)
2027	38,028	29,476
2028	6,747	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$11,763	\$25,616
• Changes of assumptions or other inputs	9,385	2,946
• Net excess of projected over actual earnings on pension plan investments (if any)	8,788	6,933
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$29,936	\$35,495
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$8,404	\$12,183
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	4,133	4,066
• Total Deferred Inflows of Resources	\$12,537	\$16,249
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$17,722
2025	\$4,794	525
2026	1,656	(2,304)
2027	8,038	3,303
2028	2,911	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,408	\$106,178
• Changes of assumptions or other inputs	1,746,979	634,916
• Net excess of projected over actual earnings on pension plan investments (if any)	1,635,958	1,493,887
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$3,387,345	\$2,234,981
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$1,174,893	\$734,558
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>769,283</u>	<u>876,247</u>
• Total Deferred Inflows of Resources	\$1,944,176	\$1,610,805
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$81,411
2025	\$147,801	(88,687)
2026	(227,945)	(489,781)
2027	1,319,490	1,121,233
2028	203,823	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$379,902	\$600,420
• Changes of assumptions or other inputs	369,178	140,655
• Net excess of projected over actual earnings on pension plan investments (if any)	345,717	330,944
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$1,094,797	\$1,072,019
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$390,957	\$56,847
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	162,568	194,117
• Total Deferred Inflows of Resources	\$553,525	\$250,964
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$257,503
2025	\$170,262	178,204
2026	63,025	59,393
2027	300,558	325,955
2028	7,427	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$236,455	\$407,192
• Changes of assumptions or other inputs	351,880	128,537
• Net excess of projected over actual earnings on pension plan investments (if any)	329,518	302,432
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$917,853	\$838,161
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$284,764	\$95,778
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>154,951</u>	<u>177,393</u>
• Total Deferred Inflows of Resources	\$439,715	\$273,171
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$196,485
2025	\$165,287	137,310
2026	(10,743)	(44,450)
2027	294,980	275,645
2028	28,614	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,746,503	\$8,374,653
• Changes of assumptions or other inputs	8,483,245	2,961,943
• Net excess of projected over actual earnings on pension plan investments (if any)	7,944,131	6,969,116
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$21,173,879	\$18,305,712
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$2,169,220	\$1,974,668
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	3,735,599	4,087,770
• Total Deferred Inflows of Resources	\$5,904,819	\$6,062,438
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$4,301,620
2025	\$4,956,561	3,005,274
2026	745,178	(1,212,980)
2027	8,090,284	6,149,360
2028	1,477,037	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$67,398	\$130,784
• Changes of assumptions or other inputs	49,660	16,871
• Net excess of projected over actual earnings on pension plan investments (if any)	46,504	39,695
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$163,562	\$187,350
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$80,831	\$110,012
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	21,868	23,283
• Total Deferred Inflows of Resources	\$102,699	\$133,295
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$47,748
2025	\$39,913	25,320
2026	(12,545)	(26,729)
2027	22,925	7,716
2028	10,570	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$4,524	\$24,747
• Changes of assumptions or other inputs	54,872	24,452
• Net excess of projected over actual earnings on pension plan investments (if any)	51,385	57,532
• Difference between expected and actual experience in the Total Pension Liability	0	0
• Total Deferred Outflows of Resources	\$110,781	\$106,731
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$459,563	\$454,245
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	24,163	33,746
• Total Deferred Inflows of Resources	\$483,726	\$487,991
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(109,240)
2025	\$(155,755)	(128,018)
2026	(169,321)	(146,705)
2027	(32,757)	2,703
2028	(15,112)	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$1,123	\$23,579
• Changes of assumptions or other inputs	118,426	42,361
• Net excess of projected over actual earnings on pension plan investments (if any)	110,900	99,670
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$230,449	\$165,610
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$222,856	\$300,936
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>52,149</u>	<u>58,462</u>
• Total Deferred Inflows of Resources	\$275,005	\$359,398
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(57,998)
2025	\$(58,321)	(82,599)
2026	(77,473)	(102,817)
2027	72,295	49,626
2028	18,943	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$68,099	\$92,683
• Changes of assumptions or other inputs	91,783	39,965
• Net excess of projected over actual earnings on pension plan investments (if any)	85,950	94,034
• Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
• Total Deferred Outflows of Resources	\$245,832	\$226,682
Deferred Inflows of Resources		
• Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$318,450	\$219,406
• Changes of assumptions or other inputs	0	0
• Net excess of actual over projected earnings on pension plan investments (if any)	0	0
• Difference between expected and actual experience in the Total Pension Liability	<u>40,417</u>	<u>55,156</u>
• Total Deferred Inflows of Resources	\$358,867	\$274,562
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting Date for Employer under GAS 68 Year Ended June 30:		
2024	N/A	\$(75,295)
2025	\$(67,079)	(28,409)
2026	(65,612)	(34,611)
2027	40,199	90,435
2028	(20,543)	0
2029	0	0
Thereafter	0	0

¹ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

Section 2: GAS 68 Information

Deferred outflows of resources and deferred inflows of resources (continued)

There are changes in each employer's proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2023. 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., 2022-2023) is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 4.64 years determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023). This is described in Paragraph 33a. of GAS 68.

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2023 is recognized over the same period.

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 and the difference between the actual employer contributions and the proportionate share of the employer contributions for prior periods continue 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 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.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability

Total for all Employers

Reporting Date for Employer under GAS 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
2015	100.000%	\$2,069,234,081	\$533,850,811	387.61%	63.35%
2016	100.000%	2,203,097,939	531,598,183	414.43%	62.20%
2017	100.000%	2,413,639,356	537,539,991	449.02%	59.67%
2018	100.000%	2,363,975,142	546,671,003	432.43%	62.64%
2019	100.000%	2,330,800,045	576,728,789	404.14%	64.30%
2020	100.000%	2,382,504,403	579,071,865	411.44%	64.59%
2021	100.000%	2,661,901,170	607,695,110	438.03%	62.51%
2022	100.000%	1,889,381,755	604,320,398	312.65%	74.14%
2023	100.000%	2,379,776,881	612,609,249	388.47%	68.32%
2024	100.000%	2,516,343,334	677,026,425	371.68%	68.16%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County

Reporting Date for Employer under GAS 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
2015	75.942%	\$1,571,423,351	\$405,150,369	387.86%	63.60%
2016	75.618%	1,665,934,895	395,298,960	421.44%	62.46%
2017	77.130%	1,861,645,866	401,455,839	463.72%	59.90%
2018	77.683%	1,836,401,634	407,333,715	450.83%	62.97%
2019	76.587%	1,785,078,802	422,275,740	422.73%	64.67%
2020	75.842%	1,806,944,701	418,430,675	431.84%	65.04%
2021	74.671%	1,987,665,686	433,696,195	458.31%	63.13%
2022	74.316%	1,404,103,571	429,103,990	327.22%	74.66%
2023	74.612%	1,775,600,455	436,142,833	407.11%	68.84%
2024	75.718%	1,905,312,538	484,326,866	393.39%	68.43%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 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
2015	15.972%	\$330,492,938	\$77,008,989	429.16%	62.95%
2016	15.672%	345,262,534	81,925,123	421.44%	61.87%
2017	13.670%	329,935,445	78,433,199	420.66%	59.37%
2018	12.405%	293,255,458	78,815,070	372.08%	62.49%
2019	13.182%	307,234,709	89,068,706	344.94%	64.19%
2020	13.520%	322,103,797	93,857,773	343.18%	64.43%
2021	14.319%	381,152,811	104,248,078	365.62%	62.00%
2022	15.044%	284,243,193	107,477,006	264.47%	73.38%
2023	14.514%	345,399,109	106,790,632	323.44%	67.86%
2024	13.688%	344,447,058	116,976,730	294.46%	68.52%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 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
2015	3.247%	\$67,189,363	\$19,571,588	343.30%	62.95%
2016	3.649%	80,394,021	21,864,229	367.70%	61.87%
2017	4.085%	98,598,626	24,964,019	394.96%	59.37%
2018	4.287%	101,346,545	27,236,241	372.10%	62.49%
2019	4.368%	101,801,570	29,515,356	344.91%	64.19%
2020	4.435%	105,673,461	30,791,227	343.19%	64.43%
2021	4.461%	118,738,715	32,475,906	365.62%	62.00%
2022	4.229%	79,900,510	30,211,691	264.47%	73.38%
2023	4.233%	100,732,710	31,144,579	323.44%	67.86%
2024	4.065%	102,294,470	34,739,947	294.46%	68.52%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 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
2015	0.075%	\$1,542,994	\$494,815	311.83%	60.66%
2016	0.066%	1,456,264	424,688	342.90%	59.25%
2017	0.053%	1,276,568	338,001	377.68%	57.15%
2018	0.046%	1,079,726	270,303	399.45%	57.90%
2019	0.042%	975,922	256,223	380.89%	59.22%
2020	0.147%	3,512,507	161,736	2171.75%	62.19%
2021	0.175%	4,647,756	161,005	2886.72%	53.60%
2022	0.214%	4,040,127	149,588	2700.84%	61.35%
2023	0.170%	4,056,987	179,557	2259.44%	59.54%
2024	0.158%	3,963,829	183,116	2164.65%	60.60%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 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
2015	0.024%	\$500,655	\$160,470	311.99%	60.66%
2016	0.018%	402,524	117,500	342.57%	59.25%
2017	0.021%	511,119	135,355	377.61%	57.15%
2018	0.023%	542,546	135,623	400.04%	57.90%
2019	0.013%	308,902	81,140	380.70%	59.22%
2020	0.009%	217,227	53,795	403.81%	58.47%
2021	0.007%	174,012	38,085	456.90%	55.90%
2022	0.006%	119,200	38,085	312.98%	69.69%
2023	0.006%	153,804	38,334	401.22%	62.80%
2024	0.013%	323,772	82,462	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 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
2015	0.010%	\$207,281	\$66,341	312.45%	60.66%
2016	0.011%	231,931	67,647	342.85%	59.25%
2017	0.015%	355,569	94,080	377.94%	57.15%
2018	0.019%	448,133	112,019	400.05%	57.90%
2019	0.019%	452,431	118,685	381.20%	59.22%
2020	0.020%	475,004	118,101	402.20%	58.47%
2021	0.021%	568,645	124,456	456.90%	55.90%
2022	0.021%	404,156	129,130	312.98%	69.69%
2023	0.023%	537,298	133,916	401.22%	62.80%
2024	0.022%	560,529	142,762	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 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
2015	0.010%	\$198,239	\$63,752	310.95%	60.66%
2016	0.010%	218,549	63,752	342.81%	59.25%
2017	0.009%	213,601	56,396	378.75%	57.15%
2018	0.000%	0	0	N/A	N/A
2019	0.000%	0	0	N/A	N/A
2020	0.004%	101,953	0	N/A	58.22%
2021	0.005%	120,857	0	N/A	54.11%
2022	0.006%	106,775	0	N/A	61.75%
2023	0.005%	113,126	0	N/A	61.75%
2024	0.005%	132,705	0	N/A	60.38%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 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
2015	0.925%	\$19,135,553	\$6,138,341	311.74%	60.66%
2016	1.011%	22,263,402	6,490,763	343.00%	59.25%
2017	0.992%	23,954,836	6,342,198	377.71%	57.15%
2018	1.050%	24,828,435	6,215,199	399.48%	57.90%
2019	1.091%	25,420,676	6,670,825	381.07%	59.22%
2020	1.099%	26,191,823	6,509,654	402.35%	58.47%
2021	1.050%	27,955,352	6,118,418	456.90%	55.90%
2022	1.030%	19,461,206	6,217,954	312.98%	69.69%
2023	1.024%	24,377,444	6,075,829	401.22%	62.80%
2024	0.982%	24,703,345	6,291,738	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 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
2015	0.157%	\$3,248,181	\$1,041,816	311.78%	60.66%
2016	0.161%	3,538,099	1,031,557	342.99%	59.25%
2017	0.166%	4,009,961	1,061,688	377.70%	57.15%
2018	0.187%	4,413,319	1,104,807	399.47%	57.90%
2019	0.188%	4,388,960	1,151,669	381.10%	59.22%
2020	0.200%	4,760,174	1,182,856	402.43%	58.47%
2021	0.194%	5,163,331	1,130,067	456.90%	55.90%
2022	0.205%	3,865,316	1,234,988	312.98%	69.69%
2023	0.227%	5,400,397	1,345,994	401.22%	62.80%
2024	0.207%	5,220,405	1,329,594	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 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
2015	0.130%	\$2,698,448	\$865,760	311.69%	60.66%
2016	0.137%	3,017,365	879,725	342.99%	59.25%
2017	0.136%	3,285,264	869,712	377.74%	57.15%
2018	0.157%	3,708,561	928,465	399.43%	57.90%
2019	0.170%	3,952,940	1,037,184	381.12%	59.22%
2020	0.180%	4,299,653	1,068,758	402.30%	58.47%
2021	0.197%	5,252,547	1,149,593	456.90%	55.90%
2022	0.192%	3,632,018	1,160,448	312.98%	69.69%
2023	0.207%	4,935,134	1,230,032	401.22%	62.80%
2024	0.198%	4,975,803	1,267,296	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 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
2015	3.297%	\$68,213,462	\$21,882,301	311.73%	60.66%
2016	3.404%	74,985,888	21,862,199	342.99%	59.25%
2017	3.468%	83,711,648	22,163,475	377.70%	57.15%
2018	3.886%	91,852,721	22,993,004	399.48%	57.90%
2019	4.084%	95,186,053	24,978,663	381.07%	59.22%
2020	4.287%	102,135,944	25,384,117	402.36%	58.47%
2021	4.648%	123,717,825	27,077,369	456.90%	55.90%
2022	4.518%	85,354,840	27,271,303	312.98%	69.69%
2023	4.779%	113,722,982	28,344,293	401.22%	62.80%
2024	4.767%	119,958,246	30,552,374	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 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
2015	0.000%	\$0	\$0	N/A	N/A
2016	0.000%	0	0	N/A	N/A
2017	0.015%	356,787	94,569	377.28%	57.15%
2018	0.012%	293,850	73,697	398.73%	57.90%
2019	0.017%	393,653	103,297	381.09%	59.22%
2020	0.021%	511,209	126,991	402.56%	58.47%
2021	0.030%	802,951	175,737	456.90%	55.90%
2022	0.033%	619,606	197,967	312.98%	69.69%
2023	0.027%	647,741	161,443	401.22%	62.80%
2024	0.028%	702,225	178,851	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 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
2015	0.055%	\$1,147,467	\$368,139	311.69%	60.66%
2016	0.057%	1,261,130	367,764	342.92%	59.25%
2017	0.058%	1,401,253	371,112	377.58%	57.15%
2018	0.063%	1,485,315	371,617	399.69%	57.90%
2019	0.066%	1,548,627	406,579	380.89%	59.22%
2020	0.069%	1,642,239	408,157	402.35%	58.47%
2021	0.069%	1,841,340	403,003	456.90%	55.90%
2022	0.051%	962,166	307,417	312.98%	69.69%
2023	0.039%	938,815	233,990	401.22%	62.80%
2024	0.031%	775,922	197,621	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 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
2015	0.081%	\$1,680,139	\$539,127	311.64%	60.66%
2016	0.100%	2,192,225	639,073	343.03%	59.25%
2017	0.087%	2,106,211	557,694	377.66%	57.15%
2018	0.090%	2,134,171	534,406	399.35%	57.90%
2019	0.087%	2,018,824	529,958	380.94%	59.22%
2020	0.090%	2,154,895	535,694	402.26%	58.47%
2021	0.086%	2,286,558	500,445	456.90%	55.90%
2022	0.076%	1,434,582	458,356	312.98%	69.69%
2023	0.068%	1,626,425	405,370	401.22%	62.80%
2024	0.067%	1,674,620	426,512	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of proportionate share of the Net Pension Liability (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 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
2015	0.075%	\$1,556,010	\$499,003	311.82%	60.66%
2016	0.088%	1,939,112	565,203	343.08%	59.25%
2017	0.094%	2,276,602	602,654	377.76%	57.15%
2018	0.092%	2,184,728	546,838	399.52%	57.90%
2019	0.087%	2,037,976	534,764	381.10%	59.22%
2020	0.075%	1,779,816	442,331	402.37%	58.47%
2021	0.068%	1,812,784	396,753	456.90%	55.90%
2022	0.060%	1,134,489	362,475	312.98%	69.69%
2023	0.064%	1,534,454	382,447	401.22%	62.80%
2024	0.052%	1,297,867	330,556	392.63%	63.49%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability

Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$2,379,776,881	\$1,889,381,755
• Pension Expense	309,448,006	255,707,142
• Employer Contributions	(316,837,594)	(287,063,044)
• New Net Deferred Inflows/Outflows	172,298,120	433,577,642
• 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	(28,342,079)	88,173,386
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>0</u>	<u>0</u>
Ending Net Pension Liability	\$2,516,343,334	\$2,379,776,881

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$1,775,600,455	\$1,404,103,571
• Pension Expense	230,943,861	178,282,226
• Employer Contributions	(238,682,117)	(215,586,928)
• New Net Deferred Inflows/Outflows	130,459,848	323,501,192
• Change in Allocation of Prior Deferred Inflows/Outflows	1,351,718	(1,184,647)
• New Net Deferred Flows Due to Change in Proportion ¹	18,620,661	6,473,756
• Recognition of Prior Deferred Inflows/Outflows	(21,459,921)	65,787,975
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>8,478,033</u>	<u>14,223,310</u>
Ending Net Pension Liability	\$1,905,312,538	\$1,775,600,455

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$345,399,109	\$284,243,193
• Pension Expense	44,307,257	45,219,148
• Employer Contributions	(44,690,354)	(40,768,957)
• New Net Deferred Inflows/Outflows	23,584,850	62,929,148
• Change in Allocation of Prior Deferred Inflows/Outflows	(1,009,437)	2,118,471
• New Net Deferred Flows Due to Change in Proportion ¹	(13,584,107)	(10,300,967)
• Recognition of Prior Deferred Inflows/Outflows	(3,879,576)	12,797,422
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(5,680,684)</u>	<u>(10,838,349)</u>
Ending Net Pension Liability	\$344,447,058	\$345,399,109

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$100,732,710	\$79,900,510
• Pension Expense	11,472,371	10,914,298
• Employer Contributions	(13,728,508)	(12,366,719)
• New Net Deferred Inflows/Outflows	7,004,269	18,352,750
• Change in Allocation of Prior Deferred Inflows/Outflows	(205,010)	(15,740)
• New Net Deferred Flows Due to Change in Proportion ¹	(2,303,648)	241,782
• Recognition of Prior Deferred Inflows/Outflows	(1,152,163)	3,732,260
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>474,449</u>	<u>(26,431)</u>
Ending Net Pension Liability	\$102,294,470	\$100,732,710

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$4,056,987	\$4,040,127
• Pension Expense	866,247	865,405
• Employer Contributions	(461,000)	(519,000)
• New Net Deferred Inflows/Outflows	271,410	739,153
• Change in Allocation of Prior Deferred Inflows/Outflows	(15,840)	173,195
• New Net Deferred Flows Due to Change in Proportion ¹	(259,299)	(760,897)
• Recognition of Prior Deferred Inflows/Outflows	(44,645)	150,316
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(450,031)</u>	<u>(631,312)</u>
Ending Net Pension Liability	\$3,963,829	\$4,056,987

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$153,804	\$119,200
• Pension Expense	42,916	(50,996)
• Employer Contributions	(41,631)	(20,032)
• New Net Deferred Inflows/Outflows	22,169	28,022
• Change in Allocation of Prior Deferred Inflows/Outflows	7,830	(615)
• New Net Deferred Flows Due to Change in Proportion ¹	114,087	3,955
• Recognition of Prior Deferred Inflows/Outflows	(3,646)	5,698
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>28,243</u>	<u>68,572</u>
Ending Net Pension Liability	\$323,772	\$153,804

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$537,298	\$404,156
• Pension Expense	83,310	76,684
• Employer Contributions	(71,055)	(65,144)
• New Net Deferred Inflows/Outflows	38,380	97,892
• Change in Allocation of Prior Deferred Inflows/Outflows	(369)	(4,741)
• New Net Deferred Flows Due to Change in Proportion ¹	(4,976)	21,731
• Recognition of Prior Deferred Inflows/Outflows	(6,313)	19,908
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(15,746)</u>	<u>(13,188)</u>
Ending Net Pension Liability	\$560,529	\$537,298

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$113,126	\$106,775
• Pension Expense	34,424	24,264
• Employer Contributions	(13,000)	(22,000)
• New Net Deferred Inflows/Outflows	9,087	20,611
• Change in Allocation of Prior Deferred Inflows/Outflows	636	3,586
• New Net Deferred Flows Due to Change in Proportion ¹	6,301	(9,637)
• Recognition of Prior Deferred Inflows/Outflows	(1,494)	4,192
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(16,375)</u>	<u>(14,665)</u>
Ending Net Pension Liability	\$132,705	\$113,126

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$24,377,444	\$19,461,206
• Pension Expense	2,622,663	2,595,841
• Employer Contributions	(3,115,755)	(2,979,088)
• New Net Deferred Inflows/Outflows	1,691,478	4,441,389
• Change in Allocation of Prior Deferred Inflows/Outflows	(52,142)	22,658
• New Net Deferred Flows Due to Change in Proportion ¹	(751,018)	(72,152)
• Recognition of Prior Deferred Inflows/Outflows	(278,238)	903,212
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>208,913</u>	<u>4,378</u>
Ending Net Pension Liability	\$24,703,345	\$24,377,444

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$5,400,397	\$3,865,316
• Pension Expense	735,870	787,922
• Employer Contributions	(636,080)	(600,193)
• New Net Deferred Inflows/Outflows	357,450	983,912
• Change in Allocation of Prior Deferred Inflows/Outflows	(23,806)	(89,273)
• New Net Deferred Flows Due to Change in Proportion ¹	(361,441)	363,779
• Recognition of Prior Deferred Inflows/Outflows	(58,798)	200,090
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(193,187)</u>	<u>(111,156)</u>
Ending Net Pension Liability	\$5,220,405	\$5,400,397

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$4,935,134	\$3,632,018
• Pension Expense	688,619	715,069
• Employer Contributions	(561,099)	(531,577)
• New Net Deferred Inflows/Outflows	340,701	899,145
• Change in Allocation of Prior Deferred Inflows/Outflows	(11,786)	(60,500)
• New Net Deferred Flows Due to Change in Proportion ¹	(222,013)	223,604
• Recognition of Prior Deferred Inflows/Outflows	(56,043)	182,852
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(137,710)</u>	<u>(125,477)</u>
Ending Net Pension Liability	\$4,975,803	\$4,935,134

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$113,722,982	\$85,354,840
• Pension Expense	17,458,615	16,017,354
• Employer Contributions	(14,249,137)	(13,006,626)
• New Net Deferred Inflows/Outflows	8,213,736	20,719,481
• Change in Allocation of Prior Deferred Inflows/Outflows	(14,134)	(1,043,097)
• New Net Deferred Flows Due to Change in Proportion ¹	(875,472)	4,161,449
• Recognition of Prior Deferred Inflows/Outflows	(1,351,114)	4,213,563
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(2,947,230)</u>	<u>(2,693,982)</u>
Ending Net Pension Liability	\$119,958,246	\$113,722,982

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$647,741	\$619,606
• Pension Expense	127,992	131,081
• Employer Contributions	(80,317)	(66,557)
• New Net Deferred Inflows/Outflows	48,082	118,014
• Change in Allocation of Prior Deferred Inflows/Outflows	841	22,273
• New Net Deferred Flows Due to Change in Proportion ¹	5,829	(110,012)
• Recognition of Prior Deferred Inflows/Outflows	(7,909)	24,000
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>(40,034)</u>	<u>(90,664)</u>
Ending Net Pension Liability	\$702,225	\$647,741

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$938,815	\$962,166
• Pension Expense	(65,101)	(1,993)
• Employer Contributions	(106,107)	(121,631)
• New Net Deferred Inflows/Outflows	53,129	171,045
• Change in Allocation of Prior Deferred Inflows/Outflows	(10,533)	45,840
• New Net Deferred Flows Due to Change in Proportion ¹	(145,962)	(200,960)
• Recognition of Prior Deferred Inflows/Outflows	(8,740)	34,784
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>120,421</u>	<u>49,564</u>
Ending Net Pension Liability	\$775,922	\$938,815

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$1,626,425	\$1,434,582
• Pension Expense	122,596	80,450
• Employer Contributions	(223,635)	(207,703)
• New Net Deferred Inflows/Outflows	114,664	296,323
• Change in Allocation of Prior Deferred Inflows/Outflows	(2,193)	30,300
• New Net Deferred Flows Due to Change in Proportion ¹	(21,744)	(128,114)
• Recognition of Prior Deferred Inflows/Outflows	(18,861)	60,261
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>77,368</u>	<u>60,326</u>
Ending Net Pension Liability	\$1,674,620	\$1,626,425

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 68 Information

Schedule of reconciliation of Net Pension Liability (continued)

West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2024	June 30, 2023
Measurement Date for Employer under GAS 68	June 30, 2023	June 30, 2022
Beginning Net Pension Liability	\$1,534,454	\$1,134,489
• Pension Expense	6,366	50,389
• Employer Contributions	(177,799)	(200,889)
• New Net Deferred Inflows/Outflows	88,867	279,565
• Change in Allocation of Prior Deferred Inflows/Outflows	(15,775)	(17,710)
• New Net Deferred Flows Due to Change in Proportion ¹	(217,198)	92,683
• Recognition of Prior Deferred Inflows/Outflows	(14,618)	56,853
• Recognition of Prior Deferred Flows Due to Change in Proportion ¹	<u>93,570</u>	<u>139,074</u>
Ending Net Pension Liability	\$1,297,867	\$1,534,454

¹ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GAS 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 (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30:¹

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	2023	2024	2025	2026	2027	2028	Thereafter
2018	\$(109,368)	5.11	\$(2,354)	\$0	\$0	\$0	\$0	\$0	\$0
2019	(80,208)	5.08	(15,789)	(1,263)	0	0	0	0	0
2020	(48,814)	5.05	(9,666)	(9,666)	(483)	0	0	0	0
2021	(23,991)	5.08	(4,723)	(4,723)	(4,723)	(378)	0	0	0
2022	(16,282)	4.90	(3,323)	(3,323)	(3,323)	(2,991)	0	0	0
2023	(69,170)	4.77	(14,501)	(14,501)	(14,501)	(14,501)	(11,166)	0	0
2024	(33,520)	4.64	N/A	(7,224)	(7,224)	(7,224)	(7,224)	(4,623)	0
Net increase/(decrease) in pension expense			\$(50,356)	\$(40,700)	\$(30,254)	\$(25,094)	\$(18,390)	\$(4,623)	\$0

Note: Results may not total due to rounding.

As described in *Section 2, 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 KCERA (active and inactive employees) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 4.64 years.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 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 (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30	Effect of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30: ¹						
			2023	2024	2025	2026	2027	2028	Thereafter
2018	\$196,259	5.11	\$4,225	\$0	\$0	\$0	\$0	\$0	\$0
2019	0	5.08	0	0	0	0	0	0	0
2020	0	5.05	0	0	0	0	0	0	0
2021	151,379	5.08	29,799	29,799	29,799	2,384	0	0	0
2022	0	4.90	0	0	0	0	0	0	0
2023	0	4.77	0	0	0	0	0	0	0
2024	185,815	4.64	N/A	40,046	40,046	40,046	40,046	25,630	0
Net increase/(decrease) in pension expense			\$34,024	\$69,845	\$69,845	\$42,430	\$40,046	\$25,630	\$0

Note: Results may not total due to rounding.

As described in *Section 2, 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 KCERA (active and inactive employees) determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023) is 4.64 years.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 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 (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30:¹

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	2023	2024	2025	2026	2027	2028	Thereafter
2018	\$(160,062)	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	18,502	5.00	3,700	0	0	0	0	0	0
2020	87,733	5.00	17,547	17,547	0	0	0	0	0
2021	185,945	5.00	37,189	37,189	37,189	0	0	0	0
2022	(723,891)	5.00	(144,778)	(144,778)	(144,778)	(144,778)	0	0	0
2023	610,308	5.00	122,062	122,062	122,062	122,062	122,062	0	0
2024	66,032	5.00	N/A	13,206	13,206	13,206	13,206	13,206	0
Net increase/(decrease) in pension expense			\$35,719	\$45,225	\$27,679	\$(9,510)	\$135,268	\$13,206	\$0

Note: Results may not total due to rounding.

The differences between projected and actual earnings on pension plan investments are recognized over a five-year period per Paragraph 33b of GAS 68.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 68 Information

Schedule of recognition of changes in total Net Pension Liability (continued)

Total Increase (Decrease) in Pension Expense (Dollars in \$000s)

Reporting Date for Employer under GAS 68 Year Ended June 30:¹

Reporting Date for Employer under GAS 68 Year Ended June 30	Total Differences	2023	2024	2025	2026	2027	2028	Thereafter
2018	\$(73,170)	\$1,870	\$0	\$0	\$0	\$0	\$0	\$0
2019	(61,705)	(12,088)	(1,263)	0	0	0	0	0
2020	38,919	7,880	7,880	(483)	0	0	0	0
2021	313,333	62,265	62,265	62,265	2,006	0	0	0
2022	(740,174)	(148,101)	(148,101)	(148,101)	(147,769)	0	0	0
2023	541,138	107,561	107,561	107,561	107,561	110,896	0	0
2024	218,327	<u>N/A</u>	<u>46,029</u>	<u>46,029</u>	<u>46,029</u>	<u>46,029</u>	<u>34,213</u>	<u>0</u>
Net increase/(decrease) in pension expense		\$19,387	\$74,371	\$67,270	\$7,826	\$156,924	\$34,213	\$0

Note: Results may not total due to rounding.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this Schedule. Those amounts can be found in prior years' GAS 68 reports.

Section 2: GAS 68 Information

Allocation of changes in total Net Pension Liability

In addition to the amounts shown in *Section 2, Schedule of recognition of changes in total Net Pension Liability*, there are changes in each employer's proportionate share of the total NPL during the measurement period ending on June 30, 2023. 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 is also recognized over the average of the expected remaining service lives of all employees shown above. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2023 are recognized over the same period. These amounts are shown on the following page, with the corresponding amounts for the measurement periods ending each June 30 beginning in 2018 shown on the pages after that. While these amounts are different for each employer, they sum to zero over the entire KCERA.

Section 2: GAS 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 and Member Contributions for the Year Ended June 30, 2023

	Total Change	Recognition Period (Years)	2024	2025	2026	2027	2028	2029
Kern County	\$23,736,226	4.64	\$5,115,565	\$5,115,565	\$5,115,565	\$5,115,565	\$3,273,966	\$0
Kern County Hospital Authority	(17,316,005)	4.64	(3,731,898)	(3,731,898)	(3,731,898)	(3,731,898)	(2,388,413)	0
Kern County Superior Courts	(2,936,518)	4.64	(632,870)	(632,870)	(632,870)	(632,870)	(405,038)	0
Berrenda Mesa Water District	(330,535)	4.64	(71,236)	(71,236)	(71,236)	(71,236)	(45,591)	0
Buttonwillow Recreation and Park District	145,430	4.64	31,343	31,343	31,343	31,343	20,058	0
East Kern Cemetery District	(6,343)	4.64	(1,367)	(1,367)	(1,367)	(1,367)	(875)	0
Inyokern Community Services District	8,032	4.64	1,731	1,731	1,731	1,731	1,108	0
Kern County Water Agency	(957,342)	4.64	(206,324)	(206,324)	(206,324)	(206,324)	(132,046)	0
Kern Mosquito and Vector Control District	(460,738)	4.64	(99,297)	(99,297)	(99,297)	(99,297)	(63,550)	0
North of the River Sanitation District	(283,005)	4.64	(60,992)	(60,992)	(60,992)	(60,992)	(39,037)	0
San Joaquin Valley Unified Air Pollution Control District	(1,115,986)	4.64	(240,514)	(240,514)	(240,514)	(240,514)	(153,930)	0
Shafter Recreation and Park District	7,431	4.64	1,602	1,602	1,602	1,602	1,023	0
West Side Cemetery District	(186,062)	4.64	(40,100)	(40,100)	(40,100)	(40,100)	(25,662)	0
West Side Mosquito and Vector Control District	(27,717)	4.64	(5,973)	(5,973)	(5,973)	(5,973)	(3,825)	0
West Side Recreation and Park District	<u>(276,868)</u>	4.64	<u>(59,670)</u>	<u>(59,670)</u>	<u>(59,670)</u>	<u>(59,670)</u>	<u>(38,188)</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 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 and Member Contributions for the Year Ended June 30, 2022

	Total Change	Recognition Period (Years)	2023	2024	2025	2026	2027	2028
Kern County	\$8,190,935	4.77	\$1,717,179	\$1,717,179	\$1,717,179	\$1,717,179	\$1,322,219	\$0
Kern County Hospital Authority	(13,033,319)	4.77	(2,732,352)	(2,732,352)	(2,732,352)	(2,732,352)	(2,103,911)	0
Kern County Superior Courts	305,915	4.77	64,133	64,133	64,133	64,133	49,383	0
Berrenda Mesa Water District	(962,727)	4.77	(201,830)	(201,830)	(201,830)	(201,830)	(155,407)	0
Buttonwillow Recreation and Park District	5,004	4.77	1,049	1,049	1,049	1,049	808	0
East Kern Cemetery District	27,495	4.77	5,764	5,764	5,764	5,764	4,439	0
Inyokern Community Services District	(12,193)	4.77	(2,556)	(2,556)	(2,556)	(2,556)	(1,969)	0
Kern County Water Agency	(91,290)	4.77	(19,138)	(19,138)	(19,138)	(19,138)	(14,738)	0
Kern Mosquito and Vector Control District	460,272	4.77	96,493	96,493	96,493	96,493	74,300	0
North of the River Sanitation District	282,915	4.77	59,311	59,311	59,311	59,311	45,671	0
San Joaquin Valley Unified Air Pollution Control District	5,265,281	4.77	1,103,832	1,103,832	1,103,832	1,103,832	849,953	0
Shafter Recreation and Park District	(139,193)	4.77	(29,181)	(29,181)	(29,181)	(29,181)	(22,469)	0
West Side Cemetery District	(254,265)	4.77	(53,305)	(53,305)	(53,305)	(53,305)	(41,045)	0
West Side Mosquito and Vector Control District	(162,097)	4.77	(33,983)	(33,983)	(33,983)	(33,983)	(26,165)	0
West Side Recreation and Park District	<u>117,267</u>	4.77	<u>24,584</u>	<u>24,584</u>	<u>24,584</u>	<u>24,584</u>	<u>18,931</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 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 and Member Contributions for the Year Ended June 30, 2021

	Total Change	Recognition Period (Years)	2022	2023	2024	2025	2026	2027
Kern County	\$(6,857,067)	4.90	\$(1,399,402)	\$(1,399,402)	\$(1,399,402)	\$(1,399,402)	\$(1,259,459)	\$0
Kern County Hospital Authority	15,916,363	4.90	3,248,237	3,248,237	3,248,237	3,248,237	2,923,415	0
Kern County Superior Courts	(5,593,557)	4.90	(1,141,542)	(1,141,542)	(1,141,542)	(1,141,542)	(1,027,389)	0
Berrenda Mesa Water District	848,213	4.90	173,105	173,105	173,105	173,105	155,793	0
Buttonwillow Recreation and Park District	(3,113)	4.90	(635)	(635)	(635)	(635)	(573)	0
East Kern Cemetery District	2,889	4.90	590	590	590	590	529	0
Inyokern Community Services District	11,800	4.90	2,408	2,408	2,408	2,408	2,168	0
Kern County Water Agency	(334,577)	4.90	(68,281)	(68,281)	(68,281)	(68,281)	(61,453)	0
Kern Mosquito and Vector Control District	281,901	4.90	57,531	57,531	57,531	57,531	51,777	0
North of the River Sanitation District	(161,832)	4.90	(33,027)	(33,027)	(33,027)	(33,027)	(29,724)	0
San Joaquin Valley Unified Air Pollution Control District	(3,336,508)	4.90	(680,920)	(680,920)	(680,920)	(680,920)	(612,828)	0
Shafter Recreation and Park District	53,955	4.90	11,011	11,011	11,011	11,011	9,911	0
West Side Cemetery District	(427,963)	4.90	(87,339)	(87,339)	(87,339)	(87,339)	(78,607)	0
West Side Mosquito and Vector Control District	(224,600)	4.90	(45,837)	(45,837)	(45,837)	(45,837)	(41,252)	0
West Side Recreation and Park District	<u>(175,904)</u>	4.90	<u>(35,899)</u>	<u>(35,899)</u>	<u>(35,899)</u>	<u>(35,899)</u>	<u>(32,308)</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 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 and Member Contributions for the Year Ended June 30, 2020

	Total Change	Recognition Period (Years)	2021	2022	2023	2024	2025	2026
Kern County	\$(26,086,134)	5.08	\$(5,135,066)	\$(5,135,066)	\$(5,135,066)	\$(5,135,066)	\$(5,135,066)	\$(410,804)
Kern County Hospital Authority	18,183,528	5.08	3,579,435	3,579,435	3,579,435	3,579,435	3,579,435	286,353
Kern County Superior Courts	945,705	5.08	186,162	186,162	186,162	186,162	186,162	14,895
Berrenda Mesa Water District	245,726	5.08	48,371	48,371	48,371	48,371	48,371	3,871
Buttonwillow Recreation and Park District	(60,327)	5.08	(11,875)	(11,875)	(11,875)	(11,875)	(11,875)	(952)
East Kern Cemetery District	32,867	5.08	6,470	6,470	6,470	6,470	6,470	517
Inyokern Community Services District	(6,215)	5.08	(1,223)	(1,223)	(1,223)	(1,223)	(1,223)	(100)
Kern County Water Agency	(1,134,183)	5.08	(223,264)	(223,264)	(223,264)	(223,264)	(223,264)	(17,863)
Kern Mosquito and Vector Control District	(138,840)	5.08	(27,331)	(27,331)	(27,331)	(27,331)	(27,331)	(2,185)
North of the River Sanitation District	329,251	5.08	64,813	64,813	64,813	64,813	64,813	5,186
San Joaquin Valley Unified Air Pollution Control District	7,721,218	5.08	1,519,925	1,519,925	1,519,925	1,519,925	1,519,925	121,593
Shafter Recreation and Park District	186,464	5.08	36,705	36,705	36,705	36,705	36,705	2,939
West Side Cemetery District	17,648	5.08	3,474	3,474	3,474	3,474	3,474	278
West Side Mosquito and Vector Control District	(93,568)	5.08	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(1,473)
West Side Recreation and Park District	<u>(143,140)</u>	5.08	<u>(28,177)</u>	<u>(28,177)</u>	<u>(28,177)</u>	<u>(28,177)</u>	<u>(28,177)</u>	<u>(2,255)</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 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 and Member Contributions for the Year Ended June 30, 2019

	Total Change	Recognition Period (Years)	2020	2021	2022	2023	2024	2025
Kern County	\$(16,601,122)	5.05	\$(3,287,351)	\$(3,287,351)	\$(3,287,351)	\$(3,287,351)	\$(3,287,351)	\$(164,367)
Kern County Hospital Authority	6,678,985	5.05	1,322,571	1,322,571	1,322,571	1,322,571	1,322,571	66,130
Kern County Superior Courts	1,894,164	5.05	375,082	375,082	375,082	375,082	375,082	18,754
Berrenda Mesa Water District	2,180,907	5.05	431,863	431,863	431,863	431,863	431,863	21,592
Buttonwillow Recreation and Park District	(67,126)	5.05	(13,292)	(13,292)	(13,292)	(13,292)	(13,292)	(666)
East Kern Cemetery District	14,229	5.05	2,818	2,818	2,818	2,818	2,818	139
Inyokern Community Services District	89,616	5.05	17,746	17,746	17,746	17,746	17,746	886
Kern County Water Agency	445,258	5.05	88,170	88,170	88,170	88,170	88,170	4,408
Kern Mosquito and Vector Control District	333,938	5.05	66,126	66,126	66,126	66,126	66,126	3,308
North of the River Sanitation District	218,548	5.05	43,277	43,277	43,277	43,277	43,277	2,163
San Joaquin Valley Unified Air Pollution Control District	4,784,203	5.05	947,367	947,367	947,367	947,367	947,367	47,368
Shafter Recreation and Park District	101,228	5.05	20,045	20,045	20,045	20,045	20,045	1,003
West Side Cemetery District	77,967	5.05	15,439	15,439	15,439	15,439	15,439	772
West Side Mosquito and Vector Control District	113,403	5.05	22,456	22,456	22,456	22,456	22,456	1,123
West Side Recreation and Park District	<u>(264,198)</u>	5.05	<u>(52,317)</u>	<u>(52,317)</u>	<u>(52,317)</u>	<u>(52,317)</u>	<u>(52,317)</u>	<u>(2,613)</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GAS 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 and Member Contributions for the Year Ended June 30, 2018

	Total Change	Recognition Period (Years)	2019	2020	2021	2022	2023	2024
Kern County	\$(23,710,493)	5.08	\$(4,667,420)	\$(4,667,420)	\$(4,667,420)	\$(4,667,420)	\$(4,667,420)	\$(373,393)
Kern County Hospital Authority	16,687,313	5.08	3,284,904	3,284,904	3,284,904	3,284,904	3,284,904	262,793
Kern County Superior Courts	2,649,131	5.08	521,483	521,483	521,483	521,483	521,483	41,716
Berrenda Mesa Water District	(93,788)	5.08	(18,462)	(18,462)	(18,462)	(18,462)	(18,462)	(1,478)
Buttonwillow Recreation and Park District	(221,630)	5.08	(43,628)	(43,628)	(43,628)	(43,628)	(43,628)	(3,490)
East Kern Cemetery District	6,664	5.08	1,312	1,312	1,312	1,312	1,312	104
Inyokern Community Services District	0	5.08	0	0	0	0	0	0
Kern County Water Agency	863,665	5.08	170,013	170,013	170,013	170,013	170,013	13,600
Kern Mosquito and Vector Control District	23,398	5.08	4,606	4,606	4,606	4,606	4,606	368
North of the River Sanitation District	211,691	5.08	41,671	41,671	41,671	41,671	41,671	3,336
San Joaquin Valley Unified Air Pollution Control District	3,621,056	5.08	712,806	712,806	712,806	712,806	712,806	57,026
Shafter Recreation and Park District	92,309	5.08	18,171	18,171	18,171	18,171	18,171	1,454
West Side Cemetery District	83,215	5.08	16,381	16,381	16,381	16,381	16,381	1,310
West Side Mosquito and Vector Control District	(100,775)	5.08	(19,838)	(19,838)	(19,838)	(19,838)	(19,838)	(1,585)
West Side Recreation and Park District	<u>(111,756)</u>	5.08	<u>(21,999)</u>	<u>(21,999)</u>	<u>(21,999)</u>	<u>(21,999)</u>	<u>(21,999)</u>	<u>(1,761)</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Actuarial Assumptions and Methods and Appendices

Actuarial assumptions and methods

For June 30, 2023 Measurement Date and Employer Reporting as of June 30, 2024:

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 July 1, 2019 through June 30, 2022 Actuarial Experience Study dated May 24, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to members for all tiers. These assumptions were adopted by the Board.
<u>Economic Assumptions</u>	
Net Investment Return:	7.00%; net of investment expenses. Based on the Actuarial Experience Study reference above, expected investment expenses represent about 0.05% of the Actuarial Value of Assets.
Administrative Expenses:	0.95% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.
Member Contribution Crediting Rate:	7.00%, compounded semi-annually.
Consumer Price Index (CPI) and Cost of Living Adjustments (COLA):	CPI increase of 2.50% per year. Retiree COLA increases due to CPI are assumed to be 2.50% per year.
Payroll Growth:	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 2.50% per year from the valuation date.
Increase in Section 7522.10 Compensation Limit:	Increase of 2.50% per year from the valuation date.

Section 3: Actuarial Assumptions and Methods and Appendices

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	Merit and Promotion Increases	
	Rate (%)	
	General	Safety
Less than 1	5.00	7.00
1 – 2	5.25	8.00
2 – 3	4.50	6.00
3 – 4	4.00	5.50
4 – 5	3.25	5.00
5 – 6	2.75	4.00
6 – 7	2.25	3.50
7 – 8	2.00	3.00
8 – 9	1.75	2.00
9 – 10	1.50	1.75
10 – 11	1.25	1.25
11 – 12	1.15	1.25
12 – 13	1.05	1.25
13 – 14	1.00	1.25
14 – 15	0.90	1.25
15 – 16	0.80	1.00
16 & Over	0.70	1.00

Section 3: Actuarial Assumptions and Methods and Appendices

Demographic Assumptions:

Post-Retirement Mortality Rates:

Healthy

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **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-2021.

Disabled

- **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **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-2021.

Beneficiaries

- **Beneficiaries not currently in Pay Status:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Beneficiaries in Pay Status:** Pub-2010 General Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above with generational projection to the ages of participants as of the measurement date reasonably reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Section 3: Actuarial Assumptions and Methods and Appendices

Pre-Retirement Mortality Rates:

- **General Members:** Pub-2010 General Employee Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP 2021.
- **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-2021.

Age	Rate (%)			
	General		Safety	
	Male	Female	Male	Female
25	0.03	0.01	0.03	0.02
30	0.04	0.01	0.04	0.02
35	0.05	0.02	0.04	0.03
40	0.07	0.04	0.05	0.04
45	0.10	0.06	0.07	0.06
50	0.15	0.08	0.10	0.08
55	0.22	0.12	0.15	0.11
60	0.32	0.19	0.23	0.14
65	0.47	0.30	0.35	0.20

Note that generational projections beyond the base year (2010) are not reflected in the above mortality rates. All pre-retirement deaths are assumed to be non-service connected.

Mortality Rates for Member Contributions:

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 30% male and 70% 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-2021, weighted 80% male and 20% female.

Section 3: Actuarial Assumptions and Methods and Appendices

Disability Incidence:

Age	Rate (%)	
	General	Safety
20	0.02	0.05
25	0.02	0.07
30	0.03	0.10
35	0.06	0.18
40	0.08	0.33
45	0.11	0.46
50	0.16	1.01
55	0.22	2.34
60	0.31	3.75
65	0.35	4.25

50% of General disabilities are assumed to be service connected disabilities.
 The other 50% are assumed to be non-service connected disabilities.
 90% of Safety disabilities are assumed to be service connected disabilities.
 The other 10% are assumed to be non-service connected disabilities.

Section 3: Actuarial Assumptions and Methods and Appendices

Termination:

Years of Service	Rate (%)	
	General	Safety
Less than 1	20.00	11.00
1 – 2	15.00	9.00
2 – 3	12.00	8.00
3 – 4	11.00	7.00
4 – 5	9.00	6.50
5 – 6	8.50	5.50
6 – 7	8.00	4.75
7 – 8	7.50	4.50
8 – 9	6.50	4.25
9 – 10	5.00	4.00
10 – 11	4.50	3.50
11 – 12	4.00	3.25
12 – 13	3.75	3.00
13 – 14	3.50	2.00
14 – 15	3.25	2.00
15 – 16	3.00	2.00
16 – 17	2.75	1.00
17 – 18	2.25	0.90
18 – 19	2.00	0.80
19 – 20	1.90	0.75
20 – 21	1.75	0.00
21 – 22	1.50	0.00
22 – 23	1.25	0.00
23 – 24	1.00	0.00
24 – 25	1.00	0.00
25 – 26	1.00	0.00
26 – 27	1.00	0.00
27 – 28	1.00	0.00
28 – 29	1.00	0.00
29 – 30	1.00	0.00
30 & Over	0.00	0.00

Refer to the next table that contains rates for electing a refund of contributions upon termination. No termination is assumed after a member is first assumed to retire.

Section 3: Actuarial Assumptions and Methods and Appendices

Electing a Refund of Contributions upon Termination:

Proportion of Total Terminations Assumed to Elect a Refund of Contributions Upon Termination

Years of Service	Rate (%)	
	General	Safety
Less than 5	100.00	100.00
5 – 10	25.00	30.00
10 – 15	15.00	12.00
15 – 20	15.00	12.00
20 & Over	0.00	0.00

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates:

Rate (%)				
General				
Tier I				
Age	Less Than 25 Years of Service	25 or More Years of Service	Tier IIA and IIB	Tier III
50	10.00	10.00	5.00	0.00
51	6.00	6.00	3.00	0.00
52	6.00	10.00	3.00	3.00
53	5.00	12.00	3.00	3.00
54	5.00	12.00	3.25	3.25
55	5.00	12.00	3.50	3.50
56	6.00	14.00	4.00	4.00
57	5.00	16.00	4.50	4.50
58	9.00	20.00	6.50	6.50
59	14.00	24.00	11.00	11.00
60	20.00	30.00	12.00	12.00
61	14.00	24.00	13.00	13.00
62	20.00	30.00	20.00	20.00
63	20.00	30.00	20.00	20.00
64	20.00	30.00	20.00	20.00
65	33.00	33.00	33.00	33.00
66	33.00	33.00	33.00	33.00
67	30.00	30.00	30.00	30.00
68	30.00	30.00	30.00	30.00
69	35.00	35.00	35.00	35.00
70	100.00	100.00	100.00	100.00

The retirement rates only apply to members who are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Rates (continued):

Age	Rate (%)		
	Safety		
	Tier I		
	Less Than 25 Years of Service	25 or More Years of Service	Tier IIA and IIB
41	5.00	5.00	0.00
42	5.00	5.00	0.00
43	5.00	5.00	0.00
44	5.00	5.00	0.00
45	5.00	5.00	0.00
46	5.00	5.00	0.00
47	8.00	8.00	0.00
48	8.00	8.00	0.00
49	22.00	36.00	0.00
50	16.00	36.00	5.00
51	10.00	30.00	3.00
52	10.00	30.00	3.00
53	10.00	30.00	5.00
54	12.00	28.00	11.00
55	14.00	28.00	13.00
56	14.00	28.00	12.00
57	14.00	28.00	12.00
58	14.00	28.00	12.00
59	14.00	28.00	12.00
60	30.00	60.00	15.00
61	30.00	60.00	15.00
62	30.00	60.00	30.00
63	30.00	60.00	30.00
64	30.00	60.00	30.00
65	100.00	100.00	100.00

The retirement rates only apply to members who are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods and Appendices

Retirement Age and Benefit for Deferred Vested Members:	<p>For current and future deferred vested members, retirement assumptions are as follows:</p> <p>General Non-Reciprocal Retirement Age: 56 General Reciprocal Retirement Age: 60 Safety Retirement Age: 51</p> <p>We assume that 45% of future General and 60% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocal members, we assume 3.70% and 4.00% compensation increases per annum for General and Safety members, respectively.</p>
Future Benefit Accruals:	1.0 year of service per year of employment.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	All active members of KCERA as of the valuation date.
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, 65% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.
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.
<u>Actuarial Methods</u>	
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.
Expected Remaining Service Lives:	<p>The average of the expected service lives of all employees is determined by:</p> <ul style="list-style-type: none"> • 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.

Section 3: Actuarial Assumptions and Methods and Appendices

Changed Actuarial Assumptions and Methods:	Based on the Actuarial Experience Study, the following assumptions were changed. Previously these assumptions and methods were as follows:
<i>Net Investment Return:</i>	7.25%; net of investment expenses. Expected investment expenses represent about 0.40% of the Market Value of Assets.
<i>Administrative Expenses:</i>	0.90% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.
<i>Member Contribution Crediting Rate:</i>	7.25%, compounded semi-annually.
<i>Consumer Price Index (CPI) and Cost of Living Adjustments (COLA):</i>	CPI increase of 2.75% per year. Retiree COLA increases due to CPI are assumed to be 2.50% per year.
<i>Payroll Growth:</i>	Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year.
<i>Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:</i>	Increase of 2.75% per year from the valuation date.
<i>Increase in Section 7522.10 Compensation Limit:</i>	Increase of 2.75% per year from the valuation date.

Section 3: Actuarial Assumptions and Methods and Appendices

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	Merit and Promotion Increases	
	Rate (%)	
	General	Safety
Less than 1	5.50	8.75
1 – 2	4.50	7.00
2 – 3	4.00	5.50
3 – 4	3.50	5.00
4 – 5	3.00	4.50
5 – 6	2.50	4.00
6 – 7	2.25	3.50
7 – 8	1.75	2.50
8 – 9	1.50	1.50
9 – 10	1.25	1.25
10 – 11	1.15	1.00
11 – 12	1.05	0.80
12 – 13	0.95	0.75
13 – 14	0.85	0.70
14 – 15	0.75	0.65
15 – 16	0.75	0.60
16 – 17	0.75	0.55
17 – 18	0.75	0.50
18 – 19	0.75	0.50
19 – 20	0.75	0.50
20 & Over	0.75	0.50

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Post-Retirement Mortality Rates:

Healthy

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, 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% for males and females, 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) with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Beneficiaries

- **General and Safety Members:** Pub-2010 General Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Pre-Retirement Mortality Rates:

- **General Members:** Pub-2010 General Employee Amount-Weighted 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.

Age	Rate (%)			
	General		Safety	
	Male	Female	Male	Female
25	0.03	0.01	0.03	0.02
30	0.04	0.01	0.04	0.02
35	0.05	0.02	0.04	0.03
40	0.07	0.04	0.05	0.04
45	0.10	0.06	0.07	0.06
50	0.15	0.08	0.10	0.08
55	0.22	0.12	0.15	0.11
60	0.32	0.19	0.23	0.14
65	0.47	0.30	0.35	0.20

All pre-retirement deaths are assumed to be non-service connected. Note that 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 Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 30% male and 70% 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 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Disability Incidence:

Age	Rate (%)	
	General	Safety
20	0.02	0.05
25	0.03	0.07
30	0.04	0.10
35	0.07	0.19
40	0.09	0.28
45	0.13	0.39
50	0.18	1.08
55	0.26	2.55
60	0.36	3.70
65	0.40	4.00
70	0.00	0.00

50% of General disabilities are assumed to be service connected (duty) disabilities and the other 50% are assumed to be non-service connected (ordinary) disabilities.

90% of Safety disabilities are assumed to be service connected (duty) disabilities and the other 10% are assumed to be non-service connected (ordinary) disabilities.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Termination:

Years of Service	Rate (%)	
	General	Safety
Less than 1	17.00	9.00
1 – 2	13.00	8.00
2 – 3	10.00	7.00
3 – 4	9.00	6.00
4 – 5	8.50	5.00
5 – 6	8.00	4.00
6 – 7	7.00	3.50
7 – 8	6.00	3.25
8 – 9	5.00	3.00
9 – 10	4.00	2.60
10 – 11	3.75	2.20
11 – 12	3.50	1.80
12 – 13	3.25	1.60
13 – 14	3.00	1.40
14 – 15	2.75	1.20
15 – 16	2.50	1.00
16 – 17	2.30	0.90
17 – 18	2.10	0.75
18 – 19	1.90	0.75
19 – 20	1.70	0.75
20 – 21	1.50	0.00
21 – 22	1.30	0.00
22 – 23	1.10	0.00
23 – 24	1.00	0.00
24 – 25	1.00	0.00
25 – 26	1.00	0.00
26 – 27	1.00	0.00
27 – 28	1.00	0.00
28 – 29	1.00	0.00
29 – 30	1.00	0.00
30 & Over	0.00	0.00

Refer to the next table that contains rates for electing a refund of contributions upon termination. No termination is assumed after a member is first assumed to retire.

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

*Electing a Refund of Contributions
upon Termination:*

Years of Service	Rate (%)	
	General	Safety
Less than 5	100.00	100.00
5 – 6	36.00	44.00
6 – 7	34.00	40.00
7 – 8	32.00	38.00
8 – 9	30.00	32.00
9 – 10	28.00	30.00
10 – 11	26.00	26.00
11 – 12	25.00	25.00
12 – 13	24.00	21.00
13 – 14	23.00	18.00
14 – 15	22.00	15.00
15 – 16	21.00	12.00
16 – 17	18.00	10.00
17 – 18	16.00	8.00
18 – 19	14.00	6.00
19 – 20	13.00	4.00
20 – 21	12.00	0.00
21 – 22	11.00	0.00
22 – 23	10.00	0.00
23 – 24	8.00	0.00
24 – 25	6.00	0.00
25 – 26	4.00	0.00
26 – 27	2.00	0.00
27 & Over	0.00	0.00

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Retirement Rates:

Age	Rate (%)						
	General Tier I		General Tiers IIA and IIB	General Tier III	Safety Tier I		Safety Tiers IIA and IIB
	<25 Years of Service	>25 Years of Service			<25 Years of Service	>25 Years of Service	
45	0.00	0.00	0.00	0.00	5.00	5.00	0.00
46	0.00	0.00	0.00	0.00	5.00	5.00	0.00
47	0.00	0.00	0.00	0.00	5.00	5.00	0.00
48	0.00	0.00	0.00	0.00	5.00	5.00	0.00
49	0.00	0.00	0.00	0.00	25.00	25.00	0.00
50	10.00	10.00	5.00	0.00	10.00	30.00	3.00
51	6.00	6.00	3.00	0.00	8.00	24.00	3.00
52	6.00	12.00	3.00	3.00	8.00	24.00	3.00
53	6.00	12.00	3.00	3.00	8.00	24.00	5.00
54	6.00	12.00	3.50	3.50	12.00	24.00	11.00
55	6.00	12.00	4.00	4.00	14.00	28.00	13.00
56	6.00	14.00	4.50	4.50	14.00	28.00	12.00
57	6.00	16.00	5.00	5.00	8.00	28.00	12.00
58	9.00	18.00	6.50	6.50	8.00	28.00	12.00
59	16.00	24.00	11.00	11.00	14.00	28.00	12.00
60	20.00	35.00	12.00	12.00	25.00	28.00	12.00
61	16.00	28.00	13.00	13.00	25.00	50.00	12.00
62	20.00	35.00	20.00	20.00	25.00	50.00	25.00
63	20.00	30.00	20.00	20.00	25.00	50.00	25.00
64	20.00	30.00	20.00	20.00	25.00	50.00	25.00
65	35.00	35.00	35.00	35.00	100.00	100.00	100.00
66	35.00	35.00	35.00	35.00	100.00	100.00	100.00
67	35.00	35.00	35.00	35.00	100.00	100.00	100.00
68	35.00	35.00	35.00	35.00	100.00	100.00	100.00
69	40.00	40.00	40.00	40.00	100.00	100.00	100.00
70	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Section 3: Actuarial Assumptions and Methods and Appendices

Prior Actuarial Assumptions (continued):

Retirement Age and Benefit for Deferred Vested Members:

For current and future deferred vested members, retirement age assumptions are as follows:

General Retirement Age: 57

Safety Retirement Age: 53

We assume that 45% of future General and 60% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocal members, we assume 4.00% and 3.75% compensation increases per annum for General and Safety members, respectively.

Percent Married:

For all active and inactive members, 70% of male members and 60% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.

Section 3: Actuarial Assumptions and Methods and Appendices

Appendix A: Projection of Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2023 (\$ in millions)

Year Beginning June 30	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2022	\$5,131	\$376	\$418	\$7	\$304	\$5,387
2023	5,387	364	464	5	373	5,654
2024	5,654	368	459	5	392	5,951
2025	5,951	373	476	5	412	6,256
2026	6,256	385	494	5	434	6,577
2027	6,577	395	511	4	456	6,912
2028	6,912	399	531	4	479	7,255
2029	7,255	402	550	4	503	7,605
2030	7,605	395	570	4	526	7,953
2031	7,953	394	589	4	550	8,304
2062	6,870	1	688	0*	457	6,640
2063	6,640	1	675	0*	441	6,407
2064	6,407	0*	661	0*	425	6,172
2065	6,172	0*	645	0*	409	5,937
2066	5,937	0*	628	0*	394	5,703
2097	4,992	0	25	0	349	5,315
2098	5,315	0	20	0	371	5,667
2099	5,667	0	15	0	396	6,048
2100	6,048	0	11	0	423	6,459
2101	6,459	0	8	0	452	6,903
2137	73,514	0	0*	0	5,146	78,659
2138	78,659					
2138 Discounted Value	33**					

* Less than \$1 million when rounded.

** \$78,659 million when discounted with interest at the rate of 7.00% per annum has a value of \$33 million (or 0.61% of the Plan's Fiduciary Net Position) as of the June 30, 2023 measurement date.

Section 3: Actuarial Assumptions and Methods and Appendices

Notes:

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning July 1, 2022 row are actual amounts, based on the final audited financial statements provided by KCERA.
3. Various years have been omitted from this table.
4. **Column (a):** Except for the "discounted value" shown for 2138, none of the projected beginning Plan's Fiduciary Net Position amounts shown have been adjusted for the time value of money.
5. **Column (b):** Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2022); plus employer contributions to the unfunded actuarial accrued liability; plus employer and employee contributions to fund each year's annual administrative expenses, based on the Plan's funding policy. 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 June 30, 2022. The projected benefit payments reflect the cost of living increase assumption of 2.50% per annum and include projected benefits associated with the Supplemental Retiree Benefit Reserve, including applicable cost of living increases on those benefits. Benefit payments are assumed to occur halfway through the year, on average.
7. **Column (d):** Projected administrative expenses are calculated as approximately 0.95% of the closed group payroll. 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 June 30, 2023 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 Plan's Fiduciary Net Position and the discounting of benefits is part of the model.

Section 3: Actuarial Assumptions and Methods and Appendices

Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement 68. The terms may have different meanings in other contexts.

Active Employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual Contributions	Cash contributions recognized as additions to a pension Plan's Fiduciary Net Position.
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).
Closed Period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
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.

Section 3: Actuarial Assumptions and Methods and Appendices

Collective Net Pension Liability	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective Pension Expense	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions	Additions to a Pension Plan's Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
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 the 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 68.)
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.

Section 3: Actuarial Assumptions and Methods and Appendices

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 68) 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 non-employer 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.

Section 3: Actuarial Assumptions and Methods and Appendices

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 68.

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Kern County Employees' Retirement Association

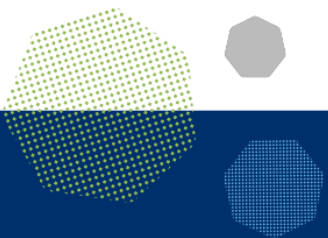
June 30, 2024 Financial Statement Audit

May 29, 2024



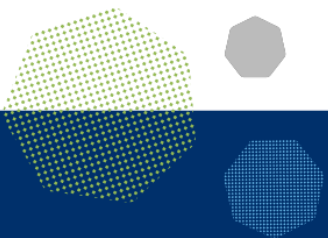
Overview

- Requirements and Deliverables
- Required Governance Communication
- Audit Plan, Significant Audit Areas and Timeline
- Finance Committee Discussion



Requirements and Deliverables

- **Audit Engagement Requirements and Deliverables**
 - Conduct an audit of the basic financial statements of the Kern County Employees' Retirement Association (KCERA) for the year ending June 30, 2024 in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards (GAS).
 - Issue an opinion on the fairness of the basic financial statements.
 - Issue a management letter on operational, internal control and financial matters as required under Governmental Auditing Standards.
 - Provide consultation services, as requested, to assist KCERA staff in preparation of the basic financial statements.
 - Expand testing in selected areas and/or examine special areas of concern throughout the engagement and upon the request of the Board of Retirement or Finance Committee.
 - Ensure that transactions that could have a direct and material effect on the financial statements are executed in accordance with applicable laws and regulations.



Required Governance Communications

- Auditor's Responsibilities - Opinion
 - Responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles in the United States of America.



Required Governance Communications

- Auditor's Responsibilities - Standards
 - Responsible for performing the audit in accordance with generally accepted auditing standards. The audit is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.



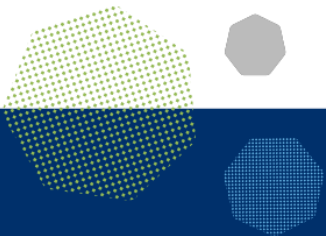
Required Governance Communications

- Auditor's Responsibilities – Other
 - Exercise professional judgment and maintain professional skepticism
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness KCERA's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
 - Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the KCERA's ability to continue as a going concern for a reasonable period of time.



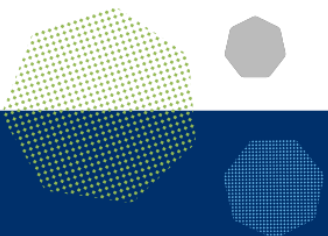
Required Governance Communications

- Management Responsibilities
 - Preparation and fair presentation of the financial statements and GASB 68 schedules.
 - The design, implementation and maintenance of internal controls relevant to the fair presentation of the financial statements and GASB 68 schedules.



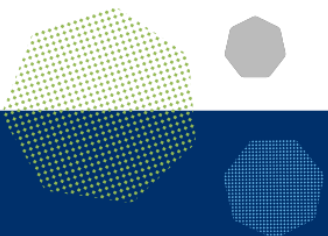
Audit Plan

- Phased Approach – Planning, Internal Control, Substantive Test Work and Reporting



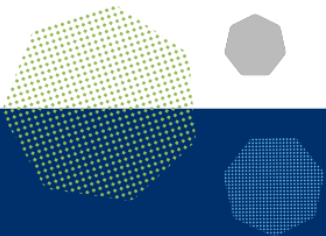
Significant Audit Areas

- We have identified the following areas as significant audit areas and processes:
 - **Investments and Investment Income**
 - Investments – Alternative/Non-Custodial
 - Investments – Publicly Traded/Custodial
 - **Contributions/Member Testing**
 - Employer and Member
 - **Benefit Payments**
 - Annuity and lump sum benefit payment testing
 - Data analytic procedures over benefit payments
 - **TPL, NPL and Related Disclosures**
 - Demographic and informational testing over employer census data
 - Data analytic procedures over census files
 - **Financial Statement Process**



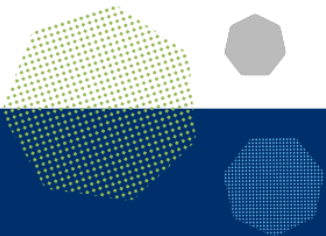
Timeline

Key Milestones	Dates
Planning	August 2024
Understanding and Testing of Internal Controls	August 2024
Substantive Procedures	September to December 2024
Issue Financial Statement Audit Reports	Early December 2024
GASB 68 Audit Procedures	April to May 2025
Issue GASB 68 Audit Report	May 2025



Finance Committee Discussion

- Recognizing the importance of two-way communication, we encourage you to provide us with information you consider relevant to the audit. This may include, but is not limited to the following:
 - KCERA's objectives and strategies and the related business risks that may result in material misstatements.
 - Your understanding of risks of fraud and controls in place to prevent and detect fraud.
 - Other matters you believe are relevant to the audit of the financial statements.






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Date: May 29, 2024

To: Trustees, Finance Committee

From: Matthew Henry, Chief Operations Officer 

Subject: **Actuarial Audit Services Proposal Review**

The Board of Retirement's Monitoring and Reporting Policy identifies reports that it is to receive on a regular basis. An actuarial audit is one such report. An actuarial audit is an independent review of the validity of the analyses and methodologies used by the consulting actuary, Segal, in preparing KCERA's actuarial valuation. The actuarial audit is performed by a third-party actuary every three to five years. The last actuarial audit was performed in 2020.

The scope of the actuarial audit consists of the following:

- Perform a peer review audit of the Actuarial Experience Study during the period July 1, 2019 through June 30, 2022 and a review of economic actuarial assumptions.
- Conduct a parallel valuation (independent reproduction of the detailed valuation results) of KCERA's June 30, 2023 valuation, including the SRBR valuation and the GASB 67 valuation.
- Communicate the peer review results to the consulting actuary, Segal, prior to the completion of the June 30, 2024 valuations so that Segal may consider such adjustments and recommendations for inclusion in the June 30, 2024 valuations.

On March 29, 2024, KCERA issued a Request for Proposal (RFP) for actuarial audit services. KCERA received three proposals, which were thoroughly reviewed by members of the Evaluation Committee. The Evaluation Committee members were selected by the Chief Executive Officer and utilized the evaluation and selection procedures outlined in the RFP. The selection process calls for the Evaluation Committee to make a recommendation to the Finance Committee, which would then make a recommendation to the Board of Retirement.

The Evaluation Committee selected Cheiron, Inc. as the recommended actuarial auditor.

Therefore, it is recommended that your Committee recommend the Evaluation Committee's selected actuarial auditor to the Board of Retirement for approval at their regular meeting on June 12, 2024.



Organizational Landscape and Budget Governance

Presented by:

Dominic D. Brown

Chief Executive Officer

May 29, 2024



Governance & Budget

- KCERA was established under the provisions of the County Employee Retirement Law of 1937 (CERL) by resolution of the Kern County Board of Supervisors. These provisions vest plenary authority of the management of the retirement system with the Board of Retirement.
- The complexity of benefits administration has increased significantly over the years, and the resource requirements to discharge those fiduciary duties are also increasing.
 - *Ventura* Decision, Tier I/Tier II, Service Purchases, PEPRA, Retiree Return to Work, Hospital Authority, Payroll Providers, Declining Employers, Affordable Care Act, Reciprocity, Portfolio Growth, *Alameda* Decision, etc.

Governance Landscape

- KCERA Board
 - 4-1-4 composition
- Government Code
 - An entire section of the government code is dedicated to the CERL and as the Plan Document, it governs the administration of KCERA's defined benefit system
- County Salary Schedule
- KCERA is responsible for delivering the pension promises made by our plan sponsors to their employees, to the extent allowed by our Plan and governing laws

The Five Fiduciary Pillars

Primary Loyalty to Members



- Avoid “two hat” conflicts of interest
- **Attract and retain capable staff**
- **Provide superior member service**
- Minimize risk of loss

Exclusive Benefit of Members



- Avoid diverting assets for other purposes
- Avoid impacting plan for others’ goals
- **Pay only reasonable expenses to administer fund**

Prudent Care and Expertise



- Establish and follow good governance policies as a Board
- Be transparent
- **Engage and delegate to expert staff and consultants**
- Monitor and adjust as needed

Diversify the Assets



- **Establish collective risk tolerance**
- Seek risk-adjusted returns across all markets
- Weigh each investment for its contribution to whole program

Follow the Law

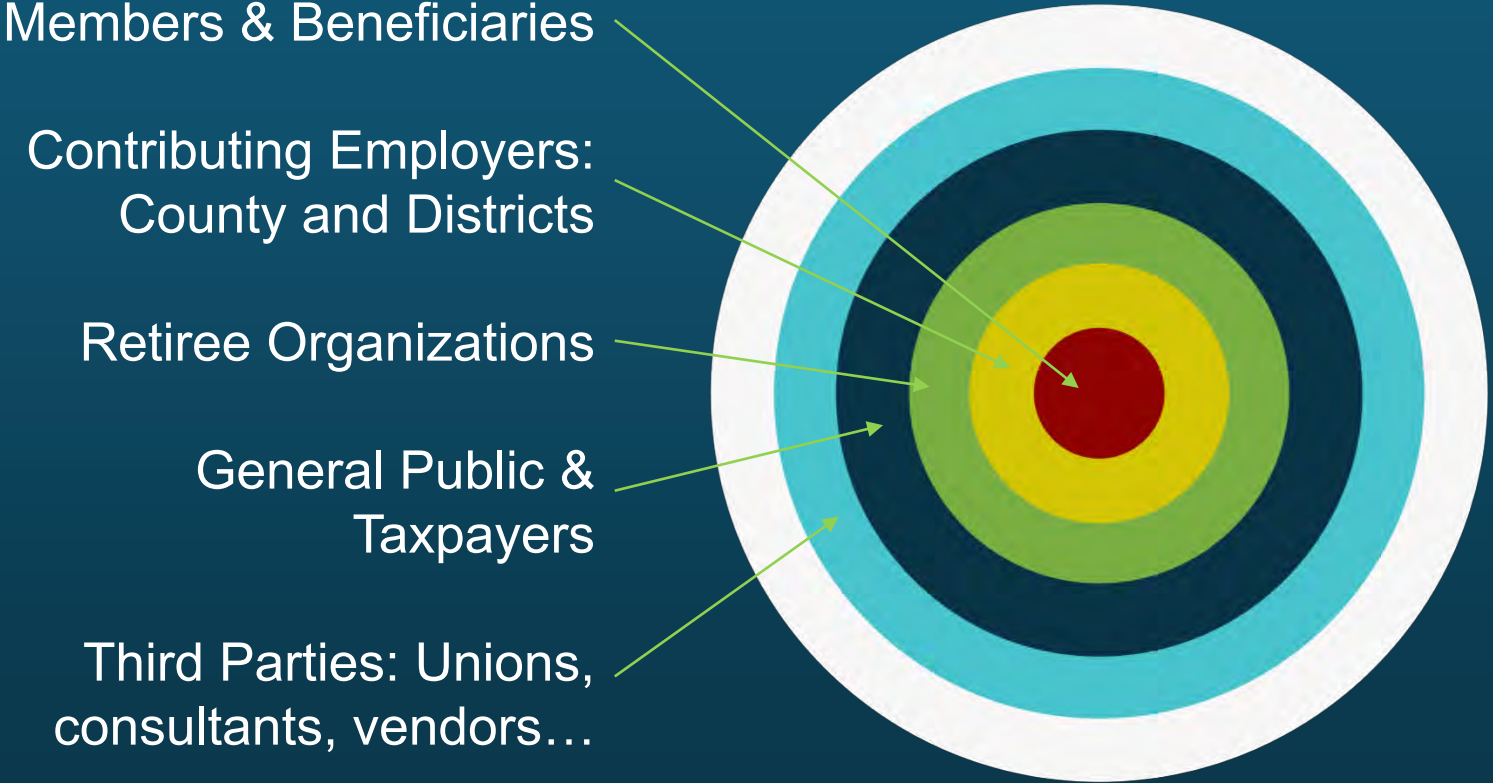


- Establish and comply with written plan documents
- **Be mindful of public official role**

Delegation and Oversight

- A public fiduciary may (often must!) delegate, but only to others who are held to the same fiduciary standards
- You have specific authority to delegate to staff
CERL sec. 31522.1: “The board of retirement ... may appoint such administrative, technical, and clerical staff personnel as are required to accomplish the necessary work of the boards.”
- But don’t “set and forget” – prudent delegation requires vigilant oversight: Monitor, evaluate, adjust when appropriate
- Engage advisors (auditors, consultants, counsel) to help you exercise your oversight role

KCERA's "Stakeholders"



Cal. Gov. Code section 31522.1 Appointment of Staff Personnel

CERL – Cal. Gov. Code section 31522.1 –

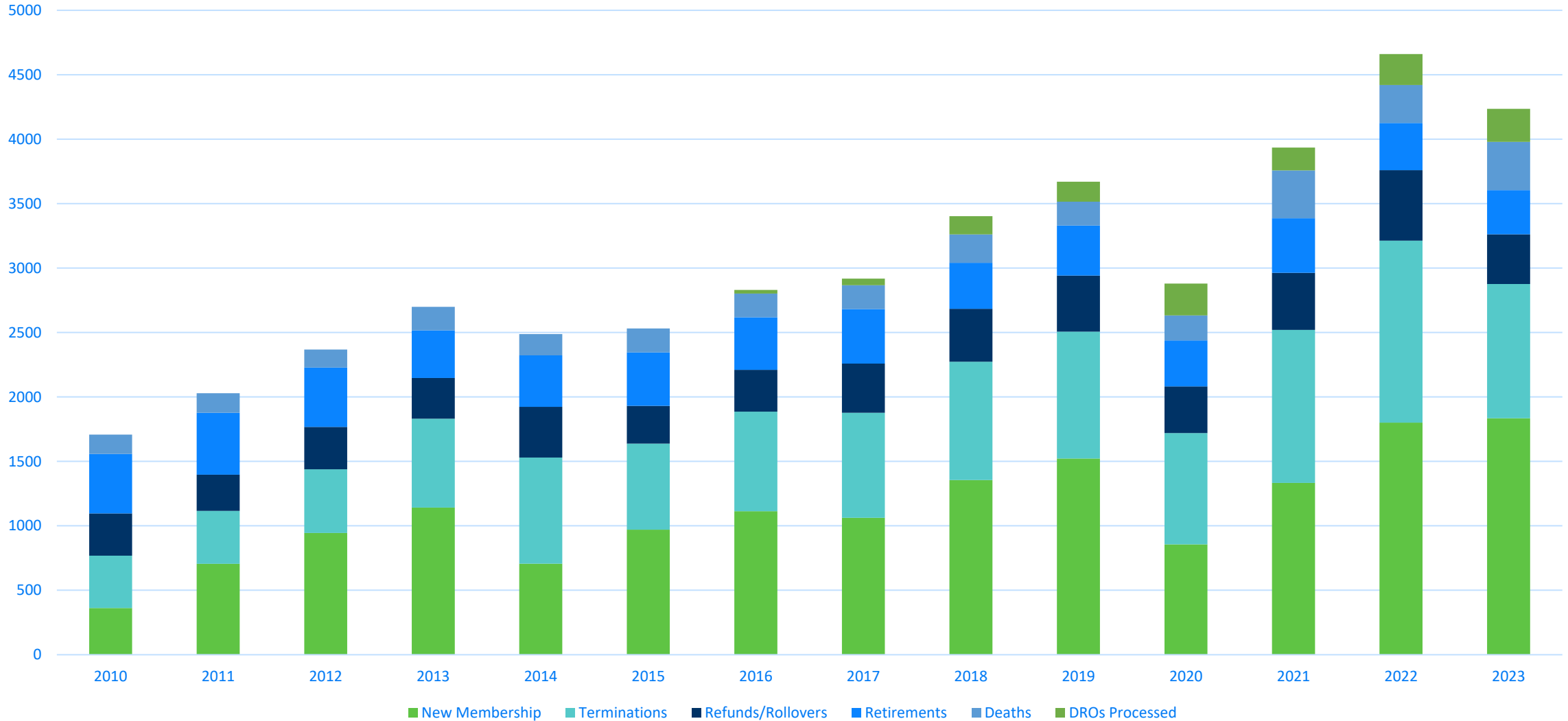
The **board of retirement** and both the board of retirement and board of investment **may appoint** such administrative, technical, and clerical staff **personnel** as are required **to accomplish the necessary work of the boards**. The appointments shall be made from eligible lists created in accordance with the civil service or merit system rules of the county in which the retirement system governed by the boards is situated. **The personnel shall be county employees and shall be subject to the county civil service** or merit system rules and **shall be included in the salary ordinance** or resolution adopted by the board of supervisors for the compensation of county officers and employees.

California Constitution

Art. XVI, section 17 (Prop 162) (1992)

- “Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have **plenary authority** and fiduciary responsibility for **investment of moneys** and **administration of the system**, subject to all of the following:
- (a) The retirement board of a public pension or retirement system shall have the **sole and exclusive fiduciary responsibility** over the assets of the public pension or retirement system. **The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries...**”

Member Activity by Year



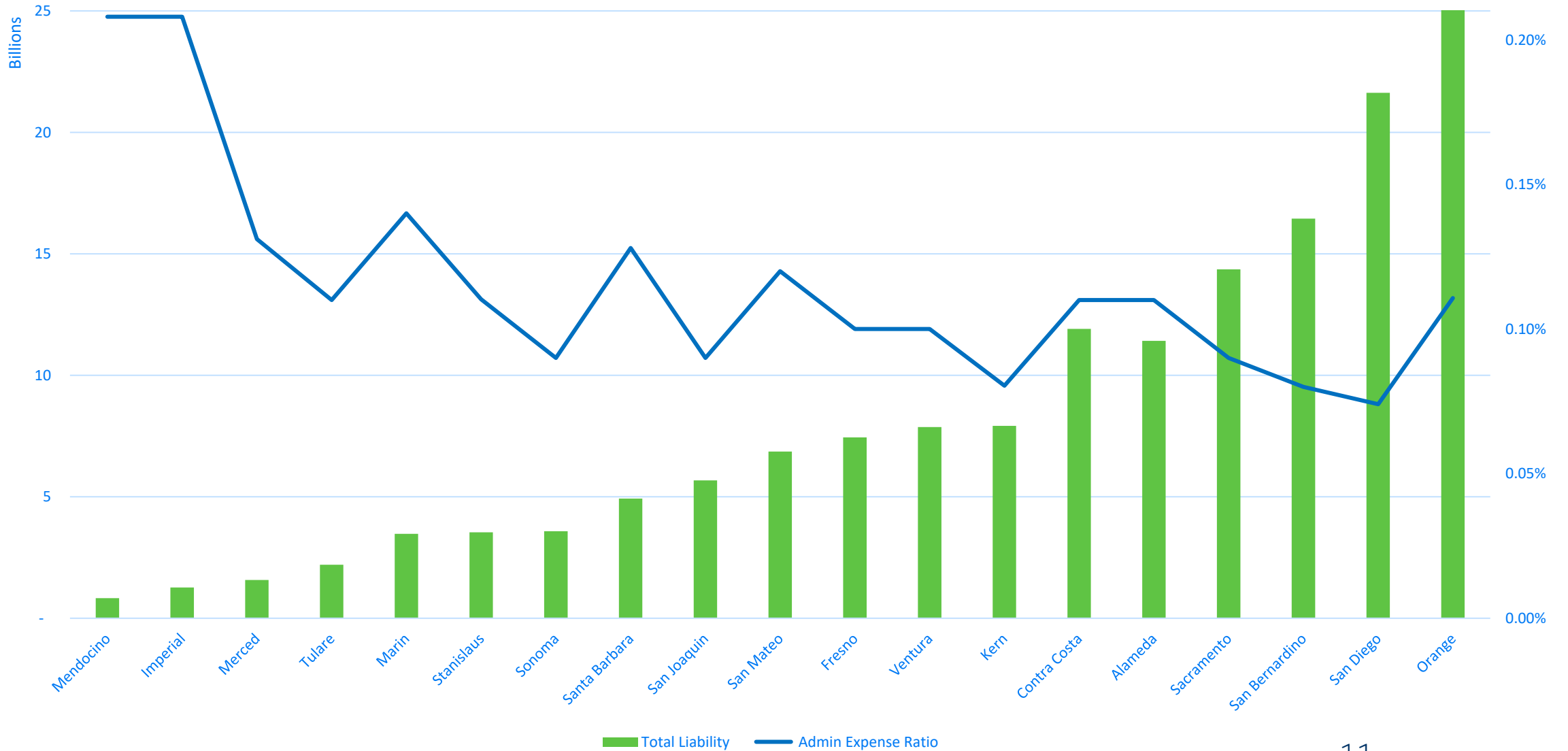
A photograph of a meeting room with wood-paneled walls. The text "KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION" is mounted on the wall in large, white, three-dimensional letters. To the left of the text is an American flag on a stand. To the right is the California state flag on a stand. In the foreground, a long conference table is visible with several black chairs and microphones.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Benchmarking

- The KCERA Board of Retirement is charged with exercising its fiduciary duty to determine the resources required in order to fulfill the KCERA mission and has independent budgetary authority to administer the system
- Other California State Association of County Retirement Systems (SACRS) peers can be a very helpful benchmark to help determine reasonable resource requirements
 - KCERA has a very low administrative expense ratio compared to peers

Total Liability vs. Admin Expense Ratio



APPFA & COSO

- The Association of Public Pension Fund Auditors, Inc. has published a document entitled *Operational Risks of a Defined Benefit and Related Plans and Controls to Mitigate those Risks*. A review of this document has revealed many risks that require additional resources in order to be sufficiently mitigated

https://www.appfa.org/assets/docs/APPFA_OpRisk-Feb13-Final7.pdf

- COSO is an internal control framework that is used by accounting firms, the County, and other organizations for creating and evaluating business processes and internal controls

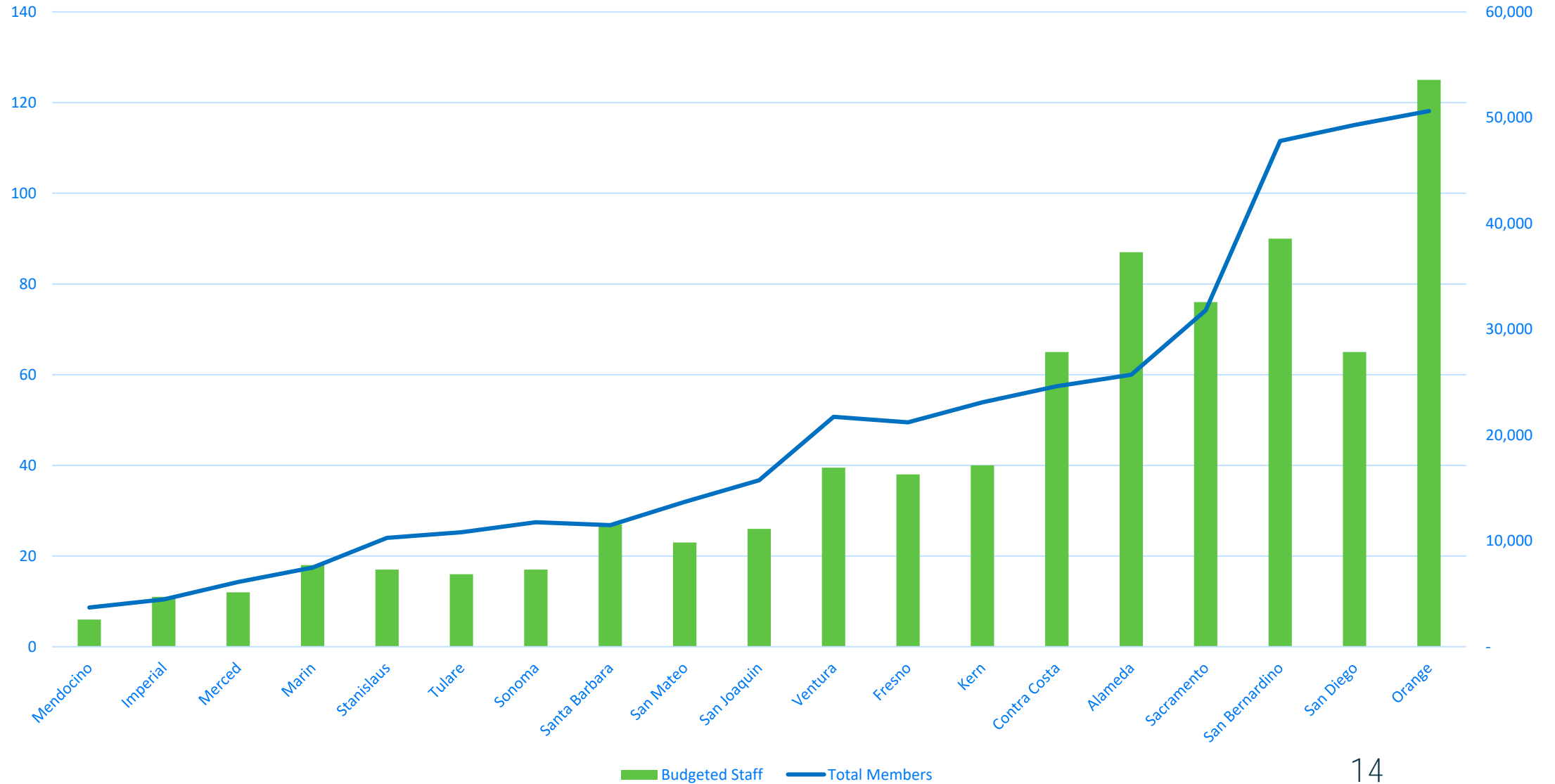
https://www.coso.org/_files/ugd/3059fc_1df7d5dd38074006bce8fdf621a942cf.pdf

- Staff has analyzed business processes throughout the organization and identified risks and opportunities to mitigate risks and improve service to our members

Uncompensated Operational Risks

- Errors in benefits, including tier placement, rate determinations, reciprocity analysis, service purchase calculations, special pay designations, MOU terms, COLA application, salary history analysis, etc.
- Slow response times to members including inquiries regarding retirement planning, service purchases, disability, DROs, etc.
- Attract and retain competent staff to carry out organizational responsibilities
- Headline risk

Staff vs Membership



Opportunities



- Mitigate operational risks
- Audit member data and enhance quality of member experience with KCERA by ensuring data is clean before member approaches retirement
- Enhance member education, especially retirement planning for Tier II members that will have a much smaller pension in retirement
- Member communication regarding domestic relations orders, member checklists, interaction with defined contribution plan, social security, health benefits, etc.

Reorganization

- KCERA completed a significant reorganization in the last few years, resulting in the addition of many positions, particularly in the investment and legal sections
- The next phase will focus on employee retention, cross-training, and succession planning
- KCERA needs to focus on attracting and retaining high performing staff to succeed in fulfilling our mission statement



Expenses of Investing Money

CERL – Cal. Gov. Code section 31596.1 –

The expenses of investing its moneys shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered as a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:

- [California Code, Cal. Gov't Code § 31596.1, Expenses of investing](#)



Conclusions

- KCERA must discharge its fiduciary duty to administer the plan prudently, including ensuring the Plan has adequate resources to administer benefits
- When compared with SACRS peers, KCERA's administrative expense ratio is low because KCERA strives to be lean and efficient
- The Board of Retirement has supported growth of KCERA staff over the last few years, and those staff expenses are now being fully realized

KCERA's Mission Statement:

KCERA's mission is to administer the benefits with excellence, invest plan assets with prudence, and provide quality service to our members and their beneficiaries



Budget Book

For Fiscal Year

2024-25

Presented by:

Chief Executive Officer Dominic D. Brown, CPA, CFE

Chief Operations Officer Matthew Henry, CFE

Chief Financial Officer Angela Kruger

May 29, 2024

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SECTION I

Letter from the Chief Executive Officer



May 29, 2024

Members of the Board of Retirement:

I am pleased to present to you the proposed Operating Expense Budget for fiscal year 2024-25. Highlights of the 2023-24 and 2024-25 budgets include:

- The largest budgetary category is staff, which comprises 58.5% of the total proposed budget. The 2023-24 projected actual expense for staffing is \$6.0 million, which is \$870,316 less than what was approved.
- The proposed 2024-25 Administrative Expense Budget of \$7.3 million (8.7 basis points) is \$10.3 million (12.3 basis points) under the statutory limit of 21 basis points of the actuarial accrued liability of the retirement system, pursuant to Government Code Section 31580.2. See *Section IV – Administrative Expenses*.
- Enhanced presentation of operating expenses to include non-administrative fees for investment, legal and actuarial consultants (including prior period adjustments), as well as a separate, detailed presentation of administrative expense.
- For 2024-25, staff recommends a budget of \$12.49 million, which is \$1.66 million 15.3% more than last year's approved budget of \$10.83 million. The increase is mainly due to incorporating depreciation cost of the building historically accounted for in KCERA Property Inc. (KPI). Other increases include additional investment software, disability vendors and salaries.

Key Events for Fiscal Year 2023-24

In the past year management continued to implement the strategic staffing plan approved by the Board. Staff worked to align duties and responsibilities with the appropriate level of personnel to improve the effectiveness and efficiency of each division. The initiatives included in the Strategic Plan are intended to further the Board's goals and priorities to enhance stakeholder relations, strengthen the investment program, leverage available technology in our operations, build the effectiveness of KCERA staff, and ensure plan sustainability. Staff conducted KCERA's first Stakeholder Summit. The event was well attended and received positive feedback. KCERA staff looks forward additional events and continuing the enhancement of services provided to KCERA members and stakeholders.

In this fiscal period, staff were added in Investments, Finance and Member Services. The end of the year will bring about the launch of the plan sponsor compliance project, ongoing member engagement efforts, activation of the solar array, and several requests for proposals for services.

Future Expectations

In fiscal year 2024-25, priorities are to continue developing a culture and infrastructure of accountability and cost effectiveness, to make for a more transparent organization moving forward. Additionally, we will continue building an organization focused on its core values and a vision of exceeding customer expectations, of engaging team members and of developing a supportive leadership.

In this year's budget projection, additional professional services are being requested to assist your Board in continuing to meet challenges to maintain a culture of excellence, fiscal responsibility, transparency, and prudent management of risk. In doing so, your Board will set the future direction of the organization while ensuring that you meet your duties as fiduciaries of the plan.

Management is very grateful to the Board for the support it has received over the last year, and I am pleased to present you with KCERA's budget for 2024-25.

Sincerely,



Dominic D. Brown
Chief Executive Officer

SECTION II

Administrative Expenses

Administrative Expense Budget

The administrative expenses incorporates the limits of Section 31580.2 of the County Employees Retirement Act of 1937, whereby administrative expenses are “capped” at 0.21% of KCERA’s actuarially accrued liabilities. The liability is calculated by KCERA’s actuary. Pursuant to the relevant code sections, certain costs are excluded from the expense cap, namely those associated with investment related costs, expenditures for computer software, hardware and related technology consulting services.

Comparison of Administrative Expenses to Limits (Section 31580.2)	FY23 Budget	FY24 Budget*	FY25 Proposed Budget**
Total actuarial accrued liabilities	\$7,372,653,000	\$7,918,848,000	\$8,367,000,000
Limit on expenses in basis points	21.00	21.00	21.00
Maximum allowed	\$15,482,571	\$16,629,581	\$17,570,700
Operating expenses budget***	\$10,462,475	\$10,830,100	\$12,489,348
Less information technology expenses	\$(1,152,111)	\$(482,701)	\$(788,882)
Less investment and legal expenses***	\$(3,385,465)	\$(3,735,453)	\$(4,383,927)
Administrative expenses	\$5,924,899	\$6,611,946	\$7,316,539
Over (Under) Maximum	\$(9,557,672)	\$(10,017,635)	\$(10,254,161)
Basis Points	8.04	8.35	8.74

* Based on total actuarial accrued liabilities for pension as of June 30, 2023 (latest available actuarial valuation).

** Based on projected valuation value of assets and actuarial accrued liabilities (ASOP 51 Risk Report updated estimate April 4, 2024).

*** Includes prior period adjustments for non-admin investment consulting and legal services.

SECTION III

Operating Expense Budget

Operating Expense Budget

KCERA's mission is to prudently administer retirement benefits, invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries. The annual Operating Expense Budget is a detailed plan established to estimate the anticipated costs of carrying out that mission.

The Board annually adopts the operating budget for the administration of KCERA. Each month, the Board reviews year-to-date actual expenses to ensure budget compliance.

Important assumptions in the fiscal year 2024-25 budget include:

- Additional resources to complete the internal reorganization to effectively administer KCERA's service to members and stakeholders.
 - o Continued growth of Investment Unit to enhance KCERA's ability to effectively increase investment returns and meet the mandates required in managing a complex and diverse portfolio.
 - o Anticipated 2% COLA increase for all staff.
- Increased expenses for disability claim review professional services in KCERA's ongoing disability claim process improvement.
- Funds allocated for the triennial actuarial audit
- Additional information technology expenses to maintain hardware, upgrade outdated software and purchase new software.
- Board election expenses, general and safety member elections in fiscal year 2024-25.
- The KCERA office building transition from investment to capital asset resulting in increased non-cash depreciation expenses.

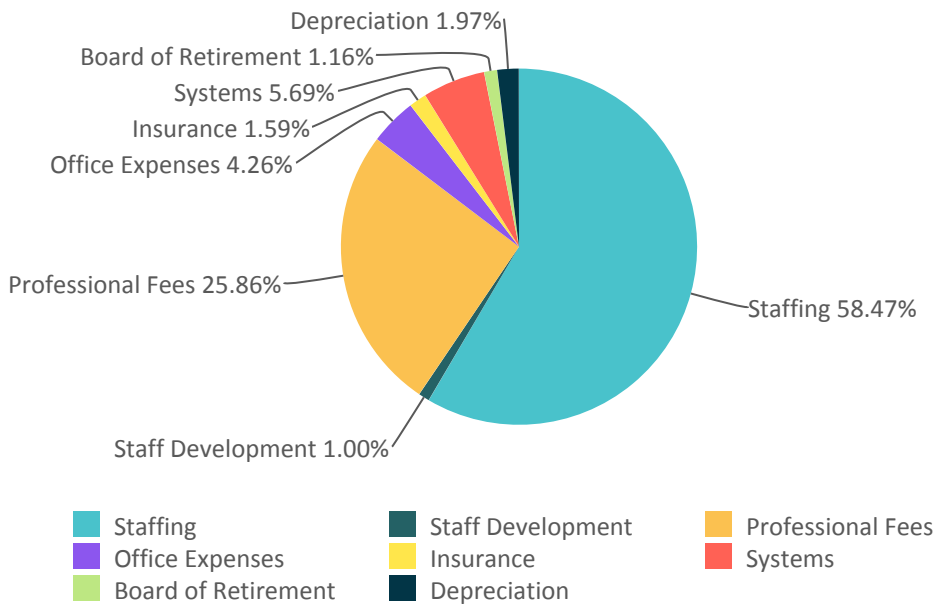
KCERA's requested fiscal year 2024-25 Operating Expense Budget may be viewed on the following pages.

Operating Expense Budget Summary

Expense Type	FYE 24 Approved Budget*	FYE 25 Proposed Budget	Increase (Decrease)	FYE 25 % of Total Operating Expenses
Staffing	\$ 6,871,078	\$ 7,301,695	\$ 430,617	58.47 %
Staff Development	124,000	124,600	600	1.00 %
Professional Fees	2,648,275	3,230,275	582,000	25.86 %
Office Expenses	460,162	532,410	72,248	4.26 %
Insurance	173,384	198,410	25,026	1.59 %
Systems	440,050	710,502	270,452	5.69 %
Board of Retirement	70,500	145,500	75,000	1.16 %
Depreciation	42,651	245,956	203,305	1.97 %
Total Operating Expenses	\$ 10,830,100	\$ 12,489,348	\$ 1,659,248	100 %

* Includes prior period adjustments for non-admin investment consulting and legal services.

Proposed Budget



Total Proposed Budget

Expense Type	FYE 24 Approved Budget	FYE 24 Estimated Expenses	Over (Under)	FYE 25 Proposed Budget	Proposed vs. Approved Over (Under)	% Change
Personnel Costs						
Salaries	4,215,888	3,831,412	(384,476)	4,531,471	315,583	
Benefits	2,655,190	2,169,350	(485,840)	2,770,224	115,034	
Total Personnel Costs	6,871,078	6,000,762	(870,316)	7,301,695	430,617	6.27 %
Staff Development						
Education & professional development	120,000	102,856	(17,144)	120,000	—	
Staff appreciation	4,000	2,711	(1,289)	4,600	600	
Total Staff Development	124,000	105,567	(18,433)	124,600	600	0.48 %
Professional Services						
Actuarial fees	200,000	176,846	(23,154)	250,000	50,000	
Audit fees	98,275	98,275	—	202,875	104,600	
Consultant fees	115,000	117,565	2,565	115,000	—	
Disability services	250,000	379,284	244,018	575,000	325,000	
Investment consultants	1,615,000	1,657,400	42,400	1,657,400	42,400	
Legal fees	370,000	372,744	2,744	430,000	60,000	
Total Professional Services *	2,648,275	2,916,848	268,573	3,230,275	582,000	21.98 %
Office Expenses						
Building expenses	124,000	129,251	5,251	158,000	34,000	
Communication platforms	54,062	54,165	103	60,110	6,048	
Equipment lease & maintenance	22,100	18,284	(3,816)	22,100	—	
Member engagement	30,000	26,243	(3,757)	44,200	14,200	
Subscriptions & memberships	35,000	25,992	(9,009)	35,000	—	
Office supplies & misc. admin.	80,000	61,825	(18,175)	100,000	20,000	
Payroll & accounts payable fees	25,000	15,469	(9,531)	25,000	—	
Postage	20,000	16,425	(3,575)	30,000	10,000	
Other services - Kern County	40,000	32,802	(7,198)	40,000	—	
Utilities	30,000	50,090	20,090	18,000	(12,000)	
Total Office Expenses	460,162	430,546	(29,617)	532,410	72,248	15.70 %
Insurance	173,384	179,620	6,236	198,410	25,026	14.43 %
Information Technology Systems						
Audit-security & vulnerability scan	15,000	9,670	(5,330)	15,000	—	
Business continuity expenses	16,050	9,177	(6,873)	16,050	—	
Hardware	37,420	36,428	(992)	78,211	40,791	
Licensing & support	140,780	142,838	2,058	217,523	76,743	
Special project-software upgrades	—	—	—	35,000	35,000	
Software	217,600	169,851	(47,749)	335,518	117,918	
Website design & hosting	13,200	13,300	100	13,200	—	
Total Information Technology Systems	440,050	381,264	(58,786)	710,502	270,452	61.46 %
Board of Retirement						
Board compensation	12,000	10,500	(1,500)	12,000	—	
Board conferences & training	50,000	30,916	(19,084)	50,000	—	
Board elections	—	40,000	40,000	75,000	75,000	
Board meetings	8,500	3,502	(4,998)	8,500	—	
Total Board of Retirement	70,500	84,918	14,418	145,500	75,000	106.38 %
Depreciation	42,651	238,476	195,825	245,956	203,305	476.67 %
Total Operating Expenses	10,830,100	10,338,001	(492,100)	12,489,348	1,659,248	15.32 %

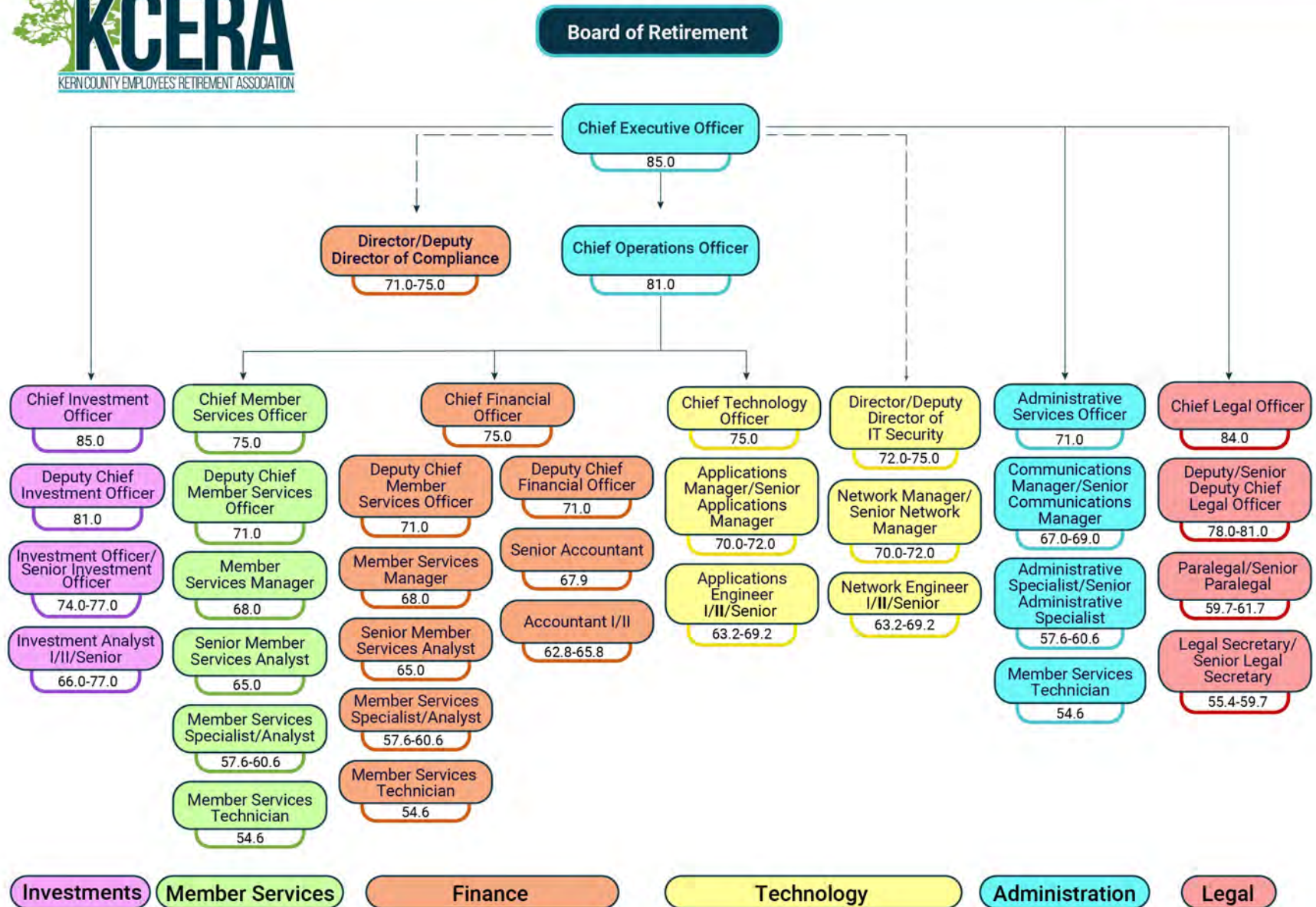
* Includes prior period adjustments for non-admin investment consulting and legal services.

Proposed Administrative Budget

Expense Type	FYE 24 Approved Budget	FYE 24 Estimated Expenses	Over (Under)	FYE 25 Proposed Budget	Proposed vs. Approved Over (Under)	% Change
Staffing						
Salaries	3,164,415	2,751,088	(413,327)	3,279,049	114,634	
Benefits	<u>2,036,210</u>	<u>1,579,221</u>	<u>(456,989)</u>	<u>2,052,691</u>	<u>16,481</u>	
Staffing Total	5,200,625	4,330,309	(870,316)	5,331,740	131,115	2.52 %
Staff Development						
Education & professional development	120,000	102,856	(17,144)	105,000	(15,000)	
Staff appreciation	<u>4,000</u>	<u>2,711</u>	<u>(1,289)</u>	<u>4,600</u>	<u>600</u>	
Staff Development Total	124,000	105,567	(18,433)	109,600	(14,400)	(11.61)%
Professional Fees						
Audit fees	98,275	98,275	—	202,875	104,600	
Consultant fees	115,000	117,565	2,565	115,000	—	
Disability – administration	250,000	379,284	129,284	400,000	150,000	
Disability - other services	—	113,196	113,196	175,000	175,000	
Legal & actuarial (non-admin) fees	<u>120,000</u>	<u>199,590</u>	<u>79,590</u>	<u>—</u>	<u>(120,000)</u>	
Professional Fees Total	583,275	907,910	324,635	892,875	309,600	53.08 %
Office Expenses						
Building expenses	124,000	129,251	5,251	138,250	14,250	
Communication platforms	54,062	54,165	103	38,675	(15,387)	
Equipment lease & maintenance	22,100	18,284	(3,816)	20,838	(1,262)	
Member engagement	30,000	26,243	(3,757)	44,200	14,200	
Subscriptions & memberships	35,000	25,992	(9,009)	30,625	(4,375)	
Office supplies & misc. admin.	80,000	61,825	(18,175)	87,500	7,500	
Other services - Kern County	40,000	32,802	(7,198)	40,000	—	
Payroll & accounts payable fees	25,000	15,469	(9,531)	25,000	—	
Postage	20,000	16,425	(3,575)	30,000	10,000	
Utilities	<u>30,000</u>	<u>50,090</u>	<u>20,090</u>	<u>15,750</u>	<u>(14,250)</u>	
Office Expense Total	460,162	430,546	(29,617)	470,838	10,676	2.32 %
Insurance	173,384	179,620	6,236	198,410	25,026	14.43 %
Board of Retirement						
Board compensation	12,000	10,500	(1,500)	12,000	—	
Board conferences & training	50,000	30,916	(19,084)	50,000	—	
Board elections	—	40,000	40,000	75,000	75,000	
Board meetings	<u>8,500</u>	<u>3,502</u>	<u>(4,998)</u>	<u>8,500</u>	<u>—</u>	
Board of Retirement Total	70,500	84,918	14,418	145,500	75,000	106.38 %
Depreciation	—	167,576	167,576	167,576	167,576	
Total Operating Expenses	6,611,946	6,206,446	(405,501)	7,316,539	704,593	10.66 %

Operating Expense Budget		Variance Over (Under)
2024-25 Proposed Budget vs. 2023-24 Approved Budget		
Staff Staffing		
·	Increased cost for salaries and benefits consistent with COLA and annual step increments.	430,617
Professional Fees		
·	Increase in actuarial fees	50,000
·	Actuarial audit	104,600
·	Anticipated increase in MMRO service fees, legal fees and medical examiners related to disability claim review services	325,000
·	Increase in investment consultant fees	42,400
Office Expenses		
·	Increase in property management and building expenses,	34,000
·	Increased expenses for member outreach and engagement	14,200
·	Increased office expenses related to cost of goods and additional staff	20,000
·	Increased postage expenses related member wellness audits	10,000
·	Decreased utility costs due to addition of solar facilities	(12,000)
Insurance		
·	Increased costs associated to insurance premiums	25,026
Systems		
·	Increased expenses related to hardware purchases	40,791
·	Increased expenses for licensing and support	76,743
·	Increased costs for accounting software upgrade	35,000
·	Increased costs for new investment and financial reporting software	117,918
Board of Retirement		
·	Elections for trustees	75,000
Depreciation		
·	Non-cash depreciation expense for capitalization of KCERA office building	203,305

Operating Expense Budget		Variance Over (Under)
2023-24 Estimated Expenses vs. 2023-24 Approved Budget		
Staff Staffing		
·	Savings in permanent positions not filled 100% of the time during the fiscal year	(870,316)
Staff Development		
·	Decrease in staff's attendance at conferences/meetings/training	(18,433)
Professional Fees		
·	Increase in MMRO service fees, legal fees and medical examiners related to disability claim review services	244,018
·	increase in investment consultant fees	42,400
Office Expenses		
·	Decrease in anticipated office and member engagement expenses	(47,760)
·	Utilities not offset due to solar project delay	20,090
Systems		
·	Applied savings from other IT expenses to purchase hardware and software	(48,741)
·	Savings from security audit and other IT expenses	(10,045)
Board of Retirement		
·	Decrease in trustees' attendance at conferences/training	(19,084)
·	Board Elections due to unexpected vacancy	40,000
Depreciation		
·	Depreciation on KCERA office building	195,825



SECTION IV

Budget Policies and Process

Budget Policies and Process

Budget Policies

KCERA's budgeting policies and guidelines are based on the County Employees Retirement Law of 1937 ("CERL"), and the policies and charters of the Board of Retirement ("Board"). The California Government Code Section 31580.2 that governs the Kern County Employees' Retirement Association ("KCERA") specifies that the Board of Retirement "... shall annually adopt a budget covering the entire expense of administration of the retirement system, which expense shall be charged against the earnings of the retirement fund..."

The retirement system's administrative expenses are limited to 0.21% (21 basis points) of the Actuarial Accrued Liability. Government Code Sections 31522.6 and 31580.2(b) indicate that KCERA should exclude actuarial fees, investment-related expenses and technology from that portion of the operating expense budget subject to the statutory limit.

The Board annually adopts the operating budget for the administration of KCERA. Each line item is budgeted based on Board initiatives, past costs, vendor proposals, and estimates of anticipated expenses. The Board also reviews year-to-date actual expenses for budget compliance on a monthly basis. The budget may be amended throughout the fiscal year, if necessary. Budgeted amounts may be reallocated between categories at the discretion of the Chief Executive Officer. These reclassifications do not result in increases or decreases to the total approved budget. Increases or decreases to the total approved budget must be approved by the Board of Retirement. Action items to increase or decrease the approved budget are introduced by KCERA staff to the Finance Committee. If the Finance Committee deems the action item necessary, it will recommend approval to the Board of Retirement.

Budget Process

The Budget Team consists of the Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, and the division managers of KCERA. The team members review the requirements of their respective divisions for the balance of the current fiscal year and the upcoming budget year. The Chief Financial Officer projects the current year-end actual expenses and the projected expenses for the budget year and finalizes the proposed budget.

The proposed budget is presented to the Finance Committee for review and feedback. Any revisions to the proposed budget recommended by the Finance Committee are incorporated to produce the final version the Committee recommends to the Board of Retirement for final adoption.

KCERA prepares the budget on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and consistent with KCERA's audited financial statements.