



Kern County Employees' Retirement Association

**Governmental Accounting Standards (GAS) 68
Actuarial Valuation based on June 30, 2018
Measurement Date for Employer Reporting
as of June 30, 2019**

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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August 8, 2019

*Board of Retirement
Kern County Employees' Retirement Association
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Dear Board Members:

We are pleased to submit this Governmental Accounting Standard (GAS) 68 Actuarial Valuation based on a June 30, 2018 measurement date for employer reporting as of June 30, 2019. 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; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.


The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for KCERA.

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

Sincerely,

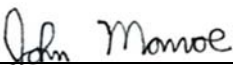
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By:



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SECTION 1**VALUATION SUMMARY**

Purpose	i
General Observations on GAS 68 Actuarial Valuation	i
Significant Issues in Valuation Year.....	ii
Summary of Key Valuation Results.....	v
Important Information about Actuarial Valuations	vi

SECTION 2**GAS 68 INFORMATION**

EXHIBIT 1 General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Cost-Sharing Pension Plan	1
EXHIBIT 2 Net Pension Liability	4
EXHIBIT 3 Target Asset Allocation	6
EXHIBIT 4 Discount Rate Sensitivity	8
EXHIBIT 5 Schedule of Changes in Net Pension Liability – Last Two Fiscal Years	9
EXHIBIT 6 Schedule of Employer Contributions – Last Ten Fiscal Years	10
EXHIBIT 7 Determination of Proportionate Share.....	12

SECTION 2 (CONTINUED)

EXHIBIT 8 Pension Expense	20
EXHIBIT 9 Deferred Outflows of Resources and Deferred Inflows of Resources.....	36
EXHIBIT 10 Schedule of Proportionate Share of the Net Pension Liability.....	53
EXHIBIT 11 Schedule of Reconciliation of Net Pension Liability.....	69
EXHIBIT 12 Schedule of Recognition of Changes in Total Net Pension Liability	85
EXHIBIT 13 Allocation of Changes in Total Net Pension Liability	89

SECTION 3**ACTUARIAL ASSUMPTIONS
AND METHODS AND
APPENDICES**

Actuarial Assumptions and Methods	95
Appendix A Calculation of Discount Rate as of June 30, 2018	105
Appendix B Glossary of Terms.....	107

SECTION 1: Valuation Summary for Kern County Employees' Retirement Association

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standard (GAS) 68 for employer reporting as of June 30, 2019. The results used in preparing this GAS 68 report are comparable to those used in preparing the Governmental Accounting Standard (GAS) 67 report for the plan based on a reporting date and a measurement date as of June 30, 2018. 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, 2017, provided by KCERA;
- The assets of the Plan as of June 30, 2018, provided by KCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2018 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2018 valuation.

General Observations on GAS 68 Actuarial Valuation

The following points should be considered when reviewing this GAS 68 report:

- 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 develop and adopt funding policies under current practices.
- 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 determined generally 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.
- 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.
- 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

SECTION 1: Valuation Summary for Kern County Employees' Retirement Association

an Unfunded Actuarial Accrued Liability (UAAL) calculated 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.

- For this report, the reporting dates for the employer are June 30, 2019 and June 30, 2018. The NPL was measured as of June 30, 2018 and June 30, 2017, respectively, and was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2017 and June 30, 2016. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and 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, 2018 and June 30, 2017 are not adjusted or rolled forward to the June 30, 2019 and June 30, 2018 reporting dates, respectively.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The NPL decreased from \$2.36 billion as of June 30, 2017 to \$2.33 billion as of June 30, 2018 primarily due to the gains from lower than expected active salary increases and lower than expected retiree COLA increases during 2016-2017 (because liabilities are rolled forward from June 30, 2017 to June 30, 2018, these changes are not reflected until this valuation as of June 30, 2018), offset to some extent by the change in SRBR plan provisions effective July 1, 2018 that provides for an SRBR Tier 4 benefit and increases the SRBR Tier 3 purchasing power from 80% to 82%. Changes in these values during the last two fiscal years ending June 30, 2017 and June 30, 2018 can be found in Exhibit 5 of Section 2.
- All results shown in this report are on a combined basis including both the regular statutory (non-Supplemental Retirement Benefit Reserve (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, 2018 are shown in the table below:

	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability (TPL)	\$6,444,352,894	\$85,309,436	\$6,529,662,330
Plan's Fiduciary Net Position	4,071,143,271	127,719,014	4,198,862,285
Net Pension Liability (NPL)	2,373,209,623	(42,409,578)	2,330,800,045

SECTION 1: Valuation Summary for Kern County Employees' Retirement Association

- The discount rate used to determine the TPL and NPL as of June 30, 2018 and June 30, 2017 was 7.25%, following the same assumption used by the Association in the funding valuations as of the same dates. The detailed derivation of the discount rate of 7.25% used in the calculation of the TPL and NPL as of June 30, 2018 can be found in Appendix A of Section 3. 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 SRBR asset pools. Various other information that is required to be disclosed can be found in Exhibits 1 through 13 in Section 2.
- As discussed previously in our separate letter regarding the treatment of the SRBR for financial reporting purposes, the Actuarial Standard of Practice (ASOP) No. 4 (“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”) was revised in December 2013, effective for measurement dates on or after December 31, 2014. The revised ASOP 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 now indicates 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 test¹ (see Appendix A).

However, as noted earlier, 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.

- 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 amounts shown in Exhibits 1 through 13 in Section 2. The employer paid member contributions are also excluded from the Actuarially Determined Contribution (ADC). The amount of employer paid member contributions was estimated

¹ *The purpose of the GASB crossover test is to determine if the full expected return (or 7.25% 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 7.25% investment rate of return assumption can be used as the discount rate to determine the TPL and the resulting NPL.*

SECTION 1: Valuation Summary for Kern County Employees' Retirement Association

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.

- Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2018. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.
- The Safety membership class has only one employer (Kern County), so all of the NPL for Safety as of both June 30, 2017 and June 30, 2018 is allocated to the County.

For General and District, the NPL as of June 30, 2017 and June 30, 2018 is allocated based on the actual payroll within the General and District membership classes for 2016-2017 and 2017-2018, 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.

The negative NPL associated with the SRBR is allocated based on the actual total payroll 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 Exhibit 7 in Section 2.

SECTION 1: Valuation Summary for Kern County Employees' Retirement Association

Summary of Key Valuation Results

Reporting Date for Employer under GAS 68	6/30/2019⁽¹⁾	6/30/2018⁽¹⁾
Measurement Date for Employer under GAS 68	6/30/2018	6/30/2017
Disclosure elements for fiscal year ending June 30:		
1. Service Cost ⁽²⁾	\$123,407,183	\$122,184,336
2. Total Pension Liability	6,529,662,330	6,326,870,318
3. Plan's Fiduciary Net Position	4,198,862,285	3,962,895,176
4. Net Pension Liability	2,330,800,045	2,363,975,142
5. Pension Expense	281,422,610	270,303,861
Schedule of contributions for fiscal year ending June 30:		
6. Actuarially determined contributions ⁽³⁾	\$242,534,000	\$224,351,000
7. Actual contributions	242,534,000	224,351,000
8. Contribution deficiency (excess): (6) – (7)	0	0
Demographic data for plan year ending June 30:⁽⁴⁾		
9. Number of retired members and beneficiaries	8,301	8,093
10. Number of vested terminated members ⁽⁵⁾	2,604	2,363
11. Number of active members	8,867	8,728
Key assumptions as of June 30:		
12. Investment rate of return	7.25%	7.25%
13. Inflation rate	3.00%	3.00%
14. Projected salary increases ⁽⁶⁾	General: 4.00% to 9.00% and Safety: 4.00% to 12.50%	General: 4.00% to 9.00% and Safety: 4.00% to 12.50%

⁽¹⁾ The reporting dates and measurement dates for the plan are June 30, 2018 and June 30, 2017, respectively.

⁽²⁾ Excludes administrative expense load. The service cost is based on the previous year's valuation, meaning the June 30, 2018 and June 30, 2017 values are based on the valuations as of June 30, 2017 and June 30, 2016, respectively. The 2018 service cost has been calculated using the assumptions shown in the 2017 column and the 2017 service cost has been calculated using the assumptions used in the 2016 valuation. The key assumptions as of June 30, 2016 are as follows:

Key assumptions as of June 30, 2016:

Investment rate of return	7.50%
Inflation rate	3.25%
Projected salary increases*	General: 4.25% to 9.25% and Safety: 4.25% to 11.75%

* Includes inflation at 3.25% plus real across-the-board salary increases of 0.50% plus merit and promotional increases vary by service.

⁽³⁾ See footnote (1) under Exhibit 6 on page 10.

⁽⁴⁾ Data as of June 30, 2017 is used in the measurement of the TPL as of June 30, 2018.

⁽⁵⁾ Includes terminated members due a refund of member contributions.

⁽⁶⁾ Includes inflation at 3.00% plus real across-the-board salary increase of 0.50% plus merit and promotional increases that vary by service.

SECTION 1: Valuation Summary for Kern County Employees' Retirement Association

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 an actuarial valuation, Segal Consulting (“Segal”) relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by 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** This 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 projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

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.

SECTION 1: Valuation Summary for Kern County Employees' Retirement Association

- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If 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 Board should look to their other advisors for expertise in these areas.

As Segal Consulting 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 for Kern County Employees' Retirement Association

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Cost-Sharing 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, 2018, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8,301
Vested terminated members entitled to, but not yet receiving benefits ⁽¹⁾	2,604
Active members	<u>8,867</u>
Total	19,772

⁽¹⁾ Includes terminated members due a refund of member contributions.

Note: Data as of June 30, 2018 is not used in the measurement of the TPL as of June 30, 2018.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

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 2018 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$275,000. For members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2018 is equal to \$121,388 for those enrolled in Social Security. These limits are adjusted on an annual basis. Members are exempt from

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

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 Consumer Price Index 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, 2018 for 2017-2018 (based on the June 30, 2016 valuation) was 44.78% 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, 2018 for 2017-2018 (based on the June 30, 2016 valuation) was 6.22% of compensation.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 2

Net Pension Liability

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
The components of the Net Pension Liability are as follows:		
Total Pension Liability	\$6,529,662,330	\$6,326,870,318
Plan's Fiduciary Net Position	<u>(4,198,862,285)</u>	<u>(3,962,895,176)</u>
Net Pension Liability	\$2,330,800,045	\$2,363,975,142
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	64.30%	62.64%

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2018 and 2017. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2017 and 2016, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2018 and 2017 are the same as those used in the KCERA actuarial valuations as of June 30, 2018 and June 30, 2017, 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 methods. The TPLs as of June 30, 2018 and June 30, 2017 that were measured by actuarial valuations as of June 30, 2017 and June 30, 2016, respectively, used the same actuarial assumptions and actuarial cost method as the June 30, 2018 and June 30, 2017 funding valuations. The actuarial assumptions used in both valuations were based on the results of an experience study for the period from July 1, 2013 through June 30, 2016. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	General: 4.00% to 9.00% and Safety: 4.00% to 12.50%, varying by service, including inflation
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

Other assumptions	Same as those used in the June 30, 2018 and June 30, 2017 funding valuations. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2013 through June 30, 2016.
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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 formulas for each individual had always been in effect (i.e., "replacement life within a tier").

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 3

Target Asset Allocation

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 inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumptions used in the June 30, 2018 and June 30, 2017 valuations. This information will change every three years based on the actuarial experience study:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15%	5.61%
Small Cap U.S. Equity	4%	6.37%
Global Equity	6%	6.50%
Developed International Equity	8%	6.96%
Emerging Market Equity	4%	9.28%
U.S. Core Fixed Income	19%	1.06%
High Yield/Specialty	6%	3.65%
Emerging Market Debt	4%	3.85%
Core Real Estate	5%	4.37%
Value Added Real Estate	5%	6.00%
Commodities	4%	3.76%
Hedge Funds	10%	4.70%
Private Equity	5%	8.70%
Private Credit	<u>5%</u>	5.10%
Total	100%	

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

Discount rate: The discount rate used to measure the Total Pension Liability (TPL) was 7.25% as of June 30, 2018 and June 30, 2017. 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, 2018 and June 30, 2017.

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.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 4

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability (NPL) of the KCERA as of June 30, 2018, calculated using the discount rate of 7.25%, as well as what the KCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Net Pension Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Kern County	\$2,449,871,636	\$1,785,078,802	\$1,238,832,065
Kern County Hospital Authority	421,653,990	307,234,709	213,218,715
Kern County Superior Courts	139,714,156	101,801,570	70,649,570
Berrenda Mesa Water District	1,339,372	975,922	677,283
Buttonwillow Recreation and Park District	423,942	308,902	214,376
East Kern Cemetery District	620,924	452,431	313,984
Inyokern Community Services District	0	0	0
Kern County Water Agency	34,887,756	25,420,676	17,641,769
Kern Mosquito and Vector Control District	6,023,481	4,388,960	3,045,907
North of the River Sanitation District	5,425,080	3,952,940	2,743,312
San Joaquin Valley Unified Air Pollution Control District	130,634,912	95,186,053	66,058,448
Shafter Recreation and Park District	540,256	393,653	273,192
West Side Cemetery District	2,125,361	1,548,627	1,074,736
West Side Mosquito and Vector Control District	2,770,667	2,018,824	1,401,050
West Side Recreation and Park District	<u>2,796,952</u>	<u>2,037,976</u>	<u>1,414,341</u>
Total for all Employers	\$3,198,828,485	\$2,330,800,045	\$1,617,558,748

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 5

Schedule of Changes in Net Pension Liability – Last Two Fiscal Years

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Total Pension Liability		
1. Service Cost	\$123,407,183	\$122,184,336
2. Interest	450,171,596	438,385,093
3. Change of benefit terms	31,033,606	0
4. Differences between expected and actual experience	(80,207,845)	(109,367,980)
5. Changes of assumptions	0	196,259,373
6. Benefit payments, including refunds of member contributions	<u>(321,612,528)</u>	<u>(305,817,454)</u>
7. Net change in Total Pension Liability	\$202,792,012	\$341,643,368
8. Total Pension Liability – beginning	<u>6,326,870,318</u>	<u>5,985,226,950</u>
9. Total Pension Liability – ending	<u>\$6,529,662,330</u>	<u>\$6,326,870,318</u>
Plan's Fiduciary Net Position		
10. Contributions – employer ⁽¹⁾	\$242,533,859	\$224,351,019
11. Contributions – employee ⁽¹⁾	52,503,738	51,410,469
12. Net investment income	267,658,597	426,606,857
13. Benefit payments, including refunds of member contributions	(321,612,528)	(305,817,454)
14. Administrative expense	(5,116,557)	(5,243,309)
15. Other	0	0
16. Net change in Plan's Fiduciary Net Position	\$235,967,109	\$391,307,582
17. Plan's Fiduciary Net Position – beginning	<u>3,962,895,176</u>	<u>3,571,587,594</u>
18. Plan's Fiduciary Net Position – ending	\$4,198,862,285	\$3,962,895,176
19. Net Pension Liability – ending (9) – (18)	<u>\$2,330,800,045</u>	<u>\$2,363,975,142</u>
20. Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	64.30%	62.64%
21. Covered payroll ⁽²⁾	\$576,728,789	\$546,671,003
22. Net Pension Liability as percentage of covered payroll	404.14%	432.43%

Notes to Schedule:

Benefit changes: Effective July 1, 2018 an SRBR Tier 4 benefit was granted and the SRBR Tier 3 purchasing power was increased from 80% to 82%.

⁽¹⁾ See footnote (1) under Exhibit 6 on page 10.

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 6

Schedule of Employer 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
2009	\$138,815,000	\$138,815,000	\$0	\$482,879,000	28.74%
2010	151,127,000	151,127,000	0	559,872,000	26.99%
2011	177,444,000	177,444,000	0	559,380,000	31.72%
2012	189,837,000	189,837,000	0	526,079,162	36.09%
2013	211,677,000	211,677,000	0	516,465,189	40.99%
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%

See accompanying notes to this schedule on next page.

⁽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.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

Notes to Exhibit 6

Methods and used assumptions 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	17.5 years as of June 30, 2018 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.

Actuarial assumptions:	<u>June 30, 2018 Valuation Date</u>	<u>June 30, 2017 Valuation Date</u>
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation	7.25%, net of pension plan investment expenses, including inflation
Inflation rate	3.00%	3.00%
Real across-the-board salary increase	0.50%	0.50%
Projected salary increases ⁽¹⁾	General: 4.00% to 9.00% and Safety: 4.00% to 12.50%	General: 4.00% to 9.00% and Safety: 4.00% to 12.50%
Administrative Expenses	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.	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.
Cost of living adjustments	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation	Same as those used in the June 30, 2017 funding actuarial valuation

⁽¹⁾ Includes inflation at 3.00% plus real across-the-board salary increase of 0.50% plus merit and promotional increases.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 7

Determination of Proportionate Share

**Actual Payroll by Employer and Membership Class
July 1, 2016 to June 30, 2017
For Proportionate Share as of June 30, 2017 Measurement Date**

Employer	General	General Percentage*	Safety	Safety Percentage	District	District Percentage*	Total	Total Percentage
Kern County	\$269,844,894	71.787%	\$137,488,821	100.000%	\$0	0.000%	\$407,333,715	74.512%
Kern County Hospital Authority	78,815,070	20.967%	0	0.000%	0	0.000%	78,815,070	14.417%
Kern County Superior Courts	27,236,241	7.246%	0	0.000%	0	0.000%	27,236,241	4.982%
Berrenda Mesa Water District	0	0.000%	0	0.000%	270,303	0.812%	270,303	0.049%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	135,623	0.408%	135,623	0.025%
East Kern Cemetery District	0	0.000%	0	0.000%	112,019	0.337%	112,019	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%	6,215,199	18.672%	6,215,199	1.137%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,104,807	3.319%	1,104,807	0.202%
North of the River Sanitation District	0	0.000%	0	0.000%	928,465	2.789%	928,465	0.170%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	22,993,004	69.077%	22,993,004	4.206%
Shafter Recreation and Park District	0	0.000%	0	0.000%	73,697	0.221%	73,697	0.013%
West Side Cemetery District	0	0.000%	0	0.000%	371,617	1.117%	371,617	0.068%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	534,406	1.605%	534,406	0.098%
West Side Recreation and Park District	0	0.000%	0	0.000%	546,838	1.643%	546,838	0.100%
Total for all Employers	\$375,896,205	100.000%	\$137,488,821	100.000%	\$33,285,978	100.000%	\$546,671,004	100.000%

* 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 for Kern County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Allocation of June 30, 2017 Net Pension Liability (NPL)								
Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$1,037,622,360	71.787%	\$849,455,619	100.000%	\$0	0.000%	\$1,887,077,979	77.594%
Kern County Hospital Authority	303,060,833	20.967%	0	0.000%	0	0.000%	303,060,833	12.461%
Kern County Superior Courts	104,735,003	7.246%	0	0.000%	0	0.000%	104,735,003	4.307%
Berrenda Mesa Water District	0	0.000%	0	0.000%	1,113,354	0.812%	1,113,354	0.046%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	559,419	0.408%	559,419	0.023%
East Kern Cemetery District	0	0.000%	0	0.000%	462,069	0.337%	462,069	0.019%
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%	25,601,667	18.672%	25,601,667	1.053%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	4,550,768	3.319%	4,550,768	0.187%
North of the River Sanitation District	0	0.000%	0	0.000%	3,824,071	2.789%	3,824,071	0.157%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	94,713,278	69.077%	94,713,278	3.894%
Shafter Recreation and Park District	0	0.000%	0	0.000%	303,019	0.221%	303,019	0.012%
West Side Cemetery District	0	0.000%	0	0.000%	1,531,548	1.117%	1,531,548	0.063%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	2,200,657	1.605%	2,200,657	0.091%
West Side Recreation and Park District	0	0.000%	0	0.000%	2,252,760	1.643%	2,252,760	0.093%
Total for all Employers	\$1,445,418,196	100.000%	\$849,455,619	100.000%	\$137,112,610	100.000%	\$2,431,986,425	100.000%

Note: Results may not total due to rounding.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Employer	Allocation of June 30, 2017 Net Pension Liability (NPL)			
	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(50,676,345)	74.512%	\$1,836,401,634	77.683%
Kern County Hospital Authority	(9,805,375)	14.417%	293,255,458	12.405%
Kern County Superior Courts	(3,388,458)	4.982%	101,346,545	4.287%
Berrenda Mesa Water District	(33,628)	0.049%	1,079,726	0.046%
Buttonwillow Recreation and Park District	(16,873)	0.025%	542,546	0.023%
East Kern Cemetery District	(13,936)	0.021%	448,133	0.019%
Inyokern Community Services District	0	0.000%	0	0.000%
Kern County Water Agency	(773,232)	1.137%	24,828,435	1.050%
Kern Mosquito and Vector Control District	(137,449)	0.202%	4,413,319	0.187%
North of the River Sanitation District	(115,510)	0.170%	3,708,561	0.157%
San Joaquin Valley Unified Air Pollution Control District	(2,860,557)	4.206%	91,852,721	3.886%
Shafter Recreation and Park District	(9,169)	0.013%	293,850	0.012%
West Side Cemetery District	(46,233)	0.068%	1,485,315	0.063%
West Side Mosquito and Vector Control District	(66,486)	0.098%	2,134,171	0.090%
West Side Recreation and Park District	<u>(68,032)</u>	<u>0.100%</u>	<u>2,184,728</u>	<u>0.092%</u>
Total for all Employers	\$(68,011,283)	100.000%	\$2,363,975,142	100.000%

Note: Results may not total due to rounding.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

Based on the July 1, 2016 through June 30, 2017 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.

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.

The NPL associated with the SRBR is allocated based on the actual total payroll 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, 2018. The reporting date and measurement date for the plan under GAS 67 are June 30, 2017. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2017 are not adjusted or "rolled forward" to June 30, 2018. Other results such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share within each membership class:

- 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) Recognition of beginning of year deferred outflows of resources as pension expense
- 12) Recognition of beginning of year deferred inflows of resources as pension expense

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

**Actual Payroll by Employer and Membership Class
July 1, 2017 to June 30, 2018
For Proportionate Share as of June 30, 2018 Measurement Date**

Employer	General	General Percentage*	Safety	Safety Percentage	District	District Percentage*	Total	Total Percentage
Kern County	\$280,190,234	70.263%	\$142,085,506	100.000%	\$0	0.000%	\$422,275,740	73.219%
Kern County Hospital Authority	89,068,706	22.336%	0	0.000%	0	0.000%	89,068,706	15.444%
Kern County Superior Courts	29,515,356	7.401%	0	0.000%	0	0.000%	29,515,356	5.118%
Berrenda Mesa Water District	0	0.000%	0	0.000%	256,223	0.714%	256,223	0.044%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	81,140	0.226%	81,140	0.014%
East Kern Cemetery District	0	0.000%	0	0.000%	118,685	0.331%	118,685	0.020%
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%	6,670,825	18.598%	6,670,825	1.157%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,151,669	3.211%	1,151,669	0.200%
North of the River Sanitation District	0	0.000%	0	0.000%	1,037,184	2.892%	1,037,184	0.180%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	24,978,663	69.639%	24,978,663	4.331%
Shafter Recreation and Park District	0	0.000%	0	0.000%	103,297	0.288%	103,297	0.018%
West Side Cemetery District	0	0.000%	0	0.000%	406,579	1.133%	406,579	0.070%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	529,958	1.477%	529,958	0.092%
West Side Recreation and Park District	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>	<u>534,764</u>	<u>1.491%</u>	<u>534,764</u>	<u>0.093%</u>
Total for all Employers	\$398,774,296	100.000%	\$142,085,506	100.000%	\$35,868,987	100.000%	\$576,728,789	100.000%

* 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 for Kern County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Allocation of June 30, 2018 Net Pension Liability (NPL)								
Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$987,080,489	70.263%	\$829,050,233	100.000%	\$0	0.000%	\$1,816,130,722	76.526%
Kern County Hospital Authority	313,784,350	22.336%	0	0.000%	0	0.000%	313,784,350	13.222%
Kern County Superior Courts	103,971,972	7.401%	0	0.000%	0	0.000%	103,971,972	4.381%
Berrenda Mesa Water District	0	0.000%	0	0.000%	994,763	0.714%	994,763	0.042%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	314,869	0.226%	314,869	0.013%
East Kern Cemetery District	0	0.000%	0	0.000%	461,158	0.331%	461,158	0.019%
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%	25,911,213	18.598%	25,911,213	1.092%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	4,473,648	3.211%	4,473,648	0.188%
North of the River Sanitation District	0	0.000%	0	0.000%	4,029,209	2.892%	4,029,209	0.170%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	97,022,851	69.639%	97,022,851	4.088%
Shafter Recreation and Park District	0	0.000%	0	0.000%	401,249	0.288%	401,249	0.017%
West Side Cemetery District	0	0.000%	0	0.000%	1,578,525	1.133%	1,578,525	0.067%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	2,057,794	1.477%	2,057,794	0.087%
West Side Recreation and Park District	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>	<u>2,077,300</u>	<u>1.491%</u>	<u>2,077,300</u>	<u>0.088%</u>
Total for all Employers	\$1,404,836,811	100.000%	\$829,050,233	100.000%	\$139,322,579	100.000%	\$2,373,209,623	100.000%

Note: Results may not total due to rounding.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Employer	Allocation of June 30, 2018 Net Pension Liability (NPL)			
	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(31,051,920)	73.219%	\$1,785,078,802	76.586%
Kern County Hospital Authority	(6,549,641)	15.444%	307,234,709	13.182%
Kern County Superior Courts	(2,170,402)	5.118%	101,801,570	4.368%
Berrenda Mesa Water District	(18,841)	0.044%	975,922	0.042%
Buttonwillow Recreation and Park District	(5,967)	0.014%	308,902	0.013%
East Kern Cemetery District	(8,727)	0.020%	452,431	0.019%
Inyokern Community Services District	0	0.000%	0	0.000%
Kern County Water Agency	(490,537)	1.157%	25,420,676	1.091%
Kern Mosquito and Vector Control District	(84,688)	0.200%	4,388,960	0.188%
North of the River Sanitation District	(76,269)	0.180%	3,952,940	0.170%
San Joaquin Valley Unified Air Pollution Control District	(1,836,798)	4.331%	95,186,053	4.084%
Shafter Recreation and Park District	(7,596)	0.018%	393,653	0.017%
West Side Cemetery District	(29,898)	0.070%	1,548,627	0.066%
West Side Mosquito and Vector Control District	(38,970)	0.092%	2,018,824	0.087%
West Side Recreation and Park District	<u>(39,324)</u>	<u>0.093%</u>	<u>2,037,976</u>	<u>0.087%</u>
Total for all Employers	\$(42,409,578)	100.000%	\$2,330,800,045	100.000%

Note: Results may not total due to rounding.

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

Based on the July 1, 2017 through June 30, 2018 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.

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.

The NPL associated with the SRBR is allocated based on the actual total payroll 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, 2019. The reporting date and measurement date for the plan under GAS 67 are June 30, 2018. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2018 are not adjusted or "rolled forward" to June 30, 2019. Other results such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share within each membership class:

- 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) Recognition of beginning of year deferred outflows of resources as pension expense
- 12) Recognition of beginning of year deferred inflows of resources as pension expense

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8

Pension Expense – Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$123,407,183	\$122,184,336
2. Interest on the Total Pension Liability	450,171,596	438,385,093
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
4. Current-period benefit changes	31,033,606	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(15,788,946)	(21,402,736)
6. Expensed portion of current-period changes of assumptions or other inputs	0	38,406,922
7. Member contributions	(52,503,738)	(51,410,469)
8. Projected earnings on plan investments	(286,161,084)	(266,545,347)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	3,700,497	(32,012,302)
10. Administrative expense	5,116,557	5,243,309
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	174,010,775	135,603,853
13. Recognition of beginning of year deferred inflows of resources as pension expense	(151,563,836)	(98,148,798)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension Expense	<u>\$281,422,610</u>	<u>\$270,303,861</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Kern County

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$94,513,271	\$94,916,194
2. Interest on the Total Pension Liability	344,770,793	340,549,731
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(4,667,420)	2,417,519
4. Current-period benefit changes	23,767,561	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(12,092,205)	(16,626,240)
6. Expensed portion of current-period changes of assumptions or other inputs	0	29,835,565
7. Member contributions	(40,210,790)	(39,937,081)
8. Projected earnings on plan investments	(219,160,835)	(207,059,840)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	2,834,084	(24,868,048)
10. Administrative expense	3,918,593	4,073,147
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	133,268,808	105,340,843
13. Recognition of beginning of year deferred inflows of resources as pension expense	(116,077,476)	(76,244,714)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>10,919,097</u>	<u>8,501,578</u>
Pension Expense	<u>\$221,783,481</u>	<u>\$220,898,654</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$16,266,933	\$15,157,192
2. Interest on the Total Pension Liability	59,339,427	54,382,476
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	3,284,904	(5,425,446)
4. Current-period benefit changes	4,090,699	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,081,222)	(2,655,049)
6. Expensed portion of current-period changes of assumptions or other inputs	0	4,764,449
7. Member contributions	(6,920,787)	(6,377,563)
8. Projected earnings on plan investments	(37,720,360)	(33,065,440)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	487,781	(3,971,185)
10. Administrative expense	674,440	650,442
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	22,937,253	16,821,907
13. Recognition of beginning of year deferred inflows of resources as pension expense	(19,978,407)	(12,175,539)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(17,943,181)</u>	<u>(12,517,735)</u>
Pension Expense	<u>\$22,437,480</u>	<u>\$15,588,509</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$5,390,015	\$5,238,195
2. Interest on the Total Pension Liability	19,661,993	18,794,112
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	521,483	774,964
4. Current-period benefit changes	1,355,444	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(689,608)	(917,562)
6. Expensed portion of current-period changes of assumptions or other inputs	0	1,646,552
7. Member contributions	(2,293,188)	(2,204,031)
8. Projected earnings on plan investments	(12,498,561)	(11,427,129)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	161,625	(1,372,407)
10. Administrative expense	223,474	224,787
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	7,600,210	5,813,505
13. Recognition of beginning of year deferred inflows of resources as pension expense	(6,619,803)	(4,207,761)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>3,150,621</u>	<u>2,375,657</u>
Pension Expense	<u>\$15,963,705</u>	<u>\$14,738,882</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$51,673	\$55,805
2. Interest on the Total Pension Liability	188,490	200,229
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(18,462)	(32,390)
4. Current-period benefit changes	12,994	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(6,611)	(9,776)
6. Expensed portion of current-period changes of assumptions or other inputs	0	17,542
7. Member contributions	(21,984)	(23,481)
8. Projected earnings on plan investments	(119,818)	(121,742)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	1,549	(14,621)
10. Administrative expense	2,142	2,395
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	72,860	61,936
13. Recognition of beginning of year deferred inflows of resources as pension expense	(63,461)	(44,829)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(120,220)</u>	<u>(87,830)</u>
Pension Expense	<u>\$(20,848)</u>	<u>\$3,238</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$16,356	\$28,043
2. Interest on the Total Pension Liability	59,661	100,612
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(43,628)	7,805
4. Current-period benefit changes	4,113	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,093)	(4,912)
6. Expensed portion of current-period changes of assumptions or other inputs	0	8,815
7. Member contributions	(6,958)	(11,799)
8. Projected earnings on plan investments	(37,925)	(61,174)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	490	(7,347)
10. Administrative expense	678	1,203
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	23,062	31,122
13. Recognition of beginning of year deferred inflows of resources as pension expense	(20,087)	(22,526)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(6,026)</u>	<u>(13,831)</u>
Pension Expense	<u>\$(12,357)</u>	<u>\$56,011</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$23,954	\$23,161
2. Interest on the Total Pension Liability	87,383	83,104
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	1,312	18,164
4. Current-period benefit changes	6,024	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(3,065)	(4,057)
6. Expensed portion of current-period changes of assumptions or other inputs	0	7,281
7. Member contributions	(10,191)	(9,746)
8. Projected earnings on plan investments	(55,547)	(50,528)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	718	(6,068)
10. Administrative expense	993	994
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	33,777	25,706
13. Recognition of beginning of year deferred inflows of resources as pension expense	(29,420)	(18,606)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>38,923</u>	<u>20,759</u>
Pension Expense	<u>\$94,861</u>	<u>\$90,164</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$0	\$0
2. Interest on the Total Pension Liability	0	0
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	(38,767)
4. Current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	0	0
6. Expensed portion of current-period changes of assumptions or other inputs	0	0
7. Member contributions	0	0
8. Projected earnings on plan investments	0	0
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	0	0
10. Administrative expense	0	0
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(42,522)	(3,755)
Pension Expense	<u>\$(42,522)</u>	<u>\$(42,522)</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$1,345,932	\$1,283,282
2. Interest on the Total Pension Liability	4,909,759	4,604,285
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	170,013	263,510
4. Current-period benefit changes	338,465	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(172,201)	(224,789)
6. Expensed portion of current-period changes of assumptions or other inputs	0	403,381
7. Member contributions	(572,628)	(539,956)
8. Projected earnings on plan investments	(3,120,992)	(2,799,481)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	40,359	(336,220)
10. Administrative expense	55,803	55,070
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	1,897,834	1,424,225
13. Recognition of beginning of year deferred inflows of resources as pension expense	(1,653,018)	(1,030,840)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>743,133</u>	<u>479,623</u>
Pension Expense	<u>\$3,982,459</u>	<u>\$3,582,090</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$232,379	\$228,107
2. Interest on the Total Pension Liability	847,685	818,424
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	4,606	92,965
4. Current-period benefit changes	58,437	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(29,731)	(39,957)
6. Expensed portion of current-period changes of assumptions or other inputs	0	71,702
7. Member contributions	(98,866)	(95,979)
8. Projected earnings on plan investments	(538,849)	(497,615)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	6,968	(59,764)
10. Administrative expense	9,635	9,789
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	327,667	253,160
13. Recognition of beginning of year deferred inflows of resources as pension expense	(285,399)	(183,235)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>150,729</u>	<u>57,764</u>
Pension Expense	<u>\$685,261</u>	<u>\$655,361</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$209,292	\$191,679
2. Interest on the Total Pension Liability	763,472	687,731
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	41,671	79,457
4. Current-period benefit changes	52,632	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(26,777)	(33,576)
6. Expensed portion of current-period changes of assumptions or other inputs	0	60,252
7. Member contributions	(89,044)	(80,652)
8. Projected earnings on plan investments	(485,317)	(418,151)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	6,276	(50,220)
10. Administrative expense	8,677	8,226
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	295,115	212,733
13. Recognition of beginning of year deferred inflows of resources as pension expense	(257,046)	(153,974)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>123,363</u>	<u>43,906</u>
Pension Expense	<u>\$642,314</u>	<u>\$547,411</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$5,039,748	\$4,747,496
2. Interest on the Total Pension Liability	18,384,270	17,033,539
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	712,806	1,770,944
4. Current-period benefit changes	1,267,362	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(644,795)	(831,608)
6. Expensed portion of current-period changes of assumptions or other inputs	0	1,492,309
7. Member contributions	(2,144,167)	(1,997,564)
8. Projected earnings on plan investments	(11,686,350)	(10,356,672)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	151,122	(1,243,844)
10. Administrative expense	208,952	203,730
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	7,106,315	5,268,914
13. Recognition of beginning of year deferred inflows of resources as pension expense	(6,189,619)	(3,813,591)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>2,650,275</u>	<u>879,331</u>
Pension Expense	<u>\$14,855,919</u>	<u>\$13,152,984</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$20,843	\$15,187
2. Interest on the Total Pension Liability	76,030	54,493
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	18,171	43,030
4. Current-period benefit changes	5,241	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,667)	(2,660)
6. Expensed portion of current-period changes of assumptions or other inputs	0	4,774
7. Member contributions	(8,867)	(6,390)
8. Projected earnings on plan investments	(48,330)	(33,132)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	625	(3,979)
10. Administrative expense	864	652
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	29,389	16,856
13. Recognition of beginning of year deferred inflows of resources as pension expense	(25,598)	(12,200)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>100,062</u>	<u>57,032</u>
Pension Expense	<u>\$165,763</u>	<u>\$133,663</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$81,993	\$76,771
2. Interest on the Total Pension Liability	299,102	275,443
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	16,381	22,535
4. Current-period benefit changes	20,619	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(10,490)	(13,448)
6. Expensed portion of current-period changes of assumptions or other inputs	0	24,132
7. Member contributions	(34,884)	(32,302)
8. Projected earnings on plan investments	(190,131)	(167,474)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	2,459	(20,114)
10. Administrative expense	3,400	3,294
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	115,616	85,202
13. Recognition of beginning of year deferred inflows of resources as pension expense	(100,702)	(61,668)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>54,483</u>	<u>31,948</u>
Pension Expense	<u>\$257,846</u>	<u>\$224,319</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$106,890	\$110,307
2. Interest on the Total Pension Liability	389,916	395,769
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(19,838)	11,901
4. Current-period benefit changes	26,880	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(13,676)	(19,322)
6. Expensed portion of current-period changes of assumptions or other inputs	0	34,673
7. Member contributions	(45,476)	(46,413)
8. Projected earnings on plan investments	(247,859)	(240,634)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	3,205	(28,900)
10. Administrative expense	4,432	4,734
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	150,720	122,422
13. Recognition of beginning of year deferred inflows of resources as pension expense	(131,277)	(88,608)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>92,420</u>	<u>80,519</u>
Pension Expense	<u>\$316,337</u>	<u>\$336,448</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 8 (continued)

Pension Expense – West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service Cost	\$107,904	\$112,917
2. Interest on the Total Pension Liability	393,615	405,145
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(21,999)	(6,191)
4. Current-period benefit changes	27,135	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(13,805)	(19,780)
6. Expensed portion of current-period changes of assumptions or other inputs	0	35,495
7. Member contributions	(45,908)	(47,512)
8. Projected earnings on plan investments	(250,210)	(246,335)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	3,236	(29,585)
10. Administrative expense	4,474	4,846
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	152,149	125,322
13. Recognition of beginning of year deferred inflows of resources as pension expense	(132,523)	(90,707)
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>88,843</u>	<u>95,034</u>
Pension Expense	<u>\$312,911</u>	<u>\$338,649</u>

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources – Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$60,979,693	\$61,531,583
2. Changes of assumptions or other inputs	129,950,388	207,264,194
3. Net excess of projected over actual earnings on pension plan investments (if any)	75,150,702	75,513,080
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$266,080,783	\$344,308,857
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$60,979,693	\$61,531,583
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>197,637,586</u>	<u>203,249,922</u>
10. Total Deferred Inflows of Resources	\$258,617,279	\$264,781,505

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:

2019	N/A	\$22,446,939
2020	\$39,377,088	51,465,537
2021	8,723,951	20,812,400
2022	(29,156,436)	(17,067,987)
2023	(10,217,984)	1,870,463
2024	(1,263,115)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Kern County

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$24,334,360	\$36,234,522
2. Changes of assumptions or other inputs	99,524,490	161,008,590
3. Net excess of projected over actual earnings on pension plan investments (if any)	57,555,314	58,660,660
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$181,414,164	\$255,903,772
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$20,210,543	\$2,148,535
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>151,363,764</u>	<u>157,890,191</u>
10. Total Deferred Inflows of Resources	\$171,574,307	\$160,038,726

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:

2019	N/A	\$28,356,505
2020	\$35,173,538	49,663,275
2021	12,034,984	26,188,683
2022	(23,800,806)	(10,062,369)
2023	(12,227,091)	1,718,952
2024	(1,340,768)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$13,402,409	\$0
2. Changes of assumptions or other inputs	17,129,427	25,711,504
3. Net excess of projected over actual earnings on pension plan investments (if any)	9,905,999	9,367,536
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$40,437,835	\$35,079,040
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$39,524,505	\$57,467,686
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>26,051,624</u>	<u>25,213,526</u>
10. Total Deferred Inflows of Resources	\$65,576,129	\$82,681,212

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:

2019	N/A	\$(15,158,597)
2020	\$(8,725,190)	(10,816,196)
2021	(10,911,748)	(12,764,785)
2022	(6,938,871)	(8,497,831)
2023	1,341,221	(364,763)
2024	96,294	0
Thereafter	0	0

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$9,568,698	\$11,364,480
2. Changes of assumptions or other inputs	5,675,799	8,885,673
3. Net excess of projected over actual earnings on pension plan investments (if any)	3,282,332	3,237,339
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$18,526,829	\$23,487,492
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$208,657	\$981,466
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>8,632,150</u>	<u>8,713,576</u>
10. Total Deferred Inflows of Resources	\$8,840,807	\$9,695,042

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:

2019	N/A	\$4,112,949
2020	\$5,956,116	5,921,164
2021	3,418,800	3,408,537
2022	164,117	184,364
2023	160,442	165,436
2024	(13,453)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
2. Changes of assumptions or other inputs	54,411	94,666
3. Net excess of projected over actual earnings on pension plan investments (if any)	31,466	34,490
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$85,877	\$129,156
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$329,979	\$374,873
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>82,752</u>	<u>92,833</u>
10. Total Deferred Inflows of Resources	\$412,731	\$467,706

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:

2019	N/A	\$(109,968)
2020	\$(121,520)	(96,039)
2021	(108,439)	(84,124)
2022	(68,583)	(45,709)
2023	(26,305)	(2,710)
2024	(2,007)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$51,975	\$72,972
2. Changes of assumptions or other inputs	17,222	47,568
3. Net excess of projected over actual earnings on pension plan investments (if any)	9,960	17,331
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$79,157	\$137,871
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$206,734	\$55,755
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>26,193</u>	<u>46,647</u>
10. Total Deferred Inflows of Resources	\$232,927	\$102,402

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:

2019	N/A	\$(874)
2020	\$(41,718)	8,503
2021	(25,901)	21,348
2022	(38,369)	5,206
2023	(44,124)	1,286
2024	(3,658)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$104,156	\$138,436
2. Changes of assumptions or other inputs	25,225	39,291
3. Net excess of projected over actual earnings on pension plan investments (if any)	14,587	14,315
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$143,968	\$192,042
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$193	\$902
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>38,363</u>	<u>38,530</u>
10. Total Deferred Inflows of Resources	\$38,556	\$39,432

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:

2019	N/A	\$43,178
2020	\$48,394	49,195
2021	40,172	41,112
2022	15,659	16,771
2023	1,327	2,354
2024	(140)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,274	\$4,184
2. Changes of assumptions or other inputs	0	0
3. Net excess of projected over actual earnings on pension plan investments (if any)	0	0
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$2,274	\$4,184
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$130,115	\$174,547
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
10. Total Deferred Inflows of Resources	\$130,115	\$174,547

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:

2019	N/A	\$(42,522)
2020	\$(41,586)	(41,586)
2021	(42,784)	(42,784)
2022	(39,205)	(39,205)
2023	(4,266)	(4,266)
2024	0	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,053,784	\$2,125,250
2. Changes of assumptions or other inputs	1,417,293	2,176,861
3. Net excess of projected over actual earnings on pension plan investments (if any)	819,625	793,101
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$4,290,702	\$5,095,212
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$46,170	\$68,155
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>2,155,518</u>	<u>2,134,700</u>
10. Total Deferred Inflows of Resources	\$2,201,688	\$2,202,855

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:

2019	N/A	\$978,889
2020	\$1,297,941	1,238,999
2021	590,363	543,792
2022	113,331	82,048
2023	87,555	48,629
2024	(176)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$412,364	\$548,414
2. Changes of assumptions or other inputs	244,700	386,943
3. Net excess of projected over actual earnings on pension plan investments (if any)	141,511	140,976
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$798,575	\$1,076,333
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,112	\$5,225
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>372,157</u>	<u>379,448</u>
10. Total Deferred Inflows of Resources	\$373,269	\$384,673

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:

2019	N/A	\$192,635
2020	\$232,484	249,811
2021	153,188	171,010
2022	46,055	64,487
2023	(4,411)	13,717
2024	(2,010)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$452,646	\$414,125
2. Changes of assumptions or other inputs	220,390	325,152
3. Net excess of projected over actual earnings on pension plan investments (if any)	127,452	118,464
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$800,488	\$857,741
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$17,088	\$25,224
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>335,185</u>	<u>318,855</u>
10. Total Deferred Inflows of Resources	\$352,273	\$344,079

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:

2019	N/A	\$158,577
2020	\$210,855	183,140
2021	132,218	108,402
2022	70,864	51,865
2023	33,085	11,678
2024	1,193	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$9,806,036	\$9,587,681
2. Changes of assumptions or other inputs	5,306,961	8,053,291
3. Net excess of projected over actual earnings on pension plan investments (if any)	3,069,031	2,934,076
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$18,182,028	\$20,575,048
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$10,697	\$50,317
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>8,071,195</u>	<u>7,897,316</u>
10. Total Deferred Inflows of Resources	\$8,081,892	\$7,947,633

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:

2019	N/A	\$3,522,455
2020	\$5,000,100	4,678,902
2021	3,278,629	3,018,221
2022	1,325,641	1,140,356
2023	490,324	267,481
2024	5,442	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$327,725	\$353,649
2. Changes of assumptions or other inputs	21,948	25,764
3. Net excess of projected over actual earnings on pension plan investments (if any)	12,692	9,387
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$362,365	\$388,800
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>33,379</u>	<u>25,265</u>
10. Total Deferred Inflows of Resources	\$33,379	\$25,265

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:

2019	N/A	\$102,852
2020	\$124,883	106,459
2021	119,706	102,649
2022	61,978	46,609
2023	21,177	4,966
2024	1,242	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$171,209	\$158,858
2. Changes of assumptions or other inputs	86,341	130,227
3. Net excess of projected over actual earnings on pension plan investments (if any)	49,932	47,446
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$307,482	\$336,531
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>131,314</u>	<u>127,704</u>
10. Total Deferred Inflows of Resources	\$131,314	\$127,704

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:

2019	N/A	\$68,587
2020	\$88,921	78,713
2021	54,446	45,346
2022	20,257	12,524
2023	12,073	3,657
2024	471	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$149,799	\$291,720
2. Changes of assumptions or other inputs	112,557	187,116
3. Net excess of projected over actual earnings on pension plan investments (if any)	65,092	68,172
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$327,448	\$547,008
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$184,888	\$153,452
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>171,184</u>	<u>183,492</u>
10. Total Deferred Inflows of Resources	\$356,072	\$336,944

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:

2019	N/A	\$112,685
2020	\$73,408	105,603
2021	(33,838)	(2,767)
2022	(38,140)	(8,457)
2023	(27,376)	3,000
2024	(2,678)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$142,258	\$237,292
2. Changes of assumptions or other inputs	113,624	191,548
3. Net excess of projected over actual earnings on pension plan investments (if any)	65,709	69,787
4. Difference between actual and expected experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$321,591	\$498,627
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$109,012	\$25,446
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	0	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>172,808</u>	<u>187,839</u>
10. Total Deferred Inflows of Resources	\$281,820	\$213,285

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:

2019	N/A	\$109,588
2020	\$100,462	135,594
2021	24,155	57,760
2022	(50,364)	(18,646)
2023	(31,615)	1,046
2024	(2,867)	0
Thereafter	0	0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 9 (continued)

Deferred Outflows of Resources 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, 2018. 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 5.08 years determined as of June 30, 2017 (the beginning of the measurement period ending June 30, 2018). This is described in Paragraph 33a. of GASB 68.

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2018 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 for Kern County Employees' Retirement Association

EXHIBIT 10

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
2014	100.0%	\$2,124,388,798	\$516,465,189	411.33%	59.37%
2015	100.0%	2,069,234,081	533,850,811	387.61%	63.35%
2016	100.0%	2,203,097,939	531,598,183	414.43%	62.20%
2017	100.0%	2,413,639,356	537,539,991	449.02%	59.67%
2018	100.0%	2,363,975,142	546,671,003	432.43%	62.64%
2019	100.0%	2,330,800,045	576,728,789	404.14%	64.30%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	75.501%	\$1,603,942,340	\$390,174,808	411.08%	59.80%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	16.181%	\$343,748,412	\$75,331,439	456.31%	58.53%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	3.439%	\$73,060,039	\$19,799,274	369.00%	58.53%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.076%	\$1,606,392	\$482,951	332.62%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.026%	\$543,066	\$163,245	332.67%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.010%	\$220,750	\$66,356	332.68%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.010%	\$212,471	\$63,752	333.28%	55.64%
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

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.926%	\$19,672,558	\$5,914,803	332.60%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.161%	\$3,423,153	\$1,029,309	332.57%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.122%	\$2,599,247	\$781,428	332.63%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	3.345%	\$71,067,704	\$21,366,973	332.61%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.000%	\$0	\$0	N/A	N/A
2015	0.000%	0	0	N/A	N/A
2016	0.000%	0	0	N/A	N/A
2017	0.015%	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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.054%	\$1,152,443	\$346,618	332.48%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.071%	\$1,517,265	\$456,135	332.64%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – 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
2014	0.076%	\$1,622,958	\$488,098	332.51%	55.64%
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%

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11

Schedule of Reconciliation of Net Pension Liability – Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$2,363,975,142	\$2,413,639,356
2. Pension Expense	281,422,610	270,303,861
3. Employer Contributions	(242,533,859)	(224,351,019)
4. New Net Deferred Inflows/Outflows	(49,616,909)	(58,162,001)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0	0
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	0	0
7. Recognition of Prior Deferred Inflows/Outflows	(22,446,939)	(37,455,055)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>0</u>	<u>0</u>
9. Ending Net Pension Liability	\$2,330,800,045	\$2,363,975,142

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Kern County

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$1,836,401,634	\$1,861,645,866
2. Pension Expense	221,783,481	220,898,654
3. Employer Contributions	(187,081,122)	(174,267,066)
4. New Net Deferred Inflows/Outflows	(37,999,867)	(45,181,860)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(871,822)	967,742
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(19,043,073)	9,936,005
7. Recognition of Prior Deferred Inflows/Outflows	(17,191,332)	(29,096,129)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(10,919,097)</u>	<u>(8,501,578)</u>
9. Ending Net Pension Liability	\$1,785,078,802	\$1,836,401,634

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Kern County Hospital Authority

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$293,255,458	\$329,935,445
2. Pension Expense	22,437,480	15,588,509
3. Employer Contributions	(30,922,108)	(28,411,580)
4. New Net Deferred Inflows/Outflows	(6,540,259)	(7,215,103)
5. Change in Allocation of Prior Deferred Inflows/Outflows	617,394	(2,214,598)
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	13,402,409	(22,298,582)
7. Recognition of Prior Deferred Inflows/Outflows	(2,958,846)	(4,646,368)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>17,943,181</u>	<u>12,517,735</u>
9. Ending Net Pension Liability	\$307,234,709	\$293,255,458

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$101,346,545	\$98,598,626
2. Pension Expense	15,963,705	14,738,882
3. Employer Contributions	(11,402,252)	(9,055,090)
4. New Net Deferred Inflows/Outflows	(2,167,101)	(2,493,477)
5. Change in Allocation of Prior Deferred Inflows/Outflows	64,053	353,903
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	2,127,648	3,185,102
7. Recognition of Prior Deferred Inflows/Outflows	(980,407)	(1,605,744)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(3,150,621)</u>	<u>(2,375,657)</u>
9. Ending Net Pension Liability	\$101,801,570	\$101,346,545

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$1,079,726	\$1,276,568
2. Pension Expense	(20,848)	3,238
3. Employer Contributions	(94,651)	(98,475)
4. New Net Deferred Inflows/Outflows	(20,775)	(26,565)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(3,025)	(12,638)
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(75,326)	(133,125)
7. Recognition of Prior Deferred Inflows/Outflows	(9,399)	(17,107)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>120,220</u>	<u>87,830</u>
9. Ending Net Pension Liability	\$975,922	\$1,079,726

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Buttonwillow Recreation and Parks

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$542,546	\$511,119
2. Pension Expense	(12,357)	56,011
3. Employer Contributions	(32,048)	(51,656)
4. New Net Deferred Inflows/Outflows	(6,576)	(13,349)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(7,712)	3,108
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(178,002)	32,078
7. Recognition of Prior Deferred Inflows/Outflows	(2,975)	(8,596)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>6,026</u>	<u>13,831</u>
9. Ending Net Pension Liability	\$308,902	\$542,546

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$448,133	\$355,569
2. Pension Expense	94,861	90,164
3. Employer Contributions	(43,365)	(40,769)
4. New Net Deferred Inflows/Outflows	(9,631)	(11,026)
5. Change in Allocation of Prior Deferred Inflows/Outflows	361	7,400
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	5,352	74,654
7. Recognition of Prior Deferred Inflows/Outflows	(4,357)	(7,100)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(38,923)</u>	<u>(20,759)</u>
9. Ending Net Pension Liability	\$452,431	\$448,133

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$0	\$213,601
2. Pension Expense	(42,522)	(42,522)
3. Employer Contributions	0	0
4. New Net Deferred Inflows/Outflows	0	0
5. Change in Allocation of Prior Deferred Inflows/Outflows	0	(15,500)
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	0	(159,334)
7. Recognition of Prior Deferred Inflows/Outflows	0	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>42,522</u>	<u>3,755</u>
9. Ending Net Pension Liability	\$0	\$0

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$24,828,435	\$23,954,836
2. Pension Expense	3,982,459	3,582,090
3. Employer Contributions	(2,586,874)	(2,408,884)
4. New Net Deferred Inflows/Outflows	(541,143)	(610,866)
5. Change in Allocation of Prior Deferred Inflows/Outflows	32,096	101,243
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	693,652	1,083,024
7. Recognition of Prior Deferred Inflows/Outflows	(244,816)	(393,385)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(743,133)</u>	<u>(479,623)</u>
9. Ending Net Pension Liability	\$25,420,676	\$24,828,435

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$4,413,319	\$4,009,961
2. Pension Expense	685,261	655,361
3. Employer Contributions	(443,267)	(433,813)
4. New Net Deferred Inflows/Outflows	(93,430)	(108,583)
5. Change in Allocation of Prior Deferred Inflows/Outflows	1,282	35,998
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	18,792	382,084
7. Recognition of Prior Deferred Inflows/Outflows	(42,268)	(69,925)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(150,729)</u>	<u>(57,764)</u>
9. Ending Net Pension Liability	\$4,388,960	\$4,413,319

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$3,708,561	\$3,285,264
2. Pension Expense	642,314	547,411
3. Employer Contributions	(332,489)	(293,147)
4. New Net Deferred Inflows/Outflows	(84,148)	(91,243)
5. Change in Allocation of Prior Deferred Inflows/Outflows	10,114	36,370
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	170,020	326,571
7. Recognition of Prior Deferred Inflows/Outflows	(38,069)	(58,759)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(123,363)</u>	<u>(43,906)</u>
9. Ending Net Pension Liability	\$3,952,940	\$3,708,561

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$91,852,721	\$83,711,648
2. Pension Expense	14,855,919	13,152,984
3. Employer Contributions	(8,995,309)	(8,426,722)
4. New Net Deferred Inflows/Outflows	(2,026,273)	(2,259,896)
5. Change in Allocation of Prior Deferred Inflows/Outflows	157,716	730,781
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	2,908,250	7,278,580
7. Recognition of Prior Deferred Inflows/Outflows	(916,696)	(1,455,323)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(2,650,275)</u>	<u>(879,331)</u>
9. Ending Net Pension Liability	\$95,186,053	\$91,852,721

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$293,850	\$356,787
2. Pension Expense	165,763	133,663
3. Employer Contributions	(31,411)	(300,415)
4. New Net Deferred Inflows/Outflows	(8,380)	(7,230)
5. Change in Allocation of Prior Deferred Inflows/Outflows	3,546	(4,119)
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	74,138	176,852
7. Recognition of Prior Deferred Inflows/Outflows	(3,791)	(4,656)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(100,062)</u>	<u>(57,032)</u>
9. Ending Net Pension Liability	\$393,653	\$293,850

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$1,485,315	\$1,401,253
2. Pension Expense	257,846	224,319
3. Employer Contributions	(161,877)	(149,216)
4. New Net Deferred Inflows/Outflows	(32,966)	(36,544)
5. Change in Allocation of Prior Deferred Inflows/Outflows	2,872	8,364
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	66,834	92,621
7. Recognition of Prior Deferred Inflows/Outflows	(14,914)	(23,534)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(54,483)</u>	<u>(31,948)</u>
9. Ending Net Pension Liability	\$1,548,627	\$1,485,315

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$2,134,171	\$2,106,211
2. Pension Expense	316,337	336,448
3. Employer Contributions	(192,994)	(195,845)
4. New Net Deferred Inflows/Outflows	(42,976)	(52,508)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(2,914)	5,282
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(80,937)	48,916
7. Recognition of Prior Deferred Inflows/Outflows	(19,443)	(33,814)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(92,420)</u>	<u>(80,519)</u>
9. Ending Net Pension Liability	\$2,018,824	\$2,134,171

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$2,184,728	\$2,276,602
2. Pension Expense	312,911	338,649
3. Employer Contributions	(214,092)	(218,341)
4. New Net Deferred Inflows/Outflows	(43,384)	(53,751)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(3,961)	(3,336)
6. New Net Deferred Flows Due to Change in Proportion ⁽¹⁾	(89,757)	(25,446)
7. Recognition of Prior Deferred Inflows/Outflows	(19,626)	(34,615)
8. Recognition of Prior Deferred Flows Due to Change in Proportion ⁽¹⁾	<u>(88,843)</u>	<u>(95,034)</u>
9. Ending Net Pension Liability	\$2,037,976	\$2,184,728

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

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 12

Schedule of Recognition of Changes in Total Net Pension Liability

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Actual and Expected Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Actual and Expected Experience on Total Pension Liability								
			Reporting Date for Employer under GAS 68 Year Ended June 30:								
			2015	2016	2017	2018	2019	2020	2021	2022	2023
2015	\$(57,033,870)	5.27	\$(10,822,366)	\$(10,822,366)	\$(10,822,366)	\$(10,822,366)	\$(10,822,366)	\$(2,922,040)	-	-	-
2016	(89,306,426)	5.19	N/A	(17,207,404)	(17,207,404)	(17,207,404)	(17,207,404)	(17,207,404)	\$(3,269,406)	-	-
2017	(105,053,516)	5.10	N/A	N/A	(20,598,729)	(20,598,729)	(20,598,729)	(20,598,729)	(20,598,729)	\$(2,059,871)	-
2018	(109,367,980)	5.11	N/A	N/A	N/A	(21,402,736)	(21,402,736)	(21,402,736)	(21,402,736)	(21,402,736)	\$(2,354,300)
2019	(80,207,845)	5.08	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(15,788,946)</u>	<u>(15,788,946)</u>	<u>(15,788,946)</u>	<u>(15,788,946)</u>	<u>(15,788,946)</u>
Net increase (decrease) in pension expense			\$(10,822,366)	\$(28,029,770)	\$(48,628,499)	\$(70,031,235)	\$(85,820,181)	\$(77,919,855)	\$(61,059,817)	\$(39,251,553)	\$(18,143,246)
			2024	Thereafter							
2015	\$(57,033,870)	5.27	-	-							
2016	(89,306,426)	5.19	-	-							
2017	(105,053,516)	5.10	-	-							
2018	(109,367,980)	5.11	-	-							
2019	(80,207,845)	5.08	<u>\$(1,263,115)</u>	<u>-</u>							
Net increase (decrease) in pension expense			\$(1,263,115)	-							

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net Pension Liability

Reporting Date for Employer under GAS 68 Year Ended June 30	Effect of Assumption Changes	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes									
			Reporting Date for Employer under GAS 68 Year Ended June 30:									
			2015	2016	2017	2018	2019	2020	2021	2022	2023	
2015	\$205,039,279	5.27	\$38,906,884	\$38,906,884	\$38,906,884	\$38,906,884	\$38,906,884	\$38,906,884	\$10,504,859	-	-	-
2016	0	5.19	N/A	-	-	-	-	-	-	-	-	-
2017	0	5.10	N/A	N/A	-	-	-	-	-	-	-	-
2018	196,259,373	5.11	N/A	N/A	N/A	38,406,922	38,406,922	38,406,922	38,406,922	38,406,922	38,406,922	\$4,224,763
2019	0	5.08	N/A	N/A	N/A	N/A	-	-	-	-	-	-
Net increase (decrease) in pension expense			\$38,906,884	\$38,906,884	\$38,906,884	\$77,313,806	\$77,313,806	\$48,911,781	\$38,406,922	\$38,406,922	\$38,406,922	\$4,224,763
			<u>2024</u>	<u>Thereafter</u>								
2015	\$205,039,279	5.27	-	-								
2016	0	5.19	-	-								
2017	0	5.10	-	-								
2018	196,259,373	5.11	-	-								
2019	0	5.08	-	-								
Net increase (decrease) in pension expense			-	-								

As described in Exhibit 9, the average of the expected remaining service lives of all employees that are provided with pensions through KCERA (active and inactive employees) is 5.08 years determined as of June 30, 2017 (the beginning of the measurement period ending June 30, 2018).

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net Pension Liability

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments							
			Reporting Date for Employer under GAS 68 Year Ended June 30:							
			2015	2016	2017	2018	2019	2020	2021	2022
2015	\$(247,601,495)	5.00	\$(49,520,299)	\$(49,520,299)	\$(49,520,299)	\$(49,520,299)	\$(49,520,299)	-	-	-
2016	185,041,588	5.00	N/A	37,008,318	37,008,318	37,008,318	37,008,318	\$37,008,316	-	-
2017	298,443,255	5.00	N/A	N/A	59,688,651	59,688,651	59,688,651	59,688,651	\$59,688,651	-
2018	(160,061,510)	5.00	N/A	N/A	N/A	(32,012,302)	(32,012,302)	(32,012,302)	(32,012,302)	\$(32,012,302)
2019	18,502,487	5.00	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>3,700,497</u>	<u>3,700,497</u>	<u>3,700,497</u>	<u>3,700,497</u>
Net increase (decrease) in pension expense			\$(49,520,299)	\$(12,511,981)	\$47,176,670	\$15,164,368	\$18,864,865	\$68,385,162	\$31,376,846	\$(28,311,805)
			2023	Thereafter						
2015	\$(247,601,495)	5.00	-	-						
2016	185,041,588	5.00	-	-						
2017	298,443,255	5.00	-	-						
2018	(160,061,510)	5.00	-	-						
2019	18,502,487	5.00	<u>\$3,700,499</u>	-						
Net increase (decrease) in pension expense			\$3,700,499	-						

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net Pension Liability

Reporting Date for Employer under GAS 68 Year Ended June 30	Total Differences	Total Increase (Decrease) in Pension Expense								
		Reporting Date for Employer under GAS 68 Year Ended June 30:								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
2015	\$(99,596,086)	\$(21,435,781)	\$(21,435,781)	\$(21,435,781)	\$(21,435,781)	\$(21,435,781)	\$7,582,819	-	-	-
2016	95,735,162	N/A	19,800,914	19,800,914	19,800,914	19,800,914	19,800,912	\$(3,269,406)	-	-
2017	193,389,739	N/A	N/A	39,089,922	39,089,922	39,089,922	39,089,922	39,089,922	\$(2,059,871)	-
2018	(73,170,117)	N/A	N/A	N/A	(15,008,116)	(15,008,116)	(15,008,116)	(15,008,116)	(15,008,116)	\$1,870,463
2019	(61,705,358)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(12,088,449)</u>	<u>(12,088,449)</u>	<u>(12,088,449)</u>	<u>(12,088,449)</u>	<u>(12,088,447)</u>
Net increase (decrease) in pension expense		\$(21,435,781)	\$(1,634,867)	\$37,455,055	\$22,446,939	\$10,358,490	\$39,377,088	\$8,723,951	\$(29,156,436)	\$(10,217,984)
		<u>2024</u>	<u>Thereafter</u>							
2015	\$(99,596,086)	-	-							
2016	95,735,162	-	-							
2017	193,389,739	-	-							
2018	(73,170,117)	-	-							
2019	(61,705,358)	<u>\$(1,263,115)</u>	-							
Net increase (decrease) in pension expense		\$(1,263,115)	-							

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 13

Allocation of Changes in Total Net Pension Liability

In addition to the amounts shown in Exhibit 12, there are changes in each location's proportionate share of the total Net Pension Liability (NPL) during the measurement period ending on June 30, 2018. The net effect of the change on the location'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 previously. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2018 are recognized over the same period. These amounts are shown on the following page, with the corresponding amounts for the measurement periods ending on June 30, 2017, June 30, 2016, June 30, 2015 and June 30, 2014 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 for Kern County Employees' Retirement Association

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30					
			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	(111,756)	5.08	(21,999)	(21,999)	(21,999)	(21,999)	(21,999)	(1,761)
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

The corresponding amounts for the measurement period ending on June 30, 2017 are as follows:

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2017

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30					
			2018	2019	2020	2021	2022	2023
Kern County	\$12,353,524	5.11	\$2,417,519	\$2,417,519	\$2,417,519	\$2,417,519	\$2,417,519	\$265,929
Kern County Hospital Authority	(27,724,028)	5.11	(5,425,446)	(5,425,446)	(5,425,446)	(5,425,446)	(5,425,446)	(596,798)
Kern County Superior Courts	3,960,066	5.11	774,964	774,964	774,964	774,964	774,964	85,246
Berrenda Mesa Water District	(165,515)	5.11	(32,390)	(32,390)	(32,390)	(32,390)	(32,390)	(3,565)
Buttonwillow Recreation and Park District	39,883	5.11	7,805	7,805	7,805	7,805	7,805	858
East Kern Cemetery District	92,818	5.11	18,164	18,164	18,164	18,164	18,164	1,998
Inyokern Community Services District	(198,101)	5.11	(38,767)	(38,767)	(38,767)	(38,767)	(38,767)	(4,266)
Kern County Water Agency	1,346,534	5.11	263,510	263,510	263,510	263,510	263,510	28,984
Kern Mosquito and Vector Control District	475,049	5.11	92,965	92,965	92,965	92,965	92,965	10,224
North of the River Sanitation District	406,028	5.11	79,457	79,457	79,457	79,457	79,457	8,743
San Joaquin Valley Unified Air Pollution Control District	9,049,524	5.11	1,770,944	1,770,944	1,770,944	1,770,944	1,770,944	194,804
Shafter Recreation and Park District	219,882	5.11	43,030	43,030	43,030	43,030	43,030	4,732
West Side Cemetery District	115,156	5.11	22,535	22,535	22,535	22,535	22,535	2,481
West Side Mosquito and Vector Control District	60,817	5.11	11,901	11,901	11,901	11,901	11,901	1,312
West Side Recreation and Park District	<u>(31,637)</u>	5.11	<u>(6,191)</u>	<u>(6,191)</u>	<u>(6,191)</u>	<u>(6,191)</u>	<u>(6,191)</u>	<u>(682)</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

The corresponding amounts for the measurement period ending on June 30, 2016 are as follows:

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2016

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30					
			2017	2018	2019	2020	2021	2022
Kern County	\$39,728,583	5.10	\$7,789,917	\$7,789,917	\$7,789,917	\$7,789,917	\$7,789,917	\$778,998
Kern County Hospital Authority	(48,708,545)	5.10	(9,550,695)	(9,550,695)	(9,550,695)	(9,550,695)	(9,550,695)	(955,070)
Kern County Superior Courts	7,197,381	5.10	1,411,251	1,411,251	1,411,251	1,411,251	1,411,251	141,126
Berrenda Mesa Water District	(281,633)	5.10	(55,222)	(55,222)	(55,222)	(55,222)	(55,222)	(5,523)
Buttonwillow Recreation and Park District	67,278	5.10	13,192	13,192	13,192	13,192	13,192	1,318
East Kern Cemetery District	93,978	5.10	18,427	18,427	18,427	18,427	18,427	1,843
Inyokern Community Services District	(22,343)	5.10	(4,381)	(4,381)	(4,381)	(4,381)	(4,381)	(438)
Kern County Water Agency	(112,125)	5.10	(21,985)	(21,985)	(21,985)	(21,985)	(21,985)	(2,200)
Kern Mosquito and Vector Control District	172,716	5.10	33,866	33,866	33,866	33,866	33,866	3,386
North of the River Sanitation District	(41,496)	5.10	(8,136)	(8,136)	(8,136)	(8,136)	(8,136)	(816)
San Joaquin Valley Unified Air Pollution Control District	1,662,262	5.10	325,934	325,934	325,934	325,934	325,934	32,592
Shafter Recreation and Park District	290,861	5.10	57,032	57,032	57,032	57,032	57,032	5,701
West Side Cemetery District	36,338	5.10	7,125	7,125	7,125	7,125	7,125	713
West Side Mosquito and Vector Control District	(252,454)	5.10	(49,501)	(49,501)	(49,501)	(49,501)	(49,501)	(4,949)
West Side Recreation and Park District	<u>169,199</u>	5.10	<u>33,176</u>	<u>33,176</u>	<u>33,176</u>	<u>33,176</u>	<u>33,176</u>	<u>3,319</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

The corresponding amounts for the measurement period ending on June 30, 2015 are as follows:

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2015

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30					
			2016	2017	2018	2019	2020	2021
Kern County	\$(5,091,730)	5.19	\$(981,065)	\$(981,065)	\$(981,065)	\$(981,065)	\$(981,065)	\$(186,405)
Kern County Hospital	(10,119,415)	5.19	(1,949,791)	(1,949,791)	(1,949,791)	(1,949,791)	(1,949,791)	(370,460)
Kern County Superior Courts	9,016,144	5.19	1,737,215	1,737,215	1,737,215	1,737,215	1,737,215	330,069
Berrenda Mesa Water District	(164,423)	5.19	(31,681)	(31,681)	(31,681)	(31,681)	(31,681)	(6,018)
Buttonwillow Recreation and Park District	(120,946)	5.19	(23,304)	(23,304)	(23,304)	(23,304)	(23,304)	(4,426)
East Kern Cemetery District	15,781	5.19	3,041	3,041	3,041	3,041	3,041	576
Inyokern Community Services District	9,914	5.19	1,910	1,910	1,910	1,910	1,910	364
Kern County Water Agency	2,285,783	5.19	440,421	440,421	440,421	440,421	440,421	83,678
Kern Mosquito and Vector Control District	145,379	5.19	28,011	28,011	28,011	28,011	28,011	5,324
North of the River Sanitation District	121,086	5.19	23,331	23,331	23,331	23,331	23,331	4,431
San Joaquin Valley Unified Air Pollution Control District	3,077,758	5.19	593,017	593,017	593,017	593,017	593,017	112,673
Shafter Recreation and Park District	0	5.19	0	0	0	0	0	0
West Side Cemetery District	71,204	5.19	13,719	13,719	13,719	13,719	13,719	2,609
West Side Mosquito and Vector Control District	438,204	5.19	84,432	84,432	84,432	84,432	84,432	16,044
West Side Recreation and Park District	<u>315,261</u>	5.19	<u>60,744</u>	<u>60,744</u>	<u>60,744</u>	<u>60,744</u>	<u>60,744</u>	<u>11,541</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for Kern County Employees' Retirement Association

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

The corresponding amounts for the measurement period ending on June 30, 2014 are as follows:

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2014

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30					
			2015	2016	2017	2018	2019	2020
Kern County	\$8,920,672	5.27	\$1,692,726	\$1,692,726	\$1,692,726	\$1,692,726	\$1,692,726	\$457,042
Kern County Hospital	(5,360,903)	5.27	(1,017,249)	(1,017,249)	(1,017,249)	(1,017,249)	(1,017,249)	(274,658)
Kern County Superior Courts	(4,072,702)	5.27	(772,809)	(772,809)	(772,809)	(772,809)	(772,809)	(208,657)
Berrenda Mesa Water District	(4,887)	5.27	(927)	(927)	(927)	(927)	(927)	(252)
Buttonwillow Recreation and Park District	(19,597)	5.27	(3,719)	(3,719)	(3,719)	(3,719)	(3,719)	(1,002)
East Kern Cemetery District	(3,738)	5.27	(709)	(709)	(709)	(709)	(709)	(193)
Inyokern Community Services District	(6,768)	5.27	(1,284)	(1,284)	(1,284)	(1,284)	(1,284)	(348)
Kern County Water Agency	322,454	5.27	61,187	61,187	61,187	61,187	61,187	16,519
Kern Mosquito and Vector Control District	(21,677)	5.27	(4,113)	(4,113)	(4,113)	(4,113)	(4,113)	(1,112)
North of the River Sanitation District	151,305	5.27	28,711	28,711	28,711	28,711	28,711	7,750
San Joaquin Valley Unified Air Pollution Control District	(208,797)	5.27	(39,620)	(39,620)	(39,620)	(39,620)	(39,620)	(10,697)
Shafter Recreation and Park District	0	5.27	0	0	0	0	0	0
West Side Cemetery District	58,518	5.27	11,104	11,104	11,104	11,104	11,104	2,998
West Side Mosquito and Vector Control District	240,248	5.27	45,588	45,588	45,588	45,588	45,588	12,308
West Side Recreation and Park District	<u>5,872</u>	5.27	<u>1,114</u>	<u>1,114</u>	<u>1,114</u>	<u>1,114</u>	<u>1,114</u>	<u>302</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

**Actuarial Assumptions and Methods
For June 30, 2018 Measurement Date and Employer Reporting as of June 30, 2019**

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, 2013 through June 30, 2016 Actuarial Experience Study dated June 21, 2017.

Economic Assumptions

Net Investment Return: 7.25%, net of investment expenses.

Administration 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.

Employee Contribution Crediting Rate: 7.25%, compounded semi-annually.

Consumer Price Index: Increase of 3.00% per year; retiree COLA increases due to CPI are assumed to be 2.50% per year.

Payroll Growth: Inflation of 3.00% 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 3.00% per year from the valuation date.

Increase in Section 7522.10 Compensation Limit: Increase of 3.00% per year from the valuation date.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Individual Salary Increases:

<u>Annual Rate of Compensation Increase</u>		
Inflation: 3.00% per year; plus “across the board” salary increases of 0.50% per year; plus the following promotional and merit increases:		
<u>Years of Service</u>	<u>General</u>	<u>Safety</u>
Less than 1	5.50%	9.00%
1	4.00	6.50
2	3.50	5.50
3	3.00	4.25
4	2.50	3.75
5	2.25	3.25
6	2.00	3.00
7	1.50	2.50
8	1.25	1.75
9	1.00	1.50
10	0.90	1.25
11	0.80	1.00
12	0.70	0.90
13	0.60	0.85
14	0.50	0.80
15	0.50	0.75
16	0.50	0.70
17	0.50	0.65
18	0.50	0.60
19	0.50	0.55
20 & Over	0.50	0.50

Note: The promotional and merit increases are added to the sum of the inflationary and “across the board” increases.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Demographic Assumptions

Mortality Rates:

Healthy:

For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward one year for males and set forward two years for females projected generationally with the two-dimensional MP-2016 projection scale.

For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set back one year for males and females projected generationally with the two-dimensional MP-2016 projection scale.

Disabled:

For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward seven years for males and set forward eight years for females projected generationally with the two-dimensional MP-2016 projection scale.

For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward three years for males and females projected generationally with the two-dimensional MP-2016 projection scale.

Beneficiaries:

Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who is receiving a service (non-disability) retirement.

The RP-2014 mortality tables and adjustments as shown above reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Member Contribution Rates:

For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward one year for males and set forward two years for females, projected to 2034 with the two-dimensional MP-2016 projection scale, weighted 30% male and 70% female.

For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set back one year for males and females, projected to 2034 with the two-dimensional MP-2016 projection scale, weighted 80% male and 20% female.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Pre-Retirement Mortality Rates: For General and Safety Members: Headcount-Weighted RP-2014 Employee Mortality Table times 80%, projected generationally with the two-dimensional MP-2016 projection scale.

Termination Rates Before Retirement:

Age	Rate (%) Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.05	0.02	0.05	0.02
30	0.05	0.02	0.05	0.02
35	0.05	0.03	0.05	0.03
40	0.06	0.04	0.06	0.04
45	0.10	0.07	0.10	0.07
50	0.17	0.11	0.17	0.11
55	0.27	0.17	0.27	0.17
60	0.45	0.24	0.45	0.24
65	0.78	0.36	0.78	0.36

All pre-retirement deaths are assumed to be non-service connected. Note that generational projections beyond the base year (2014) are not reflected in the above mortality tables.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Age	Rate (%)	
	Disability	
	General⁽¹⁾	Safety⁽²⁾
20	0.02	0.05
25	0.03	0.07
30	0.04	0.12
35	0.08	0.24
40	0.11	0.36
45	0.17	0.46
50	0.23	1.10
55	0.28	2.55
60	0.36	3.70
65	0.40	4.00
70	0.00	0.00

⁽¹⁾ 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.

⁽²⁾ 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 for the Kern County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Years of Service	Rate (%) Withdrawal ⁽¹⁾	
	General	Safety
Less than 1	17.00	8.00
1	13.00	6.00
2	10.00	4.50
3	9.00	4.00
4	7.50	3.50
5	6.50	3.00
6	5.50	2.50
7	5.00	2.20
8	4.50	2.10
9	4.00	2.00
10	3.25	1.90
11	3.00	1.80
12	2.80	1.60
13	2.60	1.40
14	2.40	1.20
15	2.30	1.00
16	2.20	0.90
17	2.10	0.75
18	1.90	0.75
19	1.70	0.75
20	1.50	0.00
21	1.30	0.00
22	1.10	0.00
23	1.00	0.00
24	1.00	0.00
25	1.00	0.00
26	1.00	0.00
27	1.00	0.00
28	1.00	0.00
29	1.00	0.00
30 & Over	0.00	0.00

⁽¹⁾ Refer to the next table that contains rates for electing a refund of contributions upon withdrawal. No withdrawal is assumed after a member is first assumed to retire.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Years of Service	Rate (%)	
	General	Safety
Less than 1	100	100
1	100	100
2	100	100
3	100	100
4	100	100
5	45	50
6	42	46
7	40	44
8	36	36
9	32	32
10	30	28
11	28	25
12	26	21
13	24	18
14	22	15
15	20	12
16	18	10
17	16	8
18	14	6
19	13	4
20	12	0
21	11	0
22	10	0
23	8	0
24	6	0
25	4	0
26	2	0
27 & Over	0	0

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Retirement Rates:

Age	Rate (%)				
	General Tier I	General Tiers IIA and IIB	General Tier III	Safety Tier I	Safety Tiers IIA and IIB
45	0.00	0.00	0.00	2.00	0.00
46	0.00	0.00	0.00	2.00	0.00
47	0.00	0.00	0.00	2.00	0.00
48	0.00	0.00	0.00	3.00	0.00
49	0.00	0.00	0.00	9.00	0.00
50	6.00	3.00	0.00	20.00	6.00
51	6.00	3.00	0.00	15.00	6.00
52	6.00	3.00	3.00	18.00	6.00
53	6.00	3.00	3.00	18.00	8.00
54	8.00	3.50	3.50	20.00	18.00
55	10.00	5.50	5.50	24.00	22.00
56	12.00	6.50	6.50	24.00	20.00
57	14.00	7.50	7.50	24.00	20.00
58	15.00	9.50	9.50	30.00	20.00
59	19.00	11.50	11.50	20.00	20.00
60	23.00	13.50	13.50	20.00	20.00
61	23.00	15.50	15.50	20.00	20.00
62	25.00	25.00	25.00	40.00	40.00
63	25.00	25.00	25.00	40.00	40.00
64	25.00	25.00	25.00	40.00	40.00
65	32.00	32.00	32.00	100.00	100.00
66	35.00	35.00	35.00	100.00	100.00
67	35.00	35.00	35.00	100.00	100.00
68	40.00	40.00	40.00	100.00	100.00
69	40.00	40.00	40.00	100.00	100.00
70	100.00	100.00	100.00	100.00	100.00

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Retirement Age and Benefit for Deferred Vested Members:

For deferred vested members, we make the following retirement assumption:

General Age: 57

Safety Age: 53

We assume that 50% and 55% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 4.00% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year.

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 members are assumed to elect the unmodified option at retirement.

Percent Married:

75% 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.

Age of Spouse:

Male retirees are 3 years older than their spouses, and female retirees are 2 years younger than their spouses.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Kern County Employees' Retirement Association

Actuarial Methods

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry Age is the age on the valuation date minus years of 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:

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.

Changes in Actuarial Assumptions and Methods:

There have been no changes in actuarial assumptions or methods since the previous valuation.

SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX A

**Calculation of Discount Rate as of June 30, 2018
Projection of Pension Plan's Fiduciary Net Position (\$ in millions)**

Year Beginning July 1,	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2017	\$3,963	\$295	\$322	\$5	\$268	\$4,199
2018	4,199	299	369	5	301	4,426
2019	4,426	307	366	4	318	4,680
2020	4,680	313	382	4	336	4,942
2021	4,942	315	398	4	355	5,209
2022	5,209	318	414	4	374	5,483
2023	5,483	323	431	4	393	5,764
2024	5,764	327	448	4	413	6,052
2025	6,052	332	466	4	433	6,347
2026	6,347	336	484	4	454	6,650
2027	6,650	341	502	3	476	6,961
2045	9,542	16	757	1	664	9,463
2046	9,463	14	760	1	658	9,374
2047	9,374	11	760	1	652	9,277
2065	7,333	0 *	572	0 *	510	7,271
2066	7,271	0 *	553	0 *	506	7,225
2067	7,225	0 *	534	0 *	504	7,195
2085	11,546	0	131	0	832	12,247
2086	12,247	0	114	0	884	13,017
2087	13,017	0	98	0	940	13,859
2105	44,478	0	1	0	3,225	47,702
2106	47,702	0	0 *	0	3,458	51,161
2107	51,161	0	0 *	0	3,709	54,870
2123	156,779	0	0 *	0	11,366	168,146
2124	168,146					
2124	Discounted Value:	94	**			

* Less than \$1 million, when rounded.

** \$168,146 million when discounted with interest at the rate of 7.25% per annum has a value of \$94 million (or 2.37% of the Plan's Fiduciary Net Position) as of June 30, 2017.

SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX A (continued)

Calculation of Discount Rate as of June 30, 2018 Projection of Pension Plan's Fiduciary Net Position (\$ in millions)

Notes:

- (1) Amounts may not total exactly due to rounding.
 - (2) Amounts shown in the year beginning July 1, 2017 row are actual amounts, based on the financial statements provided by KCERA.
 - (3) Years 2028-2044, 2048-2064, 2068-2084, 2088-2104, and 2108-2122 have been omitted from this table.
 - (4) Column (a): Except for the "discounted value" shown for 2124, 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, 2017); plus employer contributions to the unfunded actuarial accrued liability; plus employer and employee contributions to fund each year's annual administrative expenses. 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, 2017. 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. Benefit payments are assumed to occur halfway through the year, on average.
 - (7) Column (d): Projected administrative expenses are calculated as approximately 0.90% 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 7.25% 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 7.25% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2018 shown earlier in this report, pursuant to Paragraph 44 of GASB Statement No. 67.
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SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX B Glossary 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.

SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX B (continued)

Glossary of Terms

Ad hoc postemployment benefit changes

Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.

Agent employer

An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.

Agent multiple-employer defined benefit pension plan (agent pension plan)

A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

Allocated insurance contract

A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.

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.

SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX B (continued)

Glossary of Terms

Collective deferred outflows of resources and deferred inflows of resources related to pensions

Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.

Collective 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, nonemployer 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

The payroll of employees that are provided with pensions through the pension plan.

SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX B (continued)

Glossary of Terms

Deferred retirement option program (DROP)

A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.

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 for Kern County Employees' Retirement Association

APPENDIX B (continued)

Glossary of Terms

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.

Measurement period

The period between the prior and the current measurement dates.

Multiple-employer defined benefit pension plan

A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX B (continued)

Glossary of Terms

Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

Nonemployer contributing entities

Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement 68, employees are not considered nonemployer contributing entities.

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 for Kern County Employees' Retirement Association

APPENDIX B (continued)

Glossary of Terms

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

An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.

Single-employer defined benefit pension plan (single-employer pension plan)

A defined benefit pension plan that is used to provide pensions to employees of only one employer.

SECTION 3: Actuarial Assumptions and Methods and Appendices for Kern County Employees' Retirement Association

APPENDIX B (continued)

Glossary of Terms

Special funding situations

Circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:

1. The amount of contributions for which the nonemployer entity legally is responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
2. The nonemployer entity is the only entity with a legal obligation to make contributions directly to a pension plan.

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

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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