

Kern County Employees' Retirement Association

**Actuarial Valuation and Review
as of June 30, 2014**



This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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100 MONTGOMERY STREET, SUITE 500 SAN FRANCISCO, CA 94104
T 415.263.8200 F 415.263.8290 www.segalco.com

December 1, 2014

*Board of Retirement
Kern County Employees' Retirement Association
11125 River Run Blvd.
Bakersfield, CA 93311*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2014. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2015-2016 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census information on which our calculations were based was prepared by KCERA and the financial information was provided by the Retirement Association. 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.

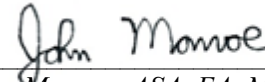
The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, 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 the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

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

By: 
John Monroe, ASA, EA, MAAA
Vice President and Actuary

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

Purpose

This report has been prepared by Segal Consulting to present a valuation of the Kern County Employees' Retirement Association as of June 30, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, vested terminated members, retired members and beneficiaries as of June 30, 2014, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2014, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the Association's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association's staff. This information has not been audited by us, but it has been reviewed and found to be reasonably consistent, both internally and with prior year's information.

Please note that the Actuarial Standards Board has adopted Actuarial Standard of Practice (ASOP) No. 4 that provides guidelines for actuaries to follow when measuring pension obligations. For a plan such as that offered by the Retirement Association that may use undesignated excess earnings to provide supplemental benefits, the valuation report must indicate that the impact of any such future use of undesignated excess earnings on the future financial condition of the plan has not been explicitly measured or otherwise reflected in the valuation.

Also, the 7.50% investment return assumption used in this valuation has been developed without taking into consideration any impact of the 50/50 excess earnings allocation between the retirement and Supplemental Retiree Benefits (SRBR) Reserve asset pools.

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

Reference: Pg. 62

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. Effective with the June 30, 2012 valuation, the Board of Retirement's funding policy is to amortize the Association's unfunded actuarial accrued liability as of June 30, 2011 over a declining 24.5-year period (21.5 years as of June 30, 2014). Any change in unfunded actuarial accrued liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation after June 30, 2011 is amortized over its own declining 18-year period. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with the exception of a change due to retirement incentives, which is amortized over its own declining period of up to 5 years).

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2015 through June 30, 2016.

Significant Issues in This Valuation

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

Reference: Pg. 81

➤ The results of this valuation reflect changes in the actuarial assumptions as recommended by Segal and adopted by the Board for the June 30, 2014 valuation. These changes were documented in our Actuarial Experience Study and are also outlined in Section 4, Exhibit V of this report. These assumption changes resulted in an increase in the average employer contribution rate of 4.26% of payroll and an increase in the average member rate of 0.24% of payroll.

Reference: Pg. 17

➤ These assumption changes include that we no longer develop the investment return assumption as net of administrative expenses, and instead include an explicit administrative expense load of 0.90% of payroll. The administrative expense load has been allocated to both the employer and member rates based on the components of the total average contribution rate before expenses for the employer and member. This results in an explicit administrative expense load of 0.80% and 0.10% of payroll allocated to the employer and the member rates, respectively. All contribution rates shown in this report reflect these explicit loadings for administrative expenses.

Reference: Pg. 11

➤ The market value of assets earned a return of 15.6% for the July 1, 2013 to June 30, 2014 plan year. The valuation value of assets earned a return of 7.3% for the same period due to the deferral of most of the current year investment gains and the recognition of prior investment gains and losses. This resulted in an actuarial loss when measured against the assumed rate of return of 7.75% (based on the June 30, 2013 valuation). This actuarial investment loss increased the average employer contribution rate by 0.20% of payroll.

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

Reference: Pg. 69
Reference: Pg. 61

- The ratio of the valuation value of assets to actuarial accrued liabilities decreased from 61.1% to 60.8%. The Association's Unfunded Actuarial Accrued Liability (UAAL) increased from \$1.99 billion as of June 30, 2013 to \$2.15 billion as of June 30, 2014. The increase in the UAAL is mainly due to changes in actuarial assumptions, offset to some degree by lower than expected salary increases. A reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.

Reference: Pg. 32

- The average recommended employer contribution rate increased from 42.00% of payroll as of June 30, 2013 to 45.64% of payroll in the June 30, 2014 valuation. This increase was mainly the result of changes in actuarial assumptions, offset to some degree by lower than expected individual salary increases and changes in demographics amongst the tiers. A reconciliation of the average recommended employer contribution rate is provided in Section 2, Subsection D (see Chart 16).

Reference: Pg. 33

- The average recommended member contribution rate increased from 5.14% of payroll in the June 30, 2013 valuation to 5.58% of payroll in the June 30, 2014 valuation. This increase was mainly the result of changes in actuarial assumptions and changes in the demographics amongst the tiers. A reconciliation of the average recommended member contribution rate is provided in Section 2, Subsection D (see Chart 17).

Reference: Pg. 6

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gain as of June 30, 2014 is \$114 million (as compared to an unrecognized loss of \$133 million in the June 30, 2013 valuation). This deferred investment gain will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This means that if the plan earns the assumed rate of investment return of 7.50% per year (net of investment expense) on a **market value** basis then the deferred gains will be recognized over the next few years as shown in the footnote on Chart 7.
- The unrecognized investment gains represent about 3% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$114 million market gains is expected to have an impact on the Association's future funded ratio and the aggregate employer contribution rate. This potential impact may be illustrated as follows:
 - If the deferred gains were recognized immediately in the valuation value of assets, the funded ratio would increase from 60.8% to 62.9%.
 - If the deferred gains were recognized immediately in the valuation value of assets, the aggregate employer contribution rate would decrease from 45.64% to 43.95%.

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

Reference: Pg. 60

- During 2013/2014 there were no “excess earnings” credited to the valuation reserves or the SRBR. Also, at June 30, 2014, the COLA Contribution Reserve was zero and therefore not available to offset the 2% COLA contribution rate. Since the Contingency Reserve is still negative as of June 30, 2014, it is not excluded from the valuation value of assets per the Board’s Interest Crediting Policy. A complete presentation of the Association’s reserves is in Section 3, Exhibit G.
- The actuarial valuation report as of June 30, 2014 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

Reference: Pg. 68-70

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because Statement 68 is not effective until the fiscal year ending June 30, 2015 for KCERA employer reporting, we have continued to include financial reporting information in this report in accordance with Statement 27. Financial reporting information for Statement 67 is provided in a separate report that follows this report.

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- Difference between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Difference between the contribution rates determined by the valuation and those adopted by the Board.

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

Summary of Key Valuation Results (Dollar amounts in thousands)

	June 30, 2014		June 30, 2013	
Funded Status:				
Actuarial accrued liability (AAL)		\$5,492,440		\$5,108,619
Valuation value of assets (VVA)		\$3,342,122		\$3,120,632
Market value of assets (MVA) ⁽¹⁾		\$3,576,112		\$3,104,770
Funded ratio on VVA basis (VVA/AAL)		60.85%		61.09%
Funded ratio on MVA basis (MVA/AAL)		65.11%		60.78%
Unfunded Actuarial Accrued Liability (UAAL) on VVA basis		\$2,150,318		\$1,987,987
Unfunded Actuarial Accrued Liability (UAAL) on MVA basis		\$1,916,328		\$2,003,849
Employer Contribution Rates:⁽³⁾				
	Total Rate	Estimated Annual Amount ⁽²⁾	Total Rate	Estimated Annual Amount ⁽²⁾
County General without Courts	39.23%	\$139,721	36.65%	\$131,577
Courts	41.31	8,687	39.41	7,631
County Safety	62.74	91,153	56.28	81,521
District Category I	43.38	2,802	40.13	2,375
District Category II	42.86	991	40.42	850
District Category III	42.13	9,510	38.74	8,812
District Category IV	41.21	241	37.40	215
District Category V	34.61	298	31.50	275
District Category VI	47.42	181	43.51	158
All employers combined	45.64	253,584	42.00	233,414

⁽¹⁾ Includes non-valuation reserves.

⁽²⁾ Based on projected annual compensation for each valuation date.

⁽³⁾ In practice, these blended employer contribution rates for combined Tier I, Tier IIA, Tier IIB and Tier III (as applicable) are used for each category. Charts 14 and 15 show the employer contribution rates for each tier separately for these categories.

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

Summary of Key Valuation Results (Dollar amounts in thousands) - continued

	June 30, 2014		June 30, 2013	
Average Member Contribution Rates:	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
County General Tier I without Courts	4.78%	\$11,314	4.48%	\$11,363
County General Tier IIA without Courts	6.30	5,215	6.07	5,276
County General Tier IIB without Courts	5.77	2,116	5.82	1,072
Courts Tier I	4.47	760	4.41	783
Courts Tier IIA	6.03	85	5.89	83
Courts Tier IIB	5.77	151	5.82	12
County Safety Tier I	6.31	8,128	5.69	7,608
County Safety Tier IIA	8.94	608	8.40	530
County Safety Tier IIB	13.33	1,290	12.54	606
District Category I Tier I	2.53	146	2.30	126
District Category I Tier IIA	5.91	34	5.68	25
District Category I Tier IIB	5.77	8	5.82	0
District Category II Tier I	3.42	72	3.09	65
District Category II Tier IIB	5.77	10	5.82	0
District Category II Tier III	11.56	4	7.80	0
District Category III Tier I	4.31	895	4.15	899
District Category III Tier IIA	6.26	53	5.78	40
District Category III Tier IIB	5.77	56	5.82	23
District Category IV Tier I	3.35	20	3.14	18
District Category IV Tier IIB	5.77	0	5.82	0
District Category V Tier I	6.00	20	6.12	24
District Category V Tier IIA	5.94	25	5.60	22
District Category V Tier IIB	5.77	5	5.82	5
District Category VI Tier I	0.00	0	0.00	0
District Category VI Tier IIB	5.77	0	5.82	0
All employers combined	5.58	31,015	5.14	28,580

⁽¹⁾ Based on projected annual compensation for each valuation date.

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

Summary of Key Valuation Demographic and Financial Data

	June 30, 2014	June 30, 2013	Percentage Change
Active Members:			
Number of members	8,512	8,485	0.3%
Average age	42.8	42.9	N/A
Average service	10.3	10.2	N/A
Projected total compensation	\$555,635,031	\$555,752,810	0.0%
Average projected compensation	\$65,277	\$65,498	-0.3%
Retired Members and Beneficiaries:			
Number of members:			
Service retired	5,359	5,163	3.8%
Disability retired	970	972	-0.2%
Beneficiaries	1,068	1,036	3.1%
Total	7,397	7,171	3.2%
Average age	68.0	67.7	N/A
Average monthly benefit ⁽¹⁾	\$2,914	\$2,827	3.1%
Vested Terminated Members:			
Number of vested terminated members ⁽²⁾	1,949	1,855	5.1%
Average age	43.7	43.7	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets ⁽³⁾	\$3,576,112	\$3,104,770	15.2%
Return on market value of assets	15.57%	11.29%	N/A
Actuarial value of assets ⁽³⁾	\$3,461,787	\$3,237,784	6.9%
Return on actuarial value of assets	7.28%	5.57%	N/A
Valuation value of assets	\$3,342,122	\$3,120,632	7.1%
Return on valuation value of assets	7.28%	5.57%	N/A

⁽¹⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

⁽²⁾ Includes terminated members due a refund of member contributions.

⁽³⁾ Includes non-valuation reserves.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.

CHART 1
Member Population: 2005– 2014

Year Ended June 30⁽²⁾	Active Members	Vested Terminated Members⁽¹⁾	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2005	8,195	1,279	5,132	0.78
2006	8,547	1,548	5,355	0.81
2007	8,928	1,694	5,552	0.81
2008	9,057	1,747	5,651	0.82
2009	9,020	1,775	5,927	0.85
2010	8,567	1,839	6,170	0.93
2011	8,187	1,700	6,570	1.01
2012	8,253	1,748	6,890	1.05
2013	8,485	1,855	7,171	1.06
2014	8,512	1,949	7,397	1.10

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

⁽²⁾ Data for 2005-2007 is as of December 31.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 8,512 active members with an average age of 42.8, average years of service of 10.3 years and average projected compensation of \$65,277. The 8,485 active members in the prior valuation had an average age of 42.9, average service of 10.2 years and average projected compensation of \$65,498.

Among the active members, there were none with unknown age information.

Vested Terminated Members

In this year's valuation, there were 1,949 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 1,855 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2
Distribution of Active Members by Age as of June 30, 2014

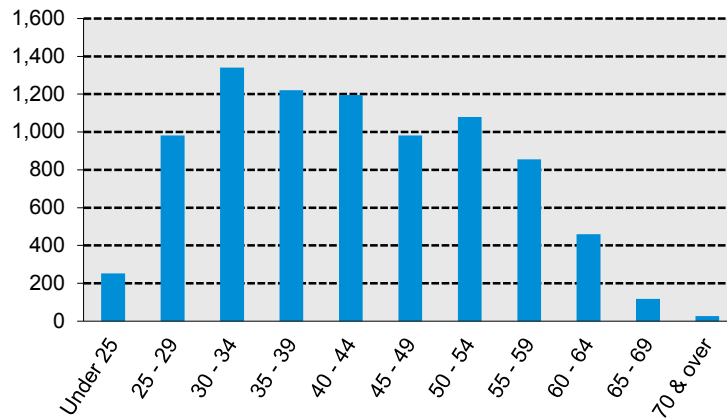
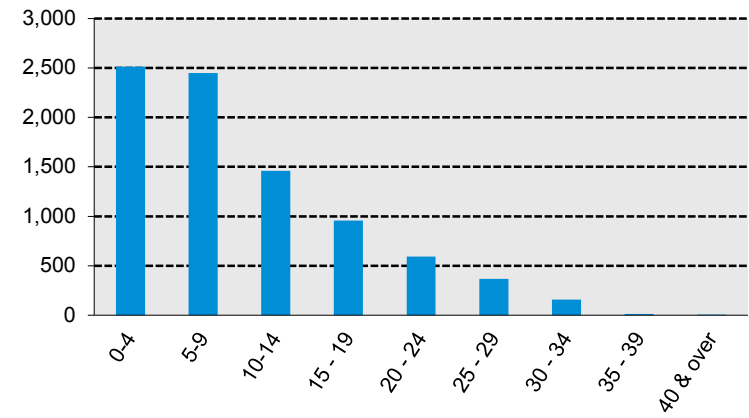


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2014



SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Retired Members and Beneficiaries

As of June 30, 2014, 6,329 retired members and 1,068 beneficiaries were receiving total monthly benefits of \$21,557,965. For comparison, in the previous valuation, there were 6,135 retired members and 1,036 beneficiaries receiving monthly benefits of \$20,273,404. These monthly benefits exclude benefits paid from the Supplemental Retiree Benefit Reserve.

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.

CHART 4
Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2014

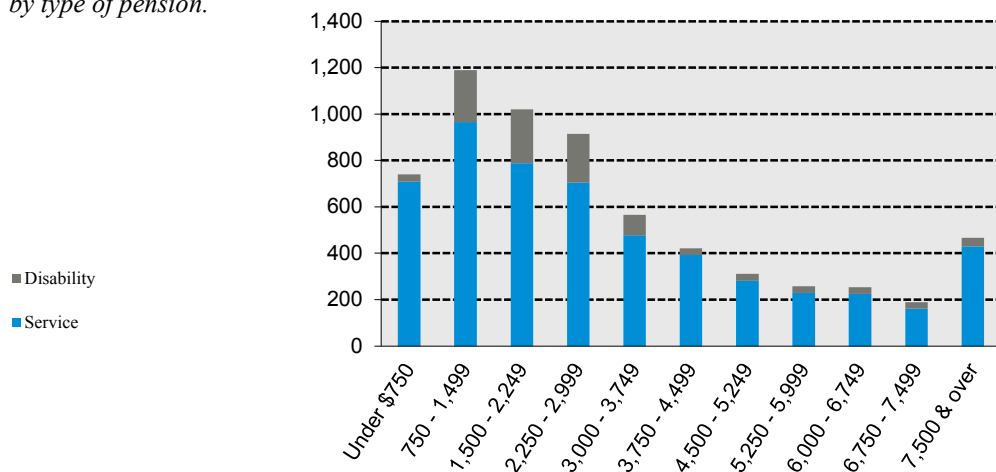
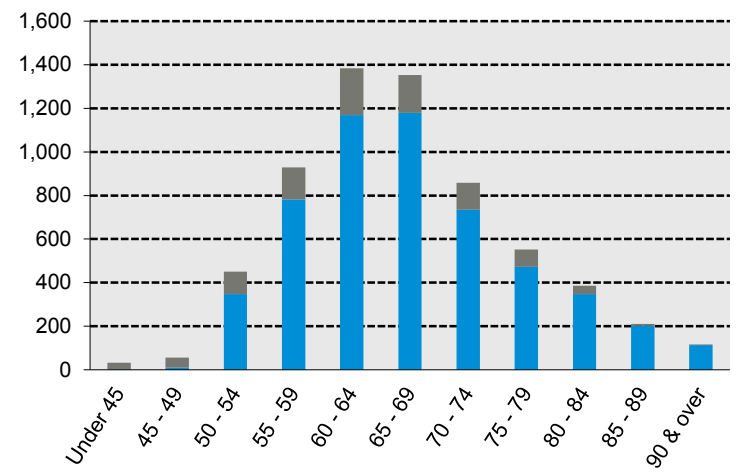


CHART 5
Distribution of Retired Members by Type and by Age as of June 30, 2014



SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

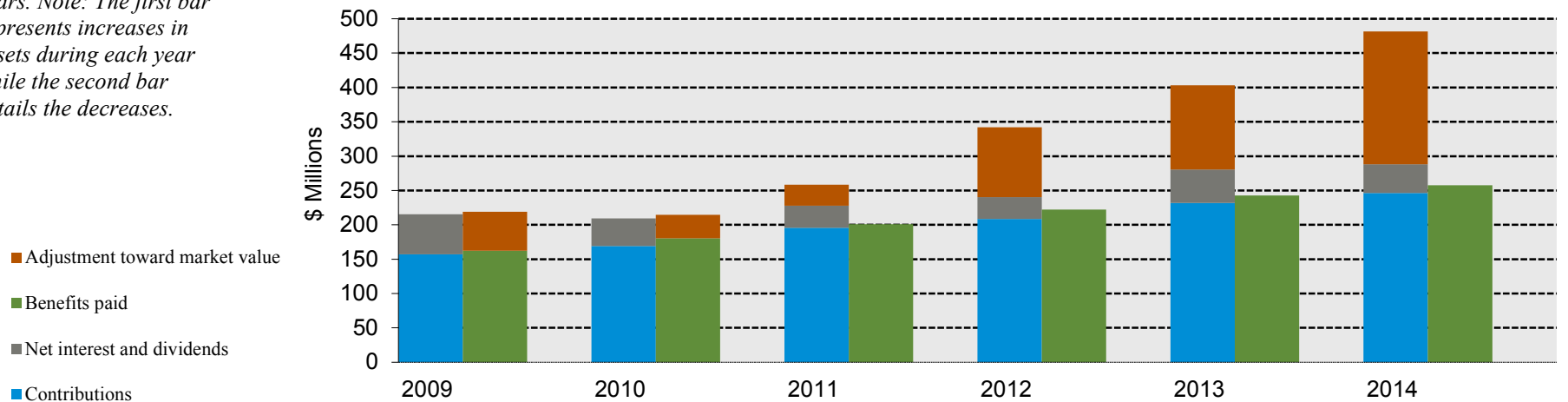
B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last six years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2009 – 2014



SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

It is generally considered desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The determination of the actuarial and valuation value of assets is provided on the following page.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2014

Six Month Period*		Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
From	To					
1/2007	6/2011			\$(161,618,914)	0.3333	\$(53,872,971)
7/2011	12/2011	\$(141,648,758)	\$109,911,118	(251,559,875)	0.4	(100,623,950)
1/2012	6/2012	159,330,623	104,159,050	55,171,573	0.5	27,585,786
7/2012	12/2012	202,039,690	110,423,036	91,616,654	0.6	54,969,992
1/2013	6/2013	113,375,851	118,045,356	(4,669,505)	0.7	(3,268,654)
7/2013	12/2013	275,580,944	122,272,452	153,308,491	0.8	122,646,793
1/2014	6/2014	207,051,913	132,732,440	74,319,473	0.9	66,887,526
1.	Total Deferred Return**					\$114,324,522
2.	Market Value of Assets					3,576,111,526
3.	Preliminary Actuarial Value of Assets (Item 2 – Item 1)					3,461,787,003
4.	Corridor Around Market Value					
a.	Minimum – 50% of Market Value					1,788,055,763
b.	Maximum – 150% of Market Value					5,364,167,289
5.	a. Final Actuarial Value of Assets					\$3,461,787,003
b.	Ratio of Actuarial Value of Assets to Market Value of Assets (Item 5a / Item 2)					96.8%
6.	Non-valuation reserves***					
a.	Supplemental Retiree Benefit Reserve (SRBR) Unallocated to 0.5% COLA benefits					\$119,665,326
b.	COLA Contribution Reserve					0
c.	Subtotal					\$119,665,326
7.	Valuation Value of Assets (Item 5a – Item 6c)					\$3,342,121,678

* Net deferred loss as of June 30, 2011 was combined and will be recognized over four and a half years in nine level semi-annual amounts.

** Deferred returns as of June 30, 2014 to be recognized in each of the next five years:

(a)	Amount Recognized during 2014/2015	\$(12,277,952)
(b)	Amount Recognized during 2015/2016	5,679,705
(c)	Amount Recognized during 2016/2017	68,432,180
(d)	Amount Recognized during 2017/2018	45,058,642
(e)	Amount Recognized during 2018/2019	7,431,947
		<u>\$114,324,522</u>

***Because the Contingency Reserve is negative as of June 30, 2014, it is not excluded from the valuation value of assets per the Board's Interest Crediting Policy.

Note: Results may not add due to rounding.

The chart shows the determination of the actuarial and valuation value of assets as of the valuation date.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 8

Allocation of Valuation Value of Assets as of June 30, 2014

The allocation of the valuation reserves among General, District and Safety is provided below:

	General	District	Safety	Total
Member Deposit Reserves	\$180,028,853	\$18,302,272	\$70,494,562	\$268,825,686
Employer Advance Reserves	319,022,842	31,160,427	283,825,888	634,009,156
Cost-of-Living Reserves – 2%	528,573,119	35,295,430	373,547,219	937,415,767
Cost-of-Living Reserves – 0.5% ⁽¹⁾	37,328,507	2,492,608	26,380,380	66,201,495
Retired Member Reserves	906,501,695 ⁽²⁾	55,763,073 ⁽²⁾	489,759,539	1,452,024,307
Contingency Reserve ⁽³⁾	<u>(9,607,984)</u>	<u>(698,054)</u>	<u>(6,048,696)</u>	<u>(16,354,734)</u>
Total Valuation Value of Assets	\$1,961,847,031	\$142,315,755	\$1,237,958,892	\$3,342,121,678

⁽¹⁾ Allocated in proportion to the 2% Cost-of-Living Reserve.

⁽²⁾ Allocated in proportion to the retired member and beneficiary Actuarial Accrued Liability for these groups.

⁽³⁾ Allocated in proportion to the above valuation reserves (excluding Cost-of-Living Reserves – 0.5%).

Note: Results may not add due to rounding.

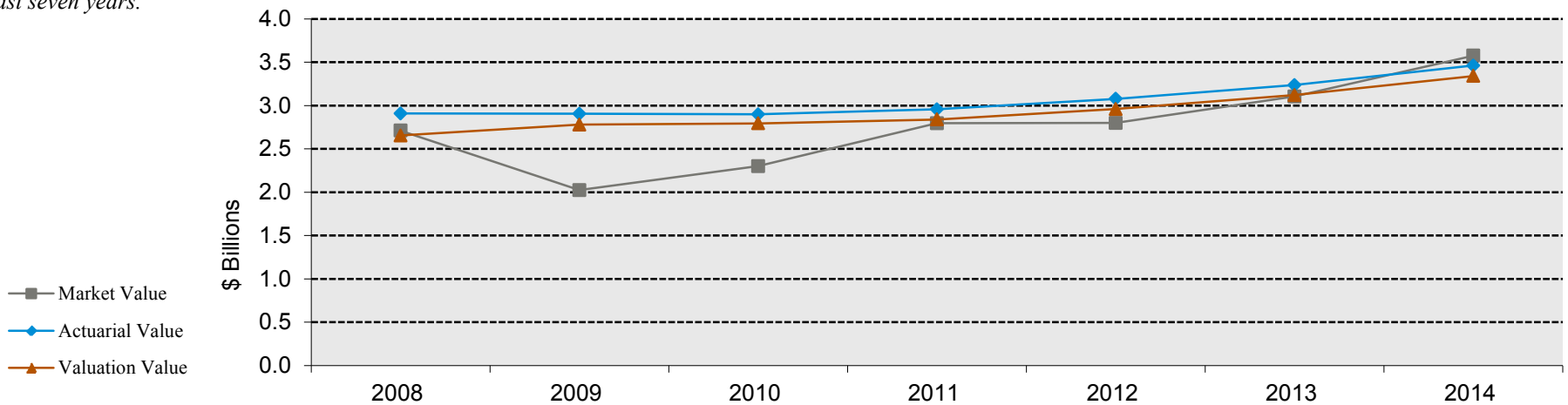
SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

The market value, actuarial value, and valuation value of assets are representations of KCERA's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation asset value is significant because KCERA's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past seven years.

CHART 9

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2008 – 2014



SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience gain was \$59.0 million, a loss of \$14.6 million from investments and a gain of \$73.6 million from all other sources. The gain from all other sources was 1.3% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

**CHART 10
Actuarial Experience for Year Ended June 30, 2014**

1. Net gain/(loss) from investments on valuation value of assets ⁽¹⁾	(\$14,593,000)
2. Net gain/(loss) from other experience ⁽²⁾	<u>73,583,000</u>
3. Net experience gain/(loss): (1) + (2)	\$58,990,000

⁽¹⁾ Details in Chart 11

⁽²⁾ See Section 3, Exhibit H. Does not include the effect of plan or assumption changes, if any.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on KCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75% (based on the June 30, 2013 valuation). The actual rate of return on the valuation value of assets for the 2013/2014 plan year was 7.28%.

Since the actual return for the year was less than the assumed return, KCERA experienced an actuarial loss on the valuation value of assets during the year ended June 30, 2014 with regard to its investments.

CHART 11

Investment Experience for Year Ended June 30, 2014 – Market, Actuarial and Valuation Value of Assets

This chart shows the gain/(loss) due to investment experience.

	Market Value	Actuarial Value	Valuation Value
1. Actual return	\$482,632,857	\$235,294,994	\$227,040,629
2. Average value of assets	3,099,124,461	3,232,137,802	3,117,856,388
3. Actual rate of return: (1) ÷ (2)	15.57%	7.28%	7.28%
4. Assumed rate of return	7.75%	7.75%	7.75%
5. Expected return: (2) x (4)	\$240,182,146	\$250,490,680	\$241,633,870
6. Actuarial gain/(loss): (1) – (5)	<u>\$242,450,711</u>	<u>(\$15,195,686)</u>	<u>(\$14,593,241)</u>

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation and market basis for the last six years.

CHART 12
Investment Return – Market Value, Actuarial Value and Valuation Value: 2009 – 2014

Year Ended June 30	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2009	-\$680,408,313	-25.12%	\$1,904,894	0.07%	-\$3,689,033	-0.14%
2010	287,578,945	14.24%	6,357,420	0.22%	-27,057	0.00%
2011	499,791,014	21.74%	62,849,280	2.17%	43,965,998	1.57%
2012	17,681,865	0.63%	133,360,035	4.52%	128,187,974	4.52%
2013	315,415,541	11.29%	171,131,798	5.57%	164,826,838	5.57%
2014	482,632,857	15.57%	235,294,994	7.28%	227,040,629	7.28%
Five-Year Average Return		12.31%		4.05%		3.89%
Six-Year Average Return		5.87%		3.44%		3.27%

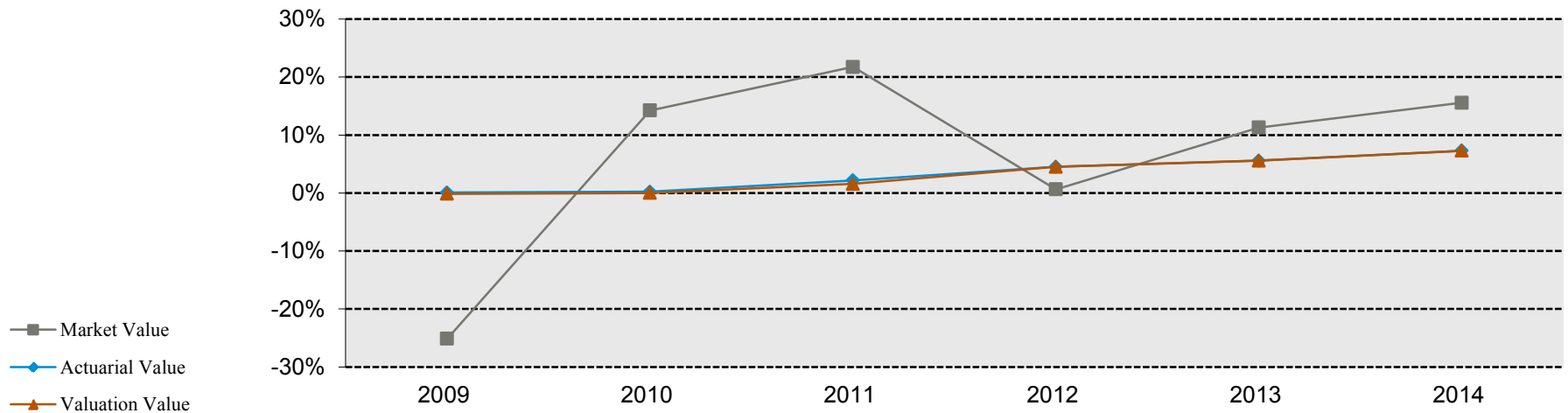
SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2009 - 2014.

CHART 13

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2009 - 2014



SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation.

These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2014 amounted to \$73.6 million, which was 1.3% of the actuarial accrued liability. This gain is mainly the result of lower individual salary increases than expected. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is determined as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain level as a percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase along with expected payroll at the combined annual inflation and "across the board" salary increase rate of 3.75%. Effective with the June 30, 2012 valuation, the June 30, 2011 UAAL is being amortized over a 24.5-year declining period (21.5 years as of June 30, 2014). The change in unfunded liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation is amortized over its own declining 18-year period. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with the exception of retirement incentives which are amortized over its own declining period of up to 5 years).

The UAAL contribution rates have been adjusted to account for the one-year delay between the valuation date and the date that the contribution rates become effective.

Employer Contribution Rates

The recommended employer contribution rates are shown in Chart 14. The current employer contribution rates are provided in Chart 15. The rates are shown for each tier/cost group and are separated into Normal Cost and UAAL components into each of these three benefit categories:

- The Basic benefits are the retirement benefits excluding all COLAs.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

- The COLA benefits adopted prior to the Ventura Settlement are referred to as the "2.0% COLA benefits".
- The COLA benefits provided under the Ventura settlement are referred to as the "0.5% COLA benefits".

These breakdowns are used for allocating employer contributions to specific reserves and, in the case of the 2% COLA contributions, providing the amounts that may be offset by the COLA Contribution Reserve.

Member Contributions General Tiers I and IIA, Safety Tiers I and IIA

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General and Safety members, respectively. The basic contribution rate is determined as that percentage of compensation which if paid annually from a member's first year of membership through the prescribed retirement age would accumulate to the amount necessary to fund a prescribed annuity.

The prescribed annuity is equal to:

- 1/100 of one year Final Average Salary per year of service at age 55 for General Tier I members
- 1/120 of one year Final Average Salary per year of service at age 60 for General Tier IIA members
- 1/100 of one year Final Average Salary per year of service at age 50 for Safety Tier I and Safety Tier IIA members

Safety Tier I members also pay a supplemental contribution rate such that the aggregate amount of the supplemental and basic contribution rates will provide an annuity equal to 3/200 of one year Final Average Salary per year of service at age 50.

Members in these non-CalPEPRA tiers do not contribute towards the cost-of-living benefits.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Member Contributions General Tiers IIB and III, Safety Tier IIB

Pursuant to Section 7522.30(a) of the Government Code, General Tier IIB, General Tier III and Safety Tier IIB members are required to contribute at least 50% of the Normal Cost rate. In addition, there are certain additional requirements that would have to be met such as requiring the new employees to pay the contribution rate of “similarly situated employees”, if it is greater. (reference: Section 7522.30(c)). We further understand that different rules may have to be applied for collectively bargained employees, non-represented, managerial or other supervisory employees. (reference: section 7522.30(e)). In preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by the new members and we have taken into account in this valuation only the requirements of Section 7522.30(c), but not requirements of Section 7522.30(e). Also of note is that based on our discussions with KCERA, we have used the discretion made available by Section 31620.5(a) of AB 1380 to no longer round the member contribution rates to the nearest quarter of one percent as previously required by CalPEPRA. This is consistent with established practice for the non-CalPEPRA tiers and should allow for exactly one-half of the normal cost for the CalPEPRA tiers to be paid by the employees and one-half by the employers. In addition, Section 31620.5(b) of AB 1380 also provides that the “one percent” rule under Section 7022.30(d) does not apply. This section formerly limited the circumstances under which the member rate would change.

Member contributions are accumulated at an annual interest rate adopted annually by the Board.

For some employers, benefits are integrated with Social Security. In those cases, non-General Tier III members pay two-thirds of the full rate on the first \$350 of pay each month. (The General Tier III formula, as valued, is not integrated with Social Security.)

The tables on pages 20 through 23 summarize the specific member contribution rate arrangements for each employer as they have been reflected in this valuation. For valuation purposes, the member contribution levels that are assumed to be in place are those for the fiscal year that begins one year after the valuation date. Any future changes in member contribution rates after that would be reflected in future valuations

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

in determining the allocation of the total costs payable between the employers and the members.

Administrative Expense

The Board adopted an explicit administrative expense assumption of 0.90% of payroll as of June 30, 2014. This explicit administrative expense is allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member. This results in an administrative expense load shown in the following table:

Allocation of Administrative Expense Load of 0.90% of Payroll

<u>Component</u>	<u>% of Payroll</u>
Employer Basic Normal Cost Rate	0.10%
Employer Basic UAAL Rate	0.70%
Member Basic Rate	0.10%

This allocation is based on the following total average contribution rates before including administrative expenses:

	<u>Total Average Rate Before Administrative Expense</u>	<u>Weighting</u>	<u>Total Loading</u>
Employer Total	44.84%	89.11%	0.80%
Member	5.48%	10.89%	0.10%
		100.00%	0.90%

Note that the employer Normal Cost rate has been increased by the same percent of payroll as the member rate with the remaining employer loading allocated to the employer UAAL rate. The administrative expense load has been added to the Basic rates.

Transfers

When employees transfer from one participating employer to another KCERA participating employer, recognition needs to be made of the employee's prior service within KCERA on an equitable basis. For each employee that transfers within KCERA the funding for the employee's benefits will be determined as follows:

- The employee will be reported and funded as a vested terminated employee for the former participating employer with reciprocal benefits the same as any other

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

vested terminated employee who moves to a reciprocal retirement system other than KCERA.

- The employee will be reported and funded as an active employee for the new participating employer but with reciprocal service credits for the prior service in KCERA for purposes of benefit eligibility and entry age. Benefit amounts will be funded only for the service provided to the new participating employer.
- Upon retirement from KCERA, the employee's total retirement benefit will be determined based on service with each KCERA participating employer and the employee's Final Average Salary.
- The entire liability for the retired employee's KCERA benefit payments will be allocated to the latest participating employer's cost group. The employee will be reported as a retired employee for the latest participating employer with the full KCERA retirement benefit amount.

Cost Sharing Adjustments

KCERA's Normal Cost is determined separately for each group of members that have the same benefit formula (on a prospective basis). The seven Normal Cost cost sharing groups are as follows:

- General Tier I
- General Tier IIA
- General Tier IIB
- General Tier III
- Safety Tier I
- Safety Tier IIA
- Safety Tier IIB

KCERA's UAAL is determined separately for each cost sharing group depending on the assets for that cost group. The three UAAL cost sharing groups are as follows:

- General County and Courts
- General Districts
- Safety

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

The tables on pages 20 through 23 contain more benefit and contribution information for each employer participating in KCERA.

Other Adjustments

There is a further adjustment made to the UAAL contribution rates to account for District Category IV adopting the 3% @ 60 formula on a prospective basis only. The District Category IV rates exclude the fixed portion of the UAAL contribution rates attributable to retroactive adoption of the 3% @ 60 formula as a percentage of compensation, which are as follows:

	General District Members
Basic Benefits	2.31%
2% COLA	0.47%
0.5% COLA	0.13%
Total	2.91%

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Summary of KCERA Employers, Benefit Formulas and Member Contribution Rates – County and Courts

Plan	Valuation Report Label	Benefit Formula	Member Contribution Code Section	Member Contribution Provides Average Annuity of:	Adopted 1997 MOU	Soc Sec Integration	Pre-Tax	5-yr Contribution Stop
General – County Tier I	County General Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	Yes	Yes	Varies ¹
General – County – Court Employees Tier I	Courts Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55 plus supplemental 3.5% ²	Yes	Yes	Yes	3/12/2011 ³
Safety – County Tier I	County Safety Tier I	31664.1 (3% @ 50)	31639.25	3/200 of FAS1 at age 50 ⁴	Yes	Yes	Yes	Varies ¹

Plan	Valuation Report Label	Benefit Formula	Member Contribution Code Section	Member Contribution Provides Average Annuity of:	Tier Adoption Date	Soc Sec Integration	Pre-Tax
General – County Tier IIA	County General Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	10/27/2007 ⁵	Yes	Yes
General – County – Court Employees Tier IIA	Courts Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	3/12/2011	Yes	Yes
Safety – County Tier IIA	County Safety Tier IIA	31664 (2% @ 50)	31639.25	1/100 of FAS1 at age 50 ⁴	3/27/2012	Yes	Yes

Plan	Valuation Report Label	Benefit Formula	Member Contribution Code Section	Member Contribution:	Tier Adoption Date	Soc Sec Integration	Pre-Tax
General – County Tier IIB	County General Tier IIB	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes
General – County – Court Employees Tier IIB	Courts Tier IIB	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes
Safety – County Tier IIB	County Safety Tier IIB	31664 (2% @ 50)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes

FAS1 = 1-Year Final Average Salary

¹ See next page for member contribution rates by employee association and bargaining unit.

² Court employees in Tier I pay an additional 4% of the base salary for their entire career.

³ Court employees in Tier I hired prior to this date pay the full member contribution rates for only the first five years of service as a result of the 2010 Memorandum of Understanding (MOU).

⁴ Safety Tier I and Safety Tier IIA members stop paying contributions upon attaining 30 years of continuous county service.

⁵ KCPA (Prosecutors) employee association adopted Tier IIA effective July 5, 2008.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Summary of KCERA Member Contribution Rates – County Bargaining Units

Plan	Employee Association	Bargaining Unit	5-yr Contribution Stop ¹	1/6 th Rate Start ¹	1/3 rd Rate Start ¹	“Safety 3” Effective Date
County General	SEIU	1 – Supervisory, 2 – Professional, 3 – Technical Services, 4 – Clerical, 5 – Administrative, 6 – Trade/Crafts/Labor	8/7/2004	5/4/2013	5/3/2014	N/A
County General		D – Mid-management, M – Management, X – Confidential	9/4/2004 ²	7/13/2013	7/12/2014	N/A
County General	KCPA	P – Prosecutors	2/8/2005	8/10/2013	8/9/2014	N/A
County Safety	KCFFU	F – Firefighters, 7 – Supervisors	3/31/2007 ³	5/4/2013	5/3/2014	3/31/2007 ⁴
County Safety	KLEA	L – Sheriff Law Enforcement, 8 – Supervisors	11/1/2007	5/4/2013	5/3/2014	N/A
County Safety	KCSCA	N – Sheriff Lieutenants, R – Commanders	3/17/2007	5/4/2013	5/3/2014	N/A
County Safety	SEIU-CJU	J – Criminal Justice, S – Supervisors	12/8/2007	5/4/2013	5/3/2014	N/A
County Safety	KCPMA	O – Probation Management	4/7/2004	5/4/2013	5/3/2014	N/A
County Safety	KCPOA	Q – Probation Officers, Y – Supervisors	9/18/2007	8/10/2013	8/9/2014	9/18/2007 ⁴
County Safety	KCDOA	T – Detention Officers, V – Supervisors	6/23/2007	5/4/2013	5/3/2014	N/A
County Safety	KCSCA II	W – Detention Officers Lieutenants	9/15/2009	5/4/2013	5/3/2014	12/8/2007 to 9/14/2009 ⁵

¹ Tier I members hired prior to this date pay the full member contributions for only the first five years of service. These members will start paying one-sixth of their full member contributions on the “1/6th Rate Start” date, and will start paying one-third of their full member contributions on the “1/3rd Rate Start” date.

² Elected officials hired prior to this date do not pay member contributions. These members will start paying one-third of their full member contributions on the first day of the first biweekly payroll period in January 2015.

³ Firefighters hired prior to this date pay 1% of their base salary after the first five years of service. These members will start paying one-sixth of their full member contributions (not to exceed 2% of base salary) on the “1/6th Rate Start” date, and will start paying one-third of their full member contributions (not to exceed 4% of base salary) on the “1/3rd Rate Start” date.

⁴ Members hired after this date pay a uniform “Safety 3” rate for all entry ages. The uniform rate continues to be integrated with Social Security.

⁵ Effective December 8, 2007 through September 14, 2009, this flat rate applied to KCSCA II employees.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Summary of KCERA Employers, Benefit Formulas and Member Contribution Rates – Districts

Plan (Tier I)	Valuation Report Label	Benefit Formula	Member Contribution Code Section	Member Contribution Provides Average Annuity of:	Adopted 1997 MOU	Soc Sec Integration	Pre-Tax	5-yr Contribution Stop¹
District – Berrenda Mesa Water Tier I	District Category IV Tier I	31676.17 (3% @ 60) ²	31621.8	1/100 of FAS1 at age 55	Yes	No	Yes	1/1/2004
District – Buttonwillow Recreation & Park Tier I	District Category III Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55 (Member pays 50%) ³	No	No	No	N/A
District – East Kern Cemetery Tier I	District Category II Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	Yes	Yes	1/1/2004
District – Inyokern Community Services Tier I	District Category IV Tier I	31676.17 (3% @ 60) ²	31621.8	1/100 of FAS1 at age 55	Yes	No	No	1/1/2004
District – Kern County Water Agency Tier I	District Category I Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55 (100% employer pickup if hired prior to 8/22/2004) ⁴	Yes	Yes	Yes	N/A
District – Kern Mosquito & Vector Control Tier I	District Category II Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	Yes	Yes	1/8/2005
District – North of River Sanitation Tier I	District Category V Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	Yes	Yes	8/7/2004
District – San Joaquin Valley Unified Air Pollution Control Tier I	District Category III Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55 (Member pays 50%) ³	No	No	Yes	N/A
District – Shafter Recreation & Park Tier I	District Category II Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	No	Yes	1/1/2004
District – West Side Cemetery Tier I	District Category VI Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	Yes	No	N/A ⁵
District – West Side Mosquito Abatement Tier I	District Category II Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	Yes	No	1/1/2004
District – West Side Recreation & Park Tier I	District Category II Tier I	31676.17 (3% @ 60)	31621.8	1/100 of FAS1 at age 55	Yes	Yes	No	1/1/2004

Plan (Tier IIA)	Valuation Report Label	Benefit Formula	Member Contribution Code Section	Member Contribution Provides Average Annuity of:	Tier Adoption Date	Soc Sec Integration	Pre-Tax
District – Berrenda Mesa Water Tier IIA ⁶	District Category IV Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	1/12/2010	No	Yes
District – Kern County Water Agency Tier IIA	District Category I Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	1/1/2010	Yes	Yes
District – North of River Sanitation Tier IIA	District Category V Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	10/29/2007	Yes	Yes
District – San Joaquin Valley Unified Air Pollution Control Tier IIA	District Category III Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	7/31/2012	No	Yes

FAS1 = 1-Year Final Average Salary

¹ Tier I Members hired prior to this date pay the full member contribution rates for only the first five years of service as a result of the 1997 Memorandum of Understanding (MOU).

² District Category IV adopted the 3% @ 60 Formula on a prospective basis only. Member contribution rates are the same as General Tier I.

³ Buttonwillow and San Joaquin Valley Unified Air Pollution Control District Tier I (District Category III) did not adopt the 1997 MOU. Members in those districts pay 50% of the full rates, regardless of hire date.

⁴ For Kern County Water Agency (District Category I) employees hired prior to August 22, 2004, the employer picks up 100% of all member contributions.

⁵ West Side Cemetery (District Category VI) employees pay the full member contribution rates for only the first five years of service, regardless of hire date.

⁶ Berrenda Mesa Water adopted Tier IIA, but had no Tier IIA employees as of the valuation date.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

Summary of KCERA Employers, Benefit Formulas and Member Contribution Rates – Districts (continued)

Plan (Tiers IIB and III)	Valuation Report Label	Benefit Formula	Member Contribution Code Section	Member Contribution:	Tier Adoption Date	Soc Sec Integration	Pre-Tax
District – Berrenda Mesa Water Tier IIB ¹	District Category IV	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	Yes
District – Buttonwillow Recreation & Park Tier IIB ¹	District Category III	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	No
District – East Kern Cemetery Tier IIB ¹	District Category II	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes
District – Inyokern Community Services Tier IIB ¹	District Category IV	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	No
District – Kern County Water Agency Tier IIB ¹	District Category I	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes
District – Kern Mosquito & Vector Control Tier IIB ¹	District Category II	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes
District – North of River Sanitation Tier IIB	District Category V	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes
District – San Joaquin Valley Unified Air Pollution Control Tier IIB	District Category III	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	Yes
District – Shafter Recreation & Park Tier IIB ¹	District Category II	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	Yes
District – West Side Cemetery Tier IIB ¹	District Category VI	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	No
District – West Side Mosquito Abatement Tier IIB ¹	District Category II	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	No
District – West Side Recreation & Park Tier III ¹	District Category II	7522.20(a) (2.50% @ 67)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	No

¹ These districts adopted Tier IIB or Tier III, but had no employees in those tiers as of the valuation date.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 14

Recommended Employer Contribution Rates (Current Valuation)

	June 30, 2014 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
County General Tier I without Courts								
Normal Cost	13.94%	\$32,996	3.95%	\$9,350	1.20%	\$2,840	19.09%	\$45,186
UAAL	18.33%	43,387	3.15%	7,456	2.98%	7,054	24.46%	57,897
Total Contribution	32.27%	\$76,383	7.10%	\$16,806	4.18%	\$9,894	43.55%	\$103,083
County General Tier IIA without Courts								
Normal Cost	3.92%	\$3,245	1.91%	\$1,581	0.58%	\$480	6.41%	\$5,306
UAAL	18.33%	15,174	3.15%	2,608	2.98%	2,466	24.46%	20,248
Total Contribution	22.25%	\$18,419	5.06%	\$4,189	3.56%	\$2,946	30.87%	\$25,554
County General Tier IIB without Courts								
Normal Cost	4.58%	\$1,679	0.91%	\$334	0.28%	\$103	5.77%	\$2,116
UAAL	18.33%	6,721	3.15%	1,155	2.98%	1,092	24.46%	8,968
Total Contribution	22.91%	\$8,400	4.06%	\$1,489	3.26%	\$1,195	30.23%	\$11,084
County General without Courts - Combined								
Normal Cost	10.65%	\$37,920	3.16%	\$11,265	0.96%	\$3,423	14.77%	\$52,608
UAAL	18.33%	65,282	3.15%	11,219	2.98%	10,612	24.46%	87,113
Total Contribution	28.98%	\$103,202	6.31%	\$22,484	3.94%	\$14,035	39.23%	\$139,721
Courts Tier I								
Normal Cost	14.25%	\$2,423	3.95%	\$672	1.20%	\$203	19.40%	\$3,298
UAAL	18.33%	3,116	3.15%	536	2.98%	506	24.46%	4,158
Total Contribution	32.58%	\$5,539	7.10%	\$1,208	4.18%	\$709	43.86%	\$7,456
Courts Tier IIA								
Normal Cost	4.19%	\$59	1.91%	\$27	0.58%	\$9	6.68%	\$95
UAAL	18.33%	260	3.15%	45	2.98%	41	24.46%	346
Total Contribution	22.52%	\$319	5.06%	\$72	3.56%	\$50	31.14%	\$441
Courts Tier IIB								
Normal Cost	4.58%	\$120	0.91%	\$24	0.28%	\$7	5.77%	\$151
UAAL	18.33%	479	3.15%	82	2.98%	78	24.46%	639
Total Contribution	22.91%	\$599	4.06%	\$106	3.26%	\$85	30.23%	\$790
Courts - Combined								
Normal Cost	12.37%	\$2,602	3.44%	\$723	1.04%	\$219	16.85%	\$3,544
UAAL	18.33%	3,855	3.15%	663	2.98%	625	24.46%	5,143
Total Contribution	30.70%	\$6,457	6.59%	\$1,386	4.02%	\$844	41.31%	\$8,687
County Safety Tier I								
Normal Cost	18.64%	\$24,009	6.21%	\$7,999	1.96%	\$2,525	26.81%	\$34,533
UAAL	24.95%	32,137	6.51%	8,385	5.77%	7,432	37.23%	47,954
Total Contribution	43.59%	\$56,146	12.72%	\$16,384	7.73%	\$9,957	64.04%	\$82,487
County Safety Tier IIA								
Normal Cost	11.82%	\$804	4.90%	\$333	1.53%	\$104	18.25%	\$1,241
UAAL	24.95%	1,696	6.51%	443	5.77%	392	37.23%	2,531
Total Contribution	36.77%	\$2,500	11.41%	\$776	7.30%	\$496	55.48%	\$3,772

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 14 (continued)
Recommended Employer Contribution Rates (Current Valuation)

	June 30, 2014 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
County Safety Tier IIB								
Normal Cost	10.16%	\$984	2.42%	\$234	0.75%	\$72	13.33%	\$1,290
UAAL	24.95%	2,415	6.51%	630	5.77%	559	37.23%	3,604
Total Contribution	35.11%	\$3,399	8.93%	\$864	6.52%	\$631	50.56%	\$4,894
County Safety - Combined								
Normal Cost	17.76%	\$25,797	5.90%	\$8,566	1.85%	\$2,701	25.51%	\$37,064
UAAL	24.95%	36,248	6.51%	9,458	5.77%	8,383	37.23%	54,089
Total Contribution	42.71%	\$62,045	12.41%	\$18,024	7.62%	\$11,084	62.74%	\$91,153
All County with Courts - Combined								
Normal Cost	12.69%	\$66,319	3.93%	\$20,554	1.22%	\$6,343	17.84%	\$93,216
UAAL	20.17%	105,385	4.08%	21,340	3.76%	19,620	28.01%	146,345
Total Contribution	32.86%	\$171,704	8.01%	\$41,894	4.98%	\$25,963	45.85%	\$239,561
District Category I Tier I								
Normal Cost	16.19%	\$932	3.95%	\$227	1.20%	\$69	21.34%	\$1,228
UAAL	17.68%	1,017	3.33%	192	2.64%	152	23.65%	1,361
Total Contribution	33.87%	\$1,949	7.28%	\$419	3.84%	\$221	44.99%	\$2,589
District Category I Tier IIA								
Normal Cost	4.31%	\$24	1.91%	\$11	0.58%	\$4	6.80%	\$39
UAAL	17.68%	100	3.33%	19	2.64%	15	23.65%	134
Total Contribution	21.99%	\$124	5.24%	\$30	3.22%	\$19	30.45%	\$173
District Category I Tier IIB								
Normal Cost	4.58%	\$6	0.91%	\$1	0.28%	\$1	5.77%	\$8
UAAL	17.68%	24	3.33%	5	2.64%	3	23.65%	32
Total Contribution	22.26%	\$30	4.24%	\$6	2.92%	\$4	29.42%	\$40
District Category I - Combined								
Normal Cost	14.88%	\$962	3.71%	\$239	1.14%	\$74	19.73%	\$1,275
UAAL	17.68%	1,141	3.33%	216	2.64%	170	23.65%	1,527
Total Contribution	32.56%	\$2,103	7.04%	\$455	3.78%	\$244	43.38%	\$2,802
District Category II Tier I								
Normal Cost	15.30%	\$323	3.95%	\$83	1.20%	\$25	20.45%	\$431
UAAL	17.68%	373	3.33%	70	2.64%	56	23.65%	499
Total Contribution	32.98%	\$696	7.28%	\$153	3.84%	\$81	44.10%	\$930
District Category II Tier IIB								
Normal Cost	4.58%	\$8	0.91%	\$2	0.28%	\$0	5.77%	\$10
UAAL	17.68%	30	3.33%	6	2.64%	4	23.65%	40
Total Contribution	22.26%	\$38	4.24%	\$8	2.92%	\$4	29.42%	\$50
District Category II Tier III								
Normal Cost	9.88%	\$3	1.68%	\$1	0.00%	\$0	11.56%	\$4
UAAL	17.68%	5	3.33%	1	2.64%	1	23.65%	7
Total Contribution	27.56%	\$8	5.01%	\$2	2.64%	\$1	35.21%	\$11
District Category II - Combined								
Normal Cost	14.41%	\$334	3.72%	\$86	1.08%	\$25	19.21%	\$445
UAAL	17.68%	408	3.33%	77	2.64%	61	23.65%	546
Total Contribution	32.09%	\$742	7.05%	\$163	3.72%	\$86	42.86%	\$991

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 14 (continued)
Recommended Employer Contribution Rates (Current Valuation)

	June 30, 2014 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
District Category III Tier I								
Normal Cost	14.41%	\$2,992	3.95%	\$820	1.20%	\$249	19.56%	\$4,061
UAAL	17.68%	3,670	3.33%	691	2.64%	549	23.65%	4,910
Total Contribution	32.09%	\$6,662	7.28%	\$1,511	3.84%	\$798	43.21%	\$8,971
District Category III Tier IIA								
Normal Cost	3.96%	\$33	1.91%	\$16	0.58%	\$5	6.45%	\$54
UAAL	17.68%	149	3.33%	28	2.64%	23	23.65%	200
Total Contribution	21.64%	\$182	5.24%	\$44	3.22%	\$28	30.10%	\$254
District Category III Tier IIB								
Normal Cost	4.58%	\$44	0.91%	\$9	0.28%	\$3	5.77%	\$56
UAAL	17.68%	171	3.33%	32	2.64%	26	23.65%	229
Total Contribution	22.26%	\$215	4.24%	\$41	2.92%	\$29	29.42%	\$285
District Category III - Combined								
Normal Cost	13.59%	\$3,069	3.74%	\$845	1.15%	\$257	18.48%	\$4,171
UAAL	17.68%	3,990	3.33%	751	2.64%	598	23.65%	5,339
Total Contribution	31.27%	\$7,059	7.07%	\$1,596	3.79%	\$855	42.13%	\$9,510
District Category IV Tier I								
Normal Cost	15.37%	\$90	3.95%	\$23	1.20%	\$7	20.52%	\$120
UAAL	15.33%	90	2.85%	17	2.51%	14	20.69%	121
Total Contribution	30.70%	\$180	6.80%	\$40	3.71%	\$21	41.21%	\$241
District Category IV Tier IIB								
Normal Cost	4.58%	\$0	0.91%	\$0	0.28%	\$0	5.77%	\$0
UAAL	15.33%	0	2.85%	0	2.51%	0	20.69%	0
Total Contribution	19.91%	\$0	3.76%	\$0	2.79%	\$0	26.46%	\$0
District Category IV - Combined								
Normal Cost	15.37%	\$90	3.95%	\$23	1.20%	\$7	20.52%	\$120
UAAL	15.33%	90	2.85%	17	2.51%	14	20.69%	121
Total Contribution	30.70%	\$180	6.80%	\$40	3.71%	\$21	41.21%	\$241
District Category V Tier I								
Normal Cost	12.72%	\$43	3.95%	\$13	1.20%	\$5	17.87%	\$61
UAAL	17.68%	60	3.33%	11	2.64%	9	23.65%	80
Total Contribution	30.40%	\$103	7.28%	\$24	3.84%	\$14	41.52%	\$141
District Category V Tier IIA								
Normal Cost	4.28%	\$18	1.91%	\$8	0.58%	\$3	6.77%	\$29
UAAL	17.68%	76	3.33%	14	2.64%	11	23.65%	101
Total Contribution	21.96%	\$94	5.24%	\$22	3.22%	\$14	30.42%	\$130
District Category V Tier IIB								
Normal Cost	4.58%	\$4	0.91%	\$1	0.28%	\$0	5.77%	\$5
UAAL	17.68%	17	3.33%	3	2.64%	2	23.65%	22
Total Contribution	22.26%	\$21	4.24%	\$4	2.92%	\$2	29.42%	\$27
District Category V - Combined								
Normal Cost	7.64%	\$65	2.48%	\$22	0.84%	\$8	10.96%	\$95
UAAL	17.68%	153	3.33%	28	2.64%	22	23.65%	203
Total Contribution	25.32%	\$218	5.81%	\$50	3.48%	\$30	34.61%	\$298

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 14 (continued)

Recommended Employer Contribution Rates (Current Valuation)

	June 30, 2014 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
District Category VI Tier I								
Normal Cost	18.62%	\$71	3.95%	\$15	1.20%	\$5	23.77%	\$91
UAAL	17.68%	68	3.33%	13	2.64%	9	23.65%	90
Total Contribution	36.30%	\$139	7.28%	\$28	3.84%	\$14	47.42%	\$181
District Category VI Tier IIB								
Normal Cost	4.58%	\$0	0.91%	\$0	0.28%	\$0	5.77%	\$0
UAAL	17.68%	0	3.33%	0	2.64%	0	23.65%	0
Total Contribution	22.26%	\$0	4.24%	\$0	2.92%	\$0	29.42%	\$0
District Category VI								
Normal Cost	18.62%	\$71	3.95%	\$15	1.20%	\$5	23.77%	\$91
UAAL	17.68%	68	3.33%	13	2.64%	9	23.65%	90
Total Contribution	36.30%	\$139	7.28%	\$28	3.84%	\$14	47.42%	\$181
All Districts – Combined								
Normal Cost	13.84%	\$4,591	3.71%	\$1,230	1.13%	\$376	18.68%	\$6,197
UAAL	17.64%	5,850	3.32%	1,102	2.63%	874	23.59%	7,826
Total Contribution	31.48%	\$10,441	7.03%	\$2,332	3.76%	\$1,250	42.27%	\$14,023
All Employers - Combined								
Normal Cost	12.76%	\$70,910	3.92%	\$21,784	1.21%	\$6,719	17.89%	\$99,413
UAAL	20.02%	111,235	4.04%	22,442	3.69%	20,494	27.75%	154,171
Total Contribution	32.78%	\$182,145	7.96%	\$44,226	4.90%	\$27,213	45.64%	\$253,584

* Amounts are in thousands and are based on June 30, 2014 projected compensation (also in thousands):

County General Tier I without Courts	\$236,702	District Category I Tier I	\$5,755
County General Tier IIA without Courts	82,780	District Category I Tier IIA	568
County General Tier IIB without Courts	36,665	District Category I Tier IIB	136
Courts Tier I	17,001	District Category II Tier I	2,110
Courts Tier IIA	1,416	District Category II Tier IIB	171
Courts Tier IIB	2,614	District Category II Tier III	31
County Safety Tier I	128,805	District Category III Tier I	20,760
County Safety Tier IIA	6,798	District Category III Tier IIA	844
County Safety Tier IIB	9,681	District Category III Tier IIB	969
		District Category IV Tier I	585
		District Category IV Tier IIB	0
		District Category V Tier I	339
		District Category V Tier IIA	428
		District Category V Tier IIB	94
		District Category VI Tier I	382
		District Category VI Tier IIB	0
All County with Courts	\$522,462	All Districts	\$33,172
		Total	\$555,634

Note: As of June 30, 2014, the COLA Contribution Reserve was zero and therefore not available to offset the 2% COLA contribution rate.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 15

Recommended Employer Contribution Rates (Prior Valuation)

	June 30, 2013 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
County General Tier I without Courts								
Normal Cost	14.04%	\$35,610	3.81%	\$9,663	1.17%	\$2,968	19.02%	\$48,241
UAAL	15.95%	40,454	2.87%	7,279	2.55%	6,468	21.37%	54,201
Total Contribution	29.99%	\$76,064	6.68%	\$16,942	3.72%	\$9,436	40.39%	\$102,442
County General Tier IIA without Courts								
Normal Cost	3.96%	\$3,442	1.87%	\$1,625	0.56%	\$487	6.39%	\$5,554
UAAL	15.95%	13,864	2.87%	2,495	2.55%	2,216	21.37%	18,575
Total Contribution	19.91%	\$17,306	4.74%	\$4,120	3.11%	\$2,703	27.76%	\$24,129
County General Tier IIB without Courts								
Normal Cost	4.62%	\$851	0.92%	\$169	0.28%	\$52	5.82%	\$1,072
UAAL	15.95%	2,937	2.87%	528	2.55%	469	21.37%	3,934
Total Contribution	20.57%	\$3,788	3.79%	\$697	2.83%	\$521	27.19%	\$5,006
County General without Courts - Combined								
Normal Cost	11.12%	\$39,903	3.19%	\$11,457	0.97%	\$3,507	15.28%	\$54,867
UAAL	15.95%	57,255	2.87%	10,302	2.55%	9,153	21.37%	76,710
Total Contribution	27.07%	\$97,158	6.06%	\$21,759	3.52%	\$12,660	36.65%	\$131,577
Courts Tier I								
Normal Cost	14.11%	\$2,504	3.81%	\$676	1.17%	\$208	19.09%	\$3,388
UAAL	15.95%	2,830	2.87%	509	2.55%	453	21.37%	3,792
Total Contribution	30.06%	\$5,334	6.68%	\$1,185	3.72%	\$661	40.46%	\$7,180
Courts Tier IIA								
Normal Cost	4.14%	\$58	1.87%	\$26	0.56%	\$9	6.57%	\$93
UAAL	15.95%	225	2.87%	40	2.55%	36	21.37%	301
Total Contribution	20.09%	\$283	4.74%	\$66	3.11%	\$45	27.94%	\$394
Courts Tier IIB								
Normal Cost	4.62%	\$10	0.92%	\$2	0.28%	\$0	5.82%	\$12
UAAL	15.95%	34	2.87%	6	2.55%	5	21.37%	45
Total Contribution	20.57%	\$44	3.79%	\$8	2.83%	\$5	27.19%	\$57
Courts - Combined								
Normal Cost	13.28%	\$2,572	3.63%	\$704	1.13%	\$217	18.04%	\$3,493
UAAL	15.95%	3,089	2.87%	555	2.55%	494	21.37%	4,138
Total Contribution	29.23%	\$5,661	6.50%	\$1,259	3.68%	\$711	39.41%	\$7,631
County Safety Tier I								
Normal Cost	18.28%	\$24,441	5.75%	\$7,688	1.81%	\$2,420	25.84%	\$34,549
UAAL	21.27%	28,439	5.21%	6,966	4.75%	6,350	31.23%	41,755
Total Contribution	39.55%	\$52,880	10.96%	\$14,654	6.56%	\$8,770	57.07%	\$76,304
County Safety Tier IIA								
Normal Cost	11.83%	\$746	4.64%	\$293	1.46%	\$92	17.93%	\$1,131
UAAL	21.27%	1,342	5.21%	329	4.75%	299	31.23%	1,970
Total Contribution	33.10%	\$2,088	9.85%	\$622	6.21%	\$391	49.16%	\$3,101

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 15 (continued)
Recommended Employer Contribution Rates (Prior Valuation)

	June 30, 2013 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
County Safety Tier IIB								
Normal Cost	9.60%	\$464	2.24%	\$108	0.70%	\$34	12.54%	\$606
UAAL	21.27%	1,028	5.21%	252	4.75%	230	31.23%	1,510
Total Contribution	30.87%	\$1,492	7.45%	\$360	5.45%	\$264	43.77%	\$2,116
County Safety - Combined								
Normal Cost	17.71%	\$25,651	5.58%	\$8,089	1.76%	\$2,546	25.05%	\$36,286
UAAL	21.27%	30,809	5.21%	7,547	4.75%	6,879	31.23%	45,235
Total Contribution	38.98%	\$56,460	10.79%	\$15,636	6.51%	\$9,425	56.28%	\$81,521
All County with Courts - Combined								
Normal Cost	13.02%	\$68,126	3.87%	\$20,250	1.20%	\$6,270	18.09%	\$94,646
UAAL	17.42%	91,153	3.52%	18,404	3.16%	16,526	24.10%	126,083
Total Contribution	30.44%	\$159,279	7.39%	\$38,654	4.36%	\$22,796	42.19%	\$220,729
District Category I Tier I								
Normal Cost	16.22%	\$889	3.81%	\$209	1.17%	\$63	21.20%	\$1,161
UAAL	14.83%	812	2.94%	161	2.24%	123	20.01%	1,096
Total Contribution	31.05%	\$1,701	6.75%	\$370	3.41%	\$186	41.21%	\$2,257
District Category I Tier IIA								
Normal Cost	4.35%	\$19	1.87%	\$8	0.56%	\$3	6.78%	\$30
UAAL	14.83%	65	2.94%	13	2.24%	10	20.01%	88
Total Contribution	19.18%	\$84	4.81%	\$21	2.80%	\$13	26.79%	\$118
District Category I Tier IIB								
Normal Cost	4.62%	\$0	0.92%	\$0	0.28%	\$0	5.82%	\$0
UAAL	14.83%	0	2.94%	0	2.24%	0	20.01%	0
Total Contribution	19.45%	\$0	3.86%	\$0	2.52%	\$0	25.83%	\$0
District Category I - Combined								
Normal Cost	15.33%	\$908	3.67%	\$217	1.12%	\$66	20.12%	\$1,191
UAAL	14.83%	877	2.94%	174	2.24%	133	20.01%	1,184
Total Contribution	30.16%	\$1,785	6.61%	\$391	3.36%	\$199	40.13%	\$2,375
District Category II Tier I								
Normal Cost	15.43%	\$325	3.81%	\$80	1.17%	\$24	20.41%	\$429
UAAL	14.83%	312	2.94%	62	2.24%	47	20.01%	421
Total Contribution	30.26%	\$637	6.75%	\$142	3.41%	\$71	40.42%	\$850
District Category II Tier IIB								
Normal Cost	4.62%	\$0	0.92%	\$0	0.28%	\$0	5.82%	\$0
UAAL	14.83%	0	2.94%	0	2.24%	0	20.01%	0
Total Contribution	19.45%	\$0	3.86%	\$0	2.52%	\$0	25.83%	\$0
District Category II Tier III								
Normal Cost	6.17%	\$0	1.33%	\$0	0.30%	\$0	7.80%	\$0
UAAL	14.83%	0	2.94%	0	2.24%	0	20.01%	0
Total Contribution	21.00%	\$0	4.27%	\$0	2.54%	\$0	27.81%	\$0
District Category II - Combined								
Normal Cost	15.43%	\$325	3.81%	\$80	1.17%	\$24	20.41%	\$429
UAAL	14.83%	312	2.94%	62	2.24%	47	20.01%	421
Total Contribution	30.26%	\$637	6.75%	\$142	3.41%	\$71	40.42%	\$850

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 15 (continued)

Recommended Employer Contribution Rates (Prior Valuation)

	June 30, 2013 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
District Category III Tier I								
Normal Cost	14.37%	\$3,113	3.81%	\$825	1.17%	\$254	19.35%	\$4,192
UAAL	14.83%	3,213	2.94%	637	2.24%	485	20.01%	4,335
Total Contribution	29.20%	\$6,326	6.75%	\$1,462	3.41%	\$739	39.36%	\$8,527
District Category III Tier IIA								
Normal Cost	4.25%	\$29	1.87%	\$13	0.56%	\$4	6.68%	\$46
UAAL	14.83%	103	2.94%	20	2.24%	15	20.01%	138
Total Contribution	19.08%	\$132	4.81%	\$33	2.80%	\$19	26.69%	\$184
District Category III Tier IIB								
Normal Cost	4.62%	\$18	0.92%	\$4	0.28%	\$1	5.82%	\$23
UAAL	14.83%	58	2.94%	11	2.24%	9	20.01%	78
Total Contribution	19.45%	\$76	3.86%	\$15	2.52%	\$10	25.83%	\$101
District Category III - Combined								
Normal Cost	13.90%	\$3,160	3.70%	\$842	1.13%	\$259	18.73%	\$4,261
UAAL	14.83%	3,374	2.94%	668	2.24%	509	20.01%	4,551
Total Contribution	28.73%	\$6,534	6.64%	\$1,510	3.37%	\$768	38.74%	\$8,812
District Category IV Tier I								
Normal Cost	15.38%	\$88	3.81%	\$22	1.17%	\$7	20.36%	\$117
UAAL	12.47%	72	2.47%	14	2.10%	12	17.04%	98
Total Contribution	27.85%	\$160	6.28%	\$36	3.27%	\$19	37.40%	\$215
District Category IV Tier IIB								
Normal Cost	4.62%	\$0	0.92%	\$0	0.28%	\$0	5.82%	\$0
UAAL	12.47%	0	2.47%	0	2.10%	0	17.04%	0
Total Contribution	17.09%	\$0	3.39%	\$0	2.38%	\$0	22.86%	\$0
District Category IV - Combined								
Normal Cost	15.38%	\$88	3.81%	\$22	1.17%	\$7	20.36%	\$117
UAAL	12.47%	72	2.47%	14	2.10%	12	17.04%	98
Total Contribution	27.85%	\$160	6.28%	\$36	3.27%	\$19	37.40%	\$215
District Category V Tier I								
Normal Cost	12.40%	\$49	3.81%	\$15	1.17%	\$4	17.38%	\$68
UAAL	14.83%	58	2.94%	12	2.24%	8	20.01%	78
Total Contribution	27.23%	\$107	6.75%	\$27	3.41%	\$12	37.39%	\$146
District Category V Tier IIA								
Normal Cost	4.43%	\$17	1.87%	\$7	0.56%	\$3	6.86%	\$27
UAAL	14.83%	58	2.94%	12	2.24%	9	20.01%	79
Total Contribution	19.26%	\$75	4.81%	\$19	2.80%	\$12	26.87%	\$106
District Category V Tier IIB								
Normal Cost	4.62%	\$4	0.92%	\$1	0.28%	\$0	5.82%	\$5
UAAL	14.83%	13	2.94%	3	2.24%	2	20.01%	18
Total Contribution	19.45%	\$17	3.86%	\$4	2.52%	\$2	25.83%	\$23
District Category V - Combined								
Normal Cost	7.96%	\$70	2.79%	\$23	0.74%	\$7	11.49%	\$100
UAAL	14.83%	129	2.94%	27	2.24%	19	20.01%	175
Total Contribution	22.79%	\$199	5.73%	\$50	2.98%	\$26	31.50%	\$275

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

CHART 15 (continued)

Recommended Employer Contribution Rates (Prior Valuation)

	June 30, 2013 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
District Category VI Tier I								
Normal Cost	18.52%	\$67	3.81%	\$14	1.17%	\$4	23.50%	\$85
UAAL	14.83%	54	2.94%	11	2.24%	8	20.01%	73
Total Contribution	33.35%	\$121	6.75%	\$25	3.41%	\$12	43.51%	\$158
District Category VI Tier IIB								
Normal Cost	4.62%	\$0	0.92%	\$0	0.28%	\$0	5.82%	\$0
UAAL	14.83%	0	2.94%	0	2.24%	0	20.01%	0
Total Contribution	19.45%	\$0	3.86%	\$0	2.52%	\$0	25.83%	\$0
District Category VI								
Normal Cost	18.52%	\$67	3.81%	\$14	1.17%	\$4	23.50%	\$85
UAAL	14.83%	54	2.94%	11	2.24%	8	20.01%	73
Total Contribution	33.35%	\$121	6.75%	\$25	3.41%	\$12	43.51%	\$158
All Districts – Combined								
Normal Cost	14.18%	\$4,618	3.68%	\$1,198	1.12%	\$367	18.98%	\$6,183
UAAL	14.79%	4,818	2.93%	956	2.24%	728	19.96%	6,502
Total Contribution	28.97%	\$9,436	6.61%	\$2,154	3.36%	\$1,095	38.94%	\$12,685
All Employers - Combined								
Normal Cost	13.09%	\$72,744	3.86%	\$21,448	1.19%	\$6,637	18.14%	\$100,829
UAAL	17.27%	95,971	3.48%	19,360	3.11%	17,254	23.86%	132,585
Total Contribution	30.36%	\$168,715	7.34%	\$40,808	4.30%	\$23,891	42.00%	\$233,414

* Amounts are in thousands and are based on June 30, 2013 projected compensation (also in thousands):

County General Tier I without Courts	\$253,632	District Category I Tier I	\$5,478
County General Tier IIA without Courts	86,919	District Category I Tier IIA	440
County General Tier IIB without Courts	18,411	District Category I Tier IIB	0
Courts Tier I	17,746	District Category II Tier I	2,104
Courts Tier IIA	1,408	District Category II Tier IIB	0
Courts Tier IIB	211	District Category II Tier III	0
County Safety Tier I	133,703	District Category III Tier I	21,664
County Safety Tier IIA	6,309	District Category III Tier IIA	692
County Safety Tier IIB	4,835	District Category III Tier IIB	390
		District Category IV Tier I	574
		District Category IV Tier IIB	0
		District Category V Tier I	392
		District Category V Tier IIA	393
		District Category V Tier IIB	88
		District Category VI Tier I	363
		District Category VI Tier IIB	0
All County with Courts	\$523,174	All Districts	\$32,578
		Total	\$555,752

Note: As of June 30, 2013, the COLA Contribution Reserve was zero and therefore not available to offset the 2% COLA contribution rate.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

The employer contribution rates as of June 30, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Average Employer Contribution

The chart below details the changes in the recommended average employer contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 16

Reconciliation of Recommended Average Employer Contribution from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Employer Contribution Rate in June 30, 2013 Valuation	42.00%	\$233,414
Effect of investment loss ⁽²⁾	0.20%	1,111
Effect of difference between actual and expected contributions	0.23%	1,278
Effect of lower than expected individual salary increases for actives	-0.94%	-5,223
Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.89%	4,945
Effect of lower than expected COLA benefit increase for retirees and beneficiaries	-0.41%	-2,278
Effect of different demographics of members amongst tiers	-0.54%	-3,000
Effect of changes in actuarial assumptions ⁽³⁾	4.26%	23,670
Effect of other experience (gains)/losses ⁽⁴⁾	-0.05%	-333
Total change	<u>3.64%</u>	<u>\$20,170</u>
Recommended Average Employer Contribution Rate in June 30, 2014 Valuation	45.64%	\$253,584

⁽¹⁾ Based on projected compensation for each valuation date shown.

⁽²⁾ Return on the valuation value of assets of 7.28% was less than the 7.75% assumed rate of return (based on the June 30, 2013 valuation).

⁽³⁾ Assumption changes based on June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study. This includes an explicit administrative expense load of 0.80% of payroll that has been allocated to the employer contribution rate.

⁽⁴⁾ Other differences in actual versus expected experience. Estimated annual dollar cost also reflects the change in total projected compensation from the prior valuation.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

The member contribution rates as of June 30, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Average Member Contribution Rate

The chart below details the changes in the recommended average member contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the member contribution from the prior valuation to the amount determined in this valuation.

**CHART 17
Reconciliation of Recommended Average Member Contribution from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Member Contribution Rate in June 30, 2013 Valuation	5.14%	\$28,580
Effect of different demographics of members amongst tiers	0.11%	611
Effect of changes in actuarial assumptions ⁽²⁾	0.24%	1,334
Effect of other changes ⁽³⁾	<u>0.09%</u>	<u>490</u>
Total change	<u>0.44%</u>	<u>\$2,435</u>
Recommended Average Member Contribution Rate in June 30, 2014 Valuation	5.58%	\$31,015

⁽¹⁾ Based on projected compensation for each valuation date shown.

⁽²⁾ Assumption changes based on June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study. This includes an explicit administrative expense load of 0.10% of payroll that has been allocated to the member contribution rate.

⁽³⁾ Other differences in actual versus expected experience. Estimated annual dollar cost also reflects the change in total projected compensation from the prior valuation.

SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

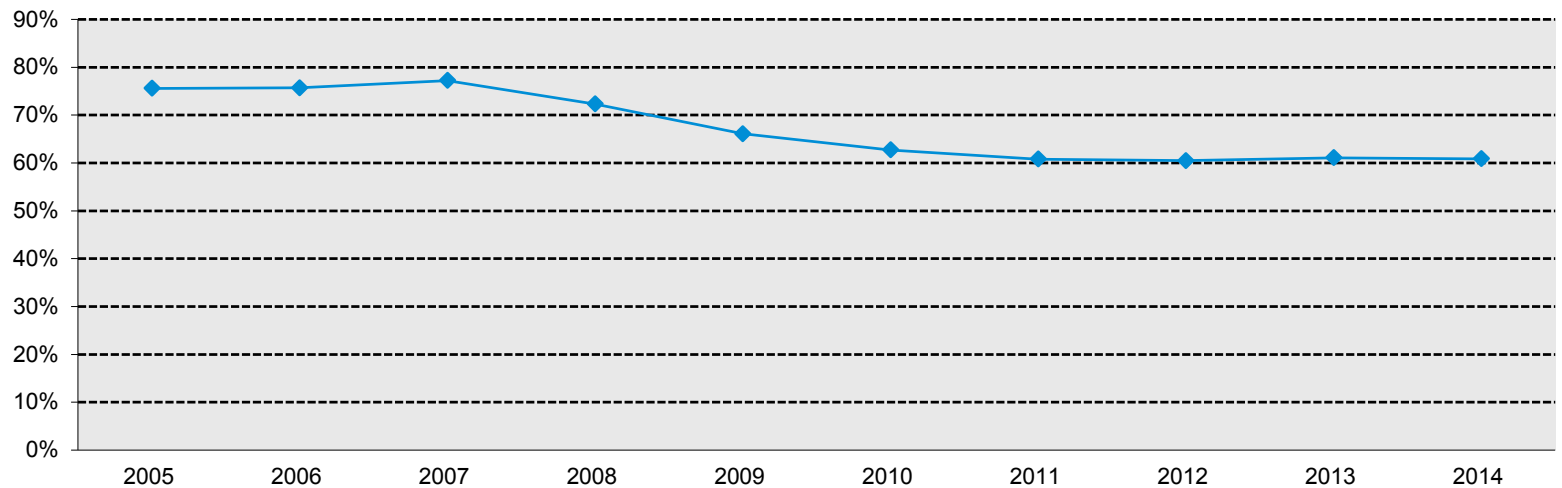
E. FUNDED RATIO

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The chart below depicts a history of the funded ratios for the Plan.

CHART 18

Funded Ratio (Valuation Value of Assets Compared to Actuarial Accrued Liabilities)



SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For KCERA, the current AVR is about 6.4. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 6.4% of one-year's payroll. Since KCERA amortizes actuarial gains and losses over a period of 18 years, there would be a 0.5% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For KCERA, the current LVR is about 9.9. This is about 55% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long term.

This chart shows how the asset and liability volatility ratios have varied over time.

**CHART 20
Volatility Ratios for Years Ended June 30, 2008 – 2014**

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2009	3.6	7.5
2010	4.1	7.9
2011	5.2	8.7
2012	5.2	9.0
2013	5.6	9.2
2014	6.4	9.9

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

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Table of Plan Coverage

i. General Tier I County with Courts

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	3,853	4,169	-7.6%
Average age	48.6	48.0	N/A
Average service	14.8	14.0	N/A
Projected total compensation	\$253,703,271	\$271,378,314	-6.5%
Projected average compensation	\$65,846	\$65,094	1.2%
Account balances	\$124,745,061	\$119,257,345	4.6%
Total active vested members	3,822	4,102	-6.8%
Vested terminated members:⁽¹⁾			
	1,114	1,141	-2.4%
Retired members:			
Number in pay status	4,126	3,975	3.8%
Average age	68.7	68.6	N/A
Average monthly benefit ⁽²⁾	\$2,644	\$2,547	3.8%
Disabled members:			
Number in pay status	516	519	-0.6%
Average age	64.3	63.4	N/A
Average monthly benefit ⁽²⁾	\$1,729	\$1,690	2.3%
Beneficiaries:			
Number in pay status	723	697	3.7%
Average age	74.3	74.2	N/A
Average monthly benefit ⁽²⁾	\$1,234	\$1,209	2.1%

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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Table of Plan Coverage

ii. General Tier IIA County with Courts

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	1,499	1,626	-7.8%
Average age	39.3	38.1	N/A
Average service	3.9	2.9	N/A
Projected total compensation	\$84,196,322	\$88,326,167	-4.7%
Projected average compensation	\$56,168	\$54,321	3.4%
Account balances	\$19,187,716	\$15,198,372	26.2%
Total active vested members	497	259	91.9%
Vested terminated members:⁽¹⁾	345	321	7.5%
Retired members:			
Number in pay status	5	3	66.7%
Average age	68.3	62.0	N/A
Average monthly benefit ⁽²⁾	\$471	\$521	-9.6%
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	1	0	N/A
Average age	53.9	N/A	N/A
Average monthly benefit ⁽²⁾	\$739	N/A	N/A

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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Table of Plan Coverage

iii. General Tier IIB County with Courts

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	860	406	111.8%
Average age	33.8	34.6	N/A
Average service	0.9	0.3	N/A
Projected total compensation	\$39,279,276	\$18,621,790	110.9%
Projected average compensation	\$45,674	\$45,866	-0.4%
Account balances	\$1,930,312	\$308,761	525.2%
Total active vested members	5	1	400.0%
Vested terminated members:⁽¹⁾	98	28	250.0%
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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Table of Plan Coverage

iv. Districts Tier I

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	360	382	-5.8%
Average age	45.0	44.2	N/A
Average service	12.1	11.0	N/A
Projected total compensation	\$29,931,834	\$30,576,270	-2.1%
Projected average compensation	\$83,144	\$80,043	3.9%
Account balances	\$13,967,695	\$12,865,089	8.6%
Total active vested members	311	299	4.0%
Vested terminated members:⁽¹⁾			
	162	157	3.2%
Retired members:			
Number in pay status	191	183	4.4%
Average age	65.4	64.8	N/A
Average monthly benefit ⁽²⁾	\$3,377	\$3,302	2.3%
Disabled members:			
Number in pay status	11	12	-8.3%
Average age	60.5	59.2	N/A
Average monthly benefit ⁽²⁾	\$2,164	\$2,004	8.0%
Beneficiaries:			
Number in pay status	29	33	-12.1%
Average age	72.1	74.8	N/A
Average monthly benefit ⁽²⁾	\$2,278	\$2,049	11.2%

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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**Table of Plan Coverage
v. Districts Tier IIA**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	28	26	7.7%
Average age	35.3	33.9	N/A
Average service	3.0	2.1	N/A
Projected total compensation	\$1,839,787	\$1,525,017	20.6%
Projected average compensation	\$65,707	\$58,655	12.0%
Account balances	\$234,311	\$119,190	96.6%
Total active vested members	2	2	0.0%
Vested terminated members:⁽¹⁾	3	4	-25.0%
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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Table of Plan Coverage

vi. Districts Tier IIB

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	28	10	180.0%
Average age	32.8	29.3	N/A
Average service	0.8	0.2	N/A
Projected total compensation	\$1,369,169	\$477,922	186.5%
Projected average compensation	\$48,899	\$47,792	2.3%
Account balances	\$64,544	\$7,317	782.1%
Total active vested members	0	0	N/A
Vested terminated members:⁽¹⁾			
	2	0	N/A
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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Table of Plan Coverage

vii. Districts Tier III

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	1	0	N/A
Average age	53.0	N/A	N/A
Average service	0.2	N/A	N/A
Projected total compensation	\$31,225	\$0	N/A
Projected average compensation	\$31,225	N/A	N/A
Account balances	\$443	\$0	N/A
Total active vested members	0	0	N/A
Vested terminated members:⁽¹⁾			
	0	0	N/A
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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viii. Safety Tier I

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	1,564	1,638	-4.5%
Average age	39.4	38.6	N/A
Average service	12.5	11.7	N/A
Projected total compensation	\$128,805,453	\$133,703,477	-3.7%
Projected average compensation	\$82,356	\$81,626	0.9%
Account balances	\$63,019,035	\$57,454,137	9.7%
Total active vested members	1,399	1,370	2.1%
Vested terminated members:⁽¹⁾			
	201	190	5.8%
Retired members:			
Number in pay status	1,037	1,002	3.5%
Average age	64.6	64.4	N/A
Average monthly benefit ⁽²⁾	\$5,488	\$5,380	2.0%
Disabled members:			
Number in pay status	443	441	0.5%
Average age	63.2	62.5	N/A
Average monthly benefit ⁽²⁾	\$3,958	\$3,860	2.5%
Beneficiaries:			
Number in pay status	315	306	2.9%
Average age	69.6	69.4	N/A
Average monthly benefit ⁽²⁾	\$2,168	\$2,084	4.0%

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

⁽²⁾ Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

ix. Safety Tier IIA

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	120	123	-2.4%
Average age	29.9	28.8	N/A
Average service	2.4	1.2	N/A
Projected total compensation	\$6,797,710	\$6,309,274	7.7%
Projected average compensation	\$56,648	\$51,295	10.4%
Account balances	\$1,092,038	\$537,191	103.3%
Total active vested members	9	3	200.0%
Vested terminated members:⁽¹⁾	9	11	400.0%
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A

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

⁽²⁾Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

x. Safety Tier IIB

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	199	105	89.5%
Average age	28.7	28.0	N/A
Average service	0.9	0.2	N/A
Projected total compensation	\$9,680,984	\$4,834,579	100.2%
Projected average compensation	\$48,648	\$46,044	5.7%
Account balances	\$1,069,462	\$149,495	615.4%
Total active vested members	0	0	N/A
Vested terminated members:⁽¹⁾	15	3	N/A
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽²⁾	N/A	N/A	N/A

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

⁽²⁾Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

i. General Tier I County with Courts

Age	Total	Years of Service									
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over	
Under 25	1	1	--	--	--	--	--	--	--	--	--
	\$37,615	\$37,615	--	--	--	--	--	--	--	--	--
25 - 29	64	2	62	--	--	--	--	--	--	--	--
	47,736	65,148	\$47,175	--	--	--	--	--	--	--	--
30 - 34	328	6	269	49	4	--	--	--	--	--	--
	59,113	45,593	59,977	\$56,598	\$52,086	--	--	--	--	--	--
35 - 39	458	6	276	148	28	--	--	--	--	--	--
	61,848	37,737	60,122	66,249	60,761	--	--	--	--	--	--
40 - 44	579	3	202	236	111	27	--	--	--	--	--
	68,042	54,921	63,628	68,784	76,242	\$62,320	--	--	--	--	--
45 - 49	581	6	144	164	130	101	35	1	--	--	--
	64,523	61,657	57,494	64,543	68,214	70,770	\$62,243	\$59,407	--	--	--
50 - 54	746	6	134	146	153	132	123	51	1	--	--
	68,260	67,988	57,839	65,803	71,993	70,362	74,685	69,755	\$109,776	--	--
55 - 59	620	4	110	117	132	115	80	58	4	--	--
	68,400	47,730	59,582	61,088	65,678	72,390	80,591	82,911	66,332	--	--
60 - 64	356	--	75	88	89	55	36	8	4	1	--
	68,984	--	58,947	66,190	68,646	69,263	88,141	88,898	115,772	\$46,316	--
65 - 69	100	--	30	24	19	16	6	2	--	3	--
	67,807	--	69,872	66,374	61,221	66,317	56,057	90,857	--	116,430	--
70 & over	20	--	6	4	7	2	--	--	--	1	--
	67,125	--	67,024	80,086	60,771	64,741	--	--	--	65,142	--
Total	3,853	34	1,308	976	673	448	280	120	9	5	--
	\$65,846	\$52,983	\$59,639	\$65,460	\$69,276	\$70,185	\$76,148	\$77,655	\$93,132	\$92,149	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

ii. General Tier IIA County with Courts

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	36	36	--	--	--	--	--	--	--	--
	\$42,091	\$42,091	--	--	--	--	--	--	--	--
25 - 29	275	221	54	--	--	--	--	--	--	--
	49,133	48,896	\$50,103	--	--	--	--	--	--	--
30 - 34	345	220	125	--	--	--	--	--	--	--
	57,461	53,896	63,736	--	--	--	--	--	--	--
35 - 39	235	163	70	2	--	--	--	--	--	--
	56,431	54,115	61,951	\$52,007	--	--	--	--	--	--
40 - 44	198	131	66	1	--	--	--	--	--	--
	59,659	56,599	65,988	42,689	--	--	--	--	--	--
45 - 49	133	87	44	1	1	--	--	--	--	--
	58,292	55,561	64,476	37,950	\$44,146	--	--	--	--	--
50 - 54	118	76	39	--	2	1	--	--	--	--
	58,908	56,957	63,754	--	36,862	\$62,272	--	--	--	--
55 - 59	104	64	40	--	--	--	--	--	--	--
	61,178	57,188	67,562	--	--	--	--	--	--	--
60 - 64	45	25	20	--	--	--	--	--	--	--
	60,681	58,070	63,945	--	--	--	--	--	--	--
65 - 69	8	1	6	--	1	--	--	--	--	--
	44,621	50,101	45,078	--	36,403	--	--	--	--	--
70 & over	2	2	--	--	--	--	--	--	--	--
	58,778	58,778	--	--	--	--	--	--	--	--
Total	1,499	1,026	464	4	4	1	--	--	--	--
	\$56,168	\$53,466	\$62,370	\$46,163	\$38,568	\$62,272	--	--	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

iii. General Tier IIB County with Courts

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	103	103	--	--	--	--	--	--	--	--
	\$39,700	\$39,700	--	--	--	--	--	--	--	--
25 - 29	277	277	--	--	--	--	--	--	--	--
	45,026	45,026	--	--	--	--	--	--	--	--
30 - 34	193	192	1	--	--	--	--	--	--	--
	47,273	47,416	\$19,800	--	--	--	--	--	--	--
35 - 39	98	98	--	--	--	--	--	--	--	--
	44,833	44,833	--	--	--	--	--	--	--	--
40 - 44	75	75	--	--	--	--	--	--	--	--
	46,343	46,343	--	--	--	--	--	--	--	--
45 - 49	39	37	2	--	--	--	--	--	--	--
	46,554	46,428	48,870	--	--	--	--	--	--	--
50 - 54	38	38	--	--	--	--	--	--	--	--
	48,817	48,817	--	--	--	--	--	--	--	--
55 - 59	32	31	1	--	--	--	--	--	--	--
	50,079	49,239	76,112	--	--	--	--	--	--	--
60 - 64	3	3	--	--	--	--	--	--	--	--
	113,673	113,673	--	--	--	--	--	--	--	--
65 - 69	2	2	--	--	--	--	--	--	--	--
	55,317	55,317	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	860	856	4	--	--	--	--	--	--	--
	\$45,674	\$45,661	\$48,413	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

iv. Districts Tier I

Age	Total	Years of Service									
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over	
Under 25	3	3	--	--	--	--	--	--	--	--	--
	\$48,099	\$48,099	--	--	--	--	--	--	--	--	--
25 - 29	22	17	5	--	--	--	--	--	--	--	--
	63,608	58,248	\$81,832	--	--	--	--	--	--	--	--
30 - 34	52	10	38	4	--	--	--	--	--	--	--
	73,576	64,669	75,537	\$77,213	--	--	--	--	--	--	--
35 - 39	70	9	38	21	2	--	--	--	--	--	--
	81,709	55,498	77,607	97,002	\$117,036	--	--	--	--	--	--
40 - 44	46	5	17	18	4	2	--	--	--	--	--
	83,125	76,286	69,994	99,614	85,920	\$57,853	--	--	--	--	--
45 - 49	33	1	11	8	6	7	--	--	--	--	--
	95,078	171,427	68,810	84,324	115,143	120,539	--	--	--	--	--
50 - 54	59	1	15	16	10	10	4	3	--	--	--
	94,635	78,611	79,632	96,803	74,104	130,524	\$78,915	\$133,195	--	--	--
55 - 59	34	2	5	6	5	11	3	2	--	--	--
	89,418	45,310	70,580	75,535	86,062	116,145	99,055	69,206	--	--	--
60 - 64	33	2	4	6	4	10	3	3	1	--	--
	81,982	48,470	88,497	71,792	82,430	88,486	104,742	62,666	\$106,942	--	--
65 - 69	5	--	1	2	1	--	--	1	--	--	--
	73,431	--	79,772	78,540	81,312	--	--	48,992	--	--	--
70 & over	3	--	1	1	1	--	--	--	--	--	--
	61,662	--	79,504	52,058	53,424	--	--	--	--	--	--
Total	360	50	135	82	33	40	10	9	1	--	--
	\$83,144	\$61,994	\$75,823	\$90,920	\$88,013	\$110,679	\$92,705	\$86,110	\$106,942	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

v. Districts Tier IIA

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	2	2	--	--	--	--	--	--	--	--
	\$62,186	\$62,186	--	--	--	--	--	--	--	--
25 - 29	5	5	--	--	--	--	--	--	--	--
	57,151	57,151	--	--	--	--	--	--	--	--
30 - 34	10	10	--	--	--	--	--	--	--	--
	61,838	61,838	--	--	--	--	--	--	--	--
35 - 39	4	4	--	--	--	--	--	--	--	--
	65,413	65,413	--	--	--	--	--	--	--	--
40 - 44	3	3	--	--	--	--	--	--	--	--
	80,814	80,814	--	--	--	--	--	--	--	--
45 - 49	2	2	--	--	--	--	--	--	--	--
	59,058	59,058	--	--	--	--	--	--	--	--
50 - 54	2	2	--	--	--	--	--	--	--	--
	94,532	94,532	--	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	28	28	--	--	--	--	--	--	--	--
	\$65,707	\$65,707	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

vi. Districts Tier IIB

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	5	5	--	--	--	--	--	--	--	--
	\$42,372	\$42,372	--	--	--	--	--	--	--	--
25 - 29	12	12	--	--	--	--	--	--	--	--
	44,984	44,984	--	--	--	--	--	--	--	--
30 - 34	4	4	--	--	--	--	--	--	--	--
	63,865	63,865	--	--	--	--	--	--	--	--
35 - 39	2	2	--	--	--	--	--	--	--	--
	49,005	49,005	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	2	2	--	--	--	--	--	--	--	--
	61,821	61,821	--	--	--	--	--	--	--	--
50 - 54	1	1	--	--	--	--	--	--	--	--
	50,255	50,255	--	--	--	--	--	--	--	--
55 - 59	2	2	--	--	--	--	--	--	--	--
	45,070	45,070	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	28	28	--	--	--	--	--	--	--	--
	\$48,899	\$48,899	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

vii. Districts Tier III

Age	Total	Years of Service									
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over	
Under 25	--	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--	--
50 - 54	1 \$31,225	1 \$31,225	--	--	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--	--
Total	1 \$31,225	1 \$31,225	--	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

viii. Safety Tier I

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	25	24	1	--	--	--	--	--	--	--
	\$62,583	\$62,219	\$71,318	--	--	--	--	--	--	--
25 - 29	190	83	107	--	--	--	--	--	--	--
	70,771	66,032	74,446	--	--	--	--	--	--	--
30 - 34	342	39	218	82	3	--	--	--	--	--
	78,153	64,759	76,874	\$87,018	\$102,841	--	--	--	--	--
35 - 39	337	18	117	155	47	--	--	--	--	--
	81,641	64,830	79,198	84,959	83,216	--	--	--	--	--
40 - 44	282	9	48	98	100	27	--	--	--	--
	84,147	61,717	74,771	87,146	86,402	\$89,059	--	--	--	--
45 - 49	187	1	24	35	60	40	26	1	--	--
	90,875	53,969	75,237	90,112	84,992	94,441	\$115,363	\$103,491	--	--
50 - 54	112	1	10	14	20	24	31	12	--	--
	94,109	53,817	75,613	85,508	81,675	96,283	107,297	105,223	--	--
55 - 59	62	1	3	7	10	12	17	12	--	--
	94,037	94,344	104,356	81,078	83,996	90,000	98,938	104,455	--	--
60 - 64	22	--	3	4	6	1	1	4	3	--
	93,532	--	83,556	66,537	82,735	88,997	89,109	121,020	\$127,429	--
65 - 69	3	--	--	--	1	1	1	--	--	--
	70,969	--	--	--	76,525	63,900	72,481	--	--	--
70 & over	2	--	--	1	--	--	1	--	--	--
	94,431	--	--	107,037	--	--	81,825	--	--	--
Total	1,564	176	531	396	247	105	77	29	3	--
	\$82,356	\$64,910	\$76,792	\$86,203	\$85,044	\$92,628	\$107,156	\$107,024	\$127,429	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

ix. Safety Tier IIA

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	23	23	--	--	--	--	--	--	--	--
	\$56,411	\$56,411	--	--	--	--	--	--	--	--
25 - 29	53	50	3	--	--	--	--	--	--	--
	55,226	55,276	\$54,383	--	--	--	--	--	--	--
30 - 34	29	27	2	--	--	--	--	--	--	--
	57,429	57,483	56,701	--	--	--	--	--	--	--
35 - 39	5	5	--	--	--	--	--	--	--	--
	50,553	50,553	--	--	--	--	--	--	--	--
40 - 44	6	6	--	--	--	--	--	--	--	--
	71,184	71,184	--	--	--	--	--	--	--	--
45 - 49	2	2	--	--	--	--	--	--	--	--
	53,321	53,321	--	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
55 - 59	1	1	--	--	--	--	--	--	--	--
	50,353	50,353	--	--	--	--	--	--	--	--
60 - 64	1	1	--	--	--	--	--	--	--	--
	70,986	70,986	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	120	115	5	--	--	--	--	--	--	--
	\$56,648	\$56,706	\$55,310	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

x. Safety Tier IIB

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	55	55	--	--	--	--	--	--	--	--
	\$48,780	\$48,780	--	--	--	--	--	--	--	--
25 - 29	84	84	--	--	--	--	--	--	--	--
	47,699	47,699	--	--	--	--	--	--	--	--
30 - 34	38	38	--	--	--	--	--	--	--	--
	47,661	47,661	--	--	--	--	--	--	--	--
35 - 39	11	11	--	--	--	--	--	--	--	--
	47,330	47,330	--	--	--	--	--	--	--	--
40 - 44	6	6	--	--	--	--	--	--	--	--
	45,461	45,461	--	--	--	--	--	--	--	--
45 - 49	2	2	--	--	--	--	--	--	--	--
	48,365	48,365	--	--	--	--	--	--	--	--
50 - 54	3	3	--	--	--	--	--	--	--	--
	96,726	96,726	--	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	199	199	--	--	--	--	--	--	--	--
	\$48,648	\$48,648	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT C

Reconciliation of Member Data – June 30, 2013 to June 30, 2014

	Active Members	Vested Terminated Members⁽¹⁾	Retired Members	Disabled Members	Beneficiaries	Total
Number as of June 30, 2013	8,485	1,855	5,163	972	1,036	17,511
New members	792	0	N/A	N/A	98	890
Terminations – with vested rights	-335	335	0	0	0	0
Contribution refunds	-199	-128	N/A	N/A	N/A	-327
Retirements	-248	-79	327	N/A	N/A	0
New disabilities	-3	-2	-10	15	N/A	0
Return to work	28	-28	0	0	N/A	0
Died with or without beneficiary	-8	-4	-131	-19	-63	-225
Data adjustments	<u>0</u>	<u>0</u>	<u>10</u>	<u>2</u>	<u>-3</u>	<u>9</u>
Number as of June 30, 2014	8,512	1,949	5,359	970	1,068	17,858

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

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2014	Year Ended June 30, 2013
Contribution income:		
Employer contributions	\$220,393,167	\$211,677,478
Employee contributions	<u>25,810,310</u>	<u>20,282,751</u>
Total contribution income	\$246,203,477	\$231,960,229
Investment income:		
Interest, dividends and other income	\$55,315,068	\$60,987,491
Adjustment toward market value ⁽¹⁾	193,312,485	122,607,239
Less investment and administrative expenses	<u>-13,332,560</u>	<u>-12,462,932</u>
Net investment income	<u>235,294,993</u>	<u>171,131,798</u>
Total income available for benefits	\$481,498,470	\$403,092,027
Less benefit payments:		
Retirement and survivor benefits	\$241,501,929	\$226,609,534
Supplemental retirement benefits	12,881,285	12,526,151
Refunds of member contributions	<u>3,111,847</u>	<u>3,493,871</u>
Net benefit payments	-\$257,495,061	-\$242,629,555
Change in assets held for future benefits	\$224,003,409	\$160,462,472

⁽¹⁾ Equals the "non-cash" earnings on investments implicitly included in the Actuarial Value of Assets.

Note: Results may not add due to rounding.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT E

Summary Statement of Plan Assets

	Year Ended June 30, 2014	Year Ended June 30, 2013
Cash equivalents	\$85,777,006	\$105,131,016
Capital assets	5,548,813	5,742,994
Accounts receivable:		
Investments sold	\$69,005,777	\$71,335,969
Interest and dividends	7,818,374	8,202,559
Contributions and other receivables	<u>2,431,109</u>	<u>2,168,605</u>
Total accounts receivable	\$79,255,260	\$81,707,134
Investments:		
Domestic equities and securities	\$929,291,036	\$906,045,209
International equities and securities	862,137,093	694,397,016
Bonds	958,217,588	1,000,741,600
Collateral held for securities lending	230,103,850	321,372,030
Other investments	<u>745,516,758</u>	<u>424,857,595</u>
Total investments at market value	<u>3,725,266,325</u>	<u>3,347,413,450</u>
Total assets	\$3,895,847,404	\$3,539,994,594
Less accounts payable:		
Securities purchased	-\$86,906,592	-\$110,972,358
Collateral held for securities lent	-230,103,850	-321,372,030
Contributions and other	<u>-2,725,436</u>	<u>-2,879,953</u>
Total accounts payable	-\$319,735,878	-\$435,224,341
Net assets at market value	<u>\$3,576,111,526</u>	<u>\$3,104,770,253</u>
Net assets at actuarial value	<u>\$3,461,787,003</u>	<u>\$3,237,783,594</u>
Net assets at valuation value	<u>\$3,342,121,678</u>	<u>\$3,120,631,727</u>

Note: Results may not add due to rounding.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT F

Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that are anticipated to be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

	Total KCERA (\$ in 000s)	
	June 30, 2013	June 30, 2013
<u>Assets</u>		
1 Total valuation value of assets	\$3,342,122	\$3,120,632
2 Present value of future contributions by members	276,881	258,196
3 Present value of future employer contributions for:		
a. entry age normal cost	745,840	766,646
b. unfunded actuarial accrued liability	2,150,318	1,987,987
4 Total current and future assets	<u>\$6,515,161</u>	<u>\$6,133,461</u>
<u>Liabilities</u>		
5 Present value of benefits for retirees and beneficiaries	\$3,294,221	\$3,009,563
6 Present value of benefits for active members	3,068,199	2,979,495
7 Present value of benefits for vested terminated members ⁽¹⁾	152,741	144,403
8 Total liabilities	<u>\$6,515,161</u>	<u>\$6,133,461</u>

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

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT G

Summary of Reported Reserve Information

	Reserves	
	June 30, 2014	June 30, 2013
Member Deposit Reserve – General & Courts ⁽¹⁾	\$180,028,853	\$165,463,068
Member Deposit Reserve – Safety ⁽¹⁾	70,494,562	62,501,931
Member Deposit Reserve – Special Districts ⁽¹⁾	18,302,272	16,866,715
Employers Advance Reserve – General & Courts ⁽¹⁾	319,022,842	310,127,514
Employers Advance Reserve – Safety ⁽¹⁾	283,825,888	255,708,168
Employers Advance Reserve – Special Districts ⁽¹⁾	31,160,427	26,168,226
Cost-of-Living Reserve – General & Courts ⁽¹⁾	528,573,119	481,368,228
Cost-of-Living Reserve – Safety ⁽¹⁾	373,547,219	341,618,067
Cost-of-Living Reserve – Special Districts ⁽¹⁾	35,295,430	30,904,920
Retired Members – General, Courts & Special Districts ⁽¹⁾	962,264,768	896,373,456
Retired Members – Safety ⁽¹⁾	489,759,539	481,309,662
Supplemental Retiree Benefit Reserve (SRBR) – 0.5% COLA ⁽¹⁾	66,201,495	68,576,505
Contingency Reserve ⁽¹⁾⁽³⁾	<u>(16,354,734)</u>	<u>(16,354,734)</u>
Valuation Reserves	\$3,342,121,678	\$3,120,631,727
Supplemental Retiree Benefit Reserve (SRBR) ⁽²⁾	119,665,326	117,151,867
COLA Contribution Reserve ⁽²⁾	<u>0</u>	<u>0</u>
Total Reserves	\$3,461,787,003	\$3,237,783,594
Market Stabilization Reserve ⁽²⁾	<u>114,324,522</u>	<u>(133,013,341)</u>
Net Market Value	\$3,576,111,526	\$3,104,770,253

⁽¹⁾ Included in valuation value of assets.

⁽²⁾ Not included in valuation value of assets.

⁽³⁾ Since the Contingency Reserve is negative, it is included as part of (i.e., as an offset to) the valuation value of assets.

Note: Results may not add due to rounding.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2014

		(Amounts in Thousands)
1	Unfunded actuarial accrued liability at beginning of year	\$1,987,987
2	Total normal cost at middle of year	129,597
3	Expected employer and member contributions	-262,348
4	Interest	<u>149,603</u>
5	Expected unfunded actuarial accrued liability	<u>\$2,004,839</u>
6	Actuarial (gain)/loss due to all changes:	
	(a) Investment return less than expected	\$14,593
	(b) Actual contributions less than expected	16,771
	(c) Lower than expected individual salary increases	-68,432
	(d) Lower than expected COLA increases	-29,737
	(e) Other experience	7,815
	(f) Changes in actuarial assumptions	<u>204,469</u>
	(g) Total changes	<u>\$145,479</u>
7	Unfunded actuarial accrued liability at end of year	<u>\$2,150,318</u>

Note: The sum of items 6(b), (c), (d) and (e) equals the "net gain/(loss) from other experience" shown in Section 2, Chart 10.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT I

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment⁽¹⁾
General County with Courts	December 31, 2005	Restart Amortization	\$1,137,894,000 ⁽²⁾	\$1,176,118,000	21.5	\$79,908,000
	June 30, 2012	Actuarial Loss	36,175,000	35,909,000	16	3,006,000
	June 30, 2013	Actuarial Loss	13,512,000	13,490,000	17	1,080,000
	June 30, 2014	Actuarial Gain	(37,659,000)	(37,659,000)	18	(2,893,000)
	June 30, 2014	Assumption Change	103,045,000	<u>103,045,000</u>	18	<u>7,916,000</u>
Subtotal				\$1,290,903,000		\$89,017,000
Districts	December 31, 2005	Restart Amortization	\$88,675,000 ⁽²⁾	\$91,658,000	21.5	\$6,227,000
	June 30, 2012	Actuarial Loss	4,561,000	4,532,000	16	379,000
	June 30, 2013	Actuarial Loss	1,667,000	1,662,000	17	133,000
	June 30, 2014	Actuarial Loss	2,660,000	2,660,000	18	204,000
	June 30, 2014	Assumption Change	7,607,000	<u>7,607,000</u>	18	<u>584,000</u>
Subtotal				\$108,119,000		\$7,527,000
Safety	December 31, 2005	Restart Amortization	\$606,032,000 ⁽²⁾	\$626,384,000	21.5	\$42,558,000
	June 30, 2012	Actuarial Loss	37,591,000	37,312,000	16	3,123,000
	June 30, 2013	Actuarial Loss	17,808,000	17,774,000	17	1,423,000
	June 30, 2014	Actuarial Gain	(23,991,000)	(23,991,000)	18	(1,843,000)
	June 30, 2014	Assumption Change	93,817,000	<u>93,817,000</u>	18	<u>7,207,000</u>
Subtotal				\$751,296,000		\$52,468,000
Total KCERA	December 31, 2005	Restart Amortization	\$1,832,601,000 ⁽²⁾	\$1,894,160,000	21.5	\$128,693,000
	June 30, 2012	Actuarial Loss	78,327,000	77,753,000	16	6,508,000
	June 30, 2013	Actuarial Loss	32,987,000	32,926,000	17	2,636,000
	June 30, 2014	Actuarial Gain	(58,990,000)	(58,990,000)	18	(4,532,000)
	June 30, 2014	Assumption Change	204,469,000	<u>204,469,000</u>	18	<u>15,707,000</u>
Grand Total				\$2,150,318,000		\$149,012,000

⁽¹⁾ As of middle of year.

⁽²⁾ As of June 30, 2011.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT J

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar amount indexed for inflation. The amount of that limit is \$210,000 for 2014 and 2015. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances for such things as age at retirement, form of benefits chosen and after-tax contributions. Limits could also be affected by the "grandfather" election under Section 415(b)(10).

Benefits for members in the legacy tiers in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

EXHIBIT K
Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age; and
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the cost allocated to the current year of service.

Actuarial Accrued Liability For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan.

SECTION 3: Supplemental Information for the Kern County Employees' Retirement Association

Amortization of the Unfunded Actuarial Accrued Liability:

Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired members as of the valuation date (including 1,068 beneficiaries in pay status)	7,397
2. Members inactive during year ended June 30, 2014 with vested rights*	1,949
3. Members active during the year ended June 30, 2014	8,512

The actuarial factors as of the valuation date are as follows (amounts in 000s):

1. Normal cost	\$130,428
2. Present value of future benefits	6,515,161
3. Present value of future normal costs	1,022,721
4. Actuarial accrued liability**	5,492,440
Retired members and beneficiaries	\$3,294,221
Inactive members with vested rights*	152,741
Active members	2,045,478
5. Valuation value of assets*** (\$3,576,112 at market value as reported by Retirement Association)	3,342,122
6. Unfunded actuarial accrued liability	\$2,150,318

* Includes terminated members due a refund of member contributions.

** Excludes liabilities held for SRBR Reserves Unallocated to 0.5% COLA benefits.

***Excludes assets for SRBR Reserves Unallocated to 0.5% COLA benefits and COLA Contribution Reserve. Excludes assets for Contingency Reserve (unless the Contingency Reserve is negative).

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

EXHIBIT I (continued)
Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows
(amounts in 000s):

	Dollar Amount	% of Payroll
1. Total normal cost	\$130,428	23.47%
2. Expected employee contributions	<u>-31,015</u>	<u>-5.58%</u>
3. Employer normal cost: (1) + (2)	\$99,413	17.89%
4. Amortization of unfunded actuarial accrued liability	<u>154,171</u>	<u>27.75%</u>
5. Total recommended average employer contribution: (3) + (4)	\$253,584	45.64%
6. Projected compensation	\$555,634	

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

EXHIBIT II

Supplementary Information Required by GASB 27 - Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2009	\$138,815,000	\$138,815,000	100.0%
2010	151,127,000	151,127,000	100.0%
2011	177,444,000	177,444,000	100.0%
2012	189,837,000	189,837,000	100.0%
2013	211,677,000	211,677,000	100.0%
2014	220,393,000	220,393,000	100.0%

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

EXHIBIT III

Supplementary Information Required by GASB 27 - Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets⁽¹⁾ (a)	Actuarial Accrued Liability (AAL)⁽²⁾ (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2009	\$2,780,215,000	\$4,205,200,000	\$1,424,985,000	66.1%	\$559,872,000	254.5%
06/30/2010	2,794,644,000	4,457,038,000	1,662,395,000	62.7%	559,380,000	297.2%
06/30/2011	2,839,747,000	4,672,348,000	1,832,601,000	60.8%	539,836,000	339.5%
06/30/2012	2,960,507,000	4,894,990,000	1,934,483,000	60.5%	543,558,000	355.9%
06/30/2013	3,120,632,000	5,108,619,000	1,987,987,000	61.1%	555,752,000	357.7%
06/30/2014	3,342,122,000	5,492,440,000	2,150,318,000	60.8%	555,634,000	387.0%

⁽¹⁾ Excludes assets for SRBR Reserves Unallocated to 0.5% COLA benefits and COLA Contribution Reserve. Excludes assets for Contingency Reserve (unless the Contingency Reserve is negative).

⁽²⁾ Excludes liabilities held for SRBR Reserves Unallocated to 0.5% COLA benefits.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**EXHIBIT IV
Supplementary Information Required by GASB 27**

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded liability (assuming a 3.75% payroll increase)
Remaining amortization period	21.5 years as of June 30, 2014 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 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 Actuarial Value of Assets is reduced by the value of the non-valuation reserves. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in nine equal semi-annual amounts over a period of four and a half years from that date.
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases**	General: 4.25% to 9.25%; Safety: 4.25% to 11.75%
Cost of living adjustments	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum).
Plan membership:	
Retired members and beneficiaries receiving benefits	7,397
Vested terminated members entitled to, but not yet receiving benefits***	1,949
Active members	<u>8,512</u>
Total	17,858

* Includes inflation at 3.25%

** Includes inflation at 3.25%, "across the board" increases of 0.50%, plus promotional and merit increases. See Exhibit V for these increases.

*** Includes terminated members due a refund of member contributions.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

EXHIBIT V

Actuarial Assumptions and Methods

Actuarial Assumptions

Mortality Rates:

Healthy: For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2023 set forward one year for males and females.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2023 set back one year for males and females.

Disabled: For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2023 set forward eight years for males and females.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2023 set forward four years for males and females.

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

The RP-2000 mortality tables projected with Scale BB to 2012 and adjusted as shown above reasonable reflects the projected future mortality experience of the measurement date. The additional projection to 2023 is a provision for future mortality improvement.

Member Contribution Rates: For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2023 set forward one year for males and females weighted 30% male and 70% female.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2023 set back one year for males and females weighted 80% male and 20% female.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Termination Rates Before Retirement:

Age	Rate (%) Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.05	0.03	0.04	0.02
35	0.08	0.05	0.07	0.04
40	0.11	0.07	0.10	0.06
45	0.15	0.11	0.13	0.10
50	0.23	0.17	0.19	0.14
55	0.39	0.27	0.30	0.22
60	0.64	0.45	0.52	0.36
65	1.07	0.83	0.87	0.65

All pre-retirement deaths are assumed to be non-service connected.

SECTION 4: Reporting Information 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	0.08
30	0.05	0.16
35	0.10	0.29
40	0.14	0.50
45	0.21	0.69
50	0.38	1.35
55	0.33	2.50
60	0.38	3.60
65	0.40	0.00
70	0.00	0.00

⁽¹⁾ 55% of General disabilities are assumed to be service connected (duty) disabilities and the other 45% are assumed to be non-service connected (ordinary) disabilities.

⁽²⁾ 100% of Safety disabilities are assumed to be service connected (duty) disabilities.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Termination Rates Before Retirement (continued):

<u>Years of Service</u>	<u>Rate (%) Withdrawal*</u>	
	<u>General</u>	<u>Safety</u>
0	18.00	8.00
1	14.00	5.00
2	10.00	3.50
3	8.00	3.25
4	6.50	3.00
5	6.00	2.60
6	5.00	2.30
7	4.50	2.20
8	4.00	2.10
9	3.50	2.05
10	3.25	2.00
11	3.00	1.90
12	2.80	1.70
13	2.60	1.50
14	2.40	1.30
15	2.30	1.10
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

* 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 4: Reporting Information for the Kern County Employees' Retirement Association

Termination Rates Before Retirement (continued):

<u>Years of Service</u>	Rate (%)	
	General	Safety
0	100	100
1	100	100
2	100	100
3	100	100
4	100	100
5	50	60
6	47	46
7	44	44
8	41	36
9	38	34
10	35	32
11	32	27
12	30	24
13	28	21
14	26	18
15	24	15
16	22	12
17	20	9
18	18	7
19	16	5
20	14	0
21	12	0
22	10	0
23	8	0
24	6	0
25	4	0
26	2	0
27 & Over	0	0

SECTION 4: Reporting Information 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	2.00	0.00
49	0.00	0.00	0.00	8.00	0.00
50	6.00	3.00	0.00	20.00	6.00
51	6.00	3.00	0.00	16.00	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	11.00	6.00	6.00	24.00	22.00
56	12.00	6.50	6.50	28.00	22.00
57	15.00	8.00	8.00	28.00	22.00
58	16.00	10.00	10.00	35.00	22.00
59	19.00	11.50	11.50	20.00	20.00
60	23.00	13.50	13.50	20.00	20.00
61	25.00	17.00	17.00	20.00	20.00
62	30.00	30.00	30.00	50.00	50.00
63	30.00	30.00	30.00	50.00	50.00
64	30.00	30.00	30.00	50.00	50.00
65	30.00	30.00	30.00	100.00	100.00
66	40.00	40.00	40.00	100.00	100.00
67	40.00	40.00	40.00	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 4: Reporting Information 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 55% and 60% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 4.25% 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.

Percent Married:

75% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.

Age of Spouse:

Female (or male) spouses are 3 years younger (or older) than their spouses.

Net Investment Return:

7.50%, net of investment and administration 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:**

7.50%, compounded semi-annually.

Consumer Price Index:

Increase of 3.25% per year; retiree COLA increases due to CPI are assumed to be 2.50% per year.

**Increase in Internal Revenue Code
Section 401(a)(17) Compensation
Limit:**

Increase of 3.25% per year from the valuation date.

**Increase in Section 7522.10
Compensation Limit:**

Increase of 3.25% per year from the valuation date.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Salary Increases:

Annual Rate of Compensation Increase		
Inflation: 3.25% per year; plus "across the board" salary increases of 0.50% per year; plus the following promotional and merit increases:		
Years of Service	General	Safety
Less than 1	5.50%	8.00%
1	4.00	6.50
2	3.50	5.50
3	3.00	4.00
4	2.25	3.50
5	2.00	3.25
6	1.75	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 4: Reporting Information 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, as if the current benefit formulas have always been in effect (i.e., “replacement life”).
Actuarial Value of Assets:	Market value of assets (MVA) less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized semi-annually over a five-year period. The actuarial value of assets (AVA) is limited by a 50% corridor; the AVA cannot be less than 50% of MVA, nor greater than 150% of MVA. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in nine equal semi-annual amounts over a period of four and a half years from that date.
Valuation Value of Assets:	The Actuarial Value of Assets reduced by the value of the non-valuation reserves (excluding the Contingency Reserve if it is negative).
Amortization Policy:	<p>The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of June 30, 2011 shall be amortized separately from any future changes in UAAL over a period of 24.5 years from June 30, 2011.</p> <p>Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 18 years.</p> <p>Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 18 years.</p> <p>Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:</p> <ol style="list-style-type: none">with the exception noted in b., below, the change in UAAL as a result of any plan amendments will be amortized over a period of 15 years or less;

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

- b. the increase in UAAL resulting from a temporary retirement incentive, including the impact of benefits resulting from additional service permitted in Section 31641.04 of the 1937 CERL (Golden Handshake), will be funded over a period of up to 5 years. For Golden Handshakes, the employer has the choice of two methods:
 - i. Payment in full for the UAAL attributable to the Golden Handshake in the first month of the fiscal year following the fiscal year in which the Golden Handshake was granted.
 - ii. Payment according to a five-year amortization period which will be invoiced (payable in 30 days) to the employer in the first month of the fiscal year following the fiscal year in which the Golden Handshake was granted. The amortization schedule will be based upon the valuation interest rate used in the most recently completed valuation at the time that the amortization schedule is created. The employer may complete payment of the Golden Handshake at any time during the five-year amortization period.

If the amortization method is used, then the outstanding balance will generally be recorded as a receivable asset to be included with the Actuarial Value of Assets. All Golden Handshakes provided by an employer during any fiscal year will be bundled together and will be invoiced in one transaction in the first month following the fiscal year in which the Golden Handshakes were granted.

UAAL shall be amortized over “closed” amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

If an overfunding or “surplus” exists (i.e., the Valuation Value of Assets exceeds the Actuarial Accrued Liability, so that the total of all UAAL amortization layers becomes negative), such surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 18 years as the first of a new series of amortization layers.

These amortization policy components will apply separately to each of KCERA's UAAL cost sharing groups.

Changes in Actuarial Assumptions and Methods:

Based on the actuarial experience study, the following actuarial assumptions were changed. Previously, these assumptions were as follows:

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Mortality Rates:

Healthy:

For General Members: RP-2000 Combined Healthy Mortality Table set back two years for males and one year for females.

For Safety Members: RP-2000 Combined Healthy Mortality Table set back two years for males and one year for females.

Disabled:

For General Members: RP-2000 Combined Healthy Mortality Table set forward six years.

For Safety Members: RP-2000 Combined Healthy Mortality Table set forward one year.

Beneficiaries:

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

Member Contribution Rates:

For General Members: RP-2000 Combined Healthy Mortality Table set back two years for males and one year for females weighted 30% male and 70% female.

For Safety Members: RP-2000 Combined Healthy Mortality Table set back two years for males and one year for females weighted 80% male and 20% female.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Termination Rates Before Retirement:

Age	Rate (%) Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.02
35	0.06	0.04	0.06	0.04
40	0.10	0.06	0.10	0.06
45	0.13	0.10	0.13	0.10
50	0.19	0.16	0.19	0.16
55	0.29	0.24	0.29	0.24
60	0.53	0.44	0.53	0.44
65	1.00	0.86	1.00	0.86

All pre-retirement deaths are assumed to be non-service connected.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Termination Rates Before Retirement (continued):

Age	Rate (%)	
	Disability	
	General⁽¹⁾	Safety⁽²⁾
25	0.03	0.11
30	0.05	0.21
35	0.11	0.37
40	0.18	0.60
45	0.26	0.94
50	0.36	1.64
55	0.40	2.90
60	0.40	4.40
65	0.40	0.00

⁽¹⁾ 55% of General disabilities are assumed to be service connected (duty) disabilities and the other 45% are assumed to be non-service connected (ordinary) disabilities.

⁽²⁾ 100% of Safety disabilities are assumed to be service connected (duty) disabilities.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Termination Rates Before Retirement (continued):

Years of Service	Rate (%)	
	Withdrawal*	
	General	Safety
0	18.00	9.00
1	13.00	7.00
2	10.00	4.00
3	7.50	3.00
4	6.50	3.00
5	6.00	2.50
6	5.00	2.40
7	4.00	2.30
8	3.75	2.20
9	3.50	2.10
10	3.25	2.00
11	3.00	1.90
12	2.80	1.70
13	2.60	1.50
14	2.40	1.30
15	2.30	1.10
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

* 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 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Termination Rates Before Retirement (continued):

Years of Service	Rate (%)	
	General	Safety
0	100	100
1	100	100
2	100	100
3	100	100
4	100	100
5	50	50
6	47	46
7	44	42
8	41	38
9	38	34
10	35	30
11	32	27
12	30	24
13	28	21
14	26	18
15	24	15
16	22	12
17	20	9
18	18	7
19	16	5
20	14	0
21	12	0
22	10	0
23	8	0
24	6	0
25	4	0
26	2	0
27 & Over	0	0

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Retirement Rates:

Age	Rate (%)				
	General Tier I	General Tiers IIA and IIB	General Tier III	Safety Tier I	Safety Tiers IIA and IIB
45	0.00	0.00	0.00	1.00	0.00
46	0.00	0.00	0.00	1.00	0.00
47	0.00	0.00	0.00	1.00	0.00
48	0.00	0.00	0.00	1.00	0.00
49	0.00	0.00	0.00	6.00	0.00
50	6.00	3.00	0.00	16.00	5.00
51	6.00	3.00	0.00	14.00	5.00
52	6.00	3.00	3.00	16.00	5.00
53	6.00	3.00	3.00	18.00	8.00
54	7.00	3.00	3.00	20.00	18.00
55	9.00	5.00	5.00	22.00	20.00
56	11.00	6.00	6.00	25.00	20.00
57	13.00	7.00	7.00	27.00	20.00
58	16.00	10.00	10.00	30.00	20.00
59	18.00	11.00	11.00	25.00	25.00
60	22.00	13.00	13.00	25.00	25.00
61	25.00	17.00	17.00	25.00	25.00
62	30.00	30.00	30.00	100.00	50.00
63	30.00	30.00	30.00	100.00	50.00
64	30.00	30.00	30.00	100.00	50.00
65	30.00	30.00	30.00	100.00	100.00
66	40.00	40.00	40.00	100.00	100.00
67	40.00	40.00	40.00	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 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

**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 55% and 60% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 4.75% compensation increases per annum.

Net Investment Return:

7.75%, net of investment expenses.

**Employee Contribution
Crediting Rate:**

7.75%, compounded semi-annually.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):

Salary Increases:

Annual Rate of Compensation Increase		
Inflation: 3.25% per year; plus “across the board” salary increases of 0.75% per year; plus the following promotional and merit increases:		
Years of Service	General	Safety
Less than 1	6.00%	7.00%
1	5.00	5.75
2	4.00	4.50
3	3.00	3.50
4	2.50	3.00
5	2.00	2.50
6	1.75	2.25
7	1.50	2.00
8	1.25	1.75
9	1.00	1.25
10	0.90	1.00
11	0.80	0.95
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 4: Reporting Information for the Kern County Employees' Retirement Association

EXHIBIT VI
Summary of Plan Provisions

This exhibit summarizes the major provisions of the KCERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:	All permanent employees of Kern County or participating Special Districts scheduled to work 50% or more of the required regular standard hours are eligible to become a member of the Retirement Association subject to classification below:
<i>General Tier I</i>	All General members hired by the County prior to October 27, 2007 (prior to July 5, 2008 for Prosecutors), hired by North of the River Sanitation District prior to October 29, 2007, hired by the Kern County Water Agency prior to January 1, 2010, hired by Berrenda Mesa Water District prior to January 12, 2010, hired by San Joaquin Valley Unified Air Pollution Control District prior to July 31, 2012, hired by the Courts prior to March 12, 2011, or hired by all other districts prior to January 1, 2013.
<i>General Tier IIA</i>	All General members hired by the County on or after October 27, 2007, hired by North of the River Sanitation District on or after October 29, 2007, hired by the Kern County Water Agency on or after January 1, 2010, hired by Berrenda Mesa Water District on or after January 12, 2010, hired by San Joaquin Valley Unified Air Pollution Control District on or after July 31, 2012, or hired by the Courts on or after March 12, 2011; and hired prior to January 1, 2013.
<i>General Tier IIB</i>	All General members hired by the County or districts (other than West Side Recreation & Park) on or after January 1, 2013.
<i>General Tier III</i>	All General members hired by West Side Recreation & Park on or after January 1, 2013.
<i>Safety Tier I</i>	All members employed in active law enforcement, active fire suppression, probation, detention or criminal investigation hired prior to March 27, 2012.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

<i>Safety Tier IIA</i>	All members employed in active law enforcement, active fire suppression, probation, detention or criminal investigation hired on or after March 27, 2012 and prior to January 1, 2013.
<i>Safety Tier IIB</i>	All member employee in active law enforcement, active fire suppression, probation, detention or criminal investigation hired on or after January 1, 2013.

Final Compensation for Benefit Determination:

<i>General Tiers I and IIA, Safety Tiers I and IIA</i>	Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1).
<i>General Tier IIB, General Tier III and Safety Tier IIB</i>	Highest consecutive thirty-six months of pensionable compensation (§7522.32 and §7522.34) (FAS3).

Compensation Limit:

<i>Non-General Tier III</i>	For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit for the Plan Year beginning July 1, 2013 is \$255,000. The limit is indexed for inflation on an annual basis.
<i>General Tier III</i>	Pensionable Compensation is limited to \$113,700 for 2013 (\$136,440, if not enrolled in Social Security). The limit is indexed for inflation on an annual basis.

Service: Years of service. (Yrs)

Service Retirement Eligibility:

<i>General Tiers I, IIA and IIB</i>	Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age (§31672).
<i>General Tier III</i>	Age 52 with 5 years of service (§7522.20(a)).
<i>Safety Tiers I, IIA and IIB</i>	Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 20 years of service credit, regardless of age (§31663.25).

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Benefit Formula:

	Retirement Age	Benefit Formula*
<i>General Tier I (§31676.17)</i>	50	$(2.00\% \times \text{FAS1} - 1/3\% \times 2.00\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(2.50\% \times \text{FAS1} - 1/3\% \times 2.50\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(3.00\% \times \text{FAS1} - 1/3\% \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	62 and over	$(3.00\% \times \text{FAS1} - 1/3\% \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
<i>General Tier I** (§31676.14)</i>	Retirement Age	Benefit Formula
	50	1.48% x FAS1 x Yrs
	55	1.95% x FAS1 x Yrs
	60	2.44% x FAS1 x Yrs
<i>General Tier IIA (§31676.01)</i>	Retirement Age	Benefit Formula*
	50	$(0.79\% \times \text{FAS1} - 1/3\% \times 0.79\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(0.99\% \times \text{FAS1} - 1/3\% \times 1.00\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(1.28\% \times \text{FAS1} - 1/3\% \times 1.28\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(1.39\% \times \text{FAS1} - 1/3\% \times 1.39\% \times \$350 \times 12) \times \text{Yrs}$
<i>General Tier IIB (§31676.01)</i>	Retirement Age	Benefit Formula*
	50	$(0.79\% \times \text{FAS3} - 1/3\% \times 0.79\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(0.99\% \times \text{FAS3} - 1/3\% \times 1.00\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(1.28\% \times \text{FAS3} - 1/3\% \times 1.28\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(1.39\% \times \text{FAS3} - 1/3\% \times 1.39\% \times \$350 \times 12) \times \text{Yrs}$
	65 and over	$(1.62\% \times \text{FAS3} - 1/3\% \times 1.62\% \times \$350 \times 12) \times \text{Yrs}$

* *Benefits for some District Members are not integrated with Social Security.*

** *Two General Districts, Berrenda Mesa and Inyokern, have adopted Section 31676.17 on a prospective basis only as of January 1, 2005, but have Section 31676.14 for service prior to January 1, 2005.*

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

	Retirement Age	Benefit Formula
<i>General Tier III (§7522.20(a))</i>	52	1.00% x FAS3 x Yrs
	55	1.30% x FAS3 x Yrs
	60	1.80% x FAS3 x Yrs
	62	2.00% x FAS3 x Yrs
	65	2.30% x FAS3 x Yrs
	67 and over	2.50% x FAS3 x Yrs
<i>Safety Tier I (§31664.1)</i>	Retirement Age	Benefit Formula
	50	(3.00% x FAS1 - 1/3 x 3.00% x \$350 x 12) x Yrs
	55	(3.00% x FAS1 - 1/3 x 3.00% x \$350 x 12) x Yrs
	60 and over	(3.00% x FAS1 - 1/3 x 3.00% x \$350 x 12) x Yrs
<i>Safety Tier IIA (§31664)</i>	Retirement Age	Benefit Formula
	50	(2.00% x FAS1 - 1/3 x 2.00% x \$350 x 12) x Yrs
	55	(2.62% x FAS1 - 1/3 x 2.62% x \$350 x 12) x Yrs
	60 and over	(2.62% x FAS1 - 1/3 x 2.62% x \$350 x 12) x Yrs
<i>Safety Tier IIB (§31664)</i>	Retirement Age	Benefit Formula
	50	(2.00% x FAS3 - 1/3 x 2.00% x \$350 x 12) x Yrs
	55	(2.62% x FAS3 - 1/3 x 2.62% x \$350 x 12) x Yrs
	60 and over	(2.62% x FAS3 - 1/3 x 2.62% x \$350 x 12) x Yrs
Maximum Benefit:		
<i>Non-General Tier III</i>		100% of final compensation (§31676.14, §31676.17, §31676.01, §31664.1, §31664).
<i>General Tier III</i>		None

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Non-Service Connected Disability:

<i>Eligibility</i>	Five years of service (§31720).
<i>Benefit Formula</i>	20% of Final Compensation plus 2% of Final Compensation for each full year of service in excess of five years, not to exceed 40% of Final Compensation (§31727.7).

Service Connected Disability:

<i>Eligibility</i>	No age or service requirements (§31720).
<i>Benefit Formula</i>	50% of Final Compensation (§31727.4).

Pre-Retirement Death:

Non Service Connected (Not Vested) Before Eligible to Retire

<i>Eligibility</i>	None.
<i>Benefit</i>	Refund of employee contributions with interest plus one month's eligible compensation for each year of service to a maximum of six months' compensation (§31781).

Non Service Connected (Vested)

<i>Eligibility</i>	Five years of service.
<i>Benefit</i>	60% of the greater of Service Retirement or Non Service Connected Disability Retirement benefit payable to surviving eligible spouse or eligible children (§31765.1, §31781.1), in lieu of above. Additionally, the spouse may choose a combined benefit of: <ul style="list-style-type: none">• A lump sum payment of up to six months' compensation (see above), and• A monthly (60%) benefit reduced by actuarial equivalent of the lump sum payment (§31781.3).

Service Connected Death

50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787). In addition, Safety members are entitled to benefits under Sections 31787.5 and 31787.6.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Death After Retirement:

*Service Retirement or Non Service
Connected Disability Retirement*

Unless another option was selected at retirement, 60% of member's unmodified allowance continued to eligible spouse (§31760.1). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the day of retirement (§31760.1), or, at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31760.2).

*Service Connected Disability
Retirement*

Unless another option was selected at retirement, 100% of member's unmodified allowance continued to eligible spouse (§31786).

Withdrawal Benefits:

Refund of accumulated employee contributions with interest (§31628); or if accumulated employee contributions left on deposit, entitled to earned benefits commencing at any time after meeting eligibility criteria to retire (§31629.5 and §31700).

**Post-retirement
Cost-of-Living Benefits:**

Future changes based on changes to the Consumer Price Index to a maximum of 2.50% per year. (§31870.4)

**Supplemental Retiree Benefit
Reserve:**

The Association provides Supplemental Retiree Benefit Reserve benefits for eligible retirees. These benefits have been excluded from this valuation.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Member Contributions:	Please refer to Appendix A for the specific rates. Members in General Tiers I and IIA and Safety Tiers I and IIA do not contribute towards the cost-of-living benefits.
<i>General Tier I</i>	
<i>Basic</i>	Entry age based rates that provide for an average annuity at age 55 equal to 1/100 of FAS. (§31621.8)
<i>General Tier IIA</i>	
<i>Basic</i>	Entry age based rates that provide for an average annuity at age 60 equal to 1/120 of FAS. (§31621)
<i>General Tiers IIB and III</i>	Non-entry age based rates that provide for 50% of total Normal Cost Rate.
<i>Safety Tier I</i>	
<i>Basic</i>	Entry age based rates that provide for an average annuity at age 50 equal to 1/100 of FAS. (§31639.25)
<i>Supplemental</i>	Entry age based rates that provide for an average annuity at age 50 equal to 1/200 of FAS. (Resolution #2004-144)
<i>Safety "3" Tier I</i>	
<i>Basic and Supplemental</i>	At all entry ages, the member contribution rate for the above Safety Tier I members who enter the plan at age 27.
<i>Safety Tier IIA</i>	
<i>Basic</i>	Entry age based rates that provide for an average annuity at age 50 equal to 1/100 of FAS. (§31639.25)
<i>Safety "3" Tier IIA</i>	
<i>Basic</i>	At all entry ages, the member contribution rate for the above Safety Tier IIA members who enter the plan at age 27.
<i>Safety Tier IIB</i>	Non-entry age based rates that provide for 50% of total Normal Cost Rate.
Other Information:	Safety Tier I and Tier IIA members with 30 or more years of service are exempt from paying member contributions. Various other exemptions for member contributions are outlined on pages 20 through 23.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

Plan Changes: There have been no changes in plan provisions since the previous valuation.

NOTE: *The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the Association should find the plan summary not in accordance with the actual provisions, the Association should alert the actuary so they can both be sure the proper provisions are valued.*

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**Appendix A
Member Contribution Rates**

**General Tier I Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated		Non-integrated
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation	All Compensation
16	4.13%	6.20%	6.20%
17	4.21%	6.32%	6.32%
18	4.29%	6.44%	6.44%
19	4.37%	6.56%	6.56%
20	4.45%	6.68%	6.68%
21	4.53%	6.80%	6.80%
22	4.62%	6.93%	6.93%
23	4.70%	7.05%	7.05%
24	4.79%	7.18%	7.18%
25	4.88%	7.32%	7.32%
26	4.97%	7.45%	7.45%
27	5.06%	7.59%	7.59%
28	5.15%	7.73%	7.73%
29	5.25%	7.87%	7.87%
30	5.34%	8.01%	8.01%
31	5.44%	8.16%	8.16%
32	5.54%	8.31%	8.31%
33	5.64%	8.46%	8.46%
34	5.75%	8.62%	8.62%
35	5.85%	8.78%	8.78%
36	5.97%	8.95%	8.95%
37	6.08%	9.12%	9.12%
38	6.19%	9.29%	9.29%
39	6.31%	9.47%	9.47%
40	6.44%	9.66%	9.66%

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**General Tier I Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated		Non-integrated
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation	All Compensation
41	6.56%	9.84%	9.84%
42	6.69%	10.03%	10.03%
43	6.81%	10.21%	10.21%
44	6.93%	10.39%	10.39%
45	7.05%	10.57%	10.57%
46	7.16%	10.74%	10.74%
47	7.27%	10.90%	10.90%
48	7.36%	11.04%	11.04%
49	7.45%	11.18%	11.18%
50	7.53%	11.30%	11.30%
51	7.58%	11.37%	11.37%
52	7.61%	11.41%	11.41%
53	7.61%	11.42%	11.42%
54 & Over	7.55%	11.33%	11.33%

Interest: 7.50%

COLA: None

Administrative Expense: 0.10% of payroll added to the Basic rates.

Salary Increase: See Exhibit V.

Mortality: RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set forward one year for males and females weighted 30% male and 70% female.

Note: These rates are determined before any pickups by the employer.

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**General Tier IIA Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated		Non-integrated
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation	All Compensation
16	2.96%	4.44%	4.44%
17	3.02%	4.53%	4.53%
18	3.07%	4.61%	4.61%
19	3.13%	4.70%	4.70%
20	3.19%	4.78%	4.78%
21	3.25%	4.87%	4.87%
22	3.31%	4.96%	4.96%
23	3.37%	5.05%	5.05%
24	3.43%	5.15%	5.15%
25	3.49%	5.24%	5.24%
26	3.56%	5.34%	5.34%
27	3.63%	5.44%	5.44%
28	3.69%	5.54%	5.54%
29	3.76%	5.64%	5.64%
30	3.83%	5.74%	5.74%
31	3.90%	5.85%	5.85%
32	3.97%	5.95%	5.95%
33	4.04%	6.06%	6.06%
34	4.11%	6.17%	6.17%
35	4.19%	6.29%	6.29%
36	4.27%	6.40%	6.40%
37	4.35%	6.52%	6.52%
38	4.43%	6.64%	6.64%
39	4.51%	6.76%	6.76%
40	4.59%	6.89%	6.89%
41	4.68%	7.02%	7.02%
42	4.77%	7.15%	7.15%
43	4.86%	7.29%	7.29%
44	4.95%	7.43%	7.43%
45	5.05%	7.57%	7.57%

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**General Tier IIA Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated		Non-integrated
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation	All Compensation
46	5.15%	7.72%	7.72%
47	5.24%	7.86%	7.86%
48	5.33%	8.00%	8.00%
49	5.43%	8.14%	8.14%
50	5.53%	8.29%	8.29%
51	5.61%	8.42%	8.42%
52	5.69%	8.54%	8.54%
53	5.77%	8.65%	8.65%
54	5.84%	8.76%	8.76%
55	5.91%	8.86%	8.86%
56	5.94%	8.91%	8.91%
57	5.96%	8.94%	8.94%
58	5.97%	8.95%	8.95%
59 & Over	5.92%	8.88%	8.88%

Interest: 7.50%
 COLA: None
 Administrative Expense: 0.10% of payroll added to the Basic rates.
 Salary Increase: See Exhibit V.
 Mortality: RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set forward one year for males and females weighted 30% male and 70% female.
 Note: These rates are determined before any pickups by the employer.

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**General Tier IIB Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

All Members	Integrated		Non-integrated
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation	All Compensation
Basic	3.15%	4.72%	4.72%
2% COLA	0.63%	0.94%	0.94%
0.5% COLA	<u>0.19%</u>	<u>0.29%</u>	<u>0.29%</u>
Total	3.97%	5.95%	5.95%

The General Tier IIB member contribution rate is 50% of the Normal Cost rate. The Basic rates shown above also includes an administrative expense load of 0.10% of payroll.

**General Tier III Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

All Members	All Compensation⁽¹⁾
Basic	9.88%
2% COLA	1.68%
0.5% COLA	<u>0.00%</u>
Total	11.56%

The General Tier III member contribution rate is 50% of the Normal Cost rate. The Basic rates shown above also includes an administrative expense load of 0.10% of payroll.

⁽¹⁾ It is our understanding that in the determination of pension benefits under the General Tier III formula, the compensation that can be taken into account for 2014 is \$115,064 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014 (reference: Section 7522.10(d)).

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**Safety Tier I Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

<u>Entry Age</u>	<u>Integrated</u>	
	<u>First \$350 of Monthly Compensation</u>	<u>Over \$350 of Monthly Compensation</u>
16	7.35%	11.03%
17	7.49%	11.24%
18	7.63%	11.45%
19	7.78%	11.67%
20	7.93%	11.90%
21	8.09%	12.13%
22	8.24%	12.36%
23	8.40%	12.60%
24	8.56%	12.84%
25	8.73%	13.09%
26	8.90%	13.35%
27	9.07%	13.61%
28	9.26%	13.89%
29	9.45%	14.17%
30	9.63%	14.45%
31	9.82%	14.73%
32	10.01%	15.02%
33	10.21%	15.31%
34	10.41%	15.61%
35	10.61%	15.92%
36	10.82%	16.23%
37	11.03%	16.55%
38	11.25%	16.88%
39	11.47%	17.20%
40	11.67%	17.50%
41	11.86%	17.79%
42	11.99%	17.98%
43	12.09%	18.13%
44	12.17%	18.26%
45	12.25%	18.38%
46	12.31%	18.47%

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**Safety Tier I Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated	
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation
47	12.26%	18.39%
48	12.13%	18.20%
49 & Over	11.91%	17.86%
Interest:	7.50%	
COLA:	None	
Administrative Expenses:	0.10% of payroll added to the Basic rates.	
Salary Increase:	See Exhibit V.	
Mortality:	RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set back one year for males and females weighted 30% male and 70% female.	
Note:	These rates are determined before any pickups by the employer.	

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**“Safety 3” Safety Tier I Members’ Contribution Rates
from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated	
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation
Every	9.07%	13.61%

Interest: 7.50%

COLA: None

Administrative Expenses: 0.10% of payroll added to the Basic rates.

Salary Increase: See Exhibit V.

Mortality: RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set back one year for males and females weighted 30% male and 70% female.

Note: Beginning at various dates throughout 2007, certain Safety bargaining units converted to a new schedule of contribution rates, referred to as “Safety 3” contribution rates. For employees falling under this category and hired after the appropriate date (which varies by bargaining unit), the contribution rate will be a flat percentage of pay regardless of entry age. Based on the most recent Actuarial Experience Study, the contribution rates shown above are based on an entry age of 27. This is expected to provide for the same value of contributions that would be made based on the specific entry age based rates shown on the previous two pages. These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**Safety Tier IIA Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated	
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation
16	4.93%	7.39%
17	5.02%	7.53%
18	5.11%	7.67%
19	5.21%	7.82%
20	5.31%	7.97%
21	5.41%	8.12%
22	5.51%	8.27%
23	5.62%	8.43%
24	5.73%	8.60%
25	5.84%	8.76%
26	5.95%	8.93%
27	6.07%	9.11%
28	6.19%	9.29%
29	6.32%	9.48%
30	6.45%	9.67%
31	6.57%	9.86%
32	6.70%	10.05%
33	6.83%	10.24%
34	6.96%	10.44%
35	7.09%	10.64%
36	7.23%	10.85%
37	7.38%	11.07%
38	7.53%	11.29%
39	7.67%	11.50%
40	7.80%	11.70%
41	7.93%	11.89%
42	8.01%	12.02%
43	8.08%	12.12%
44	8.13%	12.20%
45	8.19%	12.29%
46	8.23%	12.35%

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**Safety Tier IIA Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated	
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation
47	8.19%	12.29%
48	8.11%	12.17%
49 & Over	7.96%	11.94%
Interest:	7.50%	
COLA:	None	
Administrative Expenses:	0.10% of payroll added to the Basic rates.	
Salary Increase:	See Exhibit V.	
Mortality:	RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set back one year for males and females weighted 30% male and 70% female.	
Note:	These rates are determined before any pickups by the employer.	

**"Safety 3" Safety Tier IIA Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

Entry Age	Integrated	
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation
Every	6.07%	9.11%
Interest:	7.50%	
COLA:	None	
Administrative Expenses:	0.10% of payroll added to the Basic rates.	
Salary Increase:	See Exhibit V.	
Mortality:	RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set back one year for males and females weighted 30% male and 70% female.	
Note:	Beginning at various dates throughout 2007, certain Safety bargaining units converted to a new schedule of contribution rates, referred to as "Safety 3" contribution rates. For employees falling under this category and hired after the appropriate date (which varies by bargaining unit), the contribution rate will be a flat percentage of pay regardless of entry age. Based on the most recent Actuarial Experience Study, the contribution rates shown above are based on an entry age of 27. This is expected to provide for the same value of contributions that would be made based on the specific entry age based rates shown on the previous page. These rates are determined before any pickups by the employer.	

SECTION 4: Reporting Information for the Kern County Employees' Retirement Association

**Safety Tier IIB Members' Contribution Rates
from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)**

All Members	Integrated	
	First \$350 of Monthly Compensation	Over \$350 of Monthly Compensation
Basic	6.98%	10.46%
2% COLA	1.66%	2.49%
0.5% COLA	<u>0.51%</u>	<u>0.77%</u>
Total	9.15%	13.72%

The Safety Tier IIB member contribution rate is 50% of the Normal Cost rate. The Basic rates shown above also includes an administrative expense load of 0.10% of payroll.

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