December 8, 2022

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

Subject: Meeting of the Kern County Employees' Retirement Association Board of Retirement

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Board of Retirement will be held on Wednesday, December 14, 2022 at 8:30 a.m. via teleconference pursuant to California Government Code section 54953, subdivision (e) upon adoption of required findings.

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers *(landline recommended for best audio)* and enter ID# 879-4509-0346:

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

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

- https://us02web.zoom.us/j/87945090346?pwd=WWEwNXlNdG5nbStZeEtRQUs2VlQwZz09
- Passcode: 983010

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

Sincerely,

Dominic D. Brown

Dominic D. Brown
Chief Executive Officer

Attachment

AGENDA:

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

AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)

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

ROLL CALL

SALUTE TO FLAG

MOMENT OF SILENCE

CONSENT MATTERS

ALL ITEMS LISTED WITH AN ASTERISK (*) ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY STAFF AND WILL BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR PUBLIC WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN THE LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN. STAFF RECOMMENDATIONS ARE SHOWN IN CAPS AFTER EACH ITEM.

*1. Findings and new Initial Resolution needed to utilize alternative teleconferencing requirements during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – ADOPT FINDINGS FOR THE BOARD AND ALL KCERA STANDING COMMITTEES; APPROVE 30-DAY RESOLUTION

*2. Summary of proceedings of the following meetings:

- November 2, 2022 Board of Retirement
- November 16, 2022 Administrative Committee

RECEIVE AND FILE

*3. Report from the KCERA office on members retired from service for the month of November 2022 – RATIFY

*4. Report from the KCERA office on deceased retirees for the month of November 2022 – RECEIVE AND FILE

*5. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending November 30, 2022 – RECEIVE AND FILE

*6. Securities Lending Earnings Summary Report for the period October 1-31, 2022 from Deutsche Bank – RECEIVE AND FILE

*7. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of October 2022 – RECEIVE AND FILE

*8. Letter from Auditor-Controller-County Clerk Mary B. Bedard, CPA, dated November 22, 2022, regarding the Certificate of Results of the KCERA Board of Retirement Election scheduled for December 6, 2022 – RECEIVE AND FILE

*9. Annual Fee Disclosure Report FY 2021-22 – RECEIVE AND FILE

*10. Annual On-Site Due Diligence Schedule FY 2021-22 – RECEIVE AND FILE

*11. Annual Investment Manager Compliance Report FY 2021-22 – RECEIVE AND FILE

*12. Verus On-Site Due Diligence Meeting Summary – RECEIVE AND FILE

*13. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting January 9-10, 2023, in Northern California (location TBA) – APPROVE ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

PUBLIC COMMENTS

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

FINANCIAL MATTERS

15. Discussion and appropriate action on review of the actuarial valuation as of June 30, 2022, recommended employer and employee contribution rates for fiscal year 2023-2024, and related reports presented by Actuaries Paul Angelo and Molly Calcagno, Segal – RECEIVE AND FILE; APPROVE THE ACTUARIAL VALUATION, EMPLOYER AND EMPLOYEE CONTRIBUTION RATES, AND RELATED REPORTS FOR FISCAL YEAR 2023-24 RECOMMENDED BY ACTUARY; SEND TO PLAN SPONSORS FOR ADOPTION

16. Discussion and appropriate action on the draft Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022, presented by Auditor Daniel Sefick, Engagement Principal, CliftonLarsonAllen LLP, Chief Financial Officer Angela Kruger and Deputy Chief Financial Officer Maritza Rodriguez – APPROVE DRAFT ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2022

INVESTMENT MATTERS

17. Presentation on the Private Markets Performance Report as of June 30, 2022 presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Senior Investment Director, Cambridge Associates[1], and Chief Investment Officer Daryn Miller, CFA – RECEIVE AND FILE

18. Discussion and appropriate action on private equity fund recommendation presented by Mark Mallory, Associate Investment Director, Cambridge Associates[2], Chief Investment Officer Daryn Miller, CFA, and the Investment Committee – RECOMMEND THE BOARD OF RETIREMENT APPROVE UP TO $30MM COMMITMENT TO ACCEL-KKR CAPITAL PARTNERS FUND VII; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

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1 Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

2 Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

ADMINISTRATIVE MATTERS

19. Response to referral regarding implementation of Risk Mitigation and Position Creation presented by Chief Executive Officer Dominic Brown, Governance Consultants Julie Becker and Benita Harper, Aon, and the Administrative Committee – APPROVE PROPOSED EDITS TO CHARTERS

20. Trustee education regarding Due Process and KCERA's Administrative Appeals Processes presented by Deputy Chief Legal Officer Phillip Jenkins – RECEIVE EDUCATIONAL TRAINING (20 MINUTES TRUSTEE EDUCATION CREDIT)

21. Slate of nominees for Chair and Vice-Chair for the calendar year 2023 presented by Nominating Committee Chair – ELECT CHAIR AND VICE-CHAIR

22. Presentation of plaque honoring Chair Juan Gonzalez for his service to the Kern County Employees' Retirement Association Board of Retirement as Chair – MAKE PRESENTATION

STAFF REPORTS

23. Report from Chief Executive Officer

24. Report from Chief Investment Officer

25. Report from Chief Legal Officer

COMMITTEE REPORTS

26. Report from Committee Chairs:

    a. Administrative Committee: Hughes
    b. Finance Committee: Franey
    c. Investment Committee: Kaufman
    d. KCERA Property, Inc. Board: Seibly

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION

27. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957): Title: Chief Executive Officer

28. CONFERENCE WITH LABOR NEGOTIATORS REGARDING UNREPRESENTED EMPLOYEE (pursuant to Government Code §54957.6(a))

    Agency Designated Representatives: Juan Gonzalez and Joseph D. Hughes; Unrepresented Employee: Chief Executive Officer

RETURN TO PUBLIC SESSION

ROLL CALL

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

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

NEW BUSINESS

30. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – CONSIDER, DISCUSS, AND TAKE ACTION ON WHETHER TO AGENDIZE PROPOSED ITEMS, IF ANY, FOR A FUTURE MEETING

31. Adjournment

BEFORE THE BOARD OF RETIREMENT
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESOLUTION No. 2022-11

In the matter of:

NEW INITIAL RESOLUTION RE MEETINGS OF THE KCERA BOARD OF RETIREMENT AND ITS STANDING COMMITTEES PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54953, AS AMENDED BY ASSEMBLY BILL 361.

Ayes:

Noes:

Absent:

Dominic D. Brown,
Secretary to the Board of Retirement,
Kern County Employees' Retirement Association

____

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Employees' Retirement Association ("KCERA") is required by the Ralph M. Brown Act (Cal. Gov. Code[1] 54950 – 54963) ("the Brown Act") to conduct open and public meetings, so that any member of the public may attend, participate, and watch KCERA's legislative bodies conduct their business; and

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[1] All statutory references are to the California Government code unless stated otherwise.

(b) All meetings of KCERA's Board of Retirement and its standing committees are open and public in accordance with the Brown Act or other governing authority; and

(c) KCERA is committed to preserving and encouraging public access and participation in meetings of the Board of Retirement; and

(d) The Brown Act, at section 54953(e) (as added by Assembly Bill 361), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the teleconference requirements of section 54953(b)(3), subject to the existence of certain conditions; and

(e) A state of emergency must have been declared by the Governor pursuant to section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in section 8558; and such state of emergency must be in effect at the time of the meeting in order to conduct a meeting under section 54953(e); and

(f) Governor Newsom proclaimed a State of Emergency on March 4, 2020, pursuant to section 8625 that remains active; and

(g) The KCERA Board of Retirement made findings and adopted Resolution 2022-10 on November 2, 2022, by majority vote, evidencing that it reconsidered the circumstances of the state of emergency and found that the state of emergency continues to directly impact the ability of attendees to safely meet in person over the next 30 days and/or that Cal/OSHA continues to impose or recommend measures to promote social distancing in certain circumstances; and

(h) To continue to teleconference without compliance with section 54953(b)(3), section 54953(e) requires the legislative body to make certain findings by majority vote within 30 days of November 2, 2022; and

(i) Resolution 2022-10 lapsed due to inaction as KCERA's Board of Retirement was not scheduled to hold a Regular Meeting within 30 days of November 2, 2022; and

(j) KCERA's Board of Retirement wishes to pass this new Initial Resolution in accordance with its State of Emergency Protocols for KCERA Board Meetings (adopted March 9, 2022) and after reconsidering the circumstances of the state of emergency; and

(k) On December 5, 2022, the latest estimate of the R-effective in Kern County was 0.94 ("spread of COVID-19 is likely increasing") –this number is up from 0.9 on October 21, 2022); and

(l) The Centers for Disease Control and Prevention (CDC) updated its framework to focus on hospitalizations and hospital capacity rather than test positivity; its multi-tiered approach determines whether the level of COVID-19 and severe disease in the community is low, medium or high; as of December 1, 2022, the CDC classifies Kern County at a "low level" of COVID-19 and severe disease; and

(m) The 7-day case rate in Kern County, has not been reported by Kern County Public Health since March, but the CDPH reported on December 5, 2022 that Kern County had 7.5 cases per 100,000 with 70 average cases per day; and

(n) Effective March 1, 2022, there is no longer a state mandate requiring masking indoors for anyone; however, the Public Health Officer for the CDPH strongly recommends all individuals wear a mask in all indoor public settings regardless of vaccination status; and

(o) the Board finds that it has reconsidered the circumstances of the state of emergency and determines that the state of emergency remains in effect and although much improved, it continues to directly impact the ability of attendees to safely meet in person over the next 30 days.

Section 2. NOW, THEREFORE BE IT RESOLVED, by the Board of Retirement for the Kern County Employees' Retirement Association as follows:

Effective December 14, 2022, the following actions are authorized and required of KCERA:

1) Remote Teleconference Meetings. The Chief Executive Officer and legislative bodies of KCERA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act in order to avoid directly impacting

the ability of attendees to meet safely in person during the next 30 days of the current State of Emergency (proclaimed by the Governor on March 4, 2020).

2) Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of January 13, 2023, or such time the Board of Retirement adopts a subsequent resolution in accordance with Government Code section 54953(e)(3).

RESOLUTION HISTORY

1) This Resolution was:
   a) Approved by the Board on December 14, 2022.

Evidence in Support of Findings

EVIDENCE IN SUPPORT OF FINDINGS

TABLE OF CONTENTS

Latest Estimate of R-effective is:

0.99

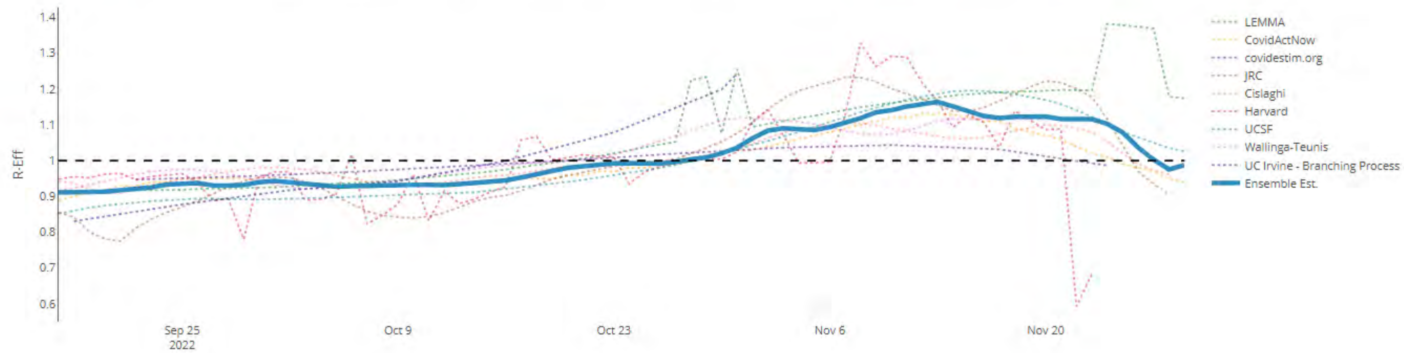
Range: 0.9 - 1.18
Spread of COVID-19 is likely stable
2022-11-29

What does a R-eff of this size mean?

Download R-eff Values

Statewide Estimates of R-effective

The effective reproductive number (R-eff) is the average number of secondary infected persons resulting from a infected person. If R-eff > 1, the number of infected persons will increase. If R-eff < 1, the number of infected persons will decrease. At R-eff = 1, the number of infected persons remains constant. See COVID Technical Notes tab for more information.



Kern

Latest Estimate of R-effective is:

0.94

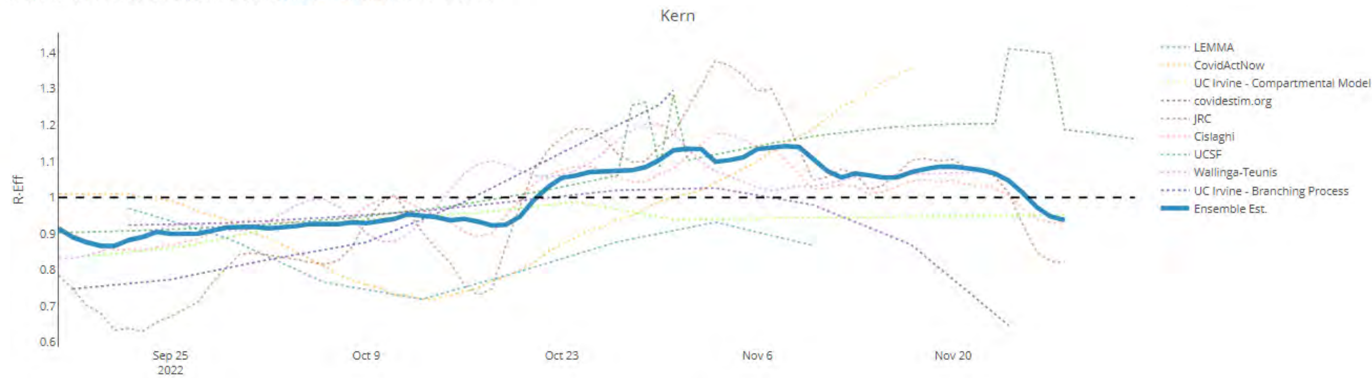
Spread of COVID-19 is likely stable
2022-11-28

Download County R-eff Trend

NOTE: Some counties do not have sufficient case numbers in order for modelers to estimate R-effective.

R-effective Trends by County

Select a county to see how R-effective has changed over time. See COVID Technical Notes tab for more information.



COVID-19 County Check

Find community levels and prevention steps by county. Data updated weekly.

Select a Location (all fields required)

California | Kern County | Go

< Start Over

Low

In **Kern County, California**, community level is **Low**.

- Stay up to date with COVID-19 vaccines
- Get tested if you have symptoms

People may choose to mask at any time. People with symptoms, a positive test, or exposure to someone with COVID-19 should wear a mask.

If you are immunocompromised, learn more about how to protect yourself.

Find out more about the COVID-19 situation in **Kern County, California** with COVID-19 Data Tracker.

December 1, 2022

Cases and deaths

Kern | Statewide

California has 10,651,573 confirmed cases of COVID-19, resulting in 96,803 confirmed deaths.

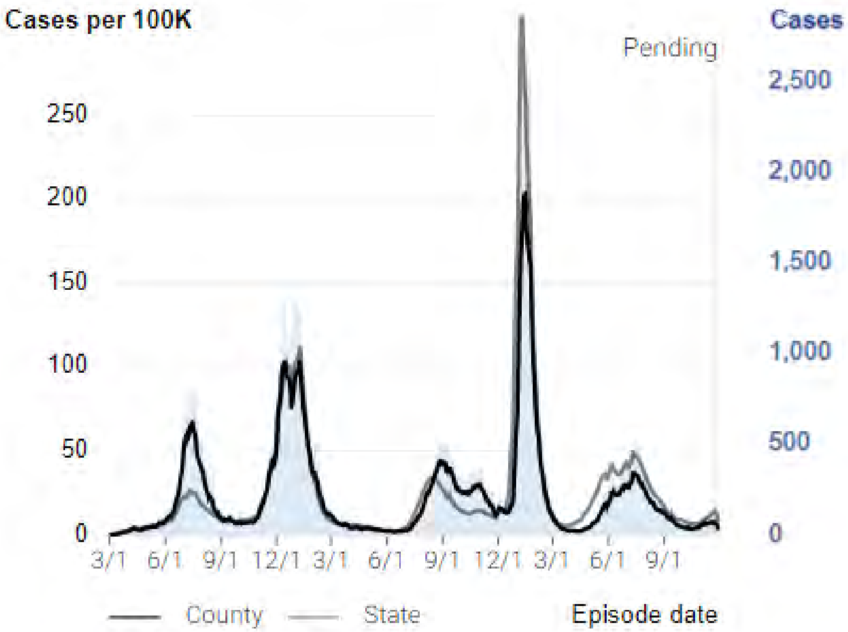
Cases in Kern County

Confirmed | All time

222,087 total confirmed cases

70 average cases per day

7.5 cases per 100K (7-day average)



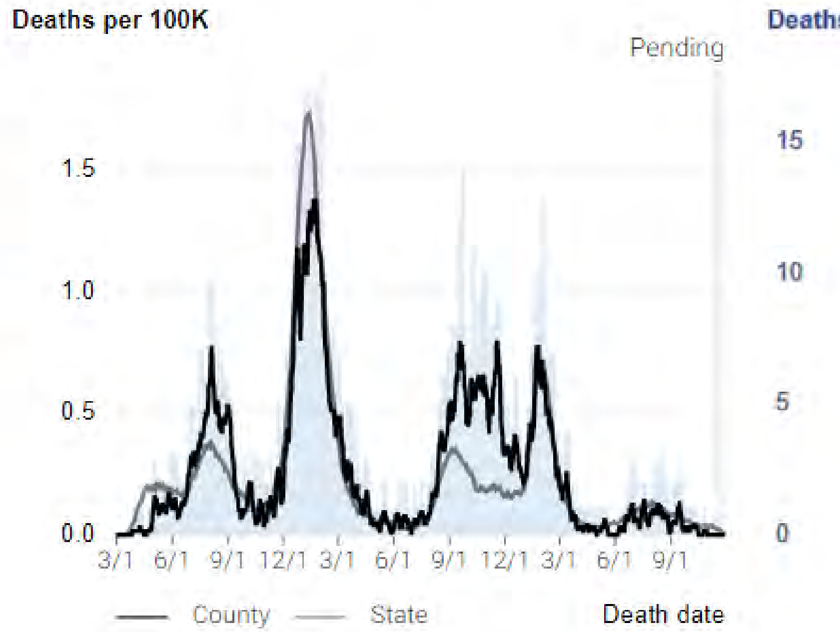
Deaths in Kern County

Confirmed | All time

2,431 total confirmed deaths

0 average deaths per day

0 deaths per 100K (7-day average)



Cases and deaths source data. Data is updated weekly.

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

Tel (661) 381-7700 • Fax (661) 381-7799
Toll Free (877) 733-6831
TTY Relay (800) 735-2929
www.kcera.org

State of Emergency Protocol for KCERA Board Meetings

This document provides guidance for holding meetings of the KCERA Board of Retirement and its Committees during a proclaimed state of emergency.

1. Adoption of Findings

So long as a proclaimed state of emergency remains in effect, the Board of Retirement finds that meeting in person would present imminent risks to the health and safety of attendees and will adopt findings necessary to utilize teleconferencing options under California Government Code section 54953(e).

a. Trustee Participation

While the State of Emergency remains in effect and following the adoption of the findings, trustees may choose to attend meetings in-person or via teleconference.

b. Public Participation

While the State of Emergency remains in effect and following the adoption of the findings, members of the public may attend the meetings via teleconference with the ability to view the KCERA Board meetings through a webinar (video and audio) format or via telephone.

c. Safety Protocols for Trustees

Trustees who choose to attend meetings in-person must adhere to the same safety standards required of KCERA employees by the County of Kern.

d. Standard Safety Precautions

KCERA Staff will configure the Board Room in accordance with State and local public health and employee safety guidelines. Additional safety precautions may be available to Trustees upon request, subject to budgetary restrictions and availability.

2. Termination of State of Emergency

When the proclaimed State of Emergency is terminated, the Board will continue to follow #1.c and #1.d above. Trustees will participate in meetings as required by governing law. KCERA's Board meeting room will reopen to the public. The ability of the public to listen to the KCERA meetings via the webinar format and telephone will continue.

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

PROCLAMATION OF A STATE OF EMERGENCY

WHEREAS in December 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19), was first identified in Wuhan City, Hubei Province, China, and has spread outside of China, impacting more than 75 countries, including the United States; and

WHEREAS the State of California has been working in close collaboration with the national Centers for Disease Control and Prevention (CDC), with the United States Health and Human Services Agency, and with local health departments since December 2019 to monitor and plan for the potential spread of COVID-19 to the United States; and

WHEREAS on January 23, 2020, the CDC activated its Emergency Response System to provide ongoing support for the response to COVID-19 across the country; and

WHEREAS on January 24, 2020, the California Department of Public Health activated its Medical and Health Coordination Center and on March 2, 2020, the Office of Emergency Services activated the State Operations Center to support and guide state and local actions to preserve public health; and

WHEREAS the California Department of Public Health has been in regular communication with hospitals, clinics and other health providers and has provided guidance to health facilities and providers regarding COVID-19; and

WHEREAS as of March 4, 2020, across the globe, there are more than 94,000 confirmed cases of COVID-19, tragically resulting in more than 3,000 deaths worldwide; and

WHEREAS as of March 4, 2020, there are 129 confirmed cases of COVID-19 in the United States, including 53 in California, and more than 9,400 Californians across 49 counties are in home monitoring based on possible travel-based exposure to the virus, and officials expect the number of cases in California, the United States, and worldwide to increase; and

WHEREAS for more than a decade California has had a robust pandemic influenza plan, supported local governments in the development of local plans, and required that state and local plans be regularly updated and exercised; and

WHEREAS California has a strong federal, state and local public health and health care delivery system that has effectively responded to prior events including the H1N1 influenza virus in 2009, and most recently Ebola; and

WHEREAS experts anticipate that while a high percentage of individuals affected by COVID-19 will experience mild flu-like symptoms, some will have more serious symptoms and require hospitalization, particularly individuals who are elderly or already have underlying chronic health conditions; and

WHEREAS it is imperative to prepare for and respond to suspected or confirmed COVID-19 cases in California, to implement measures to mitigate the spread of COVID-19, and to prepare to respond to an increasing number of individuals requiring medical care and hospitalization; and

WHEREAS if COVID-19 spreads in California at a rate comparable to the rate of spread in other countries, the number of persons requiring medical care may exceed locally available resources, and controlling outbreaks minimizes the risk to the public, maintains the health and safety of the people of California, and limits the spread of infection in our communities and within the healthcare delivery system; and

WHEREAS personal protective equipment (PPE) is not necessary for use by the general population but appropriate PPE is one of the most effective ways to preserve and protect California's healthcare workforce at this critical time and to prevent the spread of COVID-19 broadly; and

WHEREAS state and local health departments must use all available preventative measures to combat the spread of COVID-19, which will require access to services, personnel, equipment, facilities, and other resources, potentially including resources beyond those currently available, to prepare for and respond to any potential cases and the spread of the virus; and

WHEREAS I find that conditions of Government Code section 8558(b), relating to the declaration of a State of Emergency, have been met; and

WHEREAS I find that the conditions caused by COVID-19 are likely to require the combined forces of a mutual aid region or regions to appropriately respond; and

WHEREAS under the provisions of Government Code section 8625(c), I find that local authority is inadequate to cope with the threat posed by COVID-19; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code section 8625, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist in California.

IT IS HEREBY ORDERED THAT:

1. In preparing for and responding to COVID-19, all agencies of the state government use and employ state personnel, equipment, and facilities or perform any and all activities consistent with the direction of the Office of Emergency Services and the State Emergency Plan, as well as the California Department of Public Health and the Emergency Medical Services Authority. Also, all residents are to heed the advice of emergency officials with regard to this emergency in order to protect their safety.

2. As necessary to assist local governments and for the protection of public health, state agencies shall enter into contracts to arrange for the procurement of materials, goods, and services needed to assist in preparing for, containing, responding to, mitigating the effects of, and recovering from the spread of COVID-19. Applicable provisions of the Government Code and the Public Contract Code, including but not limited to travel, advertising, and competitive bidding requirements, are suspended to the extent necessary to address the effects of COVID-19.

3. Any out-of-state personnel, including, but not limited to, medical personnel, entering California to assist in preparing for, responding to, mitigating the effects of, and recovering from COVID-19 shall be permitted to provide services in the same manner as prescribed in Government Code section 179.5, with respect to licensing and certification. Permission for any such individual rendering service is subject to the approval of the Director of the Emergency Medical Services Authority for medical personnel and the Director of the Office of Emergency Services for non-medical personnel and shall be in effect for a period of time not to exceed the duration of this emergency.

4. The time limitation set forth in Penal Code section 396, subdivision (b), prohibiting price gouging in time of emergency is hereby waived as it relates to emergency supplies and medical supplies. These price gouging protections shall be in effect through September 4, 2020.

5. Any state-owned properties that the Office of Emergency Services determines are suitable for use to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services for this purpose, notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.

6. Any fairgrounds that the Office of Emergency Services determines are suitable to assist in preparing for, responding to, mitigating the effects of, or recovering from COVID-19 shall be made available to the Office of Emergency Services pursuant to the Emergency Services Act, Government Code section 8589. The Office of Emergency Services shall notify the fairgrounds of the intended use and can immediately use the fairgrounds without the fairground board of directors' approval, and

notwithstanding any state or local law that would restrict, delay, or otherwise inhibit such use.

7. The 30-day time period in Health and Safety Code section 101080, within which a local governing authority must renew a local health emergency, is hereby waived for the duration of this statewide emergency. Any such local health emergency will remain in effect until each local governing authority terminates its respective local health emergency.

8. The 60-day time period in Government Code section 8630, within which local government authorities must renew a local emergency, is hereby waived for the duration of this statewide emergency. Any local emergency proclaimed will remain in effect until each local governing authority terminates its respective local emergency.

9. The Office of Emergency Services shall provide assistance to local governments that have demonstrated extraordinary or disproportionate impacts from COVID-19, if appropriate and necessary, under the authority of the California Disaster Assistance Act, Government Code section 8680 et seq., and California Code of Regulations, Title 19, section 2900 et seq.

10. To ensure hospitals and other health facilities are able to adequately treat patients legally isolated as a result of COVID-19, the Director of the California Department of Public Health may waive any of the licensing requirements of Chapter 2 of Division 2 of the Health and Safety Code and accompanying regulations with respect to any hospital or health facility identified in Health and Safety Code section 1250. Any waiver shall include alternative measures that, under the circumstances, will allow the facilities to treat legally isolated patients while protecting public health and safety. Any facilities being granted a waiver shall be established and operated in accordance with the facility's required disaster and mass casualty plan. Any waivers granted pursuant to this paragraph shall be posted on the Department's website.

11. To support consistent practices across California, state departments, in coordination with the Office of Emergency Services, shall provide updated and specific guidance relating to preventing and mitigating COVID-19 to schools, employers, employees, first responders and community care facilities by no later than March 10, 2020.

12. To promptly respond for the protection of public health, state entities are, notwithstanding any other state or local law, authorized to share relevant medical information, limited to the patient's underlying health conditions, age, current condition, date of exposure, and possible contact tracing, as necessary to address the effect of the COVID-19 outbreak with state, local, federal, and nongovernmental partners, with such information to be used for the limited purposes of monitoring, investigation and control, and treatment and coordination of care. The

notification requirement of Civil Code section 1798.24, subdivision (i), is suspended.

13. Notwithstanding Health and Safety Code sections 1797.52 and 1797.218, during the course of this emergency, any EMT-P licensees shall have the authority to transport patients to medical facilities other than acute care hospitals when approved by the California EMS Authority. In order to carry out this order, to the extent that the provisions of Health and Safety Code sections 1797.52 and 1797.218 may prohibit EMT-P licensees from transporting patients to facilities other than acute care hospitals, those statutes are hereby suspended until the termination of this State of Emergency.

14. The Department of Social Services may, to the extent the Department deems necessary to respond to the threat of COVID-19, waive any provisions of the Health and Safety Code or Welfare and Institutions Code, and accompanying regulations, interim licensing standards, or other written policies or procedures with respect to the use, licensing, or approval of facilities or homes within the Department's jurisdiction set forth in the California Community Care Facilities Act (Health and Safety Code section 1500 et seq.), the California Child Day Care Facilities Act (Health and Safety Code section 1596.70 et seq.), and the California Residential Care Facilities for the Elderly Act (Health and Safety Code section 1569 et seq.). Any waivers granted pursuant to this paragraph shall be posted on the Department's website.

I FURTHER DIRECT that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 4th day of March 2020.

GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Board of Retirement Meeting

November 2, 2022

8:32 a.m.

Board Members: Adams, Contreras (Alternate), Couch, Franey, Chair Gonzalez, Hughes, Kaufman, Kratt, Matthews, Nunneley (Alternate), Seibly (Alternate), Vice-Chair Whitezell

ROLL CALL

Present: Adams, Contreras, Couch, Hughes, Kaufman, Kratt, Seibly, Whitezell

Absent: Franey, Gonzalez, Matthews, Nunneley

SALUTE TO FLAG – TRUSTEE JORDAN KAUFMAN

MOMENT OF SILENCE

Due to the absence of Chair Juan Gonzalez, Vice-Chair Tyler Whitezell served as Chair for this meeting

CONSENT MATTERS

NOTE: The vote is displayed in bold below each item. For example, Couch-Kaufman denotes Trustee David Couch made the motion and Trustee Jordan Kaufman seconded the motion.

*1. Findings and new Initial Resolution needed to utilize alternative teleconferencing requirements during a state of emergency pursuant to California Government Code section 54953 of the Ralph M. Brown Act, as amended by Assembly Bill 361 – ADOPTED FINDINGS FOR THE BOARD AND ALL KCERA STANDING COMMITTEES; APPROVED 30-DAY RESOLUTION

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*2. Application for service-connected disability pension benefits for Brian Falk, Fire (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*3. Summary of proceedings of the following meetings:

- October 12, 2022 Board of Retirement

RECEIVED AND FILED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*4. Report from the KCERA office on members retired from service for the month of October 2022 – RATIFIED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*5. Report from the KCERA office on deceased retirees for the month of October 2022 – RECEIVED AND FILED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*6. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending October 31, 2022 – RECEIVED AND FILED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*7. Securities Lending Earnings Summary Report for the period September 1-30, 2022 from Deutsche Bank – RECEIVED AND FILED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*8. KCERA asset allocation, cash flow position, investment fees, and budget status report for the month of September 2022 – RECEIVED AND FILED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*9. The KCERA Class Action Proceeds Report from July 1 through September 30, 2022 for the Northern Trust Company – RECEIVED AND FILED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

*10. Public Pension Standards Award for Funding and Administration 2022 received from the Public Pension Coordinating Council (PPCC) – RECEIVED AND FILED

Kaufman-Hughes – 7 Ayes
Trustee Robb Seibly voted in place of Trustee Phil Franey

PUBLIC COMMENTS

11. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

TRUSTEE CHASE NUNNELEY ARRIVED AT 8:34 A.M.

INVESTMENT MATTERS

12. Presentation on the 3rd Quarter Investment Performance Review period ending September 30, 2022 presented by Scott Whalen, CFA, Verus – SCOTT WHALEN, CFA, VERUS, HEARD; TRUSTEE JEANINE ADAMS HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

TRUSTEE PHIL FRANEY ARRIVED AT 8:40 A.M.

RECEIVED AND FILED

Kaufman-Franey – 7 Ayes

13. Presentation on the 3rd Quarter 2022 Portfolio Review presented by Spencer Edge, Albourne America[1] – SARAH GRIST, ALBOURNE AMERICA, HEARD; CHAIR TYLER WHITEZELL HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Kaufman-Franey – 6 Ayes; 1 Absent (Couch)

1 Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code §6254.26, §6255, and §54957.5.

ADMINISTRATIVE MATTERS

14. Trustee education regarding AB 2449 presented by Chief Legal Officer Jennifer Zahry – CHAIR TYLER WHITEZELL HEARD; TRUSTEES PHIL FRANEY, JORDAN KAUFMAN, AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

    RECEIVED EDUCATIONAL TRAINING (28 MINUTES TRUSTEE EDUCATION CREDIT)

15. Report on Newly Created Special Pay Code – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

    APPROVED DESIGNATION OF SPECIAL PAY CODE AS NON-PENSIONABLE

    Franey-Kaufman – 6 Ayes; 1 Absent (Couch)

STAFF REPORTS

16. Report from Chief Executive Officer

    CHIEF OPERATIONS OFFICER MATTHEW HENRY REPORTED THE FOLLOWING:

    - BOARD REFERRAL UPDATES
    - ANNUAL STATEMENT DISTRIBUTION
    - PUBLIC PENSION STANDARDS AWARD
    - DECEMBER 6 BOARD OF RETIREMENT ELECTION
    - STAFFING UPDATE
    - AED INSTALLED IN KCERA BUILDING
    - SOLAR PROJECT UPDATE
    - RFI ISSUED FOR PORTFOLIO RISK ANALYTICS
    - EXTENDED RFP FOR OTHER AUDIT SERVICES
    - OPERATIONS ACTIVITY
    - UPCOMING MEETINGS AND EVENTS

    CHAIR TYLER WHITEZELL HEARD

17. Report from Chief Investment Officer

    CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, REPORTED THE FOLLOWING:

    - SEPTEMBER REBALANCING ACTIVITY
    - PORTFOLIO POSITIONING & MARKET UPDATE
    - KEY INITIATIVES & UPDATES

18. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- FEDERAL SERVICES PURCHASE UPDATE
- NOVEMBER CALENDAR ITEMS

COMMITTEE REPORTS

19. Report from Committee Chairs:

a. Administrative Committee: HUGHES – MEETING SCHEDULED FOR NOVEMBER 16, 2022

b. Finance Committee: FRANEY – NONE

c. Investment Committee: KAUFMAN – MEETING TO BE SCHEDULED

d. KCERA Property, Inc.: SEIBLY – MEETING TO FOLLOW

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S) – NONE

EXECUTIVE SESSION

20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9. (Number of potential cases: one).

21. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION

Significant exposure to litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9. (Number of potential cases: one).

22. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION/ INITIATION OF LITIGATION

Significant exposure to litigation pursuant to paragraph (2), (3), or (4) of subdivision (d) of Section 54956.9. (Number of potential cases: one).

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED AT 11:12 A.M.

ROLL CALL

Present: Adams, Contreras, Franey, Hughes, Kaufman, Kratt, Nunneley, Seibly, Whitezell

Absent: Couch, Gonzalez, Matthews

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 20 – NO REPORTABLE ACTION

ITEM 21 – NO REPORTABLE ACTION

ITEM 22 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

23. On their own initiative, Board members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures**,** or make a brief report on their own activities – TRUSTEE ROBB SEIBLY HEARD

NEW BUSINESS

24. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – NONE

25. ADJOURNED – 11:14 A.M.

____
Secretary, Board of Retirement

____
Chair, Board of Retirement

KERN COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION (KCERA)
Board of Retirement

SUMMARY OF PROCEEDINGS

Teleconference Meeting – Administrative Committee
November 16, 2022

8:38 a.m.

Committee Members: Contreras (Alternate), Franey, Chair Hughes, Matthews, Seibly

ROLL CALL

Present: Contreras, Franey, Hughes, Seibly

Absent: Matthews

NOTE: The vote is displayed in bold below each item. For example, Seibly-Matthews denotes Trustee Robb Seibly made the motion and Trustee Traco Matthews seconded the motion.

*1. Annual Review of KCERA Insurance Coverages – RECEIVED AND FILED

Franey-Contreras – 4 Ayes

2. Response to referral regarding implementation of Risk Mitigation and Position Creation presented by Chief Executive Officer Dominic Brown and Governance Consultant Julie Becker, Aon – JULIE BECKER, AON, HEARD; CHAIR JOSEPH D. HUGHES HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

APPROVED PROPOSED EDITS TO CHARTERS; RECOMMENDED APPROVAL TO THE BOARD OF RETIREMENT

Franey-Contreras – 4 Ayes

PUBLIC COMMENTS

3. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

4. On their own initiative, Committee members may make a brief announcement refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S) – NONE

EXECUTIVE SESSION

5. CONFERENCE WITH LABOR NEGOTIATORS REGARDING UNREPRESENTED EMPLOYEE (pursuant to Government Code §54957.6(a))

   Agency Designated Representatives: Juan Gonzalez and Joseph D. Hughes; Unrepresented Employee: Chief Executive Officer

6. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957) – Title: Chief Executive Officer

RETURN TO PUBLIC SESSION

ADMINISTRATIVE COMMITTEE RECONVENED AT 10:18 A.M.

ROLL CALL

Present: Contreras, Franey, Hughes, Seibly

Absent: Matthews

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 5 – NO REPORTABLE ACTION

ITEM 6 – NO REPORTABLE ACTION

7. ADJOURNED – 10:19 A.M.

____
Secretary, Board of Retirement

____
Chair, Administrative Committee

Kern County Employees' Retirement Association
New Retirees- November 1, 2022 to November 30, 2022

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Bishop	Samantha	10/08/2022	General Tier II PEPRA	5610 - Aging And Adult Services
Brown	James	09/24/2022	Safety Tier I	2210S - Sheriff
Bulseco	Debra	09/17/2022	General Tier I	5120 - Depart Of Human Services
Connor	Linda	10/01/2022	General Tier II PEPRA	4120 - Behavioral Health & Reco
Gregory	Jeremy	10/23/2022	Safety Tier I	2210S - Sheriff
Jimerson	Doyle	10/08/2022	Safety Tier I	2210S - Sheriff
Jones	Joshua	10/08/2022	Safety Tier I	2415S - Fire
Miller	Daniel	09/24/2022	General Tier I	5120 - Depart Of Human Services
Moore	John	10/22/2022	General Tier I	8954 - Public Works-Public Ways
Ozuna	Meliza	10/06/2022	General Tier I	4300 - California Childrens Svcs
Ramirez	Sally	10/08/2022	General Tier II	5120 - Depart Of Human Services
Richardson	Tracy	10/22/2022	General Tier I	2183 - Dept Of Child Support Svc
Romanov	Denis	10/23/2022	General Tier I	2210 - Sheriff
Romans-Kroll	Shaun	09/24/2022	Safety Tier I	2340S - Probation-Safety
Slayton	Michael	09/24/2022	Safety Tier I	2415S - Fire
Tafoya	Sylvia	10/20/2022	General Tier I	2210 - Sheriff

Kern County Employees' Retirement Association
New Retirees- November 1, 2022 to November 30, 2022

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Vargas	Laurie	10/08/2022	General Tier I	2183 - Dept Of Child Support Svc

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Duarte	Delfina	11/21/2022	General Tier II	9410 - Superior Court
Medina	Liboria	09/17/2022	General Tier I	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Hudson	Tara	09/22/2022	General Tier I	9460 - Kern County Hospital Authority

Employer Name: San Joaquin Valley APCD

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Olsen	Wendy	10/01/2022	General Tier I	0959 - San Joaquin Valley Air Pollution Control District

Kern County Employees' Retirement Association
Decedents- November 1, 2022 to November 30, 2022

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Allmon	Clifford	Safety	County Of Kern
Bashian	Robert	General	San Joaquin Valley APCD
Borgsdorf	John	General	County Of Kern
Gilbert	Millard	Safety	County Of Kern
Griffin	Kathie	General	County Of Kern
Hannah	Hal	Safety	County Of Kern
Hoy	Betty	General	County Of Kern
Melton	Charles	Safety	County Of Kern
Persel	Barry	General	County Of Kern
Petree	Lawrence	General	County Of Kern
Reel	Paula	General	County Of Kern
Sauer	Shirley	General	County Of Kern
Westfall	Melvin	General	County Of Kern

KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 11/30/22

NAME	DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Dunlap, James	SHERIFF	11/01/22	11/30/22
Perez, Manuelita	PROBATION	10/27/22	11/17/22
Schmidt, Mark	FIRE	10/26/22	11/30/22
Yanez, Alfred	SHERIFF	10/03/22	10/14/22
Morrison, James	SHERIFF	09/14/22	11/18/22
Gregory, Dolores	SHERIFF	08/16/22	11/05/22
Smith, Clifton	FIRE	08/15/22	10/04/22
NAME	**DEPARTMENT**	**DATE FILED**	**MMRO ASSIGNED**
Cockrell, June	DEPT OF HUMAN SERVICES	08/11/22	10/18/22
Gaetzman, Travis	SHERIFF	08/10/22	11/22/22
Hartley-Anders, Kim	SUPERIOR COURT	08/09/22	11/22/22
Hudson, Richard	SHERIFF	08/08/22	11/22/22
Carrillo, Aaron	SHERIFF	07/15/22	09/30/22
Rice, Jerry	FIRE	07/07/22	11/22/22
Roden, Jim	SHERIFF	06/22/22	09/30/22
Rodriguez, Mark	FIRE	06/21/22	09/01/22
Fecke, Daniel	HOSPITAL AUTHORITY	06/15/22	09/30/22
Pena, Armando	PROBATION	05/27/22	09/19/22
Hill, Sheldon	SHERIFF	05/27/22	08/19/22
Gomez, Armando	ITS	04/29/22	10/14/22
Cano, Emma	BEHAVIORAL HEALTH & RECOVERY SERVICES	03/17/22	08/19/22
Barnes, Mark	SHERIFF	12/03/21	07/21/22
Yohn, Jacob	SHERIFF	11/30/21	07/21/22
Fussel, Kathy	HOSPITAL AUTHORITY	11/03/21	02/24/22
Guandique, Sandra	RISK MANAGEMENT	10/15//21	03/14/22
Kauffman, Stephen	DISTRICT ATTORNEY	08/16/21	04/25/22
Gardner, Stephen	FIRE	07/19/21	02/24/22
Brannan, Derek	SHERIFF	07/14/21	11/22/21
Leon, Theresa	DEPARTMENT OF HUMAN SERVICES	07/07/21	10/18/21
Patton, Eric	SHERIFF	06/30/21	11/22/21
Candelaria, Valerie	HUMAN SERVICES	06/23/21	09/15/21
Introini, Jessica	SHERIFF	06/18/21	11/22/21
Williams, Theron	GENERAL SERVICES DIVISION	05/12/21	09/15/21
Garcia, Judy	KERN HOSPITAL AUTHORITY	03/29/21	10/18/21
Smith, Thomas Jr.	SHERIFF	03/16/21	11/08/21
Brandon, Bradly	SHERIFF	03/04/21	08/20/21
Bravo, Enrique	SHERIFF	03/01/21	8/20/201
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	02/25/21	08/20/21
McAdoo, John	SHERIFF	02/24/21	08/20/21

KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF 11/30/22

NAME	DEPARTMENT	DATE FILED	MMRO ASSIGNED
Bankston, Josh	SHERIFF	02/09/21	08/19/21
Cushman, Harris	SHERIFF	12/22/20	08/19/21
Carrillo, Mabelle	ANIMAL CONTROL	11/18/20	04/21/21
Burchfield, James	PUBLIC WORKS	11/17/20	07/16/21
Tisinger, Douglas	KERN COUNTY WATER AGENCY	10/05/20	05/21/21
Fleeman, Justin	SHERIFF	09/17/20	02/08/21
Diffenbaugh, Anthony	FIRE	06/11/20	04/26/21
Brown, Michael	SHERIFF	04/14/20	08/31/20
Baker, Breanne	HUMAN SERVICES	04/02/20	09/29/20
Terry, Leann	SHERIFF	10/17/19	06/30/20
Martinez de Moore, Brenda	KERN BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/18	09/08/20
Champlin, Timothy	PROBATION	04/25/18	05/21/20
Hulsey, Jonathan	PROBATION	04/18/18	04/22/20
Coletti, John	SHERIFF	01/30/18	05/20/20
Rodriquez, Ted	SHERIFF	06/22/17	02/20/20
Carvel, Scott	DISTRICT ATTORNEY	01/27/17	11/05/19

COMPLETED IN 2022

NAME	DEPARTMENT	FILED	DATE COMPLETED
Lucio, Juan	PUBLIC WORKS	07/19/21	01/19/22
Haight, Anita	COURTS	05/14/20	01/19/22
Boren, Colleen	RISK MANAGEMENT	08/02/18	09/14/22
Alaniz, Maria D.	PUBLIC HEALTH	04/13/18	03/09/22
Tennison, Robyn (McClain)	KERN BEHAVIORAL HEALTH AND RECOVERY SERVICES	07/17/17	09/14/22
Hsu, Sue	BEHAVIORAL HEALTH & RECOVERY SERVICES	04/05/17	09/14/22
Paxson, Kalae	SHERIFF	03/15/17	09/14/22
Falk, Brian	FIRE	08/11/22	11/02/22

KCERA
APPEALS PENDING
AS OF 11/30/22

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	SENT TO COUNTY COUNSEL	HEARING OFFICER ASSIGNED	HEARING DATE

WRIT OF MANDATE	DEPARTMENT	DATE FILED	BOARD DECISION
Ashley, Mark	SHERIFF	09/03/15	Board denied SCD and granted NSCD

COURT OF APPEAL	DEPARTMENT	DATE FILED	BOARD DECISION
Morgan, Gloria	SHERIFF	03/26/15	Board denied SCD

HEARINGS COMPLETED IN 2022			
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED
Blue, Michael	SHERIFF	06/14/13	05/04/22
Winn, Jay M.	DISTRICT ATTORNEY	03/16/16	04/13/22

SECURITIES LENDING

Summary Earnings Report

Run Time: 08-Nov-2022 11:59 EST
Date Range: 01-OCT-2022 To 31-OCT-2022
Location: New York
Currency: USD
Client ID: Not Specified
Master Client: CAKERN
Grouping Type: None
Level: Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
New York						
USD						
KNCTY - Harvest Midstream	CAKE18	8,642,041.74	13,422.60	1,342.26	12,080.34	KNC15
KNCTY - PIMCO Midstream	CAKE19	16,717,311.66	12,944.62	1,294.46	11,650.16	KNC16
KNCTY PIMCO Core Plus	CAKE07	20,054,063.95	4,425.30	442.53	3,982.77	KNC11
KNCTY PIMCO EMD	CAKE08	1,632,169.22	675.81	67.58	608.23	KNC12
KNTCY - Alliance Bernstein	CAKE15	25,790,157.20	9,647.38	964.74	8,682.64	2664130
KNTCY - Geneva	CAKE16	21,967,341.60	5,379.92	537.99	4,841.93	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	4,868,182.31	1,946.46	194.65	1,751.81	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	40,600,402.65	21,042.18	2,104.22	18,937.96	KNC08
	CCY Total USD:	**140,271,670.33**	**69,484.27**	**6,948.43**	**62,535.84**	
Grand Total USD:			**69,484.27**	**6,948.43**	**62,535.84**	

KCERA ASSET ALLOCATION*

10/31/2022

Manager Name	Type	$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) $(000)
AllianceBernstein	Small Cap Value	88,593	1.8%			
Geneva Capital	Small Cap Growth	47,324	0.9%	*Domestic Equity Range 16.0% - 27.0%*		
Mellon Capital Management EB DV	Large Cap Passive	460,711	9.2%			
PIMCO StockPlus	Large Cap Enhanced	99,670	2.0%			
Total Domestic Equity		**$696,298**	**13.8%**	**19.0%**	**(5.2%)**	**($260,044)**
American Century	International Small	64,605	1.3%	*International Developed Equity Range 8.0% - 18.0%*		
Cevian Capital II LP	International Large	33,863	0.7%			
Mellon Capital Management-EB DV	International Large Passive	428,421	8.5%			
Total International Developed Equity		**$526,889**	**10.5%**	**13.0%**	**(2.5%)**	**($127,450)**
AB Emerging Markets Strategic Core	Emerging Markets	43,448	0.9%	*Emerging Market Equity Range 1.0% - 9.0%*		
DFA Emerging Markets Value Portfolio	Emerging Markets	67,543	1.3%			
Mellon Emerging Markets	Emerging Markets	70,925	1.4%			
Total Emerging Market Equity		**$181,916**	**3.6%**	**5.0%**	**(1.4%)**	**($69,753)**
TOTAL EQUITY		**$1,405,103**	**27.9%**	**37.0%**	**(9.1%)**	**($457,248)**
Mellon Capital Management Ag Bond	Core	152,797	3.0%	*Core Range 12.0% - 25.0%*		
PIMCO CP	Core Plus	154,893	3.1%			
Western Asset Management - CP	Core Plus	114,694	2.3%			
Total Core		**$422,384**	**8.4%**	**14.0%**	**(5.6%)**	**($282,289)**
TCW Securitized Opportunities LP	Securitized Opportunities	97,622	1.9%	*Credit Range 3.0% - 9.0%*		
Western Asset Management - HY	High Yield	161,481	3.2%			
Total Credit		**$259,103**	**5.1%**	**6.0%**	**(0.9%)**	**($42,900)**
PIMCO EM Beta	Emerging Markets	126,268	2.5%	*Emerging Market Debt Range 1.0% - 7.0%*		
Stone Harbor Global Funds	Emerging Markets	59,026	1.2%			
Total Emerging Market Debt		**$185,294**	**3.7%**	**4.0%**	**(0.3%)**	**($16,041)**
TOTAL FIXED INCOME		**$866,781**	**17.2%**	**24.0%**	**(6.8%)**	**($341,230)**
Gresham Commodity Builder Fund	Active	80,545	1.6%	*Commodities Range 0.0% - 6.0%*		
Wellington Trust Company (WTC)	Active	157,942	3.1%			
TOTAL COMMODITIES		**$238,487**	**4.7%**	**4.0%**	**0.7%**	**$37,152**
Aristeia International Ltd	Hedge Fund - Direct	68,735	1.4%	*Hedge Fund Range 5.0% - 15.0%*		
Brevan Howard Fund Limited	Hedge Fund - Direct	76,525	1.5%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	61,196	1.2%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	56,470	1.1%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	78,057	1.6%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	38,068	0.8%			
Magnetar Structured Credit Fund	Hedge Fund - Direct	8,160	0.2%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	66,361	1.3%			
Pharo Macro Fund LTD	Hedge Fund - Direct	61,134	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.9%			
TOTAL HEDGE FUND		**$560,305**	**11.1%**	**10.0%**	**1.1%**	**$56,967**
ASB Capital Management	Core	195,081	3.9%	*Core Real Estate Range 3.0% - 7.0%*		
JPMCB Strategic Property Fund	Core	158,034	3.1%			
TOTAL CORE REAL ESTATE		**$353,115**	**7.0%**	**5.0%**	**2.0%**	**$101,446**
Davidson Kempner	Hedge Fund - Direct	53,269	1.1%	*CE Alpha Pool Range 0.0% - 7.0%*		
Garda Fixed Income	Hedge Fund - Direct	53,202	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	54,395	1.1%			
HBK Spac Fund	Hedge Fund - Direct	36,000	0.7%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.2%			
TOTAL CE ALPHA POOL		**$257,711**	**5.1%**	**5.0%**	**0.1%**	**$6,042**
Harvest Midstream	Midstream	206,532	4.1%	*Midstream Energy Range 0.0% - 7.0%*		
PIMCO Midstream	Midstream	150,519	3.0%			
TOTAL MIDSTREAM ENERGY		**$357,051**	**7.1%**	**5.0%**	**2.1%**	**$105,382**
Aristeia Select Opportunities II LP	Opportunistic	52,991	1.1%	*Opportunistic Range 0.0% - 10.0%*		
DB Investor's Fund IV	Opportunistic	23,541	0.5%			
River Birch International Ltd	Opportunistic	7,538	0.1%			
TSSP Adjacent Opportunities Partners (D)	Opportunistic	84,455	1.7%			
TOTAL OPPORTUNISTIC		**$168,525**	**3.3%**	**0.0%**	**3.3%**	**$168,525**
Abbott Capital Funds	Private Equity Fund of Funds	23,469	0.5%	*Private Equity Range 0.0% - 10.0%*		
Blue Torch Credit Opportunities Fund III	Private Equity	7,200	0.1%			
Brighton Park Capital Fund I	Private Equity	34,561	0.7%			
Brighton Park Capital Fund II	Private Equity	2,349	0.0%			
Level Equity Growth Partners	Private Equity	5,024	0.1%			
LGT Crown Global	Private Equity	21,066	0.4%			
Linden Capital Partners	Private Equity	6,673	0.1%			
Pantheon Funds	Private Equity Fund of Funds	9,482	0.2%			
Peak Rock	Private Equity	9,262	0.2%			
Vista	Private Equity	13,958	0.3%			
Warren Equity Partners	Private Equity	24,169	0.5%			
TOTAL PRIVATE EQUITY		**$157,213**	**3.1%**	**5.0%**	**(1.9%)**	**($94,456)**
Blue Torch Credit Opportunites II	Private Credit	16,754	0.3%	*Private Credit Range 0.0% - 10.0%*		
Brookfield Real Estate Finance Fund V	Private Credit	19,190	0.4%			
Colony Distressed Credit Fund	Private Credit	33,314	0.7%			
Fortress Credit Opportunities Fund V	Private Credit	12,998	0.3%			
Fortress Lending Fund II (A)	Private Credit	28,493	0.6%			
Fortress Lending Fund III (A)	Private Credit	19,395	0.4%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	40,136	0.8%			
Magnetar Constellation Fund V	Private Credit	31,449	0.6%			
OrbiMed Royalty & Credit Opportunities IV	Private Credit	3,000	0.1%			
TSSP Adjacent Opportunities Partners (B)	Private Credit	38,969	0.8%			
TOTAL PRIVATE CREDIT		**$243,698**	**4.8%**	**5.0%**	**(0.2%)**	**($7,971)**
Covenant Apartment Fund	Private Real Estate	30,286	0.6%	*Private Real Estate Range 0.0% - 10.0%*		
Covenant Apartment Fund XI	Private Real Estate	4,753	0.1%			
Invesco Real Estate Funds III & IV	Private Real Estate	2,659	0.1%			
KCERA Property	Private Real Estate	4,629	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	6,154	0.1%			
Landmark Real Estate Partners VIII	Private Real Estate	28,647	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	32,125	0.6%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	3,733	0.1%			
TOTAL PRIVATE REAL ESTATE		**$112,986**	**2.2%**	**5.0%**	**(2.8%)**	**($138,683)**
Northern Trust STIF	Short Term	108,224	2.2%	*Cash Range 0.0% - 5.0%*		
BlackRock Short Duration	Short Term	118,664	2.4%			
Parametric	Overlay	80,880	1.6%			
Treasurers Pooled Cash	Short Term	3,528	0.1%			
Wells Fargo Bank	Short Term	773	0.0%			
TOTAL CASH AND OVERLAY		**$312,069**	**6.2%**	**-5.0%**	**11.2%**	**$563,738**
Transition Accounts	Liquidation	336	0.0%			
Other		**$336**	**0.0%**	**0.0%**	**0.0%**	**$336**
As Allocated to Managers **		**$5,033,380**	**100.0%**	**100.0%**	**0.0%**	**$0**

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement April 2022.

****Physical securities market value only. Does not include notional market values of the overlay or capital efficiency program**

KCERA
CASH FLOW POSITION
October, 2022

TREASURERS POOLED CASH

Beginning Cash Balance:			**$ 10,154,133**
Employer Contributions		24,834,830	
Employee Contributions		3,598,248	
Service Purchases		43,718	
Miscellaneous		12	
Total Receipts:			**28,476,808**
Operating Expenses		(1,347,721)	
Investment Expenses		(255,000)	
Transfers-out		(33,500,000)	
Total Disbursements:			**(35,102,721)**
Ending Cash Balance:			**3,528,219**

NORTHERN TRUST

Beginning Cash Balance:			**$ 61,918,306**
Private Markets - Distributions		2,698,898	
Commingled Funds - Distributions		5,696,449	
Hedge Funds - Distributions		766,158	
Redemption	Western Asset Mgmt HY	25,000,000	
Redemption	AB Emerging Markets	20,000,000	
Dividend and Interest Income		1,068,402	
Class Action Proceeds		26	
Interest		196,969	
Securities Lending Earnings (NET)		55,768	
Total Receipts:			**55,482,671**
Capital Calls	Covenant	(1,500,000)	
Capital Calls	Landmark	(1,800,000)	
Capital Calls	Singerman	(131,250)	
Capital Calls	Brighton Park	(906,995)	
Capital Calls	Fortress	(4,000,000)	
Capital Calls	Peak Rock	(32,133)	
Capital Calls	Level Equity	(1,443,646)	
Other Expenses		(7,448)	
Total Disbursements:			**(9,821,472)**
Ending Cash Balance:			**$ 107,579,505**

KCERA
CASH FLOW POSITION
October, 2022

WELLS FARGO BANK

Beginning Cash Balance			**$**	**1,722,729**
Transfer In	Northern Trust	-		
Transfer In	TPC - County	33,500,000		
ACH Returns / Deletes		11,942		
Total Receipts:				**33,511,942**
ACH Benefit Payments		(29,897,329)		
Total Checks Paid		(269,763)		
Taxes Witholding Deposits		(4,293,968)		
Bank Services		(547)		
Total Disbursements:				**(34,461,607)**
WFB ending Balance			**$**	**773,063**

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED OCTOBER, 2022

	Description	July	August	September	October	Total
	Investment Base Fees:					
	Domestic Equity:					
406045	AllianceBernstein				136,722.65	136,722.65
406046	Henderson Geneva Capital				88,266.00	88,266.00
406035, 406029,	Mellon Capital				52,344.44	52,344.44
	International Equity:					
406032, 406021	BlackRock					0.00
406034	Fidelity Institutional Asset Management					0.00
	Fixed Income:					
406050	Mellon Capital (Ag Bond)				10,917.00	10,917.00
406019, 406022,	Pacific Investment Management Company		280,932.77			280,932.77
406021, 406018	Western Asset Management		210,204.72			210,204.72
	Commodities:					
406101	Wellington Trust Company					0.00
	Real Estate:					
406088	ASB Capital Management		374,856.86			374,856.86
	Midstream Energy:					
406060	Harvest Midstream				366,080.72	366,080.72
	Overlay					
406120	Parametric		67,965.00			67,965.00
	Subtotal	**0.00**	**933,959.35**	**0.00**	**654,330.81**	**1,588,290.16**
	Investment Professional Fees:					
	Consulting:					
407009	Abel Noser			7,500.00		7,500.00
407008	Albourne America LLC		33,333.33	33,333.33	33,333.33	99,999.99
407004	Cambridge Associates				187,500.00	187,500.00
407001	Glass, Lewis & Co.					0.00
407006	Verus		34,166.67	34,166.67	34,166.67	102,500.01
407005	Consulting - Other Expenses					0.00
	Custodial:					
407071	The Northern Trust Co.			120,000.00		120,000.00
	Legal:					
406097	Foley & Lardner LLP					0.00
406097	Hanson Bridgett LLP					0.00
406097	Nossaman LLP	25,980.00				25,980.00
406098	Due Diligence / Investment-Related Travel:					
	Subtotal	**25,980.00**	**67,500.00**	**195,000.00**	**255,000.00**	**543,480.00**
	Total Investment Fees	**25,980.00**	**1,001,459.35**	**195,000.00**	**909,330.81**	**2,131,770.16**

KCERA

Operating Expense Budget Status Report
For the Month Ended October 31, 2022

Expense Type	Budget FY 2022/23	Expenses	Over (Under)
Staffing			
Salaries	3,724,357.00	839,722.03	(2,884,634.97)
Benefits	2,410,676.00	490,401.04	(1,920,274.96)
Staffing Total	**6,135,033.00**	**1,330,123.07**	**(4,804,909.93)**
Staff Development			
Education & Professional Development	90,000.00	11,664.49	(78,335.51)
Staff Appreciation	3,000.00	731.66	(2,268.34)
Staff Development Total	**93,000.00**	12,396.15	**(80,603.85)**
Professional Fees			
Actuarial fees	140,000.00	-	(140,000.00)
Audit fees	50,500.00	6,300.00	(44,200.00)
Consultant fees	115,000.00	-	(115,000.00)
Legal fees	80,000.00	18,770.71	(61,229.29)
Professional Fees Total	**385,500.00**	**25,070.71**	**(360,429.29)**
Office Expenses			
Building expenses	115,000.00	39,843.22	(75,156.78)
Communications	52,770.00	8,504.70	(44,265.30)
Equipment lease	9,600.00	3,079.74	(6,520.26)
Equipment maintenance	7,178.00	2,000.00	(5,178.00)
Memberships	20,000.00	5,165.00	(14,835.00)
Office supplies & misc. admin.	68,300.00	5,963.90	(62,336.10)
Payroll & accounts payable fees	27,800.00	-	(27,800.00)
Other Services - Kern County	40,000.00	6,264.83	(33,735.17)
Postage	20,000.00	3,739.51	(16,260.49)
Subscriptions	13,733.00	3,727.03	(10,005.97)
Utilities	30,000.00	16,021.39	(13,978.61)
Office Expense Total	**404,381.00**	**94,309.32**	**(310,071.68)**
Insurance	**160,595.00**	**152,388.00**	**(8,207.00)**
Member Services			
Disability- legal fees	10,000.00	-	(10,000.00)
Disability – professional services	20,000.00	-	(20,000.00)
Disability- administration MMRO	140,000.00	24,875.00	(115,125.00)
Member communications	20,000.00	8,467.74	(11,532.26)
Member Services Total	**190,000.00**	**33,342.74**	**(156,657.26)**
Systems			
Audit – security & vulnerability scan	15,000.00	-	(15,000.00)
Business continuity expenses	23,850.00	16,934.33	(6,915.67)
Hardware	48,453.00	2,379.09	(46,073.91)
Licensing & support	148,413.00	105,227.24	(43,185.76)
Software	164,229.00	75,404.03	(88,824.97)
Website design & hosting	85,695.00	4,790.00	(80,905.00)
Systems Total	**485,640.00**	**204,734.69**	**(280,905.31)**
Board of Retirement			
Board compensation	12,000.00	2,400.00	(9,600.00)
Board conferences & training	50,000.00	11,370.89	(38,629.11)
Board elections	50,000.00	-	(50,000.00)
Board meetings	5,000.00	358.85	(4,641.15)
Board of Retirement Total	**117,000.00**	**14,129.74**	**(102,870.26)**
Depreciation / Amortization	**666,471.00**	**216,388.80**	**(450,082.20)**
Total Operating Expenses	**8,637,620.00**	**2,082,883.22**	**(6,554,736.78)**

Mary B. Bedard, CPA
Auditor-Controller-County Clerk-Registrar of Voters

KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK-ELECTIONS
1115 Truxtun Avenue, 1st and 2nd Floor • Bakersfield, CA 93301-4639

November 22, 2022

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

Dear Trustees:

Attached is the Certificate of Results of the Retirement Board Election. Due to the insufficiency of nominees for the seats up for election, the qualified candidates will be appointed in lieu of election by the Retirement Board and no election will be held.

The following qualified candidates will be appointed to the seats:

General Member – Jeanine Adams
Retired Member – Phil Franey
Retired Member, 8th Alternate – Robb Seibly

The Oath of Office may be administered in our office, or by any other officer qualified to administer oaths, or by a Notary Public. The original Oath of Office shall be filed with the Elections Office at 1115 Truxtun Ave., 1st Floor, Bakersfield, CA 93301. An endorsed file copy will be mailed to the elected member and to the Kern County Employees' Retirement Agency.

Sincerely,

Mary B Bedard

Mary B. Bedard, CPA
Auditor-Controller-County Clerk-Registrar of Voters

MBB/lc
Enclosure

CERTIFICATE OF COUNTY CLERK

OF CANDIDATES FOR THE RETIREMENT SEATS

STATE OF CALIFORNIA)
) ss
COUNTY OF KERN)

I, MARY B. BEDARD, Auditor-Controller-County Clerk, County of Kern, State of California, HEREBY CERTIFY the following named candidates of the RETIREMENT ELECTION were appointed in lieu of election on November 23, 2022:

General Member – Jeanine Adams
Retired Member – Phil Franey
Retired Member, 8th Alternate – Robb Seibly

IN WITNESS HEREOF I do hereby set my hand and the Official Seal of the County of Kern this 23rd day of November 2022.

Mary B Bedard

MARY B. BEDARD
Auditor-Controller-County Clerk
County of Kern
State of California

Qualified Candidate List
RETIREMENT ELECTION - 12/6/2022

All Contests
Qualified Candidates Only
All Qualified Dates

Contest

9915 General Member - 3rd — **On Ballot: No** — *Web Title:*

Qualified: 1 **JEANINE ADAMS** — **Candidate Stmt Filed?** **No**
Incumbent
Res: Not Authorized to Release
Mail: 21704 Quail Springs Rd, Tehachapi, CA 93561
Day: (661)203-9501
Eve:
Fax:
Email: Not Authorized to Release
Not Authorized to Release

9920 Retired Member - 8th — **On Ballot: No** — *Web Title:*

Qualified: 1 **PHIL FRANEY** — **Candidate Stmt Filed?** **No**
Kcera Trustee-retired
Res: 11009 Jadestone Dr, Bakersfield, CA 93311
Mail: PO Box 20818, Bakersfield, CA 93390
Day:
Eve: (661)330-4194
Fax:
Email:

9925 Retired Member, 8th Alternate — **On Ballot: No** — *Web Title:*

Qualified: 1 **ROBB SEIBLY** — **Candidate Stmt Filed?** **No**
Incumbent
Res: Not Authorized to Release
Mail: 4604 Panorama Dr, Bakersfield, CA 93306
Day: (661)747-3841
Eve:
Fax:
Email: Not Authorized to Release
Not Authorized to Release

Total Qualified: 3

Grand Total: 3

Kern County Employees' Retirement Association

Memorandum from the
Office of the Chief Investment Officer
Daryn Miller, CFA

Date: December 14, 2022

To: Trustees, Board of Retirement

From: Daryn Miller, Chief Investment Officer

Subject: **Annual Fee Disclosure Report FY 2021-2022**

The following report provides fee disclosure information for the Kern County Employees' Retirement Association alternative investments for the 2021-2022 fiscal year, and fulfills the reporting requirement under California Government Code Section ("Section") 7514.7.

As background, on September 14, 2016, Assembly Bill 2833 was signed into law, and went into effect on January 1, 2017 as Section 7514.7. The purpose of the law was to increase fee transparency of alternative investments for public pension plans. The law requires that at least annually public pension plans disclose the fees and expenses paid to alternative investment managers for new alternative investment contracts or new capital commitments made after January 1, 2017. In addition, investment information per Section 6254.26 which was previously disclosable, is to be reported in the annual fee disclosure.

The report in Appendix A is the fiscal year 2021-2022 annual fee disclosure report for the Kern County Employees' Retirement Association.

Appendix A

Kern County Employees' Retirement Association
Alternative Investment Fees and Expenses
Fiscal Year 2021-2022

Investment Name	Address
§6254.26(b)(1)	§6254.26(b)(1)
Abbott Capital Private Equity Fund IV	1290 Avenue of the Americas, 9th Floor, New York, NY, 10104, United States
Abbott Capital Private Equity Fund V	1290 Avenue of the Americas, 9th Floor, New York, NY, 10104, United States
Abbott Capital Private Equity Fund VI	1290 Avenue of the Americas, 9th Floor, New York, NY, 10104, United States
Aristeia International Limited	One Greenwich Plaza, Third Floor, Greenwich, CT, 06830, United States
Aristeia Select Opportunities II	One Greenwich Plaza, Third Floor, Greenwich, CT, 06830, United States
Blue Torch Credit Opportunities Fund II	430 Park Avenue, Suite 1202, New York, 10022, NY, United States
Blue Torch Credit Opportunities Fund III	430 Park Avenue, Suite 1202, New York, 10022, NY, United States
Brevan Howard Fund Limited	37 Esplanade, 6th Floor, Channel Islands, Saint Helier, JE2 3QA, Jersey
Brighton Park Capital Fund I	330 Railroad Ave, Suite 200, Greenwich, CT, 06830, United States
Brookfield Real Estate Finance Fund V	Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY, 10281, United States
Cevian Capital Fund II LP	4 Bond Street, Saint Helier, Jersey
Colony Distressed Credit and Special Situations Fund IV	590 Madison Avenue, 34th Floor, New York, NY, 10022, United States
Covenant Apartment Fund X	4515 Harding Road, Suite 210, Nashville, 37205, TN, United States
Crown Global Secondaries V	Schützenstrasse 6, P.O. Box, Pfäffikon, CH-8808, Switzerland
Davidson Kempner Inst Partners LP	520 Madison Avenue, 30th Floor, NY, 10022, United States
DB Investors Fund IV LP	655 Third Avenue, 11th Floor, New York, NY, 10017, United States
DE Shaw Composite Fund LLC	1166 Avenue of the Americas, Ninth Floor, New York, NY, 10036, United States
Fortress Credit Opportunities Fund V Expansion	5221 North O'Conner Boulevard, Irving, TX, 75039, United States
Fortress Lending Fund II	5221 North O'Conner Boulevard, Irving, TX, 75039, United States
Fortress Lending Fund III	5221 North O'Conner Boulevard, Irving, TX, 75039, United States
Garda Fixed Income Relative Value Opportunity (Onshore) Ltd	North Filed Street, Suite 2200, Dallas, TX, 75201, United States
HBK Multi-Strategy Fund LP	North Filed Street, Suite 2200, Dallas, TX, 75201, United States
HBK Opportunities Platform L.P	North Filed Street, Suite 2200, Dallas, TX, 75201, United States
HIG Bayside Loan Opportunity Fund V (Europe)	1450 Brickell Avenue, 31st Floor, Miami, FL, 33131, United States
Hudson Bay Cap Structure Arbitrage	777 Third Avenue, 35th Floor, New York, NY, 10017, United States
Indus Pacific Opportunities Fund LP	888 Seventh Avenue, 26th Floor, New York, NY, 10019, United States
Invesco Real Estate Fund III, L.P.	Two Peachtree Pointe, Suite 1800, Atlanta, GA, 30309, United States
Invesco Real Estate Fund IV	2001 Ross Avenue, Suite 3400, Dallas, TX, 75201, United States
Landmark Real Estate Fund VIII	10 Mill Pond Lane, Simsbury, CT, 06070, United States
LBA Logistics Value Fund IX	3347 Michelson Drive,Suite 200,Irvine,CA 92612,CA,United States
Level Equity Growth Partners V	Two Grand Central Tower,140 East 45th Street,42nd Floor,New York,10017,NY,Unite
Level Equity Opportunities Fund 2021	Two Grand Central Tower,140 East 45th Street,42nd Floor,New York,10017,NY,Unite
Linden Capital Partners V	111 S. Wacker Drive,Suite 3350,Chicago,IL 60606,IL,United States
Linden Co-Investment V	111 S. Wacker Drive,Suite 3350,Chicago,IL 60606,IL,United States
Long Wharf Real Estate Partners VI	One federal Street,26th Floor,Boston,02110,MA,United States
Magnetar Constellation Fund V	1603 Orrington Avenue, 13th Floor, Evanston, IL, 60201, United States
Magnetar Structured Credit Fund LP	1603 Orrington Avenue, 13th Floor, Evanston, IL, 60201, United States
Myriad Opportunities Offshore Fund Limited	50 Connaught Road Central, Agricultural Bank of China Tower, 15th Floor, HK
Pantheon Global Secondary Fund III	10 Finsbury Square, 4th Floor, London, EC2A 1AF, United Kingdom
Pantheon USA Fund III	600 Montgomery Street, 23rd Floor, San Francisco, CA 94111, CA, United States
Pantheon USA Fund V	600 Montgomery Street, 23rd Floor, San Francisco, CA, 94111, United States
Pantheon USA Fund VI	600 Montgomery Street, 23rd Floor, San Francisco, CA, 94111, United States
Pantheon USA Fund VII	600 Montgomery Street, 23rd Floor, San Francisco, CA, 94111, United States
Peak Rock Capital Fund III	13413 Galleria Circle, Suite Q-300, Austin, 78738, TX, United States
Pharo Macro Fund	1370 Avenue of the Americas, Floor 26, New York, NY, 10019, United States
PIMCO Commodity Alpha Fund LLC	650 Newport Center Drive, Newport Beach, CA, 92660, United States
River Birch International Ltd	1114 Avenue of the Americas, 41st Floor, New York, NY, 10036, United States
Sculptor Enhanced Domestic Partners LP	9 West 57th Street, 39th Floor, New York, NY, 10019, United States
Singerman Real Estate Opportunity Fund IV	Suite 1660,980 N. Michigan Avenue,Chicago,IL 60611,IL,United States
TSSP Adjacent Opportunities Partners (B)	345 California Street, Suite 3300, San Francisco, CA, 94104, United States
TSSP Adjacent Opportunities Partners [D]	345 California Street, Suite 3300, San Francisco, CA, 94104, United States
Vista Foundation Fund IV	401 Congress Avenue, Suite 3100, Austin, 78701, TX, United States
Warren Equity Partners Fund III	1030 2nd Street South, Suite 201, Jacksonville Beach, FL, 32250, United States

Includes data calculated by KCERA or a third party.

Appendix A, continued

Kern County Employees' Retirement Association
Alternative Investment Fees and Expenses
Fiscal Year 2021-2022

Investment Name	Vintage Year	Commitment	Contributions	Distributions	Distributions & remaining value
			since inception	*fiscal year*	
§6254.26(b)(1)	§6254.26(b)(1)	§6254.26(b)(2)	§6254.26(b)(3)	§6254.26(b)(4)	§6254.26(b)(5)
Abbott Capital Private Equity Fund IV	2001	50,000,000	49,650,000	-1,006,306	86,720,447
Abbott Capital Private Equity Fund V	2005	65,000,000	62,790,000	-5,033,812	92,457,561
Abbott Capital Private Equity Fund VI	2009	50,000,000	49,750,000	-9,660,803	96,915,510
Aristeia International Limited	2014	47,000,002	47,000,002	0	67,235,553
Aristeia Select Opportunities II	2021	50,000,000	50,000,000	0	52,099,878
Blue Torch Credit Opportunities Fund II	2020	20,000,000	16,613,092	-738,115	18,822,136
Blue Torch Credit Opportunities Fund III	2022	40,000,000	2,000,000	0	2,003,575
Brevan Howard Fund Limited	2015	50,361,120	50,361,120	-4,360,080	77,200,307
Brighton Park Capital Fund I	2019	30,000,000	29,472,051	-1,372,307	36,086,888
Brookfield Real Estate Finance Fund V	2016	50,000,000	39,469,915	-9,705,561	46,022,131
Cevian Capital Fund II LP	2015	21,000,000	21,000,000	0	31,023,035
Colony Distressed Credit and Special Situations Fund IV	2015	60,000,000	71,027,405	0	57,316,833
Covenant Apartment Fund X	2020	30,000,000	23,700,000	-3,246,694	30,825,949
Crown Global Secondaries V	2020	50,000,000	13,000,000	0	19,198,408
Davidson Kempner Inst Partners LP	2020	50,000,000	50,000,000	0	53,077,049
DB Investors Fund IV LP	2020	20,000,000	20,000,000	0	25,512,204
DE Shaw Composite Fund LLC	2013	22,500,000	22,500,000	-9,465,005	72,446,410
Fortress Credit Opportunities Fund V Expansion	2020	40,000,000	13,775,805	-2,615,020	15,613,182
Fortress Lending Fund II	2020	40,000,000	30,800,000	-2,667,830	31,737,625
Fortress Lending Fund III	2022	40,000,000	14,000,000	0	13,394,988
Garda Fixed Income Relative Value Opportunity (Onshore) Ltd	2013	50,000,000	50,000,000	0	52,911,979
HBK Multi-Strategy Fund LP	2013	92,400,000	92,400,000	0	109,187,381
HBK Opportunities Platform L.P	2021	50,000,000	50,000,000	-10,409,117	49,945,867
HIG Bayside Loan Opportunity Fund V (Europe)	2018	60,000,000	43,996,503	-7,350,983	54,036,781
Hudson Bay Cap Structure Arbitrage	2019	120,000,000	120,000,000	0	134,194,334
Indus Pacific Opportunities Fund LP	2014	22,000,000	22,000,000	0	36,899,245
Invesco Real Estate Fund III, L.P.	2012	60,000,000	55,519,583	-263,617	81,560,296
Invesco Real Estate Fund IV	2014	50,000,000	43,637,717	-20,098,624	59,621,508
Landmark Real Estate Fund VIII	2016	60,000,000	36,127,950	-8,207,617	51,210,284
LBA Logistics Value Fund IX	2021	30,000,000	4,230,769	0	3,890,076
Level Equity Growth Partners V	2021	15,000,000	3,315,369	0	2,872,189
Level Equity Opportunities Fund 2021	2021	15,000,000	1,650,939	0	1,371,903
Linden Capital Partners V	2021	22,500,000	0	0	-124,254
Linden Co-Investment V	2021	7,500,000	0	0	63,541
Long Wharf Real Estate Partners VI	2019	50,000,000	33,072,349	-8,820,615	42,229,614
Magnetar Constellation Fund V	2017	60,000,000	61,898,469	-16,205,277	74,576,089
Magnetar Structured Credit Fund LP	2014	17,000,000	17,000,000	-2,872,740	26,385,925
Myriad Opportunities Offshore Fund Limited	2016	55,000,000	55,000,000	-33,344,753	64,749,453
Pantheon Global Secondary Fund III	2006	50,000,000	47,300,000	-500,000	52,563,191
Pantheon USA Fund III	1998	7,500,000	7,335,000	0	8,245,814
Pantheon USA Fund V	2002	25,000,000	24,350,000	0	38,364,136
Pantheon USA Fund VI	2004	35,000,000	33,075,000	-420,000	50,978,795
Pantheon USA Fund VII	2006	50,000,000	46,600,000	-5,500,000	87,526,079
Peak Rock Capital Fund III	2020	30,000,000	9,425,116	-1,421,801	10,685,425
Pharo Macro Fund	2020	50,000,000	50,000,000	0	61,182,322
PIMCO Commodity Alpha Fund LLC	2016	50,000,000	50,000,000	0	87,294,254
River Birch International Ltd	2015	33,052,244	33,052,244	-514,381	35,217,962
Sculptor Enhanced Domestic Partners LP	2018	42,542,726	42,542,726	0	49,056,485
Singerman Real Estate Opportunity Fund IV	2022	35,000,000	3,500,000	0	3,718,872
TSSP Adjacent Opportunities Partners (B)	2014	50,000,000	72,109,429	-14,342,096	85,415,155
TSSP Adjacent Opportunities Partners [D]	2014	150,000,000	96,790,724	-14,011,813	111,760,115
Vista Foundation Fund IV	2020	25,000,000	14,160,605	0	13,958,460
Warren Equity Partners Fund III	2020	32,500,000	19,652,761	0	22,115,398

Includes data calculated by KCERA or a third party.

Appendix A, continued

Kern County Employees' Retirement Association
Alternative Investment Fees and Expenses
Fiscal Year 2021-2022

Investment Name §6254.26(b)(1)	Cash profit received *fiscal year* §6254.26(b)(9)	Investment multiple % *since inception* §6254.26(b)(7)	Net IRR *since inception* §6254.26(b)(6) §7514.7(b)	Gross IRR *since inception* §7514.7(b)	Net management fees *fiscal year* §6254.26(b)(8) §7514.7(a)(1)
Abbott Capital Private Equity Fund IV	-108,208	174.7%	11.0%	12.9%	0
Abbott Capital Private Equity Fund V	-1,594,881	147.2%	6.5%	8.1%	3,471
Abbott Capital Private Equity Fund VI	-1,038,704	194.8%	13.5%	15.7%	227,191
Aristeia International Limited	1,206,892	143.1%	5.3%	7.7%	678,552
Aristeia Select Opportunities II	2,099,878	104.2%	4.2%	4.7%	0
Blue Torch Credit Opportunities Fund II	1,817,554	113.3%	13.4%	17.9%	166,529
Blue Torch Credit Opportunities Fund III	3,575	100.2%	0.0%	0.0%	1,036
Brevan Howard Fund Limited	10,006,141	153.3%	8.5%	15.4%	1,195,290
Brighton Park Capital Fund I	3,876,983	122.4%	22.6%	29.4%	418,524
Brookfield Real Estate Finance Fund V	1,419,567	116.6%	7.7%	10.6%	368,427
Cevian Capital Fund II LP	-2,753,643	147.7%	5.6%	11.9%	404,016
Colony Distressed Credit and Special Situations Fund IV	-17,684,360	80.7%	0.0%	0.0%	517,996
Covenant Apartment Fund X	7,168,468	130.1%	30.7%	44.2%	375,000
Crown Global Secondaries V	3,497,817	147.7%	61.9%	47.0%	348,611
Davidson Kempner Inst Partners LP	-1,498,208	106.2%	3.8%	6.8%	825,122
DB Investors Fund IV LP	-13,375,863	127.6%	10.2%	12.8%	0
DE Shaw Composite Fund LLC	14,109,888	322.0%	14.6%	23.3%	1,735,633
Fortress Credit Opportunities Fund V Expansion	1,402,606	113.3%	19.9%	25.3%	102,740
Fortress Lending Fund II	105,982	103.0%	10.7%	15.1%	312,667
Fortress Lending Fund III	-605,012	95.7%	-48.1%	-3.9%	30,297
Garda Fixed Income Relative Value Opportunity (Onshore) Ltd	2,911,979	105.8%	7.8%	12.0%	770,674
HBK Multi-Strategy Fund LP	2,292,830	118.2%	4.5%	8.4%	1,496,449
HBK Opportunities Platform L.P	-827,185	99.9%	2.3%	9.6%	248,062
HIG Bayside Loan Opportunity Fund V (Europe)	1,566,885	122.8%	22.7%	19.0%	676,444
Hudson Bay Cap Structure Arbitrage	9,617,815	111.8%	12.4%	19.0%	1,301,555
Indus Pacific Opportunities Fund LP	-3,302,905	167.7%	7.7%	11.2%	589,141
Invesco Real Estate Fund III, L.P.	-15,115	146.9%	13.6%	17.5%	0
Invesco Real Estate Fund IV	707,179	136.6%	11.7%	15.1%	148,675
Landmark Real Estate Fund VIII	9,540,906	141.7%	21.8%	30.6%	548,528
LBA Logistics Value Fund IX	-340,693	91.9%	-54.2%	N/A	303,750
Level Equity Growth Partners V	-443,180	86.6%	-45.6%	N/A	307,912
Level Equity Opportunities Fund 2021	-279,036	83.1%	N/A	N/A	0
Linden Capital Partners V	-124,254	N/A	N/A	13.1%	357,193
Linden Co-Investment V	63,541	N/A	N/A	13.6%	4,953
Long Wharf Real Estate Partners VI	6,935,886	127.7%	29.9%	48.0%	750,000
Magnetar Constellation Fund V	1,381,166	120.5%	7.1%	9.6%	522,923
Magnetar Structured Credit Fund LP	46,244	155.2%	8.0%	11.1%	127,273
Myriad Opportunities Offshore Fund Limited	-1,228,740	117.7%	-5.1%	-3.4%	70,152
Pantheon Global Secondary Fund III	-262,977	111.1%	1.9%	4.3%	0
Pantheon USA Fund III	-5,620	112.4%	1.9%	3.7%	0
Pantheon USA Fund V	-22,083	157.6%	9.0%	11.4%	0
Pantheon USA Fund VI	-207,335	154.1%	6.7%	8.4%	0
Pantheon USA Fund VII	460,630	187.8%	10.2%	12.3%	176,054
Peak Rock Capital Fund III	1,402,380	113.4%	22.8%	38.3%	88,737
Pharo Macro Fund	-4,997,795	122.4%	-1.6%	1.5%	1,265,831
PIMCO Commodity Alpha Fund LLC	7,040,561	174.6%	10.5%	14.5%	943,782
River Birch International Ltd	502,631	106.6%	0.6%	2.2%	13,486
Sculptor Enhanced Domestic Partners LP	-11,058,718	115.3%	4.0%	7.4%	674,354
Singerman Real Estate Opportunity Fund IV	218,872	106.3%	29.7%	150.3%	446,250
TSSP Adjacent Opportunities Partners (B)	2,482,118	118.5%	11.2%	17.2%	574,443
TSSP Adjacent Opportunities Partners [D]	2,462,099	115.5%	15.8%	24.2%	1,413,163
Vista Foundation Fund IV	527,559	98.6%	-1.7%	9.2%	499,918
Warren Equity Partners Fund III	3,172,151	112.5%	-31.6%	-14.9%	383,466

Includes data calculated by KCERA or a third party.

Appendix A, continued

Kern County Employees' Retirement Association
Alternative Investment Fees and Expenses
Fiscal Year 2021-2022

Investment Name §6254.26(b)(1)	**Fund expenses** *fiscal year* §6254.26(b)(8) §7514.7(a)(2)	**Profit sharing** *fiscal year* §7514.7(a)(3)	**Fund-level fees and expenses paid to manager** *fiscal year* §7514.7(a)(4)	**Inv-level fees and expenses paid to manager** *fiscal year* §7514.7(a)(4)
Abbott Capital Private Equity Fund IV	5,691	0	0	0
Abbott Capital Private Equity Fund V	13,163	0	3,471	0
Abbott Capital Private Equity Fund VI	9,499	0	227,191	0
Aristeia International Limited	188,998	1,291,138	0	0
Aristeia Select Opportunities II	41,110	201,166	0	0
Blue Torch Credit Opportunities Fund II	118,625	0	166,529	0
Blue Torch Credit Opportunities Fund III	3,412	0	1,036	0
Brevan Howard Fund Limited	393,739	384,913	0	0
Brighton Park Capital Fund I	55,088	148,544	521,201	0
Brookfield Real Estate Finance Fund V	71,726	0	368,596	0
Cevian Capital Fund II LP	13,117	512,235	0	0
Colony Distressed Credit and Special Situations Fund IV	119,785	0	517,996	0
Covenant Apartment Fund X	45,941	0	375,000	0
Crown Global Secondaries V	263,961	0	348,611	0
Davidson Kempner Inst Partners LP	168,820	898,448	0	0
DB Investors Fund IV LP	186,767	2,217,295	0	0
DE Shaw Composite Fund LLC	129,895	4,234,399	0	0
Fortress Credit Opportunities Fund V Expansion	89,744	0	102,740	0
Fortress Lending Fund II	1,191,520	0	312,667	0
Fortress Lending Fund III	228,946	0	30,297	0
Garda Fixed Income Relative Value Opportunity (Onshore) Ltd	100,007	0	0	0
HBK Multi-Strategy Fund LP	463,198	2,420,079	0	0
HBK Opportunities Platform L.P	217,935	94,617	0	0
HIG Bayside Loan Opportunity Fund V (Europe)	268,441	489,969	676,444	0
Hudson Bay Cap Structure Arbitrage	1,042,992	4,653,946	0	0
Indus Pacific Opportunities Fund LP	74,170	0	0	0
Invesco Real Estate Fund III, L.P.	22,766	0	0	0
Invesco Real Estate Fund IV	64,850	0	148,674	0
Landmark Real Estate Fund VIII	-5,322	0	548,528	0
LBA Logistics Value Fund IX	0	0	303,750	0
Level Equity Growth Partners V	51,733	0	375,014	0
Level Equity Opportunities Fund 2021	27,065	0	7,813	0
Linden Capital Partners V	74,511	0	398,507	0
Linden Co-Investment V	19,024	0	18,775	0
Long Wharf Real Estate Partners VI	87,060	0	750,000	0
Magnetar Constellation Fund V	161,913	695,487	522,923	0
Magnetar Structured Credit Fund LP	39,617	428,645	0	0
Myriad Opportunities Offshore Fund Limited	20,180	307,757	0	0
Pantheon Global Secondary Fund III	24,762	0	0	0
Pantheon USA Fund III	5,555	0	0	0
Pantheon USA Fund V	6,905	0	0	0
Pantheon USA Fund VI	14,453	0	0	0
Pantheon USA Fund VII	6,097	0	176,054	0
Peak Rock Capital Fund III	117,084	0	88,850	0
Pharo Macro Fund	48,527	0	0	0
PIMCO Commodity Alpha Fund LLC	128,035	2,425,464	0	0
River Birch International Ltd	18,814	0	0	0
Sculptor Enhanced Domestic Partners LP	422,300	0	0	0
Singerman Real Estate Opportunity Fund IV	87,800	0	446,250	0
TSSP Adjacent Opportunities Partners (B)	98,357	461,205	582,534	223
TSSP Adjacent Opportunities Partners [D]	316,510	770,025	1,450,724	0
Vista Foundation Fund IV	51,010	0	499,918	0
Warren Equity Partners Fund III	132,918	0	64,343	0

Includes data calculated by KCERA or a third party.

Date: December 14, 2022

To: Trustees, Board of Retirement

From: Daryn Miller, Chief Investment Officer

Subject: Annual On-Site Due Diligence Schedule

The KCERA Due Diligence & Service Provider Selection Policy requires that "Staff shall annually provide the Board with a three-year calendar of scheduled on-site due diligence visits, and shall ensure the Board is provided a summary report on the results of each such visit." Due Diligence & Service Provider Selection Policy, page 2, item 9.

Per the policy, on-site due diligence is required for investment consultants every five years, and for "other service providers--as deemed necessary by Staff or the Board".

The Plan currently has three investment consultants, Albourne America (hedge funds), Cambridge Associates (private markets), and Verus Advisory (general investment consultant).

Investment Consultant	Planned On-Site Due Diligence	Location
Albourne America	2026 calendar year	San Francisco
Cambridge Associates	2024 calendar year	Boston
Verus Advisory	2026 calendar year	Los Angeles or Seattle

Note: On-site due diligence may have complications due to COVID-19 restrictions, in which case virtual video conference due diligence meetings may be utilized.

Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93301

Tel (661) 381-7700 · Fax (661) 381-7799
Toll Free (877) 733-6831
TTY Relay (800) 735-2929
www.kcera.org

Date: December 14, 2022

To: Trustees, Board of Retirement

From: Daryn Miller, Chief Investment Officer

Subject: **Annual Investment Manager Compliance Report FY 2021-2022**

The KCERA Monitoring and Reporting Policy requires that on an annual basis the Plan's investment managers which oversee separately managed accounts, affirm they are "investing the plan assets in accordance with their mandate, investment management agreement, and regulatory requirements." Monitoring and Reporting Policy, page 2, item 8.

As of June 30, 2022, the Plan had 10 active separately managed accounts, managed by 7 investment managers. They include:

Investment Manager	Mandate
Alliance Bernstein	US Small Cap Value
BlackRock Financial Management	Short Duration
Geneva Capital Management	US Small Cap Growth
Harvest Fund Advisors (Blackstone)	Midstream
Pacific Investment Management Company	Core Plus
Pacific Investment Management Company	Emerging Market Debt
Pacific Investment Management Company	Midstream
Parametric Portfolio Associates	Overlay and Capital Efficiency
Western Asset Management Company	Core Plus Portfolio
Western Asset Management Company	US High Yield Portfolio

Each of the firms above provided a letter certifying compliance for the 2021-2022 fiscal year. For reference, the letters are included in the Appendix. The letters may include instances where the account was not in compliance and provides the rationale for those situations.

APPENDIX

ALLIANCEBERNSTEIN®

1345 6th Avenue
New York, NY 10101
www.AllianceBernstein.com
T (212) 969-1168

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

September 14, 2022

Dear KCERA Board of Retirement,

AllianceBernstein L.P., as investment manager to the KCERA US Small Cap Value Separately Managed Account and Emerging Markets Strategic Core Equity Collective Investment Trust, hereby certificates the Funds were in compliance with their mandates, investment management agreements, and regulatory requirements during the period July 1, 2021 through June 30, 2022.

Best Regards,

Kyle DiGangi
Senior Vice President, Chief Compliance Officer and Counsel

BLACKROCK

September 15, 2022

Kern County Employees' Retirement Association

RE: Kern County Employees' Retirement Association Short Duration (KERN-SD), (the “Portfolio”)

This letter confirms that, unless otherwise noted below, throughout the period July 1, 2021, to June 30, 2022, the Portfolio has been in compliance, in all material respects, with the investment guidelines applicable to the Portfolio.

BlackRock
By:

Spencer Fleming
Managing Director

55 E. 52nd Street
New York, NY 10055
Tel 212.810.5300
www.blackrock.com

Geneva

September 7, 2022

Kern County Employees' Retirement Association
Board of Retirement
1 1125 River Run Blvd.
Bakersfield, CA 93311

Compliance Certification

Dear Board of Retirement:

Please accept this certification as confirmation that Geneva Capital Management invested the plan assets it manages for the Kern County Employees' Retirement Association in compliance with the Association's investment mandate, investment management agreement and regulatory requirements during the fiscal year July 1, 2021 through June 30, 2022.

Please contact me if you have any further questions

Best regards,

Stephen J. Shenkenberg
Principal, General Counsel and Chief Compliance Officer

Cc Daryn Miller, CFA
Chief Investment Officer
Kern County Employees' Retirement Association

Matthew Pistorio, CFA
Principal, Client Portfolio Manager
Geneva Capital Managemt LLC

Blackstone Harvest

July 15, 2022

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

Re: Investment Manager Compliance – Annual Affirmation

To Whom It May Concern:

I am writing in connection with the September 18, 2020 Discretionary Advisory Agreement for Publicly Traded Midstream Energy investments as between the Kern County Employees' Retirement Association (hereinafter "KCERA") and Harvest Fund Advisors LLC (hereinafter "Harvest").

Please let this letter serve as formal affirmation that during the 2021-22 fiscal year (July 1, 2021 to June 30, 2022), Harvest invested KCERA assets in accordance with the mandate, the Discretionary Advisory Agreement, and applicable regulatory requirements.

Do not hesitate to contact me if you have any questions regarding this Affirmation.

Best regards,

Anthony Merhige
Senior Managing Director, COO

PARAMETRIC

Kern County Employees Retirement Association
Annual Statement of Compliance Year Ended June 30, 2022

Parametric Portfolio Associates LLC, hereby certifies that to the best of its knowledge the investment portfolio(s) managed on behalf of Kern County Employees Retirement Association are in compliance with all investment guidelines in place for the year ending June 30, 2022.

Dated: 9/14/2022

Parametric Portfolio Associates LLC

By: Name: Ben Hammes

Title: Chief Compliance Officer, Derivatives

3600 MINNESOTA DRIVE
SUITE 325
MINNEAPOLIS, MN 55435
P 952 767 7700
F 952 767 7701

parametricportfolio.com

PIMCO

September 20, 2022

To: Kern County Employees' Retirement Association, Board of Retirement

Re: Kern County Employees' Retirement Association PIMCO Accounts #7350, #11148, #11178, #19135, #4450

For the 2021-2022 fiscal year (the period from 7/1/21 to 6/30/22), the accounts managed by PIMCO on behalf of the Kern County Employees' Retirement Association were invested in accordance with the mandate, IMA and regulatory requirements.

Sincerely,

Matt Clark

____

Matt Clark

SVP, Account Manager

Pacific Investment Management Company LLC

WESTERN ASSET

September 7, 2022

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

Re: Kern County ERA (1464)

To: Kern County Employees' Retirement Association, Board of Retirement

This letter is to certify that, to the best of our knowledge, the investment portfolio managed on behalf of the Kern County Employees' Retirement Association was in compliance with the stated mandate, investment management agreement, and regulatory requirements during 2021-22 fiscal year (07/01/2021 to 06/30/2022).

Please contact your Client Service Representative if you have any further questions.

Sincerely,

Steve Chun
Compliance Officer

Western Asset Management Company
385 East Colorado Blvd. Pasadena, CA 91101 • Tel: (626) 844-9400 • Fax: (626) 844-9450

WESTERN ASSET

September 7, 2022

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

Re: Kern County High Yield (1669)

To: Kern County Employees' Retirement Association, Board of Retirement

This letter is to certify that, to the best of our knowledge, the investment portfolio managed on behalf of Kern County (High Yield) was in compliance with the stated mandate, investment management agreement, and regulatory requirements during 2021-22 fiscal year (07/01/2021 to 06/30/2022).

Please contact your Client Service Representative if you have any further questions.

Sincerely,

Steve Chun
Compliance Officer

Western Asset Management Company
385 East Colorado Blvd. Pasadena, CA 91101 • Tel: (626) 844-9400 • Fax: (626) 844-9450

Kern County Employees' Retirement Association
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TTY Relay (800) 735-2929
www.kcera.org

Date: December 14, 2022

To: Trustees, Board of Retirement

From: Daryn Miller, Chief Investment Officer

Subject: **On-Site Due Diligence – Verus Advisory**

Executive Summary:

Per the Due Diligence & Service Provider Selection Policy, investment staff is required to complete on-site due diligence once every five years for all investment consultants. On November 8, 2022, staff met in person at the Verus Advisory (Verus) Los Angeles office. After the nearly three-hour meeting, staff's confidence in Verus' capabilities and suitability as the Plan's general investment consultant was confirmed.

Background:

Verus has been KCERA's general investment consultant since 2011. In 2021, staff released an RFP for General Investment Consulting services, and following the RFP diligence process, staff recommended, and the Board approved, Verus to continue as the Plan's general investment consultant.

Meeting Summary:

The on-site meeting covered three broad topics, including 1) firm overview, 2) investment research, and 3) performance reporting. The meeting included discussions with 14 different members of the Verus team—including some individuals from Seattle who participated via teleconference.

Firm overview

The meeting was held at Verus' Los Angeles office, where approximately 15 Verus employees are stationed. The firm has 8 offices or satellite locations, with a total of 96 employees. Seattle is the firm's headquarters, where approximately 55 employees are based. The firm overview discussion was led by Jeff MacLean, Verus CEO, and focused on hiring, retaining, and developing employees; fostering the Verus culture; and serving clients. In addition, we covered industry challenges and how the firm is positioning to navigate these.

Research

The research session covered Verus Investment Philosophy, Capital Markets Research, and Public Markets Manager Research. During the Capital Markets Research section, the Verus team outlined the Asset Liability Modeling process, which is timely, as we recently started this effort--something we do every 3-5 years. We will be bringing the Asset Liability Study to the Investment Committee and Board during the first half of 2023.

We covered a number of other research areas, including strategic research, active vs passive management, investment manager due diligence, asset class research, and ad-hoc research projects.

Performance

We spent time discussing performance reporting for a few reasons, 1) it is an important service area within the general investment consultant scope of services, 2) Verus has recently gone through a material reporting system migration, and 3) it is an area where Verus has seen more turnover and challenges. The discussion focused on the recent migration and some of the challenges that have faced, lessons learned, and how we can improve the process going forward. We left the meeting with a few changes which should improve the process. We also discussed personal changes that have occurred over the past 4 years; and were happy to spend time during the meeting with the new Verus Senior Performance Analyst that will be working on our reports.

Conclusion:

Overall, the meeting was productive and we left with a few changes which should improve the Plan's performance reporting.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Memorandum from the
Office of the Chief Executive Officer
Dominic D. Brown

Date: December 14, 2022

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **SACRS Board of Directors Meeting**
Northern California (location TBA)
January 9-10, 2023

In accordance with the Travel Policy approved by the Board of Retirement on April 13, 2022, I have attached information concerning the above-captioned meeting, as follows:

- Specific information as to whether staff or members of the Board will serve as a participant – Jordan Kaufman

- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the meeting sponsor

The meeting topics are relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustee Jordan Kaufman.

Attachments

Travel Subject SACRS Board of Directors Meeting
Sponsor SACRS
Date(s) January 9-10, 2023
Location Northern California
Proposed Attendee(s) Jordan Kaufman

Estimated Total Travel Cost **$856.48**

Description	Computation		Kaufman	Totals	Borne By	
					KCERA	Sponsor
Registration fees		=	-	**-**	-	
Lodging expense	2 nights @ $ 300.00 /night	=	600.00	**600.00**	600.00	
Per diem meals reimbursement:	2 days @ $ 69.00 /day	=	138.00			
Less meals provided by sponsor	0 Breakfast, 2 Lunch, 2 Dinner = $109.02	=	($109.02)			$109.02
Total meals expense		=		**138.00**	28.98	
Shuttle/taxicab expense	Taxi Estimate	=		**-**	-	
Airfare	$0.00	=	$0.00	**$0.00**	-	
Vehicle-related expenses:		=	-	**-**	-	
Parking	2 days @ 20.00 /day	=	40.00	**40.00**	40.00	
Mileage	miles @ /mile (Department Head)	=	-	**-**	-	
	300 miles @ 0.625 /mile (Staff, Trustee)	=	187.50	**187.50**	187.50	
Rental car		=	-	**-**	-	
Rental car gasoline		=	-	**-**	-	
Totals		=	856.48	**$ 965.50**	**$ 856.48**	**$ 109.02**

Kern County Employees' Retirement Association

Actuarial Valuation and Review

As of June 30, 2022

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com
T 415.263.8200

November 30, 2022

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, 2022. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for July 1, 2023 to June 30, 2024.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement Association. The census information and financial information on which our calculations were based was prepared by the staff of the Association. That assistance is gratefully acknowledged.

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

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

Sincerely,

Segal

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

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Table of Contents

Table of Contents

Section 1: Actuarial Valuation Summary

Purpose and Basis

This report was prepared by Segal to present a valuation of the Kern County Employees' Retirement Association ("KCERA" or "the Association") as of June 30, 2022. The valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits. The measurements shown in this actuarial valuation may not be applicable for other purposes. In particular, the measures herein are not necessarily appropriate for assessing the sufficiency of current plan assets to cover the estimated cost of settling the Association's accrued benefit obligations.

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; and changes in plan provisions or applicable law.

The contribution requirements presented in this report are based on:

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

One of the general goals of an actuarial valuation is to establish contributions which fully fund the Association's liabilities, and which, 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.

Section 1: Actuarial Valuation Summary

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's 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 consistent, both internally and with prior year's information.

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. In this valuation, we have applied the funding policy last reviewed with the Board of Retirement in 2012. Details of the funding policy are provided in *Section 4, Exhibit 1* on pages 110 and 111.

A schedule of current amortization balances and payments may be found in *Section 3, Exhibit H* starting on page 90. A graphical projection of the Unfunded Actuarial Accrued Liability (UAAL) amortization balances and payments has been included in *Section 3, Exhibit I* starting on page 96.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2023 through June 30, 2024.

Effect of Gain Sharing Provisions

The 7.25% 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 Reserve (SRBR) asset pools. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% allocation of excess earnings to the SRBR, does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption of 7.25%.

Actuarial Standard of Practice (ASOP) No. 4 (“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”) states that some plan provisions, including gain sharing provisions, “may create pension obligations that are difficult to appropriately measure using traditional valuation procedures.” ASOP No. 4 further states that “for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling … to reflect the impact of variations in experience from year to year.”

Accordingly, we performed stochastic modeling to estimate the impact of the 50% allocation of future excess earnings to the SRBR. The results of our model indicated that the 50/50 allocation of future excess earnings would have about the same impact as an “outflow” (i.e., assets not available to fund the benefits included in this valuation) that would average approximately 0.3% of assets over time.

For informational purposes only, when we applied the results of our stochastic model to this valuation we have estimated that such an annual outflow would increase the actuarial accrued liability measured in this valuation using a 7.25% investment return assumption from $7.37 billion to $7.64 billion (for a difference of about $268 million) and would increase the employer’s contribution rate by about 4.1% of payroll.

Valuation Highlights

1. The Public Employee Pension Reform Act of 2013 (PEPRA) set contribution rates for members hired after January 1, 2013 (PEPRA members) at 50% of normal cost, pending expiration of the existing MOUs. Between January 1, 2013 and the expiration of the then-existing MOUs in or around 2015, PEPRA members were incorrectly charged the 50% of normal cost rate. On April 13, 2022, the Board decided to refund any overcollection of contributions paid in conjunction with PEPRA implementation to affected PEPRA members. The Board also decided to collect any underpayment of contributions by affected PEPRA members from the Plan sponsors.

   On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriffs' Assn. et al. v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for Legacy members and pensionable compensation for PEPRA members. In response, the Board adopted Resolution 2020-1, which detailed the implementation of the Alameda decision including reclassifying certain pay items for inclusion in compensation earnable and pensionable compensation. On April 13, 2022, the Board decided to refund any net overcollection of contributions over the overpayment of benefits paid in conjunction with these pay items to affected members that retired between January 1, 2013 and August 30, 2020. The Board also decided to collect any net overpayment of benefits over the undercollection of contributions to affected members from the Plan sponsors.

   The results in this valuation reflect the recovery or refunds of benefits and/or member contributions previously paid in conjunction with PEPRA implementation and the Alameda decision, which increased the UAAL by $1.2 million and increased the average employer contribution rate by 0.02% of payroll. The increase in the average employer contribution rate is a result of the amortization of the $1.2 million increase in UAAL due to refunding overcollection of contributions.[1]

Pgs. 27-28

2. The Market Value of Assets earned a return of -4.08% for the July 1, 2021 to June 30, 2022 plan year. The Actuarial Value of Assets earned a return of 8.66% for the same period due to the deferral of most of the current year investment losses and the recognition of prior investment gains and losses. While this is greater than the assumed 7.25% assumed in the valuation as of June 30, 2021, the excess return was used to build up the Contingency Reserve from $53.6 million as of June 30, 2021 to $117.5 million as of June 30, 2022, following the Board's Regular Interest and Excess Interest Crediting Policy. As a result, the Valuation Value of Assets earned a return of 7.45% for the same period, which resulted in an actuarial gain when measured against the assumed rate of return of 7.25% for the 2021-2022 plan year. This actuarial investment gain decreased the average employer contribution rate by 0.12% of payroll.

Pgs. 55-56

3. The funded ratio (the ratio of the Valuation Value of Assets to Actuarial Accrued Liability) is 69.2%, compared to the prior year funded ratio of 67.1%. This ratio is one measure of funding status, and its history is a measure of funding progress. The funded ratio measured on a market value basis is 66.2%, compared to 73.1% as of the prior valuation date. These measurements are not necessarily appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Association's benefit obligation or the need for or the amount of future contributions.

[1] The losses due to underpayment of contributions and overpayment of benefits are exactly offset by the collection of those dollar amounts from the Plan sponsors.

Pg. 32 4. The Association's UAAL (which is based on the Valuation Value of Assets) has decreased from $2.36 billion to $2.27 billion. The decrease in UAAL is primarily due to contributions paying down a portion of the UAAL, gains from retirement experience, investment return (after "smoothing") greater than the 7.25% return assumption, and lower than expected individual salary increases during 2021-2022, offset by contributions less than expected. A complete reconciliation of the Association's UAAL is provided in *Section 2, Subsection E*.

Pg. 26 5. The net actuarial gain from investment and contribution experience is $2.5 million, or 0.03% of Actuarial Accrued Liability. This gain is primarily due to investment return (after "smoothing") greater than the 7.25% return assumption. That gain was offset somewhat by contributions less than expected due to the lower than expected increase in the total payroll used to pay the UAAL contributions for the year and the phase-in of the impact of the new actuarial assumptions on the UAAL contribution rate for the County Safety cost group. The net experience gain from sources other than investment and contribution experience was $30.3 million, or 0.41% of the Actuarial Accrued Liability.

Pg. 34 6. The average recommended employer contribution rate calculated in this valuation decreased from 49.10% of payroll to 48.76% of payroll. This decrease is primarily due to changes in member demographics amongst the tiers, gains from retirement experience, investment return (after "smoothing") greater than the 7.25% return assumption, and lower than expected individual salary increases during 2021-2022, offset by amortizing the prior year's UAAL over a smaller than expected total payroll. A complete reconciliation of the Association's average employer rate is provided in *Section 2, Subsection F*.

Pg. 35 7. The average member rate calculated in this valuation has increased from 6.82% of payroll to 6.96% of payroll. This change is primarily due to changes in member demographics amongst the tiers. A complete reconciliation of the Association's average member rate is provided in *Section 2, Subsection F*.

Pgs. 38-39, 44 8. Consistent with recent years, this valuation reflects that members of the San Joaquin Valley Unified Air Pollution Control District (SJVAPCD) in Tier I and Tier IIA pay 50% of the total Normal Cost rate. There are different District Category III Tier I and Tier IIA employer contribution rates shown in this report for SJVAPCD and also for the Buttonwillow Recreation & Park District. Those employers should not use the combined District Category III employer contribution rate and instead should use their own Tier I and Tier IIA specific employer rates shown in the report along with the Tier IIB employer rate.

Pgs. 45-46 9. Consistent with recent years, this valuation reflects the implementation of the Declining Employer Payroll Policy for Berrenda Mesa Water District and Inyokern Community Services District. Those employers were the only employers in District Category IV. They have been included in a "Declining Employers" category and should contribute based on the dollar contribution amounts (not rates) shown in this report. Unless otherwise noted, all results shown in this report include these declining employers.

Pgs. 23-24 10. The total unrecognized net investment <u>loss</u> as of June 30, 2022 is about $220 million as compared to an unrecognized net investment <u>gain</u> of $429 million in the previous valuation. This deferred investment loss of $220 million will be recognized in the determination of the Actuarial Value of Assets for funding purposes in the next few years as shown in *Section 2, Subsection B.*

The net deferred losses of $220 million represent about 4.3% of the Market Value of Assets. Unless offset by future investment gains or other favorable experience, the recognition of the $220 million market losses is expected to have an impact on the Association's future funded ratio and contribution rate requirements. This potential impact may be illustrated as follows (without taking into consideration any possible impact of the 50/50 excess earnings allocation between the retirement and SRBR asset pools):

a. If the net deferred losses in this year's valuation were recognized immediately and entirely in the Valuation Value of Assets, the funded ratio would decrease from 69.2% to 66.2%.

   For comparison purposes, if all the net deferred gains in the June 30, 2021 valuation had been recognized immediately in the June 30, 2021 valuation, the funded ratio in last year's valuation would have increased from 67.1% to 73.1%.

b. If the net deferred losses in this year's valuation were recognized immediately and entirely in the Valuation Value of Assets, the average employer contribution rate would increase from 48.76% of payroll to 51.68% of payroll.

   For comparison purposes, if all the net deferred gains in the June 30, 2021 valuation had been recognized immediately in the June 30, 2021 valuation, the average employer contribution rate in last year's valuation would have decreased from 49.10% of payroll to 43.31% of payroll.

Pg. 88
11. During 2021-2022 there were no "excess earnings" credited to the valuation reserves or the SRBR, because any excess earnings was used to build up the Contingency Reserve from $53.6 million as of June 30, 2021 to $117.5 million as of June 30, 2022. For the same reason, at June 30, 2022, the COLA Contribution Reserve was zero and therefore not available to offset the 2% COLA contribution rate. Because the Contingency Reserve is positive as of June 30, 2022, it is 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 F*.

Pg. 60
12. The Actuarial Standard of Practice No. 51 (ASOP 51) requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition". Examples of key risks listed that are particularly relevant to KCERA are asset/liability mismatch risk, investment risk, and longevity risk. The standard also requires an actuary to consider if there is any ongoing contribution risk to the plan, however it does not require the actuary to evaluate the particular ability or willingness of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

    The actuary's initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed assessment or risk report would be significantly beneficial for the intended user in order to examine particular financial risks. When making that recommendation, the actuary will take into account such factors as the plan's design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions.

    Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the Association. We were engaged to perform a detailed analysis of the potential range of the impact of risk relative to the Association's future financial condition based on the June 30, 2018 actuarial valuation. That analysis can be found in our separate risk assessment report dated September 4, 2019.

The risk assessment for the June 30, 2022 actuarial valuation, which includes a discussion of key risks that may affect the Association, can be found in *Section 2, Subsection J*.

13. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2022. The Association's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.
14. Segal strongly recommends an actuarial funding policy that targets 100% funding of the Actuarial Accrued Liability. Generally, this implies payments that are ultimately at least enough to cover Normal Cost, interest on the UAAL and the principal balance. The funding policy adopted by the Board meets this standard.
15. This report constitutes an actuarial valuation for the purpose of determining the actuarially determined contribution (ADC) under the Association's funding policy and measuring the progress of that funding policy. The Net Pension Liability (NPL) and Pension Expense under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, for inclusion in the plan and employer's financial statements as of June 30, 2022, will be provided separately. The accounting disclosures will utilize different methodologies from those employed in the funding valuation, as required by GASB. However, the ADC in this valuation is expected to be used as the ADC for GASB financial reporting.

Summary of Key Valuation Results

		June 30, 2022		June 30, 2021	
		Total Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Total Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Employer Contribution Rates:[2]	• County General without Courts	39.82%	$166,404	40.24%	$167,048
	• Courts	39.74%	12,967	40.21%	12,672
	• County Safety	76.91%	110,047	77.51%	107,414
	• District Category I	52.69%	3,145	54.13%	3,354
	• District Category II	50.12%	1,220	50.47%	1,233
	• District Category III	46.74%	13,696	47.25%	13,096
	• District Category V	44.74%	638	44.92%	570
	• District Category VI	61.36%	125	61.53%	165
	• Declining Employers[3]	243.78%	451	272.41%	474
	All Categories Combined	**48.76%**	**$308,693**	**49.10%**	**$306,026**

1 Based on projected annual compensation for each valuation date.
2 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 (with the exception of District Category III). See *Section 2, Subsection F* for the employer contribution rates for each tier separately for these categories.
3 The two employers that were previously in District Category IV are now declining employers. Those employers will contribute based on the dollar contribution amounts shown (not rates).

Summary of Key Valuation Results (continued)

		June 30, 2022		June 30, 2021	
		Total Rate	Estimated Annual Dollar Amount[1] ($ in '000s)	Total Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
Average Member Contribution Rates:	• County General Tier I without Courts	5.44%	$6,763	5.39%	$7,296
	• County General Tier IIA without Courts	6.80%	4,300	6.77%	4,439
	• County General Tier IIB without Courts	6.25%	14,394	6.23%	13,345
	• Courts Tier I	8.17%	995	8.16%	1,064
	• Courts Tier IIA	6.64%	197	6.48%	213
	• Courts Tier IIB	6.25%	1,093	6.23%	946
	• County Safety Tier I	6.98%	6,145	6.87%	6,473
	• County Safety Tier IIA	9.35%	714	9.32%	709
	• County Safety Tier IIB	12.99%	6,158	12.93%	4,751
	• District Category I Tier I	3.28%	120	3.07%	133
	• District Category I Tier IIA	6.13%	49	6.21%	42
	• District Category I Tier IIB	6.25%	95	6.23%	75
	• District Category II Tier I	6.44%	91	6.17%	87
	• District Category II Tier IIB	6.25%	64	6.23%	64
	• District Category II Tier III	7.43%	0	7.41%	0
	• District Category III Tier I (Buttonwillow)	8.52%	3	8.55%	3
	• District Category III Tier I (SJVAPCD)	12.10%	1,922	12.18%	2,093
	• District Category III Tier IIA (Buttonwillow)	6.25%	0	6.23%	0
	• District Category III Tier IIA (SJVAPCD)	6.78%	67	6.73%	64
	• District Category III Tier IIB	6.25%	774	6.23%	594
	• District Category V Tier I	0.00%	0	0.00%	0
	• District Category V Tier IIA	6.23%	26	6.21%	25
	• District Category V Tier IIB	6.25%	58	6.23%	49
	• District Category VI Tier I	0.00%	0	0.00%	0
	• District Category VI Tier IIB	6.25%	0	6.23%	0
	• Declining Employers Tier I	6.06%	11	5.86%	10
	• Declining Employers Tier IIB	6.25%	0	6.23%	0
	All Categories Combined	**6.96%**	**$44,039**	**6.82%**	**$42,475**

[1] Based on projected annual compensation for each valuation date.

Summary of Key Valuation Results (continued)

		June 30, 2022 ($ in '000s)	June 30, 2021 ($ in '000s)
Actuarial Accrued Liability as of June 30:[2]	• Retired members and beneficiaries	$4,985,491	$4,777,275
	• Inactive vested members[1]	272,783	243,481
	• Active members	2,114,379	2,143,469
	• Total Actuarial Accrued Liability	$7,372,653	$7,164,225
	• Normal Cost for plan year beginning June 30	123,617	124,039
Assets as of June 30:	• Market Value of Assets (MVA)[3]	$4,882,350	$5,235,090
	• Valuation Value of Assets (VVA)	5,102,402	4,806,026
Funded status as of June 30:	• Unfunded Actuarial Accrued Liability on Market Value of Assets basis	$2,490,303	$1,929,135
	• Funded percentage on MVA basis	66.22%	73.07%
	• Unfunded Actuarial Accrued Liability on Valuation Value of Assets basis	2,270,251	$2,358,199
	• Funded percentage on VVA basis	69.21%	67.08%
Key assumptions:	• Net investment return	7.25%	7.25%
	• Price inflation	2.75%	2.75%
	• Payroll growth	3.25%	3.25%

[1] Includes inactive members due a refund of member contributions.
[2] Excludes liabilities associated with benefits paid by the Supplemental Retiree Benefits Reserve. These liabilities are included in a separate valuation report.
[3] Excludes non-valuation reserves.

Summary of Key Valuation Results (continued)

		June 30, 2022	June 30, 2021	Change From Prior Year
Demographic data as of June 30:	**Active Members:**			
	• Number of members	9,076	9,072	0.0%
	• Average age	41.9	42.1	-0.2
	• Average service	9.5	9.7	-0.2
	• Total projected compensation	$633,102,218	$623,294,085	1.6%
	• Average projected compensation	$69,756	$68,705	1.5%
	Retired Members and Beneficiaries:			
	• Number of members:			
	– Service retired	6,848	6,699	2.2%
	– Disability retired	845	874	-3.3%
	– Beneficiaries	1,322	1,262	4.8%
	– Total	9,015	8,835	2.0%
	• Average age	69.7	69.6	0.1
	• Average monthly benefit[1]	$3,662	$3,563	2.8%
	Inactive Vested Members:			
	• Number of members[2]	4,015	3,517	14.2%
	• Average age	41.4	42.0	-0.6
	Total Members:	22,106	21,424	3.2%

[1] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.
[2] Includes inactive members due a refund of member contributions.

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the Association. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the Market Value of Assets as of the valuation date, as provided by the Association. The Association uses a “Valuation Value of Assets” that differs from market value to gradually reflect six-month changes in the Market Value of Assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the Association. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan. Future contribution requirements may differ from those determined in the valuation because of: • Differences between actual experience and anticipated experience; • Changes in actuarial assumptions or methods; • Changes in statutory provisions; and • Differences between the contribution rates determined by the valuation and those adopted by the Board of Retirement.[1]
Some actuarial results in this report are not rounded, but that does not imply precision.
If the Association is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Association should look to their other advisors for expertise in these areas.

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

[1] KCERA has a proven track record of adopting the Actuarial Determined Contributions as determined by the valuation and based on the Board's Actuarial Funding Policy.

Section 2: Actuarial Valuation Results

A. Member Data

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive vested 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*.

Member Population: 2013 – 2022

Year Ended June 30	Active Members	Inactive Vested Members[1]	Retired Members and Beneficiaries	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2013	8,485	1,855	7,171	9,026	1.06	0.85
2014	8,512	1,949	7,397	9,346	1.10	0.87
2015	8,481	2,053	7,599	9,652	1.14	0.90
2016	8,627	2,218	7,847	10,065	1.17	0.91
2017	8,728	2,363	8,093	10,456	1.20	0.93
2018	8,867	2,604	8,301	10,905	1.23	0.94
2019	9,197	2,877	8,495	11,372	1.24	0.92
2020	9,326	3,143	8,667	11,810	1.27	0.93
2021	9,072	3,517	8,835	12,352	1.36	0.97
2022	9,076	4,015	9,015	13,030	1.44	0.99

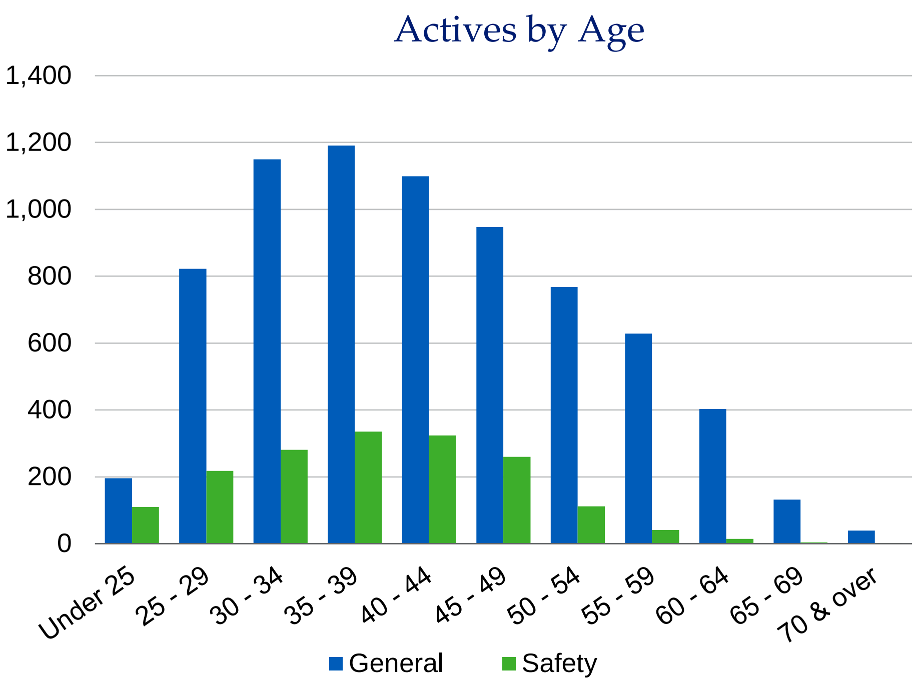
[1] Includes inactive members due a refund of member contributions.

Active Members

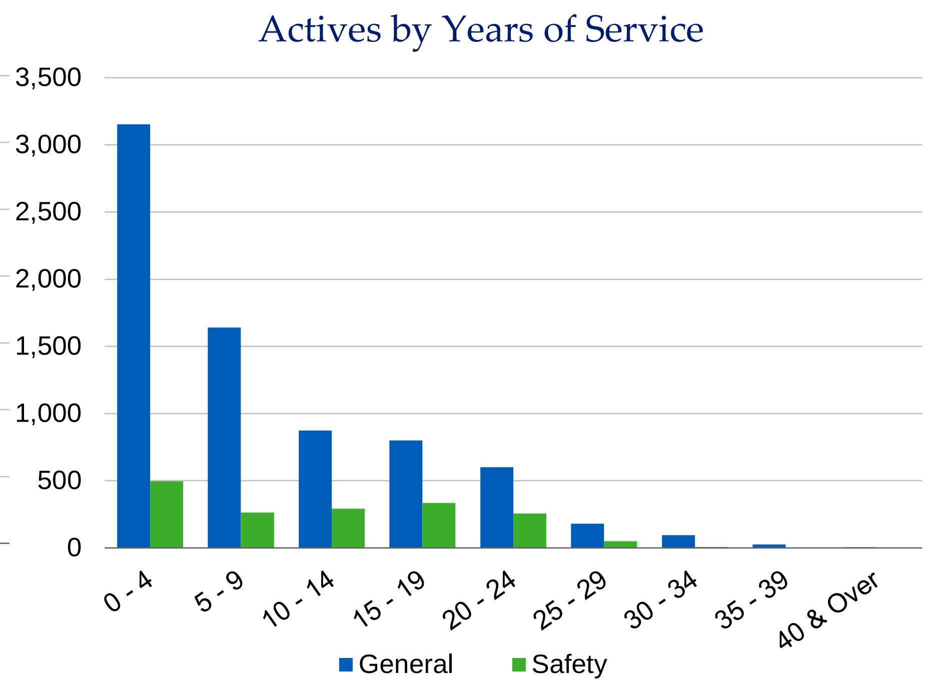
Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 9,076 active members with an average age of 41.9, average years of service of 9.5 years and average compensation of $69,756. The 9,072 active members in the prior valuation had an average age of 42.1, average service of 9.7 years and average compensation of $68,705.

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

Distribution of Active Members as of June 30, 2022



Average age	41.9
Prior year average age	42.1
Difference	-0.2



Average years of service	9.5
Prior year average years of service	9.7
Difference	-0.2

Inactive Members

In this year's valuation, there were 4,015 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 3,517 in the prior valuation.

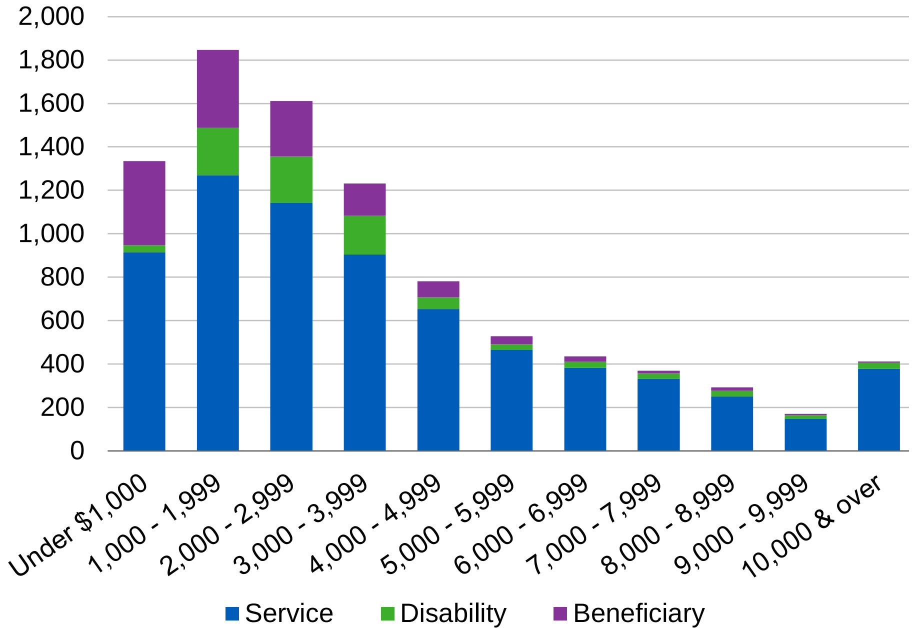
Retired Members and Beneficiaries

As of June 30, 2022, 7,693 retired members and 1,322 beneficiaries were receiving total monthly benefits of $33,011,881. For comparison, in the previous valuation, there were 7,573 retired members and 1,262 beneficiaries receiving monthly benefits of $31,476,031.

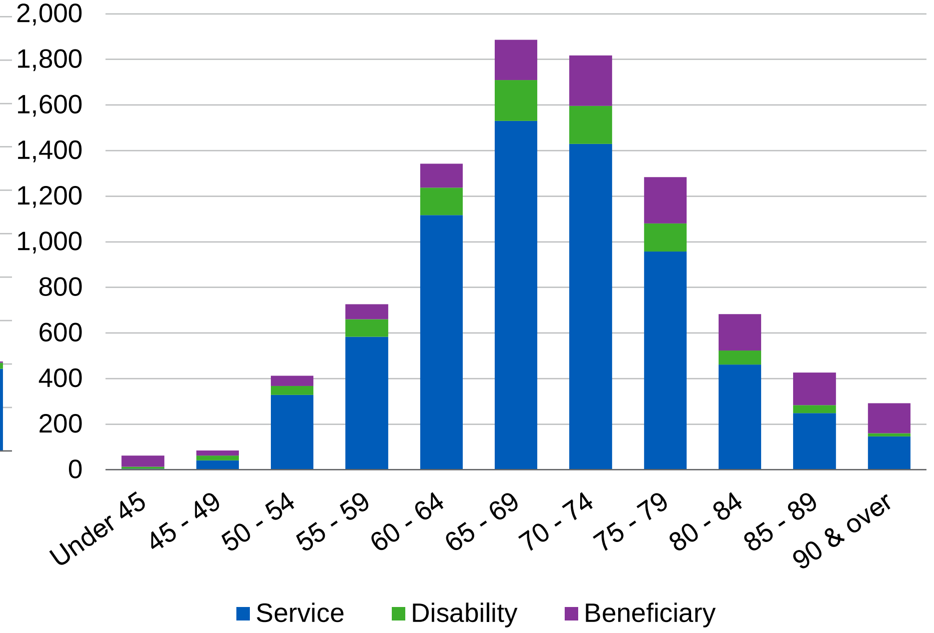
As of June 30, 2022, the average monthly benefit for retired members and beneficiaries is $3,662, compared to $3,563 in the previous valuation. The average age for retired members and beneficiaries is 69.7 in the current valuation, compared with 69.6 in the prior valuation.

Distribution of Retired Members and Beneficiaries as of June 30, 2022

Retired Members and Beneficiaries by Type and Monthly Amount



Retired Members and Beneficiaries by Type and Age



Historical Plan Population

The chart below demonstrates the progression of the active population over the last ten years. The chart also shows the growth among the retired population over the same time period.

Member Data Statistics: 2013 – 2022

	Active Members			Retired Members and Beneficiaries		
Year Ended June 30	Count	Average Age	Average Service	Count	Average Age	Average Monthly Amount
2013	8,485	42.9	10.2	7,171	67.7	$2,827
2014	8,512	42.8	10.3	7,397	68.0	2,914
2015	8,481	42.8	10.4	7,599	68.2	3,000
2016	8,627	42.6	10.2	7,847	68.4	3,065
2017	8,728	42.3	10.0	8,093	68.6	3,157
2018	8,867	42.2	9.9	8,301	68.9	3,246
2019	9,197	41.9	9.5	8,495	69.2	3,363
2020	9,326	41.9	9.5	8,667	69.4	3,465
2021	9,072	42.1	9.7	8,835	69.6	3,563
2022	9,076	41.9	9.5	9,015	69.7	3,662

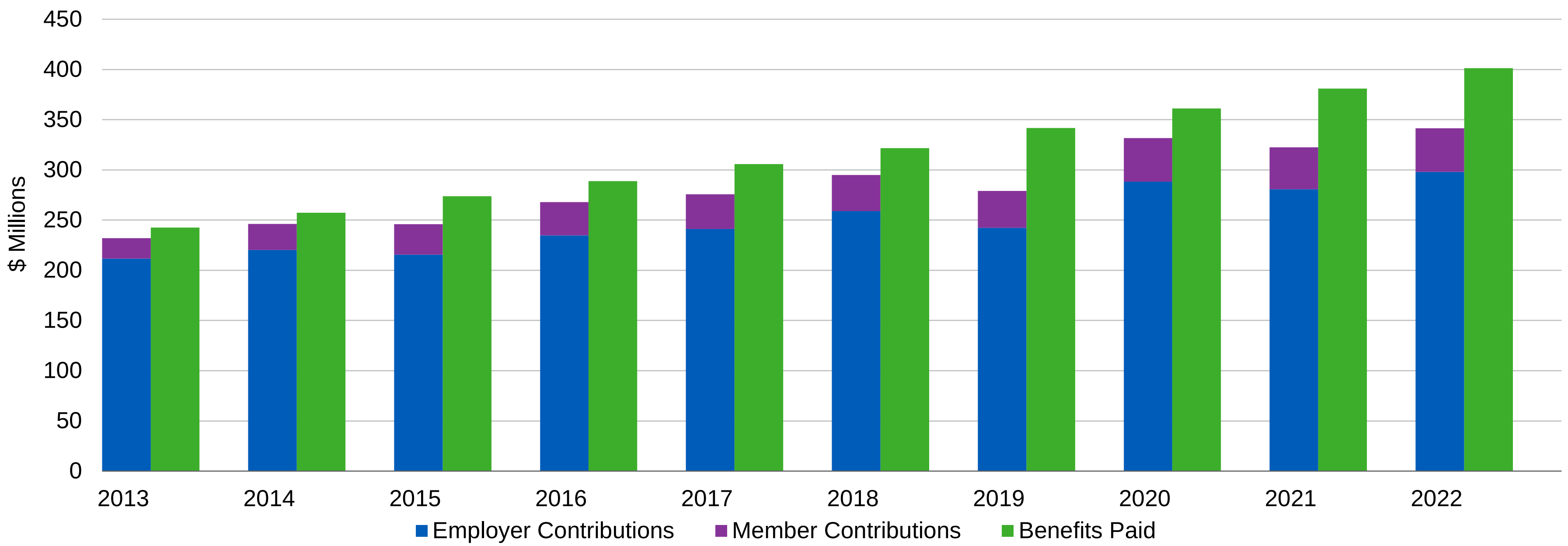
B. Financial Information

Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and investment earnings (less investment fees) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E, F* and *G*.

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

Comparison of Contributions Made with Benefits for Years Ended June 30, 2013 – 2022



Determination of Actuarial Value of Assets for Year Ended June 30, 2022

		Actual Return	Expected Return	Investment Gain / (Loss)	Percent Deferred	Unrecognized Amount
1	**Market Value of Assets**					**$5,131,128,660**
2	Calculation of unrecognized return					
	a. Six-month period ended 6/30/2017	$266,054,594	$141,194,926	$124,859,668	0%	$0
	b. Six-month period ended 12/31/2017	253,352,676	148,484,992	104,867,684	0%	0
	c. Six-month period ended 6/30/2018	14,305,836	152,145,120	(137,839,284)	10%	(13,783,928)
	d. Six-month period ended 12/31/2018	(133,735,888)	151,819,366	(285,555,254)	20%	(57,111,051)
	e. Six-month period ended 6/30/2019	347,954,553	145,751,611	202,202,941	30%	60,660,882
	f. Six-month period ended 12/31/2019	202,028,683	157,497,125	44,531,558	40%	17,812,623
	g. Six-month period ended 6/30/2020	(74,167,569)	164,189,074	(238,356,644)	50%	(119,178,322)
	h. Six-month period ended 12/31/2020	581,412,997	160,447,752	420,965,246	60%	252,579,147
	i. Six-month period ended 6/30/2021	461,947,709	180,352,331	281,595,379	70%	197,116,765
	j. Six-month period ended 12/31/2021	213,987,511	195,823,815	18,163,696	80%	14,530,957
	k. Six-month period ended 6/30/2022	(433,934,557)	202,376,683	(636,311,240)	90%	(572,680,116)
	l. Total unrecognized return[1]					$(220,053,042)
3	**Preliminary Actuarial Value of Assets: 1 – 2l**					**$5,351,181,702**
4	Corridor around Market Value of Assets					
	a. Minimum – 50% of Market Value					$2,565,564,330
	b. Maximum – 150% of Market Value					7,696,692,990
5	**Final Actuarial Value of Assets**					**$5,351,181,702**
6	Actuarial Value of Assets as a percentage of Market Value of Assets: **5 / 1**					104.29%
7	Non-valuation reserves:					
	a. Supplemental Retiree Benefit Reserve (SRBR) Unallocated to 0.5% COLA benefits					$131,235,770
	b. Contingency Reserve					117,543,583
	c. COLA Contribution Reserve					0
	d. Subtotal					$248,779,353
8	**Valuation Value of Assets: 5 – 7d**					**$5,102,402,350**

Note: Results may not add due to rounding.

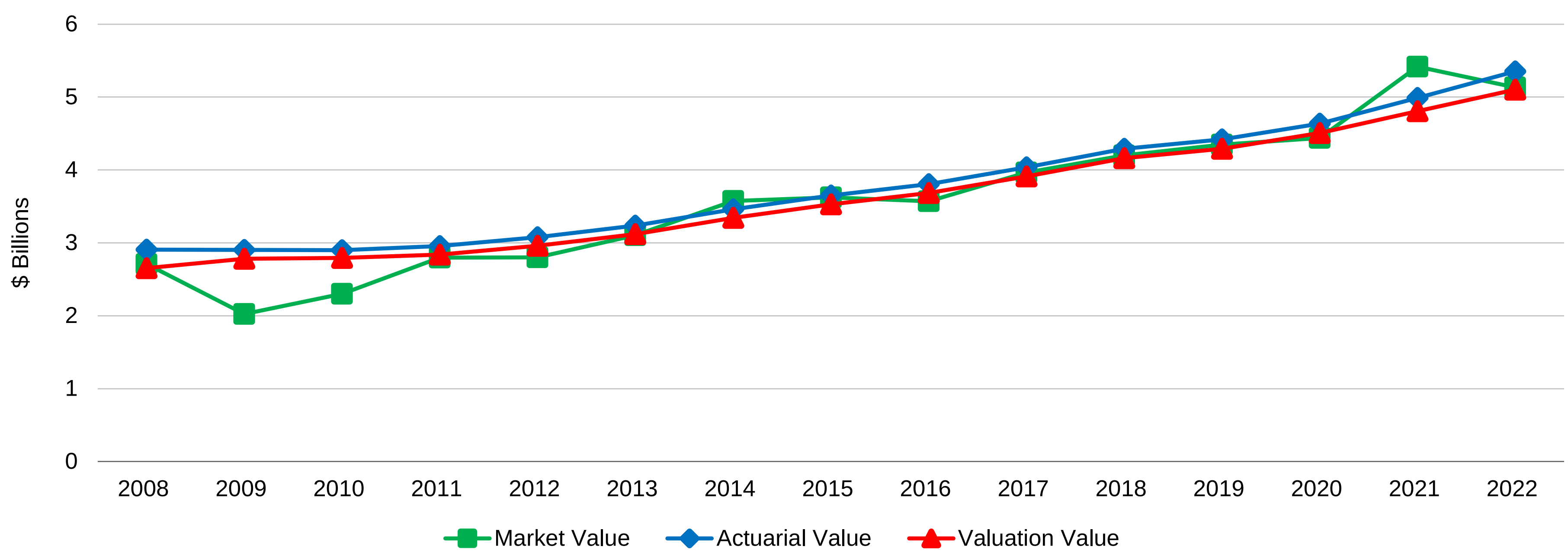
[1] Deferred return as of June 30, 2022 recognized in each of the next five years:

a.	Amount recognized on June 30, 2023	$(52,336,792)
b.	Amount recognized on June 30, 2024	(1,662,107)
c.	Amount recognized on June 30, 2025	(6,953,048)
d.	Amount recognized on June 30, 2026	(95,469,971)
e.	Amount recognized on June 30, 2027	(63,631,124)
f.	Subtotal	$(220,053,042)

Section 2: Actuarial Valuation Results

The Market Value, Actuarial Value and Valuation Value of Assets are representations of the plan's financial status. As investment gains and losses are gradually taken into account, the Actuarial Value of Assets tracks the Market Value of Assets. The Valuation Value of Assets is the Actuarial Value, excluding any non-valuation reserves. The Valuation Value of Assets is significant because the plan'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.

Market Value, Actuarial Value, and Valuation Value of Assets as of June 30, 2008 – 2022



Allocation of Valuation Value of Assets as of June 30, 2022

	County General	District[1]	County Safety	Total
Member Deposit Reserves	$338,241,350	$37,372,674	$171,943,124	$547,557,148
Employer Advance Reserves	609,174,682	56,699,919	628,132,476	1,294,007,077
Cost-of-Living Reserves – 2%	939,362,805	76,937,478	671,515,446	1,687,815,729
Cost-of-Living Reserves – 0.5%[2]	5,994,232	490,951	4,285,053	10,770,237
Retired Member Reserves	1,070,364,204	90,934,343	400,953,611	1,562,252,159
Valuation Value of Assets[3]	**$2,963,137,274**	**$262,435,366**	**$1,876,829,709**	**$5,102,402,350**

Note: Results may not add due to rounding.

[1] Includes Valuation Value of Assets allocated to the declining employers as follows:

Berrenda Mesa	$5,864,000
Inyokern	$180,000

[2] Allocated in proportion to the Cost-of-Living Reserve – 2%.

[3] Because the Contingency Reserve is positive, it is excluded from the Valuation Value of Assets per the Board's Interest Crediting Policy.

C. Actuarial Experience

To calculate any actuarially determined 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 actuarially determined contribution will decrease from the previous year. On the other hand, the actuarially determined contribution 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.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years. There are no changes in actuarial assumptions reflected in this valuation.

The net total gain is $32.8 million, which includes $9.7 million from investment gains, a loss of $7.2 million from contribution experience and $30.3 million in gains from all other sources. The net experience variation from individual sources other than investments and contributions was 0.4% of the Actuarial Accrued Liability. A discussion of the major components of the actuarial experience is on the following pages.

Actuarial Experience for Year Ended June 30, 2022

1	Net gain from investments[1]	$9,678,000
2	Net loss from contribution experience[2]	(7,175,000)
3	Net gain from other experience[3]	30,334,000
4	**Net experience gain: 1 + 2 + 3**	**$32,837,000**

[1] Details on next page.
[2] Due to UAAL contributions paid on lower than expected payroll and the phase-in of the impact of new actuarial assumptions on the UAAL contribution rate for the County Safety cost group.
[3] See *Section 2, Subsection E* for further details. Does not include the effect of plan or assumption changes, if any.

Investment Experience

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 the Association's investment policy. The rate of return on the Market Value of Assets was -4.08% for the year ended June 30, 2022.

For valuation purposes, the assumed rate of return on the Valuation Value of Assets is 7.25%. The actual rate of return on a valuation basis for the 2021-2022 plan year was 7.45%. Because the actual return for the year was greater than the assumed return, the Association experienced an actuarial gain during the year ended June 30, 2022 with regard to its investments.

Investment Experience for Year Ended June 30, 2022

		Market Value	Actuarial Value	Valuation Value
1	Net investment income	$(219,947,047)	$429,170,405	$355,955,626
2	Average value of assets	5,384,294,443	4,955,230,034	4,776,236,416
3	Rate of return: **1 ÷ 2**	(4.08%)	8.66%	7.45%
4	Assumed rate of return	7.25%	7.25%	7.25%
5	Expected investment income: **2 x 4**	$390,361,347	$359,254,177	$346,277,140
6	**Actuarial gain/(loss): 1 - 5**	**$(610,308,394)**	**$69,916,228**	**$9,678,486**

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 and valuation basis compared to the actual market value investment return for the last ten years, including averages over select time periods.

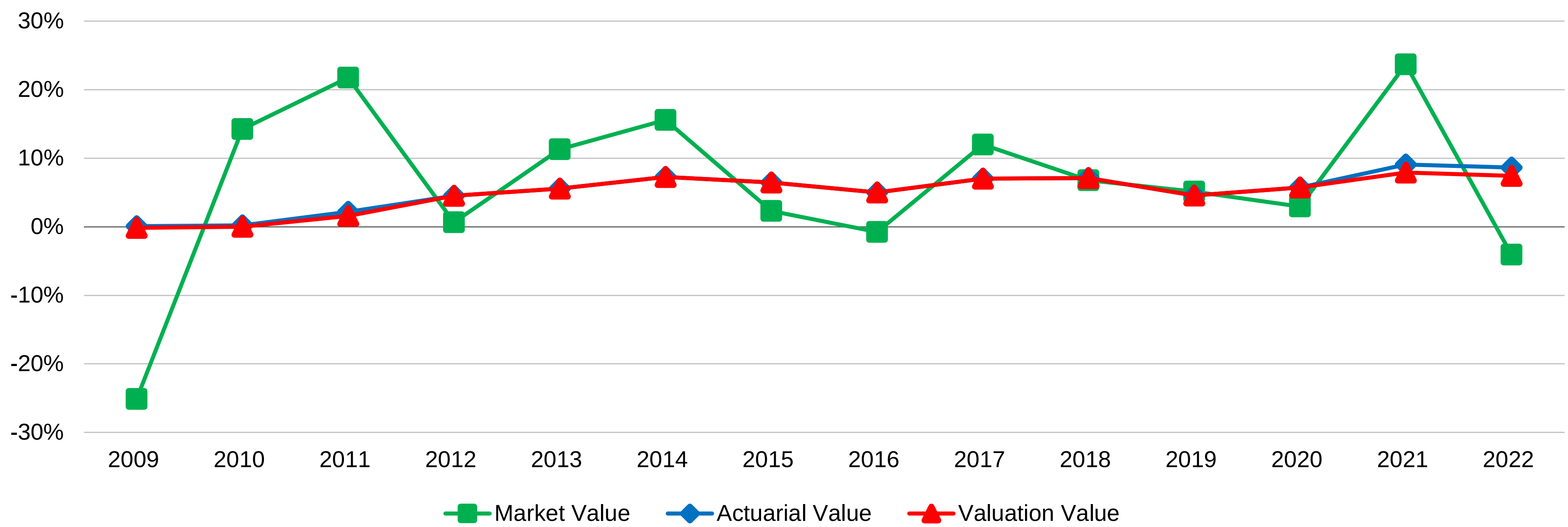
Investment Return – Market Value, Actuarial Value and Valuation Value: 2013 – 2022

	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
Year Ended June 30	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
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%
2015	81,931,170	2.30%	222,215,376	6.45%	214,895,554	6.46%
2016	(27,535,157)	(0.76%)	181,835,568	5.00%	176,132,858	5.00%
2017	426,606,857	12.00%	265,683,238	7.01%	257,592,581	7.02%
2018	267,658,596	6.78%	285,584,383	7.10%	277,046,241	7.10%
2019	214,244,104	5.14%	194,249,223	4.56%	188,682,583	4.57%
2020	127,861,225	2.95%	251,758,339	5.72%	245,000,434	5.73%
2021	1,043,360,707	23.68%	418,061,488	9.08%	355,223,792	7.93%
2022	(219,947,047)	(4.08%)	429,170,405	8.66%	355,955,626	7.45%
Most recent five-year geometric average return		**6.52%**		**7.01%**		**6.55%**
Most recent ten-year geometric average return		**7.21%**		**6.63%**		**6.41%**

Section 2: Actuarial Valuation Results

Section 2, Subsection B described the actuarial asset valuation method that gradually recognizes fluctuations in the market value rate of return. The goal of this is to stabilize the actuarial rate of return and to produce more level pension plan costs.

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2009 – 2022



Contributions

Contributions for the year ended June 30, 2022 totaled $341.6 million, compared to the projected amount of $348.5 million. This resulted in a loss of $7.2 million from contribution experience for the year, when adjusted for timing.

Non-Investment 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 participants,
- retirement experience (earlier or later than projected),
- mortality (more or fewer deaths than projected),
- the number of disability retirements (more or fewer than projected),
- salary increases (greater or smaller than projected), and
- cost-of-living adjustments (COLAs) higher or lower than anticipated.

The net gain from this other experience for the year ended June 30, 2022 amounted to $30.3 million, which is 0.4% of the Actuarial Accrued Liability. See *Section 2, Subsection E* for a detailed development of the Unfunded Actuarial Accrued Liability.

D. Other Changes in the Actuarial Accrued Liability

The Actuarial Accrued Liability as of June 30, 2022 is $7.4 billion, an increase of $0.2 billion, or 2.9%, from the Actuarial Accrued Liability as of the prior valuation date. The liability is expected to grow each year with Normal Cost and interest, and to decline due to benefit payments made. Additional fluctuations can occur due to actual experience that differs from expected (as discussed in the previous subsection).

Actuarial Assumptions and Methods

There were no changes in plan actuarial assumptions or methods since the prior valuation.

Details on actuarial assumptions and methods are in *Section 4, Exhibit 1*.

Plan Provisions

The Public Employee Pension Reform Act of 2013 (PEPRA) set contribution rates for members hired after January 1, 2013 (PEPRA members) at 50% of normal cost, pending expiration of the existing MOUs. Between January 1, 2013 and the expiration of the then-existing MOUs in or around 2015, PEPRA members were incorrectly charged the 50% of normal cost rate. On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriff's Assn. et al., v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for Legacy members and pensionable compensation for PEPRA members for that system and other similarly situated 1937 Act county employees' retirement systems. See Item (1) on page 8 of this report for a discussion of the action taken by KCERA.

- The change in plan provisions resulted in a net increase of $1.2 million in the Unfunded Actuarial Accrued Liability.

A summary of plan provisions is in *Section 4, Exhibit 2*.

E. Development of Unfunded Actuarial Accrued Liability

Development for Year Ended June 30, 2022 ($ in '000s)

1	**Unfunded Actuarial Accrued Liability at beginning of year**		**$2,358,199**
2	Total Normal Cost at middle of year[1]		122,671
3	Expected administrative expenses		5,607
4	Expected employer and member contributions[2]		(348,501)
5	Interest		163,866
6	Expected Unfunded Actuarial Accrued Liability at end of year		$2,301,842
7	Changes due to:		
	a. Investment return greater than expected (after "smoothing")	$(9,678)	
	b. Actual contributions less than expected in item 4[3]	7,175	
	c. Individual salary increases lower than expected	(6,599)	
	d. Gains from retirement experience	(26,646)	
	e. Other experience loss	2,911	
	f. Alameda decision and PEPRA implementation corrections[4]	1,246	
	Total changes		$(31,591)
8	**Unfunded Actuarial Accrued Liability at end of year**		**$2,270,251**

Note: The sum of items 7c through 7e equals the "Net gain from other experience" shown in *Section 2, Subsection C*.

1 Excludes administrative expense load.
2 Includes contributions towards administration expenses.
3 Due to UAAL contributions paid on lower than expected payroll and the phase-in of the impact of new actuarial assumptions on the UAAL contribution rate for the County Safety cost group.
4 The Public Employee Pension Reform Act of 2013 (PEPRA) set contribution rates for members hired after January 1, 2013 (PEPRA members) at 50% of normal cost, pending expiration of the existing MOUs. Between January 1, 2013 and the expiration of the then-existing MOUs in or around 2015, PEPRA members were incorrectly charged the 50% of normal cost rate. On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriff's Assn. et al., v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for Legacy members and pensionable compensation for PEPRA members for that system and other similarly situated 1937 Act county employees' retirement systems. See Item (1) on page 8 of this report for a discussion of the action taken by KCERA.

F. Recommended Contribution

The recommended contribution is equal to the employer Normal Cost payment and a payment on the Unfunded Actuarial Accrued Liability. As of June 30, 2022, the average recommended employer contribution is 48.76% of compensation.

The Board sets the funding policy used to calculate the recommended contribution based on layered amortization periods. See *Section 4, Exhibit 1* for further details on the funding policy.

The contribution requirement as of June 30, 2022 is based on the data previously described, the actuarial assumptions and plan provisions described in *Section 4*, including all changes affecting future costs adopted at the time of the actuarial valuation, actuarial gains and losses, and changes in the actuarial assumptions.

Average Recommended Employer Contribution for Year Ended June 30

		2022		2021	
		Amount ($ in '000s)	**% of Projected Compensation[1]**	**Amount ($ in '000s)**	**% of Projected Compensation[1]**
1	Total Normal Cost[2]	$123,617	19.53%	$124,039	19.91%
2	Expected member contributions	44,039	6.96%	42,475	6.82%
3	Employer Normal Cost: **1 – 2**	$79,578	12.57%	$81,564	13.09%
4	Actuarial Accrued Liability	$7,372,653		$7,164,225	
5	Valuation Value of Assets	5,102,402		4,806,026	
6	Unfunded Actuarial Accrued Liability: **4 – 5**	$2,270,251		$2,358,199	
7	Payment on Unfunded Actuarial Accrued Liability	229,115	36.19%	224,462	36.01%
8	Total average recommended employer contribution: **3 + 7**	$308,693	48.76%	$306,026	49.10%
9	Projected compensation	**$633,103**		**$623,295**	

[1] Contributions are assumed to be paid at the middle of the year.
[2] Includes administrative expense load.

Reconciliation of Average Recommended Employer Contribution Rate

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

Reconciliation from June 30, 2021 to June 30, 2022

		Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
1	**Average Recommended Employer Contribution as of June 30, 2021**	**49.10%**	**$306,026**
2	Effect of investment return greater than expected (after "smoothing")	(0.12%)	(760)
3	Effect of actual contributions less than expected	0.09%	570
4	Effect of individual salary increases lower than expected	(0.08%)	(506)
5	Effect of gains on retirement experience	(0.33%)	(2,089)
6	Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.48%	3,039
7	Effect of changes in demographics of members amongst tiers	(0.35%)	(2,216)
8	Effect of other net experience gains[2]	(0.05%)	4,502
9	Effect of Alameda decision and PEPRA implementation corrections [3]	0.02%	127
10	Total change	(0.34%)	$2,667
11	**Average Recommended Employer Contribution as of June 30, 2022**	**48.76%**	**$308,693**

[1] Based on projected compensation for each valuation date shown.
[2] Net of an adjustment to reflect 12-month delay between date of valuation and date of rate implementation for all actuarial experience (-0.01% of payroll). Estimated annual dollar cost also reflects the change in total projected compensation from the prior valuation.
[3] The Public Employee Pension Reform Act of 2013 (PEPRA) set contribution rates for members hired after January 1, 2013 (PEPRA members) at 50% of normal cost, pending expiration of the existing MOUs. Between January 1, 2013 and the expiration of the then-existing MOUs in or around 2015, PEPRA members were incorrectly charged the 50% of normal cost rate. On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriff's Assn. et al., v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for Legacy members and pensionable compensation for PEPRA members for that system and other similarly situated 1937 Act county employees' retirement systems. See Item (1) on page 8 of this report for a discussion of the action taken by KCERA.

Reconciliation of Average Recommended Member Contribution Rate

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

Reconciliation from June 30, 2021 to June 30, 2022

		Contribution Rate	Estimated Annual Dollar Amount[1] ($ in '000s)
1	**Average Recommended Member Contribution as of June 30, 2021**	**6.82%**	**$42,475**
2	Effect of changes in member demographics amongst tiers	0.10%	633
3	Effect of net other changes[2]	0.04%	931
4	Effect of Alameda decision and PEPRA implementation corrections[3]	0.00%	0
5	Total change	0.14%	1,564
6	**Average Recommended Member Contribution as of June 30, 2022**	**6.96%**	**$44,039**

[1] Based on projected compensation for each valuation date shown.
[2] Other differences in actual versus expected experience. Estimated annual dollar cost also reflects the change in total projected compensation from the prior valuation.
[3] The Public Employee Pension Reform Act of 2013 (PEPRA) set contribution rates for members hired after January 1, 2013 (PEPRA members) at 50% of normal cost, pending expiration of the existing MOUs. Between January 1, 2013 and the expiration of the then-existing MOUs in or around 2015, PEPRA members were incorrectly charged the 50% of normal cost rate. On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriff's Assn. et al., v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for Legacy members and pensionable compensation for PEPRA members for that system and other similarly situated 1937 Act county employees' retirement systems. See Item (1) on page 8 of this report for a discussion of the action taken by KCERA.

Summary of KCERA Employers, Benefit Formulas and Member Contribution Rates

County and Courts

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 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 8.0%[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 (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
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[35]	3/27/2012	Yes	Yes

Plan (Tier IIB)	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 8% 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.

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

Summary of KCERA Member Contribution Rates – County Bargaining Units

Plan	Employee Association	Bargaining Unit	5-yr Contribution Stop[1]	1/6th Rate Start[1]	1/3rd 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	11/10/2007	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[40]
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.

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

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 Stop[1]
District – Berrenda Mesa Water Tier I	Declining Employers 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	Declining Employers Tier I	31676.17 (3% @ 60)[43]	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	Member pays 50% of Normal Cost rate[5]	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	Yes	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[6]
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	8/7/2004

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 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 Effective July 11, 2015, San Joaquin Valley Unified Air Pollution Control District Tier I members pay 28% of the total Normal Cost rate. That percent increases to 39% effective 2016-2017 and 50% effective 2017-2018.
6 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.

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

Districts (continued)

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[1]	Declining Employers Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	1/12/2010	No	Yes
District – Buttonwillow Recreation & Park Tier IIA[1]	District Category III Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	12/17/2012	No	No
District – East Kern Cemetery Tier IIA[1]	District Category II Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	12/17/2012	Yes	Yes
District – Inyokern Community Services Tier IIA[1]	Declining Employers Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	12/13/2012	No	No
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 – Kern Mosquito & Vector Control Tier IIA[1]	District Category II Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	12/12/2012	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	Member pays 50% of Normal Cost rate[2]	7/31/2012	No	Yes
District – Shafter Recreation & Park Tier IIA[1]	District Category II Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	12/19/2012	Yes	Yes
District – West Side Cemetery Tier IIA[1]	District Category VI Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	12/18/2012	Yes	No
District – West Side Mosquito Abatement Tier IIA[1]	District Category II Tier IIA	31676.01 (1.62% @ 65)	31621	1/120 of FAS1 at age 60	11/15/2012	Yes	No

FAS1 = 1-Year Final Average Salary

[1] These districts adopted Tier IIA, but had no Tier IIA employees as of the valuation date.
[2] Effective July 8, 2017, San Joaquin Valley Unified Air Pollution Control District Tier IIA members pay 50% of the total Normal Cost rate.

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

Districts (continued)

Plan (Tier IIB and Tier 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]	Declining Employers Tier IIB	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 Tier IIB	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	No
District – East Kern Cemetery Tier IIB	District Category II Tier IIB	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]	Declining Employers Tier IIB	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	District Category I Tier IIB	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	District Category II Tier IIB	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 Tier IIB	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 Tier IIB	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	No	Yes
District – Shafter Recreation & Park Tier IIB	District Category II Tier IIB	31676.01 (1.62% @ 65)	7522.30(a)	50% of Normal Cost rate	1/1/2013	Yes	Yes
District – West Side Cemetery Tier IIB[1]	District Category VI Tier IIB	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	District Category II Tier IIB	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 Tier III	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.

Recommended Employer Contribution Rates – Current Valuation

	June 30, 2022 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
County General Tier I without Courts								
Normal Cost	13.18%	$16,384	4.24%	$5,271	1.32%	$1,641	18.74%	$23,296
UAAL	21.16%	26,305	2.55%	3,170	6.07%	7,545	29.78%	37,020
Total Contributions	**34.34%**	**$42,689**	**6.79%**	**$8,441**	**7.39%**	**$9,186**	**48.52%**	**$60,316**
County General Tier IIA without Courts								
Normal Cost	3.92%	$2,479	2.17%	$1,372	0.67%	$424	6.76%	$4,275
UAAL	21.16%	13,382	2.55%	1,613	6.07%	3,838	29.78%	18,833
Total Contributions	**25.08%**	**$15,861**	**4.72%**	**$2,985**	**6.74%**	**$4,262**	**36.54%**	**$23,108**
County General Tier IIB without Courts								
Normal Cost	4.88%	$11,239	1.04%	$2,395	0.33%	$760	6.25%	$14,394
UAAL	21.16%	48,734	2.55%	5,873	6.07%	13,979	29.78%	68,586
Total Contributions	**26.04%**	**$59,973**	**3.59%**	**$8,268**	**6.40%**	**$14,739**	**36.03%**	**$82,980**
County General without Courts – Combined								
Normal Cost	7.20%	$30,102	2.16%	$9,038	0.68%	$2,825	10.04%	$41,965
UAAL	21.16%	88,421	2.55%	10,656	6.07%	25,362	29.78%	124,439
Total Contributions	**28.36%**	**$118,523**	**4.71%**	**$19,694**	**6.75%**	**$28,187**	**39.82%**	**$166,404**
Courts Tier I								
Normal Cost	10.45%	$1,272	4.24%	$516	1.32%	$161	16.01%	$1,949
UAAL	21.16%	2,576	2.55%	310	6.07%	740	29.78%	3,626
Total Contributions	**31.61%**	**$3,848**	**6.79%**	**$826**	**7.39%**	**$901**	**45.79%**	**$5,575**
Courts Tier IIA								
Normal Cost	4.08%	$121	2.17%	$64	0.67%	$21	6.92%	$206
UAAL	21.16%	629	2.55%	76	6.07%	180	29.78%	885
Total Contributions	**25.24%**	**$750**	**4.72%**	**$140**	**6.74%**	**$201**	**36.70%**	**$1,091**
Courts Tier IIB								
Normal Cost	4.88%	$853	1.04%	$182	0.33%	$58	6.25%	$1,093
UAAL	21.16%	3,700	2.55%	446	6.07%	1,062	29.78%	5,208
Total Contributions	**26.04%**	**$4,553**	**3.59%**	**$628**	**6.40%**	**$1,120**	**36.03%**	**$6,301**

[1] Based on June 30, 2022 projected compensation as shown on page 47.

Recommended Employer Contribution Rates – Current Valuation (continued)

	June 30, 2022 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
Courts – Combined								
Normal Cost	6.88%	$2,246	2.33%	$762	0.75%	$240	9.96%	$3,248
UAAL	21.16%	6,905	2.55%	832	6.07%	1,982	29.78%	9,719
Total Contributions	**28.04%**	**$9,151**	**4.88%**	**$1,594**	**6.82%**	**$2,222**	**39.74%**	**$12,967**
County Safety Tier I								
Normal Cost	17.24%	$15,179	6.45%	$5,679	2.08%	$1,831	25.77%	$22,689
UAAL	35.71%	31,441	6.06%	5,335	14.05%	12,370	55.82%	49,146
Total Contributions	**52.95%**	**$46,620**	**12.51%**	**$11,014**	**16.13%**	**$14,201**	**81.59%**	**$71,835**
County Safety Tier IIA								
Normal Cost	10.84%	$828	4.98%	$380	1.57%	$121	17.39%	$1,329
UAAL	35.71%	2,728	6.06%	463	14.05%	1,074	55.82%	4,265
Total Contributions	**46.55%**	**$3,556**	**11.04%**	**$843**	**15.62%**	**$1,195**	**73.21%**	**$5,594**
County Safety Tier IIB								
Normal Cost	9.79%	$4,641	2.44%	$1,157	0.76%	$360	12.99%	$6,158
UAAL	35.71%	16,927	6.06%	2,873	14.05%	6,660	55.82%	26,460
Total Contributions	**45.50%**	**$21,568**	**8.50%**	**$4,030**	**14.81%**	**$7,020**	**68.81%**	**$32,618**
County Safety – Combined								
Normal Cost	14.43%	$20,648	5.04%	$7,216	1.62%	$2,312	21.09%	$30,176
UAAL	35.71%	51,096	6.06%	8,671	14.05%	20,104	55.82%	79,871
Total Contributions	**50.14%**	**$71,744**	**11.10%**	**$15,887**	**15.67%**	**$22,416**	**76.91%**	**$110,047**
All County with Courts – Combined								
Normal Cost	8.93%	$52,996	2.87%	$17,016	0.90%	$5,377	12.70%	$75,389
UAAL	24.67%	146,422	3.40%	20,159	7.99%	47,448	36.06%	214,029
Total Contributions	**33.60%**	**$199,418**	**6.27%**	**$37,175**	**8.89%**	**$52,825**	**48.76%**	**$289,418**
District Category I Tier I								
Normal Cost	15.34%	$561	4.24%	$155	1.32%	$49	20.90%	$765
UAAL	26.69%	976	4.31%	158	6.29%	230	37.29%	1,364
Total Contributions	**42.03%**	**$1,537**	**8.55%**	**$313**	**7.61%**	**$279**	**58.19%**	**$2,129**

[1] Based on June 30, 2022 projected compensation as shown on page 47.

Recommended Employer Contribution Rates – Current Valuation (continued)

	June 30, 2022 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
District Category I Tier IIA								
Normal Cost	4.59%	$37	2.17%	$17	0.67%	$5	7.43%	$59
UAAL	26.69%	213	4.31%	34	6.29%	50	37.29%	297
Total Contributions	**31.28%**	**$250**	**6.48%**	**$51**	**6.96%**	**$55**	**44.72%**	**$356**
District Category I Tier IIB								
Normal Cost	4.88%	$74	1.04%	$16	0.33%	$5	6.25%	$95
UAAL	26.69%	404	4.31%	65	6.29%	96	37.29%	565
Total Contributions	**31.57%**	**$478**	**5.35%**	**$81**	**6.62%**	**$101**	**43.54%**	**$660**
District Category I – Combined								
Normal Cost	11.26%	$672	3.15%	$188	0.99%	$59	15.40%	$919
UAAL	26.69%	1,593	4.31%	257	6.29%	376	37.29%	2,226
Total Contributions	**37.95%**	**$2,265**	**7.46%**	**$445**	**7.28%**	**$435**	**52.69%**	**$3,145**
District Category II Tier I								
Normal Cost	12.18%	$171	4.24%	$60	1.32%	$18	17.74%	$249
UAAL	26.69%	375	4.31%	61	6.29%	88	37.29%	524
Total Contributions	**38.87%**	**$546**	**8.55%**	**$121**	**7.61%**	**$106**	**55.03%**	**$773**
District Category II Tier IIB								
Normal Cost	4.88%	$50	1.04%	$11	0.33%	$3	6.25%	$64
UAAL	26.69%	274	4.31%	44	6.29%	65	37.29%	383
Total Contributions	**31.57%**	**$324**	**5.35%**	**$55**	**6.62%**	**$68**	**43.54%**	**$447**
District Category II Tier III								
Normal Cost	5.85%	$0	1.21%	$0	0.37%	$0	7.43%	$0
UAAL	26.69%	0	4.31%	0	6.29%	0	37.29%	0
Total Contributions	**32.54%**	**$0**	**5.52%**	**$0**	**6.66%**	**$0**	**44.72%**	**$0**
District Category II – Combined								
Normal Cost	9.05%	$221	2.92%	$71	0.86%	$21	12.83%	$313
UAAL	26.69%	649	4.31%	105	6.29%	153	37.29%	907
Total Contributions	**35.74%**	**$870**	**7.23%**	**$176**	**7.15%**	**$174**	**50.12%**	**$1,220**

[1] Based on June 30, 2022 projected compensation as shown on page 47.

Recommended Employer Contribution Rates – Current Valuation (continued)

	June 30, 2022 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
District Category III Tier I (Buttonwillow)								
Normal Cost	10.10%	$4	4.24%	$2	1.32%	$0	15.66%	$6
UAAL	26.69%	11	4.31%	2	6.29%	2	37.29%	15
Total Contributions	**36.79%**	**$15**	**8.55%**	**$4**	**7.61%**	**$2**	**52.95%**	**$21**
District Category III Tier I (SJVAPCD)								
Normal Cost	9.31%	$1,479	2.12%	$337	0.67%	$106	12.10%	$1,922
UAAL	26.69%	4,240	4.31%	685	6.29%	999	37.29%	5,924
Total Contributions	**36.00%**	**$5,719**	**6.43%**	**$1,022**	**6.96%**	**$1,105**	**49.39%**	**$7,846**
District Category III Tier IIA (Buttonwillow)								
Normal Cost	3.93%	$0	2.17%	$0	0.67%	$0	6.77%	$0
UAAL	26.69%	0	4.31%	0	6.29%	0	37.29%	0
Total Contributions	**30.62%**	**$0**	**6.48%**	**$0**	**6.96%**	**$0**	**44.06%**	**$0**
District Category III Tier IIA (SJVAPCD)								
Normal Cost	5.35%	$53	1.09%	$11	0.34%	$3	6.78%	$67
UAAL	26.69%	264	4.31%	43	6.29%	61	37.29%	368
Total Contributions	**32.04%**	**$317**	**5.40%**	**$54**	**6.63%**	**$64**	**44.07%**	**$435**
District Category III Tier IIB								
Normal Cost	4.88%	$605	1.04%	$129	0.33%	$40	6.25%	$774
UAAL	26.69%	3,307	4.31%	534	6.29%	779	37.29%	4,620
Total Contributions	**31.57%**	**$3,912**	**5.35%**	**$663**	**6.62%**	**$819**	**43.54%**	**$5,394**
District Category III – Combined								
Normal Cost	7.31%	$2,141	1.64%	$479	0.50%	$149	9.45%	$2,769
UAAL	26.69%	7,822	4.31%	1,264	6.29%	1,841	37.29%	10,927
Total Contributions	**34.00%**	**$9,963**	**5.95%**	**$1,743**	**6.79%**	**$1,990**	**46.74%**	**$13,696**
District Category V Tier I								
Normal Cost	18.51%	$14	4.24%	$3	1.32%	$1	24.07%	$18
UAAL	26.69%	20	4.31%	3	6.29%	5	37.29%	28
Total Contributions	**45.20%**	**$34**	**8.55%**	**$6**	**7.61%**	**$6**	**61.36%**	**$46**

[1] Based on June 30, 2022 projected compensation as shown on page 47.

Recommended Employer Contribution Rates – Current Valuation (continued)

	June 30, 2022 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
District Category V Tier IIA								
Normal Cost	4.49%	$19	2.17%	$9	0.67%	$3	7.33%	$31
UAAL	26.69%	113	4.31%	18	6.29%	27	37.29%	158
Total Contributions	**31.18%**	**$132**	**6.48%**	**$27**	**6.96%**	**$30**	**44.62%**	**$189**
District Category V Tier IIB								
Normal Cost	4.88%	$45	1.04%	$10	0.33%	$3	6.25%	$58
UAAL	26.69%	247	4.31%	40	6.29%	58	37.29%	345
Total Contributions	**31.57%**	**$292**	**5.35%**	**$50**	**6.62%**	**$61**	**43.54%**	**$403**
District Category V – Combined								
Normal Cost	5.43%	$78	1.51%	$22	0.51%	$7	7.45%	$107
UAAL	26.69%	380	4.31%	61	6.29%	90	37.29%	531
Total Contributions	**32.12%**	**$458**	**5.82%**	**$83**	**6.80%**	**$97**	**44.74%**	**$638**
District Category VI Tier I								
Normal Cost	18.51%	$38	4.24%	$9	1.32%	$2	24.07%	$49
UAAL	26.69%	54	4.31%	9	6.29%	13	37.29%	76
Total Contributions	**45.20%**	**$92**	**8.55%**	**$18**	**7.61%**	**$15**	**61.36%**	**$125**
District Category VI Tier IIB								
Normal Cost	4.88%	$0	1.04%	$0	0.33%	$0	6.25%	$0
UAAL	26.69%	0	4.31%	0	6.29%	0	37.29%	0
Total Contributions	**31.57%**	**$0**	**5.35%**	**$0**	**6.62%**	**$0**	**43.54%**	**$0**
District Category VI – Combined								
Normal Cost	18.51%	$38	4.24%	$9	1.32%	$2	24.07%	$49
UAAL	26.69%	54	4.31%	9	6.29%	13	37.29%	76
Total Contributions	**45.20%**	**$92**	**8.55%**	**$18**	**7.61%**	**$15**	**61.36%**	**$125**
Declining Employers Tier I (Berrenda)								
Normal Cost	12.00%	$22	3.78%	$7	1.62%	$3	17.40%	$32
UAAL	135.93%	251	43.33%	80	40.62%	76	219.88%	407
Total Contributions[2]	**147.93%**	**$273**	**47.11%**	**$87**	**42.24%**	**$79**	**237.28%**	**$439**

[1] Based on June 30, 2022 projected compensation as shown on page 47.

[2] These Districts are declining employers and they should contribute based on dollar contribution amounts shown (not rates).

Recommended Employer Contribution Rates – Current Valuation (continued)

	June 30, 2022 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
Declining Employers Tier I (Inyokern)								
Normal Cost	N/A	$0	N/A	$0	N/A	$0	N/A	$0
UAAL	N/A	10	N/A	0	N/A	2	N/A	12
Total Contributions[2]	**N/A**	**$10**	**N/A**	**$0**	**N/A**	**$2**	**N/A**	**$12**
Declining Employers – Combined								
Normal Cost	11.89%	$22	3.79%	$7	1.61%	$3	17.29%	$32
UAAL	141.08%	261	43.24%	80	42.17%	78	226.49%	419
Total Contributions	**152.97%**	**$283**	**47.03%**	**$87**	**43.78%**	**$81**	**243.78%**	**$451**
All Districts – Combined								
Normal Cost	8.03%	$3,172	1.96%	$776	0.61%	$241	10.60%	$4,189
UAAL	27.22%	10,759	4.49%	1,776	6.46%	2,551	38.17%	15,086
Total Contributions	**35.25%**	**$13,931**	**6.45%**	**$2,552**	**7.07%**	**$2,792**	**48.77%**	**$19,275**
All Employers – Combined								
Normal Cost	8.87%	$56,168	2.81%	$17,792	0.89%	$5,618	12.57%	$79,578
UAAL	24.83%	157,181	3.46%	21,935	7.90%	49,999	36.19%	229,115
Total Contributions	**33.70%**	**$213,349**	**6.27%**	**$39,727**	**8.79%**	**$55,617**	**48.76%**	**$308,693**

[1] Based on June 30, 2022 projected compensation as shown on page 47.
[2] These Districts are declining employers and they should contribute based on dollar contribution amounts shown (not rates).

Recommended Employer Contribution Rates – Current Valuation (continued)

	June 30, 2022 Projected Compensation ($ in '000s)		June 30, 2022 Projected Compensation ($ in '000s)
County General Tier I without Courts	$124,313	District Category I Tier I	$3,658
County General Tier IIA without Courts	63,240	District Category I Tier IIA	797
County General Tier IIB without Courts	230,310	District Category I Tier IIB	1,514
Courts Tier I	12,175	District Category II Tier I	1,406
Courts Tier IIA	2,971	District Category II Tier IIB	1,028
Courts Tier IIB	17,487	District Category II Tier III	0
County Safety Tier I	88,044	District Category III Tier I (Buttonwillow)	40
County Safety Tier IIA	7,640	District Category III Tier I (SJVAPCD)	15,885
County Safety Tier IIB	47,402	District Category III Tier IIA (Buttonwillow)	0
		District Category III Tier IIA (SJVAPCD)	988
		District Category III Tier IIB	12,390
		District Category V Tier I	75
		District Category V Tier IIA	425
		District Category V Tier IIB	926
		District Category VI Tier I	204
		District Category VI Tier IIB	0
		Declining Employers Tier I (Berrenda)	185
		Declining Employers Tier I (Inyokern)	0
		All Districts	$39,521
All County with Courts	$593,582	Total	$633,103

Note: As of June 30, 2022, the COLA Contribution Reserve was zero and, therefore, not available to offset the 2% COLA contribution rate.

Recommended Employer Contribution Rates – Prior Valuation

	June 30, 2021 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
County General Tier I without Courts								
Normal Cost	13.36%	$18,085	4.26%	$5,767	1.33%	$1,800	18.95%	$25,652
UAAL	21.29%	28,820	2.97%	4,020	5.53%	7,486	29.79%	40,326
Total Contributions	**34.65%**	**$46,905**	**7.23%**	**$9,787**	**6.86%**	**$9,286**	**48.74%**	**$65,978**
County General Tier IIA without Courts								
Normal Cost	3.87%	$2,538	2.15%	$1,410	0.66%	$432	6.68%	$4,380
UAAL	21.29%	13,961	2.97%	1,948	5.53%	3,626	29.79%	19,535
Total Contributions	**25.16%**	**$16,499**	**5.12%**	**$3,358**	**6.19%**	**$4,058**	**36.47%**	**$23,915**
County General Tier IIB without Courts								
Normal Cost	4.88%	$10,453	1.03%	$2,206	0.32%	$686	6.23%	$13,345
UAAL	21.29%	45,603	2.97%	6,362	5.53%	11,845	29.79%	63,810
Total Contributions	**26.17%**	**$56,056**	**4.00%**	**$8,568**	**5.85%**	**$12,531**	**36.02%**	**$77,155**
County General without Courts – Combined								
Normal Cost	7.49%	$31,076	2.26%	$9,383	0.70%	$2,918	10.45%	$43,377
UAAL	21.29%	88,384	2.97%	12,330	5.53%	22,957	29.79%	123,671
Total Contributions	**28.78%**	**$119,460**	**5.23%**	**$21,713**	**6.23%**	**$25,875**	**40.24%**	**$167,048**
Courts Tier I								
Normal Cost	10.59%	$1,381	4.26%	$555	1.33%	$174	16.18%	$2,110
UAAL	21.29%	2,776	2.97%	387	5.53%	721	29.79%	3,884
Total Contributions	**31.88%**	**$4,157**	**7.23%**	**$942**	**6.86%**	**$895**	**45.97%**	**$5,994**
Courts Tier IIA								
Normal Cost	4.16%	$136	2.15%	$71	0.66%	$22	6.97%	$229
UAAL	21.29%	699	2.97%	97	5.53%	181	29.79%	977
Total Contributions	**25.45%**	**$835**	**5.12%**	**$168**	**6.19%**	**$203**	**36.76%**	**$1,206**
Courts Tier IIB								
Normal Cost	4.88%	$741	1.03%	$156	0.32%	$49	6.23%	$946
UAAL	21.29%	3,234	2.97%	451	5.53%	841	29.79%	4,526
Total Contributions	**26.17%**	**$3,975**	**4.00%**	**$607**	**5.85%**	**$890**	**36.02%**	**$5,472**

[1] Based on June 30, 2021 projected compensation as shown on page 54.

Recommended Employer Contribution Rates – Prior Valuation (continued)

	June 30, 2021 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
Courts – Combined								
Normal Cost	7.17%	$2,258	2.48%	$782	0.77%	$245	10.42%	$3,285
UAAL	21.29%	6,709	2.97%	935	5.53%	1,743	29.79%	9,387
Total Contributions	**28.46%**	**$8,967**	**5.45%**	**$1,717**	**6.30%**	**$1,988**	**40.21%**	**$12,672**
County Safety Tier I								
Normal Cost	17.47%	$16,460	6.47%	$6,096	2.08%	$1,960	26.02%	$24,516
UAAL	35.52%	33,467	6.91%	6,511	13.01%	12,258	55.44%	52,236
Total Contributions	**52.99%**	**$49,927**	**13.38%**	**$12,607**	**15.09%**	**$14,218**	**81.46%**	**$76,752**
County Safety Tier IIA								
Normal Cost	10.84%	$825	4.97%	$378	1.56%	$119	17.37%	$1,322
UAAL	35.52%	2,702	6.91%	526	13.01%	990	55.44%	4,218
Total Contributions	**46.36%**	**$3,527**	**11.88%**	**$904**	**14.57%**	**$1,109**	**72.81%**	**$5,540**
County Safety Tier IIB								
Normal Cost	9.75%	$3,583	2.41%	$886	0.77%	$282	12.93%	$4,751
UAAL	35.52%	13,051	6.91%	2,539	13.01%	4,781	55.44%	20,371
Total Contributions	**45.27%**	**$16,634**	**9.32%**	**$3,425**	**13.78%**	**$5,063**	**68.37%**	**$25,122**
County Safety – Combined								
Normal Cost	15.06%	$20,868	5.31%	$7,360	1.70%	$2,361	22.07%	$30,589
UAAL	35.52%	49,220	6.91%	9,576	13.01%	18,029	55.44%	76,825
Total Contributions	**50.58%**	**$70,088**	**12.22%**	**$16,936**	**14.71%**	**$20,390**	**77.51%**	**$107,414**
All County with Courts – Combined								
Normal Cost	9.26%	$54,202	2.99%	$17,525	0.95%	$5,524	13.20%	$77,251
UAAL	24.66%	144,313	3.90%	22,841	7.30%	42,729	35.86%	209,883
Total Contributions	**33.92%**	**$198,515**	**6.89%**	**$40,366**	**8.25%**	**$48,253**	**49.06%**	**$287,134**
District Category I Tier I								
Normal Cost	15.68%	$677	4.26%	$184	1.33%	$57	21.27%	$918
UAAL	26.85%	1,159	4.60%	199	5.85%	253	37.30%	1,611
Total Contributions	**42.53%**	**$1,836**	**8.86%**	**$383**	**7.18%**	**$310**	**58.57%**	**$2,529**

[1] Based on June 30, 2021 projected compensation as shown on page 54.

Recommended Employer Contribution Rates – Prior Valuation (continued)

	June 30, 2021 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
District Category I Tier IIA								
Normal Cost	4.43%	$30	2.15%	$14	0.66%	$5	7.24%	$49
UAAL	26.85%	180	4.60%	31	5.85%	40	37.30%	251
Total Contributions	**31.28%**	**$210**	**6.75%**	**$45**	**6.51%**	**$45**	**44.54%**	**$300**
District Category I Tier IIB								
Normal Cost	4.88%	$59	1.03%	$12	0.32%	$4	6.23%	$75
UAAL	26.85%	324	4.60%	55	5.85%	71	37.30%	450
Total Contributions	**31.73%**	**$383**	**5.63%**	**$67**	**6.17%**	**$75**	**43.53%**	**$525**
District Category I – Combined								
Normal Cost	12.35%	$766	3.39%	$210	1.09%	$66	16.83%	$1,042
UAAL	26.85%	1,663	4.60%	285	5.85%	364	37.30%	2,312
Total Contributions	**39.20%**	**$2,429**	**7.99%**	**$495**	**6.94%**	**$430**	**54.13%**	**$3,354**
District Category II Tier I								
Normal Cost	12.58%	$178	4.26%	$60	1.33%	$20	18.17%	$258
UAAL	26.85%	381	4.60%	65	5.85%	83	37.30%	529
Total Contributions	**39.43%**	**$559**	**8.86%**	**$125**	**7.18%**	**$103**	**55.47%**	**$787**
District Category II Tier IIB								
Normal Cost	4.88%	$50	1.03%	$11	0.32%	$3	6.23%	$64
UAAL	26.85%	275	4.60%	47	5.85%	60	37.30%	382
Total Contributions	**31.73%**	**$325**	**5.63%**	**$58**	**6.17%**	**$63**	**43.53%**	**$446**
District Category II Tier III								
Normal Cost	5.84%	$0	1.20%	$0	0.37%	$0	7.41%	$0
UAAL	26.85%	0	4.60%	0	5.85%	0	37.30%	0
Total Contributions	**32.69%**	**$0**	**5.80%**	**$0**	**6.22%**	**$0**	**44.71%**	**$0**
District Category II – Combined								
Normal Cost	9.34%	$228	2.89%	$71	0.94%	$23	13.17%	$322
UAAL	26.85%	656	4.60%	112	5.85%	143	37.30%	911
Total Contributions	**36.19%**	**$884**	**7.49%**	**$183**	**6.79%**	**$166**	**50.47%**	**$1,233**

[1] Based on June 30, 2021 projected compensation as shown on page 54.

Recommended Employer Contribution Rates – Prior Valuation (continued)

	June 30, 2021 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
District Category III Tier I (Buttonwillow)								
Normal Cost	10.20%	$4	4.26%	$2	1.33%	$0	15.79%	$6
UAAL	26.85%	11	4.60%	2	5.85%	2	37.30%	15
Total Contributions	**37.05%**	**$15**	**8.86%**	**$4**	**7.18%**	**$2**	**53.09%**	**$21**
District Category III Tier I (SJVAPCD)								
Normal Cost	9.38%	$1,612	2.13%	$366	0.67%	$115	12.18%	$2,093
UAAL	26.85%	4,615	4.60%	791	5.85%	1,005	37.30%	6,411
Total Contributions	**36.23%**	**$6,227**	**6.73%**	**$1,157**	**6.52%**	**$1,120**	**49.48%**	**$8,504**
District Category III Tier IIA (Buttonwillow)								
Normal Cost	3.70%	$0	2.15%	$0	0.66%	$0	6.51%	$0
UAAL	26.85%	0	4.60%	0	5.85%	0	37.30%	0
Total Contributions	**30.55%**	**$0**	**6.75%**	**$0**	**6.51%**	**$0**	**43.81%**	**$0**
District Category III Tier IIA (SJVAPCD)								
Normal Cost	5.31%	$50	1.08%	$10	0.34%	$4	6.73%	$64
UAAL	26.85%	255	4.60%	44	5.85%	56	37.30%	355
Total Contributions	**32.16%**	**$305**	**5.68%**	**$54**	**6.19%**	**$60**	**44.03%**	**$419**
District Category III Tier IIB								
Normal Cost	4.88%	$466	1.03%	$98	0.32%	$30	6.23%	$594
UAAL	26.85%	2,561	4.60%	439	5.85%	558	37.30%	3,558
Total Contributions	**31.73%**	**$3,027**	**5.63%**	**$537**	**6.17%**	**$588**	**43.53%**	**$4,152**
District Category III – Combined								
Normal Cost	7.69%	$2,132	1.72%	$476	0.54%	$149	9.95%	$2,757
UAAL	26.85%	7,442	4.60%	1,276	5.85%	1,621	37.30%	10,339
Total Contributions	**34.54%**	**$9,574**	**6.32%**	**$1,752**	**6.39%**	**$1,770**	**47.25%**	**$13,096**
District Category V Tier I								
Normal Cost	18.64%	$14	4.26%	$3	1.33%	$1	24.23%	$18
UAAL	26.85%	20	4.60%	3	5.85%	5	37.30%	28
Total Contributions	**45.49%**	**$34**	**8.86%**	**$6**	**7.18%**	**$6**	**61.53%**	**$46**

[1] Based on June 30, 2021 projected compensation as shown on page 54.

Recommended Employer Contribution Rates – Prior Valuation (continued)

	June 30, 2021 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
District Category V Tier IIA								
Normal Cost	4.43%	$18	2.15%	$9	0.66%	$3	7.24%	$30
UAAL	26.85%	110	4.60%	19	5.85%	24	37.30%	153
Total Contributions	**31.28%**	**$128**	**6.75%**	**$28**	**6.51%**	**$27**	**44.54%**	**$183**
District Category V Tier IIB								
Normal Cost	4.88%	$38	1.03%	$8	0.32%	$3	6.23%	$49
UAAL	26.85%	210	4.60%	36	5.85%	46	37.30%	292
Total Contributions	**31.73%**	**$248**	**5.63%**	**$44**	**6.17%**	**$49**	**43.53%**	**$341**
District Category V – Combined								
Normal Cost	5.46%	$70	1.55%	$20	0.61%	$7	7.62%	$97
UAAL	26.85%	340	4.60%	58	5.85%	75	37.30%	473
Total Contributions	**32.31%**	**$410**	**6.15%**	**$78**	**6.46%**	**$82**	**44.92%**	**$570**
District Category VI Tier I								
Normal Cost	18.64%	$50	4.26%	$11	1.33%	$4	24.23%	$65
UAAL	26.85%	72	4.60%	12	5.85%	16	37.30%	100
Total Contributions	**45.49%**	**$122**	**8.86%**	**$23**	**7.18%**	**$20**	**61.53%**	**$165**
District Category VI Tier IIB								
Normal Cost	4.88%	$0	1.03%	$0	0.32%	$0	6.23%	$0
UAAL	26.85%	0	4.60%	0	5.85%	0	37.30%	0
Total Contributions	**31.73%**	**$0**	**5.63%**	**$0**	**6.17%**	**$0**	**43.53%**	**$0**
District Category VI – Combined								
Normal Cost	18.64%	$50	4.26%	$11	1.33%	$4	24.23%	$65
UAAL	26.85%	72	4.60%	12	5.85%	16	37.30%	100
Total Contributions	**45.49%**	**$122**	**8.86%**	**$23**	**7.18%**	**$20**	**61.53%**	**$165**
Declining Employers Tier I (Berrenda)								
Normal Cost	12.18%	$21	4.02%	$7	1.15%	$2	17.35%	$30
UAAL	159.50%	278	48.27%	84	40.12%	69	247.89%	431
Total Contributions[2]	**171.68%**	**$299**	**52.29%**	**$91**	**41.27%**	**$71**	**265.24%**	**$461**

[1] Based on June 30, 2021 projected compensation as shown on page 54.
[2] These Districts are declining employers and they should contribute based on dollar contribution amounts shown (not rates).

Recommended Employer Contribution Rates – Prior Valuation (continued)

	June 30, 2021 Actuarial Valuation							
	Basic		2% COLA		0.5% COLA		Total	
	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)	Rate	Estimated Annual Amount[1] ($ in '000s)
Declining Employers Tier I (Inyokern)								
Normal Cost	N/A	$0	N/A	$0	N/A	$0	N/A	$0
UAAL	N/A	10	N/A	1	N/A	2	N/A	13
Total Contributions[2]	**N/A**	**$10**	**N/A**	**$1**	**N/A**	**$2**	**N/A**	**$13**
Declining Employers – Combined								
Normal Cost	12.07%	$21	4.02%	$7	1.15%	$2	17.24%	$30
UAAL	165.52%	288	48.85%	85	40.80%	71	255.17%	444
Total Contributions	**177.59%**	**$309**	**52.87%**	**$92**	**41.95%**	**$73**	**272.41%**	**$474**
All Districts – Combined								
Normal Cost	8.58%	$3,267	2.09%	$795	0.66%	$251	11.33%	$4,313
UAAL	27.48%	10,461	4.80%	1,828	6.02%	2,290	38.30%	14,579
Total Contributions	**36.06%**	**$13,728**	**6.89%**	**$2,623**	**6.68%**	**$2,541**	**49.63%**	**$18,892**
All Employers – Combined								
Normal Cost	9.22%	$57,469	2.94%	$18,320	0.93%	$5,775	13.09%	$81,564
UAAL	24.83%	154,774	3.96%	24,669	7.22%	45,019	36.01%	224,462
Total Contributions	**34.05%**	**$212,243**	**6.90%**	**$42,989**	**8.15%**	**$50,794**	**49.10%**	**$306,026**

[1] Based on June 30, 2021 projected compensation as shown on page 54.
[2] These Districts are declining employers and they should contribute based on dollar contribution amounts shown (not rates).

Recommended Employer Contribution Rates – Prior Valuation (continued)

	June 30, 2021 Projected Compensation ($ in '000s)		June 30, 2021 Projected Compensation ($ in '000s)
County General Tier I without Courts	$135,368	District Category I Tier I	$4,318
County General Tier IIA without Courts	65,575	District Category I Tier IIA	672
County General Tier IIB without Courts	214,201	District Category I Tier IIB	1,206
Courts Tier I	13,038	District Category II Tier I	1,418
Courts Tier IIA	3,281	District Category II Tier IIB	1,025
Courts Tier IIB	15,192	District Category II Tier III	0
County Safety Tier I	94,220	District Category III Tier I (Buttonwillow)	40
County Safety Tier IIA	7,608	District Category III Tier I (SJVAPCD)	17,188
County Safety Tier IIB	36,744	District Category III Tier IIA (Buttonwillow)	0
		District Category III Tier IIA (SJVAPCD)	951
		District Category III Tier IIB	9,540
		District Category V Tier I	76
		District Category V Tier IIA	410
		District Category V Tier IIB	783
		District Category VI Tier I	267
		District Category VI Tier IIB	0
		Declining Employers Tier I (Berrenda)	174
		Declining Employers Tier I (Inyokern)	0
		All Districts	$38,068
All County with Courts	$585,227	Total	$623,295

Note: As of June 30, 2021, the COLA Contribution Reserve was zero and, therefore, not available to offset the 2% COLA contribution rate.

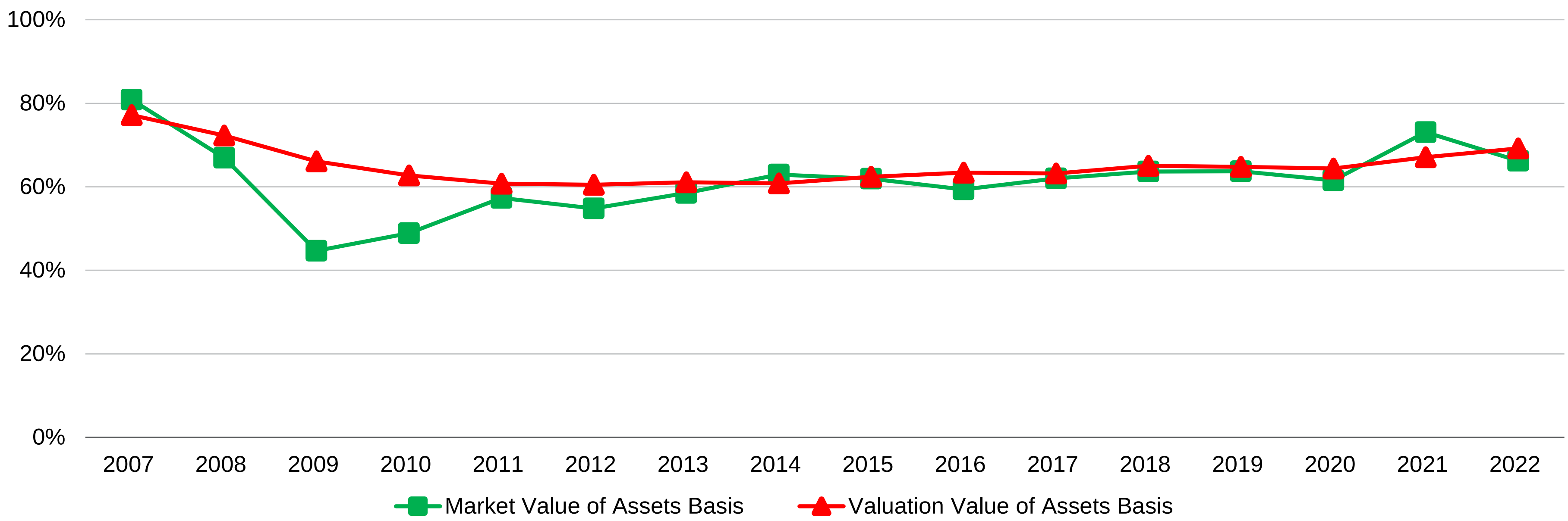
G. Funded Status

A commonly reported piece of information regarding the Association's financial status is the funded ratio. These ratios compare the Market and Valuation Value of Assets to the Actuarial Accrued Liability of the Association. High ratios indicate a well-funded plan while lower ratios may indicate recent changes to actuarial assumptions, 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 ratio for the Association. The chart on the next page shows the Association's schedule of funding progress for the last ten years.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Association's benefit obligations. As the chart below shows, the measures are different depending on whether the Valuation or Market Value of Assets is used.

Funded Ratio for Years Ended June 30, 2007 – 2022



Schedule of Funding Progress for Years Ended June 30, 2013 – 2022

Actuarial Valuation Date as of June 30	Valuation Value of Assets[1] (a)	Actuarial Accrued Liability (AAL)[2] (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)
2013	$3,120,632,000	$5,108,619,000	$1,987,987,000	61.1%	$555,752,000	357.7%
2014	3,342,122,000	5,492,440,000	2,150,318,000	60.8%	555,634,000	387.0%
2015	3,529,786,000	5,657,173,000	2,127,387,000	62.4%	556,824,000	382.1%
2016	3,685,447,000	5,813,092,000	2,127,645,000	63.4%	567,261,000	375.1%
2017	3,913,073,000	6,191,433,000	2,278,360,000	63.2%	572,081,000	398.3%
2018	4,163,476,000	6,398,814,000	2,235,338,000	65.1%	584,180,000	382.6%
2019	4,291,573,000	6,622,495,000	2,330,922,000	64.8%	612,277,000	380.7%
2020	4,508,548,000	7,005,589,000	2,497,041,000	64.4%	634,570,000	393.5%
2021	4,806,026,000	7,164,225,000	2,358,199,000	67.1%	623,295,000	378.3%
2022	5,102,402,000	7,372,653,000	2,270,251,000	69.2%	633,103,000	358.6%

[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.

H. Actuarial Balance Sheet

An overview of the Association's funding is given by an Actuarial Balance Sheet. In this approach, first the amount and timing of all future payments that will be made by the Association for current participants is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the Actuarial Present Value of Future Benefits of the Association.

Second, this Actuarial Present Value of Future Benefits is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Association, 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 for the Unfunded Actuarial Accrued Liability.

Actuarial Balance Sheet for Year Ended

	June 30, 2022 ($ in '000s)	June 30, 2021 ($ in '000s)
Actuarial Present Value of Future Benefits		
• Present value of benefits for retired members and beneficiaries	$4,985,491	$4,777,275
• Present value of benefits for inactive vested members[1]	272,783	243,481
• Present value of benefits for active members	3,074,921	3,097,679
Total Actuarial Present Value of Future Benefits	**$8,333,195**	**$8,118,435**
Current and future assets		
• Total Valuation Value of Assets	$5,102,402	$4,806,026
• Present value of future contributions by members	389,934	373,180
• Present value of future employer contributions for:		
– Entry age Normal Cost	570,608	581,030
– Unfunded Actuarial Accrued Liability	2,270,251	2,358,199
Total of current and future assets	**$8,333,195**	**$8,118,435**

[1] Includes inactive members due a refund of member contributions.

I. 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 measurement because it is based on the current level of assets.

The current AVR is about 8.1. This means that a 1% asset gain or loss (relative to the assumed investment return) translates to about 8.1% of one year's payroll. Because actuarial gains and losses are amortized over 18 years, there would be a 0.6% 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.

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. The current total plan LVR is about 11.6, but is 9.6 for General compared to 18.6 for Safety. This means, for example, that assumption changes will have a greater impact on employer contribution rates for Safety than for General.

The chart on the next page shows how the asset and liability volatility ratios have varied over time.

Volatility Ratios for Years Ended 2013 – 2022

Year Ended June 30	Asset Volatility Ratio			Liability Volatility Ratio		
	General	Safety	Total	General	Safety	Total
2013	4.7	8.0	5.6	8.0	12.7	9.2
2014	5.5	9.1	6.4	8.5	13.7	9.9
2015	5.6	9.2	6.5	8.8	14.1	10.2
2016	5.4	9.0	6.3	8.8	14.4	10.3
2017	5.8	10.4	6.9	9.2	16.0	10.8
2018	6.0	11.0	7.2	9.2	16.4	11.0
2019	5.8	11.4	7.1	9.0	16.9	10.8
2020	5.7	11.8	7.0	9.1	18.0	11.0
2021	7.1	14.4	8.7	9.5	18.5	11.5
2022	6.6	13.2	8.1	9.6	18.6	11.6

J. Risk Assessment

Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan.

Our separate risk assessment report dated September 4, 2019 based on the June 30, 2018 actuarial valuation contained a detailed analysis of the potential range of future measurements. This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the Association's financial condition, as well as a discussion of historical trends and maturity measures.

Risk Assessments

- Asset/Liability Mismatch Risk (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

  The most significant asset/liability mismatch risk to the Association is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions, they are typically independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any changes in the expected experience of asset growth rates.

  Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but have no impact on asset levels. This risk is also discussed below.

- Investment Risk (the risk that investment returns will be different than expected)

  The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial condition of the Association, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the Actuarial Value of Assets, however investment experience can still have a sizable impact. As discussed in *Section 2, Subsection I, Volatility Ratios*, on page 58, a 1% asset gain or loss (relative to the assumed investment return) translates to about 8.1% of one-year's payroll. Because actuarial gains and losses are amortized over 18 years, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain or loss.

  The single year market value rate of return over the last 10 years has ranged from a low of -4.08% to a high of 23.68%.

- Longevity Risk (the risk that mortality experience will be different than expected)

  The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the Association (public experience tables) that are weighted by benefit levels, and by using generational mortality projections. Effective with the June 30, 2020 valuation, the Board has adopted a benefit-weighted mortality table with the generational projection approach.

- Other Risks

  In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of demographic assumptions include retirement, termination and disability assumptions, and these will likely vary in significance for different groups (for example, disability assumptions are typically more significant for safety groups).

Some plans also carry significant contribution risk, defined as the potential for actual future contributions deviating from expected future contributions. However, the employers have a proven track-record of making the Actuarially Determined Contributions based on the Board's Actuarial Funding Policy, so contribution risk is minimal.

Evaluation of Historical Trends

Past experience can help demonstrate the sensitivity of key results to the plan's actual experience. Over the past ten years:

- The funded percentage on the Valuation Value of Assets has increased from 61.1% to 69.2%. For a more detailed history see *Section 2, Subsection G, Funded Status* starting on page 55.
- The geometric average investment return on the Actuarial Value of Assets over the last 10 years was 6.63%. This includes a high of a 9.08% return and a low of 4.56%. The average over the last 5 years was 7.01%. For more details see the Investment Return table in *Section 2, Subsection C* on page 28.
- One of the primary sources of new UAAL was the strengthening of assumptions through multiple assumption changes. For example, the assumption changes in 2014 changed the discount rate from 7.75% to 7.50% and updated mortality tables adding $204 million in unfunded liability. The assumption changes in 2017 changed the discount rate from 7.50% to 7.25% and updated mortality tables adding $213 million in unfunded liability. The assumption changes in 2020 again updated mortality tables adding $147 million in unfunded liability. For more details on the unfunded liability changes see *Section 3, Exhibit H, Table of Amortization Bases* starting on page 90.

- The plan's funding policy effectively deals with these unfunded liabilities over time. This can be seen most clearly in the *Section 3, Exhibit I, Projection of UAAL Balances and Payments* on pages 96 and 97.

Maturity Measures

In the last 10 years the ratio of members in pay status to active participants has increased from 0.85 to 0.99. An increased ratio indicates that the plan has grown in maturity over time. This is to be expected, but is also informative to understanding plan sensitivity to particular risks. For more details see *Section 2, Subsection A, Member Data* on page 18.

As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the plan's asset allocation is aligned to meet emerging pension liabilities. Over the past year, benefits paid were $66 million more than contributions received (net of administrative expenses). The $66 million in negative cash flows represented about 1.3% of the market value of assets. Plans with high levels of negative cash flows may have a need for a larger allocation to income generating assets, which can create a drag on investment return. For more details on historical cash flows see the Comparison of Contributions with Benefits in *Section 2, Subsection B, Financial Information* on page 22.

A further discussion of plan maturity measures and how they relate to changes in assets and liabilities is included in *Section 2, Subsection I, Volatility Ratios* on page 58.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage

Total Plan

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	9,076	9,072	0.0%
• Average age	41.9	42.1	-0.2
• Average years of service	9.5	9.7	-0.2
• Total projected compensation	$633,102,218	$623,294,085	1.6%
• Average projected compensation	$69,756	$68,705	1.5%
• Account balances	$431,176,612	$409,562,974	5.3%
• Total active vested members	5,479	5,574	-1.7%
Inactive vested members:[1]			
• Number	4,015	3,517	14.2%
• Average age	41.4	42.0	-0.6
Retired members:			
• Number in pay status	6,848	6,699	2.2%
• Average age	69.2	69.1	0.1
• Average monthly benefit[2]	$3,960	$3,849	2.9%
Disabled members:			
• Number in pay status	845	874	-3.3%
• Average age	68.7	68.1	0.6
• Average monthly benefit[2]	$3,503	$3,442	1.8%
Beneficiaries:			
• Number in pay status	1,322	1,262	4.8%
• Average age	72.9	73.1	-0.2
• Average monthly benefit[2]	$2,220	$2,128	4.3%

[1] Includes inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

General Tier I County with Courts

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	1,793	1,994	-10.1%
• Average age	51.8	51.4	0.4
• Average years of service	20.3	19.5	0.8
• Total projected compensation	$136,488,286	$148,405,938	-8.0%
• Average projected compensation	$76,123	$74,426	2.3%
• Account balances	$149,747,319	$148,182,279	1.1%
• Total active vested members	1,791	1,991	-10.0%
Inactive vested members:[1]			
• Number	903	930	-2.9%
• Average age	49.9	49.2	0.7
Retired members:			
• Number in pay status	5,090	5,044	0.9%
• Average age	70.2	69.9	0.3
• Average monthly benefit[2]	$3,405	$3,295	3.3%
Disabled members:			
• Number in pay status	420	438	-4.1%
• Average age	69.9	69.3	0.6
• Average monthly benefit[2]	$2,143	$2,082	2.9%
Beneficiaries:			
• Number in pay status	834	806	3.5%
• Average age	73.9	74.1	-0.2
• Average monthly benefit[2]	$1,819	$1,771	2.7%

[1] Includes inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

General Tier IIA County with Courts

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	892	952	-6.3%
• Average age	47.3	46.3	1.0
• Average years of service	11.2	10.4	0.8
• Total projected compensation	$66,210,811	$68,855,902	-3.8%
• Average projected compensation	$74,227	$72,328	2.6%
• Account balances	$49,887,241	$46,799,595	6.6%
• Total active vested members	830	888	-6.5%
Inactive vested members:[1]			
• Number	547	539	1.5%
• Average age	44.5	44.0	0.5
Retired members:			
• Number in pay status	104	79	31.6%
• Average age	65.2	65.7	-0.5
• Average monthly benefit[2]	$792	$802	-1.2%
Disabled members:			
• Number in pay status	2	2	0.0%
• Average age	58.6	57.6	1.0
• Average monthly benefit[2]	$1,866	$1,820	2.5%
Beneficiaries:			
• Number in pay status	9	6	50.0%
• Average age	62.4	63.5	-1.1
• Average monthly benefit[2]	$675	$732	-7.8%

[1] Includes inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

General Tier IIB County with Courts

Category	Year Ended June 30: 2022	Year Ended June 30: 2021	Change From Prior Year
Active members in valuation:			
• Number	4,266	4,027	5.9%
• Average age	37.9	37.6	0.3
• Average years of service	3.8	3.5	0.3
• Total projected compensation	$247,797,165	$229,392,208	8.0%
• Average projected compensation	$58,087	$56,964	2.0%
• Account balances	$60,254,303	$50,815,026	18.6%
• Total active vested members	1,389	1,114	24.7%
Inactive vested members:[1]			
• Number	1,895	1,451	30.6%
• Average age	36.8	36.9	-0.1
Retired members:			
• Number in pay status	7	6	16.7%
• Average age	68.9	65.4	3.5
• Average monthly benefit[2]	$674	$926	-27.2%
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	1	0.0%
• Average age	61.5	41.5	20.0
• Average monthly benefit[2]	$680	$463	46.9%

[1] Includes inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

Districts Tier I

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	187	212	-11.8%
• Average age	48.1	47.7	0.4
• Average years of service	17.6	17.0	0.6
• Total projected compensation	$21,452,432	$23,481,338	-8.6%
• Average projected compensation	$114,719	$110,761	3.6%
• Account balances	$22,762,756	$22,637,401	0.6%
• Total active vested members	187	212	-11.8%
Inactive vested members:[1]			
• Number	139	142	-2.1%
• Average age	49.7	50.4	-0.7
Retired members:			
• Number in pay status	328	308	6.5%
• Average age	68.2	68.0	0.2
• Average monthly benefit[2]	$4,307	$4,135	4.2%
Disabled members:			
• Number in pay status	13	13	0.0%
• Average age	66.6	65.6	1.0
• Average monthly benefit[2]	$2,540	$2,478	2.5%
Beneficiaries:			
• Number in pay status	43	43	0.0%
• Average age	73.0	73.3	-0.3
• Average monthly benefit[2]	$2,669	$2,614	2.1%

[1] Includes inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

Districts Tier IIA

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	20	20	0.0%
• Average age	43.8	42.8	1.0
• Average years of service	10.9	10.5	0.4
• Total projected compensation	$2,209,629	$2,032,991	8.7%
• Average projected compensation	$110,481	$101,650	8.7%
• Account balances	$1,217,941	$1,127,572	8.0%
• Total active vested members	19	20	-5.0%
Inactive vested members:[1]			
• Number	12	10	20.0%
• Average age	40.8	38.5	2.3
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 inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

Districts Tier IIB

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	217	177	22.6%
• Average age	34.8	35.1	-0.3
• Average years of service	3.1	3.1	0.0
• Total projected compensation	$15,858,712	$12,554,054	26.3%
• Average projected compensation	$73,082	$70,927	3.0%
• Account balances	$3,059,842	$2,401,676	27.4%
• Total active vested members	53	45	17.8%
Inactive vested members:[1]			
• Number	54	31	74.2%
• Average age	35.8	34.7	1.1
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 inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

Districts Tier III

Category	Year Ended June 30: 2022	Year Ended June 30: 2021	Change From Prior Year
Active members in valuation:			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average years of service	N/A	N/A	N/A
• Total projected compensation	N/A	N/A	N/A
• Average projected compensation	N/A	N/A	N/A
• Account balances	N/A	N/A	N/A
• Total active vested members	N/A	N/A	N/A
Inactive vested members:[1]			
• Number	0	0	N/A
• Average age	N/A	N/A	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 inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

Safety Tier I

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	904	1,015	-10.9%
• Average age	44.4	43.9	0.5
• Average years of service	18.1	17.5	0.6
• Total projected compensation	$88,043,782	$94,219,971	-6.6%
• Average projected compensation	$97,394	$92,828	4.9%
• Account balances	$112,966,532	$111,215,144	1.6%
• Total active vested members	902	1,013	-11.0%
Inactive vested members:[1]			
• Number	261	248	5.2%
• Average age	42.8	42.3	0.5
Retired members:			
• Number in pay status	1,317	1,261	4.4%
• Average age	66.0	66.2	-0.2
• Average monthly benefit[2]	$6,290	$6,199	1.5%
Disabled members:			
• Number in pay status	409	421	-2.9%
• Average age	67.6	67.1	0.5
• Average monthly benefit[2]	$4,935	$4,895	0.8%
Beneficiaries:			
• Number in pay status	434	406	6.9%
• Average age	71.3	71.5	-0.2
• Average monthly benefit[2]	$2,977	$2,809	6.0%

[1] Includes inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

Safety Tier IIA

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	90	94	-4.3%
• Average age	38.4	37.3	1.1
• Average years of service	10.4	9.5	0.9
• Total projected compensation	$7,639,579	$7,607,736	0.4%
• Average projected compensation	$84,884	$80,933	4.9%
• Account balances	$6,761,440	$6,039,571	12.0%
• Total active vested members	88	93	-5.4%
Inactive vested members:[1]			
• Number	29	26	11.5%
• Average age	36.7	37.2	-0.5
Retired members:			
• Number in pay status	2	1	100.0%
• Average age	67.9	66.9	1.0
• Average monthly benefit[2]	$1,124	$1,009	11.4%
Disabled members:			
• Number in pay status	1	0	N/A
• Average age	48.4	N/A	N/A
• Average monthly benefit[2]	$4,993	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 inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit A: Table of Plan Coverage (continued)

Safety Tier IIB

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	707	581	21.7%
• Average age	31.5	31.6	-0.1
• Average years of service	3.8	3.9	-0.1
• Total projected compensation	$47,401,823	$36,743,947	29.0%
• Average projected compensation	$67,046	$63,243	6.0%
• Account balances	$24,519,238	$20,344,711	20.5%
• Total active vested members	220	198	11.1%
Inactive vested members:[1]			
• Number	175	140	25.0%
• Average age	33.0	32.8	0.2
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	1	0	N/A
• Average age	36.1	N/A	N/A
• Average monthly benefit[2]	$3,931	N/A	N/A

[1] Includes inactive members due a refund of member contributions.
[2] Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

Exhibit B: Members in Active Service as of June 30, 2022 by Age, Years of Service, and Average Projected Compensation

Total Plan

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	306	304	2	—	—	—	—	—	—	—
	$51,126	$51,202	$39,684	—	—	—	—	—	—	—
25 – 29	1,040	957	82	1	—	—	—	—	—	—
	$55,485	$54,861	$62,507	$76,962	—	—	—	—	—	—
30 – 34	1,431	839	510	80	2	—	—	—	—	—
	$62,303	$56,392	$68,534	$83,974	$85,889	—	—	—	—	—
35 – 39	1,526	600	474	313	138	1	—	—	—	—
	$70,076	$59,499	$67,297	$86,040	$88,343	$216,141	—	—	—	—
40 – 44	1,423	352	283	277	383	127	1	—	—	—
	$75,507	$59,941	$67,008	$81,955	$83,850	$97,903	$134,093	—	—	—
45 – 49	1,207	243	203	177	267	272	43	2	—	—
	$78,166	$62,420	$64,558	$83,332	$81,453	$92,721	$96,811	$96,372	—	—
50 – 54	880	149	136	126	142	234	75	17	1	—
	$79,476	$63,786	$68,925	$76,772	$77,940	$93,221	$90,911	$96,489	$47,639	—
55 – 59	669	115	93	93	112	136	61	50	9	—
	$71,683	$59,877	$63,495	$75,549	$70,941	$78,680	$76,386	$81,339	$85,148	—
60 – 64	417	59	82	77	61	60	36	25	13	4
	$74,986	$70,863	$69,343	$72,633	$73,424	$79,347	$79,480	$89,190	$91,846	$71,127
65 – 69	136	21	32	19	22	21	11	6	4	—
	$72,928	$76,928	$56,022	$76,059	$74,225	$80,136	$80,460	$92,926	$76,615	—
70 & over	41	8	7	4	6	6	4	3	2	1
	$67,970	$62,323	$75,887	$67,859	$72,900	$57,659	$61,802	$74,971	$52,090	$125,898
Total	**9,076**	**3,647**	**1,904**	**1,167**	**1,133**	**857**	**231**	**103**	**29**	**5**
	$69,756	**$57,590**	**$66,919**	**$81,564**	**$81,013**	**$90,051**	**$85,578**	**$86,527**	**$83,400**	**$82,081**

Exhibit B: Members in Active Service as of June 30, 2022 by Age, Years of Service, and Average Projected Compensation (continued)

General Tier I County with Courts

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	3	—	—	2	1	—	—	—	—	—
	$70,529	—	—	$85,355	$40,879	—	—	—	—	—
35 – 39	86	—	—	36	50	—	—	—	—	—
	$72,928	—	—	$74,995	$71,440	—	—	—	—	—
40 – 44	328	1	2	61	214	50	—	—	—	—
	$74,280	$41,917	$121,448	$73,911	$73,644	$76,211	—	—	—	—
45 – 49	372	1	3	37	174	137	18	2	—	—
	$77,229	$114,707	$64,112	$80,195	$74,684	$79,550	$76,036	$96,372	—	—
50 – 54	384	—	3	36	105	171	55	13	1	—
	$80,906	—	$75,443	$76,013	$72,537	$85,015	$86,767	$87,034	$47,639	—
55 – 59	341	—	—	23	93	116	56	45	8	—
	$72,917	—	—	$62,430	$67,503	$76,398	$74,702	$77,164	$79,158	—
60 – 64	197	1	1	16	56	55	29	23	12	4
	$75,586	$63,380	$104,334	$57,302	$73,532	$76,103	$72,054	$88,871	$90,367	$71,127
65 – 69	62	—	—	4	20	19	10	6	3	—
	$77,554	—	—	$52,817	$73,631	$81,174	$79,644	$92,926	$76,046	—
70 & over	20	—	—	1	6	5	3	2	2	1
	$64,022	—	—	$40,800	$72,900	$55,937	$63,158	$51,500	$52,090	$125,898
Total	**1,793**	**3**	**9**	**216**	**719**	**553**	**171**	**91**	**26**	**5**
	$76,123	**$73,334**	**$85,099**	**$72,628**	**$72,726**	**$79,776**	**$78,360**	**$82,430**	**$80,678**	**$82,081**

Exhibit B: Members in Active Service as of June 30, 2022
by Age, Years of Service, and Average Projected Compensation (continued)

General Tier IIA County with Courts

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	2	1	1	—	—	—	—	—	—	—
	$40,967	$44,527	$37,406	—	—	—	—	—	—	—
30 – 34	50	1	24	25	—	—	—	—	—	—
	$62,251	$45,067	$59,431	$65,645	—	—	—	—	—	—
35 – 39	188	18	46	122	2	—	—	—	—	—
	$73,572	$62,770	$66,316	$77,960	$69,975	—	—	—	—	—
40 – 44	196	23	42	126	4	1	—	—	—	—
	$76,199	$57,496	$72,786	$80,791	$77,204	$67,182	—	—	—	—
45 – 49	142	16	36	88	2	—	—	—	—	—
	$77,800	$88,172	$68,350	$80,427	$49,333	—	—	—	—	—
50 – 54	114	5	35	72	2	—	—	—	—	—
	$73,677	$67,182	$68,830	$76,085	$88,082	—	—	—	—	—
55 – 59	86	5	18	58	3	2	—	—	—	—
	$72,048	$47,517	$61,320	$78,697	$65,569	$46,817	—	—	—	—
60 – 64	76	7	15	53	1	—	—	—	—	—
	$76,481	$64,151	$82,737	$76,931	$45,053	—	—	—	—	—
65 – 69	28	2	10	14	1	1	—	—	—	—
	$76,137	$156,355	$51,495	$83,815	$52,381	$78,392	—	—	—	—
70 & over	10	4	3	3	—	—	—	—	—	—
	$66,244	$57,881	$66,760	$76,879	—	—	—	—	—	—
Total	**892**	**82**	**230**	**561**	**15**	**4**	**—**	**—**	**—**	**—**
	$74,227	**$67,310**	**$67,396**	**$78,313**	**$67,849**	**$59,802**	**—**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2022 by Age, Years of Service, and Average Projected Compensation (continued)

General Tier IIB County with Courts

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	186	184	2	—	—	—	—	—	—	—
	$45,123	$45,182	$39,684	—	—	—	—	—	—	—
25 – 29	753	700	53	—	—	—	—	—	—	—
	$51,637	$51,373	$55,118	—	—	—	—	—	—	—
30 – 34	1,035	680	354	1	—	—	—	—	—	—
	$57,940	$54,522	$64,544	$44,062	—	—	—	—	—	—
35 – 39	852	511	335	5	1	—	—	—	—	—
	$60,951	$58,198	$64,786	$88,796	$43,744	—	—	—	—	—
40 – 44	510	302	205	3	—	—	—	—	—	—
	$60,914	$59,518	$63,129	$50,041	—	—	—	—	—	—
45 – 49	366	210	151	4	1	—	—	—	—	—
	$59,972	$58,791	$61,471	$69,762	$42,374	—	—	—	—	—
50 – 54	228	136	90	2	—	—	—	—	—	—
	$63,777	$61,984	$66,599	$58,663	—	—	—	—	—	—
55 – 59	178	103	70	4	1	—	—	—	—	—
	$60,136	$59,578	$61,001	$58,790	$62,477	—	—	—	—	—
60 – 64	110	48	59	3	—	—	—	—	—	—
	$66,345	$73,177	$61,444	$53,408	—	—	—	—	—	—
65 – 69	40	18	21	1	—	—	—	—	—	—
	$61,672	$69,188	$55,288	$60,440	—	—	—	—	—	—
70 & over	8	4	4	—	—	—	—	—	—	—
	$74,748	$66,766	$82,732	—	—	—	—	—	—	—
Total	**4,266**	**2,896**	**1,344**	**23**	**3**	**—**	**—**	**—**	**—**	**—**
	$58,087	**$55,594**	**$63,361**	**$64,798**	**$49,532**	**—**	**—**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2022
by Age, Years of Service, and Average Projected Compensation (continued)

Districts Tier I

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	4	—	1	3	—	—	—	—	—	—
	$74,240	—	$112,791	$61,389	—	—	—	—	—	—
35 – 39	27	—	1	21	5	—	—	—	—	—
	$111,738	—	$104,465	$112,867	$108,452	—	—	—	—	—
40 – 44	33	—	—	9	18	6	—	—	—	—
	$121,254	—	—	$107,916	$108,174	$180,503	—	—	—	—
45 – 49	54	—	1	13	20	19	1	—	—	—
	$114,954	—	$184,935	$101,481	$105,820	$131,430	$89,780	—	—	—
50 – 54	33	—	—	6	12	9	4	2	—	—
	$121,467	—	—	$84,888	$105,485	$157,415	$127,400	$153,469	—	—
55 – 59	19	—	—	6	4	6	1	2	—	—
	$110,500	—	—	$106,728	$113,842	$96,875	$135,734	$143,394	—	—
60 – 64	15	—	—	5	2	4	4	—	—	—
	$106,122	—	—	$87,662	$83,142	$121,193	$125,616	—	—	—
65 – 69	1	—	—	—	1	—	—	—	—	—
	$107,954	—	—	—	$107,954	—	—	—	—	—
70 & over	1	—	—	—	—	—	—	1	—	—
	$121,914	—	—	—	—	—	—	$121,914	—	—
Total	**187**	**—**	**3**	**63**	**62**	**44**	**10**	**5**	**—**	**—**
	$114,719	**—**	**$134,064**	**$102,109**	**$106,471**	**$137,794**	**$123,758**	**$143,128**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2022 by Age, Years of Service, and Average Projected Compensation (continued)

Districts Tier IIA

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	3	—	1	2	—	—	—	—	—	—
	$113,793	—	$135,588	$102,896	—	—	—	—	—	—
35 – 39	4	—	1	3	—	—	—	—	—	—
	$102,689	—	$63,838	$115,640	—	—	—	—	—	—
40 – 44	6	1	1	4	—	—	—	—	—	—
	$96,081	$83,036	$106,644	$96,702	—	—	—	—	—	—
45 – 49	2	—	1	1	—	—	—	—	—	—
	$101,416	—	$142,053	$60,779	—	—	—	—	—	—
50 – 54	3	1	1	1	—	—	—	—	—	—
	$125,568	$202,100	$96,884	$77,720	—	—	—	—	—	—
55 – 59	1	—	1	—	—	—	—	—	—	—
	$183,890	—	$183,890	—	—	—	—	—	—	—
60 – 64	1	—	1	—	—	—	—	—	—	—
	$117,577	—	$117,577	—	—	—	—	—	—	—
65 – 69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**20**	**2**	**7**	**11**	**—**	**—**	**—**	**—**	**—**	**—**
	$110,481	**$142,568**	**$120,925**	**$98,002**	**—**	**—**	**—**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2022 by Age, Years of Service, and Average Projected Compensation (continued)

Districts Tier IIB

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	10	10	—	—	—	—	—	—	—	—
	$60,971	$60,971	—	—	—	—	—	—	—	—
25 – 29	67	64	3	—	—	—	—	—	—	—
	$70,054	$69,485	$82,198	—	—	—	—	—	—	—
30 – 34	55	37	18	—	—	—	—	—	—	—
	$76,025	$70,291	$87,812	—	—	—	—	—	—	—
35 – 39	34	27	7	—	—	—	—	—	—	—
	$70,570	$70,406	$71,204	—	—	—	—	—	—	—
40 – 44	26	15	11	—	—	—	—	—	—	—
	$76,008	$67,986	$86,947	—	—	—	—	—	—	—
45 – 49	11	8	3	—	—	—	—	—	—	—
	$87,951	$90,474	$81,225	—	—	—	—	—	—	—
50 – 54	6	3	3	—	—	—	—	—	—	—
	$94,118	$56,467	$131,770	—	—	—	—	—	—	—
55 – 59	3	1	2	—	—	—	—	—	—	—
	$58,442	$32,214	$71,556	—	—	—	—	—	—	—
60 – 64	4	3	1	—	—	—	—	—	—	—
	$58,368	$52,003	$77,462	—	—	—	—	—	—	—
65 – 69	1	1	—	—	—	—	—	—	—	—
	$57,393	$57,393	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**217**	**169**	**48**	—	**—**	**—**	**—**	**—**	**—**	**—**
	$73,082	**$69,332**	**$86,284**	—	**—**	**—**	**—**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2022
by Age, Years of Service, and Average Projected Compensation (continued)

Districts Tier III

		Years of Service								
Age	**Total**	**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	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
55 – 59	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
60 – 64	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
65 – 69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2022 by Age, Years of Service, and Average Projected Compensation (continued)

Safety Tier I

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30 – 34	42	—	2	39	1	—	—	—	—	—
	$96,562	—	$83,218	$96,366	$130,898	—	—	—	—	—
35 – 39	187	1	—	106	79	1	—	—	—	—
	$96,969	$65,953	—	$94,715	$98,877	$216,141	—	—	—	—
40 – 44	285	—	—	67	147	70	1	—	—	—
	$97,064	—	—	$88,921	$95,909	$106,756	$134,093	—	—	—
45 – 49	240	1	—	29	70	116	24	—	—	—
	$98,972	$59,253	—	$92,052	$92,793	$101,936	$112,686	—	—	—
50 – 54	104	—	1	8	23	54	16	2	—	—
	$99,078	—	$59,094	$79,736	$87,355	$108,508	$96,035	$100,973	—	—
55 – 59	32	—	—	1	11	12	4	3	1	—
	$93,015	—	—	$78,535	$86,648	$96,952	$85,135	$102,596	$133,073	—
60 – 64	9	—	—	—	2	1	3	2	1	—
	$89,416	—	—	—	$74,885	$90,402	$89,750	$92,860	$109,600	—
65 – 69	3	—	—	—	—	1	1	—	1	—
	$76,366	—	—	—	—	$62,164	$88,613	—	$78,322	—
70 & over	2	—	—	—	—	1	1	—	—	—
	$62,001	—	—	—	—	$66,268	$57,734	—	—	—
Total	**904**	**2**	**3**	**250**	**333**	**256**	**50**	**7**	**3**	**—**
	$97,394	**$62,603**	**$75,176**	**$92,567**	**$95,040**	**$104,513**	**$102,625**	**$99,350**	**$106,998**	**—**

Exhibit B: Members in Active Service as of June 30, 2022 by Age, Years of Service, and Average Projected Compensation (continued)

Safety Tier IIA

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25 – 29	1	—	—	1	—	—	—	—	—	—
	$76,962	—	—	$76,962	—	—	—	—	—	—
30 – 34	22	—	17	5	—	—	—	—	—	—
	$91,197	—	$90,799	$92,549	—	—	—	—	—	—
35 – 39	45	1	30	14	—	—	—	—	—	—
	$83,495	$86,762	$86,239	$77,383	—	—	—	—	—	—
40 – 44	12	—	6	6	—	—	—	—	—	—
	$80,752	—	$81,474	$80,029	—	—	—	—	—	—
45 – 49	5	1	3	1	—	—	—	—	—	—
	$77,876	$93,061	$72,562	$78,634	—	—	—	—	—	—
50 – 54	3	—	2	1	—	—	—	—	—	—
	$84,086	—	$67,888	$116,481	—	—	—	—	—	—
55 – 59	1	—	—	1	—	—	—	—	—	—
	$71,651	—	—	$71,651	—	—	—	—	—	—
60 – 64	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
65 – 69	1	—	1	—	—	—	—	—	—	—
	$116,715	—	$116,715	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**90**	**2**	**59**	**29**	**—**	**—**	**—**	**—**	**—**	**—**
	$84,884	**$89,912**	**$86,267**	**$81,724**	**—**	**—**	**—**	**—**	**—**	**—**

Exhibit B: Members in Active Service as of June 30, 2022
by Age, Years of Service, and Average Projected Compensation (continued)

Safety Tier IIB

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	110	110	—	—	—	—	—	—	—	—
	$60,382	$60,382	—	—	—	—	—	—	—	—
25 – 29	217	192	25	—	—	—	—	—	—	—
	$64,376	$62,757	$76,812	—	—	—	—	—	—	—
30 – 34	217	121	93	3	—	—	—	—	—	—
	$69,040	$62,744	$76,760	$83,680	—	—	—	—	—	—
35 – 39	103	42	54	6	1	—	—	—	—	—
	$69,759	$66,110	$72,058	$72,536	$82,154	—	—	—	—	—
40 – 44	27	10	16	1	—	—	—	—	—	—
	$70,177	$65,757	$73,120	$67,297	—	—	—	—	—	—
45 – 49	15	6	5	4	—	—	—	—	—	—
	$73,329	$70,042	$76,388	$74,435	—	—	—	—	—	—
50 – 54	5	4	1	—	—	—	—	—	—	—
	$84,857	$91,731	$57,360	—	—	—	—	—	—	—
55 – 59	8	6	2	—	—	—	—	—	—	—
	$85,465	$79,923	$102,090	—	—	—	—	—	—	—
60 – 64	5	—	5	—	—	—	—	—	—	—
	$104,102	—	$104,102	—	—	—	—	—	—	—
65 – 69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 & over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	**707**	**491**	**201**	**14**	**1**	**—**	**—**	**—**	**—**	**—**
	$67,046	**$63,105**	**$76,040**	**$75,092**	**$82,154**	**—**	**—**	**—**	**—**	**—**

Exhibit C: Reconciliation of Member Data

	Active Members	Inactive Vested Members[1]	Retired Members	Disabled Members	Beneficiaries	Total
Number as of June 30, 2021	**9,072**	**3,517**	**6,699**	**874**	**1,262**	**21,424**
• New members	1,192	193	N/A	N/A	134	1,519
• Terminations	(719)	719	N/A	N/A	N/A	0
• Contribution refunds	(242)	(261)	N/A	N/A	N/A	(503)
• Retirements	(269)	(83)	352	N/A	N/A	0
• New disabilities	(8)	0	(4)	12	N/A	0
• Return to work	60	(58)	(2)	0	N/A	0
• Died with or without beneficiary	(9)	(12)	(197)	(41)	(69)	(328)
• Data adjustments	(1)	0	0	0	(5)	(6)
Number as of June 30, 2022	**9,076**	**4,015**	**6,848**	**845**	**1,322**	**22,106**

[1] Includes inactive members due a refund of member contributions.

Exhibit D: Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2022		Year Ended June 30, 2021	
Net assets at market value at the beginning of the year		**$5,417,513,179**		**$4,438,794,794**
Contribution income:				
• Employer contributions	$298,067,679		$280,812,319	
• Employee contributions	43,509,629		41,602,345	
• Less administrative expenses	(6,702,394)		(6,060,675)	
Net contribution income		$334,874,915		$316,353,989
Investment income:				
• Interest, dividends, and other income	$93,474,499		$66,296,030	
• Asset appreciation	(253,607,135)		1,038,614,396	
• Less investment expenses	(59,814,411)		(61,549,719)	
Net investment income		$(219,947,047)		$1,043,360,707
Total income available for benefits		**$114,927,868**		**$1,359,714,696**
Less benefit payments:				
• Retirement and survivor benefits	$(371,350,067)		$(355,196,758)	
• Supplemental retirement benefits	(20,589,526)		(19,286,001)	
• Refunds of member contributions	(9,372,795)		(6,513,551)	
• Miscellaneous expenses	0		0	
Net benefit payments		**$(401,312,388)**		**$(380,996,310)**
Change in net assets at market value		**$(286,384,520)**		**$978,718,386**
Net assets at market value at the end of the year		**$5,131,128,660**		**$5,417,513,179**

Note: Results may not add due to rounding.

Exhibit E: Summary Statement of Plan Assets

	June 30, 2022		June 30, 2021	
Cash equivalents		$405,583,020		$436,432,952
Capital and intangible assets		$1,214,029		$1,857,301
Accounts receivable:				
• Investments sold	$74,962,170		$33,460,069	
• Interest and dividends	8,803,838		7,955,743	
• Contributions and other receivables	15,095,745		15,095,666	
Total accounts receivable		$98,861,753		$56,511,478
Investments:				
• Debt securities and bonds	$1,038,328,285		$1,199,785,267	
• Equities	1,628,137,718		1,891,166,027	
• Real estate investments	462,020,045		390,498,784	
• Alternative investments	1,296,766,280		1,173,685,052	
• Commodities	334,656,267		345,848,156	
• Collateral held for securities lending	153,385,647		181,519,384	
Total investments at market value		$4,913,294,243		$5,182,502,670
Total assets		$5,418,953,044		$5,677,304,401
Accounts payable:				
• Securities purchased	$132,265,296		$(77,247,942)	
• Collateral held for securities lent	153,385,647		(181,519,384)	
• Contributions and other liabilities	2,173,442		(1,023,895)	
Total accounts payable		$(287,824,385)		$(259,791,221)
Net assets at market value		**$5,131,128,660**		**$5,417,513,179**
Net assets at actuarial value		**$5,351,181,702**		**$4,988,448,771**
Net assets at valuation value		**$5,102,402,350**		**$4,806,026,107**

Note: Results may not add due to rounding.

Exhibit F: Summary of Reported Reserve Information

	June 30, 2022	June 30, 2021
Member Deposit Reserve – General & Courts	$338,241,350	$314,166,823
Member Deposit Reserve – Safety	171,943,124	158,711,480
Member Deposit Reserve – Special Districts	37,372,674	33,028,625
Employers Advance Reserve – General & Courts	609,174,682	534,215,289
Employers Advance Reserve – Safety	628,132,476	581,002,708
Employers Advance Reserve – Special Districts	56,699,919	54,311,593
Cost-of-Living Reserve – General & Courts	939,362,805	868,328,628
Cost-of-Living Reserve – Safety	671,515,446	619,640,596
Cost-of-Living Reserve – Special Districts	76,937,478	69,633,732
Retired Members – General, Courts & Special Districts	1,161,298,548	1,150,087,912
Retired Members – Safety	400,953,611	399,844,668
Supplemental Retiree Benefit Reserve (SRBR) – 0.5% COLA	10,770,237	23,054,053
Contingency Reserve	0	0
Valuation Reserves (Valuation Value of Assets)	$5,102,402,350	$4,806,026,107
Supplemental Retiree Benefit Reserve (SRBR)	$131,235,770	$128,798,257
Contingency Reserve[1]	117,543,583	53,624,406
COLA Contribution Reserve	0	0
Total Reserves (Actuarial Value of Assets)	$5,351,181,702	$4,988,448,771
Market Stabilization Reserve	$(220,053,042)	$429,064,409
Net Market Value of Assets	**$5,131,128,660**	**$5,417,513,179**

Note: Results may not add due to rounding.

[1] Because the Contingency Reserve is positive as of June 30, 2021 and June 30, 2022, it is excluded from the June 30, 2021 and June 30, 2022 Valuation Value of Assets, respectively.

Exhibit G: Development of the Fund through June 30, 2022

Year Ended June 30	Employer Contributions	Member Contributions	Administrative and Other Expenses	Net Investment Return[1]	Benefit Payments	Market Value of Assets at Year-End	Valuation Value of Assets at Year-End	Valuation Value as a Percent of Market Value
2013	$211,677,478	$20,282,751	$0	$315,415,541	$242,629,555	$3,104,770,253	$3,120,631,727	100.5%
2014	220,393,167	25,810,310	0	482,632,857	257,495,061	3,576,111,526	3,342,121,678	93.5%
2015	215,476,956	30,324,848	4,886,637	81,931,170	273,864,680	3,625,093,183	3,529,785,691	97.4%
2016	234,713,690	33,278,504	5,224,452	(27,535,157)	288,738,174	3,571,587,594	3,685,447,112	103.2%
2017	241,112,434	34,649,054	5,243,309	426,606,857	305,817,454	3,962,895,176	3,913,072,636	98.7%
2018	258,894,487	36,143,110	5,116,557	267,658,596	321,612,528	4,198,862,285	4,163,475,848	99.2%
2019	242,424,569	36,827,443	4,766,651	214,244,104	341,811,689	4,345,780,060	4,291,572,784	98.8%
2020	288,293,446	43,477,770	5,523,340	127,861,224	361,094,367	4,438,794,794	4,508,548,272	101.6%
2021	280,812,319	41,602,345	6,060,675	1,043,360,707	380,996,310	5,417,513,179	4,806,026,107	88.7%
2022	298,067,679	43,509,629	6,702,394	(219,947,047)	401,312,388	5,131,128,660	5,102,402,350	99.4%

Note: Results may not add due to rounding.

[1] On a market basis, net of investment fees and administrative expenses prior to 2015. Starting in 2015, administrative expenses are included in the previous column.

Exhibit H: Table of Amortization Bases

General County with Courts

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Restart Amortization	June 30, 2011	$1,137,894[2]	24.5[2]	$1,109,694	13.5	$107,090
Actuarial Loss	June 30, 2012	36,175	18	27,117	8	4,006
Actuarial Loss	June 30, 2013	13,512	18	10,773	9	1,440
Actuarial Gain	June 30, 2014	(37,659)	18	(31,531)	10	(3,863)
Assumption Change	June 30, 2014	103,045	18	86,283	10	10,570
Actuarial Gain	June 30, 2015	(21,641)	18	(18,882)	11	(2,140)
Actuarial Gain	June 30, 2016	(2,590)	18	(2,333)	12	(247)
Actuarial Gain	June 30, 2017	(40,492)	18	(37,560)	13	(3,731)
Assumption Change	June 30, 2017	120,406	18	111,651	13	11,092
Actuarial Gain	June 30, 2018	(19,589)	18	(18,600)	14	(1,746)
Actuarial Loss	June 30, 2019	70,119	18	67,785	15	6,042
Actuarial Loss	June 30, 2020	24,813	18	24,327	16	2,068
Assumption Change	June 30, 2020	108,013	18	105,884	16	9,001
Actuarial Gain	June 30, 2021	(47,168)	18	(46,776)	17	(3,807)
Implementation of Alameda Decision	June 30, 2021	(17,062)	15	(16,730)	14	(1,570)
Actuarial Gain	June 30, 2022	(39,961)	18	(39,961)	18	(3,124)
Alameda Decision Refunds	June 30, 2022	3	15	3	15	0
Alameda Decision Amounts Due from Members	June 30, 2022	(2,196)	10	(2,196)	10	(269)
Alameda Decision Amounts Not Collected from Members	June 30, 2022	2,196	10	2,196	10	269
PEPRA Implementation Refunds	June 30, 2022	359	15	359	15	32
PEPRA Implementation Amounts Due from Members	June 30, 2022	(295)	10	(295)	10	(36)
PEPRA Implementation Amounts Not Collected from Members	June 30, 2022	295	10	295	10	36
General County with Courts Subtotal				**$1,331,503**		**$131,113**

[1] As of middle of year.

[2] For the June 30, 2011 Restart Amortization, the Initial Amount was the UAAL as of that date and the Initial Period was the remainder of the original 30-year period that commenced December 31, 2005.

Exhibit H: Table of Amortization Bases (continued)

Districts

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Restart Amortization	June 30, 2011	$86,149[2]	24.5[2]	$84,009	13.5	$8,107
Actuarial Loss	June 30, 2012	4,431	18	3,320	8	490
Actuarial Loss	June 30, 2013	1,620	18	1,282	9	171
Actuarial Loss	June 30, 2014	2,584	18	2,158	10	264
Assumption Change	June 30, 2014	7,390	18	6,187	10	758
Actuarial Gain	June 30, 2015	(31)	18	(18)	11	(2)
Actuarial Loss	June 30, 2016	5,060	18	4,569	12	483
Actuarial Loss	June 30, 2017	5,822	18	5,394	13	536
Assumption Change	June 30, 2017	11,343	18	10,507	13	1,044
Actuarial Loss	June 30, 2018	5,634	18	5,335	14	501
Actuarial Loss	June 30, 2019	14,365	18	13,888	15	1,238
Actuarial Loss	June 30, 2020	3,557	18	3,486	16	296
Assumption Change	June 30, 2020	10,306	18	10,105	16	859
Actuarial Loss	June 30, 2021	3,337	18	3,311	17	269
Implementation of Alameda Decision	June 30, 2021	(7,865)	15	(7,711)	14	(724)
Actuarial Loss	June 30, 2022	1,477	18	1,477	18	115
Alameda Decision Refunds	June 30, 2022	0	15	0	15	0
Alameda Decision Amounts Due from Members	June 30, 2022	(103)	10	(103)	10	(13)
Alameda Decision Amounts Not Collected from Members	June 30, 2022	103	10	103	10	13
PEPRA Implementation Refunds	June 30, 2022	14	15	14	15	1
PEPRA Implementation Amounts Due from Members	June 30, 2022	(8)	10	(8)	10	(1)
PEPRA Implementation Amounts Not Collected from Members	June 30, 2022	8	10	8	10	1
Districts Subtotal (Not Including Declining Employers)				**$147,313**		**$14,406**

1 As of middle of year.

2 For the June 30, 2011 Restart Amortization, the Initial Amount was the UAAL as of that date and the Initial Period was the remainder of the original 30-year period that commenced December 31, 2005.

Exhibit H: Table of Amortization Bases (continued)

Districts (continued)

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Declining Employer Restart Amortization (Berrenda Mesa)	June 30, 2019	$4,147	18	$3,760	15	$406
Actuarial Loss (Berrenda Mesa)	June 30, 2020	556	18	518	16	54
Assumption Change (Berrenda Mesa)	June 30, 2020	267	18	250	16	26
Actuarial Gain (Berrenda Mesa)	June 30, 2021	(495)	18	(486)	17	(49)
Implementation of Alameda Decision (Berrenda Mesa)	June 30, 2021	1	15	0	14	0
Actuarial Gain (Berrenda Mesa)	June 30, 2022	(273)	18	(273)	18	(27)
Declining Employer Restart Amortization (Inyokern)	June 30, 2019	102	18	93	15	10
Actuarial Loss (Inyokern)	June 30, 2020	13	18	10	16	1
Actuarial Loss (Inyokern)	June 30, 2021	18	18	20	17	2
Actuarial Gain (Inyokern)	June 30, 2022	(13)	18	(13)	18	(1)
Declining Employer Subtotal				**$3,879**		**$422**
Districts Subtotal (Including Declining Employers)				**$151,192**		**$14,828**

[1] As of middle of year.

Exhibit H: Table of Amortization Bases (continued)

Safety County

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Restart Amortization	June 30, 2011	$606,032[2]	24.5[2]	$591,015	13.5	$57,035
Actuarial Loss	June 30, 2012	37,591	18	28,166	8	4,161
Actuarial Loss	June 30, 2013	17,808	18	14,194	9	1,898
Actuarial Gain	June 30, 2014	(23,991)	18	(20,094)	10	(2,462)
Assumption Change	June 30, 2014	93,817	18	78,546	10	9,622
Actuarial Gain	June 30, 2015	(8,513)	18	(7,432)	11	(842)
Actuarial Gain	June 30, 2016	(4,514)	18	(4,081)	12	(432)
Actuarial Gain	June 30, 2017	(24,660)	18	(22,864)	13	(2,271)
Assumption Change	June 30, 2017	81,394	18	75,483	13	7,499
Actuarial Gain	June 30, 2018	(13,175)	18	(12,495)	14	(1,173)
Actuarial Loss	June 30, 2019	34,070	18	32,931	15	2,935
Actuarial Loss	June 30, 2020	23,024	18	22,578	16	1,919
Assumption Change	June 30, 2020	28,027	18	27,473	16	2,336
Actuarial Gain	June 30, 2021	(18,908)	18	(18,751)	17	(1,526)
Implementation of Alameda Decision	June 30, 2021	(3,996)	15	(3,916)	14	(368)
Actuarial Loss	June 30, 2022	5,933	18	5,933	18	464
Alameda Decision Refunds	June 30, 2022	4	15	4	15	0
Alameda Decision Amounts Due from Members	June 30, 2022	(545)	10	(545)	10	(67)
Alameda Decision Amounts Not Collected from Members	June 30, 2022	545	10	545	10	67
PEPRA Implementation Refunds	June 30, 2022	866	15	866	15	77
PEPRA Implementation Amounts Due from Members	June 30, 2022	0	10	0	10	0
PEPRA Implementation Amounts Not Collected from Members	June 30, 2022	0	10	0	10	0
Safety County Subtotal				**$787,556**		**$78,872**

[1] As of middle of year.

[2] For the June 30, 2011 Restart Amortization, the Initial Amount was the UAAL as of that date and the Initial Period was the remainder of the original 30-year period that commenced December 31, 2005.

Exhibit H: Table of Amortization Bases (continued)

Total KCERA

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Restart Amortization	June 30, 2011	$1,830,075[2]	24.5[2]	$1,784,718	13.5	$172,232
Actuarial Loss	June 30, 2012	78,197	18	58,603	8	8,657
Actuarial Loss	June 30, 2013	32,940	18	26,249	9	3,509
Actuarial Gain	June 30, 2014	(59,066)	18	(49,467)	10	(6,061)
Assumption Change	June 30, 2014	204,252	18	171,016	10	20,950
Actuarial Gain	June 30, 2015	(30,185)	18	(26,332)	11	(2,984)
Actuarial Gain	June 30, 2016	(2,044)	18	(1,845)	12	(196)
Actuarial Gain	June 30, 2017	(59,330)	18	(55,030)	13	(5,466)
Assumption Change	June 30, 2017	213,143	18	197,641	13	19,635
Actuarial Gain	June 30, 2018	(27,130)	18	(25,760)	14	(2,418)
Actuarial Loss	June 30, 2019	118,554	18	114,604	15	10,215
Declining Employer Restart (Berrenda)	June 30, 2019	4,147	18	3,760	15	406
Declining Employer Restart (Inyokern)	June 30, 2019	102	18	93	15	10
Actuarial Loss	June 30, 2020	51,394	18	50,391	16	4,283
Actuarial Loss (Berrenda)	June 30, 2020	556	18	518	16	54
Actuarial Loss (Inyokern)	June 30, 2020	13	18	10	16	1
Assumption Change	June 30, 2020	146,346	18	143,462	16	12,196
Assumption Change (Berrenda)	June 30, 2020	267	18	250	16	26
Actuarial Gain	June 30, 2021	(62,739)	18	(62,216)	17	(5,064)
Actuarial Gain (Berrenda)	June 30, 2021	(495)	18	(486)	17	(49)
Actuarial Loss (Inyokern)	June 30, 2021	18	18	20	17	2
Implementation of Alameda Decision	June 30, 2021	(28,923)	15	(28,357)	14	(2,662)
Implementation of Alameda Decision (Berrenda)	June 30, 2021	1	15	0	14	0
Actuarial Gain	June 30, 2022	(32,551)	18	(32,551)	18	(2,545)
Actuarial Gain (Berrenda)	June 30, 2022	(273)	18	(273)	18	(27)
Actuarial Gain (Inyokern)	June 30, 2022	(13)	18	(13)	18	(1)

[1] As of middle of year.
[2] For the June 30, 2011 Restart Amortization, the Initial Amount was the UAAL as of that date and the Initial Period was the remainder of the original 30-year period that commenced December 31, 2005.

Exhibit H: Table of Amortization Bases (continued)

Total KCERA (continued)

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Alameda Decision Refunds	June 30, 2022	$7	15	$7	15	$0
Alameda Decision Amounts Due from Members	June 30, 2022	(2,844)	10	(2,844)	10	(349)
Alameda Decision Amounts Not Collected from Members	June 30, 2022	2,844	10	2,844	10	349
PEPRA Implementation Refunds	June 30, 2022	1,239	15	1,239	15	110
PEPRA Implementation Amounts Due from Members	June 30, 2022	(303)	10	(303)	10	(37)
PEPRA Implementation Amounts Not Collected from Members	June 30, 2022	303	10	303	10	37
KCERA Total				**$2,270,251**		**$224,813**

[1] As of middle of year.

Exhibit I: Projection of UAAL Balances and Payments

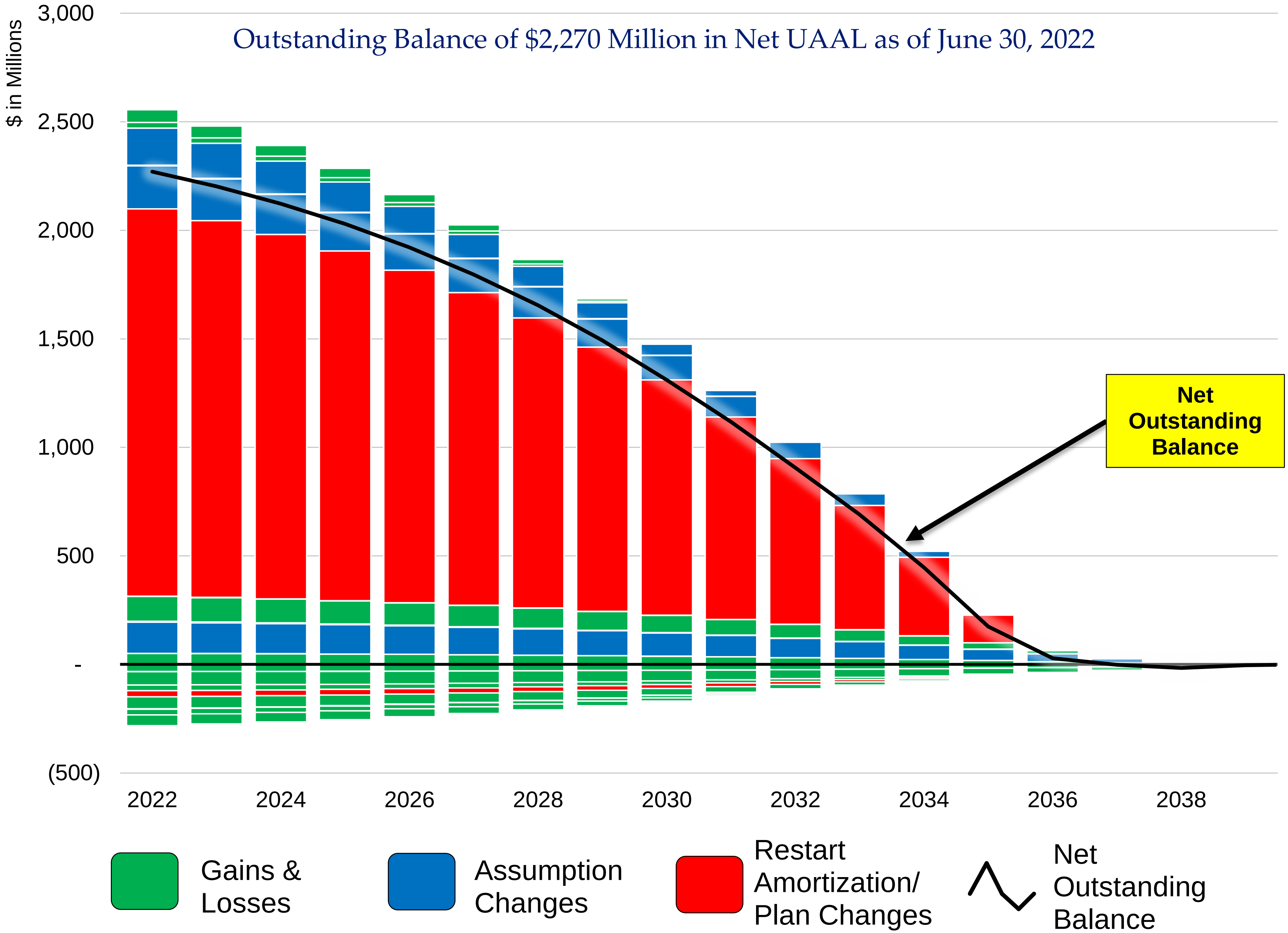


Exhibit I: Projection of UAAL Balances and Payments (continued)

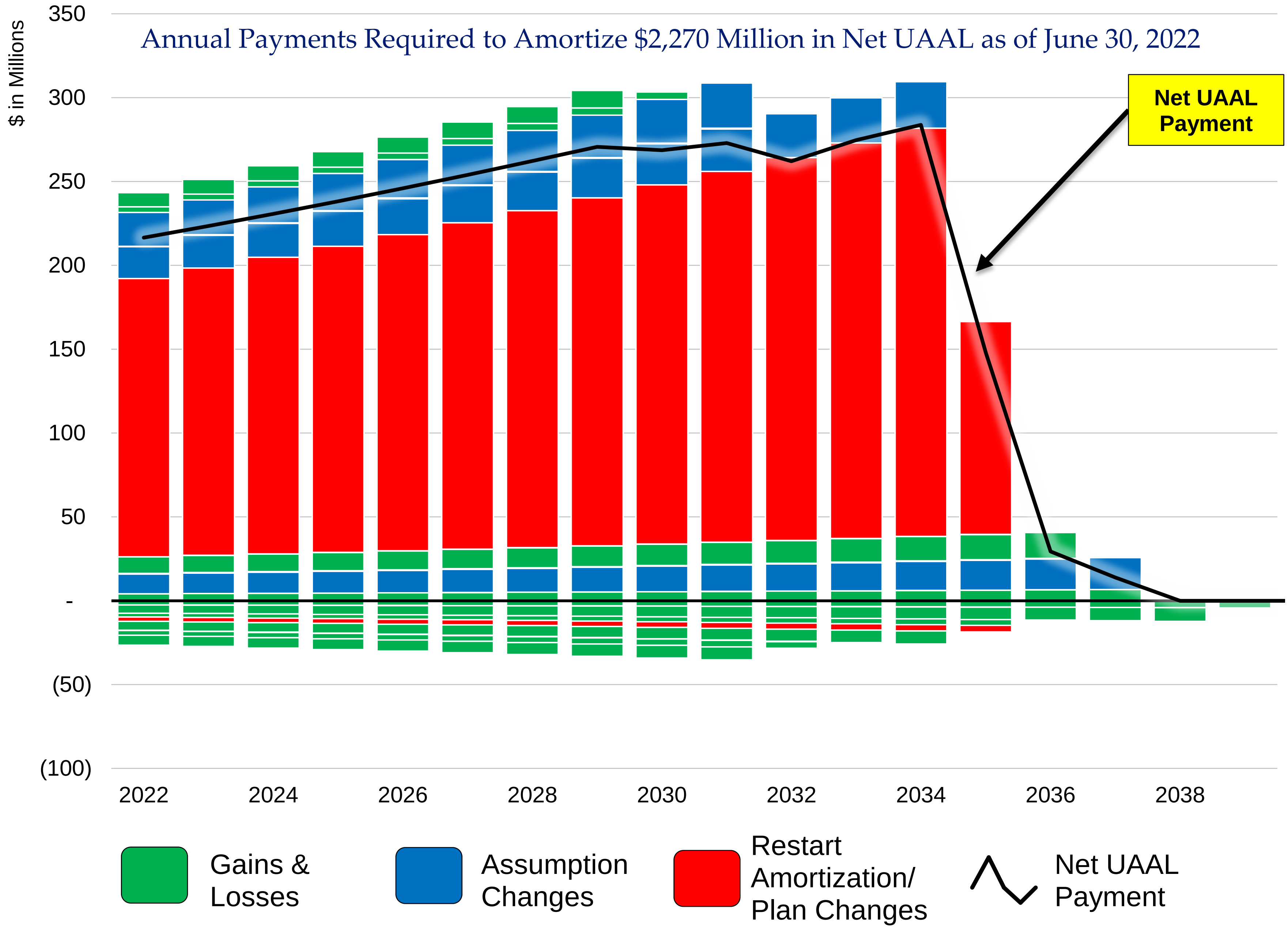


Exhibit J: Definition of Pension Terms

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

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 and Beneficiaries:	The single-sum value of lifetime benefits to existing pensioners and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial Cost Method:	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the actuarially determined contribution.
Actuarial Gain or Loss:	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.
Actuarially Equivalent:	Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV):	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits:	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits when due.
Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Actuarially Determined Contribution (ADC) and the Net Pension Liability (NPL).
Actuarial Value of Assets (AVA):	The value of the Association's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.
Actuarially Determined:	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the plan.
Actuarially Determined Contribution (ADC):	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Association's funding policy. The ADC consists of the employer Normal Cost and the Amortization Payment.
Amortization Method:	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization Payment:	The portion of the pension plan contribution, or ADC, that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Section 3: Supplemental Information

Assumptions or Actuarial Assumptions:	The estimates upon which the cost of the Association is calculated, including: Investment return - the rate of investment yield that the Association will earn over the long-term future; Mortality rates - the death rates of employees and pensioners; life expectancy is based on these rates; Retirement rates - the rate or probability of retirement at a given age or service; Disability rates - the probability of disability retirement at a given age; Withdrawal rates - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; Salary increase rates - the rates of salary increase due to inflation and productivity growth.
Closed Amortization Period:	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Open Amortization Period.
Decrements:	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined Benefit Plan:	A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.
Defined Contribution Plan:	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer Normal Cost:	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Experience Study:	A periodic review and analysis of the actual experience of the Association that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.
Funded Ratio:	The ratio of the Valuation Value of Assets (VVA) to the Actuarial Accrued Liability (AAL). Plans sometimes calculate a market funded ratio, using the Market Value of Assets (MVA), rather than the VVA.
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 capital gains and losses to avoid significant swings in the value of assets from one year to the next.

Normal Cost:	That portion of the Actuarial Present Value of pension plan benefits allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated.
Open Amortization Period:	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period with level percentage of payroll is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never decrease, but will become smaller each year, in relation to covered payroll, if the actuarial assumptions are realized.
Payroll or Compensation:	Compensation Earnable and Pensionable Compensation expected to be paid to active members during the twelve months following the valuation date. Only Compensation Earnable and Pensionable Compensation that would possibly go into the determination of retirement benefits are included.
Unfunded Actuarial Accrued Liability:	The excess of the Actuarial Accrued Liability over the Valuation Value of Assets. This value may be negative, in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus or an Overfunded Actuarial Accrued Liability.
Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.
Valuation Value of Assets:	The Actuarial Value of Assets reduced by the value of non-valuation reserves.

Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial Assumptions and Methods

Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2016 through June 30, 2019 Actuarial Experience Study dated August 3, 2020. Unless otherwise noted, all actuarial assumptions and methods shown below apply to members for all tiers. These assumptions were adopted by the Board.
Economic Assumptions	
Net Investment Return:	7.25%; net of investment expenses. Based on the Actuarial Experience Study reference above, expected investment expenses represent about 0.40% of the Market Value of Assets.
Administrative Expenses:	0.90% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member. This results in an administrative expense load as shown below:

	Average Contribution Rate Before Administrative Expense	Weighting	Total Loading
Employer	47.97%	87.50%	0.79%
Member	6.85%	12.50%	0.11%
Total		100.00%	0.90%

Under this approach, the employer Normal Cost rate is then increased by the same percent of payroll as the member rate with the remaining employer loading allocated to the employer UAAL rate. This is done to maintain a 50/50 sharing of Normal Cost for those in PEPRA Tiers. The table below shows this allocation.

Allocation of Administrative Expense Load as a % of Payroll	
Addition to Employer Basic Normal Cost Rate	0.11%
Addition to Employer Basic UAAL Rate	0.68%
Addition to Member Basic Rate	0.11%
Total Addition to Contribution Rates	0.90%

The administrative expense load is added to the Basic rates for employers and members.

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

Consumer Price Index (CPI) and Cost of Living Adjustments (COLA):	CPI Increase of 2.75% per year. Retiree COLA increases due to CPI are assumed to be 2.50% per year.
Payroll Growth:	Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 2.75% per year from the valuation date.
Increase in Section 7522.10 Compensation Limit:	Increase of 2.75% per year from the valuation date.
Salary Increases:	The annual rate of compensation increase includes: inflation at 2.75%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Merit and Promotion Increases

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

Demographic Assumptions:	
Post-Retirement Mortality Rates:	*Healthy* • **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019. • **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019. *Disabled* • **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019. • **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019. *Beneficiaries* • **General and Safety Members:** Pub-2010 General Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019. The Pub-2010 mortality tables and adjustments as shown above with generational projection to the ages of participants as of the measurement date reasonably reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Pre-Retirement Mortality Rates:

- **General Members:** Pub-2010 General Employee Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety Members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

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

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

Mortality Rates for Member Contributions:

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 15% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 30% male and 70% female.
- **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 80% male and 20% female.

Disability Incidence:

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

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

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

Termination:

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

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

Electing a Refund of Contributions upon Termination:

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

Retirement Rates:

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

Retirement Age and Benefit for Deferred Vested Members:

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

General Retirement Age: 57

Safety Retirement Age: 53

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

Future Benefit Accruals:	1.0 year of service per year of employment.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	All active members of KCERA as of the valuation date.
Form of Payment:	All active and inactive members are assumed to elect the unmodified option at retirement.
Percent Married:	For all active and inactive members, 70% of male members and 60% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.
Age and Gender of Spouse:	For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.
Actuarial Funding Policy	
Actuarial Cost Method:	Entry Age Actuarial Cost Method. Entry Age is the age on the valuation date minus the lesser of years of employment or years of benefit service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formula for each individual has always been in effect (i.e., "replacement life within a tier").
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.
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:	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. 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. Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 18 years. Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis: a. 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; 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 (i.e., wage inflation). 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.

Other Actuarial Methods	
Employer 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 3.25%. Effective with the June 30, 2012 valuation, the June 30, 2011 UAAL is being amortized over a 24.5-year declining period (13.5 years as of June 30, 2022). The change in UAAL 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 UAAL 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 amortization policy is described on the previous page. 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. The recommended employer contributions are provided in *Section 2, Subsection F*. 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. • The COLA benefits adopted prior to 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".

Section 4: Actuarial Valuation Basis

Member Contributions:	The member contribution rates for all members are provided in *Section 4, Exhibit 3*. *General Tiers I and IIA and 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 Final Average Salary per year of service at age 55 for General Tier I members • 1/120 of Final Average Salary per year of service at age 60 for General Tier IIA members • 1/100 of 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. Effective July 11, 2015, San Joaquin Valley Unified Air Pollution Control District Tier I members pay 28% of the total Normal Cost rate. That percent increased to 39% effective 2016-2017 and 50% effective 2017-2018. Effective July 8, 2017, San Joaquin Valley Unified Air Pollution Control District Tier IIA members pay 50% of the total Normal Cost rate. *General Tiers IIB and III and 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.

Member Contributions: (continued)	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 36 through 40 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 in determining the allocation of the total costs payable between the employers and the members.
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 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.

Section 4: Actuarial Valuation Basis

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
Internal Revenue Code Section 415:	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 limit of $160,000 indexed for inflation. That limit is $245,000 for 2022. 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. 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. Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.
Changed Actuarial Assumptions and Methods:	There have been no changes in actuarial assumptions or methods since the last valuation.

Exhibit 2: Summary of Plan Provisions

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

Plan Year:	July 1 through June 30
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:
General Tier 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 West Side Mosquito Abatement District prior to November 15, 2012, hired by Kern Mosquito & Vector Control District prior to December 12, 2012, hired by Inyokern Community Services District prior to December 13, 2012, hired by Buttonwillow Recreation & Park District or East Kern Cemetery District prior to December 17, 2012, hired by West Side Cemetery District prior to December 18, 2012, hired by Shafter Recreation & Park District prior to December 19, 2012, or hired by the Courts prior to March 12, 2011.
General Tier IIA	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, hired by West Side Mosquito Abatement District on or after November 15, 2012, hired by Kern Mosquito & Vector Control District on or after December 12, 2012, hired by Inyokern Community Services District on or after December 13, 2012, hired by Buttonwillow Recreation & Park District or East Kern Cemetery District on or after December 17, 2012, hired by West Side Cemetery District on or after December 18, 2012, hired by Shafter Recreation & Park District on or after December 19, 2012, or hired by the Courts on or after March 12, 2011; and hired prior to January 1, 2013.
General Tier IIB	All General members hired by the County or districts (other than West Side Recreation & Park) on or after January 1, 2013.
General Tier III	All General members hired by West Side Recreation & Park on or after January 1, 2013.
Safety Tier I	All members employed in active law enforcement, active fire suppression, probation, detention or criminal investigation hired prior to March 27, 2012.
Safety Tier IIA	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.
Safety Tier IIB	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:	
General Tiers I and IIA, Safety Tiers I and IIA	Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1).
General Tier IIB, General Tier III and Safety Tier IIB	Highest consecutive thirty-six months of pensionable compensation (§7522.32 and §7522.34) (FAS3).
Compensation Limit:	
Non-General Tier III	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, 2022 is $305,000. The limit is indexed for inflation on an annual basis.
General Tier III	Pensionable Compensation is limited to $134,974 for 2022 ($161,969, if not enrolled in Social Security). The limit is indexed for inflation on an annual basis.
Service:	Years of service (Yrs).
Service Retirement Eligibility:	
General Tiers I, IIA and IIB	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).
General Tier III	Age 52 with 5 years of service (§7522.20(a)), or age 70 regardless of service credit.
Safety Tiers I, IIA and IIB	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).

Benefit Formula:

General Tier I (§31676.17)

Retirement Age	Benefit Formula[1]
50	(2.00%xFAS1 – 1/3x2.00%x$350 x 12) x Yrs
55	(2.50%xFAS1 – 1/3x2.50%x$350 x 12) x Yrs
60	(3.00%xFAS1 – 1/3x3.00%x$350 x 12) x Yrs
62 and over	(3.00%xFAS1 – 1/3x3.00%x$350 x 12) x Yrs

General Tier I[2] (§31676.14)

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
62 and over	2.61% x FAS1 x Yrs

	Retirement Age	Benefit Formula[1]
General Tier IIA (§31676.01)		
	50	(0.79%xFAS1 – 1/3x0.79%x$350 x 12) x Yrs
	55	(0.99%xFAS1 – 1/3x1.00%x$350 x 12) x Yrs
	60	(1.28%xFAS1 – 1/3x1.28%x$350 x 12) x Yrs
	62	(1.39%xFAS1 – 1/3x1.39%x$350 x 12) x Yrs
	65 and over	(1.62%xFAS1 – 1/3x1.62%x$350 x 12) x Yrs

	Retirement Age	Benefit Formula[1]
General Tier IIB (§31676.01)		
	50	(0.79%xFAS3 – 1/3x0.79%x$350 x 12) x Yrs
	55	(0.99%xFAS3 – 1/3x1.00%x$350 x 12) x Yrs
	60	(1.28%xFAS3 – 1/3x1.28%x$350 x 12) x Yrs
	62	(1.39%xFAS3 – 1/3x1.39%x$350 x 12) x Yrs
	65 and over	(1.62%xFAS3 – 1/3x1.62%x$350 x 12) x Yrs

(1) Benefits for some District Members are not integrated with Social Security.

(2) 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.

	Retirement Age	Benefit Formula
General Tier III (§7522.20(a))		
	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

	Retirement Age	Benefit Formula
Safety Tier I (§31664.1)		
	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

Safety Tier IIA (§31664)	**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
Safety Tier IIB (§31664)	**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
	57 and over	(2.62% x FAS3 - 1/3 x 2.62% x $350 x 12) x Yrs

Maximum Benefit:	
Non-General Tier III	100% of final compensation (§31676.14, §31676.17, §31676.01, §31664.1, §31664).
General Tier III	There is no final compensation limit on the maximum retirement benefit.
Non-Service Connected Disability:	
Eligibility	Five years of service (§31720).
Benefit	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).
	For all members, 100% of the Service Retirement benefit, if greater.
Service Connected Disability:	
Eligibility	No age or service requirements (§31720).
Benefit	50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

Pre-Retirement Death:	
All Members	
Eligibility	None.
Basic lump sum benefit	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).
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.
Vested Members	
Eligibility	Five years of service.
Basic benefit	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: • 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).
Death After Retirement:	
All Members	
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	Unless another option was selected at retirement, 100% of member's unmodified allowance continued to eligible spouse (§31786).
Withdrawal Benefits:	
Less than Five Years of Service	Refund of accumulated employee contributions with interest (§31628) or entitled to earned benefits commencing any time after eligible to retire (§31629.5) if eligible for benefits at a reciprocal system.
Five or More Years of Service	If contributions left on deposit, a member is entitled to earned benefits commencing at any time after eligible to retire (§31700). Service for eligibility includes service credited as an employee of a reciprocal system.
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.

Member Contributions:	Please refer to *Section 4, Exhibit 3* for the specific rates. Members in General Tiers I and IIA (excluding San Joaquin Valley Unified Air Pollution Control District) and Safety Tiers I and IIA do not contribute towards the cost-of-living benefits.
General Tier I (non-SJVAPCD)	
Basic	Entry age based rates that provide for an average annuity at age 55 equal to 1/100 of FAS (§31621.8).
General Tier I (SJVAPCD)	
Basic	Entry age based rates that provide for 50% of total Normal Cost Rate.
General Tier IIA (non-SJVAPCD)	
Basic	Entry age based rates that provide for an average annuity at age 60 equal to 1/120 of FAS (§31621).
General Tier IIA (SJVAPCD)	
Basic	Entry age based rates that provide for 50% of total Normal Cost Rate.
General Tiers IIB and III	Non-entry age based rates that provide for 50% of total Normal Cost Rate.
Safety Tier I	
Basic	Entry age based rates that provide for an average annuity at age 50 equal to 1/100 of FAS (§31639.25).
Supplemental	Entry age based rates that provide for an average annuity at age 50 equal to 1/200 of FAS (Resolution #2004-144).
Safety "3" Tier I	
Basic and Supplemental	At all entry ages, the member contribution rate for the above Safety Tier I members who enter the plan at age 27.
Safety Tier IIA	
Basic	Entry age based rates that provide for an average annuity at age 50 equal to 1/100 of FAS (§31639.25).
Safety "3" Tier IIA	
Basic	At all entry ages, the member contribution rate for the above Safety Tier IIA members who enter the plan at age 27.
Safety Tier IIB	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 36 through 40.

Changed Plan Provisions:	The Public Employee Pension Reform Act of 2013 (PEPRA) set contribution rates for members hired after January 1, 2013 (PEPRA members) at 50% of normal cost, pending expiration of the existing MOUs. Between January 1, 2013 and the expiration of the then-existing MOUs in or around 2015, PEPRA members were incorrectly charged the 50% of normal cost rate. On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriff's Assn. et al., v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for Legacy members and pensionable compensation for PEPRA members for that system and other similarly situated 1937 Act county employees' retirement systems. See Item (1) on page 8 of this report for a discussion of the action taken by KCERA.

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.

Exhibit 3: Member Contribution Rates

General Tier I Members' (non-SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)

	Integrated		Non-Integrated
Entry Age	First $350 of Monthly Compensation	Over $350 of Monthly Compensation	All Compensation
16	4.35%	6.52%	6.52%
17	4.43%	6.65%	6.65%
18	4.51%	6.77%	6.77%
19	4.60%	6.90%	6.90%
20	4.68%	7.02%	7.02%
21	4.77%	7.15%	7.15%
22	4.86%	7.29%	7.29%
23	4.95%	7.42%	7.42%
24	5.04%	7.56%	7.56%
25	5.13%	7.70%	7.70%
26	5.23%	7.84%	7.84%
27	5.33%	7.99%	7.99%
28	5.42%	8.13%	8.13%
29	5.52%	8.28%	8.28%
30	5.63%	8.44%	8.44%
31	5.73%	8.59%	8.59%
32	5.83%	8.75%	8.75%
33	5.95%	8.92%	8.92%
34	6.05%	9.08%	9.08%
35	6.17%	9.25%	9.25%
36	6.29%	9.43%	9.43%
37	6.41%	9.61%	9.61%
38	6.53%	9.80%	9.80%
39	6.66%	9.99%	9.99%

Exhibit 3: Member Contribution Rates (continued)

General Tier I Members' (non-SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated		Non-Integrated
Entry Age	First $350 of Monthly Compensation	Over $350 of Monthly Compensation	All Compensation
40	6.79%	10.19%	10.19%
41	6.93%	10.39%	10.39%
42	7.06%	10.59%	10.59%
43	7.19%	10.78%	10.78%
44	7.32%	10.98%	10.98%
45	7.45%	11.18%	11.18%
46	7.58%	11.37%	11.37%
47	7.70%	11.55%	11.55%
48	7.79%	11.69%	11.69%
49	7.88%	11.82%	11.82%
50	7.94%	11.91%	11.91%
51	7.98%	11.97%	11.97%
52	7.99%	11.99%	11.99%
53	7.99%	11.98%	11.98%
54 & Over	7.93%	11.90%	11.90%

Interest: 7.25% per annum
COLA: None
Administrative Expenses: 0.11% of payroll added to Basic rates
Mortality: See *Section 4, Exhibit 1*
Salary Increase: Inflation (2.75%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit 1*)
Note: These rates are determined before any pickups by the employer, if any.

Exhibit 3: Member Contribution Rates (continued)

General Tier I Members' (SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

Entry Age	All Compensation
16	9.25%
17	9.43%
18	9.61%
19	9.79%
20	9.96%
21	10.15%
22	10.35%
23	10.53%
24	10.73%
25	10.93%
26	11.13%
27	11.34%
28	11.54%
29	11.76%
30	11.99%
31	12.20%
32	12.43%
33	12.67%
34	12.90%
35	13.14%
36	13.40%
37	13.65%
38	13.92%
39	14.20%

Exhibit 3: Member Contribution Rates (continued)

General Tier I Members' (SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

Entry Age	All Compensation
40	14.48%
41	14.77%
42	15.05%
43	15.32%
44	15.61%
45	15.89%
46	16.16%
47	16.42%
48	16.62%
49	16.80%
50	16.93%
51	17.02%
52	17.05%
53	17.03%
54 & Over	16.92%

The General Tier I (SJVAPCD) member contribution rate is 50% of the total Normal Cost rate. The rates shown above also include an administrative expense load of 0.11% of payroll.

Exhibit 3: Member Contribution Rates (continued)

General Tier IIA Members' (non-SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated		Non-Integrated
Entry Age	First $350 of Monthly Compensation	Over $350 of Monthly Compensation	All Compensation
16	3.15%	4.72%	4.72%
17	3.21%	4.81%	4.81%
18	3.27%	4.90%	4.90%
19	3.33%	4.99%	4.99%
20	3.39%	5.08%	5.08%
21	3.45%	5.18%	5.18%
22	3.51%	5.27%	5.27%
23	3.58%	5.37%	5.37%
24	3.65%	5.47%	5.47%
25	3.71%	5.57%	5.57%
26	3.78%	5.67%	5.67%
27	3.85%	5.78%	5.78%
28	3.93%	5.89%	5.89%
29	3.99%	5.99%	5.99%
30	4.07%	6.10%	6.10%
31	4.15%	6.22%	6.22%
32	4.22%	6.33%	6.33%
33	4.30%	6.45%	6.45%
34	4.38%	6.57%	6.57%
35	4.46%	6.69%	6.69%
36	4.54%	6.81%	6.81%
37	4.63%	6.94%	6.94%
38	4.71%	7.07%	7.07%
39	4.80%	7.20%	7.20%

Exhibit 3: Member Contribution Rates (continued)

General Tier IIA Members' (non-SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated		Non-Integrated
Entry Age	First $350 of Monthly Compensation	Over $350 of Monthly Compensation	All Compensation
40	4.89%	7.33%	7.33%
41	4.98%	7.47%	7.47%
42	5.07%	7.61%	7.61%
43	5.17%	7.76%	7.76%
44	5.27%	7.91%	7.91%
45	5.38%	8.07%	8.07%
46	5.49%	8.23%	8.23%
47	5.59%	8.39%	8.39%
48	5.69%	8.54%	8.54%
49	5.80%	8.70%	8.70%
50	5.91%	8.86%	8.86%
51	6.00%	9.00%	9.00%
52	6.09%	9.14%	9.14%
53	6.17%	9.25%	9.25%
54	6.24%	9.36%	9.36%
55	6.29%	9.43%	9.43%
56	6.32%	9.48%	9.48%
57	6.33%	9.49%	9.49%
58	6.33%	9.49%	9.49%
59 & Over	6.28%	9.42%	9.42%

Interest: 7.25% per annum
COLA: None
Administrative Expenses: 0.11% of payroll added to Basic rates
Mortality: See *Section 4, Exhibit 1*
Salary Increase: Inflation (2.75%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit 1*)
Note: These rates are determined before any pickups by the employer, if any.

Exhibit 3: Member Contribution Rates (continued)

General Tier IIA Members' (SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)

Entry Age	All Compensation
16	4.71%
17	4.80%
18	4.89%
19	4.98%
20	5.07%
21	5.17%
22	5.26%
23	5.36%
24	5.46%
25	5.56%
26	5.66%
27	5.77%
28	5.88%
29	5.98%
30	6.09%
31	6.21%
32	6.32%
33	6.44%
34	6.56%
35	6.68%
36	6.80%
37	6.93%
38	7.06%
39	7.19%

Exhibit 3: Member Contribution Rates (continued)

General Tier IIA Members' (SJVAPCD) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

Entry Age	All Compensation
40	7.32%
41	7.46%
42	7.60%
43	7.75%
44	7.90%
45	8.06%
46	8.22%
47	8.38%
48	8.53%
49	8.69%
50	8.85%
51	8.99%
52	9.13%
53	9.24%
54	9.35%
55	9.42%
56	9.47%
57	9.48%
58	9.48%
59 & Over	9.41%

The General Tier IIA (SJVAPCD) member contribution rate is 50% of the total Normal Cost rate. The rates shown above also include an administrative expense load of 0.11% of payroll.

Exhibit 3: Member Contribution Rates (continued)

General Tier IIB Members' Contribution Rates from the June 30, 2022 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)

	Integrated		Non-Integrated
All Members	First $350 of Monthly Compensation	Over $350 of Monthly Compensation	All Compensation
Basic	3.33%	5.00%	5.00%
2% COLA	0.71%	1.06%	1.06%
0.5% COLA	0.23%	0.34%	0.34%
Total	4.27%	6.40%	6.40%

The General Tier IIB member contribution rate is 50% of the total Normal Cost rate. The rates shown above also include an administrative expense load of 0.11% of payroll.

General Tier III Members' Contribution Rates from the June 30, 2022 Actuarial Valuation
(Expressed as a Percentage of Monthly Compensation)

All Members	All Compensation[1]
Basic	5.85%
2% COLA	1.21%
0.5% COLA	0.37%
Total	7.43%

The General Tier III member contribution rate is 50% of the total Normal Cost rate. The rates shown above also include an administrative expense load of 0.11% 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 2022 is $134,974 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2022 (reference: Section 7522.10(d)).

Exhibit 3: Member Contribution Rates (continued)

Safety Tier I Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated	
Entry Age	First $350 of Monthly Compensation	Over $350 of Monthly Compensation
16	7.31%	10.96%
17	7.46%	11.19%
18	7.61%	11.42%
19	7.77%	11.66%
20	7.93%	11.90%
21	8.10%	12.15%
22	8.27%	12.40%
23	8.44%	12.66%
24	8.61%	12.92%
25	8.79%	13.19%
26	8.98%	13.47%
27	9.17%	13.75%
28	9.37%	14.05%
29	9.57%	14.35%
30	9.77%	14.66%
31	9.99%	14.98%
32	10.21%	15.32%
33	10.44%	15.66%
34	10.67%	16.01%
35	10.91%	16.37%
36	11.16%	16.74%
37	11.42%	17.13%
38	11.69%	17.53%
39	11.96%	17.94%

Exhibit 3: Member Contribution Rates (continued)

Safety Tier I Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated	
Entry Age	**First $350 of Monthly Compensation**	**Over $350 of Monthly Compensation**
40	12.23%	18.34%
41	12.49%	18.74%
42	12.68%	19.02%
43	12.77%	19.16%
44	12.83%	19.25%
45	12.86%	19.29%
46	12.86%	19.29%
47	12.83%	19.25%
48	12.69%	19.04%
49 & Over	12.42%	18.63%

Interest: 7.25% per annum
COLA: None
Administrative Expenses: 0.11% of payroll added to Basic rates
Mortality: See *Section 4, Exhibit 1*
Salary Increase: Inflation (2.75%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit 1*)
Note: These rates are determined before any pickups by the employer, if any.

Exhibit 3: Member Contribution Rates (continued)

Safety 3" Safety Tier I Members' Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated	
Entry Age	**First $350 of Monthly Compensation**	**Over $350 of Monthly Compensation**
Every	9.17%	13.75%

Interest:	7.25% per annum
COLA:	None
Administrative Expense:	0.11% of payroll added to Basic rates
Mortality:	See *Section 4, Exhibit 1*
Salary Increase:	Inflation (2.75%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit 1*)

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.

Exhibit 3: Member Contribution Rates (continued)

Safety Tier IIA Members' (Excluding “Safety 3” Members) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated	
Entry Age	First $350 of Monthly Compensation	Over $350 of Monthly Compensation
16	4.89%	7.34%
17	5.00%	7.50%
18	5.10%	7.65%
19	5.21%	7.81%
20	5.31%	7.97%
21	5.42%	8.13%
22	5.53%	8.30%
23	5.65%	8.47%
24	5.77%	8.65%
25	5.89%	8.83%
26	6.01%	9.02%
27	6.14%	9.21%
28	6.27%	9.40%
29	6.40%	9.60%
30	6.54%	9.81%
31	6.69%	10.03%
32	6.83%	10.25%
33	6.99%	10.48%
34	7.14%	10.71%
35	7.30%	10.95%
36	7.47%	11.20%
37	7.63%	11.45%
38	7.82%	11.73%
39	8.00%	12.00%

Exhibit 3: Member Contribution Rates (continued)

Safety Tier IIA Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated	
Entry Age	**First $350 of Monthly Compensation**	**Over $350 of Monthly Compensation**
40	8.17%	12.26%
41	8.35%	12.53%
42	8.48%	12.72%
43	8.54%	12.81%
44	8.58%	12.87%
45	8.60%	12.90%
46	8.59%	12.89%
47	8.58%	12.87%
48	8.49%	12.73%
49 & Over	8.31%	12.46%

Interest: 7.25% per annum
COLA: None
Administrative Expenses: 0.11% of payroll added to Basic rates
Mortality: See *Section 4, Exhibit 1*
Salary Increase: Inflation (2.75%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit 1*)
Note: These rates are determined before any pickups by the employer, if any.

Exhibit 3: Member Contribution Rates (continued)

"Safety 3" Safety Tier IIA Members' Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated	
Entry Age	First $350 of Monthly Compensation	Over $350 of Monthly Compensation
Every	6.14%	9.21%

Interest: 7.25% per annum
COLA: None
Administrative Expense: 0.11% of payroll added to Basic rates
Mortality: See *Section 4, Exhibit 1*
Salary Increase: Inflation (2.75%) + Across-the-Board Increase (0.50%) + Merit and Promotion (See *Section 4, Exhibit 1*)

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.

Exhibit 3: Member Contribution Rates (continued)

Safety Tier IIB Members' Contribution Rates from the June 30, 2022 Actuarial Valuation (Expressed as a Percentage of Monthly Compensation)

	Integrated	
All Members	First $350 of Monthly Compensation	Over $350 of Monthly Compensation
Basic	6.67%	10.00%
2% COLA	1.66%	2.49%
0.5% COLA	0.52%	0.78%
Total	8.85%	13.27%

The Safety Tier IIB member contribution rate is 50% of the total Normal Cost rate. The rates shown above also include an administrative expense load of 0.11% of payroll.

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Kern County Employees' Retirement Association

Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation and Review

As of June 30, 2022

Segal

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November 30, 2022

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

Dear Board Members:

We are pleased to submit this Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation and Review as of June 30, 2022. It summarizes the actuarial data used in the SRBR valuation, analyzes the preceding year's experience, and determines the funding status of the SRBR benefits.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement Association. The census information and financial information on which our calculations were based was prepared by the staff of the Association. That assistance is gratefully acknowledged.

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

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

Sincerely,

Segal

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

Molly Calcagno, ASA, MAAA, EA
Actuary

ST/jl

Table of Contents

Section 1: Actuarial Valuation Summary

Purpose and Basis

This report was prepared by Segal to present a valuation of the Kern County Employees' Retirement Association ("KCERA" or "the Association") Supplemental Retiree Benefit Reserve (SRBR) benefits as of June 30, 2022. The valuation was performed to determine the funding status of the SRBR benefits. The measurements shown in this actuarial valuation may not be applicable for other purposes. In particular, the measures herein are not necessarily appropriate for assessing the sufficiency of current plan assets to cover the estimated cost of settling the plan's accrued benefit obligations.

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; and changes in plan provisions or applicable law.

The funded status information presented in this report is based on:

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

Note that the investment return assumption of 7.25% used in this report was determined without taking into consideration any impact of the 50/50 excess earnings allocation between the retirement and SRBR asset pools. More details regarding this can be found in the actuarial valuation for funding purposes.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's liabilities associated with the SRBR benefits. 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 consistent, both internally and with prior year's information.

Valuation Highlights

1. On September 14, 2022, the Board adopted a Restructured SRBR benefit effective July 1, 2022 equal to $1.80 per year of service, but no less than the member's current SRBR benefit as of July 1, 2022. The Restructured SRBR benefit also includes a 2.5% COLA on the SRBR benefit, so long as the SRBR remains adequately funded. This plan amendment increased the Present Value of SRBR Benefits (PVB) by $38.6 million. A summary of the benefits provided by the SRBR is displayed in *Section 3, Exhibit 2*.
2. Under the Board's SRBR policy, the SRBR funding status is calculated by comparing the SRBR Reserve excluding the court ordered Allocated SRBR Reserve (i.e., the 0.5% COLA Reserve) to the current actuarial funding target, which is the present value of all projected future SRBR benefit payments for all KCERA's current plan members.
3. Additional or increased SRBR benefits may be adopted if the SRBR funding status is more than 115% funded in the last two consecutive valuations.[1] The 2.5% COLA may be suspended if the SRBR funding status is less than 95% funded in the last two consecutive valuations. In addition, the SRBR policy also describes certain conditions that should be considered prior to adopting additional or increased SRBR benefits, or suspending the 2.5% COLA. These conditions include the potential impact of any deferred investment gains or losses not yet recognized in the asset smoothing method and any recent or potential changes in actuarial assumptions.
4. The funding status of the SRBR benefits decreased from 157.7% as of June 30, 2021 to 110.2% as of June 30, 2022 prior to reflecting any deferred investment gains or losses. The funding status of the SRBR benefits is 105.7% as of June 30, 2022 after reflecting any deferred investment gains or losses as of the same date.
5. The decrease in the funding status for the SRBR benefits was due to the plan amendment implementing the Restructured SRBR benefit and inflation higher than expected, offset somewhat by expected increases in the funding status due to passage of time; an investment gain because the rate of return on the available SRBR (after smoothing) during 2021-2022 was about 7.4%, which is greater than the 7.25% assumption (based on the June 30, 2021 valuation); and other liability gains.
6. In the June 30, 2021 valuation, we assumed that the Consumer Price Index (CPI) would increase by 2.75% from 2020 to 2021, based on our long-term assumption for inflation used in that valuation. The actual increase in the CPI from 2020 to 2021 was 3.8%. Because the CPI increased by more than 2.5% (the maximum COLA possible), COLA bank balances were increased and current SRBR Tier 3 benefits increased for some retirees in order to maintain an 82% purchasing power benefit. In addition, prior to reflecting the Restructured SRBR benefit, future projected increases in SRBR Tier 3 benefits for current retirees were then expected to occur sooner than previously expected as COLA bank balances increased by more than the 0.25% per annum

[1] Prior to the adoption of the Restructured SRBR benefit, this was 120%.

implicit in our inflation assumption. This led to the part of the decrease in the funding ratio that was due to high inflation, as described above.

7. The following table compares the reserves and liabilities for the SRBR benefits as of June 30, 2021 and of June 30, 2022:

		June 30, 2022	June 30, 2021
1	Available SRBR Reserves		
	a. Total SRBR	$142,006,000	$151,852,000
	b. 0.5% COLA Account	10,770,000	23,054,000
	c. Available SRBR Reserve **(1a – 1b)**	$131,236,000	$128,798,000
2	Present Value of SRBR Benefits (PVB)		
	a. Approved Benefits	$98,273,000	$80,509,000
	b. Future Benefits	20,788,000	1,146,000
	c. Total **(2a + 2b)**	$119,061,000	$81,655,000
3	PVB minus Reserves **(2c) – (1c)**	-$12,175,000	-$47,143,000
4	Funding Ratio **(1c) ÷ (2c)**	110.2%	157.7%

8. As of the June 30, 2022 valuation, the net deferred investment losses were 4.1% of the market value of assets. The Board's SRBR policy requires that the funding status be more than 115% or less than 95% in two consecutive valuations prior to implementing any benefit increases or COLA suspension, taking into account the current status of deferred investment gains and losses not yet recognized under the asset smoothing method. Consistent with this requirement, we have decreased the available SRBR Reserve by this amount to account for these losses. The results before and after reflecting the deferred investment losses are as follows:

		June 30, 2022 Before Reflecting Deferred Losses	June 30, 2022 After Reflecting Deferred Losses
1	Available SRBR Reserves	$131,236,000	$125,837,000
2	Present Value of SRBR Benefits (PVB)	119,061,000	119,061,000
3	PVB minus Reserves **(2) – (1)**	-$12,175,000	-$6,776,000
4	Funding Ratio **(1) ÷ (2)**	110.2%	105.7%

9. The Actuarial Standard of Practice No. 51 (ASOP 51) requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition". Examples of key risks listed that are particularly relevant to KCERA's SRBR are asset/liability mismatch risk, investment risk, and longevity risk.

   The actuary's initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative.

   Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan. We were engaged to perform a detailed analysis of the potential range of the impact of risk relative to the SRBR's future financial condition based on the June 30, 2018 actuarial valuation. That analysis can be found in our separate risk assessment report dated September 4, 2019.

   We have also included a discussion of key risks that may affect the Association in *Section 2, Subsection D*.

Summary of SRBR Valuation Results

		Death Benefit	Restructured SRBR	Total
Present Value of SRBR Benefits (PVB):	• Active members	$2,916,000	$32,428,000	$35,344,000
	• Inactive vested members	768,000	4,839,000	5,607,000
	• Retirees and Beneficiaries	13,336,000	64,774,000	78,110,000
	• Total	$17,020,000	$102,041,000	$119,061,000
Available SRBR Reserves:	• Total SRBR			$142,006,000
	• Additional 0.5% COLA Account			10,770,000
	• Available SRBR Before Reflecting Deferred Investment Gains/Losses			$131,236,000
	• Available SRBR After Reflecting Deferred Investment Gains/Losses			125,837,000
Funding Ratio:	• SRBR Benefits Before Reflecting Deferred Investment Gains/Losses			110.2%
	• SRBR Benefits After Reflecting Deferred Investment Gains/Losses			105.7%

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by KCERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the Market Value of Assets as of the measurement date, as provided by KCERA. The Association uses a “Valuation Value of Assets” that differs from market value to gradually reflect six-month changes in the Market Value of Assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the Association. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan. Future contribution requirements may differ from those determined in the valuation because of:

- Differences between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods; and
- Changes in statutory provisions.

If the Association is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Association should look to their other advisors for expertise in these areas.

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

Section 2: Actuarial Valuation Results

A. Introduction

Additional benefits may be provided to KCERA active and retired members under the plan provisions adopted by the County as provided under article 5.5 of the County Employees Retirement Association Law of 1937 (CERL). These are the Supplemental Retiree Benefit Reserve (SRBR) benefits.

Article 5.5 governs the crediting of interest to reserves and the allocation of Undistributed Earnings. Undistributed Earnings are the amounts that remain after earnings have been used to credit interest to the plan's reserves. They are generally thought of as earnings in excess of those assumed to be earned under the actuarial valuation assumptions.

Under the provisions of Article 5.5, and in accordance with the Board's Interest Crediting Policy, if Undistributed Earnings remain, then 50% of those Earnings are allocated to the SRBR and the remaining 50% are allocated as additional interest credits to all other reserve funds excluding the Contingency Reserve and the SRBR.

A summary of the benefits provided by the SRBR is displayed in *Section 3, Exhibit 2*. Note that, in addition to the benefits summarized in *Section 3, Exhibit 2*, the KCERA Board has set aside a portion of the SRBR reserve to help pay for an additional 0.5% COLA adopted under the Ventura Settlement. The assets and liabilities related to this additional 0.5% COLA are included in the regular valuation and are therefore excluded from this SRBR valuation.

B. Demographic Data

The table below provides a summary of the number of members eligible for Approved Benefits as of June 30, 2022. It also contains information on the monthly SRBR benefits in pay status as of June 30, 2022.

Each of the various SRBR benefits and their eligibilities are described in *Section 3, Exhibit 2*.

Table of Coverage

	Members Eligible for Approved Benefits as of June 30, 2022	Death Benefit	Restructured SRBR
1	Active members	9,076	9,076
2	Inactive vested members	4,015	4,015
3	Retirees and Beneficiaries	7,693	9,015
4	Total	20,784	22,106
5	Total monthly benefits in pay status as of June 30, 2022		$505,800
6	Average monthly benefits in pay status as of June 30, 2022		$56

C. Funding Status

Undistributed Earnings are the only source of funding for the SRBR Benefits. By their very nature, Undistributed Earnings are produced on an inconsistent basis and cannot be relied upon on to appear in any single period.

The actuarial assumptions and methods used to determine the Present Value of SRBR Benefits (PVB) are shown in *Section 3, Exhibit 1*. These are the same assumptions and methods used in the regular June 30, 2022 KCERA valuation.

KCERA's funding target for the SRBR is based on the PVB. They include the Restructured SRBR and Death Benefits.

The table below shows the funding status of the SRBR benefits before reflecting deferred investment gains or losses.

Funding Status of SRBR Benefits before Reflecting Deferred Investment Gains or Losses

			June 30, 2022	June 30, 2021
1	Available SRBR Reserves before Reflecting Deferred Investment Gains or Losses			
	a.	Total SRBR	$142,006,000	$151,852,000
	b.	0.5% COLA Account	10,770,000	23,054,000
	c.	Available SRBR Reserve **(1a – 1b)**	$131,236,000	$128,798,000
2	Present Value of SRBR Benefits (PVB)			
	a.	Death Benefits	$17,020,000	$16,771,000
	b.	Restructured SRBR[1]	102,041,000	64,884,000
	c.	Total	$119,061,000	$81,655,000
3	PVB minus Reserves **(2c) – (1c)**		-$12,175,000	-$47,143,000
4	Funding Ratio before Reflecting Deferred Investment Gains or Losses **(1c) ÷ (2c)**		110.2%	157.7%

[1] The June 30, 2021 column shows the sum of the legacy SRBR benefits (Tier 1, Tier 2, Tier 3 and Tier 4).

Section 2: Actuarial Valuation Results

The Board's SRBR policy requires that the funding status be more than 115% or less than 95% in two consecutive valuations, *taking into account the current status of deferred investment gains and losses not yet recognized under the asset smoothing method* and any recent or potential changes in actuarial assumptions, prior to implementing any benefit increases or COLA suspension.

The table below shows the funding status of the SRBR benefits after reflecting deferred investment gains or losses.

Funding Status of SRBR Benefits after Reflecting Deferred Investment Gains or Losses

		June 30, 2022	June 30, 2021
1	Available SRBR Reserves after Reflecting Deferred Investment Gains or Losses	$125,837,000	$139,876,000
2	Present Value of SRBR Benefits (PVB)		
	a. Death Benefits	$17,020,000	$16,771,000
	b. Restructured SRBR[1]	102,041,000	64,884,000
	c. Total	$119,061,000	$81,655,000
3	PVB minus Reserves **(2c) – (1)**	-$6,776,000	-$58,221,000
4	Funding Ratio after Reflecting Deferred Investment Gains or Losses **(1) ÷ (2c)**	105.7%	171.3%

[1] The June 30, 2021 column shows the sum of the legacy SRBR benefits (Tier 1, Tier 2, Tier 3 and Tier 4).

Section 2: Actuarial Valuation Results

The funding status of the SRBR benefits as measured by the funding ratio decreased from 157.7% as of June 30, 2021 to 110.2% as of June 30, 2022 prior to reflecting any deferred investment gains or losses.

The following table details the changes in the funding ratio from the prior year's valuation to the current year's valuation.

The decrease in the funding status for the SRBR benefits was due to the plan amendment implementing the Restructured SRBR benefit and higher inflation as compared to expected, offset somewhat by the passage of time (i.e., expected changes in the funding status); an investment gain because the rate of return on the available SRBR (after smoothing) during 2021-2022 was about 7.4%, which is greater than the 7.25% assumption (based on the June 30, 2021 valuation); and other liability gains.

Reconciliation of Funding Ratio for SRBR Benefits

1	**Funding Ratio as of June 30, 2021**		**157.7%**
2	Changes due to:		
	a.	Passage of Time (Expected Changes)	5.1%
	b.	Investment Gain	0.3%
	c.	Inflation Loss	-0.4%
	d.	Other Liability Gain	0.3%
	e.	Plan Amendment	-52.8%
	f.	Total	-47.5%
3	**Funding Ratio as of June 30, 2022**		**110.2%**

Note: Results are prior to reflecting any deferred investment gains or losses as of each valuation date.

D. Risk Assessment

Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan.

Our separate risk assessment report dated September 4, 2019 contains a detailed analysis of the potential range of future measurements, including measurements specific to the SRBR. This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the plan's financial condition, as well as a reference to historical trends and maturity measures.

Risk Assessments

- Asset/Liability Mismatch Risk (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

  The most significant asset/liability mismatch risk to the plan is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions, they are typically independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any changes in the expected experience of asset growth rates.

  Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but have no impact on asset levels. This risk is also discussed below.

- Investment Risk (the risk that investment returns will be different than expected)

  The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial condition of the plan, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the Actuarial Value of Assets, however investment experience can still have a sizable impact.

- Longevity Risk (the risk that mortality experience will be different than expected)

  The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the plan (public experience tables) that are weighted by benefit levels, and by using generational mortality projections.

- Other Risks

  In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of demographic assumptions include retirement, termination and disability assumptions, and will likely vary in significance for different groups (for example, disability assumptions are typically more significant for safety groups).

For the evaluation of historical trends and maturity measures, please see *Section 2, Subsection J* of the June 30, 2022 Actuarial Valuation and Review for KCERA.

Section 3: Actuarial Valuation Basis

Exhibit 1: Actuarial Assumptions and Methods

Actuarial Assumptions:	The same actuarial assumptions used in the KCERA June 30, 2022 Actuarial Valuation and Review.
Actuarial Cost Method:	Not applicable, because only the Present Value of SRBR Benefits (PVB) is determined in this report.
Actuarial Value of Assets:	Supplemental Retiree Benefit Reserve value as of valuation date.
Changed Actuarial Assumptions and Methods:	There have been no changes in actuarial assumptions or methods since the last valuation.

Exhibit 2: Summary of Plan Provisions

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

Plan Year:	July 1 through June 30
Benefits Provided:	The SRBR currently provides two categories of benefits:
Restructured SRBR	The greater of either the "Floor Benefit" or the "Service SRBR Benefit", payable monthly to retirees who were hired before July 1, 2022: • The "Floor Benefit" is equal to the total current Legacy SRBR Benefit as of July 1, 2022 or the member's future retirement date. The Legacy SRBR Benefits (Tier 1, Tier 2, Tier 3 and Tier 4) are shown below. • The "Service SRBR Benefit" is equal to the member's years of service at retirement multiplied by $1.80 and adjusted by a 2.5% fixed rate COLA effective as of July 1, 2022 (without regard to retirement date) with the first increase applied July 1, 2023. The Restructured SRBR benefit will be adjusted annually to receive a 2.5% fixed rate COLA on July 1 each year, with the first increase applied on the latter of July 1, 2023 or the July 1st immediately following the date of retirement. Upon the death of the retired member, 60% of the Restructured SRBR benefit continues to the retired member's beneficiary.
Death Benefit	An additional one-time post-retirement death benefit of $5,000 is paid to a retired member's beneficiary upon the death of the retired member.
Changed Plan Provisions:	On September 14, 2022, the Board adopted a Restructured SRBR benefit effective July 1, 2022 equal to $1.80 per year of service, but no less than the member's current SRBR benefit as of July 1, 2022. The Restructured SRBR benefit also includes a 2.5% COLA on the SRBR benefit, so long as the SRBR remains adequately funded. The legacy benefits are shown below:
Tier 1	$35.50 per month payable to retirees who were hired on or before July 1, 1994. Upon the death of the retired member, 60% of the Tier 1 SRBR benefit continues to the retired member's beneficiary.
Tier 2	Three additional monthly stipends payable to retirees: • $1.372 per year of service for members who retired prior to 1985. This was granted July 1, 1994. • $5.470 per year of service for members who retired prior to 1985. This was granted July 1, 1996. • $10.276 per year of service for members who retired prior to 1981. This was granted July 1, 1997. Upon the death of the retired member, 60% of the Tier 2 SRBR benefit continues to the retired member's beneficiary.

Tier 3	Additional benefits to maintain 82% purchasing power protection. Upon death, this benefit continues to be paid to the retired member's beneficiary based on the applicable continuation percentage under the member's form of payment elected at retirement. Starting July 1, 2018, there is a cap on the maximum annual inflation used in the calculation of the SRBR Tier 3 benefits of 4%.
Tier 4	$21 per month granted starting July 1, 2018, payable to retirees who were hired prior to July 1, 2018. Upon the death of the retired member, 60% of the Tier 4 SRBR benefit continues to the retired member's beneficiary.

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Kern County Employees' Retirement Association

Governmental Accounting Standards Board Statement 67 (GAS 67) Actuarial Valuation

As of June 30, 2022

Segal

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November 30, 2022

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standard (GAS) 67 Actuarial Valuation as of June 30, 2022. It contains various information that will need to be disclosed in order to comply with GAS 67.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist KCERA in preparing items related to the pension plan in their financial report. The census and financial information on which our calculations were based was provided by KCERA. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

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

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

Sincerely,

Segal

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

Molly Calcagno, ASA, MAAA, EA
Actuary

ST/jl

Table of Contents

Segal

Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement 67 (GAS 67) as of June 30, 2022. This valuation is based on:

- The benefit provisions of KCERA, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2021, provided by KCERA;
- The assets of the Plan as of June 30, 2022, provided by KCERA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Retirement for the June 30, 2022 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board of Retirement for the June 30, 2022 valuation.

General observations on the GAS 67 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as KCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is generally determined on the same basis as KCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Plan's Fiduciary Net Position includes assets held for the Supplemental Retiree Benefit Reserve (SRBR). The TPL reflects all future projected benefits expected to be paid from the SRBR for members as of the valuation date.
4. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded

Actuarial Accrued Liability (UAAL) on a market value basis. The exception is that the NPL is reduced by the excess of the SRBR assets over the TPL associated with the SRBR benefits.

Highlights of the valuation

1. For this report, the reporting dates for the Plan are June 30, 2022 and June 30, 2021. The NPL was measured as of June 30, 2022 and June 30, 2021, respectively, and was determined based upon rolling forward the results from actuarial valuations as of June 30, 2021 and June 30, 2020. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates.
2. The NPL increased from $1.89 billion as of June 30, 2021 to $2.38 billion as of June 30, 2022 primarily due to the -4.08% return on the market value of assets during 2021-2022 (that was lower than the assumed return of 7.25%), and changes in plan provisions. Changes in these values during the last two fiscal years ending June 30, 2022 and June 30, 2021 can be found in *Section 2, Schedule of changes in Net Pension Liability* on page 19.
3. All results shown in this report are on a combined basis including both the regular statutory (non-SRBR) benefits and the SRBR benefits. For purposes of illustration, separate values for the TPL, Plan's Fiduciary Net Position and NPL for the regular statutory (non-SRBR) benefits and the SRBR benefits as of June 30, 2022 are shown in the table below:

	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability (TPL)	$7,403,163,840	$107,741,701	$7,510,905,541
Plan's Fiduciary Net Position	4,999,892,890	131,235,770	5,131,128,660
Net Pension Liability (NPL)	2,403,270,950	(23,494,069)	2,379,776,881

4. The discount rate used to determine the TPL and NPL as of June 30, 2022 and June 30, 2021 was 7.25%, following the same assumptions used by the Association in the funding valuations as of the same dates. The detailed derivation of the discount rate of 7.25% used in the calculation of the TPL and NPL as of June 30, 2022 can be found in *Section 3, Appendix A*. The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and SRBR asset pools. Various other information that is required to be disclosed can be found throughout *Section 2*.
5. As discussed in our letter dated September 11, 2015 regarding the treatment of the SRBR for financial reporting purposes, Actuarial Standard of Practice (ASOP) No. 4 ("Measuring Pension Obligations and Determining Pension Plan Costs or

Contributions") states that some plan provisions, including "gain sharing" provisions, "may create pension obligations that are difficult to appropriately measure using traditional valuation procedures." ASOP No. 4 further states that "for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling … to reflect the impact of variations in experience from year to year." The 50% allocation of future excess earnings to the SRBR for KCERA is a clear example of the gain sharing provisions referenced by ASOP No. 4.

After several meetings with KCERA and its auditors, and based on information regarding another SRBR system that included discussions with GASB staff, it was previously determined that future allocations to the SRBR should be treated as an additional "outflow" (i.e., assets not available to fund the benefits included in the determination of the TPL) against the Plan's Fiduciary Net Position in the GASB crossover test[1] (see *Section 3, Appendix A*).

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

6. Based on discussions with KCERA and their auditors, starting with the June 30, 2016 measurement date for the employers, employer paid member contributions are excluded from employer contributions in the determination of the Actuarially Determined Contribution (ADC). The amount of employer paid member contributions was estimated by first determining what the employer contribution rates would have been during the year, excluding any employer paid member contributions. The actual employer contribution rates were then adjusted by the ratio of the employer contribution rates determined above and the employer contribution rates determined in the annual actuarial valuation. The result is the employer contributions excluding any employer paid member contributions. This change has not been applied on a retroactive basis prior to the 2015-2016 fiscal year.
7. On September 14, 2022, the Board adopted a Restructured SRBR benefit effective July 1, 2022 equal to $1.80 per year of service, but no less than the member's current SRBR benefit as of July 1, 2022. The Restructured SRBR benefit also includes a 2.5% COLA on the SRBR benefit, so long as the SRBR remains adequately funded. This plan amendment increased the NPL by $30.4 million.
8. The Public Employee Pension Reform Act of 2013 (PEPRA) set contribution rates for members hired after January 1, 2013 (PEPRA members) at 50% of normal cost, pending expiration of the existing MOUs. Between January 1, 2013 and the expiration of the then-existing MOUs in or around 2015, PEPRA members were incorrectly charged the 50% of normal cost rate. On April

[1] The purpose of the GASB crossover test is to determine if the full expected return (or 7.25% in this case) can be used as the discount rate to determine the TPL and the NPL. That is, if there is no crossover point where the projected benefit payments would exceed the Plan's Fiduciary Net Position, then the full expected return assumption can be used. As detailed later in this report, KCERA does pass the crossover test, which means that the full 7.25% investment rate of return assumption can be used as the discount rate to determine the TPL and the resulting NPL.

13, 2022, the Board decided to refund any overcollection of contributions paid in conjunction with PEPRA implementation to affected PEPRA members. The Board also decided to collect any underpayment of contributions by affected PEPRA members from the Plan sponsors.

On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriffs' Assn. et al. v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for Legacy members and pensionable compensation for PEPRA members. In response, the Board adopted Resolution 2020-1, which detailed the implementation of the Alameda decision including reclassifying certain pay items for inclusion in compensation earnable and pensionable compensation. On April 13, 2022, the Board decided to refund any net overcollection of contributions over the overpayment of benefits paid in conjunction with these pay items to affected members that retired between January 1, 2013 and August 30, 2020. The Board also decided to collect any net overpayment of benefits over the undercollection of contributions to affected members from the Plan sponsors.

The results in this valuation reflect the recovery or refunds of benefits and/or member contributions previously paid in conjunction with PEPRA implementation and the Alameda decision, which increased the NPL by $1.2 million.

9. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2022. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Moreover, this actuarial valuation is based on Plan data as of June 30, 2021 and it does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2021 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Summary of key valuation results

Measurement Date		June 30, 2022	June 30, 2021
Disclosure elements for plan year ending June 30:	• Service Cost[1]	$118,979,049	$123,394,292
	• Total Pension Liability	7,510,905,541	7,306,894,934
	• Plan's Fiduciary Net Position	5,131,128,660	5,417,513,179
	• Net Pension Liability	2,379,776,881	1,889,381,755
Schedule of contributions for plan year ending June 30:	• Actuarially determined contributions[2]	$287,063,000	$268,626,000
	• Actual employer contributions[2]	287,063,000	268,626,000
	• Contribution deficiency / (excess)	0	0
Demographic data for plan Year ending June 30:[3]	• Number of retired members and beneficiaries	9,015	8,835
	• Number of inactive vested members[4]	4,015	3,517
	• Number of active members	9,076	9,072
Key assumptions as of June 30:	• Investment rate of return	7.25%	7.25%
	• Inflation rate	2.75%	2.75%
	• Real across-the-board salary increase	0.50%	0.50%
	• Projected salary increases[5]	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%
	• Cost of living adjustments	2.50%	2.50%

1 Excludes administrative expense load. The service cost is based on the previous year's valuation, meaning the June 30, 2022 and June 30, 2021 values are based on the valuations as of June 30, 2021 and June 30, 2020, respectively. Both service costs have been calculated using the assumptions shown in the June 30, 2021 column, as there had been no changes in the actuarial assumptions between the June 30, 2020 and June 30, 2021 valuations.

2 See footnote (1) under *Section 2, Schedule of contributions* on page 20.

3 Data as of June 30, 2021 is used in the measurement of the TPL as of June 30, 2022.

4 Includes terminated members due a refund of member contributions.

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

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by KCERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the measurement date, as provided by KCERA.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The valuation is prepared at the request of the Board to assist KCERA in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
If KCERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

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

Section 2: GAS 67 Information

General information about the pension plan

Plan Description

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

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

Plan membership. At June 30, 2022, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	9,015
Inactive vested members entitled to, but not yet receiving benefits[1]	4,015
Active members	9,076
Total	**22,106**

[1] Includes terminated members due a refund of member contributions.

Note: Data as of June 30, 2022 is not used in the measurement of the TPL as of June 30, 2022.

Section 2: GAS 67 Information

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

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

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

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

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

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

For members in Tier I or Tier II, the maximum monthly retirement allowance is 100% of final average compensation. There is no final average compensation limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2022 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is $305,000. For members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2022 is equal to $134,974 for those enrolled in Social Security. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Section 2: GAS 67 Information

Final average compensation consists of the highest 12 consecutive months of pensionable pay for a General Tier I or Tier IIA member or a Safety Tier I or Tier IIA member and the highest 36 consecutive months of pensionable pay for a General Tier IIB or Tier III member or a Safety Tier IIB member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

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

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2022 for 2021-2022 (based on the June 30, 2020 valuation and after reflecting the phase-in of the impact of the assumption changes for the County Safety cost group) was 48.78% of compensation.

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2022 for 2021-2022 (based on the June 30, 2020 valuation) was 6.74% of compensation.

Net Pension Liability

The components of the Net Pension Liability were as follows:

Measurement Date	June 30, 2022	June 30, 2021
Total Pension Liability	$7,510,905,541	$7,306,894,934
Plan's Fiduciary Net Position	(5,131,128,660)	(5,417,513,179)
Net Pension Liability	**$2,379,776,881**	**$1,889,381,755**
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	68.32%	74.14%

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2022 and June 30, 2021. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2021 and June 30, 2020, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2022 and June 30, 2021 are the same as those used in the KCERA actuarial valuation as of June 30, 2022 and June 30, 2021, respectively. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR).

Actuarial assumptions. The TPLs as of June 30, 2022 and June 30, 2021 that were measured by actuarial valuations as of June 30, 2021 and June 30, 2020, respectively, used the same actuarial assumptions and actuarial cost method as the June 30, 2022 and June 30, 2021 funding valuations. The actuarial assumptions used in the June 30, 2022 and June 30, 2021 funding valuations were based on the result of an experience study for the period from July 1, 2016 through June 30, 2019. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Section 2: GAS 67 Information

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

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

Determination of discount rate and investment rates of return

In the most recent experience study performed in 2020, the long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the June 30, 2022 actuarial valuation. This information will be subject to change every three years based on the results of an actuarial experience study.

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

Section 2: GAS 67 Information

Discount rate. The discount rate used to measure the TPL was 7.25% as of June 30, 2022 and June 30, 2021. The projection of cash flows used to determine the discount rates assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2022 and June 30, 2021.

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

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL of the KCERA as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the KCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability as of June 30, 2022	$3,356,289,212	$2,379,776,881	$1,576,389,656

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

Measurement Date	June 30, 2022	June 30, 2021
Total Pension Liability		
• Service cost	$118,979,049	$123,394,292
• Interest	523,871,953	510,015,072
• Change of benefit terms	30,437,639	(32,128,915)
• Differences between expected and actual experience	(69,170,152)	(16,282,256)
• Changes of assumptions	0	0
• Benefit payments, including refunds of member contributions	(400,107,882)	(378,799,223)
Net change in Total Pension Liability	**$204,010,607**	**$206,198,970**
Total Pension Liability – beginning	**7,306,894,934**	**7,100,695,964**
Total Pension Liability – ending	**$7,510,905,541**	**$7,306,894,934**
Plan's Fiduciary Net Position		
• Contributions – employer[1]	$287,063,044	$268,625,636
• Contributions – employee[1]	54,514,264	53,789,028
• Net investment income	(219,947,045)	1,043,360,706
• Benefit payments, including refunds of member contributions	(400,107,882)	(378,799,223)
• Administrative expense	(6,702,394)	(6,060,675)
• Other	(1,204,506)[2]	(2,197,087)
Net change in Plan's Fiduciary Net Position	**$(286,384,519)**	**$978,718,385**
Plan's Fiduciary Net Position – beginning	**5,417,513,179**	**4,438,794,794**
Plan's Fiduciary Net Position – ending	**$5,131,128,660**	**$5,417,513,179**
Net Pension Liability – ending	**$2,379,776,881**	**$1,889,381,755**
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	68.32%	74.14%
Covered payroll[3]	$612,609,249	$604,320,398
Net Pension Liability as percentage of covered payroll	388.47%	312.65%

[1] See footnote (1) under *Section 2, Schedule of contributions* on page 20.

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

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

Notes to Schedule: Benefit changes: Restructured SRBR benefit based on years of service and including a 2.5% COLA.

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions[1]	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll[2]	Contributions as a Percentage of Covered Payroll
2013	$211,677,000	$211,677,000	$0	$516,465,189	40.99%
2014	220,393,000	220,393,000	0	533,850,811	41.28%
2015	215,477,000	215,477,000	0	531,598,183	40.53%
2016	216,229,000	216,229,000	0	537,539,991	40.23%
2017	224,351,000	224,351,000	0	546,671,003	41.04%
2018	242,534,000	242,534,000	0	576,728,789	42.05%
2019	229,120,000	229,120,000	0	579,071,865	39.57%
2020	273,909,000	273,909,000	0	607,695,110	45.07%
2021	268,626,000	268,626,000	0	604,320,398	44.45%
2022	287,063,000	287,063,000	0	612,609,249	46.86%

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

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

See accompanying notes to this schedule on next page.

Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level percent of payroll for total unfunded liability
Remaining amortization period:	13.5 years as of June 30, 2022 for all UAAL as of June 30, 2011. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
Asset valuation method:	Market value of assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized semi-annually over a five-year period. The AVA cannot be less than 50% of MVA, nor greater than 150% of MVA. The Actuarial Value of Assets (AVA) is reduced by the value of the non-valuation reserves.

Section 2: GAS 67 Information

Actuarial assumptions:

Valuation Date:	June 30, 2020 Valuation Date (used for the year ended June 30, 2022 ADC)
Investment rate of return:	7.25%, net of pension plan investment expenses, including inflation
Inflation rate:	2.75%
Administrative expense:	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member
Real across-the-board salary increase:	0.50%
Projected salary increases:[1]	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%
Cost of living adjustments:	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)
Other assumptions:	Same as those used in the June 30, 2020 funding actuarial valuation

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

Section 3: Appendices

Appendix A: Projection of Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2022 ($ in millions)

Year Beginning July 1,	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2021	$5,418	$342	$401	$7	-$220	$5,131
2022	5,131	338	440	5	368	5,392
2023	5,392	344	439	5	387	5,679
2024	5,679	347	456	5	408	5,973
2025	5,973	353	474	5	428	6,276
2026	6,276	367	492	4	450	6,597
2027	6,597	372	510	4	473	6,928
2028	6,928	377	529	4	497	7,269
2029	7,269	382	549	4	521	7,619
2030	7,619	376	569	4	545	7,968
2061	8,090	1	721	0 *	560	7,930
2062	7,930	1	709	0 *	549	7,771
2063	7,771	0 *	695	0 *	538	7,614
2064	7,614	0 *	680	0 *	527	7,461
2065	7,461	0 *	665	0 *	517	7,314
2096	14,875	0	38	0	1,077	15,914
2097	15,914	0	30	0	1,153	17,036
2098	17,036	0	24	0	1,234	18,247
2099	18,247	0	18	0	1,322	19,551
2100	19,551	0	14	0	1,417	20,954
2127	129,113	0	0 *	0	9,361	138,474
2128	138,474					
2128	Discounted Value: 83 **					

* Less than $1 million, when rounded.

** $138,474 million when discounted with interest at the rate of 7.25% per annum has a value of $83 million (or 1.62% of the Plan's Fiduciary Net Position) as of the June 30, 2022 measurement date.

Notes:

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning July 1, 2021 row are actual amounts, based on the financial statements provided by KCERA.
3. Certain years have been omitted from the table.
4. Column (a): Except for the "discounted value" shown for 2128, none of the projected beginning Plan's Fiduciary Net Position amounts shown have been adjusted for the time value of money.
5. Column (b): Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2021); plus employer contributions to the unfunded actuarial accrued liability; plus employer and employee contributions to fund each year's annual administrative expenses, based on the Plan's funding policy. Contributions are assumed to occur halfway through the year, on average.
6. Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2021. The projected benefit payments reflect the cost of living increase assumption of 2.50% per annum and include projected benefits associated with the Supplemental Retiree Benefit Reserve, including applicable cost of living increases on those benefits. Benefit payments are assumed to occur halfway through the year, on average.
7. Column (d): Projected administrative expenses are calculated as approximately 0.90% of the closed group payroll. Administrative expenses are assumed to occur halfway through the year, on average.
8. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.25% per annum.
9. As illustrated in this Exhibit, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.25% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2022 shown earlier in this report, pursuant to Paragraph 44 of GASB Statement No. 67.
10. This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement 67. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to the pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.

Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 67.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan's Fiduciary Net Position is projected (under the requirements of Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 67.

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November 30, 2022

Mr. Dominic Brown
Chief Executive Officer
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

**Re: Kern County Employees' Retirement Association (KCERA)
Allocation of June 30, 2022 Liabilities and Assets by District**

Dear Dominic:

As requested, the following provides an allocation of the Actuarial Accrued Liability (AAL), the Valuation Value of Assets (VVA) and the Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2022 for each District. This information (and a few other results) is included on the enclosed Exhibit.

The AAL for each District is based on the results of the June 30, 2022 actuarial valuation including the actuarial assumptions and demographic data used in that valuation. However, since the Association is a cost-sharing multiple employer plan, assets and UAAL are generally not maintained on an employer-by-employer basis in our actuarial valuation. Assets are maintained for each of three UAAL cost groups in the valuation. Those cost groups are County General with Courts, Districts and Safety.

In order to allocate the assets maintained for all Districts to each District, we have pro-rated the assets based on the AAL for each District.[1] This results in the same funded ratio for each of the Districts. Based on this methodology, we have prepared the attached Exhibit that contains a breakdown of various June 30, 2022 valuation results by each District.

Note that the UAAL we calculate for each District is not equal to the unfunded liability that would be allocated to that District in the event of a plan termination by that District. This is because the methodology used in this letter is not the same as the methodology adopted by the Retirement Board for determining unfunded liabilities for terminating employers. It is also not equal to the Net Pension Liability (NPL) allocated to each employer for financial reporting purposes as shown in the Governmental Accounting Standards (GAS) No. 68 report.[2]

[1] The assets for Berrenda Mesa Water and Inyokern Community Services have been allocated based on the Association's Declining Employer Payroll Policy. The remaining assets are pro-rated based on the AAL for the other Districts.

[2] The methodologies used for allocating unfunded liabilities to terminating employers and NPL to active employers for financial reporting purposes are generally based on allocating by payroll. Note that the methodology used in the actuarial valuation to allocate active employer UAAL contributions is also based on payroll.

As noted above, all of the above calculations are based on the June 30, 2022 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of Molly Calcagno, ASA, MAAA, Enrolled Actuary.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

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

Molly Calcagno, ASA, MAAA, EA
Actuary

ST/jl
Enclosure

Segal

Kern County Employees' Retirement Association
Allocation as of June 30, 2022

			A	B	C	D	E
Category	**District Name**	**Member Count***	**Present Value of Projected Benefits**	**Present Value of Future Normal Costs****	**Actuarial Accrued Liability (AAL) (A - B)**	**Valuation Assets (Prorated by AAL)*****	**Unfunded Actuarial Accrued Liability (UAAL) (C - D)**
IV	Berrenda Mesa Water	16	$9,895,876	$263,124	$9,632,752	$5,864,048	$3,768,704
III	Buttonwillow Recreation & Park	4	964,702	95,606	869,096	551,965	317,131
II	East Kern Cemetery	3	1,216,843	135,058	1,081,785	687,045	394,740
IV	Inyokern Community Services	2	290,668	0	290,668	179,679	110,989
I	Kern County Water Agency	142	111,980,734	7,812,975	104,167,759	66,157,235	38,010,524
II	Kern Mosquito & Vector Control	46	20,359,313	1,903,067	18,456,246	11,721,613	6,734,633
V	North of the River Sanitation	34	12,144,424	1,727,794	10,416,630	6,615,631	3,800,999
III	San Joaquin Valley Unified Air Pollution Control	700	289,343,540	42,771,966	246,571,574	156,598,294	89,973,280
II	Shafter Recreation & Park	10	751,493	187,303	564,190	358,319	205,871
VI	West Side Cemetery	14	6,314,030	219,113	6,094,917	3,870,899	2,224,018
II	West Side Mosquito Abatement	16	9,248,103	774,798	8,473,305	5,381,420	3,091,885
II	West Side Recreation & Park	26	7,685,092	679,584	7,005,508	4,449,218	2,556,290
	Total Districts	1,013	$470,194,818	$56,570,388	$413,624,430	$262,435,366	$151,189,064

* Includes both active and inactive members

** Includes both employer and employee contributions

*** The assets for Berrenda Mesa Water and Inyokern Community Services have been allocated based on the Association's Declining Employer Payroll Policy. The remaining assets are pro-rated based on the AAL for the other Districts.

Note: Results may not match those shown in the Actuarial Valuation and Review as of June 30, 2022 due to rounding.

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November 30, 2022

Mr. Dominic Brown
Chief Executive Officer
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

**Re: Kern County Employees' Retirement Association (KCERA)
Berrenda Mesa Water District – Impact of Declining Employer Payroll Policy based on June 30, 2022 Actuarial Valuation**

Dear Dominic:

As requested, we have prepared information regarding the impact of the Declining Employer Payroll Policy (Policy) on the Berrenda Mesa Water District (Berrenda Mesa). In August 2019, the Retirement Board determined that a triggering event occurred during the 2019-20 fiscal year, resulting from this employer ceasing to enroll new hires and/or a material and expected long-lasting reduction in KCERA covered payroll.

We have determined the Valuation Value of Assets (VVA), Actuarial Accrued Liability (AAL) and resulting Unfunded Actuarial Accrued Liability (UAAL) that have been allocated to Berrenda Mesa as of June 30, 2022 based on the Policy. We have also included the employer contribution amounts for Berrenda Mesa that result from application of the Policy. These contribution amounts are also shown in the Actuarial Valuation and Review as of June 30, 2022.

Summary of Results

After applying the Policy, we have determined Berrenda Mesa's UAAL to be as follows as of June 30, 2022:

	Berrenda Mesa
Unfunded Actuarial Accrued Liability as of June 30, 2022	$3,769,000

The Policy requires that the employer contribution to pay off the initial UAAL be made in level dollar amounts over a period not to exceed eighteen years. Section 6 F of the Policy further states:

> Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, KCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to KCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement.

As shown in Exhibit C, this valuation reflects changes in UAAL due to actuarial experience. We have amortized the changes in Berrenda Mesa's UAAL due to actuarial experience as a separate 18-year level dollar amortization layer using the current 7.25% discount rate. The use of 18 years as the amortization periods for this change in UAAL is consistent with both the Declining Employer Payroll Policy and KCERA's regular Actuarial Funding Policy, and is recommended by Segal.

We have also calculated the employer Normal Cost rate and average member contribution rate for Berrenda Mesa based only on the demographics of Berrenda Mesa's current active members. A comparison of the demographics of Berrenda Mesa as of June 30, 2022 and June 30, 2021 is provided in Exhibit A.

The following table is a summary comparison of the average contribution rates for both employers and members after application of the Policy as of June 30, 2022 and June 30, 2021.

Berrenda Mesa

	June 30, 2022		June 30, 2021	
	Rate	**Estimated Annual Amount[1] ($ in '000s)**	**Rate**	**Estimated Annual Amount[2] ($ in '000s)**
Average Employer Rate				
Normal Cost	17.40%	$32	17.35%	$30
UAAL	219.88%	407[3]	247.89%	431[4]
Total Contributions	237.28%	$439[5]	265.24%	$461[6]
Average Member Rate	6.06%	$11	5.86%	$10

1 Based on June 30, 2022 projected compensation of $185,000.

2 Based on June 30, 2021 projected compensation of $174,000.

3 This annual UAAL contribution in dollars of $407,000 for Berrenda Mesa is equal to the level dollar layered amortization of the $3,769,000 in UAAL of $410,000 plus $1,000 in administrative expenses minus a $4,000 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2023.

4 This annual UAAL contribution in dollars of $431,000 for Berrenda Mesa is equal to the level dollar layered amortization of the $4,195,000 in UAAL of $437,000 plus $1,000 in administrative expenses minus a $7,000 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2022.

5 Berrenda Mesa should contribute based on the dollar amounts shown (not the rates). These contribution amounts assume payment throughout the 2023-24 plan year.

6 Berrenda Mesa should contribute based on the dollar amounts shown (not the rates). These contribution amounts assume payment throughout the 2022-23 plan year.

The UAAL and employer contribution amounts for this employer are lower than that shown in our previous letter dated December 2, 2021 that included the impact of the Policy based on the previous actuarial valuation. This decrease is due to actuarial experience (primarily payee mortality experience in 2021-2022).

Declining Payroll Methodology

Based on the methodology described in the Policy, a participating employer that has a triggering event, such as ceasing to enroll new hires or a material and expected long-lasting reduction in KCERA covered payroll, would be allocated a pro-rata share of the total UAAL for their cost group. That pro-rata share would be allocated based on the employer's AAL including inactive and deferred members as compared to the AAL for all the employers within the same cost group. Note that this means that the initial UAAL payments for the employer would no longer be allocated in proportion to its covered payroll (which is expected to decline), but rather in proportion to its AAL.

The initial VVA is determined by a pro-rata allocation based on the employer's initial AAL to the AAL for all the employers within that cost group. The initial UAAL is the initial AAL minus the initial VVA. This amount is rolled forward each year using the actual contributions and benefit payments for Berrenda Mesa, and the actual (smoothed) return for all KCERA assets. The detailed calculations of the UAAL for Berrenda Mesa based on applying the Policy are shown in Exhibit B.

Assumptions used in Calculations

Unless otherwise noted, all of the above calculations are based on the June 30, 2022 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of Molly Calcagno, ASA, MAAA, Enrolled Actuary.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,

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

Molly Calcagno, ASA, MAAA, EA
Actuary

ST/jl

Table of Plan Coverage for Berrenda Mesa Water District

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	3	3	0.0%
• Average age	50.0	49.0	1.0
• Average years of service	21.3	20.3	1.0
• Total projected compensation	$185,013	$174,275	6.2%
• Average projected compensation	$61,671	$58,092	6.2%
• Account balances	$269,481	$241,676	11.5%
• Total active vested members	3	3	0.0%
Inactive vested members:[1]			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
Retired members:			
• Number in pay status	10	11	-9.1%
• Average age	68.4	68.0	0.4
• Average monthly benefit[2]	$4,180	$4,109	1.7%
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	3	2	50.0%
• Average age	76.0	78.2	-2.2
• Average monthly benefit[2]	$4,495	$5,253	-14.4%

[1] Includes inactive members due a refund of contributions.
[2] Excludes monthly benefit paid from the Supplemental Retiree Benefit Reserve.

Exhibit B

Allocated UAAL for Berrenda Mesa Water District

Here are the specific steps involved in the determination of the UAAL for Berrenda Mesa as of June 30, 2022:

Step 1: Determine the AAL for Berrenda Mesa as of June 30, 2022

The June 30, 2022 AAL of Berrenda Mesa was calculated using the membership data for Berrenda Mesa as of the same date. Berrenda Mesa's AAL as of June 30, 2022 was $9,633,000.[1]

Step 2: Determine the VVA for Berrenda Mesa as of June 30, 2022

In our previous letter dated December 2, 2021, Berrenda Mesa's portion of the VVA as of June 30, 2021 was $5,577,000.

To determine the VVA for Berrenda Mesa as of June 30, 2022, the June 30, 2021 amount is rolled forward using the actual contributions and benefit payments for Berrenda Mesa, and the actual (smoothed) return for all KCERA assets. The VVA as of June 30, 2022 is calculated in the following table:

		Year Ended June 30, 2022
1	Rate of Return[2]	7.45%
2	VVA as of June 30, 2021	$5,577,000
3	Employer Contributions	519,000
4	Member Contributions	10,417
5	Benefit Payments	653,243
6	Interest Crediting[3]	410,874
7	VVA as of June 30, 2022	$5,864,000[4,5]

The VVA for Berrenda Mesa as of June 30, 2022 is $5,864,000.[4]

1 This amount has been reduced by $4,000 in transfer liability from Berrenda Mesa to the County and assumes none of the transfer liability from the County will be allocated to Berrenda Mesa.

2 Based on VVA rate of return for all KCERA assets.

3 Equals [(2) x (1)] plus [(3) + (4) – (5)] x [(1) / 2].

4 This has been rounded to the nearest $1,000.

5 The gain from investments is $11,000.

Step 3: Determine the UAAL for Berrenda Mesa as of June 30, 2022

Berrenda Mesa's UAAL as of June 30, 2022 is equal to:

- ➢ The AAL for Berrenda Mesa's actives, deferred vested, retirees and beneficiaries as of June 30, 2022

MINUS

- ➢ The VVA allocated to Berrenda Mesa as of the same date

The UAAL for Berrenda Mesa as determined under the Declining Employer Payroll Policy as of June 30, 2022 is Berrenda Mesa's AAL minus their VVA, i.e., $9,633,000 - $5,864,000, or $3,769,000.

The VVA will be subtracted from the AAL as of each future valuation date to determine the updated total Berrenda Mesa UAAL. A new UAAL layer due to actuarial experience will then be calculated as the difference between that updated total UAAL amount (prior to any assumption or plan changes) and the outstanding balance of the current UAAL layer(s). A new UAAL layer due to assumption or plan changes, if any, will be calculated as the difference between the AAL for Berrenda Mesa's actives, deferred vested, retirees and beneficiaries under the new and old assumptions or plan provisions.

Each new UAAL layer will be amortized as a level dollar amount over a separate 18-year period (15-year period for plan changes).

Table of Amortization Bases for Berrenda Mesa Water District

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Restart Amortization	June 30, 2019	$4,147	18	$3,760	15	$406
Actuarial Loss	June 30, 2020	556	18	518	16	54
Assumption Change	June 30, 2020	267	18	250	16	26
Actuarial Gain	June 30, 2021	(495)	18	(486)	17	(49)
Implementation of Alameda Decision	June 30, 2021	1	15	0	14	0
Actuarial Gain	June 30, 2022	(273)	18	(273)	18	(27)
Total				**$3,769**		**$410**

[1] Assumes payments throughout the year, calculated as a level dollar amount.

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November 30, 2022

Mr. Dominic Brown
Chief Executive Officer
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

**Re: Kern County Employees' Retirement Association (KCERA)
Inyokern Community Services District – Impact of Declining Employer Payroll Policy based on June 30, 2022 Actuarial Valuation**

Dear Dominic:

As requested, we have prepared information regarding the impact of the Declining Employer Payroll Policy (Policy) on the Inyokern Community Services District (Inyokern). In August 2019, the Retirement Board determined that a triggering event occurred during the 2019-20 fiscal year, resulting from this employer ceasing to enroll new hires and/or a material and expected long-lasting reduction in KCERA covered payroll.

We have determined the Valuation Value of Assets (VVA), Actuarial Accrued Liability (AAL) and resulting Unfunded Actuarial Accrued Liability (UAAL) that have been allocated to Inyokern as of June 30, 2022 based on the Policy. We have also included the employer contribution amounts for Inyokern that result from application of the Policy. These contribution amounts are also shown in the Actuarial Valuation and Review as of June 30, 2022.

Summary of Results

After applying the Policy, we have determined Inyokern's UAAL to be as follows as of June 30, 2022:

	Inyokern
Unfunded Actuarial Accrued Liability as of June 30, 2022	$110,000

The Policy requires that the employer contribution to pay off the initial UAAL be made in level dollar amounts over a period not to exceed eighteen years. Section 6 F of the Policy further states:

> Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, KCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to KCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement.

As shown in Exhibit C, this valuation reflects changes in UAAL due to actuarial experience. We have amortized the changes in Inyokern's UAAL due to actuarial experience as a separate 18-year level dollar amortization layer using the current 7.25% discount rate. The use of 18 years as the amortization period for this change in UAAL is consistent with both the Declining Employer Payroll Policy and KCERA's regular Actuarial Funding Policy, and is recommended by Segal.

A comparison of the demographics of Inyokern as of June 30, 2022 and June 30, 2021 is provided in Exhibit A.

The following table is a summary comparison of the average contribution rates for both employers and members after application of the Policy as of June 30, 2022 and June 30, 2021.

Inyokern[1]

	June 30, 2022		June 30, 2021	
	Rate	**Estimated Annual Amount[2] ($ in '000s)**	**Rate**	**Estimated Annual Amount[3] ($ in '000s)**
Average Employer Rate				
Normal Cost	N/A	$0	N/A	$0
UAAL	N/A	12[4]	N/A	13[5]
Total Contributions	N/A	$12[6]	N/A	$13[7]
Average Member Rate	N/A	$0	N/A	$0

1 There are no active members at Inyokern. Therefore, there is no Normal Cost rate and no average member rate after application of the Policy.

2 Based on June 30, 2022 projected compensation of $0.

3 Based on June 30, 2021 projected compensation of $0.

4 This annual UAAL contribution in dollars of $12,000 for Inyokern is equal to the level dollar layered amortization of the $110,000 in UAAL of $12,000 plus $0 in administrative expenses plus a $0 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2023.

5 This annual UAAL contribution in dollars of $13,000 for Inyokern is equal to the level dollar layered amortization of the $124,000 in UAAL of $13,000 plus $0 in administrative expenses plus a $0 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2022.

6 Inyokern should contribute based on the dollar amounts shown. These contribution amounts assume payment throughout the 2023-24 plan year.

7 Inyokern should contribute based on the dollar amounts shown. These contribution amounts assume payment throughout the 2022-23 plan year.

The UAAL and employer contribution amounts for this employer are lower than that shown in our previous letter dated December 2, 2021 that included the impact of the Policy based on the previous actuarial valuation. This decrease is due to actuarial experience (primarily contributions greater than expected in 2021-2022).

Declining Payroll Methodology

Based on the methodology described in the Policy, a participating employer that has a triggering event, such as ceasing to enroll new hires or a material and expected long-lasting reduction in KCERA covered payroll, would be allocated a pro-rata share of the total UAAL for their cost group. That pro-rata share would be allocated based on the employer's AAL including inactive and deferred members as compared to the AAL for all the employers within the same cost group. Note that this means that the initial UAAL payments for the employer would no longer be allocated in proportion to its covered payroll (which is expected to decline), but rather in proportion to its AAL.

The initial VVA is determined by a pro-rata allocation based on the employer's initial AAL to the AAL for all the employers within that cost group. The initial UAAL is the initial AAL minus the initial VVA. This amount is rolled forward each year using the actual contributions and benefit payments for Inyokern, and the actual (smoothed) return for all KCERA assets. The detailed calculations of the UAAL for Inyokern based on applying the Policy are shown in Exhibit B.

Assumptions used in Calculations

Unless otherwise noted, all of the above calculations are based on the June 30, 2022 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of Molly Calcagno, ASA, MAAA, Enrolled Actuary.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,

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

Molly Calcagno, ASA, MAAA, EA
Actuary

ST/jl

Table of Plan Coverage for Inyokern Community Services District

Category	Year Ended June 30 2022	Year Ended June 30 2021	Change From Prior Year
Active members in valuation:			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average years of service	N/A	N/A	N/A
• Total projected compensation	N/A	N/A	N/A
• Average projected compensation	N/A	N/A	N/A
• Account balances	N/A	N/A	N/A
• Total active vested members	N/A	N/A	N/A
Inactive vested members:[1]			
• Number	1	1	0.0%
• Average age	48.8	47.8	1.0
Retired members:			
• Number in pay status	1	1	0.0%
• Average age	54.4	53.4	1.0
• Average monthly benefit[2]	$353	$345	2.3%
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 inactive members due a refund of contributions.
[2] Excludes monthly benefit paid from the Supplemental Retiree Benefit Reserve.

Allocated UAAL for Inyokern Community Services District

Here are the specific steps involved in the determination of the UAAL for Inyokern as of June 30, 2022:

Step 1: Determine the AAL for Inyokern as of June 30, 2022

The June 30, 2022 AAL of Inyokern was calculated using the membership data for Inyokern as of the same date. Inyokern's AAL as of June 30, 2022 was $290,000.[1]

Step 2: Determine the VVA for Inyokern as of June 30, 2022

In our previous letter dated December 2, 2021, Inyokern's portion of the VVA as of June 30, 2021 was $150,000.

To determine the VVA for Inyokern as of June 30, 2022, the June 30, 2021 amount is rolled forward using the actual contributions and benefit payments for Inyokern, and the actual (smoothed) return for all KCERA assets. The VVA as of June 30, 2022 is calculated in the following table:

		Year Ended June 30, 2022
1	Rate of Return[2]	7.45%
2	VVA as of June 30, 2021	$150,000
3	Employer Contributions	22,000
4	Member Contributions	0
5	Benefit Payments	4,160
6	Interest Crediting[3]	11,840
7	VVA as of June 30, 2022	$180,000[4,5]

The VVA for Inyokern as of June 30, 2022 is $180,000.[4]

[1] Assumes none of the transfer liability from the County will be allocated to Inyokern.
[2] Based on VVA rate of return for all KCERA assets.
[3] Equals [(2) x (1)] plus [(3) + (4) – (5)] x [(1) / 2].
[4] This has been rounded to the nearest $1,000.
[5] The gain from investments is $1,000.

Step 3: Determine the UAAL for Inyokern as of June 30, 2022

Inyokern's UAAL as of June 30, 2022 is equal to:

- The AAL for Inyokern's actives, deferred vested, retirees and beneficiaries as of June 30, 2022

MINUS

- The VVA allocated to Inyokern as of the same date

The UAAL for Inyokern as determined under the Declining Employer Payroll Policy as of June 30, 2022 is Inyokern's AAL minus their VVA, i.e., $290,000 - $180,000, or $110,000.

The VVA will be subtracted from the AAL as of each future valuation date to determine the updated total Inyokern UAAL. A new UAAL layer due to actuarial experience will then be calculated as the difference between that updated total UAAL amount (prior to any assumption or plan changes) and the outstanding balance of the current UAAL layer(s). A new UAAL layer due to assumption or plan changes, if any, will be calculated as the difference between the AAL for Inyokern's actives, deferred vested, retirees and beneficiaries under the new and old assumptions or plan provisions.

Each new UAAL layer will be amortized as a level dollar amount over a separate 18-year period (15-year period for plan changes).

Table of Amortization Bases for Inyokern Community Services District

Type	Date Established	Initial Amount ($ in '000s)	Initial Period	Outstanding Balance ($ in '000s)	Years Remaining	Annual Payment[1] ($ in '000s)
Restart Amortization	June 30, 2019	$102	18	$93	15	$10
Actuarial Loss	June 30, 2020	13	18	10	16	1
Actuarial Loss	June 30, 2021	18	18	20	17	2
Actuarial Gain	June 30, 2022	(13)	18	(13)	18	(1)
Total				**$110**		**$12**

[1] Assumes payments throughout the year, calculated as a level dollar amount.

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended June 30, 2022 and 2021

Kern County Employees' Retirement Association

A defined benefit public pension plan (California)

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2022 and 2021

Issued by:

Dominic D. Brown, CPA, CFE

Chief Executive Officer

Angela Kruger

Chief Financial Officer

Kern County Employees' Retirement Association (KCERA)

11125 River Run Blvd, Bakersfield, CA 93311

Ph. (661) 381-7700 / www.kcera.org

INTRODUCTORY SECTION

December XX, 20XX

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

Dear Board Members:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the years ended June 30, 2022 and 2021. This Letter of Transmittal is presented as a narrative introduction, overview and analysis in conjunction with the Management's Discussion and Analysis included in the Financial Section of the Annual Comprehensive Financial Report.

Kern County Employees' Retirement Association (KCERA) is a public employee retirement system that was established on January 1, 1945 by the County of Kern. The KCERA Plan provides retirement, disability, death, beneficiary, cost-of-living and supplemental retirement benefits. As of June 30, 2022, KCERA had 13,091 active and deferred-vested members and paid retirement benefits to 9,015 retirees and their beneficiaries.

KCERA AND ITS SERVICES

KCERA provides retirement allowances and other benefits to all permanent general and safety employees of the County of Kern and of participating special districts. As of June 30, 2022, fourteen districts participated in the retirement plan: Berrenda Mesa Water District, Buttonwillow Recreation and Park District, East Kern Cemetery District, Inyokern Community Services District, Kern County Hospital Authority, Kern County Superior Court, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, and West Side Recreation and Park District.

The Plan is administered by the KCERA Board of Retirement (Board), which consists of nine members and three alternate members. The Board is responsible for establishing policies governing the administration of the retirement plan, determining benefit allowances and managing the investments of KCERA's assets. The Board oversees the Chief Executive Officer and the KCERA staff in the performance of their duties in accordance with the County Employees' Retirement Law of 1937 (CERL) and the regulations, procedures and policies adopted by the KCERA Board.

MAJOR INITIATIVES

<u>KCERA & COVID-19</u>
As a result of the COVID-19 pandemic, KCERA transitioned staff to remote work over a three-day period in March 2020. Member services were essentially uninterrupted, with staff utilizing technology to provide those services. In May of 2021 KCERA began a gradual return to the office. By June 30, 2022, KCERA's staff had fully returned to the KCERA offices. We want to recognize the continued flexibility, innovation, and dedication of the KCERA team as we have adapted to the new COVID-19 world and, at the same time, have successfully fulfilled all our fiduciary, operational, and financial responsibilities.

MAJOR INITIATIVES (CONT.)

KCERA Reorganization and Recruitments

KCERA management continued the reorganization that is allowing us to better accomplish the mission of the organization. A Deputy Chief Legal Officer was added to the Legal section to assist with KCERA's extensive legal matters. Additionally, an Accountant position was upgraded to Senior Accountant to more accurately reflect the complex demands of the Finance section.

Alameda Decision

On August 24th, 2020, the Board of Retirement approved a resolution to implement the Alameda California Supreme Court decision. The Alameda decision filed on July 30, 2020, concludes that all amendments to the definition of compensation earnable in Government Code section 31461, enacted as a result of the Public Employees' Pension Reform Act of 2013 and related statutory changes to CERL ("PEPRA"), effective January 1, 2013 are constitutional, and that CERL retirement boards may not be contractually bound or estopped by settlement agreements, board resolutions, or other similar actions, from implementing those amendments. The Alameda Decision further determines that CERL retirement boards may not include items in retirement allowance calculations, either compensation earnable under section 31461, as amended, or pensionable compensation under section 7522.34, that the applicable statutes require them to exclude ("PEPRA Exclusions").

FUNDING

KCERA's funding objective is to meet long-term benefit obligations through level contributions to the Plan and the accrual and compounding of investment income. As of June 30, 2021, the funded ratio of the Plan was 67.1% using actuarial assets and actuarial liabilities of $4,806,026,000 and $7,164,255,000, respectively. The funded percentage increased 2.7% from June 30, 2020, due primarily to recognition of net deferred investment gains.

Pursuant to provisions in the County Employees' Retirement Law of 1937, KCERA engages an independent actuarial consulting firm, Segal Consulting, to conduct annual actuarial valuations. Every three years, an experience study is performed to review all economic and demographic assumptions. The economic and demographic assumptions are updated at the time each triennial valuation is performed. Triennial valuations serve as the basis for changes in member and employer contribution rates necessary to properly fund the Plan. The last triennial analysis was performed as of June 30, 2019.

The triennial analysis covered several changes to economic and non-economic assumptions that were adopted by the Board of Retirement on August 12, 2020, for the June 30, 2020, actuarial valuation. The actuary recommended changes in the assumptions for inflation, promotional and merit salary increases, retirement rates, mortality rates, termination rates, and disability incidence rates. The major changes included lowering the inflation assumption from 3.00% to 2.75%, reducing the current inflationary salary increase assumption from 3.00% to 2.75%, real "across the board" salary increases will decrease from 3.50% to 3.25%, and changing the mortality tables to the Pub-2010 Amount Weighted Mortality Tables.

FINANCIAL INFORMATION

The ACFR for the years ended June 30, 2022 and 2021 was prepared by KCERA's management, which is responsible for the accuracy, completeness, fair presentation of information and all disclosures in this report. The report has been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

FINANCIAL INFORMATION (CONT.)

KCERA maintains an internal control system to provide reasonable assurance that assets are properly safeguarded from loss, theft or misuse, and the fair presentation of the financial statements and supporting schedules. Further, it should be recognized that there are inherent limitations in the effectiveness of any system of internal controls due to changes in conditions. Moreover, the concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived. The Board of Retirement has established a finance committee to oversee the financial reporting process and to review the scope and results of independent audits. The independent auditors have unrestricted access to the finance committee to discuss their related findings as to the integrity of the financial reporting and adequacy of internal controls.

KCERA's external auditor, CliftonLarsonAllen, LLP, has conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board of Retirement. The financial audit ensures that KCERA's financial statements are presented in conformity with accounting principles generally accepted in the United States of America and are free of material misstatements. Their opinion is that KCERA's financial statements present fairly, in all material respects, the Fiduciary Net Position of KCERA as of June 30, 2022 and 2021 and its Changes in Fiduciary Net Position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

INVESTMENTS

The Board of Retirement has exclusive control of all investments of KCERA and is responsible for establishing investment policies, objectives and strategies. The Board is authorized to invest in any form or type of investment deemed "prudent" in the informed opinion of the Board. The members of the Board serve as fiduciaries for the members and beneficiaries of the retirement association and are held to a high standard of care in all transactions.

The Board operates under a standard of care in California commonly known as the "prudent person" rule, which allows the Board to invest or delegate the authority to invest the assets of the Plan when prudent in the informed opinion of the Board. In addition, the rule requires the Board to diversify the investments of the Plan, unless it is clearly prudent not to do so under the circumstances. The Board therefore makes basic policy decisions with respect to the Plan, including, but not limited to, the allocation of assets to various investment classes. The Board delegates much discretion to professional investment advisors to execute investment policy subject only to policy and guidelines provided by the Board.

KCERA's assets are managed exclusively by external, professional investment managers. KCERA staff monitors the activity of these managers and assists the Board with the development and implementation of investment policies and long-term investment strategies. These policies and guidelines are outlined in KCERA's Investment Policy Statement, which states the investment philosophy, investment guidelines, performance objectives and asset allocation of the Plan. The Board employs the services of independent investment consultants Verus Investments, Albourne America, Cambridge Associates and Abel Noser to assist the Board in formulating policies, setting goals and manager guidelines, and selecting and monitoring the performance of the money managers.

For fiscal year 2022, the investments of the Plan returned (4.5)%* (net of fees). KCERA's annualized rate of return, net of fees, was 6.8% in the past three years, 6.5% in the past five years, and 7.1% in the past ten years. The investment expenses of the fund are linked to the performance of the investment portfolio and other factors and therefore vary year to year.

* References in this document to KCERA's investment rate of return assume a time-weighted rate of return unless otherwise specified as a money-weighted rate of return, per GASB 67 guidelines.

PROFESSIONAL SERVICES

The Board retains professional consultants and investment managers to provide professional services essential to the effective and efficient operation of KCERA. These entities are included in the Schedule of Investment Fees on pages 77-80.

Opinions from the certified public accountant and the actuary for the Plan are included in this report. The consultants and investment managers retained by the Board are listed on pages 10 and 74, respectively, of this report.

CERTIFICATE OF ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to KCERA for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and well-organized Annual Comprehensive Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements, and we will again submit it to the GFOA for appraisal.

KCERA also received the Public Pension Standards Award for Fund and Administration for the fiscal year ended June 30, 2021. The award is issued by the Public Pension Coordinating Council and is used to recognize KCERA meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined effort of the KCERA staff. This report is intended to provide complete information as a basis for management decisions, as a means for establishing compliance with legal requirements, and as a means for determining the responsible stewardship of the KCERA fund.

We wish to take this opportunity to thank the members of KCERA for their confidence in KCERA and to express our gratitude to the Board of Retirement for your support of the KCERA administration and the best interests of the beneficiaries of the Plan throughout the fiscal year. We also wish to thank the consultants and staff for their continued commitment to KCERA and their diligent work to ensure the successful administration of the Plan.

Respectfully submitted,

Dominic D. Brown, CPA, CFE	Angela Kruger
Chief Executive Officer	Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kern County Employees' Retirement Association California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2022

Presented to

Kern County Employees' Retirement Association

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

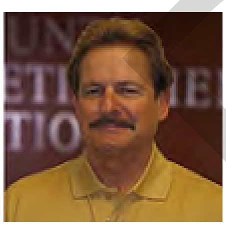
Alan H. Winkle
Program Administrator

Rick Kratt
Elected by Safety Members
Term expires on December 31, 2024

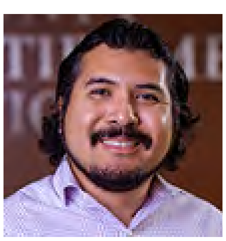
Joseph D. Hughes
Appointed by Board of Supervisors
Term expires on December 31, 2022

Dustin Contreras
Elected by Safety Members
Term expires on December 31, 2024

David Couch
Appointed by Board of Supervisors
Term expires on December 31, 2024



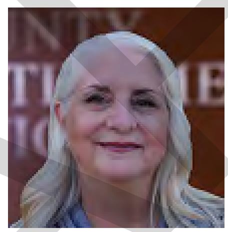
Phil Franey
Elected by Retired Members
Term expires on December 31, 2022



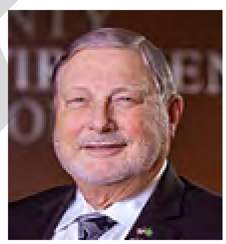
Juan Gonzalez
Elected by General Members
Term expires on December 31, 2024

Jordan Kaufman
Appointed by Statute

Chase Nunneley
Appointed by Statute



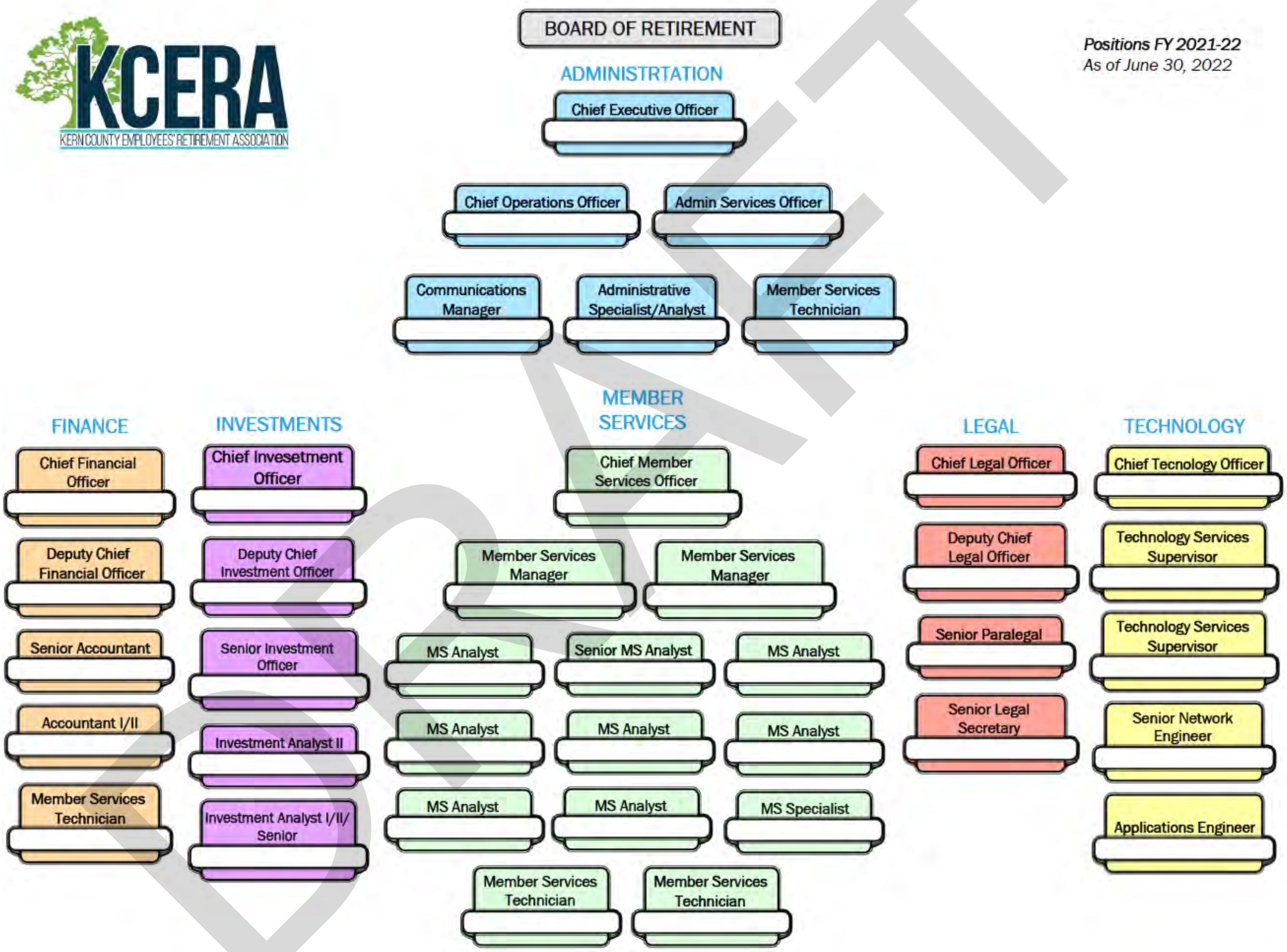
Jeanine Adams
Elected by General Members
Term expires on December 31, 2022



Robb Seibly
Elected by Retired Members
Term expires on December 31, 2022

Traco Mathews
Appointed by Board of Supervisors
Term expires on December 31, 2024

Tyler Whitezell
Appointed by Board of Supervisors
Term expires on December 31, 2022


KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
Positions FY 2021-22
As of June 30, 2022
ADMINISTRTATION
Chief Executive Officer
Chief Operations Officer
Admin Services Officer
Communications Manager
Administrative Specialist/Analyst
Member Services Technician
FINANCE
Chief Financial Officer
Deputy Chief Financial Officer
Senior Accountant
Accountant I/II
Member Services Technician
INVESTMENTS
Chief Invesetment Officer
Deputy Chief Investment Officer
Senior Investment Officer
Investment Analyst II
Investment Analyst I/II/ Senior
MEMBER SERVICES
Chief Member Services Officer
Member Services Manager
Member Services Manager
MS Analyst
Senior MS Analyst
MS Analyst
MS Analyst
MS Analyst
MS Analyst
MS Analyst
MS Analyst
MS Specialist
Member Services Technician
Member Services Technician
LEGAL
Chief Legal Officer
Deputy Chief Legal Officer
Senior Paralegal
Senior Legal Secretary
TECHNOLOGY
Chief Tecnology Officer
Technology Services Supervisor
Technology Services Supervisor
Senior Network Engineer
Applications Engineer
DRAFT

As of June 30, 2022

ACTUARY

The Segal Company, Inc.

AUDITORS

CliftonLarsonAllen, LLP

CUSTODIAN

The Northern Trust Company

INVESTMENT CONSULTANTS

Albourne America LLC
Cambridge Associates
Verus Investments

LEGAL

Foley & Lardner, LLP
Hanson Bridgett, LLP
Ice Miller, LLP
Nossaman, LLP
Reed Smith, LLP

OTHER SPECIALIZED SERVICES

Abel Noser
Agility Recovery Solutions
Cortex Applied Research, Inc.
Glass, Lewis & Co., LLC
Deutsche Bank
Cheiron

Refer to the Investment Section for a list of Investment Managers, pg 72 and the Schedule of Investment Management Fees pgs 75-78

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

This section presents management's discussion and analysis of the Kern County Employees' Retirement Association's (KCERA) financial statements and the significant events and conditions that affected the operations and performance during the years ended June 30, 2022 and 2021. It is presented as a narrative overview and analysis in conjunction with the Executive Director's *Letter of Transmittal* included in the Introductory Section of the Annual Comprehensive Financial Report.

FINANCIAL HIGHLIGHTS

- KCERA's net position decreased by $(286.4) million during the fiscal year ended June 30, 2022, a (5.3)% decrease from the last fiscal year. The decrease was primarily the result of negative investment returns.

- Member contributions increased by $0.7 million, or 1.3%, mainly as a result of a increase in covered payroll. Employer contributions increased by $18.4 million, or 6.9%, which was primarily due to increase in covered payroll. The average employer contribution rate decreased from 49.10% of payroll for fiscal year 2020-21 to 48.91% for fiscal year 2021-22.

- The total fund's investment performance did not meet the actuarial assumed rate of return for the fiscal year. The investment portfolio reported a total return of (4.5)% (net of fees)* versus the actuarial assumed rate of return of 7.25% for the fiscal year ended June 30, 2022. The decrease was due to unfavorable market conditions.

- Vested pension benefits increased by $16.2 million, or 4.6%, over the prior year. The increase is attributable to a 2.0% increase in retired members and beneficiaries receiving pension benefits, and a 2.8% increase in the average monthly benefit, which rose to $3,563 in the fiscal year. In 2021, the Board adopted a COLA increase of 1.5% for new pensioners. Pensioners with an accumulated COLA carry-over received up to the maximum 2.5% increase in April 2022.

- As of June 30, 2022, the date of the most recent actuarial funding valuation, the funded ratio for KCERA was 69.2% compared to the funded ratio of 67.1% as of June 30, 2021. The increase in the ratio is due to the deferral of the most current year investment losses and the recognition of prior investment gains and losses.

OVERVIEW OF BASIC FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

1) **The Statement of Fiduciary Net Position** is the basic statement of position for a defined benefit pension plan. This statement presents asset and liability account balances at fiscal year-end. The difference between assets and liabilities represents the net position available for future payments to retirees and their beneficiaries. Assets and current liabilities of the Plan reflect full accruals. The statement reflects investments at fair value and accounting liabilities as distinct from actuarial liabilities.

2) **The Statement of Changes in Fiduciary Net Position** is the basic operating statement for a defined benefit pension plan. Changes in plan net position are recorded as additions or deductions from the Plan. All additions and deductions are reported on a full accrual basis.

3) **Notes to the Basic Financial Statements** are an integral part of the financial statements and provide important additional information.

4) **Required Supplementary Information** consists of three required schedules and their related notes: Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Money-Weighted Rates of Return.

** References in this document to KCERA's investment rate of return assume a time-weighted rate of return unless otherwise specified as a money-weighted rate of return, per GASB 67 guidelines.*

OVERVIEW OF BASIC FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION (cont)

5) **Other Supplemental Information** includes schedules of administrative expenses, investment manager fees, other investment expenses, and payments to consultants.

The required financial statements and disclosures have been prepared in accordance with accounting principles generally accepted in the United States of America and are in compliance with Governmental Accounting Standards Board (GASB) Statements.

FINANCIAL ANALYSIS

FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS

KCERA provides pension benefits to the employees and their beneficiaries of the County of Kern and other public agencies. KCERA’s benefits are funded by member and employer contributions, and by investment income. KCERA’s fiduciary net position restricted for pension benefits at June 30, 2022 was $5.1 billion, an decrease of $(286.4) million, or (5.3)%, from June 30, 2021. KCERA’s fiduciary net position-restricted for pension benefits at June 30, 2021 was $5.4 billion, an increase of $978.7 million, or 22.0%, from June 30, 2020. Key elements of the increase in net position are described below and in Tables 1 and 2 on pages 17 & 18.

CONTRIBUTIONS AND INVESTMENT INCOME

Additions to fiduciary net position include member and employer contributions and investment income. Member contributions were approximately $54.5 million, $53.8 million and $57.9 million for the years ended June 30, 2022, 2021 and 2020, respectively.

Member contributions increased by $0.7 million, or 1.3% in 2022 and decreased by $(4.1) million, or (7.0)% in 2021. The increase in member contributions in 2022 was primarily the result of increases in covered payroll.

Employer contributions were $287.1 million, $268.6 million and $273.9 million for the years ended June 30, 2022, 2021 and 2020, respectively. Employer contributions increased approximately $18.4 million, or 6.9% in 2022 and decreased approximately $(5.3) million, or (1.9)% in 2021. The increase in 2022 was due to a increase in covered payroll. The decrease in 2021 was primarily due to a decrease in covered payroll.

Net investment and securities lending income was $(219.9) million, $1,043.4 million and $127.9 million for the years ended June 30, 2022, 2021 and 2020, respectively.

For the fiscal years ended June 30, 2022, 2021 and 2020, the KCERA portfolio returned (net of fees) (4.5)%, 23.9%, and 3.0%, respectively. More information on KCERA’s investment portfolio is contained in the investment section of this report.

BENEFITS, REFUNDS AND EXPENSES

Deductions to plan fiduciary net position include pension benefits, lump sum payments, supplemental benefits, refunds of member contributions, and administrative expenses. The pension benefits (annuity, pension and cost-of- living allowances) were $371.4 million, $355.2 million and $338.9 million for the years ended June 30, 2022, 2021 and 2020, respectively. Pension benefits increased by approximately $16.2 million, or 4.6% in 2022 and $16.3 million, or 4.8% in 2021.

These increases were mainly due to a consistently growing population of retired members and beneficiaries receiving pension benefits and an increase in the average monthly benefit, attributable to higher final average compensations, and the maximum 2.5% cost-of-living adjustment. Retired members and beneficiaries increased by 1.9% in 2022 and by 2.0% in 2021.

FINANCIAL ANALYSIS (CONT.)

BENEFITS, REFUNDS AND EXPENSES (CONT.)

KCERA previously adopted California Government Code Section 31618, which provides for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). In fiscal year 2022, SRBR provides retirees with 82% purchasing power parity and a $5,000 death benefit. In addition to pension benefits, the supplemental retirement benefits paid were $20.6 million, $19.3 million and $17.7 million for the years ended June 30, 2022, 2021 and 2020, respectively. Refunds of member contributions were $9.4 million, $6.5 million and $4.5 million for the years ended June 30, 2022, 2021 and 2020, respectively.

KCERA's administrative expenses were $6.7 million, $6.1 million and $5.5 million for the years ended June 30, 2022, 2021 and 2020, respectively.

Average aggregate monthly defined benefit payments, excluding SRBR benefits, AND total number of retirees and beneficiaries:

2022	2021	2020
$30.7 million	$29.4 million	$28.2 million
9,015	8,835	8,667

STATEMENT OF FIDUCIARY NET POSITION

Table 1 *(in thousands)*

	2022	Increase (Decrease) Amount	2021	Increase (Decrease) Amount	2020
Assets					
Current Assets	$ 504,582	$ 11,473	$ 493,109	$ 170,150	$ 322,959
Investments	4,759,908	(241,076)	5,000,984	607,362	4,393,622
Securities Lending Collateral	153,386	(28,133)	181,519	(2,641)	184,160
Capital Assets	1,077	(615)	1,692	(653)	2,345
Total Assets	**5,418,953**	**(258,351)**	**5,677,304**	**774,218**	**4,903,086**
Liabilities					
Current Liabilities	134,438	56,166	78,272	(201,859)	280,131
Liabilities for Security Lending	153,386	(28,133)	181,519	(2,641)	184,160
Total Liabilities	**287,824**	**28,033**	**259,791**	**(204,500)**	**464,291**
Fiduciary Net Position - Restricted for Pension Benefits	**$ 5,131,129**	**$ (286,384)**	**$ 5,417,513**	**$ 978,718**	**$ 4,438,795**

FINANCIAL ANALYSIS (CONT.)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Table 2 *(in thousands)*

	2022	Increase (Decrease) Amount	2021	Increase (Decrease) Amount	2020
Additions					
Employer Contributions*	$ 287,063	$ 18,438	$ 268,625	$ (5,284)	$ 273,909
Member Contributions*	54,514	725	53,789	(4,073)	57,862
Net Investment Income	(219,947)	(1,263,308)	1,043,361	915,500	127,861
Total Additions	**121,630**	**(1,244,145)**	**1,365,775**	**906,143**	**459,632**
Deductions					
Pension Benefits	371,350	16,153	355,197	16,302	338,895
Supplemental Retirement Benefits	20,590	1,304	19,286	1,539	17,747
Refunds of Member Contributions	9,373	2,860	6,513	2,061	4,452
Administrative Expenses	6,702	641	6,061	538	5,523
Total Deductions	**408,015**	**20,958**	**387,057**	**20,440**	**366,617**
Increase (Decrease) in Net Position	**$ (286,384)**	**$ (1,265,103)**	**$ 978,718**	**$ 885,703**	**$ 93,015**
Fiduciary Net Position - Restricted for Pension Benefits					
At Beginning of Year	**$ 5,417,513**	**$ 978,718**	**$ 4,438,795**	**$ 93,015**	**$ 4,345,780**
At End of Year	**$ 5,131,129**	**$ (286,385)**	**$ 5,417,513**	**$ 978,718**	**$ 4,438,795**

**Employer paid member contributions are classified as member contributions.*

RESERVES

KCERA's reserves are established for the purpose of managing benefit operations in accordance with the County Employees Retirement Law of 1937 (CERL). The total amount of reserves equals KCERA's Fiduciary Net Position – Restricted for Pension Benefits at the end of the year.

Investments are stated at fair value instead of at cost and include the recognition of unrealized gains and losses. Unrealized gains and losses effect the reserves indirectly through an actuarial asset "smoothing" process and are held in the Market Stabilization Reserve with a portion allocated to all other reserves. KCERA uses a five-year smoothing methodology to recognize unrealized gains and losses. The five-year smoothing is calculated by subtracting the expected return of the actuarial assumed interest rate of 7.25% from the total Fund's actual return on net position. The Market Stabilization Reserve was $(220.1) million, $429 million and $(196.2) million for the years ended June 30, 2022, 2021 and 2020, respectively.

Interest at the actuarial rate of 7.25%, or at the highest rate possible if net earnings are not sufficient to credit the full actuarial rate, is credited semiannually on December 31 and June 30. Interest is credited to all reserves, except the contingency reserve. KCERA credited the reserves 7.25% in fiscal year 2022 and 7.25% in fiscal year 2021. In addition, in fiscal year 2022, $63.9 million was credited to increase the contingency reserve to a 2.29% of total fair value of assets, in accordance with the Board of Retirement's Interest Crediting Policy. As investment returns continue to improve, the Contingency Reserve will increase to 3% of fair value of assets.

RESERVES (CONT.)

(in thousands)

KCERA Reserves

	2022	2021	2020
Member Reserve	547,558	505,907	461,921
Employer Reserve	1,294,007	1,169,530	1,052,439
Cost of Living Reserve	1,687,815	1,557,603	1,437,684
Retired Member Reserve	1,562,252	1,549,933	1,539,650
Supplemental Retiree Benefit Reserve	142,006	151,852	159,691
Contingency Reserve	117,544	53,624	(16,355)
Market Stabilization Reserve	(220,053)	429,064	(196,235)
Total	**$ 5,131,129**	**$ 5,417,513**	**$ 4,438,795**

FIDUCIARY RESPONSIBILITIES

The Board of Retirement and management staff are fiduciaries of the pension trust fund. Under the California Pension Protection Act of 1992, the Board of Retirement has plenary authority and fiduciary responsibility for the investment of monies and for the administration of KCERA. The Board of Retirement has the sole and exclusive fiduciary responsibility over the assets of the Plan. The assets are held for the exclusive purpose of providing benefits to KCERA members and their survivors, as mandated.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of KCERA's finances and accountability for the plan sponsors and members. Questions concerning any of the information provided in this report or requests for additional information should be directed to Angela Kruger, KCERA's Chief Financial Officer, at angela.kruger@kcera.org or (661) 381-7700.

As of June 30, 2022 and 2021

	2022	2021
		(In thousands)
Assets		
Cash in County Pool	$ 16,415	$ 10,945
Short-Term Investment Funds	389,168	425,488
Total Cash and Short-Term Investment Funds	405,583	436,433
Receivables:		
Investments Sold	74,962	33,460
Interest and Dividends	8,804	7,956
Contributions and Other Receivables	15,096	15,095
Total Receivables	98,862	56,511
Investments at Fair Value:		
Domestic Fixed Income	890,184	834,930
International Fixed Income	326,338	366,910
Domestic Equities	808,226	912,614
International Equities	819,911	978,552
Real Estate Investments	462,020	390,499
Alternative Investments	1,296,766	1,173,685
Commodities	334,656	345,848
Swaps/Options	(178,193)	(2,054)
Collateral Held for Securities Lending	153,386	181,519
Total Investments	4,913,294	5,182,503
Capital Assets:		
Computer Software	6,298	6,298
Equipment/Computers	846	813
Accumulated Depreciation	(6,067)	(5,419)
Total Capital Assets	1,077	1,692
Prepaid Expenses	137	165
Total Assets	5,418,953	5,677,304
Liabilities		
Securities Purchased	132,265	77,248
Collateral Held for Securities Lent	153,386	181,519
Other Liabilities	2,173	1,024
Total Liabilities	287,824	259,791
Fiduciary Net Position - Restricted for Pension Benefits	**$ 5,131,129**	**$ 5,417,513**

See accompanying notes to the financial statements.

KCERA 2022 - Statement of Changes in Fiduciary Net Position

For the years ended June 30, 2022 and 2021

	2022	2021 (In thousands)
Additions		
Contributions:		
Employer	$ 287,063	$ 268,625
Member	54,514	53,789
Total Contributions	**341,577**	**322,414**
Investment Income:		
Net Appreciation in Fair Value of Investments	(253,607)	1,038,614
Interest	30,603	33,928
Dividends	40,098	15,619
Real Estate Investments	22,292	16,385
Total Investment Income	(160,614)	1,104,546
Less: Investment Expenses	59,814	61,550
Net Investment Income	(220,428)	1,042,996
Securities Lending Activity:		
Securities Lending Income	534	405
Less: Rebates & Bank Fees	53	40
Net Securities Lending Income	481	365
Total Additions	**121,630**	**1,365,775**
Deductions		
Retirement and Survivor Benefits	371,350	355,197
Supplemental Retirement Benefits	20,590	19,286
Refunds of Member Contributions	9,373	6,513
Administrative Expenses	6,702	6,061
Total Deductions	**408,015**	**387,057**
Net Increase	**(286,384)**	**978,718**
Fiduciary Net Position - Restricted for Pension At Beginning of Year	**5,417,513**	**4,438,795**
Fiduciary Net Position - Restricted for Pension At End of Year	**$ 5,131,129**	**$ 5,417,513**

See accompanying notes to the financial statements.

NOTE 1 – DESCRIPTION OF PLAN

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

As of June 30, 2022, employee membership data related to the pension plan was as follows:

	General	Safety	Total
Active – Vested	4,226	1,206	5,432
Active – Non-Vested	3,149	495	3,644
Total Active Members	**7,375**	**1,701**	**9,076**
Terminated – Deferred Vested	3,550	465	4,015
Retirees and Beneficiaries	6,851	2,164	9,015
Total Members	**17,776**	**4,330**	**22,106**

As of June 30, 2021, employee membership data related to the pension plan was as follows:

	General	Safety	Total
Active – Vested	4,240	1,302	5,542
Active – Non-Vested	3,142	388	3,530
Total Active Members	**7,382**	**1,690**	**9,072**
Terminated – Deferred Vested	2,569	241	2,810
Retirees and Beneficiaries	6,746	2,089	8,835
Total Members	**16,697**	**4,020**	**20,717**

BENEFIT PROVISIONS

KCERA provides service retirement, disability, death, survivor and supplemental benefits to eligible employees. All regular full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours required become members of KCERA effective on the first day of the payroll period following the date of hire. Safety membership includes those in active law enforcement, fire suppression, criminal investigation and probation officers. General members (excluding Tier III) are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with five or more years of retirement service credit.

NOTE 1 – DESCRIPTION OF PLAN (CONT.)

BENEFIT PROVISIONS (CONT.)

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

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

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

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

For members in Tier I or Tier II, the maximum monthly retirement allowance is 100% of FAC. There is no FAC limit on the maximum retirement benefit for General Tier III members.

The maximum amount of compensation earnable that can be taken into account for 2022 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is $305,000. The maximum amount of compensation earnable that was taken into account for 2021 was $290,000. For General Tier III members enrolled in Social Security who joined on or after January 1, 2013, the maximum pensionable compensation for 2022 is $134,974. The maximum pensionable compensation for 2021 was $128,059. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

FAC consists of the highest 12 consecutive months of pay for a General Tier I or Tier IIA member or a Safety Tier I or Tier IIA member, and the highest 36 consecutive months of pay for a General Tier IIB or Tier III member or a Safety Tier IIB member.

The member may elect an unmodified retirement allowance or an optional retirement allowance. The unmodified option provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible spouse or partner is one married to or registered with the member for at least one year prior to the effective retirement date. Certain surviving spouses or partners may also be eligible if marriage or partnership occurred at least two years prior to the date of death and the surviving spouse or partner is age 55 as of the date of death. There are also four optional retirement allowances the member may choose. Each option requires a reduction in the unmodified allowance to grant the member the ability to provide certain benefits to a surviving spouse, domestic partner or named beneficiary having an insurable interest in the life of the member.

NOTE 1 – DESCRIPTION OF PLAN (CONT.)

BENEFIT PROVISIONS (CONT.)

DEATH BENEFITS:

Death Before Retirement

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

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

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

Death After Retirement

If a member dies after retirement, a death benefit of $5,000 is payable to his/her designated beneficiary or estate. If the retirement was for a nonservice-connected disability and the member chose the unmodified allowance option, the surviving spouse, registered domestic partner or minor children will receive a monthly continuance equal to 60% of the benefit. If the retirement was for a service-connected disability, the spouse, registered domestic partner or minor children will receive a 100% continuance of the member's benefit.

NOTE 1 – DESCRIPTION OF PLAN (CONT.)

BENEFIT PROVISIONS (CONT.)

DISABILITY BENEFIT:

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

COST-OF-LIVING ADJUSTMENT:

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

SUPPLEMENTAL BENEFITS:

The Board of Retirement and the Board of Supervisors adopted Government Code Section 31618 on April 23, 1984, which provides for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is used only for the benefit of future and current retired members and their beneficiaries. The supplemental benefit is not a guaranteed benefit. The distribution of the SRBR is determined by the Board of Retirement. In fiscal year 2019, SRBR provided for 80% purchasing power protection and a $5,000 death benefit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

KCERA, with its own governing board, is an independent governmental entity separate and distinct from the County of Kern.

BASIS OF ACCOUNTING

KCERA follows Governmental Accounting Standards Board (GASB) accounting principles and reporting guidelines. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of KCERA. Employer and member contributions are recognized in the period in which the contributions are due, and benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized as revenue when earned and is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) to investment income based on investment valuations, which includes both realized and unrealized gains and losses on investments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ADMINISTRATIVE EXPENSES

KCERA's Board annually adopts the operating budget for the administration of KCERA. Costs of administering the Plan are charged against the Plan's earnings. KCERA's administrative budget is calculated pursuant to Government Code Section 31580.2(a), which provides that the administrative expenses incurred in any year may not exceed the greater of either twenty-one hundredths of 1 percent (0.21%) of the actuarial accrued liability of the system or $2,000,000, as adjusted annually by the amount of the annual cost-of-living adjustment computed in accordance with Article 16.5. Government Code Section 31580.2(b) provides that expenditures for computer software, hardware and computer technology consulting services in support of the computer products shall not be considered a cost of administrative expenses in the calculation.

CASH EQUIVALENTS

Cash equivalents are assets that are readily convertible into cash, such as short-term government bonds or Treasury bills and commercial paper. Cash equivalents are distinguished from other investments through their short-term existence; they mature within three months. A cash equivalent must also be an investment with an insignificant risk of change in value.

VALUATION OF INVESTMENTS

Fair value for investments are derived by various methods as indicated in the following table:

Publicly traded stocks	Most recent exchange closing price. International securities reflect currency exchange rates in effect at June 30, 2022 and 2021.
Short-term investments and bonds	Institutional evaluations or priced at par.
OTC securities	Evaluations based on good faith opinion as to what a buyer in the marketplace would pay for a security.
Commingled funds	Net asset value provided by the investment manager.
Alternative investments	Net asset value provided by the Fund manager based on the underlying financial statements and fair value of the Fund.
Real estate investments	Estimated based on price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investments without a public market are valued based on assumptions made and multiple valuation techniques or appraisals used by the investment manager. The KCERA property is valued based on an annual appraisal.
Commodities Swaps/Options	Listed market prices are used to report the fair values for derivative instruments, if available. If listed market prices are not available for derivative instruments, the price used may be from a vendor, an investment manager or a counterparty.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

RISKS AND UNCERTAINTIES

KCERA invests in various investment securities, which are exposed to various risks, including interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

CAPITAL ASSETS

Assets shall be recorded at historical cost or, if that amount is not practicably determined, at estimated historical cost. Accumulated depreciation shall be summarized and reflected on KCERA's annual financial statements. Capital assets shall be depreciated over their estimated useful lives using the straight-line depreciation method. Intangible assets with limited useful lives (e.g., by legal or contractual provisions) should be amortized over their estimated useful lives. Amortization of computer software should begin when the program is placed into service.

Capitalization Thresholds and Useful Life

Capital Asset	Thresholds	Useful Life
Furniture	$2,500	5-15 years
Equipment/Computers	$5,000	3-10 years
Internally generated computer software	$1,000,000	5-12 years
Computer software	$100,000	3-10 years

INCOME TAXES

The Plan qualifies under Section 401(a) of the Internal Revenue Code and is therefore not subject to tax under present income tax laws. No provision for income taxes has been made in the accompanying financial statements, as the Plan is exempt from federal and state income taxes under the provisions of Internal Revenue Code, Section 501 and California Revenue and Taxation Code, Section 23701, respectively.

MANAGEMENT'S ESTIMATES

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

GASB PRONOUNCEMENTS

The accompanying financial statements were prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). KCERA has determined that no new GASB statements were applicable to KCERA during fiscal year 2022.

NOTE 3 – DEPOSITS AND INVESTMENTS

The Board of Retirement (the Board) has the fiduciary responsibility and authority to oversee the investment portfolio. The Board is governed by the County Employees' Retirement Law of 1937. It is also governed by California Government Code Sections 31594 and 31595, which provide for prudent person governance of the Plan. Under this law, the type and amount of plan investments as well as the quality of securities are not specifically delineated; rather, the investments made are assumed to be in the best interest of the Plan such that others with similar information would acquire similar investments. The Board is required to diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless it is clearly prudent not to do so. The investments shall be made for the exclusive purpose of providing benefits to the participants and their beneficiaries and defraying reasonable expenses to the Plan.

The Board maintains a formal Investment Policy Statement, which addresses guidelines for the investment process. The primary investment objectives for KCERA's assets shall be:

1. Earn a long-term net of fees rate of return which is equal to or exceeds the assumed rate of return.
2. Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark.
3. Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

The asset allocation decision is a critical decision and involves complex analysis. KCERA's policy regarding the allocation of assets is established and may be amended by the Board. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation as of June 30, 2022:

Asset Class	Target	Range
Global Equity	37 %	32 - 46%
Domestic		16 - 27%
International Developed		8 - 18%
Emerging Market		1 - 9%
Fixed Income	24 %	20 - 34%
Core	14 %	12 - 25%
Credit	6 %	3 - 9%
Emerging Market Debt	4 %	1 - 7%
Commodities	4 %	0 - 6%
Hedge Funds	10 %	5 - 15%
Core Real Estate	5 %	3 - 7%
CE Alpha Pool	5 %	0 - 7%
Midstream Energy	5 %	0 - 7%
Opportunistic	0 %	0 - 10%
Private Equity	5 %	0 - 10%
Private Credit	5 %	0 - 10%
Private Real Estate	5 %	0 - 10%
Cash*	-5 %	-7 - 5%

* *In fiscal year 2019-2020 the Board approved a new strategic long-term asset allocation which includes the new Capital Efficiency program. The Capital Efficiency program seeks to improve the returns of the Plan by using derivatives in place of physical securities, and then utilizing a portion of the unencumbered cash from the derivative position to fund investments in the CE Alpha Pool. As a result, as capital is invested in the CE Alpha Pool, the effective cash exposure for the Plan becomes negative.*

For the year ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension investment expenses, was (4.2)% and 24.3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Board retains a number of professional investment managers. Investment manager selection involves complex due diligence and the Board's investment policy requires independent performance measurement of investment managers.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

DEPOSITS

Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. All cash and cash equivalents are held as follows: by the County of Kern as part of Kern County's treasury pool; by Wells Fargo Bank as cash for benefit payments and KCERA Property, Inc.; and by KCERA's master global custodian, The Northern Trust Company. The County Treasury Oversight Committee is responsible for regulatory oversight of the Kern County Treasury Pool. Substantially all of the cash held at The Northern Trust Company is swept into collective, short-term investment funds.

Below is a summary of cash, deposits and short- term investments as of as of June 30, 2022 and 2021:

(In thousands)

Held by	2022	2021
County of Kern	$ 16,415	$ 10,945
Wells Fargo	958	1,776
Northern Trust	390,104	426,782
Disbursements	(1,894)	(3,070)
Total	**$ 405,583**	**$ 436,433**

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. KCERA does not have a formal policy for custodial credit risk but limits custodial credit risk for deposits by maintaining cash in an external investment pool managed by the County of Kern and cash and short-term investments managed by The Northern Trust Company. Deposits held at The Northern Trust Company that were uninsured and uncollateralized were $2.2 million and $1.7 million for the years ended June 30, 2022 and 2021, respectively.

INVESTMENTS

Investments of the Plan are reported at fair value. In fulfilling its responsibilities, the Board of Retirement has contracted with investment managers and a master global custodian. For the year ended June 30, 2022 and 2021, The Northern Trust Company is the global custodian for the majority of the investments of the Plan.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The KCERA investment policy's minimum average credit quality rating for fixed income, with the exception of high yield, shall be at least A- and the minimum issue quality shall be B-rated. The minimum overall average credit quality for high yield shall be at least B.

At June 30, 2022 and 2021, KCERA's assets consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations, as shown on the next page.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

INVESTMENTS (CONT.)

Standard & Poor's (S&P) Credit Quality by Investment Type

As of June 30, 2022 *(In thousands)*

	S&P Credit Quality								
Type of Investment	**AAA**	**AA**	**A**	**BBB-B**	**CCC-C**	**D**	**NR**	**U.S. Gov Guaranteed**	**Total**
Asset-Backed Securities	$ 14,793	$ 1,537	$ 1,007	$ 1,986	$ 5,863	$ 487	$ 16,374	$ —	**$ 42,047**
Bank Loans	—	—	—	14,981	677	—	4,649	—	**20,307**
Commercial Mortgage-Backed Securities	3,124	100	507	571	—	—	18,641	—	**22,943**
Commercial Paper	—	—	—	—	—	—	1,493	—	**1,493**
Corporate Bonds	1,526	5,855	43,753	274,331	14,540	—	17,763	—	**357,768**
Corporate Convertible Bonds	—	—	—	2,098	297	—	2,741	—	**5,136**
Government Agencies	473	1,851	1,439	4,133	518	—	5,212	1,413	**15,039**
Government Bonds	—	1,808	6,165	62,802	2,011	580	34,911	68,465	**176,742**
Government Mortgage Backed Securities	—	—	394	468	—	—	373	99,683	**100,918**
Government-Issued Commercial Mortgage Backed Securities	—	—	—	—	—	—	—	916	**916**
Municipal / Provincial Bonds	290	—	2,666	469	339	—	181	—	**3,945**
U.S. Treasuries & Notes	—	—	—	—	—	—	541	10,337	**10,878**
Non-Government-Backed C.M.O.s	1,427	380	133	362	204	—	4,196	—	**6,702**
Sukuk	—	—	248	598	—	—	1,875	—	**2,721**
Collective / Commingled Funds	—	—	—	—	—	—	448,967	—	**448,967**
Total Fixed Income	**$ 21,633**	**$ 11,531**	**$ 56,312**	**$362,799**	**$24,449**	**$ 1,067**	**$557,917**	**$ 180,814**	**$ 1,216,522**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

INVESTMENTS (CONT.)

Standard & Poor's (S&P) Credit Quality by Investment Type

As of June 30, 2021 *(In thousands)*

Type of Investment	S&P Credit Quality AAA	AA	A	BBB-B	CCC-C	D	NR	U.S. Gov Guaranteed	Total
Asset-Backed Securities	$ 2,219	$ 972	$ 681	$ 2,482	$ 5,181	$ 299	$ 5,941	$ —	**$ 17,775**
Bank Loans	—	—	—	22,872	337	—	6,409	—	**29,618**
Commercial Mortgage-Backed Securities	1,798	—	280	1,053	—	—	9,495	—	**12,626**
Corporate Bonds	3,568	7,146	39,904	273,392	14,003	—	22,202	—	**360,215**
Corporate Convertible Bonds	—	—	—	1,594	449	—	4,798	—	**6,841**
Government Agencies	—	1,120	2,143	5,930	313	—	9,084	1,463	**20,053**
Government Bonds	—	5,955	8,455	62,865	2,743	127	60,956	97,713	**238,814**
Government Mortgage Backed Securities	—	—	—	198	—	—	281	82,359	**82,838**
Government-Issued Commercial Mortgage Backed Securities	—	—	—	—	—	—	—	1,316	**1,316**
Municipal / Provincial Bonds	—	198	3,663	606	—	455	715	—	**5,637**
U.S. Treasuries & Notes	—	—	—	—	—	—	1,602	3,949	**5,551**
Non-Government-Backed C.M.O.s	—	576	77	262	773	—	4,210	—	**5,898**
Sukuk	—	—	273	1,460	—	—	2,055	—	**3,788**
Collective / Commingled Funds	—	—	—	—	—	—	410,870	—	**410,870**
Total Fixed Income	**$ 7,585**	**$ 15,967**	**$ 55,476**	**$372,714**	**$ 23,799**	**$ 881**	**$538,618**	**$ 186,800**	**$ 1,201,840**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

INVESTMENTS (CONT.)

CUSTODIAL CREDIT RISK - INVESTMENTS

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. KCERA does not have a formal policy for limiting custodial credit risk. As of June 30, 2022 and 2021, there were no investment securities exposed to custodial credit risk.

CONCENTRATION OF CREDIT RISK

The KCERA investment policy limits exposure to any single investment manager or product. The maximum allocation to a single active manager is up to 12% of the aggregate fair value of the Plan. The maximum allocation to a single active management product is 8%. This limitation applies to any non-index investment vehicle. With the exception of any sovereign entity (both U.S. and non-U.S.) U.S. agency-backed and U.S. agency issued mortgages, portfolios may not invest more than 5% per investment-grade issuer. Securities of a single noninvestment-grade issuer should not represent more than 2% of the fair value of the portfolio. KCERA's investment portfolio contained no investments in any one single investment-grade issuer greater than 5% of fiduciary net position as of June 30, 2022 and 2021 (other than the exceptions listed above).

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. KCERA's investment policy requires active managers to be within 20% of their benchmark. The overall Fund duration is expected to be within 20% of the Fund's benchmark duration. At June 30, 2022 and 2021, the segmented time distribution of the fixed income portfolio, by investment type, was as follows:

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

INVESTMENTS (CONT.)

(In thousands)

Investment Type	Investment Maturities (in years) as of June 30, 2022					Maturity Not Determined
	Fair Value	Less Than 1	1-5	6-10	More Than 10	
Asset-Backed Securities	$ 42,047	$ —	$ 5,270	$ 12,859	$ 23,918	$ —
Bank Loans	20,307	—	10,696	9,611	—	—
Commercial Mortgage-Backed Securities	22,943	—	272	1,055	21,616	—
Commercial Paper	1,493	1,493	—	—	—	—
Corporate Bonds	357,768	8,002	127,189	169,466	53,111	—
Corporate Convertible Bonds	5,136	—	1,967	380	2,789	—
Government Agencies	15,039	—	7,650	3,011	4,378	—
Government Bonds	176,742	24,624	37,065	33,114	81,939	—
Government Mortgage Backed Securities	100,918	43,660	151	2,896	54,211	—
Government-Issued Commercial Mortgage Backed Securities	916	—	42	396	479	—
US Treasuries & Notes	3,945	—	1,286	650	2,009	—
Municipal / Provincial Bonds	10,878	8,519	2,359	—	—	—
Non-Government-Backed C.M.O.s	6,702	—	227	206	6,269	—
Sukuk	2,721	—	981	1,508	232	—
Collective / Commingled Funds	$ 448,967	$ —	$ —	$ —	$ —	$ 448,967
Total	**$ 1,216,522**	**$ 86,298**	**$ 195,155**	**$ 235,152**	**$ 250,951**	**$ 448,967**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

INVESTMENTS (CONT.)

(In thousands)

Investment Type	Fair Value	Investment Maturities (in years) as of June 30, 2021				Maturity Not Determined
		Less than 1	1-5	6-10	More than 10	
Asset-Backed Securities	$17,775	$ 289	$ —	$ 3,692	$ 13,794	$ —
Bank Loans	29,618	—	10,598	19,020	—	—
Commercial Mortgage-Backed Securities	12,626	—	—	863	11,763	—
Corporate Bonds	360,215	8,294	100,158	181,909	69,854	—
Corporate Convertible Bonds	6,841	345	2,395	620	3,481	—
Government Agencies	20,053	—	9,981	4,899	5,173	—
Government Bonds	238,814	10,985	77,710	54,868	95,251	—
Government Mortgage Backed Securities	82,838	17,951	59	3,222	61,606	—
Government-Issued Commercial Mortgage Backed Securities	1,316	—	10	924	382	—
Index-Linked Government Bonds	5,637	150	1,139	1,824	2,524	—
Municipal / Provincial Bonds	5,551	3,500	—	—	2,051	—
Non-Government-Backed C.M.O.s	5,898	—	324	41	5,533	—
Sukuk	3,788	—	1,083	2,705	—	—
Collective / Commingled Funds	410,870	—	—	—	—	410,870
Total	**$1,201,840**	**$41,514**	**$203,457**	**$274,587**	**$271,412**	**$410,870**

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of an investment.

The Board of Retirement considers the currency risk exposure when setting the asset allocation targets of the Plan. KCERA's investment policy permits an 18% allocation to non-U.S. equities and a 4% allocation to emerging market debt. In addition, the core fixed income and high yield managers invest in a diversified portfolio, which can include up to 10% in foreign currency exposure and 30% in non-dollar securities.

The direct holdings shown on the following page represent KCERA's foreign currency risk exposure as of June 30, 2022 and 2021.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

Foreign Currency			**Fair Value**			
	As of June 30, 2022					*(In thousands)*
Foreign Currency	Equities	Fixed Income	Cash	Cash Collateral/ Variation Margin	Swaps/Options	Total
Brazilian real	$ —	$ 10,023	$ (2,967)	$ —	$ 51	$ 7,107
Canadian dollar	14,681	409	5,239	—	—	20,329
Chinese yuan renminbi	—	—	2,839	—	(26)	2,813
Colombian peso	—	11,598	(1,458)	—	251	10,391
Czech koruna	—	1,609	1,847	75	(64)	3,467
HK offshore Chinese yuan renminbi	—	3,475	355	—	—	3,830
Hungarian forint	—	2,436	(512)	235	(221)	1,938
Indonesian rupiah	—	7,986	(1,569)	—	—	6,417
Malaysian ringgit	—	4,443	2,409	—	—	6,852
Mexican peso	—	7,649	2,682	677	(632)	10,376
New Romanian leu	—	1,085	1,031	—	—	2,116
Polish zloty	—	1,395	3,013	470	(444)	4,434
South African rand	—	7,173	(993)	7	12	6,199
Thai baht	—	7,334	(626)	—	—	6,708
Other Currencies[1]	33	(3,339)	9,629	741	(508)	6,556
Total	$ 14,714	$ 63,276	$ 20,919	$ 2,205	$ (1,581)	$ 99,533

Foreign Currency			**Fair Value**			
	As of June 30, 2021					*(In thousands)*
Foreign Currency	Equities	Fixed Income	Cash	Cash Collateral/ Variation Margin	Swaps/Options	Total
Brazilian real	$ —	$ 14,629	$ (6,065)	$ —	$ 28	$ 8,592
Canadian dollar	11,112	654	3,986	—	—	15,752
Chinese yuan renminbi	—	3,752	2,856	—	(63)	6,545
Colombian peso	—	8,744	(1,574)	—	69	7,239
Czech koruna	—	2,107	1,184	10	(8)	3,293
Euro	—	3,682	(12)	270	35	3,975
Hungarian forint	—	397	2,737	46	(36)	3,144
Indonesian rupiah	—	6,509	774	—	—	7,283
Malaysian ringgit	—	4,762	1,009	—	—	5,771
Mexican peso	—	8,263	3,989	(22)	76	12,306
Polish zloty	—	2,478	4,352	79	(49)	6,860
Russian ruble	—	11,817	(2,309)	—	—	9,508
South African rand	—	7,057	(832)	—	—	6,225
Thai baht	—	3,355	3,555	—	—	6,910
Other Currencies[2]	38	11,338	862	211	(104)	12,345
Total	$ 11,150	$ 89,544	$ 14,512	$ 594	$ (52)	$ 115,748

1 Other currencies include (in thousands) $4 of Argentine peso, $(186) of Australian dollar, $674 of British pound sterling, $1,344 of Chilean peso, $71 of Danish krone, $96 of Dominican peso, $1,057 of Egyptian pound, $428 of Euro, $140 of Japanese yen, $(9) of New Israeli shekel, $45 of New Zealand dollar, $1,400 of Peruvian nuevo sol, $89 of Philippine peso, $871 of Russian ruble, $5 of Swiss franc, $432 of Turkish lira, $96 of Uruguayan peso uruguayo

2 Other currencies include (in thousands) $5 of Argentine peso, $51 of Australian dollar, $335 of British Pound Sterling, $2,035 of Chilean peso, $98 of Dominican peso, $1,378 of HK offshore Chinese Yuan Renminbi, $2,650 of Japanese yen, $2,437 of New Romanian leu, $50 of New Zealand dollar, $1,719 of Peruvian nuevo sol, $98 of Philippine peso, $5 of Swiss franc, $1,485 of Turkish lira

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

INVESTMENTS (CONT.)

HIGHLY SENSITIVE INVESTMENTS

KCERA utilizes investments that are highly sensitive to interest rate changes in its fixed income, separately managed investment accounts. Highly sensitive investments include mortgage-backed securities, asset-backed securities, collateralized mortgage obligations, and collateralized bond obligations (CBO). Mortgage-backed securities, collateralized mortgage obligations and asset-backed securities are created from pools of mortgages or other assets (receivables). A CBO is an investment-grade, asset-based security comprised of low-rated bonds that are transferred to a special purpose vehicle that manages the issue. Such securities are subject to credit and interest rate risks, including uncollectible mortgages or receivables backing a security, home mortgages that are prepaid at the option of the homeowner, and the duration and maturity of the issues.

Such securities are subject to credit and interest rate risks, including uncollectible mortgages or receivables backing a security, home mortgages that are prepaid at the option of the homeowner, and the duration and maturity of the issues.

Fair Value *(In thousands)*

	June 30, 2022	June 30, 2021
Mortgage-Backed Securities	$ 124,777	$ 96,780
Asset-Backed Securities	42,047	17,775
Collateralized Mortgage Obligation Securities	6,702	5,898
Total	**$ 173,526**	**$ 120,453**

NOTE 4 – FAIR VALUE MEASUREMENT

KCERA's investments are measured and reported within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based on unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

NOTE 4 – FAIR VALUE MEASUREMENT (CONT.)

Investments Measured at Fair Value

(In thousands)

	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value				
Asset-Backed Securities	$ 157,535	$ —	$ 157,355	$ 180
Bank Loans	20,308	—	19,707	601
Bond Funds	11,117	—	11,117	—
Collateralized Debt Obligations	17,239	—	17,239	—
Corporate Debt Securities	362,903	—	361,540	1,363
Government Debt Securities	194,172	—	192,809	1,363
State & Local Government Debt Securities	1,670	—	1,670	—
Structured Debt	2,359	—	2,359	—
Sukuk	2,721	—	2,721	—
Debt Securities:	**770,024**	**—**	**766,517**	**3,507**
Common Stock	255,133	254,976	—	157
Convertible Equity	—	—	—	—
Equity Funds	86,966	86,966	—	—
Preferred Stock	753	—	753	—
Equity Investments:	**342,852**	**341,942**	**753**	**157**
Real Estate	5,394	5,394	—	—
Real Assets:	**5,394**	**—**	—	**—**
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	456,626			
Hedge Funds	910,341			
Private Equity	386,425			
Commingled Commodity Funds	334,656			
Commingled Equity Funds	1,285,286			
Commingled Bond Funds	265,780			
Net Asset Value (NAV)	**3,639,114**			
Credit Contracts	(195)	—	(195)	—
Interest Rate Contracts	2,719	(188)	2,907	—
Other	—	—	—	—
Derivatives	**2,524**	**(188)**	**2,712**	**—**
Invested Securities Lending Collateral	**153,386**	—	**153,386**	—
Total	**$ 4,913,294**			

NOTE 4 – FAIR VALUE MEASUREMENT (CONT.)

Investments Measured at Fair Value

(In thousands)

	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value				
Asset-Backed Securities	$ 117,451	$ —	$ 103,011	$ 14,440
Bank Loans	29,618	—	29,618	—
Bond Funds	11,524	—	11,524	—
Collateralized Debt Obligations	3,525	—	—	3,525
Corporate Debt Securities	364,839	—	363,123	1,716
Government Debt Securities	263,669	107,414	155,363	892
State & Local Government Debt Securities	3,228	—	3,228	—
Structured Debt	4,858	2,052	—	2,806
Short Term Investment Funds	69,938	2,160	67,778	—
Debt Securities:	**802,500**	**109,466**	**669,655**	**23,379**
Common Stock	345,733	345,562	—	171
Equity Funds	559	—	559	—
Preferred Stock	96,745	86,745	—	10,000
Stapled Securities	789	—	789	—
Equity Investments:	**443,826**	**432,307**	**1,348**	**10,171**
Real Estate	5,014	—	—	5,014
Real Assets:	**5,014**	—	**—**	**5,014**
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	385,485			
Hedge Funds	770,926			
Private Equity	402,759			
Commingled Commodity Funds	345,848			
Commingled Equity Funds	1,447,340			
Commingled Bond Funds	399,340			
Net Asset Value (NAV)	**3,751,698**			
Credit Contracts	(3,132)	—	(3,132)	—
Interest Rate Contracts	1,783	(53)	1,836	—
Other	(705)	—	(705)	—
Derivatives	**(2,054)**	**(53)**	**(2,001)**	**—**
Invested Securities Lending Collateral	**181,519**	**—**	**184,160**	**—**
Total	**$ 5,182,503**			

NOTE 4 – FAIR VALUE MEASUREMENT (CONT.)

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

(In thousands)

Investments Measured at Net Asset Value (NAV)	6/30/2022	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Commingled Bond Funds [1]	$ 263,591	Daily, Quarterly, None	2-30 Days	$ —
Commingled Commodity Funds [1]	334,656	Daily, Monthly	1-30 Days	—
Commingled Equity Fund Domestic[1]	1,051,805	Daily, Quarterly	1-60 Days	—
Commingled Equity Fund Non-US [1]	398,964	Daily, Monthly	1-15 Days	—
Hedge Funds:				
Diversified [2]	103,261	Quarterly, Annually	30-75 Days	—
Structured Credit [3]	17,738	Quarterly	90 Days	—
Long/Short [4]	36,899	Quarterly	45 Days	—
Event-Driven [5]	236,863	Quarterly	65-90 Days	—
Macro [6]	133,416	Quarterly, Quarterly	30-90 Days	—
Relative Value [7]	166,546	Monthly, Quarterly	30-60-90 Days	—
Arbitrage [8]	52,322	Quarterly	60 Days	—
Real Estate Funds [9]	456,626	Quarterly, None	30-45 Days	128,724
Private Asset Funds [9]	386,427	N/A	N/A	237,646
Total	**$ 3,639,114**			**$ 366,370**

[1] Commingled Bond Funds, Commodity Funds and Equity Funds: Two bond funds, three commodity funds and thirteen equity funds are considered to be commingled in nature. Each is valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments.

[2] Diversified Hedge Fund: A hedge fund where the capital is deployed across multiple superstrategies; it is not concentrated in on broad area of strategies.

[3] Structured Credit Hedge Fund: This strategy invests in ABS securities and other structured credit instruments like CLOs.

[4] Long/Short Hedge Fund: Consisting of one fund utilizing both long and short strategies seeking risk-adjusted returns principally through investment in the Asian-Pacific region. The fund is valued at NAV.

[5] Event-Driven Hedge Funds: Consisting of four funds, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share.

[6] Macro Hedge Funds: The investment decisions are based on a manager's top-down or macro views on the market.

[7] Relative Value Hedge Funds: Consisting of three funds, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. The funds are valued at NAV.

[8] Arbitrage Hedge Funds: Managers take long and short positions in different markets in to take advantage of inefficiencies in the market.

[9] Private Asset and Real Estate Funds: KCERA's Private Asset portfolio consists of twelve private equity funds with exposure to funds investing in buyouts, venture capital and special situations. An additional eight private credit funds and two opportunistic funds investing directly in distressed credit, special situations and real estate. The Real Estate portfolio, comprised of six funds, invests mainly in U.S. commercial real estate and utilizes a combination of Core open-end commingled funds and closed-end Value-Added funds. The open-end funds are eligible for redemption on a quarterly basis. Distributions are received from the closed-end funds as underlying investments within the funds are liquidated. Individual holdings contained in the funds are valued at NAV using a combination of the income, cost and sales comparison approaches.

NOTE 4 – FAIR VALUE MEASUREMENT (CONT)

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

(In thousands)

Investments Measured at Net Asset Value (NAV)	6/30/2021	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Commingled Bond Funds [1]	$ 399,340	Daily, Quarterly, None	2-30 Days	$ —
Commingled Commodity Funds [1]	345,848	Daily, Monthly	1-30 Days	—
Commingled Equity Fund Domestic [1]	555,899	Daily, Quarterly	1-60 Days	—
Commingled Equity Fund Non-US [1]	891,441	Daily, Monthly	1-15 Days	—
Hedge Funds:				
Alpha Pool [5]	105,076	Monthly	30 Days	—
Directional [2]	136,141	Monthly	30-60 Days	—
Equity Long/Short [3]	40,202	Quarterly	45 Days	—
Event-Driven [4]	158,036	Quarterly, Annually, 36 Months	45-90 Days	—
Multi-Strategy [5]	147,886	Quarterly, Annually	60-90 Days	—
Relative Value [6]	183,585	Monthly, Quarterly, Semi-annually	45-120 Days	—
Real Estate Funds [7]	385,485	Quarterly, None	30-45 Days	103,430
Private Asset Funds [7]	402,759	N/A	N/A	159,568
Total	**$ 3,751,698**			**$ 262,998**

(1) Commingled Bond Funds, Commodity Funds and Equity Funds: Three bond funds, three commodity funds and nine equity funds are considered to be commingled in nature. Each is valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments.

(2) Directional: The global macro funds utilize this strategy to generate consistent long-term appreciation through active, direct and indirect, leveraged trading and investment on a global basis in multiple investment strategies. The directional funds are valued at NAV.

(3) Equity Long/Short Hedge Fund: Consisting of one fund utilizing both long and short strategies seeking risk-adjusted returns principally through investment in the Asian-Pacific region. The fund is valued at NAV.

(4) Event-Driven Hedge Funds: Consisting of four funds, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share.

(5) Multi-Strategy Hedge Funds: The eight funds that make up this group aim to pursue varying strategies in order to diversify risks and reduce volatility. These investments are valued at NAV per share.

(6) Relative Value Hedge Funds: Consisting of three funds, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. The funds are valued at NAV.

(7) Private Asset and Real Estate Funds: KCERA's Private Asset portfolio consists of twelve private equity funds with exposure to funds investing in buyouts, venture capital and special situations. An additional eight private credit funds and two opportunistic funds investing directly in distressed credit, special situations and real estate. The Real Estate portfolio, comprised of six funds, invests mainly in U.S. commercial real estate and utilizes a combination of Core open-end commingled funds and closed-end Value-Added funds. The open-end funds are eligible for redemption on a quarterly basis. Distributions are received from the closed-end funds as underlying investments within the funds are liquidated. Individual holdings contained in the funds are valued at NAV using a combination of the income, cost and sales comparison approaches.

NOTE 5 – SECURITIES LENDING

Under provisions of state statutes, the Board of Retirement permits KCERA to participate in a securities lending program, whereby securities are transferred to independent broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities plus a fee in the future. Deutsche Bank is KCERA's agent for securities lending.

Deutsche Bank is authorized to lend U.S. government obligations, U.S. bonds and equities, and international bonds and equities that are being held in custody to various borrowers, such as banks and brokers. Securities are lent for collateral. KCERA does not have the ability to pledge or sell collateral securities absent a broker default. All securities loans can be terminated on demand by either KCERA or the borrower.

U.S. securities are loaned versus collateral valued at 102% of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 110% of the fair value of the securities plus any accrued interest. Marking to market is performed every business day subject to de minimis rules of change in value; the borrower is required to deliver additional collateral when necessary so that the total collateral held by the agent will at least equal the fair value of the borrowed securities. Deutsche Bank invests cash collateral in repurchase agreements on an overnight and term basis collateralized by readily liquid and marketable securities at 102% or greater.

At June 30, 2022 and 2021, KCERA had no credit risk exposure to borrowers due to the nature of the program's collateralization of loans at 102% or 110% plus accrued interest.

The tables below show the balances relating to securities lending transactions as of June 30, 2022 and 2021.

As of June 30, 2022 *(In thousands)*

Security Type	Fair Value of Loaned Securities Securitized by Cash	Cash Collateral	Fair Value of Loaned Securities Securitized by Non-Cash Collateral	Non-Cash Collateral
Domestic Equities	$ 60,103	$ 61,572	$ 2,480	$ 2,348
International Equities	—	—	—	—
Corporate Bonds	51,013	52,236	15,954	16,499
Government Bonds	923	946	—	—
Treasuries	38,065	38,632	—	18,847
Total	**$ 150,104**	**$ 153,386**	**$ 18,434**	**$ 37,694**

As of June 30, 2021 *(In thousands)*

Security Type	Fair Value of Loaned Securities Securitized by Cash	Cash Collateral	Fair Value of Loaned Secuities Securitized by Non-Cash Collateral	Non-Cash Collateral
Domestic Equities	$ 40,281	$ 41,269	$ 318	$ —
International Equities	—	—	—	—
Corporate Bonds	61,400	62,784	157	—
Corporate Bonds	1,287	1,323	—	—
Government Bonds	74,983	76,143	—	504
Total	**$ 177,951**	**$ 181,519**	**$ 475**	**$ 504**

NOTE 6 – DERIVATIVES

DESCRIPTION OF AND AUTHORITY FOR DERIVATIVE INVESTMENTS

KCERA invests in derivative financial investments (i.e., instruments) as authorized by the Board of Retirement. Investment managers may use derivatives where guidelines permit. A derivative instrument is defined as a contract that derives its value, usefulness and marketability from an underlying instrument that represents a direct ownership of an asset or a direct obligation of an issuer. Derivative instruments include, but are not limited to, futures, options, forward contracts, and interest rate or commodity swap transactions. All derivatives are considered investments by KCERA.

Substitution and risk control are the two derivative strategies permitted. Substitution strategy is when the characteristics of the derivative sufficiently parallel that of the cash market instruments; the derivatives may be substituted on a short-term basis for the cash market instrument. Risk control strategy is when the characteristics of the derivative sufficiently parallel that of the cash instrument; an opposite position from the cash instrument could be taken in the derivative instrument to alter the exposure to or the risk of the cash instrument.

Portfolios may not sell securities short nor create leverage through the use of financial futures and options. Uncovered futures or options positions are prohibited.

Financial futures and options may only be used to hedge currency risk or to manage portfolio duration. Investment in structured notes is prohibited. KCERA may invest in the following:

FUTURES

Futures contracts are used to hedge against a possible increase in the price of currency. Futures contracts are classified by category of underlying instrument, such as equity, fixed income, commodity or cash equivalent. Derivative positions are tied to the performance of underlying securities. Futures contracts are priced "mark-to-market," and daily settlements are recorded as investment gains or losses. Accounting for the daily mark-to-markets in this manner, the fair value of the futures contract at the end of the reporting period is the pending mark-to-market. For investment performance, risk and exposure purposes, KCERA's custodian reports the notional fair values of futures contracts with corresponding offsets. When a futures contract is closed, futures are removed from the record with the final gain/loss equal to the fluctuation in value from the last mark-to-market to the closing value.

OPTIONS

Options are used to manage risk exposures in certain accounts as a result of asset allocation requirements or unusual flows of cash to or from such accounts. Purchased put/call options are reported as assets with cost equal to the premium amount paid at inception, and written put/call options are reported as liabilities with cost equal to the premium received at inception. During the term of the options contracts, options are revalued at the end of each reporting period. Unrealized gains and losses are reported as the difference between the premium (cost) and the current fair value. At expiration, sale, or exercise, options are removed from record, and realized gains and losses are generally recognized. Because of the nature of options transactions, notional values are not included in the Investment Derivatives Summary table on page 45.

NOTE 6 – DERIVATIVES (CONT.)

DESCRIPTION OF AND AUTHORITY FOR DERIVATIVE INVESTMENTS (CONT.)

SWAPS

Swap transactions are used to preserve a return or spread on investments to protect against currency fluctuations as a duration management technique or to protect against any increase in the price of securities. Because the fair values of swaps can fluctuate, swaps are represented as assets (if fair value is greater than zero) and liabilities (if fair value is less than zero). If a premium is paid or received at inception of the swap, the premium amount is generally recorded as the cost of the swap. During the term of the swap agreement, the periodic cash flows as either income or expense associated with the swap agreement. At each reporting period, swaps are revalued and unrealized gains or losses are reported. KCERA's custodian generally obtains swap valuations from a pricing vendor, the investment manager or the counterparty. At closing, KCERA's custodian removes the swap assets and liabilities from the record. The difference between any closing premium exchanged and the cost basis is recognized as realized gain or loss.

FORWARD EXCHANGE CONTRACTS

Forward exchange contracts are used for the purpose of hedging against adverse movement in currency exchange rates and to facilitate settlement of transactions in foreign securities. KCERA's reporting methodology for foreign exchange (FX) contracts reflects payables and receivables for the currencies to be exchanged while the forward FX contracts are pending; the two pending cash flows are valued separately. The overall cost basis for a pending FX deal is zero (the net of the cost basis for the payable and receivable). Pending forward FX contracts are valued using the closing forward FX rate as of the report date. The difference between the forward rate (base fair value) at the reporting date and the contracted rate on trade date (base cost) of the forward FX contract is unrealized gain/loss. The difference between the spot rate applied at settlement date and the contracted rate on trade date is realized gain/loss at the settlement of the forward FX contract. KCERA does not discount the valuation of the anticipated cash flows associated with pending forward FX contracts.

SUMMARY OF DERIVATIVE INVESTMENTS

Investment derivative instruments are reported as investments (if fair value is greater than zero) or liabilities (if fair value is less than zero) as of fiscal year end on the Statement of Fiduciary Net Position. Listed market prices are used to report the fair values for derivative instruments, if available. If listed market prices are not available for derivative instruments, the price used may be from a vendor, an investment manager or a counterparty. All changes in fair value are reported in the Statement of Changes in Fiduciary Net Position as a component of investment income.

As of June 30, 2022 and 2021, KCERA has the following instruments outstanding (see Summary table on next page) with an objective to earn a rate of return consistent with KCERA's investment policies. Notional values listed on the Summary table that are positive (assets) or negative (liabilities) are aggregated for similar derivative types.

NOTE 6 – DERIVATIVES (CONT.)

Derivative Investment Summary

As of June 30, 2022 *(In thousands)*

Derivative Investment Type	Changes in Fair Value Gain (Loss)	Fair Value	Notional Value
Futures	$ (54,504)	$ —	$ 627,215
Options	(43)	(210)	—
Swaps	1,734	2,733	—
Foreign Exchange Contracts	(2,603)	(49)	—
Rights/Warrants Equity Contracts	1	—	—
Total Value	**$ (55,415)**	**$ 2,474**	**$ 627,215**

As of June 30, 2021 *(In thousands)*

Derivative Investment Type	Changes in Fair Value Gain (Loss)	Fair Value	Notional Value
Futures	$ 81,122	$ —	$ 536,690
Options	(182)	(114)	—
Swaps	(6,331)	(1,235)	—
Foreign Exchange Contracts	(67)	(705)	—
Rights/Warrants Equity Contracts	—	—	—
Total Value	**$ 74,542**	**$ (2,054)**	**$ 536,690**

NOTE 7 – CONTRIBUTIONS

Following the establishment of KCERA on January 1, 1945, eligible employees and their beneficiaries became entitled to pension, disability and survivor benefits under the provisions of the CERL. As a condition of participation under the provisions of the CERL, members are required to pay a percentage of their salaries, depending on their entry age in the Plan, membership type and benefit tier.

The funding objective of the KCERA Board of Retirement is to provide sufficient assets to permit the payment of all regular benefits promised under KCERA while minimizing the volatility of contribution rates for participating employers from year to year as a percentage of covered payroll. There are three sources of funding for KCERA retirement benefits: employer contributions, member contributions and investment earnings.

Total contributions made during fiscal years 2022 and 2021, respectively, amounted to approximately $341.6 million and $322.4 million, of which $287.1 million and $268.6 million were contributed by employers, and $54.5 million and $53.8 million were contributed by members.

PENSION OBLIGATION BONDS

In 1995 and 2003, the County of Kern issued pension obligation bonds and contributed $224.5 million and $285.1 million to the Plan, respectively. Special districts did not participate in the funding provided by pension obligation bonds. Therefore, different employer contribution rates are required to fund the unfunded liabilities for each class of participation.

COST-OF-LIVING ADJUSTMENT

On April 1, 1973, an annual cost-of-living adjustment (COLA) of up to 2% for all retirees and continuance beneficiaries was adopted. The 2% COLA was funded entirely from the unreserved fund balance until February 5, 1983. After this date and prior to fiscal year 2003, funding of the 2% COLA was included in the employers' contributions. In fiscal year 2002, the County of Kern activated Government Code Section 31617, which provides that COLAs shall be funded first from excess earnings, to the extent of such excess, and thereafter from employer contributions. In fiscal year 2022, the Plan had no excess earnings; $0 was reserved to fund the employer COLA contributions in fiscal year 2022.

EMPLOYER CONTRIBUTIONS

Each year, an actuarial valuation is performed for the purpose of determining the funded position of the retirement plan and the employer contributions necessary to pay benefits accruing to KCERA members not otherwise funded by member contributions or investment earnings. The employer contribution rates are actuarially determined by using the Entry Age Actuarial Cost Method. The Plan's employer rates provide for both "Normal Cost" and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. Contribution rates determined in each actuarial valuation (as of June 30) apply to the fiscal year beginning 12 months after the valuation date. Employer rates for fiscal year 2022 ranged from 36.02% to 76.64% of covered payroll, with a combined average of 48.91% for all employers.

NOTE 7 – CONTRIBUTIONS (CONT.)

DECLINING EMPLOYER CONTRIBUTIONS

In August 2019, the Board determined that a triggering event occurred during the 2019-20 fiscal year, resulting from two employers ceasing to enroll new hires and/or a material and expected long-lasting reduction in KCERA covered payroll. Based on KCERA's Declining Employer Payroll Policy, KCERA's actuary determined the Valuation Value of Assets (VVA), Actuarial Accrued Liability (AAL) and resulting Unfunded Actuarial Accrued Liability (UAAL). AS of June 30, 2021 the UAAL allocated to Inyokern Community Services District was $124,000 and the UAAL allocated to Berrenda Mesa Water District was $4,195,000. The District's UAAL were amortized as a single layer over an 18-year period. Inyokern[1] and Berrenda[2] Mesa will be billed annually for the UAAL contributions.

MEMBER CONTRIBUTIONS

Member contributions are made through payroll deductions on a pre-tax basis, per IRS Code Section 414(h)(2). Member contribution rates for fiscal year 2022 ranged from 4.72% to 19.29% and were applied to the member's base pay plus "pensionable" special pay; they were calculated based on the member's KCERA entry age and actuarially calculated benefits. Members are required to contribute depending on the member's tier, employer and bargaining unit. For certain safety bargaining units, a flat member contribution rate is applied. "New members," as defined in PEPRA, hired on or after January 1, 2013 pay a flat member contribution rate: 50% of the total Normal Cost rate.

For members covered by Social Security, the member contribution rates above apply to monthly salaries over $350. (A one-third reduction in the rates applies to the first $350 of monthly salary.)

As a result of the 1997 Memorandum of Understanding (MOU), some members received an employer "pick up" of their contributions. General members hired after MOU-specified dates in 2004 or 2005 and safety members hired after MOU-specified dates in 2007 were required to pay 100% of the employees' retirement contributions with the employer paying no part of the employees' contributions. Effective in 2014, non-contributing County general and safety members were required to pay one-third of their employee contributions. Buttonwillow Recreation and Park District and San Joaquin Valley Air Pollution Control District did not elect the 1997 MOU. Buttonwillow employees continue to pay 50% of their full rates. San Joaquin's Tier I members pay 50% of the Normal Cost rate as of June 30, 2018. Employees of the Kern County Superior Court are required to pay an additional 8% of base salary.

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

[1] This annual UAAL contribution in dollars of $13,000 for Inyokern is equal to the level dollar layered amortization of the $124,000 in UAAL of $13,000 plus $0 in administrative expenses plus a $0 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 2022.

[2] This annual UAAL contribution in dollars of $431,000 for Berrenda Mesa is equal to the level dollar layered amortization of the $4,195,000 in UAAL of $437,000 plus $1,000 in administrative expenses minus a $7,000 adjustment due to the 12-month delay between the valuation date and the plan year beginning July 1, 202.

NOTE 8 – RESERVE ACCOUNTS AND DESIGNATIONS OF NET POSITION

Member and employer contributions are allocated to various legally required reserve accounts based on actuarial determinations. Member, employer and retired members' reserves are fully funded. KCERA maintains the following reserve and designation accounts:

MEMBER'S DEPOSIT RESERVE – member contributions and interest allocation to fund member retirement benefits.

EMPLOYER'S ADVANCE RESERVE – employer contributions and interest allocation to fund member retirement benefits.

COST-OF-LIVING RESERVE– employer contributions and interest allocation to fund annual cost-of-living increases for retirees and their continuance beneficiaries.

RETIRED MEMBERS' RESERVE – transfers from members' deposit reserve and employers' advance reserve, and interest allocation for funding of retirees' and their beneficiaries' monthly annuity payments.

SUPPLEMENTAL RETIREE BENEFIT RESERVE – monies reserved for enhanced, non-vested benefits to current and future retired members and their beneficiaries.

COLA CONTRIBUTION RESERVE – monies reserved to credit future employer COLA contributions

CONTINGENCY RESERVE – excess income to supplement deficient earnings. The contingency reserve satisfies the Government Code Section 31616 requirement for KCERA to reserve at least 1% of assets, up to a maximum of 3% of assets. At fiscal year ended June 30, 2022, 2.29% of the Plan's net position were in contingencies, according to the Board of Retirement's Interest Credit Policy.

Balances in these reserve accounts and designations of net position available for pension and other benefits at June 30, 2022 and 2021 (under the five-year smoothed fair asset valuation method for actuarial valuation purposes) are as follows:

NOTE 8 – RESERVE ACCOUNTS AND DESIGNATIONS OF NET POSITION (CONT.)

(In thousands)

Reserve Account	2022	2021
Members' Deposit Reserve - General	$ 325,743	$ 305,216
Members' Deposit Reserve - Safety	171,943	158,711
Members' Deposit Reserve - Special District	37,373	33,029
Members' Deposit Reserve - Courts	3,925	2,324
Members' Deposit Reserve - Hospital Authority	8,574	6,627
Employers' Advance Reserve - General	489,657	427,228
Employers' Advance Reserve - Safety	628,132	581,003
Employers' Advance Reserve - Special Distict	56,700	54,312
Employers' Advance Reserve - Courts	28,945	25,370
Employers' Advance Reserve - Kern Medical	90,573	81,617
Cost-of-living Reserve - General	889,114	830,471
Cost-of-living Reserve - Safety	671,515	619,641
Cost-of-living Reserve - Special District	76,937	69,634
Cost-of-living Reserve - Courts	10,769	9,330
Cost-of-living Reserve - Kern Medical	39,480	28,528
Retired Members' Reserve - General	1,161,298	1,150,088
Retired Members' Reserve - Safety	400,954	399,845
Supplemental Retiree Benefit Reserve (SRBR)	131,236	128,798
SRBR allocated for 0.5% COLA	10,770	23,054
Contingency Reserve	117,544	53,624
Total reserves at five-year smoothed fair value actuarial valuation	**5,351,182**	**4,988,449**
Market Stabilization Reserve*	(220,053)	429,064
Total Fiduciary Net Position - Restricted for Pension Benefits	**$ 5,131,129**	**$ 5,417,513**

** The Market Stabilization Reserve represents the difference between the five-year smoothed fair value of the fund and the fair value as of the fiscal year end.*

NOTE 9 - RELATED PARTY TRANSACTION

OFFICE LEASE

KCERA, as the sole shareholder, formed a title holding corporation, KCERA Property, Inc. (KPI) for the purpose of accommodating the administrative offices of the Plan. In October 2010, KCERA entered into a build-to-suit lease agreement with KPI to occupy 14,348 square feet. KCERA is required to pay a monthly rate of $2.13 per square foot as well as taxes, insurance and operating costs as defined in the agreement. The base rent was subject to an automatic 10.4% increase beginning on the fifth anniversary of the commencement date, November 2015, and on each fifth year anniversary date thereafter during the lease term. The sum of payments due for fiscal year ended June 30, 2022 is $367,239 for base rent and $13,732 for HVAC, insurance and assessment fees. KCERA's base rent and other costs are abated from KPI's rental income.

NOTE 10 – NET PENSION LIABILITY

The components of the net pension liability are as follows:

Reserve Account	June 30, 2022	June 30, 2021
Total Pension Liability	$7,510,905,541	$7,306,894,934
Plan Fiduciary Net Position	(5,131,128,660)	(5,417,513,179)
Net Pension Liability	**$2,379,776,881**	**$1,889,381,755**
Plan Fiduciary Net Position as Percentage of Total Pension Liability	**68.32%**	**74.14%**

The Plan's Fiduciary Net Position includes assets held for the Supplemental Retiree Benefit Reserve (SRBR). A split of the Total Pension Liability (TPL), Plan's Fiduciary Net Position (FNP) and Net Pension Liability (NPL) by the regular benefits (non- SRBR) and the SRBR benefits as of June 30, 2022 and June 30, 2021 are shown in the tables below.

June 30, 2022	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability	$7,403,163,840	$107,741,701	$7,510,905,541
Plan Fiduciary Net Position	4,999,892,890	131,235,770	5,131,128,660
Net Pension Liability (Asset)	**$2,403,270,950**	**$(23,494,069)**	**$2,379,776,881**

June 30, 2021	Regular Benefits (Non-SRBR)	SRBR Benefit	Total KCERA
Total Pension Liability	$7,227,710,796	$79,184,138	$7,306,894,934
Plan Fiduciary Net Position	5,288,714,922	128,798,257	5,417,513,179
Net Pension Liability (Asset)	**$1,938,995,874**	**$(49,614,119)**	**$1,889,381,755**

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2022 and June 30, 2021. The Plan's Fiduciary Net Position was valued as of the measurement dates while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2021, and June 30, 2020, respectively, to the measurement date of June 30, 2022 and 2021, respectively.

PLAN PROVISIONS. The plan provisions used in the measurement of the net pension liability are the same as those used in the KCERA actuarial valuation as of June 30, 2022 and 2021, respectively. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR).

ACTUARIAL ASSUMPTIONS AND METHODS. The TPLs as of June 30, 2022 and 2021 that were measured by actuarial valuations as of June 30, 2021 and 2020, respectively, used the same actuarial assumptions and actuarial cost method as the June 30, 2021 and 2020 funding valuations. The actuarial assumptions used in the 2020 valuation were based on the results of an experience study for the period from July 1, 2016 though June 30, 2019. The assumptions used in the 2019 valuation were based on the results of an experience study for the period from July 1, 2013 through June 30, 2016. In particular, the following actuarial assumptions were applied to the periods included in the measurement.

NOTE 10 – NET PENSION LIABILITY (CONT.)

As of June 30, 2022	
Inflation:	2.75%
Salary Increases:	General: 4.00% to 8.75%. Safety: 3.75% to 12.00%. Varies by service, including inflation and real accross-the-board salary increase.
Investment Rate of Return:	7.25%, net of plan investment expenses, including inflation.
Administrative Expenses:	0.90% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
Other Assumptions:	Same as those used in the June 30, 2022 funding valuations. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2016 through June 30, 2019.

As of June 30, 2021	
Inflation:	2.75%
Salary Increases:	General: 4.00% to 8.75%. Safety: 3.75% to 12.00%. Varies by service, including inflation.
Investment Rate of Return:	7.25%, net of plan investment expenses, including inflation.
Administrative Expenses:	0.90% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.
Other Assumptions:	Same as those used in the June 30, 2020 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2016 through June 30, 2019.

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

The long-term expected rate of return on pension plan investments was determined using building block method in which expected future real rates of return (i.e., expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized on the next page.

NOTE 10 – NET PENSION LIABILITY (CONT.)

	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Weighted Average
Global Equity	37%	6.51%	2.41%
Core Fixed Income	14%	1.09%	0.15%
High Yield Corporate Credit	6%	3.38%	0.20%
Emerging Market Debt Blend	4%	3.41%	0.14%
Commodities	4%	3.08%	0.12%
Core Real Estate	5%	4.59%	0.23%
Private Real Estate	5%	9.50%	0.48%
Midstream	5%	8.20%	0.41%
Capital Efficiency Alpha Pool	5%	2.40%	0.12%
Hedge Funds	10%	2.40%	0.24%
Private Equity	5%	9.40%	0.47%
Private Credit	5%	5.60%	0.28%
Cash	-5%	0.00%	0.00%
Inflation	0%	0.00%	2.75%
Total	100%		**8.00%**

Discount rate. The discount rate used to measure the TPL was 7.25% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rates assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2022 and 2021.

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

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the NPL of the KCERA as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the KCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current (7.25%)	1% Increase (8.25%)
Net Pension Liability as of June 30, 2022	$ 3,356,289,212	$ 2,379,776,881	$ 1,576,389,656

	1% Decrease (6.25%)	Current (7.25%)	1% Increase (8.25%)
Net Pension Liability as of June 30, 2021	$ 2,845,489,516	$ 1,889,381,755	$ 1,103,132,119

NOTE 11 - SUBSEQUENT EVENT

In compliance with accounting standards, management has evaluated events that have occurred after fiscal year-end to determine if these events are required to be disclosed in the basic financial statements.

SRBR RESTRUCTURE

On September 14, 2022 the KCERA Board of Retirement unanimously voted to restructure the Supplemental Retiree Benefit Reserve (SRBR) Program. This change came after more than a year and a half of working meetings with the Finance Committee and the Board to improve the mix of benefits to reflect the following objectives:

- Allocate additional funds by increasing benefits
- Increase predictability of future assets and liabilities
- Exercise duty of loyalty to all KCERA members
- Simplify the benefit structure
- Do no harm to any members already receiving benefits

Before the recent revisions, the SRBR Policy required the Board consider new benefits whenever the funded ratio exceeded 120% two years in a row, and required the Board consider eliminating benefits when the funded ratio fell below 120% for two consecutive years. This ongoing need to re-evaluate benefits, along with the wide range of benefit options available to the Board, regularly resulted in prolonged and burdensome approval processes.

Resolution

With the help of KCERA's actuaries, KCERA Staff proposed a new benefit structure to address the past problems and allocate funds to all members, including current and future retirees. KCERA Trustees considered a range of new benefit options, but ultimately favored a single benefit based on years of service ("Years of Service Benefit").

KCERA Staff and Trustees focused on developing a benefit structure that would maintain SRBR benefits for any member who was already receiving them while creating a more predictable and sustainable structure for the future. To do so, KCERA Staff worked with its actuaries to devise a process in which all members will have their SRBR benefit calculated, on a one-time basis, under the new "Years of Service" benefit ($1.80 per year of service) and the old SRBR 1-4 structure. Members will then receive whichever benefit calculation yields a higher result. That will be the member's starting SRBR benefit under the Restructured SRBR (also referred to as the "floor" benefit).

One of the best aspects of this Restructured SRBR is that eligible members will receive a 2.5% COLA on their SRBR benefit every year, so long as the SRBR remains adequately funded.

Under the Restructured SRBR, KCERA's Board will consider benefit changes when the SRBR funding is above 115% funded or below 95% funded for two consecutive years. If the funded ratio begins to creep up above 115%, the KCERA Board can increase benefits or change the eligibility date to include more members. If the funded ratio drops below 95%, the Board can simply suspend or reduce the annual 2.5% SRBR COLA to bring the funded status within range.

The change in benefit structure is effective July 1, 2022, but it will take time for staff to fully implement the change. For eligible retirees whose "floor" benefit is greater under the Years of Service calculation, Staff is currently targeting January 2023 for the first new payments, and February for any retroactive payments. The first 2.5% COLA will be applied July 1, 2023 for all eligible recipients.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR FISCAL YEARS ENDED JUNE 30

(In thousands)

	2022	2021	2020	2019	2018
Total Pension Liability:					
Service Cost	$ 118,979	$ 123,394	$ 124,146	$ 122,869	$ 123,407
Interest	523,872	510,015	481,972	466,379	450,172
Change of Benefit Terms	30,438	(32,129)	—	—	31,034
Differences between Expected and Actual Experience	(69,170)	(16,282)	(23,991)	(48,814)	(80,208)
Changes in Assumptions	—	—	151,379	—	—
Benefit Payments, including Refunds	(400,108)	(378,799)	(361,094)	(341,812)	(321,613)
Net Change in Total Pension Liability	204,011	206,199	372,412	198,622	202,792
Total Pension Liability: Beginning of Year	7,306,895	7,100,696	6,728,284	6,529,662	6,326,870
Total Pension Liability: End of Year (a)	**7,510,906**	**7,306,895**	**7,100,696**	**6,728,284**	**6,529,662**
Plan Fiduciary Net Position:					
Contributions - Employer [1]	287,063	268,625	273,909	229,120	242,534
Contributions - Employee	54,514	53,789	57,862	50,132	52,504
Net Investment Income	(219,947)	1,043,361	127,861	214,244	267,659
Benefit Payments, including Refunds	(400,108)	(378,799)	(361,094)	(341,774)	(321,613)
Administrative Expense	(6,702)	(6,061)	(5,523)	(4,804)	(5,117)
Other [2]	(1,204)	(2,197)	—	—	—
Net Change in Plan Fiduciary Net Position	(286,384)	978,718	93,015	146,918	235,967
Plan Fiduciary Net Position:					
Beginning of Year	5,417,513	4,438,795	4,345,780	4,198,862	3,962,895
Plan Fiduciary Net Position: End of Year (b)	**5,131,129**	**5,417,513**	**4,438,795**	**4,345,780**	**4,198,862**
Net Pension Liability: (a) - (b)	**$ 2,379,777**	**$ 1,889,382**	**$ 2,661,901**	**$ 2,382,504**	**$ 2,330,800**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.32 %	74.14 %	62.51 %	64.59 %	64.30 %
Covered Payroll [3]	$ 612,609	$ 604,320	$ 607,695	$ 579,072	$ 576,729
Plan Net Pension Liability as a Percentage of Covered Payroll	388.47 %	312.65 %	438.03 %	411.43 %	404.14 %

[1] See footnote (1) under Schedule of Employer Contributions.
[2] This represents the amount of recovery or refunds or benefits and/or member contributions previously paid in conjunction with pay items impacted by the implementation of the Alameda Decision.
[3] Cover Payroll represents payroll on which contributions to the pension plan are based.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR FISCAL YEARS ENDED JUNE 30 (CONT.)

(In thousands)

	2017	2016	2015	2014	2013
Total Pension Liability:					
Service Cost	$ 122,184	$ 123,181	$ 125,161	$ 125,118	$ 125,644
Interest	438,385	427,646	415,820	400,559	384,837
Change of Benefit Terms	—	—	5,036	—	—
Differences between Expected and Actual Experience	(109,368)	(105,053)	(89,306)	(57,034)	(49,064)
Changes in Assumptions	196,259	—	—	205,038	—
Benefit Payments, including Refunds	(305,817)	(288,738)	(273,865)	(257,495)	(242,630)
Net Change in Total Pension Liability	341,643	157,036	182,846	416,186	218,787
Total Pension Liability: Beginning of Year	5,985,227	5,828,191	5,645,345	5,229,159	5,010,372
Total Pension Liability: End of Year (a)	**6,326,870**	**5,985,227**	**5,828,191**	**5,645,345**	**5,229,159**
Plan Fiduciary Net Position:					
Contributions - Employer [1]	224,351	234,713	215,477	220,393	211,677
Contributions - Employee	51,410	33,279	30,325	25,810	20,283
Net Investment Income	426,606	(27,535)	81,931	487,591	319,432
Benefit Payments, including Refunds	(305,817)	(288,738)	(273,864)	(257,495)	(242,630)
Administrative Expense	(5,243)	(5,224)	(4,887)	(4,958)	(4,016)
Other [2]	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	391,307	(53,505)	48,982	471,341	304,746
Plan Fiduciary Net Position:					
Beginning of Year	3,571,588	3,625,093	3,576,111	3,104,770	2,800,024
Plan Fiduciary Net Position: End of Year (b)	**3,962,895**	**3,571,588**	**3,625,093**	**3,576,111**	**3,104,770**
Net Pension Liability: (a) - (b)	**$ 2,363,975**	**$ 2,413,639**	**$ 2,203,098**	**$ 2,069,234**	**$ 2,124,389**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.64 %	59.67 %	62.20 %	63.35 %	59.37 %
Covered Payroll [3]	$ 546,671	$ 537,540	$ 531,598	$ 533,851	$ 516,465
Plan Net Pension Liability as a Percentage of Covered Payroll	432.43 %	449.02 %	414.43 %	387.61 %	411.33 %

[1] See footnote (1) under Schedule of Employer Contributions.
[2] This represents the amount of recovery or refunds or benefits and/or member contributions previously paid in conjunction with pay items impacted by the implementation of the Alameda Decision.
[3] Cover Payroll represents payroll on which contributions to the pension plan are based.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Covered Payroll
2013	$211,677,000	$211,677,000	—	$516,465,189	40.99%
2014	$220,393,000	$220,393,000	—	$533,850,811	41.28%
2015	$215,477,000	$215,477,000	—	$531,598,183	40.53%
2016	$216,229,000	$216,229,000	—	$537,539,991	40.23%
2017	$224,351,000	$224,351,000	—	$546,671,003	41.04%
2018	$242,534,000	$242,534,000	—	$576,728,789	42.05%
2019	$229,120,000	$229,120,000	—	$579,071,865	39.57%
2020	$273,909,000	$273,909,000	—	$607,695,110	45.07%
2021	$268,626,000	$268,626,000	—	$604,320,398	44.45%
2022	$287,063,000	$287,063,000	—	$612,609,249	46.86%

See accompanying notes to this schedule on next page.

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

METHODS AND ASSUMPTIONS USED TO ESTABLISH ACTUARIALLY DETERMINED CONTRIBUTION RATES:

Valuation date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the fiscal year in which contributions are reported.

Actuarial cost method Entry Age Actuarial Cost Method

Amortization method Level percent of payroll for total unfunded liability

Remaining amortization period: 13.5 years as of June 30, 2022 for all UAAL as of June 30, 2011. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).

Asset valuation method Market value of assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized semiannually over a five-year period. The Actuarial Value of Assets (AVA) cannot be less than 50% of MVA, nor greater than 150% of MVA. The AVA is reduced by the value of the non-valuation reserves.

	June 30, 2020 Valuation Date (used for the year ended June 30, 2022 ADC)
Actuarial Assumptions:	
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Inflation rate	2.75%
Real across-the-board salary increase	0.50%
*Projected salary increases**	General: 4.00% to 8.75% Safety: 3.75% to 12.00%
Administrative expenses	0.90% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member
Cost-of-living adjustments	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)
Other assumptions	Same as those used in the June 30, 2020 funding actuarial valuation

**Includes inflation at 2.75% plus real across-the-board salary increase of 0.50% plus merit and promotional increases.*

SCHEDULE OF MONEY WEIGHTED RATES OF RETURNS FOR LAST 10 FISCAL YEARS ENDED JUNE 30

	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Annual Money-Weighted Rate of Return*	(4.2)%	24.3%	3.2%	5.6%	6.8%	12.0%	0.3%	3.0%	15.5%	10.8%

**Net of investment expenses.*

Data is provided only for those years for which information is available.

SCHEDULE ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Staffing		
Salaries	$ 2,822,794	$ 2,357,739
Benefits	1,834,721	1,651,823
Temporary staff	36,177	82,179
Staffing Total	**4,693,692**	**4,091,741**
Staff Development	45,705	16,636
Professional Fees:		
Actuarial fees	105,709	71,570
Audit fees[1]	53,500	126,500
Consultant fees	41,744	45,807
Legal fees	36,675	119,665
Professional Fees Total	**237,628**	**363,542**
Office Expenses:		
Building expenses	121,744	62,863
Communications	28,976	35,540
Equipment lease	10,086	10,138
Equipment maintenance	2,000	9,638
Memberships	12,749	9,495
Office supplies & misc. admin.	39,620	50,631
Payroll & accounts payable fees	25,797	4,584
Other Services - Kern County	37,851	—
Postage	21,522	20,209
Subscriptions	11,009	9,991
Utilities	42,080	39,586
Office Expenses Total	**353,434**	**252,675**
Insurance	148,495	136,176
Member Services		
Benefit payment fees	—	14,745
Disability - legal	2,896	46,111
Disability - medical advisors	—	15,113
Disability - professional services	9,826	167,210
Disability - administration MMRO	106,200	—
Member communications	13,996	13,247
Member Services Total	**$ 132,918**	**$ 256,426**

See accompanying independent auditors' report. *Schedule continued on next page.*

[1] *Includes periodic actuarial audit, see page 61.*

SCHEDULE ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 *(CONT.)*

	2022	2021
Systems:		
Audit - security & vulnerability scan	$ 2,290	$ 7,680
Business continuity expense	8,740	18,730
Hardware	52,251	33,359
Licensing & support	125,005	142,796
Software	97,539	69,384
Website design	81,708	1,655
Systems Total	**367,533**	**273,604**
Board of Retirement		
Board compensation	10,640	12,161
Board conferences & training	20,492	4,535
Board elections	40,974	—
Board meetings	2,351	137
Board of Retirement Total	**74,457**	**16,833**
Depreciation/Amortization	648,530	653,043
Total Administrative Expenses	**$ 6,702,392**	**$ 6,060,676**

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Investment manager Fees:		
Equity	$ 4,224,707	$ 4,491,285
Fixed income	2,545,173	3,863,690
Commodities	2,078,697	1,457,520
Midstream Energy	1,791,459	525,498
Real estate	4,961,774	2,537,863
Opportunistic	4,515,578	3,264,743
Private equity/Credit funds	12,763,699	8,324,665
Hedge funds	24,032,903	34,115,922
Cash and Overlay	706,914	301,265
Total Investment Manager Fees	**57,620,904**	**58,882,451**
Other Investment Expenses:		
Custodian	363,646	536,729
Actuarial valuation	232,693	130,576
Investment consultants	1,406,361	1,646,195
Legal fees	141,008	308,169
Real estate	49,799	45,600
Total Other Investment Expenses	**2,193,507**	**2,667,269**
Total Fees and Other Investment Expenses	**59,814,411**	**61,549,720**
Securities Lending rebates and bank fees	53,430	40,503
Total Investment Expenses	**$ 59,867,841**	**$ 61,590,223**

See accompanying independent auditors' report.

SCHEDULE OF PAYMENTS TO CONSULTANTS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

		Commission/Fee	
Individual or Firm	**Nature of Service**	**2022**	**2021**
Cortex Applied Research, Inc.	Policy consultants	$ 51,500	$ 45,807
Segal Consulting	Actuarial services	105,709	71,570
Kern County Counsel	Legal counsel	3,450	63,688
Nossaman LLP	Legal counsel	20,904	68,424
Ice Miller	Legal counsel	13,673	20,809
Reed Smith LLP	Legal counsel	2,039	12,856
Cheiron	External auditors	—	80,000
CliftonLarsonAllen	External auditors	53,500	46,500
Agility Recovery Solutions	Disaster recovery/audit	11,030	18,730
TraceSecurity LLC	System audit	—	7,680
Total Payments to Consultants		**$ 261,805**	**$ 436,064**

These payments were made to outside consultants other than investment professionals.
A Schedule of Investment Fees is presented on pages 77-80 in the Investment Section.

See accompanying independent auditors' report.

INVESTMENT SECTION

September 22, 2022

Mr. Dominic Brown
Executive Director
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

Dear Mr. Brown,

Verus is pleased to have had the opportunity to serve the Kern County Employees' Retirement Association since July 2011 and to provide this investment review for the fiscal year ending June 30, 2022.

Verus independently calculated the Fund's fiscal year performance results utilizing a time-weighted annualized rate of return methodology (modified Dietz method) with data on market valuations and transactions provided by the Fund's custodian bank, the Northern Trust Company. For the fiscal year ended June 30, 2022, KCERA's retirement fund had an investment loss of 4.5% (net of fees) and ended the fiscal year with total assets of approximately $5.0 billion.

All KCERA's investments are managed according to guidelines codified in KCERA's Statement of Investment Goals, Objectives, and Policies. This Statement is reviewed periodically to ensure best practices are employed in all aspects our work and was last updated in April 2022.

<u>Market Environment</u>

2022 Summary

The broad story was a tale of two halves over the fiscal year, as global markets delivered mildly positive returns in the latter half of 2021, with below-average volatility, spurred by easy monetary policy, pandemic reopening demand, and a resurgence in economic growth. The reopening story painted a more optimistic picture in advanced economies, while emerging economies struggled due to less access to quality vaccines and more stringent pandemic lockdown measures, specifically within China. However, this optimism began to fade as inflation surged and central banks turned more hawkish.

The first half of 2022 proved to be a notably different environment from what was experienced during 2021. The persistence of inflation was a driving narrative, as the supply shocks coming from Russia's invasion of Ukraine and supply chain issues from China's continued zero-covid policy accelerated already high price growth. Central banks, keen to lower inflation, responded by raising interest rates, which hurt both equities and bonds alike. Nearly all asset classes have sustained losses year-to-date, a somewhat

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rare occurrence, which left most diversified portfolios materially in the red. Central bank tightening also increased fears of recession and possibly stagflation, as inflation ceased to moderate through the end of the fiscal year (U.S. headline CPI hit 9.1% in June—a four-decade high).

U.S. Equity

While the S&P 500 delivered a solid 11.7% return in the second half of 2021, the first half of 2022 saw a significant reversal of -20%, qualifying as a technical market correction. In an effort to curb four-decade high inflation within the U.S., the Federal Reserve raised their policy rate by 25 bps, 50 bps, and 75 bps, respectively, at their March, May, and June meetings. It's important to note that although the pace of rate hikes has been rapid compared to most previous tightening cycles, the overall magnitude of tightening has been small.

Higher interest rates have diminished the present value of cash flows further out in the future, hitting growth-orientated sectors the hardest (Consumer Discretionary -32.8%, Communication Services -30.2%, Information Technology -27.0% YTD).

Investors began recognizing the potential for recession in the second quarter of 2022, as economic data indicated a slowdown alongside Federal Reserve tightening. Persistent inflation in the face of multiple rate hikes impacted company revenues and profits. On the sales front, declines in real purchasing power slashed consumer sentiment and impacted discretionary spending. With regard to corporate profits, higher expenses, particularly for companies unable to pass through prices, have resulted in earnings compression (MSCI U.S. Profit Margins down from 12.9% in December 2021 to 12.2% in June 2022). Ultimately, U.S. equities have faced a tough environment in the first half of 2022, with the S&P 500 falling 20.0% as of June 30th.

Briefly looking at size and style, the Value factor outperformed the Growth factor during the fiscal year (Russell 1000 Value -7.4%, Russell 1000 Growth -19.0%). The Russell 1000 Value Index has declined -12.9% versus -28.1% for the Russell 1000 Growth Index year-to-date. As expected, rising rates inflicted more pain on duration-sensitive equities. From a size perspective, small-cap equities underperformed significantly during the fiscal year (Russell 2000 -25.2%, Russell 1000 -13.0%).

International Equity

International developed equities lagged U.S. equities over the fiscal year, as the MSCI EAFE Index returned -17.8% relative to the S&P 500 -10.6% return. Dollar strength hurt U.S. investors with unhedged foreign currency exposure, as the Bloomberg Dollar Spot Index advanced 10.3% during the period. Despite the underperformance over the full fiscal year, both developed and emerging market equities outperformed U.S. shares on a year-to-date basis through June 30th, as the MSCI EAFE and MSCI EM Indices returned -19.6% and -17.6%, respectively.

Emerging market equities underperformance during the fiscal year was primarily due to the large drop in Chinese equities (MSCI China -31.8%), as the country locked down major cities and cracked down on sectors including technology, education, and real estate. This narrative switched gears during the first half of 2022, as news of potential easing of government restrictions and the reopening of several large cities boosted share prices of the largest country constituent in the MSCI EM Index (35.4%). While being the worst performer over the full fiscal year, emerging market equities ended the first half of 2022 as the best performing market.

Developed economies faced a similar equity environment to that of the United States. Positive performance in the second half of 2021 due to reopening growth was reversed in the first half of 2022, as rising inflation was amplified by Russia's invasion of Ukraine in late February. Ensuing sanctions against Russian petroleum exports from the West pushed energy prices upward, forcing the Bank of England and European Central Bank to shift gears in terms of monetary policy. The MSCI EAFE Index fell -19.6% over the year-to-date, wiping out the 2.3% gain seen during the second half of 2021. International developed equities continue to be challenged, as the energy crisis escalates, and consumer strength remains less resilient than that of the U.S.

Fixed Income

Core fixed income suffered a loss of -10.3% over the full fiscal year (BBgBarc U.S. Aggregate), though the entirety of the losses occurred in the first half of 2022. All eyes have been on inflation, which has forced central bankers to tighten conditions while attempting to avoid pushing their economies into recession. Rate hikes and forward guidance from central banks have hammered equity and bond markets alike and created the uncommon environment of sharp losses in both asset classes.

The magnitude of expected rate hikes has jumped materially since late 2021. During December 2021, Fed funds futures contracts implied the Fed Funds Rate would end 2022 at 0.82% (only three 25 bps rate hikes expected). By the end of March 2022, markets were pricing in a total of nine 25 bps rate hikes. This placed the implied Fed Funds Rate at 2.39% by the end of 2022. The trend continued in Q2, as inflation remained persistent. The Federal Reserve pushed through an additional 50 bps hike in May and a 75 bps hike in June (the largest single meeting hike since 1994). Going forward, markets are pricing in an additional seven rate hikes (not including the six previously implemented) by the end of 2022, bringing the year-end implied rate in line with the Fed's expectation of 3.4%. Many countries currently face similar problems, as inflation remains a challenge.

The impact of policy tightening on duration-sensitive assets has been significant. Performance was negative across all fixed income asset classes over the year-to-date, as rates jumped from historically low levels. The Bloomberg Global Treasury Index returned -14.8% in dollar terms over the year-to-date. In the U.S., the Bloomberg Universal Index suffered its worst-ever quarterly loss in Q1 2022—down -6.1%—while the Bloomberg Aggregate Index fell -5.9% (its third worst quarterly loss, dating back to 1976). Performance during Q2 was also negative, with the Universal and Aggregate Indices down -5.1% and -4.7%, respectively. Longer duration assets underperformed. The Bloomberg U.S. Long Treasury

Index fell -21.3% year-to-date, compared to the -3.0% decline of the Bloomberg U.S. Treasury 1-3 Year index.

Looking at credit, spreads significantly widened over the course of 2022. Investment grade spreads widened by 63 bps, moving from 0.92% to 1.55% at the end of June. High yield spreads also jumped, starting the year at 283 bps before moving to 569 bps over the same period. Spread movements widely reflected the risk-off tone and growing concerns over a slowing economy. Despite spread expansion, default rates for par weighted U.S. high yield and bank loans ended Q2 at 0.76% and 0.74%—far below the longer-term historical averages of 3.2% and 3.1%. The variable rate characteristic of bank loans helped as rates rose, resulting in bank loan outperformance over high yield bonds, declining -4.4% versus -14.2% over the year-to-date. Outside of the U.S., emerging market debt struggled in both hard and local currency terms. Hard currency underperformed, with the JPM EMBI GD Index falling -20.3%, relative to the -14.5% decline of the JPM GBI-EM GD Index.

Commodities

Commodities were the best performing asset class over the fiscal year, with the Bloomberg Commodity Index returning 24.3%. Commodities moved higher in Q3 2021, driven by supply chain imbalances and rising signs of inflation. These gains tailed off towards the end of 2021, as signals of tighter monetary policy crimped global economic growth expectations.

The real story emerged in the first quarter of 2022, specifically following Russia's invasion of Ukraine. Both Russia and Ukraine being large suppliers of energy and grain commodities spiked prices, propelling inflation higher. Natural gas and WTI Crude Oil prices shot up +58.4% and 38.3%, while Wheat and Corn bounced 29.6% and 26.3%, respectively. Despite the sharp tick up in prices, commodities have begun to normalize, as recession fears have cut demand forecasts, shipping costs have moved down, and supply chain pressures have started to ease.

Currency

A strong dollar remained the biggest currency story in 2022, as the dollar continued its 2021 trend. The Bloomberg Dollar Spot Index returned +7.4% over the year-to-date, driven by higher relative interest rates, a relatively strong economic outlook, and safe-haven currency status. The dollar performed well against major pairs, as currency impacts were significant within the international developed equities space. The Japanese Yen remaining particularly strained, down -15.2% against the dollar in 2022, as the Bank of Japan anchored rates while other central banks hiked. The J.P. Morgan Emerging Markets Currency Index declined -1.8%, though the dollar was mixed relative to emerging market currency pairs. The Russian Ruble remained incredibly volatile, initially plummeting after the invasion of Ukraine, but spiking as petroleum export prices rose, imports fell, and high rates set by the Bank of Russia propelled the currency.

Outlook

A key question going forward is whether global central banks will be able to bring inflation under control without dragging their respective economies into recession. This task is perhaps more difficult than past inflationary regimes, given the war in Ukraine, lockdowns in China, and acute pandemic-related supply shortages, which have led to high prices that may be difficult to control with traditional central bank policy. Within the U.S, the possibility of a "soft landing" for the economy seems to be off the table, as the economy appears to be in recession, or at least very close to one. Uncertainty remains high, although the recent drawdown of most major asset classes has reversed the "low return environment" dynamic that has been common for nearly a decade. Many asset classes now appear to offer robust yields and prospective returns relative to past years—perhaps a silver lining in an environment which has proved challenging for investors with diversified portfolios.

Written by Verus Advisory

Asset Allocation

At fiscal year-end, KCERA's asset allocation was broadly in line with Investment Policy targets, as shown in the table below:

Asset Class	*Policy Target*	*Year-End Allocation**
Equity	37%	34.9%
Fixed Income	24%	22.4%
Commodities	4%	5.3%
Hedge Funds (incl. Alpha Pool)	18%	15.9%
Midstream Energy MLPs	5%	6.3%
Core Real Estate	5%	7.1%
Private Equity	5%	2.8%
Private Credit	5%	4.9%
Private Real Estate	5%	1.7%
Opportunistic Investments	0%	3.3%
Cash	-8%	-4.6%

During the year, the Plan implemented a planned increase to its Capital Efficiency program, which included a modest adjustment to the Alpha Pool from 5% to 8% and an offsetting adjustment to cash. This change is intended to take further advantage of the alpha earning potential inherent in hedge funds and should increase the Plan's overall efficiency by increasing expected return while maintaining a relatively conservative risk profile.

Investment Objectives

As stated in the Plan's Investment Policy, the Plan's primary investment objectives are as follows:

- Earn a long-term net of fees rate of return which is equal to or exceeds the assumed rate of return;
- Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark ("Policy Benchmark"); and
- Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

Objectives / Performance	***1-Year***	***3-Year***	***5-Year***	***10-Year***
Assumed Rate of Return*	7.25%			
Policy Benchmark	-6.6%	6.1%	6.3%	6.7%
Rate of Inflation	9.1%	5.0%	3.9%	2.6%
Net-of-Fee Performance	**-4.2%**	**7.1%**	**6.8%**	**7.4%**

*The current actuarial assumed rate of return is used for comparison to investment performance across periods.

As always, Verus greatly appreciates the opportunity to assist the KCERA Board in meeting the Plan's long-term investment objectives. We look forward to continuing in our role of investment advisor and providing guidance to help navigate ever-changing capital market environments.

Sincerely,

Scott J. Whalen, CFA, CAIA
Executive Managing Director

POLICIES ADOPTED BY THE BOARD OF RETIREMENT ON MARCH 9, 2016

GENERAL INFORMATION
The Board of Retirement (the Board) has exclusive control of the investments of the retirement fund and, therefore, establishes investment policies and implements investment decisions. The overall objective of KCERA's investment program is to prudently invest assets such as to offset some of the costs of the Plan in providing the retirement benefits required by the County Employees' retirement Law of 1937.

The Board is governed by Government Code Sections 31594 and 31595, which provide a standard of care commonly known as the "prudent expert rule," a rule that recognizes that special skill and knowledge may be necessary in order to invest the fund prudently. Accordingly, the Board retains a number of professional investment advisers and investment consultants. The Board is required to diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless it is clearly prudent not to do so.

The Board consists of nine members and two alternate members. Four members of the Board are appointed by the Kern County Board of Supervisors; four members are elected by active and retired members of KCERA; and the County Treasurer-Tax Collector is a statutory member of the Board.

SUMMARY OF INVESTMENT GUIDELINES
The Board of Retirement has adopted an Investment Policy Statement to serve as the framework for investment policy making and investment objective setting within the context of applicable California laws. The Statement establishes investment guidelines, objectives and policies, and defines the responsibilities of the Board members in regard to KCERA's investments. The investment philosophy articulated in the Statement is outlined below:

- Protecting the corpus of the Fund;
- Managing the fund in a prudent manner, recognizing risk and return trade-offs;
- Earning adequate investment returns in order to protect and pay the benefits promised to the participants with a minimum amount of associated risk;
- Maintaining sufficient liquidity to fund expenses and benefit payments as they come due; and
- Complying with applicable law.

SUMMARY OF PROXY VOTING GUIDELINES
The Board has established the KCERA Proxy Voting Policy for dealing with proxies. This policy considers shareholder voting on corporate issues to represent assets of the Plan to be voted in the best interests of the beneficiaries of the Plan. The voting of proxies is delegated to a third party to vote on behalf of the Board according to the guidelines established in the policy. The Board is responsible to monitor proxy voting to see that its policies are implemented effectively.

ASSET ALLOCATION

The Board of Retirement periodically establishes an asset allocation policy aimed at achieving a long-term rate of return on the fund's investments such as to prudently add income to the fund to help provide the benefits promised. The asset allocation statement provides a target allocation or weighting to each of the broad investment classes of assets along with allowable ranges of weightings around each target weight. The target weights are viewed as longer-term objectives to be funded in a manner consistent with efficiency and cost savings. The asset allocation policy provides the target level of diversification among asset classes anticipated for the future. Asset allocation is reviewed on an annual basis to ensure that the expectations and assumptions incorporated in the policy remain valid and appropriate. Investment performance is monitored on quarterly, annual and multi-year basis. The asset allocation of the fund is rebalanced, as needed, but also in view of the costs of such transactions.

The Board engages external professional investment advisers to invest various portions of the fund. The advisers are, however, constrained to invest as provided in KCERA's investment policies and allocation guidelines. Investment advisers formally notice their compliance with such policies, and their portfolios are scrutinized for compliance at regular intervals. KCERA's investment consultant and investment staff participate in policy formulation and new manager searches, as well as in the termination of existing managers failing to perform or maintain compliance with their investment mandates.

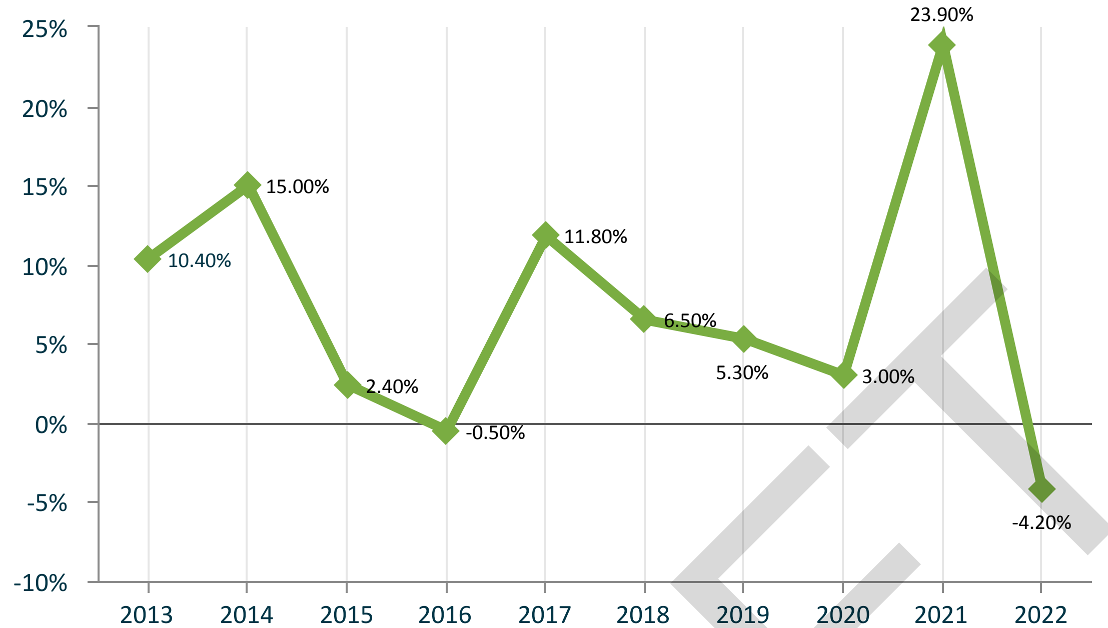
The Board of Retirement adopted the current asset allocation policy in April 2022. KCERA's strategic target asset allocation and actual asset allocation as of June 30, 2022 are as follows:

Asset Class	Actual	Target	Minimum	Maximum
Domestic Equity	18.7%	21.0%	16.0%	27.0%
International Developed Equity	11.3%	12.0%	8.0%	18.0%
Emerging Markets Equity	4.9%	4.0%	1.0%	9.0%
Domestic Fixed Income Core Plus	12.0%	14.0%	12.0%	25.0%
Domestic Fixed Income High Yield	6.1%	6.0%	3.0%	9.0%
Emerging Markets Fixed Income	4.3%	4.0%	1.0%	7.0%
Commodities	5.3%	4.0%	0.0%	6.0%
Hedge Funds	10.8%	10.0%	5.0%	15.0%
Capital Efficiency Alpha Pool	5.1%	5.0%	0.0%	7.0%
Midstream	6.3%	5.0%	0.0%	7.0%
Core Real Estate	7.1%	5.0%	3.0%	7.0%
Opportunistic	3.3%	0.0%	0.0%	10.0%
Private Equity	2.8%	5.0%	0.0%	10.0%
Private Credit	4.9%	5.0%	0.0%	10.0%
Private Real Estate	1.7%	5.0%	0.0%	10.0%
Cash and Equivalents	-4.6%	-5.0%	-5.0%	-7.0%
Total	100.0%	100.0%		

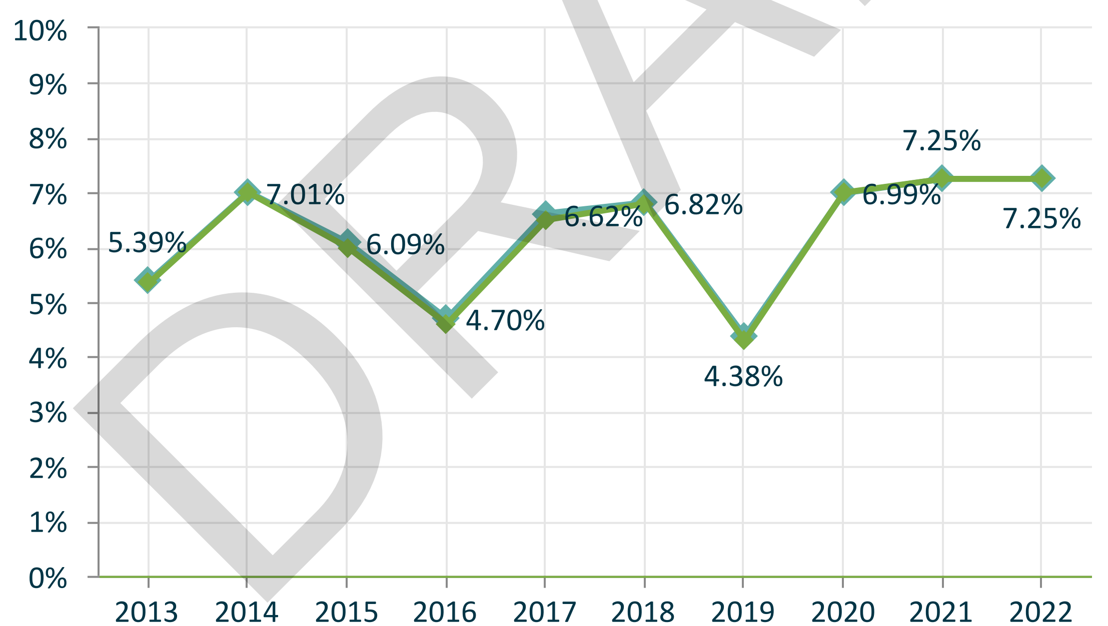
Type of Investment	Fair Value (In thousands)	% of Total Fair Value
Domestic Equity:		
All Cap Passive	$ 280,796	5.28 %
Large Cap Enhanced	97,925	1.84 %
Small Cap Growth	45,419	0.85 %
Small Cap Value	363,010	6.82 %
Total Domestic Equities	787,150	14.79 %
International /Global Equity		
Large Cap	31,023	0.58 %
Global	478,361	8.99 %
Small Cap	87,144	1.64 %
Emerging Markets	246,460	4.63 %
Total International Equities	842,988	15.84 %
Fixed Income		
Core	162,487	3.05 %
Core Plus	402,028	7.56 %
Structured Debt	71,104	1.34 %
High Yield	183,852	3.46 %
Emerging Markets	218,857	4.11 %
Total Fixed Income	1,038,328	19.52 %
Real Estate		
Core	356,171	6.70 %
Value Added	101,220	1.90 %
Property	4,629	0.09 %
Total Real Estate	462,020	8.69 %
Alternate Investments		
Private Credit	245,818	4.62 %
Private Equities	140,607	2.64 %
Opportunistic	165,740	3.12 %
Hedge Funds	474,701	8.92 %
Alpha Pool	267,900	5.04 %
Commodities	334,656	6.29 %
Total Alternative Investments	1,629,422	30.63 %
Collateral held for Securities Lending	153,386	2.88 %
Cash and Equivalents	405,583	7.65 %
Total Investments	**$ 5,318,877**	**100.00 %**
KCERA Capital Assets	1,214	
KCERA Receivables/Payables	(188,962)	
Fiduciary Net Position	**$ 5,131,129**	

*Fair Value totals are inclusive of payables and receivables as of June 30.

ANNUAL RETURNS (NET OF FEES) FOR PERIODS ENDED JUNE 30



FIVE-YEAR SMOOTHED ASSET VALUATION FOR PERIODS ENDED JUNE 30



KCERA uses the five-year smoothed spread gain valuation method to allocate investment earnings greater than (or less than) the assumed investment return (i.e., actuarial assumption rate minus actual rate). The reserve account balances reflect the five-year smoothed asset valuation method for actuarial purposes. In accordance with KCERA's Interest Crediting Policy, when investment returns would result in a negative five-year smoothed rate, KCERA sets the smoothed rate at 0.00% and credits the Contingency Reserve with the negative balance.

RETURNS FOR PERIODS ENDED JUNE 30

	Current Year	Annualized		
		3-Year	5-Year	10-Year
Total Fund:	(4.5)	6.8	6.5	7.1
Benchmark: Policy Index*	(6.6)	6.1	6.4	6.7
Domestic Equity:	(12.2)	10.0	10.9	—
Benchmark: MSCI USA IMI (Net)	(13.7)	10.0	10.7	—
International Developed Equity:	(17.3)	2.1	2.8	—
Benchmark: MSCI World ex USA IMI Index	(17.7)	1.7	2.6	—
Emerging Markets Equity:	(21.9)	(1.3)	(0.3)	—
Benchmark: MSCI EM IMI (Net)	(24.8)	1.1	2.3	—
Core Plus Fixed Income:	(11.4)	(0.8)	1.0	—
Benchmark: Barclays US Aggregate	(10.3)	(0.9)	0.9	—
High Yield/Specialty Credit	(10.0)	0.4	2.2	—
Benchmark: ICE BofAML High Yield Index	(12.7)	(0.1)	1.9	—
Emerging Market Debt:	(19.8)	(4.9)	(2.3)	—
Benchmark: **	(20.2)	(5.5)	(1.7)	—
Commodities:	19.4	14.7	9.8	—
Benchmark: Bloomberg Comm. Index	24.3	14.3	8.4	—
Hedge Funds	3.0	8.6	7.1	6.1
Benchmark: ***	(1.0)	5.4	5.9	5.8
Alpha Pool	1.5	—	—	—
Benchmark: 91-Day T-Bill +4%	4.2	—	—	—
Midstream Energy	9.3	—	—	—
Benchmark: Alerian Midstream Energy Index	11.4	—	—	—
Core Real Estate:	24.8	10.2	8.7	—
Benchmark: NCREIF-ODCE	29.5	12.7	10.5	—
Private Real Estate:	31.3	15.4	12.0	12.3
Private Equity:	22.9	16.0	13.3	11.6
Private Credit:	1.2	3.8	6.1	—
Opportunistic	(5.4)	—	—	—
Benchmark: Assumed Rate of Return +3%	7.2	—	—	—

* Total Fund:

37% MSCI ACWI IMI,
6% Ice BofA ML Hogh Yield Master II Index
2% JPM Governmental Bond Index Emerging Markets
7.5% 3-Month T-Bill + 400 bps
2% Actual time-weighted Private Equity Returns
1% Actual time-weighted Private Real Estate Returns
4% Alerian Midstream 1% BBgBarc

14% Bloomberg US Aggregate
2% JPM Emerging Markets Bond Index Global Diversified
4% Bloomberg Commodities
2.5% MSCI ACWI 5% NCREIF-ODCE
4% Actual time-weighted Private Credit Returns
3% MSCI ACWI* 1% Bloomberg US Aggregate
5% Alerian Midstream 5% 3-Month T-Bill + 400bps, 91 Day T-Bills (-)5%3-MonthT-Bill

** 50 JPM EMBI Global Div/50 JPM GBI EM

*** 75% 90Day TBills + 4% / 25% MSCI ACWI

Note: Return calculations were prepared, net of fees, using a time-weighted rate of return based on fair values.

Note: Return calculations were prepared, net of fees, using a time-weighted rate of return based on fair values.

INVESTMENT MANAGERS

Domestic Equity

AllianceBernstein
Geneva Capital
Mellon Capital Management EB DV
PIMCO StockPlus

International Developed Equity

American Century
Cevian Capital II LP
Mellon Capital Management-EB DV

Emerging Market Equity

AB Emerging Markets Strategic Core
DFA Emerging Markets Value Portfolio
Mellon Emerging Markets

Core Fixed Income

Mellon Capital Management Ag Bond
PIMCO
Western Asset Management - CP

High Yield Fixed Income

TCW Securitized Opportunities LP
Western Asset Management - HY

Emerging Markets Debt

PIMCO EM Beta
Stone Harbor Global Funds

Commodities

Gresham Commodity Builder Fund
Wellington Trust Company (WTC)

Midstream Energy

Harvest Midstream
PIMCO Midstream

Core Real Estate

ASB Capital Management
JPMCB Strategic Property Fund

Private Equity

Abbott Capital Funds
Brighton Park
Level Equity Growth Partners
LGT Crown Global
Pantheon Funds
Peak Rock
Vista
Warren Equity Partners

INVESTMENT MANAGERS (CONT.)

Private Real Estate

Covenant Apartment Fund
Invesco Real Estate Funds III & IV
KCERA Property
LBA Logistics Value Fund IX
Landmark Real Estate Partners VIII
Long Wharf Real Estate Partners VI
Singerman Real Estate Opportunity Fund IV

Private Credit

Blue Torch Credit Opportunites
Brookfield Real Estate Finance Fund V
Colony Distressed Credit Fund
Fortress Credit Opportunities Fund V
Fortress Lending Fund II (A)
Fortress Lending Fund III (A)
H.I.G Bayside Loan Opportunity Fund
Magnetar Constellation Fund V
TSSP Adjacent Opportunities Partners (B)

Opportunistic

Aristeia Select Opportunities II LP
DB Investor's Fund IV
River Birch International Ltd
TSSP Adjacent Opportunities Partners (D)

Hedge Funds

Aristeia International Ltd
Brevan Howard Fund Limited
D.E. Shaw Composite Fund
HBK Multi-Strategy Fund
Hudson Bay Enhanced Fund LP
Indus Pacific Opportunities Fund
Magnetar Structured Credit Fund
Myriad Opportunities Offshore Fund
PIMCO Commodity Alpha Fund LLC
PMF LTD
Sculptor Enhanced LP (Formerly OZ Domestic)

Alpha Pool

Davidson Kempner
Garda Fixed Income
HBK Multi-Strategy Fund
HBK Spac Fund
Hudson Bay Enhanced Fund LP

Information on the Custodian, Consultants and Other Specialized Services can be found on page 10.

LARGEST STOCK DIRECT HOLDINGS (FAIR VALUE)

Shares	Stocks	Fair Value
3,737,714	MLP ENERGY TRANSFER LP COMMON UNITS REP	37,302,386
236,605	CHENIERE ENERGY INC COM NEW	31,475,563
1,234,519	MLP ENTERPRISE PRODS PARTNERS L P COM	30,085,228
994,741	MLP MPLX LP COM UNIT REPSTG LTD PARTNER	28,996,700
425,955	TARGA RES CORP COM	25,416,735
752,375	WESTERN MIDSTREAM PARTNERS L P COM UNITS	18,290,236
495,089	PEMBINA PIPELINE CORPORATION COMMON	17,491,098
452,942	WILLIAMS CO INC COM	14,136,320
393,637	MLP DCP MIDSTREAM LP COMMON UNITS	11,643,782
138,500	ENBRIDGE INC COM NPV	5,836,552

LARGEST BOND DIRECT HOLDINGS (FAIR VALUE)

Par	Bonds	Fair Value
22,400,000	FNMA SINGLE FAMILY MORTGAGE 0% 30 YEARS	21,460,207
10,600,000	FNMA SINGLE FAMILY MORTGAGE 2% 30 YEARS	9,120,555
9,000,000	UNITED STATES OF AMER TREAS NOTES .125%	8,982,085
9,000,000	UNITED STS TREAS NTS .125% 09-30-2022	8,966,968
9,000,000	FNMA SINGLE FAMILY MORTGAGE 0% 30 YEARS	8,918,506
8,740,000	UNITED STATES TREAS BDS 2% 11-15-2041	8,718,299
6,760,000	UNITED STATES TREAS BDS 2.25% 05-15-2041	7,030,974
6,480,000	UNITED STATES TREAS BDS WIT 1 7/8 08/15/41	6,196,632
5,504,000	UNITED STATES TREAS BDS 2.0% 02-15-2052	5,022,372
5,130,000	UNITED STATES TREAS BDS 1.875% DUE	4,845,759

A complete list of portfolio holdings is available upon request.

FOR YEARS ENDED JUNE 30

(In thousands)

Assets Under Management				
Asset Classes		**2022**		**2021**
Domestic Equity	$	808,226	$	912,614
International / Global Equity		641,718		976,498
Fixed Income		1,216,522		1,201,840
Real Estate		462,020		390,499
Hedge Funds		914,297		852,051
Private Credit		243,818		216,110
Private Equity		138,651		105,524
Commodities		334,656		345,848
Investments at Fair Value		**4,759,908**		**5,000,984**
Cash & Short-Term Investments		405,583		436,433
Investments Sold / Purchased		(57,303)		(43,788)
Investment Income & Other Liabilities		23,900		23,051
Total Assets Under Management		**5,132,088**		**5,416,680**
KCERA Capital Assets		1,077		1,692
KCERA Prepaid Expenses		137		165
KCERA Accruals		(2,173)		(1,024)
Fiduciary Net Position	**$**	**5,131,129**	**$**	**5,417,513**

FOR YEARS ENDED JUNE 30

Investment Manager Fees	2022	2021
Domestic Equity		
AllianceBernstein Trust Company	$ 774,407	$ 779,571
Henderson Geneva Capital Management	406,751	527,076
Mellon Capital Management (Dynamic US Equity)	30,154	367,416
Mellon Capital Management (US Equity) Stock Index	46,122	52,629
PIMCO StocksPLUS #4450	363,761	532,868
Total Domestic Equity Managers	**1,621,195**	**2,259,560**
International / Global Equity		
American Century	149,940	104,639
BlackRock Institutional Trust Company	21,561	260,196
Cevian Capital II SP	1,175,334	345,122
Pyramis Global Advisors (Small Cap)	—	271,048
Mellon Int'l (Canada Stock & Int'l Stock)	158,562	81,998
Total International Equity Managers	**1,505,397**	**1,063,003**
Emerging Markets Managers		
AllianceBernstein Trust Company	669,293	695,100
Dimensional Fund Advisors	381,240	433,555
MCM DB SL Emerging Markets Stock Index Fund	47,582	40,067
Total Emerging Markets Managers	**1,098,115**	**1,168,722**
Total Core		
Mellon Capital Management (Fixed Income) Agg Bond	50,572	52,887
Pacific Investment Management Company #7350	169,892	180,336
Western Asset Management Company	488,095	535,270
Total Core Managers	**708,559**	**768,493**
Total Credit		
TCW Securitized Opportunities	682,485	931,114
Western Asset Management Company	382,538	449,605
Total Credit Managers	**1,065,023**	**1,380,719**
Total Emerging Markets Debt		
PIMCO EB Beta	426,518	1,307,159
Stone Harbor Investment Partners	345,073	407,319
Total Emerging Markets Debt Managers	**771,591**	**1,714,478**

(Schedule of Investment Fees continued on next page)

FOR YEARS ENDED JUNE 30

Investment Manager Fees	2022	2021
Commodities		
Gresham Investment Management	473,255	380,756
Wellington Trust Company	1,605,442	1,076,764
Total Commodity Managers	**2,078,697**	**1,457,520**
Hedge Funds		
Aristeia International Ltd	1,065,956	3,578,377
Systematica Blue Trend (formerly BlueTrend Fund)	—	15,375
Brevan Howard Multi-Strategy Fund	1,751,097	2,206,490
D.E. Shaw Composite Fund	7,111,064	5,257,062
HBK Multi-Strategy Fund	1,465,095	2,061,218
Hudson Bay Cap Structure Arbitrage	5,423,475	7,451,652
Indus Pacific Opportunities Fund	(222,964)	2,956,868
Magnetar Structured Credit Fund	186,830	868,828
Myriad Opportunities Offshore Fund	377,908	1,405,790
PIMCO Commodities #2580	1,076,352	1,190,635
Sculptor Capital (formerly OZ)	595,938	2,864,941
PMF (PHARO)	1,265,833	2,575,829
Total Hedge Fund Managers	**20,096,584**	**32,433,065**
Core Real Estate		
ASB Real Estate Investors	1,394,449	941,421
J.P. Morgan Chase Bank (Strategic Property Fund)	803,762	(489,756)
Total Core Real Estate Managers	**2,198,211**	**451,665**
CE Alpha Pool		
Davidson Kempner Institutional Partners	822,439	453,808
Garda Fixed Income	1,498,669	—
HBK Multi-Strategy fund - Alpha Pool	1,408,952	979,866
HBK SPAC Series	206,259	249,183
Total CE Alpha Pool Managers	**3,730,060**	**1,433,674**
Midstream Energy		
Harvest Midstream	1,196,495	287,610
PIMCO Midsream 11178	594,964	237,888
Total Midstream Energy Managers	**1,791,459**	**525,498**
Opportunistic		
Aristeia Select Opportunities II	233,320	—
River Birch International Ltd	13,487	6,647
TSSP Adjacent Opportunities Partners (D)	4,268,771	3,258,096
Total Opportunistic Managers	**4,515,578**	**3,264,743**

(Schedule of Investment Fees continued on next page)

FOR YEARS ENDED JUNE 30

Investment Manager Fees	2022	2021
Private Equity		
Abbott Capital Management (Fund V)	6,075	121,642
Abbott Capital Management (Fund VI)	410,207	327,014
Brighton Park Capital Fund I	620,231	282,133
Level Equity Opportunities fund 2021	85,089	—
Level Equity Growth Partners V	578,853	—
LGT Crown Global	1,164,591	611,722
Linden Capital Partners V	559,371	—
Pantheon Ventures, Inc. (Fund VI)	—	3,964
Pantheon Ventures, Inc. (Fund VII)	176,054	92,106
Peak Rock	74,997	—
Vista Equity Partners	499,918	674,297
Warren Equity Partners Fund III	1,243,474	407,635
Total Private Equity Managers	**3,424,417**	**1,346,475**
Private Credit		
Blue Torch Credit Opportunities Fund II	—	142,615
Brookfield Real Estate Finance Fund V	434,204	518,561
Colony Capital Credit IV, LLC	637,781	834,014
Fortress Credit Opportunity Fund V	192,484	79,752
Fortress Lending Fund II (A) LP	1,518,206	656,583
Fortress Lending Fund III	289,243	—
HIG	2,040,288	1,299,245
Magnetar Constellation Fund V	526,859	690,455
TSSP Adjacent Opportunities Partners (B)	1,705,774	1,582,927
Total Private Credit Managers	**5,639,065**	**4,221,225**
Private Real Estate		
Long Wharf Real Estate Partners (FREG Fund III)	924,093	837,961
Invesco Real Estate (Fund III)	—	26,235
Invesco Real Estate (US Value-Add Fund IV)	148,674	356,377
Landmark Real Estate Partners VIII	548,527	600,000
LBA Logistics Value Fund IX	303,750	—
Singerman Real Estate Opportunity Fund IV	463,519	—
Covenant Apartment Fund X	375,000	265,625
Total Real Estate Managers	**1,925,044**	**1,820,573**
Cash and Overlay		
BlackRock Short Duration	232,553	—
Parametric Overlay	474,361	301,265
Total Overlay Managers	**706,914**	**301,265**
Total Investment Managers' Fees	**$ 57,620,904**	**$ 58,882,451**

(Schedule of Investment Fees continued on next page)

FOR YEARS ENDED JUNE 30

Other Investment Expenses	2022	2021
Custodial Fees		
The Northern Trust Company	363,646	536,729
Actuarial Fees		
Segal Company	232,693	130,576
Investment Consultant Fees		
Abel Noser	30,000	30000.00
Albourne America LLC	411,350	409,450
Glass, Lewis & Co.	8,511	7,294
Verus	410,000	400,000
Cambridge Associates	537,500	799,451
Investment Consulting - Other Expenses	9,000	—
Legal Fees		
Foley & Lardner LLP	3,684	54,011
Hanson Bridgett LLP	7,680	26,400
Nossaman LLP	129,644	227,758
Real Estate Expenses		
KCERA Property Inc.	49,799	45,600
Total Other Investment Expenses	**2,193,507**	**2,667,269**
Total Investment Expenses	59,814,411	61,549,720
Security Lending Bank Fees		
Deutsche Bank	53,430	40,503
Total Investment Fees and Services	**$ 59,867,841**	**$ 61,590,223**

ACTUARIAL SECTION

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

Via Email

September 7, 2022

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

Re: Kern County Employees' Retirement Association (KCERA)
June 30, 2021 Actuarial Valuation for Funding Purposes

Dear Members of the Board:

Segal prepared the June 30, 2021 annual actuarial valuation of the Kern County Employees' Retirement Association (KCERA). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and KCERA's funding policy that was last reviewed with the Board in 2012. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the June 30, 2021 actuarial valuation, Segal conducted an examination of all participant data for reasonableness. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the Association's financial statements. For actuarial valuation purposes, retirement plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected market investment return over 10 six-month periods. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 50% of the market value of assets.

One of the general goals of an actuarial valuation is to establish contribution rates, which, over time, will remain level as a percentage of payroll for each generation of active members. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

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Board of Retirement
September 7, 2022
Page 2

The UAAL as of June 30, 2011 is amortized as a level percentage of payroll over a 14.5-year closed period as of June 30, 2021. 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 an 18-year closed period effective with each valuation. Any change in UAAL 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). The progress being made towards meeting the funding objective through June 30, 2021 is illustrated in the Schedule of Funding Progress.

A listing of supporting schedules Segal prepared for inclusion in the actuarial, statistical, and financial sections of the Association's Annual Comprehensive Financial Report (ACFR) is provided below. Unless otherwise stated, the schedules were prepared based on the results of the actuarial valuation as of June 30, 2021 for funding purposes. In particular, we have excluded the benefits, assets and liabilities associated with the Supplemental Retiree Benefit Reserve (SRBR) when preparing the schedules. The notes to the financial section and Required Supplementary Information were prepared by the Association based on the results of the Governmental Accounting Standards (GAS) 67 actuarial valuation as of June 30, 2022 prepared by Segal.

Exhibit 1	Schedule of Active Member Valuation Data;
Exhibit 2	Retirees and Beneficiaries Added to and Removed from Retiree Payroll;
Exhibit 3	Schedule of Funded Liabilities by Type;
Exhibit 4	Actuarial Analysis of Financial Experience; and
Exhibit 5	Schedule of Funding Progress.

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the June 30, 2019 Actuarial Experience Study.

As we disclosed in our June 30, 2021 funding valuation report, the 7.25% investment return assumption that the Board approved for determining the liabilities for funding purposes and used for establishing the employer and employee contribution rates was developed without considering the impact of any future 50/50 excess earnings allocation. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the SRBR, does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption of 7.25%.

As indicated by the guidance found in Actuarial Standard of Practice (ASOP) No. 4 ("Measuring Pension Obligations and Determining Pension Plan Costs or Contributions"), we performed stochastic modeling in 2015 to estimate the impact of the 50% allocation of future excess earnings to the SRBR. The results of our model indicated that the 50/50 allocation of future excess earnings would have about the same impact as an "outflow" (i.e., assets not available to fund the benefits included in the funding valuation) that would average approximately 0.3% of

5736939v1/13452.002

Segal

Board of Retirement
September 7, 2022
Page 3

assets over time. **For informational purposes only**, when we applied the results of our stochastic model to this valuation, we estimated that such an annual outflow would increase the actuarial accrued liability (AAL) measured in this valuation using a 7.25% investment return assumption from $7.16 billion to $7.43 billion (for a difference of about $262 million) and would increase the employer's contribution rate by about 4.2% of payroll.

It is our opinion that the assumptions used in the June 30, 2021 valuation produce results, which, in aggregate, reflect the future experience of the retirement plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years and was last performed as of June 30, 2019 with those assumptions first being implemented in the June 30, 2020 actuarial valuation.

In the June 30, 2021 valuation, the ratio of the valuation assets to actuarial accrued liabilities (funded percentage) increased from 64.4% to 67.1%. The aggregate employer contribution rate has decreased from 49.16% of payroll to 49.10% of payroll, while the aggregate employee rate has increased from 6.74% of payroll to 6.82% of payroll.

Under the asset smoothing method, the total unrecognized net investment gains are $429 million as of June 30, 2021. These investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years.

The deferred gains of $429 million represent about 7.9% of the market value of assets as of June 30, 2021. Unless offset by future investment losses or other unfavorable experience, the recognition of the $429 million market gains is expected to have an impact on the Association's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows (without taking into consideration any possible impact of the 50/50 excess earnings allocation between the retirement and SRBR asset pools):

- If the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 67.1% to 73.1%.
- If the deferred gains were recognized immediately in the valuation value of assets, the aggregate employer rate would decrease from 49.10% to 43.31% of payroll.

The actuarial calculations were directed under the supervision of Molly Calcagno, 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 contained herein.

Sincerely,

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

Molly Calcagno, ASA, MAAA, EA
Actuary

ST/bbf
Enclosures

5736939v1/13452.002

The methods and assumptions below were selected by the actuary as being appropriate for the Plan and were used in the latest actuarial valuation dated June 30, 2021. The most recently updated Summary of Actuarial Assumptions and Methods was adopted by the Board of Retirement on August 3, 2020.

Economic Assumptions

Interest Rate of Return:	7.25% per year, net of investment expenses
Salary Increases:	Rates vary by service as shown in Table 1 on page 89
Inflation Assumption:	2.75% per year
Cost-of-Living Adjustments:	2.50% (actual increases depend on CPI increases; 2.50% maximum)

Actuarial Methods

Funding Method:

Entry Age Funding Method. Costs are allocated as a level percent of salary.

Actuarial Cost Method:

Entry Age Actuarial Cost Method. The actuarial present value of the projected benefits of each member are allocated as a level percentage of the member's projected compensation between entry age and assumed exit (until maximum retirement age).

Amortization Period:

The actuarial present value of benefits expected to be paid in the future is the Normal Cost. The difference between the Normal Cost and the actuarial present value of all future benefits for contributing members, former contributing members and their survivors is the Actuarial Accrued Liability (AAL). The difference between the AAL and the actuarial value of the assets is the Unfunded Actuarial Accrued Liability (UAAL).

As of June 30, 2020, the remaining amortization period for all UAAL as of June 30, 2011 was 15.5 years. 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 an 18-year closed period, effective with each valuation. Any change in UAAL 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 are amortized over a declining period of up to 5 years).

Actuarial Methods (CONT.)

Amortization Period (CONT.): Beginning July 1, 2009, any liability attributable to golden handshakes is paid by one of two methods, as elected by the employer:

1. Payment in full in the first month of the fiscal year following the fiscal year in which the golden handshake(s) was granted; or
2. According to a 5-year amortization to be invoiced to the employer in the first month of the fiscal year following the fiscal year in which the golden handshake(s) 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(s) at any time during the 5-year amortization period.

Demographic Assumptions

Post-Retirement Mortality:

A) General Members and Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward one year for male and two years for female General Members and set back one year for male and female Safety members projected generationally with the two-dimensional MP-2016 projection scale.

B) Beneficiaries: Rates are the same as a General service retiree of the opposite sex.

C) Disability Retirement: Combined RP-2014 Healthy Annuitant Mortality Table set forward seven years for male and eight years for female General Members and set forward three years for male and female Safety Members projected generationally with the two-dimensional MP-2016 projection scale

Proportion of Members with Spouse/Partner at Retirement: 70% of male active members and 60% of female active employees are assumed to have a spouse or registered domestic partner eligible for the 60% continuance at retirement. Females are assumed to be three years younger than their spouses.

Rate of Termination of Employment: Rates vary by years of service, as shown in Table 2 on page 88.

Reciprocal Agency: For current active members, the probability of joining a reciprocal agency immediately after terminating is 45% for General members and 60% for Safety members.

Deferred Retirement Age for Vested Termination: Age 57 for General members. Age 53 for Safety members.

Annual Rate of Compensation Increase

Years of Service	General Members	Safety Members
Less than 1	5.50	8.75
1 - 2	4.50	7.00
2 - 3	4.00	5.50
3 - 4	3.50	5.00
4 - 5	3.00	4.50
5 - 6	2.50	4.00
6 - 7	2.25	3.50
7 - 8	1.75	2.50
8 - 9	1.50	1.50
9 - 10	1.25	1.25
10 - 11	1.15	1.00
11 - 12	1.05	0.80
12 - 13	0.95	0.75
13 - 14	0.85	0.70
14 - 15	0.75	0.65
15 - 16	0.75	0.60
16 - 17	0.75	0.55
17 - 18	0.75	0.50
18 - 19	0.75	0.50
19 - 20	0.75	0.50
20 & Over	0.75	0.50

The chart above depicts annual increases in salary before wage inflation. Inflation is 2.75% per year, plus "across the board" real salary increases of 0.50% per year; plus the merit and promotion increases.

Mortality Rates : Pre-Retirement

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

Disability Incidence Rates

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

	Termination Rates		Electing a Refund upon Termination	
Years of Service	General	Safety	General	Safety
Less than 1	17.00	9.00	100.00	100.00
1 - 2	13.00	8.00	100.00	100.00
2 - 3	10.00	7.00	100.00	100.00
3 - 4	9.00	6.00	100.00	100.00
4 - 5	8.50	5.00	100.00	100.00
5 - 6	8.00	4.00	36.00	44.00
6 - 7	7.00	3.50	34.00	40.00
7 - 8	6.00	3.25	32.00	38.00
8 - 9	5.00	3.00	30.00	32.00
9 - 10	4.00	2.60	28.00	30.00
10 - 11	3.75	2.20	26.00	26.00
11 - 12	3.50	1.80	25.00	25.00
12 - 13	3.25	1.60	24.00	21.00
13 - 14	3.00	1.40	23.00	18.00
14 - 15	2.75	1.20	22.00	15.00
15 - 16	2.50	1.00	21.00	12.00
16 - 17	2.30	0.90	18.00	10.00
17 - 18	2.10	0.75	16.00	8.00
18 - 19	1.90	0.75	14.00	6.00
19 - 20	1.70	0.75	13.00	4.00
20 - 21	1.50	0.00	12.00	0.00
21 - 22	1.30	0.00	11.00	0.00
22 - 23	1.10	0.00	10.00	0.00
23 - 30	1.00	0.00	<8.00	0.00
30 & Over	0.00	0.00	0.00	0.00

(Rates in percentages)

**Disability 50% of General member disabilities are assumed to be service-connected, and the other 50% are assumed to be nonservice-connected. Furthermore, 90% of Safety member disabilities are assumed to be service-connected.*

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

(Rates in percentages)

KCERA 2022 - Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Members	Annual Payroll	Annual Average Pay	Increase in Average Pay
6/30/2012	General	6,494	$406,039,414	$62,525	0.2 %
	Safety	1,759	$137,518,061	$78,180	(1.6)%
	Total	**8,253**	**$543,557,475**	**$65,862**	**(0.1)%**
6/30/2013	General	6,619	$410,905,480	$62,080	(0.7)%
	Safety	1,866	$144,847,330	$77,625	(0.7)%
	Total	**8,485**	**$555,752,810**	**$65,498**	**(0.6)%**
6/30/2014	General	6,629	$410,350,884	$61,902	(0.3)%
	Safety	1,883	$145,284,147	$77,156	(0.6)%
	Total	**8,512**	**$555,635,031**	**$65,277**	**(0.3)%**
6/30/2015	General	6,637	$411,427,313	$61,990	0.1 %
	Safety	1,844	$145,396,935	$78,849	2.2 %
	Total	**8,481**	**$556,824,248**	**$65,655**	**0.6 %**
6/30/2016	General	6,788	$421,043,714	$62,028	0.1 %
	Safety	1,839	$146,217,425	$79,509	0.8 %
	Total	**8,627**	**$567,261,139**	**$65,754**	**0.2 %**
6/30/2017	General	6,966	$431,532,274	$61,948	(0.1)%
	Safety	1,762	$140,549,312	$79,767	0.3 %
	Total	**8,728**	**$572,081,586**	**$65,546**	**(0.3)%**
6/30/2018	General	7,106	$443,482,638	$62,410	0.7 %
	Safety	1,761	$140,698,321	$79,897	0.2 %
	Total	**8,867**	**$584,180,959**	**$65,883**	**0.5 %**
6/30/2019	General	7,433	$471,228,860	$63,397	1.6 %
	Safety	1,764	$141,048,417	$79,959	0.1 %
	Total	**9,197**	**$612,277,277**	**$66,574**	**1.0 %**
6/30/2020	General	7,641	$495,639,348	$64,866	2.3 %
	Safety	1,685	$138,930,289	$82,451	3.1 %
	Total	**9,326**	**$634,569,637**	**$68,043**	**2.2 %**
6/30/2021	General	7,382	$484,722,431	$65,663	1.2 %
	Safety	1,690	$138,571,654	$81,995	(0.6)%
	Total	**9,072**	**$623,294,085**	**$68,705**	**1.0 %**

Plan Year	At Beginning of Year	Added During Year	Removed During Year	At End of Year	Annual Allowance Added	Annual Allowance Removed	Retiree Payroll Ending	% Increase in Retiree Allowance	Average Annual Allowance*
2012	6,570	499	179	6,890	$24,783,041	$3,411,092	$226,341,715	10.4%	$32,851
2013	6,890	468	187	7,171	$22,305,618	$3,825,313	$244,822,020	8.2%	$34,141
2014	7,171	442	216	7,397	$19,663,621	$4,173,211	$260,312,430	3.1%	$35,192
2015	7,397	440	238	7,599	$20,734,025	$5,817,539	$275,229,096	5.7%	$36,219
2016	7,599	454	206	7,847	$20,236,339	$5,034,075	$290,431,360	5.5%	$37,012
2017	7,847	501	255	8,093	$22,566,737	$6,358,810	$306,639,287	5.6%	$37,889
2018	8,093	426	218	8,301	$22,799,714	$6,125,093	$323,313,908	5.4%	$38,949
2019	8,301	402	208	8,495	$25,086,184	$5,533,123	$342,866,969	6.0%	$40,361
2020	8,495	405	233	8,667	$24,009,780	$6,538,327	$360,338,422	5.1%	$41,576
2021	8,667	468	300	8,835	$26,956,474	$9,582,527	$377,712,369	4.8%	$42,752

* *Excludes SRBR amounts*

Schedule of Funded Liabilities by Type

	Aggregate Accrued Liabilities					Portion of Accrued Liabilities Covered by Reported Assets		
Valuation Date	Active Member Contributions	Retired/ Vested Members	Active Members (Employer Financed Portion)	Total	Actuarial Value of Assets	Active Member Contributions	Retired/ Vested Members	Active Members (Employer Financed Portion)
6/30/2012	$231,626	$2,933,987	$1,729,377	$4,894.99	$2,960,507	100%	93%	0%
6/30/2013	$244,832	$3,153,966	$1,709,821	$5,108.619	$3,120,632	100%	91%	0%
6/30/2014	$268,826	$3,446,962	$1,776,652	$5,492.44	$3,342,122	100%	89%	0%
6/30/2015	$295,447	$3,607,511	$1,754,215	$5,657.173	$3,529,786	100%	90%	0%
6/30/2016	$320,400	$3,766,875	$1,725,817	$5,813.092	$3,685,447	100%	89%	0%
6/30/2017	$351,592	$4,093,826	$1,746,015	$6,191.433	$3,913,073	100%	87%	0%
6/30/2018	$387,376	$4,288,475	$1,722,963	$6,398.814	$4,163,476	100%	88%	0%
6/30/2019	$414,082	$4,513,958	$1,694,455	$6,622.495	$4,291,573	100%	86%	0%
6/30/2020	$461,921	$4,823,175	$1,720,493	$7,005.589	$4,508,548	100%	84%	0%
6/30/2021	$505,907	$5,020,756	$1,637,562	$7,164.225	$4,806,026	100%	86%	0%

Actuarial Analysis of Financial Experience (In thousands)

Investment Performance	June 30, 2021	June 30, 2020	June 30, 2019
Asset Return Greater			
(Less) than Expected	$ 30,447	$ (65,123)	$ (110,973)
Salary Increase Less			
(Greater) than Expected	$ 39,749	$ 13,666	$ 34,965
Other Experience			
Including Demographic Changes	$ (6,980)	$ (506)	$ (42,967)
Change in Assumptions/Methodology	$ —	$ (146,618.00)	$ —
Plan Changes	$ 28,922	$ —	$ —
Composite Gain (or Loss) During Year	**$ 92,138**	**$ (198,581)**	**$ (118,975)**

SCHEDULE OF FUNDING PROGRESS* (In thousands)

Actuarial Valuation Date (1)	Actuarial Accrued Liability (2)	Valuation Value of Assets (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Annual Payroll (4) / (6) (7)
6/30/2012	$4,894,990	$2,960,507	$1,934,483	60.5 %	$543,558	355.9%
6/30/2013	$5,108,619	$3,120,632	$1,987,987	61.1 %	$555,752	357.7%
6/30/2014	$5,492,440	$3,342,122	$2,150,318	60.8 %	$555,634	387.0%
6/30/2015	$5,657,173	$3,529,786	$2,127,387	62.4 %	$556,824	382.1%
6/30/2016	$5,813,092	$3,685,447	$2,127,645	63.4 %	$567,261	375.1%
6/30/2017	$6,191,433	$3,913,073	$2,278,360	63.2 %	$572,081	398.3%
6/30/2018	$6,398,814	$4,163,476	$2,235,338	65.1 %	$584,180	382.6%
6/30/2019	$6,622,495	$4,291,573	$2,330,992	64.8 %	$612,277	380.7%
6/30/2020	$7,005,589	$4,508,548	$2,497,041	64.4 %	$634,570	393.5%
6/30/2021	$7,164,255	$4,806,026	$2,358,199	67.1 %	$623,295	378.3%

** Net of SRBR and $5,000 death benefits*

SCHEDULE OF EMPLOYER CONTRIBUTIONS (In thousands)

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2012	$189,837	100%
2013	$211,677	100%
2014	$220,393	100%
2015	$215,477	100%
2016	$234,714	100%
2017	$224,351	100%
2018	$242,534	100%
2019	$229,120	100%
2020	$273,909	100%
2021	$268,626	100%

Briefly summarized below are the major provisions of the County Employees' Retirement Law of 1937, including Sections 31676.01, 31676.14, 31676.17, 31664, 31664.1 and 7522.20(a), as adopted by the County of Kern and special districts.

Membership

Membership is automatic upon appointment to a permanent position of 50% or more of the regular standard hours required. Retirement entry date is the first day of the first full biweekly payroll period following the date of employment.

All safety and general members hired by the County of Kern or a special district on or after January 1, 2013 are subject to the "new member" provisions found in Code Section 7522.20(a) of the Public Employees' Pension Reform Act of 2013 (PEPRA).

Final Average Salary

For non-PEPRA benefit tiers, "final average salary" is the highest 12 consecutive months of pensionable pay, including base salary and other pay elements includible as a result of the "Ventura" decision. "Pensionable compensation" for members subject to PEPRA is the highest 36 consecutive months of pensionable pay, including base salary and eligible special pay items defined in PEPRA.

Vesting

Members are considered vested in the Plan after obtaining five years of retirement service credit.

Member Contribution Rates

The basic contribution is computed on the member's base pay plus pensionable special pays, with the contribution rate being determined by the member's entry age into KCERA, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified in the County Employees' Retirement Law of 1937.

The normal rates of contribution are such as to provide, for each year of service, an average annuity at age 55 of 1.0% of final compensation for General Tier I members, an average annuity at age 60 of 0.833% of final compensation for General Tier II members, an average annuity at age 50 of 1.5% of final compensation for Safety Tier I members, and an average annuity at age 50 of 1.0% of final compensation for Safety Tier II members, according to the tables adopted by the Board of Supervisors, for each year of service rendered after entering the Plan.

General and safety members subject to PEPRA provisions will pay 100% of their contributions until retirement. Their contribution rates will be 50% of the actuarially determined Normal Cost rate for each membership group. All other KCERA members will contribute based on their entry age or a flat average rate (i.e., for certain safety bargaining units).

Per IRS Code Section 414(h)(2), member contributions made through payroll deductions are pretax. Interest is credited to contribution balances on June 30 and December 31, per the County Employees' Retirement Law of 1937, Article 5.5.

Withdrawal Benefits

If a member resigns, his or her contributions plus interest can be refunded. Members with less than five years of service may elect to leave his or her contributions on deposit and receive interest. Any vested member may elect to leave his or her contributions on deposit and receive a deferred-vested benefit when eligible for retirement.

Compensation Limit

For members who joined KCERA on or after July 1, 1996 but before January 1, 2013, "compensation earnable" is limited by IRC Section 401(a)(17) and indexed annually for inflation. "Pensionable compensation" for General Tier III members enrolled in Social Security is capped at the Social Security limit and indexed annually for inflation.

Service Retirement Benefits

General members with at least 10 years of retirement service credit who are age 50 or older, have 30 years of service credit regardless of age, or are age 70 regardless of service credit are eligible for service retirement.

General Tier I provides 3.0% of final compensation for each year of service at age 60, multiplied by Government Code Section 31676.17 factors. General Tier II provides 1.62% of final compensation for each year of service at age 65, multiplied by Government Code Section 31676.01 factors.

Berrenda Mesa Water District and Inyokern Community Services District still have Government Code Section 31676.14 for service prior to January 1, 2005.

General Tier II applies to most general members hired by the County of Kern and Kern County Hospital Authority on or after October 27, 2007, or hired by the following special districts: Berrenda Mesa Water District on or after January 12, 2010; Buttonwillow Recreation and Park District and East Kern Cemetery District on or after December 17, 2012; Inyokern Community Services District on or after December 13, 2012; Kern County Water Agency on or after January 1, 2010; Kern Mosquito and Vector Control District on or after December 12, 2012; North of the River Sanitation District on or after October 29, 2007; San Joaquin Valley Air Pollution Control District on or after July 31, 2012; Shafter Recreation and Park District on or after December 19, 2012; West Side Cemetery District on or after December 18, 2012; West Side Mosquito and Vector Control District on or after November 15, 2012; and Kern County Superior Court on or after March 12, 2011.

General members hired by the West Side Recreation and Park District on or after January 1, 2013 are General Tier III members. Their benefit formula is 2.5% at age 67. They are eligible to retire at age 52 with 5 years of retirement service credit.

Safety members with at least 10 years of retirement service credit who are age 50 or older, or with 20 years of retirement service credit regardless of age, are eligible for service retirement.

Safety Tier I provides 3.0% of final compensation for each year of service at age 50, multiplied by Government Code Section 31664.1 factors. Safety Tier II provides 2.0% of final compensation for each year of service at age 50, multiplied by Government Code Section 31664 factors.

For members integrated with Social Security, benefits based on $350 of monthly final average salary are reduced by one-third.

Disability Benefit

Members with five years of retirement service credit, regardless of age, are eligible for nonservice-connected disability. This benefit provide 20% to 40% of the member's final average monthly compensation for life.

If the disability is service-connected, there is no minimum retirement service credit requirement. This benefit provides 50% of the member's final average monthly compensation, tax-free, for life.

Death Benefit (Before Retirement)

A non-vested active member's beneficiary is entitled to receive the Basic Death Benefit, which consists of accumulated contributions plus interest and one month of salary for each full year of service, up to six months of salary.

The beneficiary (i.e., eligible spouse or registered domestic partner) of a vested active member who does not die in the performance of duty is entitled to either the Basic Death Benefit or a monthly benefit equal to 60% of the benefit payable if the member had retired with a nonservice-connected disability on his or her date of death. This also applies to minor children if there is no eligible spouse or partner.

If a member dies in the performance of duty, the eligible spouse, partner or minor children receives 50% of the member's final average salary.

Death Benefit (After Retirement)

A death benefit of $5,000 is payable to the designated beneficiary or estate of a retiree after the member dies.

If a member retired for service or with a nonservice-connected disability and he or she chose the Unmodified Option, the eligible surviving spouse, registered domestic partner or minor children will receive a benefit equal to 60% of the member's retirement benefit. If the retirement was for a service-connected disability, the member's spouse, registered domestic partner or minor children will receive a 100% continuance of the benefit.

Supplemental Retirement Benefits (SRBR)

The Board of Retirement adopted California Government Code Section 31618 on April 23, 1984, which provided for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR may be used only for the benefit of retired members and their beneficiaries. The distribution of the SRBR shall be determined by the Board of Retirement. SRBR approved benefits include all Tier 1, Tier 2, Tier 3, Tier 4 and death benefits approved through the June 30, 2021 Actuarial Valuation.

Post-Retirement Cost-of-Living Benefits

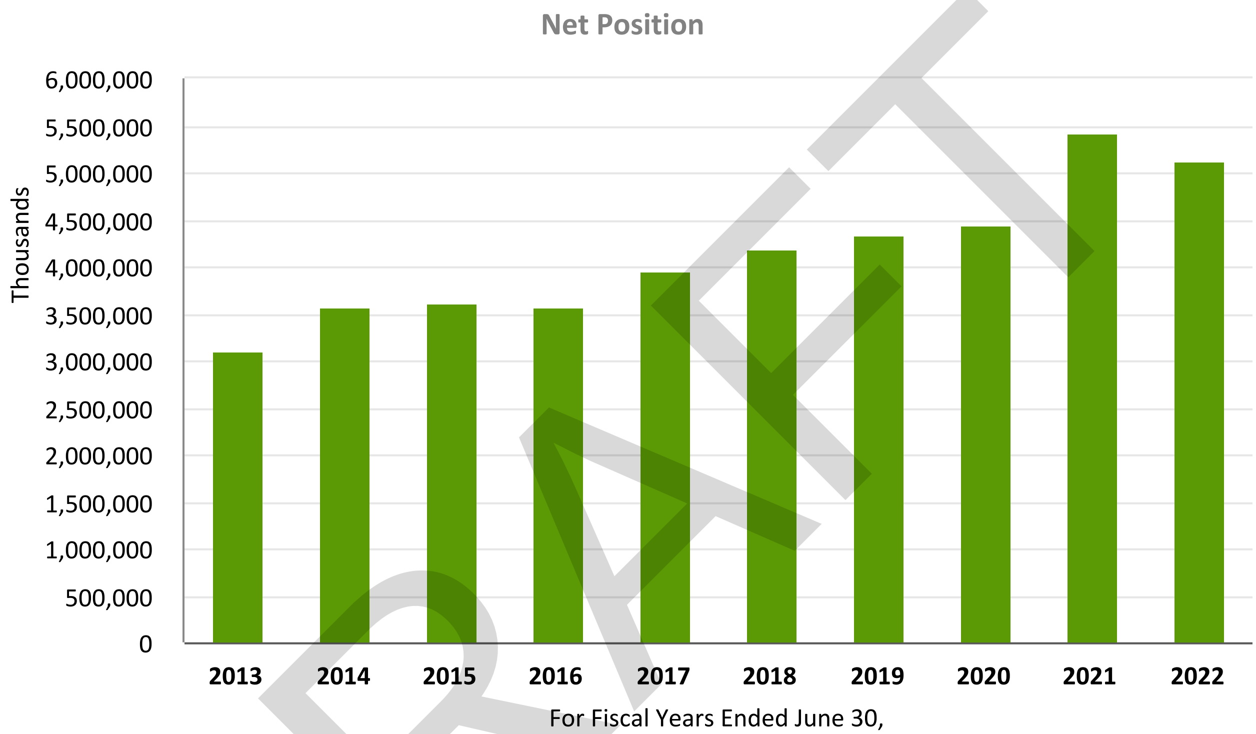
Each April 1, retiree benefits are adjusted by the percentage change in the Consumer Price Index for the preceding calendar year (capped at 2.5%).

Eligibility	Tier 1:	Hired on or before July 1, 1994.
	Tier 2:	Pensioners with at least five years of credited service and who retired prior to 1981 or 1985 (and their surviving beneficiaries) whose benefits have reduced by 20% in purchasing power since retirement.
	Tier 3:	Pensioners and their surviving beneficiaries whose benefits have reduced by 20% in purchasing power since retirement.
	Tier 4:	Hired on or before July 1, 2018.
Benefits	Tier 1:	$35.50 per month, not subject to cost-of-living adjustments.
	Tier 2:	$1.372 times years of service, per month, for members who retired prior to 1985; granted July 1, 1994. $5.470 times years of service, per month, for members who retired prior to 1985; granted July 1, 1996. $10.276 times years of service, per month, for members who retired prior to 1981; granted July 1, 1997.
	Tier 3:	Additional benefits to maintain 80% purchasing power protection.
	Tier 4:	$21.00 per month, not subject to cost-of-living adjustments.
	Death Benefit:	A one-time payment of $5,000 to a retired member's beneficiary.
	0.5% COLA	$64.7 million allocation of funds to initially pay for a 0.5% cost-of- living allowance; arisen from a litigation judgment entered on January 24, 2002.
Funding		Crediting of interest and the allocation of "undistributed earnings": the amount that remains after net earnings have been used to credit interest to the Plan's reserves.

STATISTICAL SECTION

The Statistical Section offers additional historical perspective and detail to provide a fuller understanding of this year's financial statements, note disclosures and supplementary information. This section also provides 10 year trending of financial and operating information to supply a more comprehensive perspective on how KCERA's financial position and performance have changed over time. Specifically, the financial and operating information provides contextual data for KCERA's changes in net position, benefit expenses, retirement types, benefit payments and membership data. The financial and operating trend information is located on the following pages.

KCERA NET POSITION VALUE



KCERA 2022 - Schedule of Changes in Fiduciary Net Position

(In thousands)

	2013	2014	2015	2016	2017
Additions					
Employer Contributions	$ 211,677	$ 220,393	$ 215,477	$ 234,714	$ 241,112
Member Contributions	20,283	25,810	30,325	33,278	34,649
Net Investment Income (Loss)	319,264	487,494	81,930	(27,535)	426,607
Total Additions	**551,224**	**733,697**	**327,732**	**240,457**	**702,368**
Deductions					
Total Benefit Expenses**	242,630	257,495	273,865	288,738	305,817
Administrative Expenses	3,848	4,860	4,886	5,225	5,243
Total Deductions	**246,478**	**262,355**	**278,751**	**293,963**	**311,060**
Change in Fiduciary Net Position	**$ 304,746**	**$ 471,342**	**$ 48,981**	**$ (53,506)**	**$ 391,308**

(In thousands)

	2018	2019	2020	2021	2022
Additions					
Employer Contributions*	$ 242,534	$ 229,120	$ 273,909	$ 268,625	$ 287,063
Member Contributions*	52,503	50,132	57,862	53,789	54,514
Net Investment Income (Loss)	267,659	214,244	127,861	1,043,361	(219,947)
Total Additions	**562,696**	**493,496**	**459,632**	**1,365,775**	**121,630**
Deductions					
Total Benefit Expenses**	321,613	341,774	361,094	380,996	401,313
Administrative Expenses	5,116	4,804	5,523	6,061	6,702
Total Deductions	**326,729**	**346,578**	**366,617**	**387,057**	**408,015**
Change in Fiduciary Position	**$ 235,967**	**$ 146,918**	**$ 93,015**	**$ 978,718**	**$ (286,385)**

** The 2018, 2019, 2020, 2021 and 2022 fiscal year's financial statements reclassified employer paid member contributions as member contributions.*
*** See Schedule of Benefit Expenses by Type on next page.*

(In thousands)

	2013	2014	2015	2016	2017
Service Retirement Benefits					
General	$ 127,139	$ 137,993	$ 148,697	$ 159,101	$ 169,370
Safety	68,078	68,705	72,097	74,978	78,453
Total	195,217	206,698	220,794	234,079	247,823
Service-Connected Disability (SCD) Benefits					
General	8,064	8,331	8,422	8,260	8,411
Safety	15,495	20,565	21,222	21,676	22,207
Total	23,559	28,896	29,644	29,936	30,618
Beneficiary Benefits					
General	11,152	10,660	11,186	12,261	13,579
Safety	8,602	7,565	7,881	8,393	8,979
Total	19,754	18,225	19,067	20,654	22,558
Lump Sum Death Benefits	606	564	862	787	894
Total Benefit Payments	**239,136**	**254,383**	**270,367**	**285,456**	**301,893**
Refunds					
General	2,973	2,762	2,876	2,563	2,718
Safety	521	350	622	719	1,206
Total	3,494	3,112	3,498	3,282	3,924
Total Benefit Expenses	**$ 242,630**	**$ 257,495**	**$ 273,865**	**$ 288,738**	**$ 305,817**

(In thousands)

	2018	2019	2020	2021	2022
Service Retirement Benefits					
General	$ 179,977	$ 193,308	$ 206,802	$ 217,511	$ 225,618
Safety	81,806	86,007	91,880	96,306	99,934
Total	261,783	279,315	298,682	313,817	325,552
Service-Connected Disability (SCD) Benefits					
General	8,647	8,479	8,451	8,567	8,655
Safety	22,842	22,596	23,548	24,388	25,125
Total	31,489	31,075	31,999	32,955	33,780
Beneficiary Benefits					
General	14,136	14,903	14,818	15,944	18,161
Safety	9,612	10,719	10,046	10,757	13,484
Total	23,748	25,622	24,864	26,701	31,645
Lump Sum Death Benefits	903	1,025	1,097	1,010	1,876
Total Benefit Payments	**$ 317,923**	**$ 337,037**	**$ 356,642**	**$ 374,483**	**$ 392,853**
Refunds					
General	2,966	3,519	3,126	5,207	6,695
Safety	724	1,218	1,326	1,307	2,274
Total	3,690	4,737	4,452	6,514	8,969
Total Benefit Expenses	**$ 321,613**	**$ 341,774**	**$ 361,094**	**$ 380,997**	**$ 401,822**

Amount of Monthly Benefit	Number of Retirants	Type of Retirement 1	2	3	4	5	6	7	8	9
$1-500	373	256	2	0	0	53	8	0	6	48
$501-1,000	888	610	24	1	0	141	21	2	20	69
$1,001-1,500	930	667	56	26	0	108	22	0	13	38
$1,501-2,000	890	609	42	78	0	87	22	0	21	31
$2,001-3,000	1601	1,122	23	195	0	152	12	1	53	43
$3,001-4,000	1298	935	7	184	0	119	3	7	31	12
$4,001-5,000	786	653	2	53	0	58	1	0	11	8
$5,001-6,000	537	472	2	25	0	23	2	0	12	1
Over $6,000	1712	1,524	5	120	0	36	1	1	24	1
Totals	**9,015**	**6,848**	**163**	**682**	**0**	**777**	**92**	**11**	**191**	**251**

Amount of Monthly Benefit	Number of Retirants	Option Selected: Option 1	Option 2	Option 3	Option 4	Unmodified A	B	C
$1-500	373	9	37	0	0	115	0	212
$501-1,000	888	5	63	5	0	319	1	495
$1,001-1,500	930	5	76	5	0	334	10	500
$1,501-2,000	890	7	52	4	0	330	46	451
$2,001-3,000	1601	8	80	13	4	589	127	780
$3,001-4,000	1298	8	58	1	3	513	135	580
$4,001-5,000	786	4	37	1	2	396	38	308
$5,001-6,000	537	2	28	5	2	303	15	182
Over $6,000	1712	3	80	7	4	1139	108	371
Totals	**9,015**	**51**	**511**	**41**	**15**	**4,038**	**480**	**3,879**

Type of Retirement

1 – Normal retirement for age and service
2 – NonService - connected disability retirement
3 – Service-connected disability retirement
4 – Former member with deferred future benefit
5 – Beneficiary payment – normal retirement
6 – Beneficiary payment – active member who died and was eligible for retirement
7 – Beneficiary payment – death in service
8 – Beneficiary payment – disability retirement
9 – Supplemental and ex-spouses

Option Selected

Option 1 – Beneficiary receives lump sum of member's unused contributions
Option 2 – Beneficiary receives 100% of member's reduced monthly allowance
Option 3 – Beneficiary receives 50% of member's reduced monthly allowance
Option 4 – More than one beneficiary receives 100% of member's reduced monthly allowance
A – Unmodified 60% continuance
B – Unmodified no continuance
C – Unmodified 100% continuance

KCERA 2022 - Schedule of Average Benefit Payment Amounts by Year of Retirement

	Years of Retirement Service Credit						
	0-5	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Fiscal Year 2013							
Average Annual Benefit ($)	10,016	18,534	24,145	35,166	48,651	68,141	86,483
Average Monthly Benefit ($)	835	1,544	2,012	2,930	4,054	5,678	7,207
Average Final Monthly Salary ($)	7,851	5,445	4,930	5,435	5,613	6,289	6,545
Number of Active Retirants	17	30	73	56	65	62	74
Fiscal Year 2014							
Average Annual Benefit ($)	9,988	16,032	23,223	34,756	49,783	76,869	95,563
Average Monthly Benefit ($)	832	1,336	1,935	2,896	4,149	6,406	7,964
Average Final Monthly Salary ($)	9,447	5,439	5,081	5,300	5,881	6,883	7,300
Number of Active Retirants	16	26	65	39	47	64	45
Fiscal Year 2015							
Average Annual Benefit ($)	4,984	15,972	25,347	37,633	47,744	66,201	99,504
Average Monthly Benefit ($)	415	1,331	2,112	3,136	3,979	5,517	8,292
Average Final Monthly Salary ($)	5,732	5,474	5,230	5,551	5,424	6,284	7,520
Number of Active Retirants	6	44	70	37	39	72	53
Fiscal Year 2016							
Average Annual Benefit ($)	7,115	15,615	26,646	36,159	50,102	70,638	86,002
Average Monthly Benefit ($)	593	1,301	2,221	3,013	4,175	5,887	7,167
Average Final Monthly Salary ($)	7,213	5,349	5,886	5,585	5,939	6,722	7,103
Number of Active Retirants	23	43	69	41	45	77	53
Fiscal Year 2017							
Average Annual Benefit ($)	8,058	16,600	27,270	40,904	52,623	69,290	91,444
Average Monthly Benefit ($)	671	1,383	2,272	3,409	4,385	5,774	7,620
Average Final Monthly Salary ($)	8,677	5,928	5,944	6,034	6,331	6,605	7,155
Number of Active Retirants	17	45	76	59	66	60	55

	Years of Retirement Service Credit						
	0-5	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
Fiscal Year 2018							
Average Annual Benefit ($)	7,379	15,207	22,003	37,024	58,771	66,055	94,362
Average Monthly Benefit ($)	615	1,267	1,834	3,085	4,898	5,505	7,863
Average Final Monthly Salary ($)	8,584	6,108	5,457	5,964	7,266	6,583	7,493
Number of Active Retirants	14	48	59	53	55	55	41
Fiscal Year 2019							
Average Annual Benefit ($)	10,773	14,021	24,348	34,802	52,104	85,145	94,720
Average Monthly Benefit ($)	898	1,168	2,029	2,900	4,342	7,095	7,893
Average Final Monthly Salary ($)	9,659	5,327	5,834	5,622	6,772	8,362	7,856
Number of Active Retirants	18	35	64	45	58	52	52
Fiscal Year 2020							
Average Annual Benefit ($)	10,066	12,648	25,112	37,219	44,669	68,992	84,226
Average Monthly Benefit ($)	839	1,054	2,093	3,102	3,722	5,749	7,019
Average Final Monthly Salary ($)	9,959	5,373	6,089	6,086	5,954	6,934	7,102
Number of Active Retirants	9	33	62	53	66	65	40
Fiscal Year 2021							
Average Annual Benefit ($)	8,628	13,320	23,282	37,017	52,979	63,815	85,297
Average Monthly Benefit ($)	719	1,110	1,940	3,085	4,415	5,318	7,108
Average Final Monthly Salary ($)	9,483	6,752	6,395	6,285	7,236	6,754	7,434
Number of Active Retirants	13	35	51	43	85	50	48
Fiscal Year 2022							
Average Annual Benefit ($)	6,522	11,189	21,316	35,964	51,317	74,399	81,410
Average Monthly Benefit ($)	543	932	1,776	2,997	4,276	6,200	6,784
Average Final Monthly Salary ($)	7,041	5,449	5,923	6,787	6,824	8,058	7,406
Number of Active Retirants	13	28	57	52	97	54	44

	2013	2014	2015	2016	2017
County of Kern					
General Members	5,873	5,833	5,827	5,937	4,720
Safety Members	1,873	1,886	1,847	1,840	1,767
Total	7,746	7,719	7,674	7,777	6,487
Participating Agencies (General Membership):					
Berrenda Mesa Water District	10	10	9	6	6
Buttonwillow Recreation and Park District	6	4	5	4	3
East Kern Cemetery District	1	1	1	2	2
Inyokern Community Services District	1	1	1	1	—
Kern County Hospital Authority	—	—	—	—	1,374
Kern County Water Agency	65	68	67	62	60
Kern Mosquito & Vector Control District	18	18	18	18	18
North of the River Sanitation District	13	12	13	13	13
San Joaquin Valley Air Pollution Control District	281	276	264	269	273
Shafter Recreation and Park District	—	—	—	—	1
West Side Cemetery District	6	6	6	6	6
West Side Mosquito & Vector Control Dist.	7	10	10	9	8
West Side Recreation and Park District	10	11	11	11	9
Kern County Superior Court	353	389	414	457	478
	771	806	819	858	2,251
Total Active Membership:					
General Members	6,644	6,639	6,645	6,795	6,971
Safety Members	1,873	1,886	1,847	1,840	1,767
Total	8,517	8,525	8,492	8,635	8,738

	2018	2019	2020	2021	2022
County of Kern:					
General Members	4,818	5,014	5,091	4,891	4,900
Safety Members	1,771	1,773	1,685	1,690	1,701
Total	6,589	6,787	6,776	6,581	6,601
Participating Agencies (General Membership):					
Berrenda Mesa Water District	4	3	3	3	3
Burtonwillow Recreation and Park District	2	1	1	1	1
East Kern Cemetery District	2	2	2	2	2
Inyokern Commnunity Services District	—	—	—	—	—
Kern County Hospital Authority	1,446	1,550	1,621	1,605	1,559
Kern County Water Agency	59	55	53	51	49
Kern Mosquito & Vector Control District	19	18	22	21	20
North of the River Sanitation District	18	18	20	17	19
San Joaquin Valley Air Pollution Control District	275	289	303	296	314
Shafter Recreation and Park District	3	2	4	4	3
West Side Cemetery District	6	6	5	4	3
West Side Mosquito & Vector Control Dist.	8	8	6	5	5
West Side Recreation and Park District	8	7	6	5	5
Kern County Superior Court	483	519	504	477	492
	2,333	**2,478**	**2,550**	**2,491**	**2,475**
Total Active Membership:					
General Members	7,151	7,492	7,641	7,382	7,375
Safety Members	1,771	1,773	1,685	1,690	1,701
Total	**8,922**	**9,265**	**9,326**	**9,072**	**9,076**

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §6254.26)
(CA Gov. Code §6255)
(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §6254.26)
(CA Gov. Code §6255)
(CA Gov. Code §54957.5)

DO NOT REPRODUCE

DO NOT DISTRIBUTE

Date: December 14, 2022

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Option 2 Implementation**

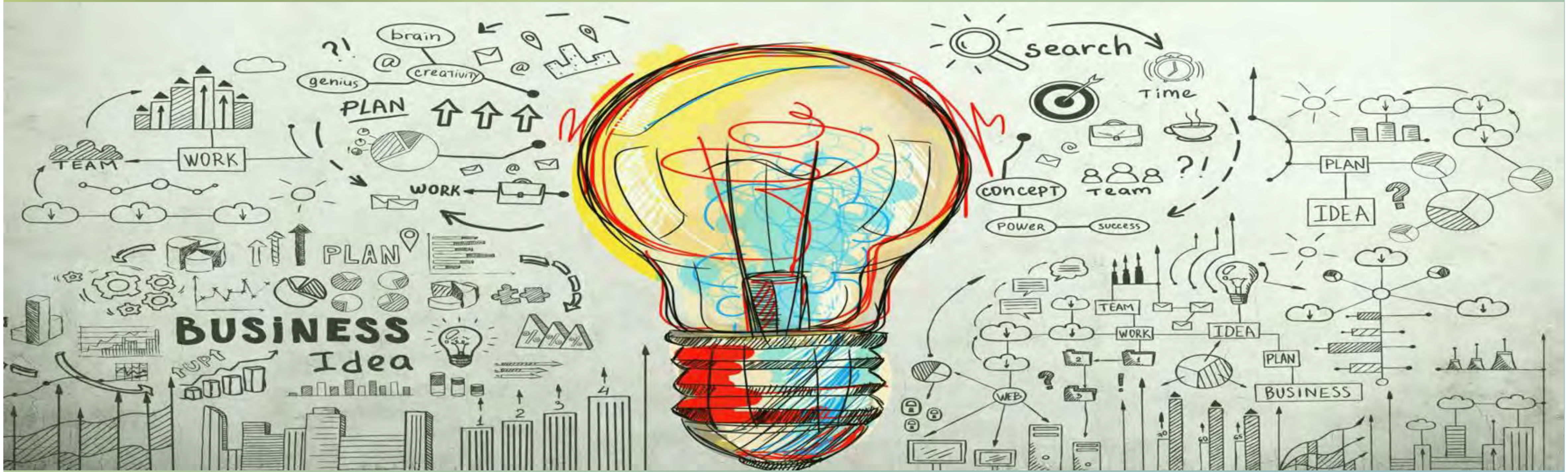
On September 19, 2022 the Administrative Committee heard a staff presentation on Risk Mitigation and Position Creation. This item was in response to a previous referral from the Board to evaluate options to separate the personnel function from the budgetary function of KCERA. Staff presented three options for consideration, and the Administrative Committee directed staff to work with Aon to draft edits to relevant policies to reflect implementation of Option 2.

After staff collaboration with Aon, the recommended Board charter edits were presented to the Administrative Committee on November 16, 2022 and unanimously approved for recommendation to your Board.

The following documents are attached:

- Slide deck previously presented
- Proposed edits to the Chief Executive Officer Charter
- Proposed edits to the Administrative Committee Charter
- Proposed edits to the Finance Committee Charter

Risk Mitigation & Position Creation



Presented by Dominic D. Brown, CEO

September 19, 2022

KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Background

- Over the last 5 years, KCERA has added 10+ new positions, and reclassified numerous other positions through the budgetary process
- KCERA staff worked directly with County HR to implement changes to respond to risks and to “right-size” personnel to promote employee recruitment and retention
- This year the Board asked staff to develop a process to separate personnel actions from the budgetary process and present potential solutions to the Administrative Committee

Personnel – Last 5 Years

- Every KCERA position specification has been updated and each salary range has been improved
- We are nearly done making every position unique to KCERA with no direct County equivalent
- At least 10 positions are entirely new to KCERA and were created by modeling after SACRS peers

Option 1 – Consider Position Changes through Administrative Committee

- Pros
  - Administrative Committee already exists to handle similar matters
  - Accomplishes objective to separate from budgetary positions and Finance Committee matters
- Cons
  - Open Session required
  - Risk assessments related to confidential human resources matters, including succession planning, and cybersecurity vulnerabilities and threats should not be discussed in open session

Option 2 – Delegate Position Development to CEO

- Pros
  - Consistent with CEO Charter as currently drafted
  - Good governance – Board stays at the policy level
  - Consistent with Fiduciary Duty to Monitor and Oversee
- Cons
  - Some Trustees may be concerned with lack of opportunity to participate

Option 3 – Recommend Board Create an Ad Hoc Committee

- Pros
  - Ad Hoc Committees are exempt from Brown Act and confidential matters can be fully vetted
  - Committee members can spend as much or as little time as they want before making recommendations to the Board
- Cons
  - Some, but not all Trustees can fully participate in confidential discussions

Staff Recommendation

- Consider merits of each approach, or possibly consider other options or hybrid solutions
- Refer to staff to draft changes for further consideration by the Administrative Committee
- Make a recommendation to the Board of Retirement

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CHIEF EXECUTIVE OFFICER CHARTER

INTRODUCTION

1) The Board of Retirement will appoint a Chief Executive Officer who will serve at its pleasure. The Chief Executive Officer is the most senior executive of KCERA and is not subject to county civil service and merit system rules.

DUTIES AND RESPONSIBILITIES

Leadership and Policy Analysis

2) The Chief Executive Officer will provide leadership for staff in implementing the programs necessary to achieve the goals and objectives established by the Board. The Chief Executive Officer will manage the day-to-day affairs of KCERA in accordance with policies established by the Board, and may delegate duties to senior management and staff as necessary. In so doing, the Chief Executive Officer will solicit advice and counsel from the Board, the Chair, or individual trustees, as appropriate.

3) The Chief Executive Officer will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policies or strategies, and providing well-supported recommendations for consideration by the Board or its committees. The Chief Executive Officer will be responsible for ensuring that all policies and strategies are properly implemented.

Authority

4) The Chief Executive Officer shall operate in a manner consistent with all Board policies and applicable legislation. Subject to any limitation set out in such policies and legislation, the Chief Executive Officer is authorized to:
   a) Manage the day-to-day operations of KCERA;
   b) Select and terminate the senior executives of KCERA including the Chief Operations Officer, Chief Investment Officer, and Chief Legal Officer; and, subject to review by legal counsel, offer employment to such personnel (see paragraph 12 below);
   c) Develop and establish human resource staff positions and corresponding job specifications, as necessary for the proper administration and management of

KCERA and in furtherance of operational risk mitigation, which will be reported annually to the Administrative Committee as further set forth in the *Human Resources Report Protocol,* Appendix A of the Administrative Committee Charter.

d) Hire service providers where:

i) The Board has not specifically retained the authority to hire such service providers; and

ii) The total value of the services to be rendered by the service provider over a 12-month period is not more than $50,000 (see paragraph 16 below);

e) Approve all qualified members who apply for service retirement and report such retirements to the Board at the next public meeting of the Board after retirement (§31670);

f) Resolve and settle disputes involving the over- or under-payment of:

i) Benefit payments to a member, provided such payment does not exceed $20,000, consistent with the *Overpayment and Underpayment of Member Benefits Policy* and subject to review by Legal Counsel.

ii) Contributions made by a member, provided such payment does not exceed $5,000, consistent with the *Overpayment and Underpayment of Member Contributions Policy* and subject to review by Legal Counsel.

g) Settling and compromising claims and controversies (not directly involving over or under payments) on behalf of the Board and/or KCERA relating to benefits, personnel, and other legal matters.

h) Notwithstanding f) above, if the present value of the settlement, claim, or compromise to be made by KCERA exceeds $20,000, or the settlement or compromise involves multiple current or future KCERA members or beneficiaries, then such settlement or compromise shall require Board approval.

Governance

5) The Chief Executive Officer will:

a) Recommend governance policies and charters to ensure appropriate board governance practices.

b) Assist the Board in implementing its governance policies, charters, and the Regulations.

c) Coordinate trustee education and travel.

d) Serve as Secretary to the Board.

Risk Management

6) The Chief Executive Officer is responsible for monitoring, managing, and/or mitigating material risks to KCERA, including those pertaining to investments, funding, and operations. In keeping with this responsibility, the Chief Executive Officer will recommend risk management policies concerning all material aspects of KCERA, and oversee staff's implementation of such policies. The Chief Executive Officer will furthermore approve and implement any necessary risk management procedures to support the above policies.

Investments

7) The Chief Executive Officer is responsible for the KCERA investment program and for providing oversight of investment staff.

8) The Chief Executive Officer, delegating to the Chief Investment Officer as appropriate, will:
   a) Recommend to the Board a written investment policy statement and other material investment policies necessary to properly invest the assets of KCERA.
   b) Coordinate asset allocation studies.
   c) Execute portfolio rebalancing and portfolio transitions.
   d) Ensure appropriate due diligence is performed in connection with investment managers and other investment-related service providers.
   e) Remain abreast of investment trends, issues and opportunities that may have implications for the investment program of KCERA.

Benefits Administration

9) The Chief Executive Officer will:
   a) Recommend to the Board, as necessary, policies and service quality benchmarks to ensure effective administration of member benefits.
   b) Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures (e.g. *Overpayment and Underpayment of Member Benefits Policy*).
   c) Prepare or oversee the preparation of all member communications in accordance with applicable policies and plans.
   d) Manage the disability application and appeal processes in accordance with applicable policies and procedures.
   e) Recommend annual cost-of-living adjustments to the Board.
   f) Maintain accurate records of member accounts.

Operations

10)The Chief Executive Officer will:

a) Recommend to the Board, as appropriate, policies to ensure effective operations.

b) Develop and recommend a strategic plan and other material plans to the Board, including updates, as necessary.

c) Recommend the annual Operating Budget to the Board.

d) Authorize payments related to the administration of KCERA, consistent with the Operating Budget and internal controls of KCERA.

e) Account for and ensure appropriate collection, deposit and distribution of funds as required.

f) Develop and implement operational controls, and procedures.

g) Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer KCERA.

h) Maintain the records of KCERA in a permanent and readily accessible format.

Finance, Actuarial and Accounting

11)The Chief Executive Officer will:

a) Recommend to the Board, as appropriate, financial, accounting, and actuarial policies.

b) Implement appropriate internal financial controls to safeguard the assets of KCERA.

c) Coordinate financial audits, actuarial valuations, actuarial experience studies, actuarial audits, and any other audits that may be required.

d) File in the office of the County Auditor and with the Board of Supervisors an Annual Comprehensive Financial Report which will exhibit the financial condition of KCERA at the close of the preceding June 30th and its financial transactions for the fiscal year ending on that day (§31597.1).

Human Resources

12)The Chief Executive Officer is responsible for hiring, directing, and terminating all personnel of KCERA. This includes but is not limited to:

a) Selecting and terminating the Chief Operations Officer, Chief Investment Officer, and Chief Legal Officer, providing an opportunity to the Board to interview candidates and provide input.

b) When appropriate, and subject to review by legal counsel, offering employment to the above personnel.

c) Ensuring KCERA’s human resource practices are consistent with applicable legislation, agreements, and County requirements.

d) Regularly assessing the human resource needs of KCERA and establishing human resource positions and corresponding job specifications, appropriate human resource programs, succession plans, and procedures to address them.

Litigation

13) The Chief Executive Officer will:

a) Determine settlements and compromises within his/her authority as specified in paragraphs 4 e) and f) above and report to the Board accordingly.

b) In consultation with the Chief Legal Officer, advise the Board concerning the commencement, conduct, settlement, and termination of all litigation involving KCERA that exceeds the authority of the Chief Executive Officer.

c) Coordinate with the Chief Legal Officer on all legal proceedings involving KCERA.

d) Develop and implement plans to comply with court rulings.

Communications

14) The Chief Executive Officer will:

a) Ensure effective and timely communications with stakeholders on matters relating to the administration of KCERA.

b) Recommend communications and disclosure-related plans or policies to the Board for approval.

c) Serve as spokesperson for KCERA, conferring with the Chair in advance if the issue in question is significant.

d) In consultation with the Chief Legal Officer, recommend for Board approval any legislative proposals to be initiated, supported or opposed by the Board.

Appointment of Service Providers

15) The Chief Executive Officer will perform or cause to be performed all due diligence for Board-appointed service providers, as listed in paragraph 16 of the Board Charter, and will provide the Board with appropriate recommendations.

16) The Chief Executive Officer may hire other service providers, consistent with the Operating Budget and other policies of the Board, provided that:

a) The Board has not specifically retained the authority to hire such service providers; and

b) The total value of the services to be rendered by the service provider over a 12-month period is not more than $50,000.

Monitoring and Reporting

17) The Chief Executive Officer will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight responsibilities. Furthermore, the Chief Executive Officer will apprise the Board in a timely manner of all significant issues, concerns, or developments pertaining to KCERA, and provide recommended courses of action as appropriate.

18) The Chief Executive Officer will regularly monitor and report to the Board on the following issues:

a) Implementation and continued appropriateness of all KCERA policies.

b) The funded status of KCERA and all issues that may reasonably have a significant impact on such status.

c) The investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund.

d) The findings of any internal audits that may be performed.

e) Compliance by employees and KCERA service providers with the policies of KCERA.

f) The activities and performance of key service providers including the actuary, the financial auditor, the investment consultant, legal counsel, and the custodian.

g) The performance of Management.

h) The accuracy and timeliness of all payments due to and payable by KCERA.

i) KCERA's compliance with applicable laws and regulations.

j) In conjunction with the Chief Legal Officer, the status of all legal proceedings involving KCERA.

k) The status of the strategic plan, and any other material plans.

POLICY REVIEW AND HISTORY

19) This charter will be reviewed at least every five years.

20) This charter was:

   a) Adopted by the Board on November 14, 2001.

   b) Amended on January 28, 2004; June 23, 2004; September 27, 2006; July 28, 2010; December 12, 2012; April 13, 2016; March 11, 2020; August 11, 2021; April 13, 2022; and December 14, 2022.

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d) Hire service providers where:
   i) The Board has not specifically retained the authority to hire such service providers; and
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e) Approve all qualified members who apply for service retirement and report such retirements to the Board at the next public meeting of the Board after retirement (§31670);

f) Resolve and settle disputes involving the over- or under-payment of:
   i) Benefit payments to a member, provided such payment does not exceed $20,000, consistent with the *Overpayment and Underpayment of Member Benefits Policy* and subject to review by Legal Counsel.
   ii) Contributions made by a member, provided such payment does not exceed $5,000, consistent with the *Overpayment and Underpayment of Member Contributions Policy* and subject to review by Legal Counsel.

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d) Serve as Secretary to the Board.

Risk Management

6) The Chief Executive Officer is responsible for monitoring, managing, and/or mitigating material risks to KCERA, including those pertaining to investments, funding, and operations. In keeping with this responsibility, the Chief Executive Officer will recommend risk management policies concerning all material aspects of KCERA, and oversee staff's implementation of such policies. The Chief Executive Officer will furthermore approve and implement any necessary risk management procedures to support the above policies.

Investments

7) The Chief Executive Officer is responsible for the KCERA investment program and for providing oversight of investment staff.

8) The Chief Executive Officer, delegating to the Chief Investment Officer as appropriate, will:
   a) Recommend to the Board a written investment policy statement and other material investment policies necessary to properly invest the assets of KCERA.
   b) Coordinate asset allocation studies.
   c) Execute portfolio rebalancing and portfolio transitions.
   d) Ensure appropriate due diligence is performed in connection with investment managers and other investment-related service providers.
   e) Remain abreast of investment trends, issues and opportunities that may have implications for the investment program of KCERA.

Benefits Administration

9) The Chief Executive Officer will:
   a) Recommend to the Board, as necessary, policies and service quality benchmarks to ensure effective administration of member benefits.
   b) Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures (e.g. *Overpayment and Underpayment of Member Benefits Policy*).
   c) Prepare or oversee the preparation of all member communications in accordance with applicable policies and plans.
   d) Manage the disability application and appeal processes in accordance with applicable policies and procedures.
   e) Recommend annual cost-of-living adjustments to the Board.
   f) Maintain accurate records of member accounts.

Operations

10) The Chief Executive Officer will:

a) Recommend to the Board, as appropriate, policies to ensure effective operations.

b) Develop and recommend a strategic plan and other material plans to the Board, including updates, as necessary.

c) Recommend the annual Operating Budget to the Board.

d) Authorize payments related to the administration of KCERA, consistent with the Operating Budget and internal controls of KCERA.

e) Account for and ensure appropriate collection, deposit and distribution of funds as required.

f) Develop and implement operational controls, and procedures.

g) Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer KCERA.

h) Maintain the records of KCERA in a permanent and readily accessible format.

Finance, Actuarial and Accounting

11) The Chief Executive Officer will:

a) Recommend to the Board, as appropriate, financial, accounting, and actuarial policies.

b) Implement appropriate internal financial controls to safeguard the assets of KCERA.

c) Coordinate financial audits, actuarial valuations, actuarial experience studies, actuarial audits, and any other audits that may be required.

d) File in the office of the County Auditor and with the Board of Supervisors an Annual Comprehensive Financial Report which will exhibit the financial condition of KCERA at the close of the preceding June 30th and its financial transactions for the fiscal year ending on that day (§31597.1).

Human Resources

12) The Chief Executive Officer is responsible for hiring, directing, and terminating all personnel of KCERA. This includes but is not limited to:

a) Selecting and terminating the Chief Operations Officer, Chief Investment Officer, and Chief Legal Officer, providing an opportunity to the Board to interview candidates and provide input.

b) When appropriate, and subject to review by legal counsel, offering employment to the above personnel.

c) Ensuring KCERA's human resource practices are consistent with applicable legislation, agreements, and County requirements.

d) Regularly assessing the human resource needs of KCERA and establishing human resource positions and corresponding job specifications, appropriate human resource programs, succession plans, and procedures to address them.

Litigation

13) The Chief Executive Officer will:

a) Determine settlements and compromises within his/her authority as specified in paragraphs 4 e) and f) above and report to the Board accordingly.

b) In consultation with the Chief Legal Officer, advise the Board concerning the commencement, conduct, settlement, and termination of all litigation involving KCERA that exceeds the authority of the Chief Executive Officer.

c) Coordinate with the Chief Legal Officer on all legal proceedings involving KCERA.

d) Develop and implement plans to comply with court rulings.

Communications

14) The Chief Executive Officer will:

a) Ensure effective and timely communications with stakeholders on matters relating to the administration of KCERA.

b) Recommend communications and disclosure-related plans or policies to the Board for approval.

c) Serve as spokesperson for KCERA, conferring with the Chair in advance if the issue in question is significant.

d) In consultation with the Chief Legal Officer, recommend for Board approval any legislative proposals to be initiated, supported or opposed by the Board.

Appointment of Service Providers

15) The Chief Executive Officer will perform or cause to be performed all due diligence for Board-appointed service providers, as listed in paragraph 16 of the Board Charter, and will provide the Board with appropriate recommendations.

16) The Chief Executive Officer may hire other service providers, consistent with the Operating Budget and other policies of the Board, provided that:

a) The Board has not specifically retained the authority to hire such service providers; and

b) The total value of the services to be rendered by the service provider over a 12-month period is not more than $50,000.

Monitoring and Reporting

17) The Chief Executive Officer will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight responsibilities. Furthermore, the Chief Executive Officer will apprise the Board in a timely manner of all significant issues, concerns, or developments pertaining to KCERA, and provide recommended courses of action as appropriate.

18) The Chief Executive Officer will regularly monitor and report to the Board on the following issues:

a) Implementation and continued appropriateness of all KCERA policies.

b) The funded status of KCERA and all issues that may reasonably have a significant impact on such status.

c) The investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund.

d) The findings of any internal audits that may be performed.

e) Compliance by employees and KCERA service providers with the policies of KCERA.

f) The activities and performance of key service providers including the actuary, the financial auditor, the investment consultant, legal counsel, and the custodian.

g) The performance of Management.

h) The accuracy and timeliness of all payments due to and payable by KCERA.

i) KCERA's compliance with applicable laws and regulations.

j) In conjunction with the Chief Legal Officer, the status of all legal proceedings involving KCERA.

k) The status of the strategic plan, and any other material plans.

POLICY REVIEW AND HISTORY

19) This charter will be reviewed at least every five years.

20) This charter was:

a) Adopted by the Board on November 14, 2001.

b) Amended on January 28, 2004; June 23, 2004; September 27, 2006; July 28, 2010; December 12, 2012; April 13, 2016; March 11, 2020; August 11, 2021; April 13, 2022; and December 14, 2022.

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ADMINISTRATIVE COMMITTEE CHARTER

INTRODUCTION

1) The Board is responsible for ensuring effective governance practices, and for the oversight of KCERA's operations. To assist the Board in the above, the Board has established an Administrative Committee to be comprised of not less than four trustees and one alternate member.

2) The duties of the Administrative Committee and the manner in which it will operate are set out below.

COMMITTEE OPERATIONS

3) The Administrative Committee shall operate as follows:
   a) The presence of a majority of Administrative Committee members shall constitute a quorum.
   b) All actions of the Administrative Committee shall be by an affirmative vote of the majority of the members present at a meeting of the Administrative Committee, provided a quorum is present.
   c) All actions of the Administrative Committee shall be approved by the Board to be effective, unless otherwise provided herein.
   d) The Administrative Committee shall meet at least annually, or as deemed necessary by the Administrative Committee or the Chair of the Administrative Committee, in consultation with the Chief Executive Officer.
   e) The meetings of the Administrative Committee shall be open to the public and noticed and held in accordance with the Brown Act.
   f) The Administrative Committee shall keep minutes of its meetings.
   g) The Chief Executive Officer shall be the staff support contact for the Committee.

COMMITTEE RESPONSIBILITIES

Governance Function

4) The Administrative Committee shall:
   a) Develop and recommend governance policies and charters designed to support effective board governance practices.[1]

[1] The Board approves other types of policies that do not fall under the purview of the Administrative Committee; these include but are not limited to investment and financial policies.

b) Review compliance with the above policies and charters and recommend amendments, as necessary.

c) Review any allegation of a breach of KCERA's Code of Conduct that may be referred to the Administrative Committee.

d) Recommend to the Board any modifications to the committee structure of the Board (i.e. the addition or elimination of any committees).

e) Coordinate and oversee the implementation of the Board's self evaluation.

Human Resources

5) The Administrative Committee shall:

a) Recommend to the Board any employment contracts for the positions of Chief Executive Officer, Chief Operations Officer, Chief Investment Officer, and Chief Legal Officer, if applicable.

b) Recommend to the Board human resource policies applicable to the positions of Chief Executive Officer, Chief Operations Officer, Chief Investment Officer, and Chief Legal Officer, as necessary. (Other KCERA staff are subject to the human resources policies of the County.)

c) Coordinate the Chief Executive Officer's annual performance evaluation.

d) Review and discuss with the Chief Executive Officer, at least annually, the Human Resources Report pursuant to the *Human Resources Report Protocol* set forth in Appendix A.

e) Coordinate any employment searches for the Chief Executive Officer position.

f) Approve requests by the Chief Executive Officer to initiate employment searches for senior executive positions.

Operations

6) The Administrative Committee shall:

a) Review periodically the insurance coverage for KCERA and its covered insureds.

b) Be available to advise the Chief Executive Officer on operational, administrative and member services-related matters, as appropriate.

Service Provider Selection

7) The Administrative Committee shall:

a) Select and appoint, as necessary, human resources consultants to assist with the recruitment of candidates for the Chief Executive Officer position.

b) Review recommendations of staff concerning the appointment of service providers that involve material technology or operational projects or a value greater than $50,000, and provide recommendations to the Board.

c) Select and appoint, as necessary, other specialists to assist the Administrative Committee in carrying out its charter.

Other Duties

8) The Administrative Committee shall:
   a) Be available to advise the Board and staff as required.
   b) Report regularly to the Board on its activities.
   c) Perform any other duties assigned to it by the Board.

POLICY REVIEW AND HISTORY

9) This charter shall be reviewed at least every five years.
10) This charter was:

a) Adopted by the Board on September 12, 2012.

b) Amended on April 13, 2016; August 11, 2021; April 13, 2022; and December 14, 2022.

APPENDIX A

HUMAN RESOURCES REPORT PROTOCOL

1) The Human Resources Report will

(a) outline specific staffing issues identified by the Chief Executive Officer as affecting KCERA's current and future ability to fulfill its Mission Statement. Such issues may include, but are not limited to,

(1) the need for additional staffing, the development of new positions and job specifications, changes to the existing staffing structure (organizational chart), staffing risks and opportunities, and staff succession plans; and

(b) describe current measures and future plans to address the identified staffing issues.

2) Any increase to the current or future budget resulting from personnel changes outlined in the Human Resource Report are reserved for the Finance Committee or Board of Retirement.

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FINANCE COMMITTEE CHARTER

INTRODUCTION

1) The Board is responsible for the oversight of the financial and operational controls of KCERA, the accuracy of financial and actuarial reporting released by KCERA, the budgeting of KCERA's resources, and the general safekeeping of KCERA's assets. To assist the Board with the above responsibilities, the Board has established a Finance Committee, to be comprised of not less than four trustees and one alternate member.

2) The duties of the Finance Committee and the manner in which it will operate are set out below.

COMMITTEE OPERATIONS

3) The Finance Committee shall operate as follows:
   a) The presence of a majority of Finance Committee members shall constitute a quorum.
   b) All actions of the Finance Committee shall be by an affirmative vote of the majority of the members present at a meeting of the Finance Committee, provided a quorum is present.
   c) All actions of the Finance Committee shall be approved by the Board to be effective, unless otherwise provided herein.
   d) The Finance Committee shall meet at least annually or as deemed necessary by the Finance Committee or Chair of the Finance Committee, in consultation with the Chief Executive Officer.
   e) The meetings of the Finance Committee shall be open to the public and noticed and held in accordance with the Brown Act.
   f) The Finance Committee shall keep minutes of its meetings.
   g) The Chief Executive Officer shall serve as the staff contact for the Committee.

COMMITTEE RESPONSIBILITIES

Risk Management

4) The Finance Committee shall require Management to implement and maintain appropriate internal controls pertaining to financial statements, actuarial valuation reports, operating budgets, and operational risk. The Finance Committee shall meet

regularly with Management to discuss the effectiveness of such controls and procedures.

Accounting and Audit Functions

5) The Finance Committee shall:

a) Recommend material accounting, financial, and operational control policies to the Board for approval.

b) Examine and approve the objectives and scope of financial audits, including the audit plans of the financial auditor, the duties and responsibilities of the financial auditor, and the timing and estimated budget of the annual financial audit.

c) At least annually, meet with the financial auditors and Management to review the audit process.

d) Meet with the financial auditor to discuss the annual financial statements, review the findings of the financial auditor, and review any response thereto by Management.

e) Review and recommend to the Board for approval the Management Discussion and Analysis section of the Plan's Annual Comprehensive Financial Report (ACFR) and all other financial information contained in the ACFR.

f) Review the engagement of the financial auditor at least every five (5) years with regards to performance, internal quality control procedures, fees, qualifications, and independence; and make recommendations to the Board.

g) Serve as the primary liaison, on behalf of the Board, for all matters related to financial audits, examinations, investigations, or inquiries from financial authorities.

h) Review and respond to the findings or comments of any regulatory agencies concerning financial information of KCERA and management's response thereto.

i) Review any claims or contingencies that could have a material effect on the financial condition of KCERA and the manner in which they have been disclosed in the financial statements.

j) Review the appropriateness of accounting policies and financial reporting practices, any significant proposed changes thereto, and any new or pending developments in accounting and reporting standards that may have an impact on KCERA.

k) Pre-approve all non-audit services, if any, to be provided by the financial auditor.

l) Coordinate special investigations or audits of KCERA, as necessary, and ensure the Board is kept informed of such investigations or audits.

m) Review any internal audit plans that may be established.

Actuarial and Funding Matters

6) The Finance Committee shall:

a) Recommend to the Board any actuarial or funding-related policies requiring Board approval.

b) Review the objectives, scope, and process for actuarial valuations, including the actuarial plans of the actuary, and meet with the actuary to review and discuss the annual actuarial valuation report.

c) Recommend to the Board the annual actuarial valuation.

d) Annually recommend to the Board, upon the advice of the actuary or other experts, as necessary, changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as necessary (§31453).

e) Review the triennial actuarial experience of KCERA.

f) Initiate and coordinate an actuarial audit periodically.[1]

g) Review any significant changes in actuarial practices or policies that may have an impact on KCERA.

Budgeting

7) The Finance Committee shall:

a) Review the Operating Budget and recommend it to the Board for approval.[2]

b) Authorize, at its discretion, transfers from any approved contingency allocations and report to the Board on any such transfers in a timely manner.

c) Periodically review the budget process and format with Management.

Service Providers

8) The Finance Committee shall:

a) Recommend to the Board for approval, the appointment of the financial auditor and the actuarial auditor.

b) Select and appoint, as necessary, other specialists to advise the Finance Committee or assist in the conduct of any special audits or investigations.

[1] The *Reporting & Monitoring Policy* requires that actuarial audits occur every 3-5 years.

[2] The Board annually adopts an Operating Budget that is comprised of two components: the administrative budget and non-administrative expenses. Both components will be charged against the earnings of the Fund. The administrative expenses incurred in any year, however, shall not exceed 0.21% of actuarial accrued liabilities, unless the Board finds that additional expenditures are necessary to meet its fiduciary obligations. Financial impacts to current or future budgets are reserved for the Finance Committee. As set forth in the Chief Executive Officer Charter and Administrative Committee Charter, the development and establishment of human resource staff positions are delegated to the Chief Executive Officer and reported to the Administrative Committee in the Human Resources Report.

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Other Duties

9) The Finance Committee shall receive exception reports from Counsel regarding the filing of Statements of Economic Interests by trustees and shall advise the Board accordingly.

10) The Finance Committee shall:

a) Be available to advise the Board and Management as required.

b) Report regularly to the Board on its activities.

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11) This charter shall be reviewed at least every five years.

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a) Adopted by the Board on September 12, 2012.

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   g) The Chief Executive Officer shall serve as the staff contact for the Committee.

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regularly with Management to discuss the effectiveness of such controls and procedures.

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5) The Finance Committee shall:

a) Recommend material accounting, financial, and operational control policies to the Board for approval.

b) Examine and approve the objectives and scope of financial audits, including the audit plans of the financial auditor, the duties and responsibilities of the financial auditor, and the timing and estimated budget of the annual financial audit.

c) At least annually, meet with the financial auditors and Management to review the audit process.

d) Meet with the financial auditor to discuss the annual financial statements, review the findings of the financial auditor, and review any response thereto by Management.

e) Review and recommend to the Board for approval the Management Discussion and Analysis section of the Plan's Annual Comprehensive Financial Report (ACFR) and all other financial information contained in the ACFR.

f) Review the engagement of the financial auditor at least every five (5) years with regards to performance, internal quality control procedures, fees, qualifications, and independence; and make recommendations to the Board.

g) Serve as the primary liaison, on behalf of the Board, for all matters related to financial audits, examinations, investigations, or inquiries from financial authorities.

h) Review and respond to the findings or comments of any regulatory agencies concerning financial information of KCERA and management's response thereto.

i) Review any claims or contingencies that could have a material effect on the financial condition of KCERA and the manner in which they have been disclosed in the financial statements.

j) Review the appropriateness of accounting policies and financial reporting practices, any significant proposed changes thereto, and any new or pending developments in accounting and reporting standards that may have an impact on KCERA.

k) Pre-approve all non-audit services, if any, to be provided by the financial auditor.

l) Coordinate special investigations or audits of KCERA, as necessary, and ensure the Board is kept informed of such investigations or audits.

m) Review any internal audit plans that may be established.

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d) Annually recommend to the Board, upon the advice of the actuary or other experts, as necessary, changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations as necessary (§31453).

e) Review the triennial actuarial experience of KCERA.

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Service Providers

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Administrative Appeals: KCERA's Due Process

Phillip Jenkins, Deputy Chief Legal Officer

What is Due Process

- U.S. Constitution, 14th Amendment;
- California Constitution, art. I § 7, subd. (a).

A person may not be deprived of life, liberty or property without due process of law. The due process clause protects an individual's liberty interest in freedom from arbitrary adjudicative procedures. (*People v. Ramirez* (1979) 25 Cal.3d 260, 264, 268). The requirements of due process extend to administrative adjudications. (*Today's Fresh Start , Inc. v. Los Angeles County Office of Education* (2-13) 57 Cal.4th 197, 214).

Due Process

- Members have a fundamental property interest (right) in their retirement benefits
- The refusal to pay a public retiree's vested benefit is an act under color of state law. (See *Thorning v. Hollister School Dist*. (1992) 11 Cal.App.4th 1598, 1610).
- The deprivation of a public employee's vested pension invokes a property right, the taking of which would be a denial of Due Process. (See *Pearson v. Los Angeles County* (1957) 49 Cal.2d 523, 532).

Due Process

Notice

Reasonable notice of time and place of hearing and issues to be determined

Opportunity to be Heard

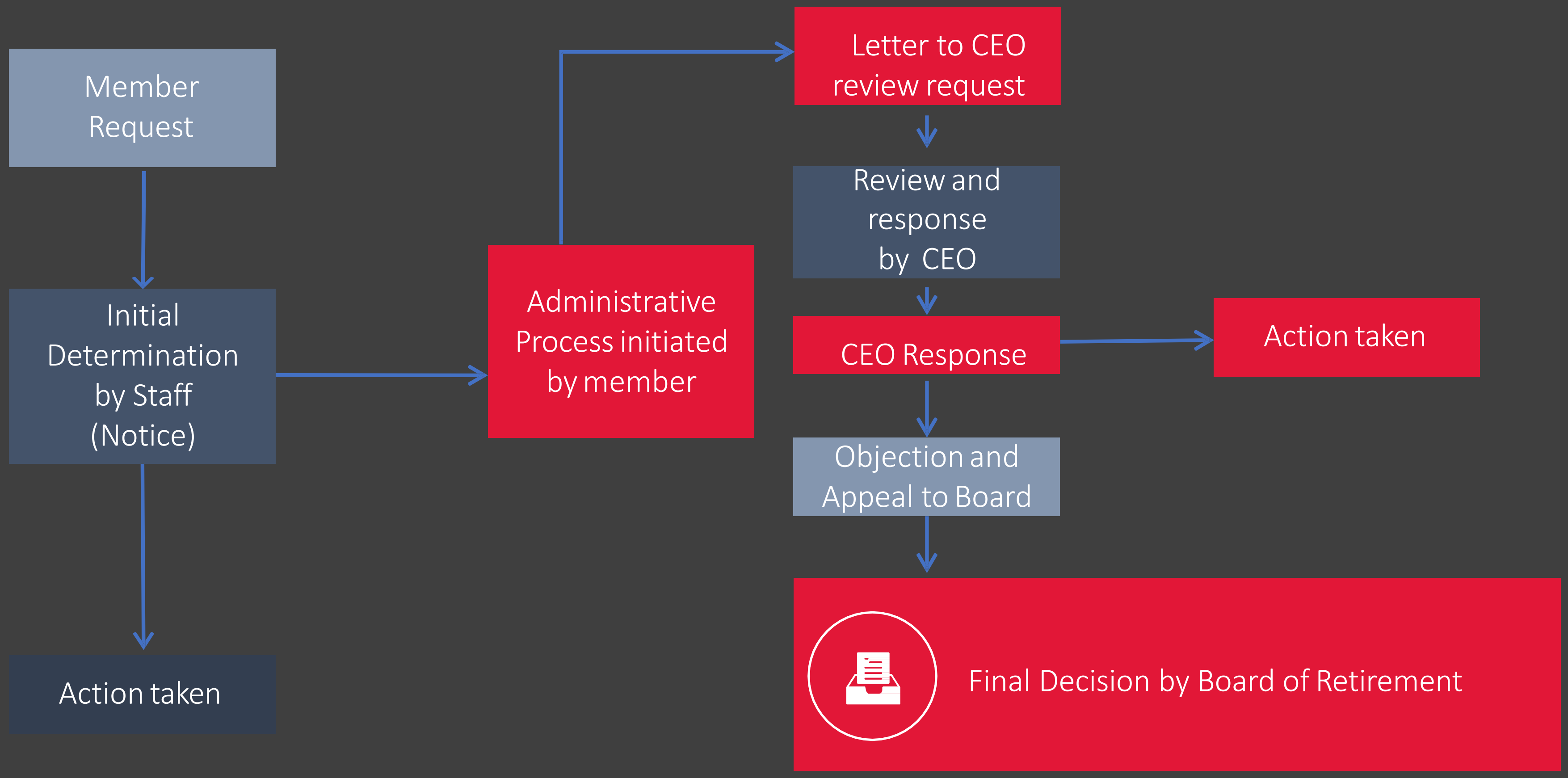
Equal ability to introduce evidence and cross examine witness

Written Decision

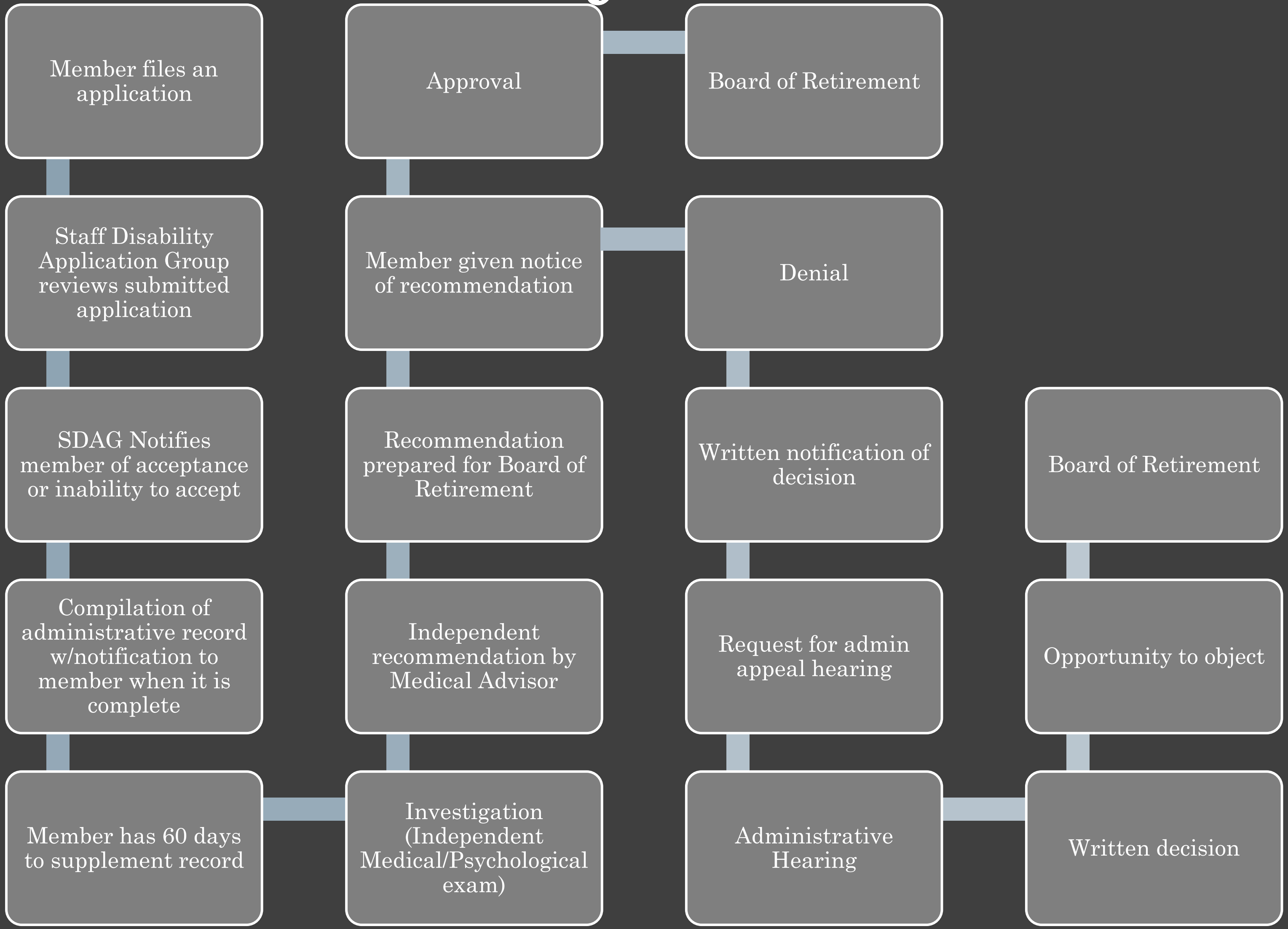
Writ of Mandate

Superior Court

Administrative Appeal Policy Process Overview



Administrative Process for **Disability Retirement**



No Material
to be Distributed

No Material
to be Distributed

CHIEF EXECUTIVE OFFICER'S REPORT

KCERA | DOMINIC D. BROWN | DECEMBER 2022

KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

OFFICE UPDATE

- Board Referrals
- KCERA Trustee Election/Appointments
- Staffing
  - Recruitments: Senior Investment Officer, Investment Analyst, Communications Manager/Senior, Senior Accountant
  - Upcoming Recruitments: Member Services Manager, Member Services Specialist, Legal Secretary
- Solar Update – Solar company revising application to Architecture committee
- RFP Update

OPERATIONS ACTIVITY

- Member Services
  - 18 new retirements and calculations
  - 35 death benefit calculations
  - 25 service-credit purchase calculations
  - 79 retirement estimates
  - 166 new active members
  - 68 terminations with disposition packets
  - 26 in-person appointments
  - 140 walk-ins
  - 515 phone calls
  - 124 emails
- Accounting & Reporting
  - Annual audit complete
  - State Controller's Report
- Information Technology
  - SRBR programming

UPCOMING EVENTS

- Finance Committee – February target for Form 700 policy and possible additional considerations related to the annual actuarial valuation.
- Administrative Committee – No meetings currently scheduled
- Investment Committee – No meetings currently scheduled
- KCERA Property, Inc. – No meetings currently scheduled
- Board of Retirement – Next regular monthly meeting will be February 8, 2023
- Special Board Meeting – One meeting may be scheduled in January if there are disability files ready for review; another meeting is targeted for March 2023 to address *Alameda* Decision Appeals from members

CIO REPORT

INVESTMENT PROGRAM UPDATE | December 2022

Rebalancing

OCTOBER ACTIVITY

- Midstream
    - -25MM Harvest Midstream

Reporting period covers 11/01/2022 to 11/30/2022

Midstream: Reduced midstream exposure, while maintaining an overweight position

Positioning

ACTUAL VS POLICY TARGET

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Pol.
Public Equities	32.1%	37.0%	39.4%	-7.3%
Fixed Income	22.5%	24.0%	27.0%	-4.5%
Core	13.5%	14.0%	17.0%	-3.5%
Credit	5.1%	6.0%	6.0%	-0.9%
Emerging Market Debt	3.9%	4.0%	4.0%	-0.1%
Commodities	4.7%	4.0%	4.0%	0.7%
Hedge Funds	10.8%	10.0%	10.0%	0.8%
Alpha Pool	4.9%	5.0%	5.0%	-0.1%
Midstream Energy	6.6%	5.0%	5.0%	1.6%
Core Real Estate	6.8%	5.0%	5.0%	1.8%
Private Real Estate	2.2%	5.0%	2.2%	0.0%
Private Equity	2.6%	5.0%	2.6%	0.0%
Private Credit	4.8%	5.0%	4.8%	0.0%
Opportunistic	3.2%	0.0%	0.0%	3.2%
Cash	-1.2%	-5.0%	-5.0%	3.8%

Key underweight position is **Public Equity**

Public Equity: underweight vs. policy target and adjusted policy target.

Core Fixed Income: underweight vs. policy target and adjusted policy target.

Private Markets exposure approaching 10%; the allocation should reach the 15% target around 2026.

Private Equity and Private Real Estate underweights continue to be reallocated to other asset classes where we see better return opportunity, including **Commodities**, **Midstream**, and **Opportunistic**.

**Adjusted Policy Target: see example in the Appendix*

As of November 30, 2022. Source: KCERA.

Updates

- Following-up on Board request for periodic updates on Landmark

Key Initiatives

Enhancing return while managing risk

- Capital Efficiency program improvements
- Multi-asset research
- Opportunistic investments
- Private Markets
- Risk management tools
- Tail risk hedge research

Next meeting TBD

Investment Committee Meetings

The last IC meeting was held on December 12th

Appendix

Policy and Adjusted Policy Target Methodology

Asset Class	Actual	Policy Target	Diff. Act. Vs. Pol.	Adj. Target
Public Equities	30.5%	37.0%		38.9%
Fixed Income	23.3%	24.0%		26.3%
Core	13.8%	14.0%		16.8%
Credit	5.7%	6.0%		5.7%
Emerging Market Debt	3.8%	4.0%		3.8%
Commodities	4.7%	4.0%		4.7%
Hedge Funds	10.4%	10.0%		10.4%
Alpha Pool	5.2%	5.0%		5.2%
Midstream Energy	6.7%	5.0%		6.7%
Core Real Estate	7.2%	5.0%		7.2%
Private Real Estate	2.1%	5.0%	-2.9%	5.0%
Private Equity	3.1%	5.0%	-1.9%	5.0%
Private Credit	5.1%	5.0%	0.1%	5.0%
Opportunistic	3.2%	0.0%		3.2%
Cash	-1.5%	-5.0%		-1.5%

<u>Public Equity Adjusted Target</u>
The 1.9% underweight from Private Equity is reallocated to Public Equity

Policy Target of 37% + 1.9% = 38.9%, which is the Adjusted Policy Target

<u>Core Fixed Income Adjusted Target</u>
The 2.8% combined underweight from Private Credit and Real Estate are reallocated to Core Fixed Income

Policy Target of 14% + 2.8% = 16.8%, the Adjusted Policy Target

Jennifer Esquivel Zahry, Chief Legal Officer

Phillip Jenkins, Deputy Chief Legal Officer

Maggie Peralta-Lee, Senior Paralegal

Irma Chavez, Senior Legal Secretary

CLO Report December 2022

Discussion Items

US DEPT OF LABOR FINAL RULE RE ESG

EXPANDED PAY TO PLAY TO COVER ELECTED OFFICIALS

DECEMBER CALENDAR

U.S. Dept of Labor - Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

- Release Date: November 22, 2022
- Removes prior restrictions on plan fiduciaries’ ability to consider ESG factors in making investment decisions
- Allows retirement plan fiduciaries to consider potential financial benefits of investing in companies committed to positive environmental, social, and governance actions
- Effective 60 days after publication in the Federal Register except for a 1-year delay after publication for proxy voting

"Pay to Play" Contribution Restrictions Expanded

Local Agency Officials

SB 1439 (amendment to Cal. Gov. Code section 84308)

- What are "Pay to Play" Rules?
- Cal. Gov. Code section 84308 (current)
  - $250 contribution limit
  - Restrictions while decision is pending and 3 months after final decision
  - Contract, license, permit, or entitlement for use
- Cal. Gov. Code Section 84308 (eff. 1/1/2023)
  - Local elected and appointed officials
  - $250 contribution limit
  - Restrictions in preceding 12 months
  - Restrictions while proceeding is pending
  - Restrictions 12 months after final decision
  - Does not apply to 2022 contributions
- Safe Harbor
  - Before Action – May return contribution within 30 days in order to vote
  - After Action – May return contribution w/n 14 days to cure violation

December Calendar

	Pending CLO/DCLO Review
Operational Contracts	1
Investment/ Custodial Documents	6
Disability Matters	6
Community Property Matters	6
Staff Inquiries	16
Administrative Appeals	4
Board/Committee Meetings/ Conferences	7
Powers of Attorney	3
Litigation cases	3
Trainings	3
Post-Retirement Certification(s)	1
Special Projects	4

U.S. DEPARTMENT OF LABOR

News Release

US DEPARTMENT OF LABOR ANNOUNCES FINAL RULE TO REMOVE BARRIERS TO CONSIDERING ENVIRONMENTAL, SOCIAL, GOVERNANCE FACTORS IN PLAN INVESTMENTS

Protects the financial security of nation's workers, families in retirement

WASHINGTON – The U.S. Department of Labor today announced a final rule that allows plan fiduciaries to consider climate change and other environmental, social and governance factors when they select retirement investments and exercise shareholder rights, such as proxy voting.

After extensive consultations and feedback from a wide range of stakeholders, the department concluded that two rules issued in 2020 during the prior administration unnecessarily restrained plan fiduciaries' ability to weigh environmental, social and governance factors when choosing investments, even when those factors would benefit plan participants financially.

"Today's rule clarifies that retirement plan fiduciaries can take into account the potential financial benefits of investing in companies committed to positive environmental, social and governance actions as they help plan participants make the most of their retirement benefits," said Secretary of Labor Marty Walsh. "Removing the prior administration's restrictions on plan fiduciaries will help America's workers and their families as they save for a secure retirement."

The rule, "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights," follows Executive Order 14030, which was signed by President Biden on May 20, 2021. The order directs the federal government to identify and assess policies to protect the life savings and pensions of America's workers and families from the threats of climate-related financial risk.

"The rule announced today will make workers' retirement savings and pensions more resilient by removing needless barriers, and ending the chilling effect created by the prior administration on considering environmental, social and governance factors in investments," said Assistant Secretary for Employee Benefits Security Lisa M. Gomez. "Climate change and other environmental, social and governance factors can be useful for plan investors as they make decisions about how to best grow and protect the retirement savings of America's workers."

The rule will be effective 60 days after its publication in the Federal Register except for a delayed applicability until one year after publication for certain proxy voting provisions to allow fiduciaries and investment managers additional time to prepare.

Learn more about the new rule.

Agency: Employee Benefits Security Administration
Date: November 22, 2022
Release Number: 22-2202-NAT

Media Contact: Egan Reich
Phone Number: 202-693-4960
Email: reich.egan@dol.gov

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Fact Sheet

U.S. Department of Labor
Employee Benefits Security Administration
November 22, 2022

Final Rule on Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

Today, the U.S. Department of Labor released a final rule under the Employee Retirement Income Security Act (ERISA) to empower plan fiduciaries to safeguard the savings of America's workers by clarifying that fiduciaries may consider climate change and other environmental, social, and governance (ESG) factors when they make investment decisions and when they exercise shareholder rights, including voting on shareholder resolutions and board nominations.

Background

Over the last approximately 40 years, the Department has periodically considered how ERISA's fiduciary duties of prudence and loyalty apply to plan investments that promote environmental, social, or governance goals.

In its interpretive guidance during this period, the Department has consistently recognized that ERISA does not prohibit fiduciaries from making investment decisions that reflect ESG considerations, depending on the circumstances. The interpretive guidance has also recognized that the exercise of voting rights and other shareholder rights connected to shares of stock are fiduciary acts subject to ERISA's prudence and loyalty requirements.

However, differences in the tone and tenor of guidance across Administrations during these approximately 40 years have contributed to confusion among stakeholders about these investment issues.

The 2020 Rules

On November 13, 2020, the Department published a final rule, "Financial Factors in Selecting Plan Investments,"[1] which adopted amendments to ERISA's "Investment Duties"[2] regulation. The amendments generally required plan fiduciaries to select investments and investment courses of action based solely on consideration of "pecuniary factors," which are factors defined in the regulation.

On December 16, 2020, the Department published a related final rule, "Fiduciary Duties Regarding Proxy Voting and Shareholder Rights,"[3] which also adopted amendments to the "Investment Duties" regulation. These amendments addressed plan fiduciaries' ERISA

[1] 85 Fed. Reg. 72846.
[2] Originally published in 1979 and currently codified at 29 CFR 2550.404a-1.
[3] 85 Fed. Reg. 81658.

obligations when voting proxies and exercising other shareholder rights in connection with plan investments in shares of stock.

These two final rules (the 2020 rules)[4] sought to address uncertainty in these areas and respond to a perception that investment products could be marketed to ERISA fiduciaries based on goals and purported benefits that are unrelated to financial performance. The 2020 rules became effective in January 2021.

Following publication of the 2020 rules, the Department heard from a variety of stakeholders, including asset managers, labor organizations, corporate America, consumer groups, service providers, workers, and investment advisers. These stakeholders questioned whether the 2020 rules properly reflected the scope of fiduciaries' duties under ERISA to act prudently and solely in the interest of plan participants and beneficiaries. They also questioned whether the Department rushed the rulemakings and failed to adequately consider and address evidence submitted by public commenters on how ESG considerations can improve investment value and long-term investment returns for retirement investors.

The Department also heard from stakeholders that the 2020 rules and investor confusion about the rules were having a chilling effect on appropriate integration of ESG factors in investment decisions. Some stakeholders also expressed concern that under a special provision in the 2020 rules, funds would not be treated as qualified default investment alternatives (QDIAs) solely because they expressly considered climate change or other ESG factors, even if the funds were prudent based on consideration of their financial attributes alone.

President Biden's Executive Orders

Executive Order (E.O.) 13990, "Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis," which was signed on January 20, 2021, directed federal agencies to review regulations that:

(1) were promulgated, issued, or adopted between January 20, 2017, and January 20, 2021, and
(2) are or may be inconsistent with, or present obstacles to, the policies set forth in the order. Those policies included improving public health, protecting our environment, and bolstering resilience to the impacts of climate change.[5]

Section 2 of E.O. 13990 stated that for any such identified actions, the head of the relevant agency shall, as appropriate and consistent with applicable law, consider suspending, revising, or rescinding the agency action.

E.O. 14030, "Climate-Related Financial Risk," which was signed on May 20, 2021, set forth policies to mitigate climate-related financial risk as well as actions to help safeguard the financial security of America's families, businesses and workers from climate-related financial risk that

[4] Codified at 29 CFR 2550.404a-1.
[5] Available at *www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-protecting-public-health-and-environment-and-restoring-science-to-tackle-climate-crisis*.

may threaten the life savings and pensions of America's workers and families.[6] Section 4 of the order directed the Department to consider publishing for notice and comment a proposed rule to suspend, revise, or rescind the 2020 rules.

Department of Labor Review of 2020 Rules and Enforcement Policy

On March 10, 2021, the Department announced it was reviewing the 2020 rules and issued an enforcement policy statement under ERISA.[7] The statement announced that, until the publication of further guidance, the Department would not enforce the 2020 rules or otherwise pursue enforcement actions against any plan fiduciary based on a failure to comply with those final rules with respect to an investment, including a QDIA, an investment course of action, or an exercise of shareholder rights.

The 2021 Notice of Proposed Rulemaking

On October 14, 2021, the Department published a Notice of Proposed Rulemaking (NPRM) to amend the "Investment Duties" regulation. The intent of the NPRM was to address the Department's concern that the 2020 rules created uncertainty for ERISA fiduciaries around considering climate change and other ESG factors in investment decisions.

Such uncertainty resulted in the undesirable effect of discouraging ERISA fiduciaries from such considerations, even in cases where this consideration served the plan's financial interest. It also deterred fiduciaries from taking steps that other marketplace investors take in enhancing investment value and performance or improving investment portfolio resilience against the potential financial risks and impacts associated with climate change and other ESG factors.

The Department received approximately 900 written comments and over 20,000 petitions during the 60-day comment period.[8] These comments and petitions came from a variety of parties, including plan sponsors and other plan fiduciaries, individual plan participants and beneficiaries, financial services companies, academics, elected government officials, trade and industry associations, and others, both supporting and opposing the NPRM.

Overview of the Final Rule

The final rule clarifies how ERISA's fiduciary duties of prudence and loyalty apply to selecting investments and investment courses of action and exercising shareholder rights such as proxy voting.

The final rule retains the core principle that the duties of prudence and loyalty require ERISA plan fiduciaries to focus on relevant risk-return factors and not subordinate the interests of

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[6] Available at *www.whitehouse.gov/briefing-room/presidential-actions/2021/05/20/executive-order-on-climate-related-financial-risk*.
[7] *U.S. Department of Labor Statement Regarding Enforcement of its Final Rules on ESG Investments and Proxy Voting by Employee Benefit Plans* (Mar. 10, 2021), available at *www.dol.gov/sites/dolgov/files/ebsa/laws-and-regulations/laws/erisa/statement-on-enforcement-of-final-rules-on-esg-investments-and-proxy-voting.pdf*.
[8] Comments to the NPRM are available at *www.dol.gov/agencies/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AC03*.

participants and beneficiaries (such as by sacrificing investment returns or taking on additional investment risk) to objectives unrelated to the provision of benefits under the plan.

The final rule also reiterates a second core principle, which is that when a plan's assets include shares of stock, the fiduciary duty to manage plan assets includes the management of shareholder rights related to those shares, such as the right to vote proxies.

I. Changes to Clarify Permissibility of Consideration of ESG Factors

An important change adopted in the final rule is the addition of regulatory text clarifying that a fiduciary's duty of prudence must be based on factors that the fiduciary reasonably determines are relevant to a risk and return analysis and that such factors may include the economic effects of climate change and other ESG considerations on the particular investment or investment course of action.[9]

II. Changes to Qualified Default Investment Alternative Provisions

The final rule removes the special rules for QDIAs that applied under the 2020 rules. Under the final rule, standards applied to QDIAs are no different from those applied to other investments. When selecting a QDIA, a plan fiduciary must, among other things, focus on relevant risk and return factors and not subordinate the interests of participants and beneficiaries (such as by sacrificing investment returns or taking on additional investment risk) to objectives unrelated to the provision of benefits under the plan.

The preamble to the final rule reaffirms that, in addition to the requirements under the "Investment Duties" regulation, other standards apply to QDIAs.[10]

III. Changes to Clarify the Application of the Duty of Loyalty

The Tiebreaker Test

Another important change to the 2020 rules is the final rule's formulation of the "tiebreaker" standard, which permits fiduciaries to consider collateral benefits as tiebreakers in some circumstances.

The 2020 rules required that competing investments be economically indistinguishable before fiduciaries could turn to collateral factors to break a tie. It also imposed a special documentation requirement on the use of collateral factors.

The final rule replaces those provisions with a standard that instead requires the fiduciary to prudently conclude that competing investments or investment courses of action equally serve the financial interests of the plan over the appropriate time horizon. In such cases, the fiduciary is not prohibited from selecting the investment or investment course of action based on collateral benefits, meaning benefits other than investment returns.

[9] See 29 CFR 2550.404a-1(b)(4).
[10] See 29 CFR 2550.404a-5.

The final rule also removes the special documentation requirement that commenters noted created unnecessary burdens to apply the tiebreaker provision and erroneously suggested to some fiduciaries that they should be wary of considering ESG factors, even when those factors are financially relevant to the investment decision. However, the final rule maintains the longstanding principle that the fiduciary may not accept reduced returns or greater risks to secure collateral benefits.[11]

Investment Alternatives in Participant-Directed Individual Account Plans

The final rule adds a new provision clarifying that fiduciaries do not violate their duty of loyalty solely because they take participants' non-financial preferences into account when constructing a menu of prudent investment options for participant-directed individual account plans.

This addition responds to commenters' suggestions that if accommodating participants' preferences will lead to greater participation and higher deferral rates, it could lead to greater retirement security. Thus, considering whether an investment option aligns with participants' preferences can be relevant to furthering the purposes of the plan.[12]

IV. Provisions on Shareholder Rights including Proxy Voting

Like the 2020 rules, the final rule adopts a principles-based approach to governing the exercise of shareholder rights. The final rule retains the core principle that when a plan's assets include shares of stock, the fiduciary duty to manage plan assets includes the management of shareholder rights related to those shares, such as the right to vote proxies. Like the NPRM, the final rule makes three noteworthy changes to the 2020 rules' provision on exercises of shareholder rights, including proxy voting.

First, the final rule eliminates the statement in paragraph (e)(2)(ii) of the 2020 rules that "the fiduciary duty to manage shareholder rights appurtenant to shares of stock does not require the voting of every proxy or the exercise of every shareholder right." The final rule eliminates this provision because it may be misread as suggesting that plan fiduciaries should be indifferent to the exercise of their rights as shareholders, even if the cost is minimal.

Second, the final rule removes the two "safe harbor" examples for proxy voting policies permissible under paragraphs (e)(3)(i)(A) and (B) of the 2020 rules. One of these safe harbors permitted a policy to limit voting resources to types of proposals that the fiduciary has prudently determined are substantially related to the issuer's business activities or are expected to have a material effect on the value of the investment. The other safe harbor permitted a policy of refraining from voting on proposals or types of proposals if the plan's holding in a single issuer relative to the plan's total investment assets was below a quantitative threshold.

Taken together, the Department believes the safe harbors encouraged abstention as the normal course. The Department does not believe the regulation should encourage abstention as the normal course because of the importance of prudent management of shareholder rights in enhancing the value of plan assets or protecting plan assets from risk. For this reason, the

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[11] See 29 CFR 2550.404a-1(c)(2).
[12] See 29 CFR 2550.404a-1(c)(3).

Department is of the view that these safe harbors did not adequately protect the interests of plans and their participants and beneficiaries.

Third, the final rule eliminates specific requirements in the 2020 rules on maintaining records on proxy voting activities (paragraph (e)(2)(ii)(E) of the 2020 proxy voting rule) and monitoring obligations when using investment managers or proxy voting firms (paragraph (e)(2)(iii) of the 2020 proxy voting rule). The maintenance of records provision was widely perceived as treating proxy voting and other exercises of shareholder rights differently from other fiduciary activities. In that respect, it risked creating a misperception that proxy voting and other exercises of shareholder rights are disfavored or carry greater fiduciary obligations than other fiduciary activities.

Effective and Applicability Dates

The final rule will be effective 60 days after publication in the Federal Register. The rule will also be applicable on that date except for a delayed applicability until one year after publication for certain proxy voting provisions to allow fiduciaries and investment managers additional time to review any proxy voting policies and guidelines and make any necessary changes.

Contact Information

For questions about the final rule, contact EBSA's Office of Regulations and Interpretations at 202-693-8500.

California Expands Pay to Play to Cover Local Elected Officials

11.18.2022 | By Amber R. Maltbie, Frederick T. Dombo III, John P. Erskine

Earlier this year California expanded its "pay-to-play" restrictions to members of local *elected* agencies, including city councils and boards of supervisors, and extended from three to 12 months the length of a ban on 'accepting, soliciting or directing' a contribution of more than $250 after a final decision is rendered in a proceeding. One of the most consequential unanswered questions about these changes, made when Governor Newsom signed by SB 1439 into law, was whether they apply to contributions received in 2022, notwithstanding that the effective date of the bill is January 1, 2023. Staff at the implementing agency, the California Fair Political Practices Commission (FPPC), urged commission members to conclude that it does. However, on Thursday, November 17, **the FPPC voted unanimously that SB 1439 does not apply retroactively to contributions received in 2022**. This clarity brings much relief to the regulated community.

Current Law

California elected officials at all levels of government are subject to rigorous conflict of interest and ethics rules. Historically, the law had distinguished between campaign contributions and other financial interests that can be the source of a conflict of interest. The limited exception to this was Section 84308 of the Political Reform Act. This "pay-to-play" restriction prohibits "officers" of any state or local government agency, while serving on an appointed board or commission, from voting in a proceeding involving a license, permit or other entitlement for use that affects a "party" (e.g., the licensee or permit seeker), "participant" (supporters or opponents who lobby on the proceeding) or their agents who have contributed more than $250 to any of that officer's campaign committees. Section 84308 did not apply to local elected bodies such as city councils or boards of supervisors.

What's New

Under SB 1439's expanded pay-to-play rules, there are three distinct prohibitions:

- Local elected and appointed officials are prohibited from voting on proceedings that involve a permit, license or other entitlement for use if the party or participant (or their agents) donated more than $250 to the official in the ***preceding 12 months*** and the official knows or has reason to know that the participant has a financial interest in the decision;
- Local elected and appointed officials are prohibited from accepting, soliciting or directing a contribution of more than $250 from any party, participant or a party or participant's agent, while a proceeding involving a license, permit or other entitlement for use is ***pending*** before the agency; and
- Local elected and appointed officials are prohibited from accepting, soliciting or directing a contribution of more than $250 from any party, participant or a party or participant's agent for ***12 months following the date a final decision*** is rendered in the proceeding involving a license, permit or other entitlement for use if the officer knows or has reasons to know that the party or participant has a financial interest in the proceeding.

Safe Harbor Provision

SB 1439 provides a safe harbor if an official accepts, solicits or directs a contribution in the 12 months after a final decision is rendered in a proceeding. A violation may be cured by returning the contribution, or the portion of the contribution in excess of two hundred fifty dollars ($250), within 14 days of accepting, soliciting or directing the contribution, whichever comes latest. However, the safe harbor is only available if the officer did not knowingly and willfully accept, solicit or direct the prohibited contribution. SB 1439 did not change the existing rule that if an official **returns a contribution** (or the amount above $250) **within 30 days** from the time the official learns about the contribution and the decision involving a license, permit or other entitlement for use, the official may vote on the decision.

Going Forward

FPPC staff will bring a proposed regulatory package on SB 1439 in early 2023. Among the issues that may be addressed include how contributions by individuals and entities must be aggregated for purposes of the disqualification threshold and the manner of disqualification.

We will continue to monitor the FPPC's interpretation and application of the expanded pay-to-play restrictions.

SB-1439 Campaign contributions: agency officers. (2021-2022)

Date Published: 10/03/2022 09:00 PM

Senate Bill No. 1439

CHAPTER 848

An act to amend Section 84308 of the Government Code, relating to the Political Reform Act of 1974.

[Approved by Governor September 29, 2022. Filed with Secretary of State September 29, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1439, Glazer. Campaign contributions: agency officers.

The Political Reform Act of 1974 prohibits an officer of an agency from accepting, soliciting, or directing a contribution of more than $250 from any party, participant, or a party or participant's agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 3 months following the date a final decision is rendered in the proceeding, if the officer knows or has reasons to know that the participant has a financial interest, as defined. The act also prohibits a party, participant, or participant's agent from making a contribution of more than $250 to an officer of the agency during the proceeding and 3 months following the date a final decision is rendered. The act defines "agency" for these purposes to mean any state or local government agency, except certain entities, including local government agencies whose members are directly elected by the voters.

This bill would remove the exception for local government agencies, thereby subjecting them to the prohibition described above. The bill would extend the prohibition on contributions from 3 to 12 months following the date a final decision is rendered in the proceeding. The bill would permit an officer who does not willfully and knowingly accept, solicit, or direct a prohibited contribution to cure the violation by returning it. The bill would require the party to a proceeding to disclose whether the party or the party's agent has made a contribution of more than $250 in the 12 months before the proceeding.

A violation of the act is punishable as a misdemeanor. By expanding the scope of restrictions on contributions, this bill would expand the scope of an existing crime, and therefore would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $^{2}/_{3}$ vote of each house of the Legislature and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 84308 of the Government Code is amended to read:

84308. (a) The definitions set forth in this subdivision shall govern the interpretation of this section.

(1) "Party" means any person who files an application for, or is the subject of, a proceeding involving a license, permit, or other entitlement for use.

(2) "Participant" means any person who is not a party but who actively supports or opposes a particular decision in a proceeding involving a license, permit, or other entitlement for use and who has a financial interest in the decision, as described in Article 1 (commencing with Section 87100) of Chapter 7. A person actively supports or opposes a particular decision in a proceeding if that person lobbies in person the officers or employees of the agency, testifies in person before the agency, or otherwise acts to influence officers of the agency.

(3) "Agency" means an agency as defined in Section 82003 except that it does not include the courts or any agency in the judicial branch of government, the Legislature, the Board of Equalization, or constitutional officers. However, this section applies to any person who is a member of an exempted agency but is acting as a voting member of another agency.

(4) "Officer" means any elected or appointed officer of an agency, any alternate to an elected or appointed officer of an agency, and any candidate for elective office in an agency.

(5) "License, permit, or other entitlement for use" means all business, professional, trade, and land use licenses and permits and all other entitlements for use, including all entitlements for land use, all contracts (other than competitively bid, labor, or personal employment contracts), and all franchises.

(6) "Contribution" includes contributions to candidates and committees in federal, state, or local elections.

(b) While a proceeding involving a license, permit, or other entitlement for use is pending, and for 12 months following the date a final decision is rendered in the proceeding, an officer of an agency shall not accept, solicit, or direct a contribution of more than two hundred fifty dollars ($250) from any party or a party's agent, or from any participant or a participant's agent if the officer knows or has reason to know that the participant has a financial interest, as that term is used in Article 1 (commencing with Section 87100) of Chapter 7. This prohibition shall apply regardless of whether the officer accepts, solicits, or directs the contribution on the officer's own behalf, or on behalf of any other officer, or on behalf of any candidate for office or on behalf of any committee.

(c) Prior to rendering any decision in a proceeding involving a license, permit, or other entitlement for use pending before an agency, each officer of the agency who received a contribution within the preceding 12 months in an amount of more than two hundred fifty dollars ($250) from a party or from any participant shall disclose that fact on the record of the proceeding. An officer of an agency shall not make, participate in making, or in any way attempt to use the officer's official position to influence the decision in a proceeding involving a license, permit, or other entitlement for use pending before the agency if the officer has willfully or knowingly received a contribution in an amount of more than two hundred fifty dollars ($250) within the preceding 12 months from a party or a party's agent, or from any participant or a participant's agent if the officer knows or has reason to know that the participant has a financial interest in the decision, as that term is described with respect to public officials in Article 1 (commencing with Section 87100) of Chapter 7.

(d) (1) If an officer receives a contribution which would otherwise require disqualification under this section, and returns the contribution within 30 days from the time the officer knows, or should have known, about the contribution and the proceeding involving a license, permit, or other entitlement for use, the officer shall be permitted to participate in the proceeding.

(2) (A) Subject to subparagraph (B), if an officer accepts, solicits, or directs a contribution of more than two hundred fifty dollars ($250) during the 12 months after the date a final decision is rendered in the proceeding in violation of subdivision (b), the officer may cure the violation by returning the contribution, or the portion of

the contribution in excess of two hundred fifty dollars ($250), within 14 days of accepting, soliciting, or directing the contribution, whichever comes latest.

(B) An officer may cure a violation as specified in subparagraph (A) only if the officer did not knowingly and willfully accept, solicit, or direct the prohibited contribution.

(C) An officer’s controlled committee, or the officer if no controlled committee exists, shall maintain records of curing any violation pursuant to this paragraph.

(e) (1) A party to a proceeding before an agency involving a license, permit, or other entitlement for use shall disclose on the record of the proceeding any contribution in an amount of more than two hundred fifty dollars ($250) made within the preceding 12 months by the party or the party’s agent.

(2) A party, or agent to a party, to a proceeding involving a license, permit, or other entitlement for use pending before any agency or a participant, or agent to a participant, in the proceeding shall not make a contribution of more than two hundred fifty dollars ($250) to any officer of that agency during the proceeding and for 12 months following the date a final decision is rendered by the agency in the proceeding.

(3) When a closed corporation is a party to, or a participant in, a proceeding involving a license, permit, or other entitlement for use pending before an agency, the majority shareholder is subject to the disclosure and prohibition requirements specified in this section.

(f) This section shall not be construed to imply that any contribution subject to being reported under this title shall not be so reported.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 3. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.

EDELSTEIN GILBERT ROBSON & SMITH

Donald B. Gilbert Michael R. Robson Trent E. Smith Jason D. Ikerd Bridget E. McGowan

December 6, 2022

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: Legislative Update – December 2022

The Legislature reconvened for their Organizational Session on December 5, marking the beginning of the 2023-24 Legislative Session. As discussed in previous reports, this is the first day of session for over 30 new members that were elected in November.

It is worth noting that legislators for two districts were not present at the swearing in ceremony. That is because the races in Assembly District 47 and Senate District 16 are still too close to call at this point. Given that the swearing in ceremony occurred before election results are finalized, no member was officially sworn in for these two districts. At the time of writing, Greg Wallis (R) leads Christy Holstege (D) by 35 votes in AD 47 and Senator Melissa Hurtado (D) has a 12-vote lead over David Shepard (R) in SD 16. Once the results are finalized in these two races, the two new legislators can then be sworn in.

Along with swearing in the new members, the organizational session included formal votes for Caucus leadership and other positions like the Chief Clerk and Sergeant. Of particular interest this year was the vote to affirm the deal reached by the Assembly Democratic Caucus on the future of the Assembly Speakership. Assemblymember Rendon was reelected as Speaker, with Assemblymember Rivas voted in as Speaker-designee, slated to take over the position after June 30, 2023. This comes after a standoff within the caucus that originated in May when Assemblymember Rivas first challenged for the Speakership.

Legislators also introduced the first bills of session before returning back to their districts for the remainder of the year. One proposal in particular has received significant press attention after the Governor declared a special session regarding high gas prices in California. Senator Skinner introduced the Governor's proposal on the matter, which seeks to deter high gas prices by imposing a civil penalty on excessive margins. The penalty and margin thresholds are to be established by the Legislature when they reconvene. The money collected would then be deposited into a fund that would be redistributed back to Californians. Discussions on the proposal will ramp up upon the Legislature's return.

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The Legislature will reconvene for the 2023 on January 4. Legislators then will have until February 17 to introduce new legislation.