



**SCHEDULES OF EMPLOYER ALLOCATIONS
AND PENSION AMOUNTS BY EMPLOYER**

June 30, 2021

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Schedule of Employer Allocations	3
Schedule of Pension Amounts by Employer	4
Notes to Schedules of Employer Allocations and Pension Amounts by Employer	9



INDEPENDENT AUDITORS' REPORT

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

Report on Schedules

We have audited the accompanying schedule of employer allocations of the Kern County Employees' Retirement Association (KCERA) as of and for the year ended June 30, 2021, and the related notes.

We have also audited the total for all entities of the rows titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense as of and for the year ended June 30, 2021, and the net pension liability as of June 30, 2020 (specified row totals), included in the accompanying schedule of pension amounts by employer of KCERA, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified row totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and the specified row totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified row totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified row totals in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified row totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified row totals included in the schedule of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

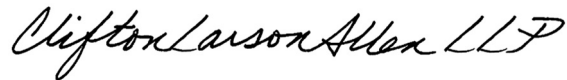
In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the total net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense for the total of all participating entities for KCERA as of and for the year ended June 30, 2021, and the net pension liability as of June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of KCERA, as of and for the years ended June 30, 2021 and 2020, and our report thereon, dated December 13, 2021, expressed an unmodified opinion on those statements.

Restriction on Use

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



CliftonLarsonAllen LLP

Roseville, California
May 27, 2022

Kern County Employees' Retirement Association - Schedule of Employer Allocations

As of and for the year ended June 30, 2021

	Actual Payroll by Employer	Employer Payroll Percentage	Total Allocated Net Pension Liability	Employer Proportionate Share
Kern County	\$ 429,103,990	71.006 %	\$1,404,103,571	74.316 %
Kern County Hospital Authority	107,477,006	17.785 %	284,243,193	15.044 %
Kern County Superior Courts	30,211,691	4.999 %	79,900,510	4.229 %
Berrenda Mesa Water District	149,588	0.025 %	4,040,127	0.214 %
Buttonwillow Recreation and Park District	38,085	0.006 %	119,200	0.006 %
East Kern Cemetery District	129,130	0.021 %	404,156	0.021 %
Inyokern Community Services District	—	— %	106,775	0.006 %
Kern County Water Agency	6,217,954	1.029 %	19,461,206	1.030 %
Kern Mosquito and Vector Control District	1,234,988	0.204 %	3,865,316	0.205 %
North of the River Sanitation District	1,160,448	0.192 %	3,632,018	0.192 %
San Joaquin Valley Unified Air Pollution Control District	27,271,303	4.513 %	85,354,840	4.518 %
Shafter Recreation and Park District	197,967	0.033 %	619,606	0.033 %
West Side Cemetery District	307,417	0.051 %	962,166	0.051 %
West Side Mosquito and Vector Control District	458,356	0.076 %	1,434,582	0.076 %
West Side Recreation and Park District	362,475	0.060 %	1,134,489	0.060 %
Total	\$ 604,320,398	100 %	\$1,889,381,755	100 %

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

As of and for the year ended June 30, 2021 with Net Pension
Liability as of June 30, 2020

	Kern County	Kern County Hospital Authority	Kern County Superior Courts
NET PENSION LIABILITY (ASSET) as of June 30, 2020	\$ 1,987,665,686	\$ 381,152,811	\$ 118,738,715
NET PENSION LIABILITY (ASSET) as of June 30, 2021	1,404,103,571	284,243,193	79,900,510
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	71,347,051	14,443,317	4,060,004
Changes in proportion and differences between employer contributions and proportionate share of contributions	265,929	29,951,753	1,990,744
Total Deferred Outflows of Resources	71,612,980	44,395,070	6,050,748
Deferred Inflows of Resources			
Differences between expected and actual experience	49,588,358	10,038,542	2,821,825
Net difference between projected and actual investment earnings on pension plan investments	318,629,711	64,502,597	18,131,623
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,053,549	596,798	4,452,015
Total Deferred Inflows of Resources	401,271,618	75,137,937	25,405,463
Pension Expense			
Proportionate share of plan pension expense	95,991,856	19,432,350	5,462,417
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(11,292,722)	5,054,631	857,275
Total Employer Pension Expense	\$ 84,699,134	\$ 24,486,981	\$ 6,319,692

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

As of and for the year ended June 30, 2021 with Net Pension
Liability as of June 30, 2020 (continued)

	Berrenda Mesa Water District	Buttonwillow Recreation and Park District	East Kern Cemetery District
NET PENSION LIABILITY (ASSET) as of June 30, 2020	\$ 4,647,756	\$ 174,012	\$ 568,645
NET PENSION LIABILITY (ASSET) as of June 30, 2021	4,040,127	119,200	404,156
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	205,292	6,057	20,536
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,709,410	858	31,415
Total Deferred Outflows of Resources	1,914,702	6,915	51,951
Deferred Inflows of Resources			
Differences between expected and actual experience	142,684	4,210	14,273
Net difference between projected and actual investment earnings on pension plan investments	916,816	27,050	91,714
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,505	113,423	—
Total Deferred Inflows of Resources	1,083,005	144,683	105,987
Pension Expense			
Proportionate share of plan pension expense	276,204	8,149	27,630
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	596,964	(60,307)	31,197
Total Employer Pension Expense	\$ 873,168	\$ (52,158)	\$ 58,827

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

As of and for the year ended June 30, 2021 with Net Pension
Liability as of June 30, 2020 (continued)

	Inyokern Community Services District	Kern County Water Agency	Kern Mosquito and Vector Control District
NET PENSION LIABILITY (ASSET) as of June 30, 2020	\$ 120,857	\$ 27,955,352	\$ 5,163,331
NET PENSION LIABILITY (ASSET) as of June 30, 2021	106,775	19,461,206	3,865,316
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	5,426	988,887	196,409
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,770	393,345	375,128
Total Deferred Outflows of Resources	51,196	1,382,232	571,537
Deferred Inflows of Resources			
Differences between expected and actual experience	3,771	687,306	136,510
Net difference between projected and actual investment earnings on pension plan investments	24,230	4,416,283	877,146
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,035	953,951	84,178
Total Deferred Inflows of Resources	36,036	6,057,540	1,097,834
Pension Expense			
Proportionate share of plan pension expense	7,300	1,330,470	264,253
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(20,274)	227,948	197,283
Total Employer Pension Expense	\$ (12,974)	\$ 1,558,418	\$ 461,536

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

As of and for the year ended June 30, 2021 with Net Pension
Liability as of June 30, 2020 (continued)

	North of the River Sanitation District	San Joaquin Valley Unified Air Pollution Control District	Shafter Recreation and Park District
NET PENSION LIABILITY (ASSET) as of June 30, 2020	\$ 5,252,547	\$ 123,717,825	\$ 802,951
NET PENSION LIABILITY (ASSET) as of June 30, 2021	3,632,018	85,354,840	619,606
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	184,555	4,337,156	31,484
Changes in proportion and differences between employer contributions and proportionate share of contributions	342,092	7,588,106	221,448
Total Deferred Outflows of Resources	526,647	11,925,262	252,932
Deferred Inflows of Resources			
Differences between expected and actual experience	128,271	3,014,454	21,882
Net difference between projected and actual investment earnings on pension plan investments	824,205	19,369,360	140,606
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	128,805	2,655,588	—
Total Deferred Inflows of Resources	1,081,281	25,039,402	162,488
Pension Expense			
Proportionate share of plan pension expense	248,304	5,835,303	42,359
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	195,375	4,302,714	134,663
Total Employer Pension Expense	\$ 443,679	\$ 10,138,017	\$ 177,022

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

As of and for the year ended June 30, 2021 with Net Pension
Liability as of June 30, 2020 (continued)

	West Side Cemetery District	West Side Mosquito and Vector Control District	West Side Recreation and Park District	Total
NET PENSION LIABILITY (ASSET) as of June 30, 2020	\$ 1,841,340	\$ 2,286,558	\$ 1,812,784	\$2,661,901,170
NET PENSION LIABILITY (ASSET) as of June 30, 2021	962,166	1,434,582	1,134,489	1,889,381,755
Deferred Outflows of Resources				
Differences between expected and actual experience	—	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	—	—	—	—
Changes of assumptions	48,891	72,896	57,647	96,005,608
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,522	47,347	—	43,025,867
Total Deferred Outflows of Resources	111,413	120,243	57,647	139,031,475
Deferred Inflows of Resources				
Differences between expected and actual experience	33,981	50,665	40,066	66,726,798
Net difference between projected and actual investment earnings on pension plan investments	218,342	325,546	257,447	428,752,676
Changes of assumptions	—	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	340,624	256,916	358,480	43,025,867
Total Deferred Inflows of Resources	592,947	633,127	655,993	538,505,341
Pension Expense				
Proportionate share of plan pension expense	65,778	98,075	77,559	129,168,007
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(28,797)	(54,686)	(141,264)	—
Total Employer Pension Expense	\$ 36,981	\$ 43,389	\$ (63,705)	\$ 129,168,007

Cost-Sharing, Multiple-Employer Pension Plan
Notes to Schedules of Employer Allocations and Pension Amounts
by Employer As of and for the Year Ended June 30, 2021

Note 1 – DESCRIPTION OF THE ENTITY

Plan Description

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

Pension Benefits

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

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

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

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

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

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

For members in Tiers I and II, the maximum monthly retirement allowance is 100% of FAC. There is no FAC limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2021 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$290,000. For members with membership dates on or after January 1, 2013, the maximum pensionable compensation that can be taken into account for 2021 is \$128,059 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.

FAC consists of the highest 12 consecutive months of pensionable pay for a General Tier I or Tier IIA member or a Safety Tier I or Tier IIA members, and the highest 36 consecutive months of pensionable pay for a General Tier IIB or Tier III member or a Safety Tier IIB member.

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

Death Benefits

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

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

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

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

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

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

Disability Benefits

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

Cost-of-Living Adjustments

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

Supplemental Benefits

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

Contributions

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

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2021 for 2020-2021 (based on the June 30, 2019 valuation) was 6.67% of compensation.

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

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2021 for 2020-2021 (based on the June 30, 2019 valuation and after reflecting the phase-in of the impact of the assumption changes) was 47.09% of compensation.

Note 2 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Employer-covered payroll KCERA received within the fiscal year ended June 30, 2021, is used as the basis for determining each employer's proportionate share reported in the Schedule of Employer Allocations. The following items for each membership class is based on the corresponding proportionate share within each membership class:

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

The Fiduciary Net Position of KCERA and additions to/deductions from KCERA's Fiduciary Net Position have been determined on the same basis as they are reported in KCERA's Comprehensive Annual Financial Report. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The reporting date and measurement date for the plan is June 30, 2021. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense.

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

Note 3 – NET PENSION LIABILITY

The Net Pension Liability of \$1,889,381,755 was measured as of June 30, 2021. The Net Pension Liability (NPL) is the Total Pension Liability reduced by the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability was determined based upon rolling forward the Total Pension Liability from the actuarial valuation as of June 30, 2020 to the measurement date of June 30, 2021. 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, 2021. The Total Pension Liability and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR). The employers' proportions of the NPL are based on the employers' share of covered payroll for each membership class.

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

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

Note 4 – ACTUARIAL ASSUMPTIONS

The Total Pension Liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 rolled forward to the measurement date of June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the chart on page 15.

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 Funds	10%	2.40%
Private Equity	5%	9.40%
Private Credit	5%	5.60%
Cash	(5)%	—%
Total	100%	

Note 5 – DISCOUNT RATE

The discount rates used to measure the Total Pension Liability was 7.25% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2021 and June 30, 2020.

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

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability as of June 30, 2021, calculated using a discount rate of 7.25%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one point lower (6.25%) or one point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (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 6 - AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

There are changes in each employer’s proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2021. The net effect of the change on the employer’s proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for the current period is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 4.90 years determined as of June 30, 2020 (the beginning of the measurement period ending June 30, 2021).

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

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2022	N/A
2023	\$ (88,173,386)
2024	\$ (79,218,519)
2025	\$ (86,319,179)
2026	\$ (145,762,782)
2027	\$ —
Thereafter	\$ —

Note 7 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (including the disclosure of the Net Pension Liability and the unmodified audit opinion on the financial statements) is located in the Kern County Employees’ Retirement Association’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The supporting actuarial information is included in the Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2021 and Governmental Accounting Standard (GAS) 68 Actuarial Valuation as of June 30, 2021. The additional financial and actuarial information is available at www.kcera.org or by contacting KCERA’s office, 11125 River Run Blvd., Bakersfield, CA 93311, or by calling (661) 381-7700.