

Kern County Employees' Retirement Association

**Governmental Accounting Standard (GAS) 68
Actuarial Valuation as of June 30, 2015**



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

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November 13, 2015

*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) 68 Actuarial Valuation as of June 30, 2015. It contains various information that will need to be disclosed in order to comply with GAS 68.

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

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

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


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

Sincerely,

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

By: 

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

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standard (GAS) 68 as of June 30, 2015. The results used in preparing this GAS 68 report are comparable to those used in preparing the Governmental Accounting Standard (GAS) 67 report for the plan based on a reporting date and a measurement date as of June 30, 2014. This valuation is based on:

- The benefit provisions of KCERA, as administered by the Board;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2013, provided by KCERA;
- The assets of the Plan as of June 30, 2014, provided by KCERA;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

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

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. Statement 67 is effective with the year ending June 30, 2014 for Plan reporting and Statement 68 is effective with the fiscal year ending June 30, 2015 for employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to comply with Statement 68.
- It is important to note that the new GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices.
- When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as KCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined generally on the same basis as KCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.

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- The Plan's Fiduciary Net Position includes assets held for the Supplemental Retiree Benefit Reserve (SRBR). The TPL reflects all future projected benefits expected to be paid from the SRBR for members as of the valuation date.
- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The exception is that the NPL is reduced by the excess of the SRBR assets over the TPL associated with the SRBR benefits.
- For this report, the reporting dates for the employer are June 30, 2015 and June 30, 2014. The NPL was measured as of June 30, 2014 and 2013, respectively, and determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2013 and 2012, respectively. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement dates. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2014 and June 30, 2013 are not adjusted or rolled forward to June 30, 2015 and June 30, 2014 reporting dates, respectively.
- The NPL decreased from \$2,124 million as of June 30, 2013 to \$2,069 million as of June 30, 2014. Changes in these values during the last two fiscal years ending June 30, 2013 and June 30, 2014 can be found in Exhibit 3 of Section 2. In particular the June 30, 2014 NPL was measured using the new actuarial assumptions and the NPL would have been lower by about \$205 million if measured using the old assumptions.
- As discussed in our separate letter regarding the treatment of the SRBR for financial reporting purposes, the Actuarial Standard of Practice (ASOP) No. 4 ("Measuring Pension Obligations and Determining Pension Plan Costs or Contributions") was revised in December 2013, effective for measurement dates on or after December 31, 2014. The revised ASOP states that some plan provisions, including "gain sharing" provisions, "may create pension obligations that are difficult to appropriately measure using traditional valuation procedures." ASOP No. 4 now indicates that "for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling....to reflect the impact of variations in experience from year to year." The 50% allocation of future excess earnings to the SRBR for KCERA is a clear example of the gain sharing provisions referenced by ASOP No. 4.

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After several meetings with KCERA and its auditors, and based on information regarding another SRBR system that included discussions with GASB staff, it was determined that future allocations to the SRBR should be treated as an additional “outflow” (i.e., assets not available to fund the benefits included in the determination of the TPL) against the Plan’s Fiduciary Net Position in the GASB crossover test¹ (see Appendix A).

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

- 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, 2014 are shown in the table below:

	Regular Benefits (Non-SRBR)	SRBR Benefits	Total KCERA
Total Pension Liability (TPL)	\$5,579,171,489	\$66,174,118	\$5,645,345,607
Plan’s Fiduciary Net Position	3,456,446,200	119,665,326	3,576,111,526
Net Pension Liability (NPL)	2,122,725,289	(53,491,208)	2,069,234,081

- The discount rates used to originally determine the TPL and NPL as of June 30, 2014 and 2013 were 7.75% and 7.75%, respectively, following the same assumptions used by the Association in the funding valuations as of June 30, 2013 and June 30, 2012. However, as the Retirement Board has approved a new discount rate of 7.50% (together with other new actuarial assumptions) for use in the next pension funding valuation as of June 30, 2014, we have included the impact of this assumption change by (1) revaluing the actuarial valuation TPL as of June 30, 2013 (before the roll forward) and (2) using this revalued TPL in rolling forward the results from June 30, 2013 to June 30, 2014. The detailed calculation used in the derivation of the discount rate of 7.50% as of June 30, 2014 can be found in Appendix A of Section 3. The discount rate assumptions have been developed without taking into consideration any

¹ The purpose of the GASB crossover test is to determine if the full expected return (or 7.50% 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 7.50% investment rate of return assumption can be used as the discount rate to determine the TPL and the resulting NPL.

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impact of the 50/50 allocation of future excess earnings between the retirement and Supplement Retirement Benefit Reserve (SRBR) asset pools. Various other information that is required to be disclosed can be found in Exhibits 1 through 13 in Section 2.

- Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2014. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.
- The Safety membership class has only one employer (Kern County), so all of the NPL for Safety as of both June 30, 2013 and June 30, 2014 is allocated to the County.

For General and District, the NPL as of June 30, 2013 and June 30, 2014 is allocated based on the actual payroll within the General and District membership classes for 2012/2013 and 2013/2014, respectively. The steps we used are as follows:

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

The negative NPL associated with the SRBR is allocated based on the actual total payroll for each employer within KCERA.

Proportionate share of total plan NPL is then the ratio of the employers total allocated NPL to the total NPL of all employers. The NPL allocation can be found in Exhibit 7 in Section 2.

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

Summary of Key Valuation Results

Reporting Date for Employer under GAS 68	6/30/2015⁽¹⁾	6/30/2014⁽²⁾
Measurement Date for Employer under GAS 68	6/30/2014	6/30/2013
Disclosure elements for fiscal year ending June 30:		
1. Service cost	\$125,117,810	\$125,643,925
2. Total Pension Liability	5,645,345,607	5,229,159,051
3. Plan's Fiduciary Net Position	3,576,111,526	3,104,770,253
4. Net Pension Liability	2,069,234,081	2,124,388,798
5. Pension expense	243,398,755	N/A
Schedule of contributions for fiscal year ending June 30:		
6. Actuarially determined contributions	\$220,393,000	\$211,677,000
7. Actual contributions	\$220,393,000	\$211,677,000
8. Contribution deficiency (excess) (6) – (7)	0	0
Demographic data for plan year ending June 30:		
9. Number of retired members and beneficiaries	7,397	7,171
10. Number of vested terminated members ⁽³⁾	1,949	1,855
11. Number of active members	8,512	8,485
Key assumptions as of June 30:		
12. Investment rate of return	7.50%	7.75%
13. Inflation rate	3.25%	3.25%
14. Projected salary increases ⁽⁴⁾	General: 4.25% to 9.25% and Safety: 4.25% to 11.75%	General: 4.50% to 10.00% and Safety: 4.50% to 11.00%

⁽¹⁾ The reporting date and measurement date for the plan are June 30, 2014.

⁽²⁾ The reporting date and measurement date for the plan are June 30, 2013.

⁽³⁾ Includes terminated members due a refund of member contributions.

⁽⁴⁾ Includes inflation at 3.25% plus real across the board salary increase of 0.50% (0.75% for the June 30, 2013 valuation) plus merit and promotional increases that vary by service.

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Important Information about Actuarial Valuations

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

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

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

- The valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- 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.

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

- If KCERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

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

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

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Cost-Sharing Pension Plan

Plan Description

Plan administration. The Kern County Employees' Retirement Association (KCERA) was established by the County of Kern in 1945. KCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.). KCERA is a cost-sharing multiple employer defined benefit public employee retirement system whose main function is to provide service retirement, disability, death and survivor 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, and the Kern County Superior Court.

The management of KCERA is vested with the KCERA Board of Retirement. The Board consists of nine members and two alternates. 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 are elected by the safety membership; one member and one alternate 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, 2014, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	7,397
Vested terminated members entitled to, but not yet receiving benefits ⁽¹⁾	1,949
Active members	<u>8,512</u>
Total	17,858

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

Benefits provided. 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

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date of hire. 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 compensation times years of accrued retirement service credit times age factor from Section 31676.17 (Tier I) or 1/90th of final 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 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 compensation times years of accrued retirement service credit times age factor from 31664.1 (Tier I) or 1/50th (or 2%) of final 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 compensation. There is no final compensation limit on the maximum retirement benefit for General Tier III members.

The maximum amount of compensation earnable that can be taken into account for 2014 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$260,000. For members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2014 is equal to \$115,064 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.

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

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-Riverside-Orange County 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'Ss actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2014 for 2013-2014 (based on the June 30, 2012 valuation) was 42.67% 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, 2014 for 2013-2014 (based on the June 30, 2012 valuation) was 4.27% of compensation.

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EXHIBIT 2

Net Pension Liability

Reporting Date for Employer under GAS 68	June 30, 2015	June 30, 2014
Measurement Date for Employer under GAS 68	June 30, 2014	June 30, 2013
The components of the net pension liability are as follows:		
Total Pension Liability	\$5,645,345,607	\$5,229,159,051
Plan's Fiduciary Net Position	<u>(3,576,111,526)</u>	<u>(3,104,770,253)</u>
Net Pension Liability	\$2,069,234,081	\$2,124,388,798
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	63.35%	59.37%

The Net Pension Liability (NPL) for the plan was measured as of June 30, 2014 and 2013. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of June 30, 2013 and 2012, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL are the same as those used in the KCERA actuarial valuations as of June 30, 2014 and June 30, 2013, 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 TPL as of June 30, 2014 that was measured by an actuarial valuation as of June 30, 2013 used the same actuarial assumptions as the June 30, 2014 funding valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	General: 4.25% to 9.25% and Safety: 4.25% to 11.75%, varying by service, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Other assumptions	Same as those used in the June 30, 2014 funding valuation. These assumptions were developed in the analysis of actuarial experience study for the period July 1, 2010 through June 30, 2013.

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The TPL as of June 30, 2013 that was measured by an actuarial valuation as of June 30, 2012 used the same actuarial assumptions as the June 30, 2013 funding valuation, except that, for funding purposes only, the investment return assumption was net of both investment expenses and administrative expenses. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	General: 4.50% to 10.00% and Safety: 4.50% to 11.00%, vary by service, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Other assumptions	Same as those used in the June 30, 2013 funding valuation. See analysis of actuarial experience study for the period July 1, 2008 through June 30, 2011.

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

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EXHIBIT 3

Target Asset Allocation

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	19%	5.92%
Small/Mid Cap U.S. Equity	4%	6.49%
Developed International Equity	18%	6.90%
Emerging Markets Equity	4%	8.34%
Core Bonds	18%	0.73%
High Yield Bonds	4%	2.67%
Emerging Market Debt	4%	4.00%
TIPS	3%	0.35%
Real Estate	5%	4.96%
Commodities	6%	4.35%
Hedge Funds	10%	4.30%
Private Equity	5%	8.10%
Total	100.00%	

Discount rate: The discount rates used to measure the Total Pension Liability (TPL) were 7.50% and 7.75% as of June 30, 2014 and June 30, 2013, respectively. 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

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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, 2014 and June 30, 2013.

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

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EXHIBIT 4

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability (NPL) of the KCERA as of June 30, 2014, calculated using the discount rate of 7.50%, as well as what the KCERA's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Net Pension Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Kern County	\$2,583,166,087	\$1,901,916,289	\$1,338,933,256
Kern County Superior Courts	91,256,006	67,189,363	47,300,753
Berrenda Mesa Water District	2,095,681	1,542,994	1,086,255
Buttonwillow Recreation and Park District	679,985	500,655	352,457
East Kern Cemetery District	281,527	207,281	145,924
Inyokern Community Services District	269,246	198,239	139,559
Kern County Water Agency	25,989,741	19,135,553	13,471,270
Kern Mosquito and Vector Control District	4,411,651	3,248,181	2,286,693
North of the River Sanitation District	3,665,009	2,698,448	1,899,685
San Joaquin Valley Unified Air Pollution Control District	92,646,928	68,213,462	48,021,710
Shafter Recreation and Park District	0	0	0
West Side Cemetery District	1,558,480	1,147,467	807,807
West Side Mosquito and Vector Control District	2,281,950	1,680,139	1,182,804
West Side Recreation and Park District	<u>2,113,359</u>	<u>1,556,010</u>	<u>1,095,418</u>
Total for all Employers	\$2,810,415,650	\$2,069,234,081	\$1,456,723,591

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

EXHIBIT 5

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

Reporting Date for Employer under GAS 68	June 30, 2015	June 30, 2014
Measurement Date for Employer under GAS 68	June 30, 2014	June 30, 2013
Total Pension Liability		
1. Service cost	\$125,117,810	\$125,643,925
2. Interest	400,558,398	384,836,865
3. Change of benefit terms	0	0
4. Differences between expected and actual experience	(57,033,870)	(49,064,120)
5. Changes of assumptions	205,039,279	0
6. Benefit payments, including refunds of member contributions	<u>(257,495,061)</u>	<u>(242,629,556)</u>
7. Net change in Total Pension Liability	\$416,186,556	\$218,787,114
8. Total Pension Liability – beginning	<u>5,229,159,051</u>	<u>5,010,371,937</u>
9. Total Pension Liability – ending	<u>\$5,645,345,607</u>	<u>\$5,229,159,051</u>
Plan's Fiduciary Net Position		
10. Contributions – employer	\$220,393,167	\$211,677,478
11. Contributions – employee	25,810,310	20,282,751
12. Net investment income	487,591,494	319,432,186
13. Benefit payments, including refunds of member contributions	(257,495,061)	(242,629,556)
14. Administrative expense	(4,958,637)	(4,016,644)
15. Other	<u>0</u>	<u>0</u>
16. Net change in Plan's Fiduciary Net Position	\$471,341,273	\$304,746,215
17. Plan's Fiduciary Net Position – beginning	<u>3,104,770,253</u>	<u>2,800,024,038</u>
18. Plan's Fiduciary Net Position – ending	\$3,576,111,526	\$3,104,770,253
19. Net Pension Liability – ending (9) – (18)	<u>\$2,069,234,081</u>	<u>\$2,124,388,798</u>
20. Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	63.35%	59.37%
21. Covered employee payroll ⁽¹⁾	\$533,850,811	\$516,415,189
22. Net Pension Liability as percentage of covered employee payroll	387.61%	411.33%

Notes to Schedule:

Benefit changes: All members with membership dates on or after January 1, 2013 enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (PEPRA).

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 6

Schedule of Employer Contributions – Last Six Fiscal Years

Year Ended June 30	Actuarially Determined Contributions⁽¹⁾	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll⁽²⁾	Contributions as a Percentage of Covered Employee Payroll
2009	\$138,815,000	\$138,815,000	\$0	\$482,879,000	28.74%
2010	151,127,000	151,127,000	0	559,872,000	26.99%
2011	177,444,000	177,444,000	0	559,380,000	31.72%
2012	189,837,000	189,837,000	0	526,079,162	36.09%
2013	211,677,000	211,677,000	0	516,465,189	40.99%
2014	220,393,000	220,393,000	0	533,850,811	41.28%

See accompanying notes to this schedule on next page.

⁽¹⁾ All "Actuarially Determined Contributions" through June 30, 2014 were determined as the "Annual Required Contribution" under GAS 25 and 27.

⁽²⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

Notes to Exhibit 6

Methods and assumptions used to establish "actuarially determined contribution" (ADC) 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 (assuming a 3.75% payroll increase)
Remaining amortization period	21.5 years as of June 30, 2014 for all UAAL as of June 30, 2011. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 18-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized semi-annually over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in nine equal semi-annual amounts over a period of four and a half years from that date.

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Actuarial assumptions:		
Investment rate of return	7.75%, net of pension plan administration and investment expenses, including inflation	7.50%, net of pension plan investment expenses, including inflation
Inflation rate	3.25%	3.25%
Real across-the-board salary increase	0.75%	0.50%
Projected salary increases ⁽¹⁾	General: 4.50% to 10.00% and Safety: 4.50% to 11.00%	General: 4.25% to 9.25% and Safety: 4.25% to 11.75%
Administrative expenses	Offset to investment return	0.90% of payroll allocated between the employer and member rates based on the components of the total contribution rate (before expenses) for the employer and member.
Cost of living adjustments	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum)
Other assumptions	Same as those used in the June 30, 2013 funding actuarial valuation	Same as those used in the June 30, 2014 funding actuarial valuation

⁽¹⁾ Includes inflation at 3.25% plus real across-the-board salary increase of 0.75% (0.50% for the June 30, 2013 valuation) plus merit and promotional increases that vary by service.

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

EXHIBIT 7

Determination of Proportionate Share

**Actual Payroll by Employer and Membership Class
July 1, 2012 to June 30, 2013
For Proportionate Share as of June 30, 2013 Measurement Date**

Employer	General	General Percentage*	Safety	Safety Percentage	District	District Percentage*	Total	Total Percentage
Kern County	\$331,819,611	94.369%	\$133,686,636	100.000%	\$0	0.000%	\$465,506,247	90.133%
Kern County Superior Courts	19,799,274	5.631%	0	0.000%	0	0.000%	19,799,274	3.834%
Berrenda Mesa Water District	0	0.000%	0	0.000%	482,951	1.550%	482,951	0.094%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	163,245	0.524%	163,245	0.032%
East Kern Cemetery District	0	0.000%	0	0.000%	66,356	0.213%	66,356	0.013%
Inyokern Community Services District	0	0.000%	0	0.000%	63,752	0.205%	63,752	0.012%
Kern County Water Agency	0	0.000%	0	0.000%	5,914,803	18.982%	5,914,803	1.145%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,029,309	3.303%	1,029,309	0.199%
North of the River Sanitation District	0	0.000%	0	0.000%	781,428	2.508%	781,428	0.151%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	21,366,973	68.573%	21,366,973	4.137%
Shafter Recreation and Park District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
West Side Cemetery District	0	0.000%	0	0.000%	346,618	1.112%	346,618	0.067%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	456,135	1.464%	456,135	0.088%
West Side Recreation and Park District	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>	<u>488,098</u>	<u>1.566%</u>	<u>488,098</u>	<u>0.095%</u>
Total for all Employers	\$351,618,885	100.000%	\$133,686,636	100.000%	\$31,159,668	100.000%	\$516,465,189	100.000%

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

Note: Results may not total due to rounding.

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

EXHIBIT 7 (continued)

Determination of Proportionate Share

Allocation of June 30, 2013 Net Pension Liability (NPL)								
Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$1,257,333,231	94.369%	\$736,558,573	100.000%	\$0	0.000%	\$1,993,891,804	91.646%
Kern County Superior Courts	\$75,025,098	5.631%	0	0.000%	0	0.000%	75,025,098	3.448%
Berrenda Mesa Water District	0	0.000%	0	0.000%	1,654,324	1.550%	1,654,324	0.076%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	559,268	0.524%	559,268	0.026%
East Kern Cemetery District	0	0.000%	0	0.000%	227,336	0.213%	227,336	0.010%
Inyokern Community Services District	0	0.000%	0	0.000%	218,798	0.205%	218,798	0.010%
Kern County Water Agency	0	0.000%	0	0.000%	20,259,597	18.982%	20,259,597	0.931%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	3,525,311	3.303%	3,525,311	0.162%
North of the River Sanitation District	0	0.000%	0	0.000%	2,676,803	2.508%	2,676,803	0.123%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	73,188,356	68.573%	73,188,356	3.364%
Shafter Recreation and Park District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
West Side Cemetery District	0	0.000%	0	0.000%	1,186,844	1.112%	1,186,844	0.055%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	1,562,536	1.464%	1,562,536	0.072%
West Side Recreation and Park District	0	0.000%	0	0.000%	1,671,401	1.566%	1,671,401	0.077%
Total for all Employers	\$1,332,358,329	100.000%	\$736,558,573	100.000%	\$106,730,574	100.000%	\$2,175,647,476	100.000%

Note: Results may not total due to rounding.

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

EXHIBIT 7 (continued)

Determination of Proportionate Share

Employer	Allocation of June 30, 2013 Net Pension Liability (NPL)			
	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(46,201,052)	90.133%	\$1,947,690,752	91.682%
Kern County Superior Courts	(1,965,059)	3.834%	73,060,039	3.439%
Berrenda Mesa Water District	(47,932)	0.094%	1,606,392	0.076%
Buttonwillow Recreation and Park District	(16,202)	0.032%	543,066	0.026%
East Kern Cemetery District	(6,586)	0.013%	220,750	0.010%
Inyokern Community Services District	(6,327)	0.012%	212,471	0.010%
Kern County Water Agency	(587,039)	1.145%	19,672,558	0.926%
Kern Mosquito and Vector Control District	(102,158)	0.199%	3,423,153	0.161%
North of the River Sanitation District	(77,556)	0.151%	2,599,247	0.122%
San Joaquin Valley Unified Air Pollution Control District	(2,120,652)	4.137%	71,067,704	3.345%
Shafter Recreation and Park District	0	0.000%	0	0.000%
West Side Cemetery District	(34,401)	0.067%	1,152,443	0.054%
West Side Mosquito and Vector Control District	(45,271)	0.088%	1,517,265	0.071%
West Side Recreation and Park District	<u>(48,443)</u>	<u>0.095%</u>	<u>1,622,958</u>	<u>0.076%</u>
Total for all Employers	\$(51,258,678)	100.000%	\$2,124,388,798	100.000%

Note: Results may not total due to rounding.

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

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

Based on the July 1, 2012 through June 30, 2013 actual payroll as provided by KCERA.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding the SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets.

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

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

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

The NPL associated with the SRBR is allocated based on the actual total payroll for each employer within KCERA.

If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class.

Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

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

EXHIBIT 7 (continued)

Determination of Proportionate Share

**Actual Payroll by Employer and Membership Class
July 1, 2013 to June 30, 2014
For Proportionate Share as of June 30, 2014 Measurement Date**

Employer	General	General Percentage*	Safety	Safety Percentage	District	District Percentage*	Total	Total Percentage
Kern County	\$342,191,888	94.590%	\$139,967,470	100.000%	\$0	0.000%	\$482,159,358	90.318%
Kern County Superior Courts	19,571,588	5.410%	0	0.000%	0	0.000%	19,571,588	3.666%
Berrenda Mesa Water District	0	0.000%	0	0.000%	494,815	1.541%	494,815	0.093%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	160,470	0.500%	160,470	0.030%
East Kern Cemetery District	0	0.000%	0	0.000%	66,341	0.207%	66,341	0.012%
Inyokern Community Services District	0	0.000%	0	0.000%	63,752	0.198%	63,752	0.012%
Kern County Water Agency	0	0.000%	0	0.000%	6,138,341	19.111%	6,138,341	1.150%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	1,041,816	3.244%	1,041,816	0.195%
North of the River Sanitation District	0	0.000%	0	0.000%	865,760	2.695%	865,760	0.162%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	21,882,301	68.126%	21,882,301	4.099%
Shafter Recreation and Park District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
West Side Cemetery District	0	0.000%	0	0.000%	368,139	1.146%	368,139	0.069%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	539,127	1.678%	539,127	0.101%
West Side Recreation and Park District	0	0.000%	0	0.000%	499,003	1.554%	499,003	0.093%
Total for all Employers	\$361,763,476	100.000%	\$139,967,470	100.000%	\$32,119,865	100.000%	\$533,850,811	100.000%

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

Note: Results may not total due to rounding.

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

EXHIBIT 7 (continued)

Determination of Proportionate Share

Allocation of June 30, 2014 Net Pension Liability (NPL)								
Employer	General	General Percentage	Safety	Safety Percentage	District	District Percentage	Subtotal	Subtotal Percentage
Kern County	\$1,209,045,761	94.590%	\$741,182,315	100.000%	\$0	0.000%	\$1,950,228,076	91.873%
Kern County Superior Courts	69,150,413	5.410%	0	0.000%	0	0.000%	69,150,413	3.258%
Berrenda Mesa Water District	0	0.000%	0	0.000%	1,592,574	1.541%	1,592,574	0.075%
Buttonwillow Recreation and Park District	0	0.000%	0	0.000%	516,734	0.500%	516,734	0.024%
East Kern Cemetery District	0	0.000%	0	0.000%	213,928	0.207%	213,928	0.010%
Inyokern Community Services District	0	0.000%	0	0.000%	204,627	0.198%	204,627	0.010%
Kern County Water Agency	0	0.000%	0	0.000%	19,750,607	19.111%	19,750,607	0.930%
Kern Mosquito and Vector Control District	0	0.000%	0	0.000%	3,352,570	3.244%	3,352,570	0.158%
North of the River Sanitation District	0	0.000%	0	0.000%	2,785,196	2.695%	2,785,196	0.131%
San Joaquin Valley Unified Air Pollution Control District	0	0.000%	0	0.000%	70,406,042	68.126%	70,406,042	3.317%
Shafter Recreation and Park District	0	0.000%	0	0.000%	0	0.000%	0	0.000%
West Side Cemetery District	0	0.000%	0	0.000%	1,184,354	1.146%	1,184,354	0.056%
West Side Mosquito and Vector Control District	0	0.000%	0	0.000%	1,734,159	1.678%	1,734,159	0.082%
West Side Recreation and Park District	<u>0</u>	<u>0.000%</u>	<u>0</u>	<u>0.000%</u>	<u>1,606,009</u>	<u>1.554%</u>	<u>1,606,009</u>	<u>0.076%</u>
Total for all Employers	\$1,278,196,174	100.000%	\$741,182,315	100.000%	\$103,346,800	100.000%	\$2,122,725,289	100.000%

Note: Results may not total due to rounding.

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

EXHIBIT 7 (continued)

Determination of Proportionate Share

Employer	Allocation of June 30, 2014 Net Pension Liability (NPL)			
	SRBR	SRBR Percentage	Total	Total Percentage
Kern County	\$(48,311,787)	90.318%	\$1,901,916,289	91.914%
Kern County Superior Courts	(1,961,050)	3.666%	67,189,363	3.247%
Berrenda Mesa Water District	(49,580)	0.093%	1,542,994	0.075%
Buttonwillow Recreation and Park District	(16,079)	0.030%	500,655	0.024%
East Kern Cemetery District	(6,647)	0.012%	207,281	0.010%
Inyokern Community Services District	(6,388)	0.012%	198,239	0.010%
Kern County Water Agency	(615,054)	1.150%	19,135,553	0.925%
Kern Mosquito and Vector Control District	(104,389)	0.195%	3,248,181	0.157%
North of the River Sanitation District	(86,748)	0.162%	2,698,448	0.130%
San Joaquin Valley Unified Air Pollution Control District	(2,192,580)	4.099%	68,213,462	3.297%
Shafter Recreation and Park District	0	0.000%	0	0.000%
West Side Cemetery District	(36,887)	0.069%	1,147,467	0.055%
West Side Mosquito and Vector Control District	(54,020)	0.101%	1,680,139	0.081%
West Side Recreation and Park District	<u>(49,999)</u>	<u>0.093%</u>	<u>1,556,010</u>	<u>0.075%</u>
Total for all Employers	\$(53,491,208)	100.000%	\$2,069,234,081	100.000%

Note: Results may not total due to rounding.

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

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

Based on the July 1, 2013 through June 30, 2014 actual payroll as provided by KCERA.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding the SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets.

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

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

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

The NPL associated with the SRBR is allocated based on the actual total payroll for each employer within KCERA.

If the employer is in several membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2015. The reporting date and measurement date for the plan under GAS 67 are June 30, 2014. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2014 are not adjusted or "rolled forward" to June 30, 2015. Other results such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

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

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

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

EXHIBIT 8

Pension Expense – Total for all Employers

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$125,117,810
2. Interest on the Total Pension Liability	400,558,398
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(10,822,366)
6. Expensed portion of current-period changes of assumptions or other inputs	38,906,884
7. Member contributions	(25,810,310)
8. Projected earnings on plan investments	(239,989,999)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(49,520,299)
10. Administrative expense	4,958,637
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$243,398,755</u>

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

EXHIBIT 8 (continued)

Pension Expense – Kern County

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$115,000,815
2. Interest on the Total Pension Liability	368,169,339
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	675,477
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(9,947,275)
6. Expensed portion of current-period changes of assumptions or other inputs	35,760,883
7. Member contributions	(23,723,294)
8. Projected earnings on plan investments	(220,584,463)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(45,516,099)
10. Administrative expense	4,557,682
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0
Pension Expense	<u>\$224,393,065</u>

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

EXHIBIT 8 (continued)

Pension Expense – Kern County Superior Courts

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$4,062,655
2. Interest on the Total Pension Liability	13,006,389
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(772,809)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(351,409)
6. Expensed portion of current-period changes of assumptions or other inputs	1,263,332
7. Member contributions	(838,077)
8. Projected earnings on plan investments	(7,792,630)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(1,607,956)
10. Administrative expense	161,010
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$7,130,505</u>

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

EXHIBIT 8 (continued)

Pension Expense – Berrenda Mesa Water District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$93,298
2. Interest on the Total Pension Liability	298,690
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(927)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(8,070)
6. Expensed portion of current-period changes of assumptions or other inputs	29,012
7. Member contributions	(19,246)
8. Projected earnings on plan investments	(178,957)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(36,926)
10. Administrative expense	3,698
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$180,572</u>

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

EXHIBIT 8 (continued)

Pension Expense – Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$30,272
2. Interest on the Total Pension Liability	96,916
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(3,719)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,618)
6. Expensed portion of current-period changes of assumptions or other inputs	9,414
7. Member contributions	(6,245)
8. Projected earnings on plan investments	(58,066)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(11,982)
10. Administrative expense	1,200
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$55,172</u>

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

EXHIBIT 8 (continued)

Pension Expense – East Kern Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$12,533
2. Interest on the Total Pension Liability	40,125
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(709)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,084)
6. Expensed portion of current-period changes of assumptions or other inputs	3,897
7. Member contributions	(2,585)
8. Projected earnings on plan investments	(24,040)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(4,961)
10. Administrative expense	497
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$23,673</u>

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

EXHIBIT 8 (continued)

Pension Expense – Inyokern Community Services District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$11,987
2. Interest on the Total Pension Liability	38,375
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,284)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,037)
6. Expensed portion of current-period changes of assumptions or other inputs	3,727
7. Member contributions	(2,473)
8. Projected earnings on plan investments	(22,992)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(4,744)
10. Administrative expense	475
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$22,034</u>

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

EXHIBIT 8 (continued)

Pension Expense – Kern County Water Agency

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$1,157,045
2. Interest on the Total Pension Liability	3,704,224
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	61,187
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(100,081)
6. Expensed portion of current-period changes of assumptions or other inputs	359,797
7. Member contributions	(238,685)
8. Projected earnings on plan investments	(2,219,344)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(457,946)
10. Administrative expense	45,856
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$2,312,053</u>

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

EXHIBIT 8 (continued)

Pension Expense – Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$196,403
2. Interest on the Total Pension Liability	628,777
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(4,113)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(16,988)
6. Expensed portion of current-period changes of assumptions or other inputs	61,074
7. Member contributions	(40,516)
8. Projected earnings on plan investments	(376,724)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(77,735)
10. Administrative expense	7,784
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$377,962</u>

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

EXHIBIT 8 (continued)

Pension Expense – North of the River Sanitation District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$163,163
2. Interest on the Total Pension Liability	522,360
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	28,711
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(14,113)
6. Expensed portion of current-period changes of assumptions or other inputs	50,738
7. Member contributions	(33,659)
8. Projected earnings on plan investments	(312,966)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(64,578)
10. Administrative expense	6,466
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0
Pension Expense	<u>\$346,122</u>

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

EXHIBIT 8 (continued)

Pension Expense – San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$4,124,578
2. Interest on the Total Pension Liability	13,204,632
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(39,620)
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(356,765)
6. Expensed portion of current-period changes of assumptions or other inputs	1,282,587
7. Member contributions	(850,851)
8. Projected earnings on plan investments	(7,911,405)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(1,632,464)
10. Administrative expense	163,464
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$7,984,156</u>

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

EXHIBIT 8 (continued)

Pension Expense – Shafter Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$0
2. Interest on the Total Pension Liability	0
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	0
6. Expensed portion of current-period changes of assumptions or other inputs	0
7. Member contributions	0
8. Projected earnings on plan investments	0
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	0
10. Administrative expense	0
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$0</u>

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

EXHIBIT 8 (continued)

Pension Expense – West Side Cemetery District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$69,383
2. Interest on the Total Pension Liability	222,124
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	11,104
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(6,001)
6. Expensed portion of current-period changes of assumptions or other inputs	21,575
7. Member contributions	(14,313)
8. Projected earnings on plan investments	(133,083)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(27,461)
10. Administrative expense	2,750
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$146,078</u>

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

EXHIBIT 8 (continued)

Pension Expense – West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$101,591
2. Interest on the Total Pension Liability	325,238
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	45,588
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(8,787)
6. Expensed portion of current-period changes of assumptions or other inputs	31,591
7. Member contributions	(20,957)
8. Projected earnings on plan investments	(194,863)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(40,209)
10. Administrative expense	4,026
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$243,218</u>

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

EXHIBIT 8 (continued)

Pension Expense – West Side Recreation and Park District

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Components of Pension Expense	
1. Service cost	\$94,087
2. Interest on the Total Pension Liability	301,209
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	1,114
4. Expensed portion of current-period benefit changes	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(8,138)
6. Expensed portion of current-period changes of assumptions or other inputs	29,257
7. Member contributions	(19,409)
8. Projected earnings on plan investments	(180,466)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(37,238)
10. Administrative expense	3,729
11. Other	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>
Pension Expense	<u>\$184,145</u>

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

EXHIBIT 9

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$3,514,985
2. Changes of assumptions or other inputs	166,132,395
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$169,647,380
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$3,514,985
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	198,081,196
9. Difference between expected and actual experience in the Total Pension Liability	<u>46,211,504</u>
10. Total Deferred Inflows of Resources	\$247,807,685

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

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

2015	\$(21,435,781)
2016	(21,435,781)
2017	(21,435,781)
2018	(21,435,781)
2019	(21,435,781)
2020	7,582,819
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,884,292
2. Changes of assumptions or other inputs	152,698,968
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$155,583,260
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	182,064,396
9. Difference between expected and actual experience in the Total Pension Liability	<u>42,474,852</u>
10. Total Deferred Inflows of Resources	\$224,539,248

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

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

2015	\$(19,027,011)
2016	(19,027,011)
2017	(19,027,011)
2018	(19,027,011)
2019	(19,027,011)
2020	7,152,056
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	5,394,426
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$5,394,426
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$3,299,893
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	6,431,824
9. Difference between expected and actual experience in the Total Pension Liability	<u>1,500,517</u>
10. Total Deferred Inflows of Resources	\$11,232,234

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

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

2015	\$(1,468,843)
2016	(1,468,843)
2017	(1,468,843)
2018	(1,468,843)
2019	(1,468,843)
2020	37,564
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68 **June 30, 2015**

Measurement Date for Employer under GAS 68 **June 30, 2014**

Deferred Outflows of Resources

1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	123,882
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$123,882

Deferred Inflows of Resources

6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$3,960
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	147,706
9. Difference between expected and actual experience in the Total Pension Liability	<u>34,459</u>
10. Total Deferred Inflows of Resources	\$186,125

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

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

2015	\$(16,911)
2016	(16,911)
2017	(16,911)
2018	(16,911)
2019	(16,911)
2020	5,401
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	40,196
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$40,196
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$15,878
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	47,926
9. Difference between expected and actual experience in the Total Pension Liability	<u>11,181</u>
10. Total Deferred Inflows of Resources	\$74,985

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

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

2015	\$(8,905)
2016	(8,905)
2017	(8,905)
2018	(8,905)
2019	(8,905)
2020	831
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	16,642
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$16,642
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$3,029
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	19,842
9. Difference between expected and actual experience in the Total Pension Liability	<u>4,629</u>
10. Total Deferred Inflows of Resources	\$27,500

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

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

2015	\$(2,856)
2016	(2,856)
2017	(2,856)
2018	(2,856)
2019	(2,856)
2020	566
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	15,916
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$15,916
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$5,484
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	18,977
9. Difference between expected and actual experience in the Total Pension Liability	<u>4,427</u>
10. Total Deferred Inflows of Resources	\$28,888

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

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

2015	\$(3,338)
2016	(3,338)
2017	(3,338)
2018	(3,338)
2019	(3,338)
2020	380
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$261,267
2. Changes of assumptions or other inputs	1,536,334
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$1,797,601
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	1,831,786
9. Difference between expected and actual experience in the Total Pension Liability	<u>427,348</u>
10. Total Deferred Inflows of Resources	\$2,259,134

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

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

2015	\$(137,044)
2016	(137,044)
2017	(137,044)
2018	(137,044)
2019	(137,044)
2020	86,643
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	260,786
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$260,786
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$17,564
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	310,938
9. Difference between expected and actual experience in the Total Pension Liability	<u>72,541</u>
10. Total Deferred Inflows of Resources	\$401,043

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

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

2015	\$(37,762)
2016	(37,762)
2017	(37,762)
2018	(37,762)
2019	(37,762)
2020	10,791
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$122,594
2. Changes of assumptions or other inputs	216,650
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$339,244
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	258,314
9. Difference between expected and actual experience in the Total Pension Liability	<u>60,264</u>
10. Total Deferred Inflows of Resources	\$318,578

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

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

2015	\$757
2016	757
2017	757
2018	757
2019	757
2020	17,638
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	5,476,648
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$5,476,648
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$169,177
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	6,529,858
9. Difference between expected and actual experience in the Total Pension Liability	<u>1,523,388</u>
10. Total Deferred Inflows of Resources	\$8,222,423

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

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

2015	\$(746,263)
2016	(746,263)
2017	(746,263)
2018	(746,263)
2019	(746,263)
2020	239,277
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014

Deferred Outflows of Resources

1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
2. Changes of assumptions or other inputs	0
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$0

Deferred Inflows of Resources

6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	0
9. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
10. Total Deferred Inflows of Resources	\$0

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

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

2015	\$0
2016	0
2017	0
2018	0
2019	0
2020	0
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68 **June 30, 2015**

Measurement Date for Employer under GAS 68 **June 30, 2014**

Deferred Outflows of Resources

1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$47,414
2. Changes of assumptions or other inputs	92,127
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$139,541

Deferred Inflows of Resources

6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	109,843
9. Difference between expected and actual experience in the Total Pension Liability	<u>25,626</u>
10. Total Deferred Inflows of Resources	\$135,469

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

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

2015	\$(783)
2016	(783)
2017	(783)
2018	(783)
2019	(783)
2020	7,204
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$194,660
2. Changes of assumptions or other inputs	134,893
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$329,553
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	160,834
9. Difference between expected and actual experience in the Total Pension Liability	<u>37,522</u>
10. Total Deferred Inflows of Resources	\$198,356

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

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

2015	\$28,183
2016	28,183
2017	28,183
2018	28,183
2019	28,183
2020	18,465
Thereafter	0

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

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

EXHIBIT 9 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Deferred Outflows of Resources	
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$4,758
2. Changes of assumptions or other inputs	124,927
3. Net difference between projected and actual earnings on pension plan investments	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>
5. Total Deferred Outflows of Resources	\$129,685
Deferred Inflows of Resources	
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0
7. Changes of assumptions or other inputs	0
8. Net difference between projected and actual earnings on pension plan investments	148,952
9. Difference between expected and actual experience in the Total Pension Liability	<u>34,750</u>
10. Total Deferred Inflows of Resources	\$183,702

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

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

2015	\$(15,005)
2016	(15,005)
2017	(15,005)
2018	(15,005)
2019	(15,005)
2020	6,003
Thereafter	0

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

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

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

There are changes in each employer's proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2014. The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 5.27 years determined as of June 30, 2013 (the beginning of the measurement period ending June 30, 2014).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2014 is recognized over the same period.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

We did not attempt to determine the beginning balances for deferred inflows of resources and deferred outflows of resources as of the beginning of the fiscal year. Per paragraph 137 of GAS 68, these balances are assumed to be zero.

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

EXHIBIT 10

Schedule of Proportionate Share of the Net Pension Liability – Total for all Employers

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	100.0%	\$2,124,388,798	\$516,465,189	411.33%	59.37%
2015	100.0%	2,069,234,081	533,850,811	387.61%	63.35%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Kern County

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	91.682%	\$1,947,690,752	\$465,506,247	418.40%	59.59%
2015	91.914%	1,901,916,289	482,159,358	394.46%	63.49%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Kern County Superior Courts

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	3.439%	\$73,060,039	\$19,799,274	369.00%	58.53%
2015	3.247%	67,189,363	19,571,588	343.30%	62.95%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Berrenda Mesa Water District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.076%	\$1,606,392	\$482,951	332.62%	55.64%
2015	0.075%	1,542,994	494,815	311.83%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Buttonwillow Recreation and Park District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.026%	\$543,066	\$163,245	332.67%	55.64%
2015	0.024%	500,655	160,470	311.99%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – East Kern Cemetery District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.010%	\$220,750	\$66,356	332.68%	55.64%
2015	0.010%	207,281	66,341	312.45%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Inyokern Community Services District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.010%	\$212,471	\$63,752	333.28%	55.64%
2015	0.010%	198,239	63,752	310.95%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Kern County Water Agency

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.926%	\$19,672,558	\$5,914,803	332.60%	55.64%
2015	0.925%	19,135,553	6,138,341	311.74%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Kern Mosquito and Vector Control District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.161%	\$3,423,153	\$1,029,309	332.57%	55.64%
2015	0.157%	3,248,181	1,041,816	311.78%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – North of the River Sanitation District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.122%	\$2,599,247	\$781,428	332.63%	55.64%
2015	0.130%	2,698,448	865,760	311.69%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – San Joaquin Valley Unified Air Pollution Control District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	3.345%	\$71,067,704	\$21,366,973	332.61%	55.64%
2015	3.297%	68,213,462	21,882,301	311.73%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Shafter Recreation and Park District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.000%	\$0	\$0	N/A	N/A
2015	0.000%	0	0	N/A	N/A

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – West Side Cemetery District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.054%	\$1,152,443	\$346,618	332.48%	55.64%
2015	0.055%	1,147,467	368,139	311.69%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – West Side Mosquito and Vector Control District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.071%	\$1,517,265	\$456,135	332.64%	55.64%
2015	0.081%	1,680,139	539,127	311.64%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – West Side Recreation and Park District

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.076%	\$1,622,958	\$488,098	332.51%	55.64%
2015	0.075%	1,556,010	499,003	311.82%	60.66%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

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

EXHIBIT 11

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$2,124,388,798
2. Pension Expense	243,398,755
3. Employer Contributions	(220,393,167)
4. New Net Deferred Inflows/Outflows	(78,160,305)
5. New Net Deferred Flows Due to Change in Proportion	0
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$2,069,234,081

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

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Kern County

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$1,947,690,752
2. Pension Expense	224,393,065
3. Employer Contributions	(201,211,539)
4. New Net Deferred Inflows/Outflows	(71,840,281)
5. New Net Deferred Flows Due to Change in Proportion	2,884,292
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$1,901,916,289

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$73,060,039
2. Pension Expense	7,130,505
3. Employer Contributions	(7,163,373)
4. New Net Deferred Inflows/Outflows	(2,537,915)
5. New Net Deferred Flows Due to Change in Proportion	(3,299,893)
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$67,189,363

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$1,606,392
2. Pension Expense	180,572
3. Employer Contributions	(181,727)
4. New Net Deferred Inflows/Outflows	(58,283)
5. New Net Deferred Flows Due to Change in Proportion	(3,960)
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$1,542,994

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$543,066
2. Pension Expense	55,172
3. Employer Contributions	(62,794)
4. New Net Deferred Inflows/Outflows	(18,911)
5. New Net Deferred Flows Due to Change in Proportion	(15,878)
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$500,655

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$220,750
2. Pension Expense	23,673
3. Employer Contributions	(26,283)
4. New Net Deferred Inflows/Outflows	(7,830)
5. New Net Deferred Flows Due to Change in Proportion	(3,029)
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$207,281

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$212,471
2. Pension Expense	22,034
3. Employer Contributions	(23,294)
4. New Net Deferred Inflows/Outflows	(7,488)
5. New Net Deferred Flows Due to Change in Proportion	(5,484)
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$198,239

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$19,672,558
2. Pension Expense	2,312,053
3. Employer Contributions	(2,387,526)
4. New Net Deferred Inflows/Outflows	(722,799)
5. New Net Deferred Flows Due to Change in Proportion	261,267
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$19,135,553

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$3,423,153
2. Pension Expense	377,962
3. Employer Contributions	(412,678)
4. New Net Deferred Inflows/Outflows	(122,692)
5. New Net Deferred Flows Due to Change in Proportion	(17,564)
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$3,248,181

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$2,599,247
2. Pension Expense	346,122
3. Employer Contributions	(267,588)
4. New Net Deferred Inflows/Outflows	(101,927)
5. New Net Deferred Flows Due to Change in Proportion	122,594
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$2,698,448

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$71,067,704
2. Pension Expense	7,984,156
3. Employer Contributions	(8,092,623)
4. New Net Deferred Inflows/Outflows	(2,576,598)
5. New Net Deferred Flows Due to Change in Proportion	(169,177)
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$68,213,462

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$0
2. Pension Expense	0
3. Employer Contributions	0
4. New Net Deferred Inflows/Outflows	0
5. New Net Deferred Flows Due to Change in Proportion	0
6. Recognition of Prior Deferred Inflows/Outflows	0
7. Ending Net Pension Liability	\$0

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$1,152,443
2. Pension Expense	146,078
3. Employer Contributions	(155,125)
4. New Net Deferred Inflows/Outflows	(43,343)
5. New Net Deferred Flows Due to Change in Proportion	47,414
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$1,147,467

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$1,517,265
2. Pension Expense	243,218
3. Employer Contributions	(211,541)
4. New Net Deferred Inflows/Outflows	(63,463)
5. New Net Deferred Flows Due to Change in Proportion	194,660
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$1,680,139

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

EXHIBIT 11 (continued)

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

Reporting Date for Employer under GAS 68	June 30, 2015
Measurement Date for Employer under GAS 68	June 30, 2014
Reconciliation of Net Pension Liability	
1. Beginning Net Pension Liability	\$1,622,958
2. Pension Expense	184,145
3. Employer Contributions	(197,076)
4. New Net Deferred Inflows/Outflows	(58,775)
5. New Net Deferred Flows Due to Change in Proportion	4,758
6. Recognition of Prior Deferred Inflows/Outflows	<u>0</u>
7. Ending Net Pension Liability	\$1,556,010

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

EXHIBIT 12

Schedule of Recognition of Changes in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience on Total Pension Liability

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:						
			2015	2016	2017	2018	2019	2020	Thereafter
2015	\$(57,033,870)	5.27	<u>\$(10,822,366)</u>	<u>\$(10,822,366)</u>	<u>\$(10,822,366)</u>	<u>\$(10,822,366)</u>	<u>\$(10,822,366)</u>	<u>\$(2,922,040)</u>	<u>\$0</u>
Net increase (decrease) in pension expense			\$(10,822,366)	\$(10,822,366)	\$(10,822,366)	\$(10,822,366)	\$(10,822,366)	\$(2,922,040)	\$0

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GAS 68 Year Ended June 30	Effect of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:						
			2015	2016	2017	2018	2019	2020	Thereafter
2015	\$205,039,279	5.27	<u>\$38,906,884</u>	<u>\$38,906,884</u>	<u>\$38,906,884</u>	<u>\$38,906,884</u>	<u>\$38,906,884</u>	<u>\$10,504,859</u>	<u>\$0</u>
Net increase (decrease) in pension expense			\$38,906,884	\$38,906,884	\$38,906,884	\$38,906,884	\$38,906,884	\$10,504,859	\$0

As described in Exhibit 9, the average of the expected remaining service lives of all employees that are provided with pensions through KCERA (active and inactive employees) is 5.27 years determined as of June 30, 2013 (the beginning of the measurement period ending June 30, 2014).

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

EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments

Reporting Date for Employer under GAS 68 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:						
			2015	2016	2017	2018	2019	2020	Thereafter
2015	\$(247,601,495)	5.00	<u>\$(49,520,299)</u>	<u>\$(49,520,299)</u>	<u>\$(49,520,299)</u>	<u>\$(49,520,299)</u>	<u>\$(49,520,299)</u>	\$0	\$0
Net increase (decrease) in pension expense			\$(49,520,299)	\$(49,520,299)	\$(49,520,299)	\$(49,520,299)	\$(49,520,299)	\$0	\$0

Total Increase (Decrease) in Pension Expense

Reporting Date for Employer under GAS 68 Year Ended June 30	Total Differences	Reporting Date for Employer under GAS 68 Year Ended June 30:						
		2015	2016	2017	2018	2019	2020	Thereafter
2015	\$(99,596,086)	<u>\$(21,435,781)</u>	<u>\$(21,435,781)</u>	<u>\$(21,435,781)</u>	<u>\$(21,435,781)</u>	<u>\$(21,435,781)</u>	<u>\$7,582,819</u>	\$0
Net increase (decrease) in pension expense		\$(21,435,781)	\$(21,435,781)	\$(21,435,781)	\$(21,435,781)	\$(21,435,781)	\$7,582,819	\$0

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

EXHIBIT 13

Allocation of Changes in Total Net Pension Liability

In addition to the amounts shown in Exhibit 12, there are changes in each location's proportionate share of the total Net Pension Liability (NPL) during the measurement period ending on June 30, 2014. The net effect of the change on the location's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown previously. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2014 are recognized over the same periods. These amounts are shown on the following page. While these amounts are different for each employer, they sum to zero over the entire KCERA.

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

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2014							
	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68 Year Ended June 30:					
			2015	2016	2017	2018	2019	2020
Kern County	\$3,559,769	5.27	\$675,477	\$675,477	\$675,477	\$675,477	\$675,477	\$182,384
Kern County Superior Courts	(4,072,702)	5.27	(772,809)	(772,809)	(772,809)	(772,809)	(772,809)	(208,657)
Berrenda Mesa Water District	(4,887)	5.27	(927)	(927)	(927)	(927)	(927)	(252)
Buttonwillow Recreation and Park District	(19,597)	5.27	(3,719)	(3,719)	(3,719)	(3,719)	(3,719)	(1,002)
East Kern Cemetery District	(3,738)	5.27	(709)	(709)	(709)	(709)	(709)	(193)
Inyokern Community Services District	(6,768)	5.27	(1,284)	(1,284)	(1,284)	(1,284)	(1,284)	(348)
Kern County Water Agency	322,454	5.27	61,187	61,187	61,187	61,187	61,187	16,519
Kern Mosquito and Vector Control District	(21,677)	5.27	(4,113)	(4,113)	(4,113)	(4,113)	(4,113)	(1,112)
North of the River Sanitation District	151,305	5.27	28,711	28,711	28,711	28,711	28,711	7,750
San Joaquin Valley Unified Air Pollution Control District	(208,797)	5.27	(39,620)	(39,620)	(39,620)	(39,620)	(39,620)	(10,697)
Shafter Recreation and Park District	0	5.27	0	0	0	0	0	0
West Side Cemetery District	58,518	5.27	11,104	11,104	11,104	11,104	11,104	2,998
West Side Mosquito and Vector Control District	240,248	5.27	45,588	45,588	45,588	45,588	45,588	12,308
West Side Recreation and Park District	<u>5,872</u>	5.27	<u>1,114</u>	<u>1,114</u>	<u>1,114</u>	<u>1,114</u>	<u>1,114</u>	<u>302</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

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

Actuarial Assumptions and Methods

Mortality Rates:

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

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

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

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

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

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

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

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

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

Termination Rates Before Retirement:

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

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

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

Termination Rates Before Retirement (continued):

Age	Rate (%)	
	Disability	
	General⁽¹⁾	Safety⁽²⁾
20	0.02	0.05
25	0.03	0.08
30	0.05	0.16
35	0.10	0.29
40	0.14	0.50
45	0.21	0.69
50	0.38	1.35
55	0.33	2.50
60	0.38	3.60
65	0.40	0.00
70	0.00	0.00

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

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

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

Termination Rates Before Retirement (continued):

Years of Service	Rate (%) Withdrawal*	
	General	Safety
0	18.00	8.00
1	14.00	5.00
2	10.00	3.50
3	8.00	3.25
4	6.50	3.00
5	6.00	2.60
6	5.00	2.30
7	4.50	2.20
8	4.00	2.10
9	3.50	2.05
10	3.25	2.00
11	3.00	1.90
12	2.80	1.70
13	2.60	1.50
14	2.40	1.30
15	2.30	1.10
16	2.20	0.90
17	2.10	0.75
18	1.90	0.75
19	1.70	0.75
20	1.50	0.00
21	1.30	0.00
22	1.10	0.00
23	1.00	0.00
24	1.00	0.00
25	1.00	0.00
26	1.00	0.00
27	1.00	0.00
28	1.00	0.00
29	1.00	0.00
30 & Over	0.00	0.00

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

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

Termination Rates Before Retirement (continued):

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

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

Retirement Rates:

Age	Rate (%)				
	General Tier I	General Tiers IIA and IIB	General Tier III	Safety Tier I	Safety Tiers IIA and IIB
45	0.00	0.00	0.00	2.00	0.00
46	0.00	0.00	0.00	2.00	0.00
47	0.00	0.00	0.00	2.00	0.00
48	0.00	0.00	0.00	2.00	0.00
49	0.00	0.00	0.00	8.00	0.00
50	6.00	3.00	0.00	20.00	6.00
51	6.00	3.00	0.00	16.00	6.00
52	6.00	3.00	3.00	18.00	6.00
53	6.00	3.00	3.00	18.00	8.00
54	8.00	3.50	3.50	20.00	18.00
55	11.00	6.00	6.00	24.00	22.00
56	12.00	6.50	6.50	28.00	22.00
57	15.00	8.00	8.00	28.00	22.00
58	16.00	10.00	10.00	35.00	22.00
59	19.00	11.50	11.50	20.00	20.00
60	23.00	13.50	13.50	20.00	20.00
61	25.00	17.00	17.00	20.00	20.00
62	30.00	30.00	30.00	50.00	50.00
63	30.00	30.00	30.00	50.00	50.00
64	30.00	30.00	30.00	50.00	50.00
65	30.00	30.00	30.00	100.00	100.00
66	40.00	40.00	40.00	100.00	100.00
67	40.00	40.00	40.00	100.00	100.00
68	40.00	40.00	40.00	100.00	100.00
69	40.00	40.00	40.00	100.00	100.00
70	100.00	100.00	100.00	100.00	100.00

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

Retirement Age and Benefit for Deferred Vested Members:

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

General Age: 57

Safety Age: 53

We assume that 55% and 60% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 4.25% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Definition of Active Members:

All active members of KCERA as of the valuation date.

Percent Married:

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

Age of Spouse:

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

Net Investment Return:

7.50%, net of investment expenses.

Administration Expenses:

0.90% of payroll allocated to both the employer and the member based on the components of the total average contribution rate (before expenses) for the employer and the member.

Employee Contribution Crediting Rate:

7.50%, compounded semi-annually.

Consumer Price Index:

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

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

Increase of 3.25% per year from the valuation date.

Increase in Section 7522.10 Compensation Limit:

Increase of 3.25% per year from the valuation date.

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

Salary Increases:

Annual Rate of Compensation Increase		
Inflation: 3.25% per year; plus “across the board” salary increases of 0.50% per year; plus the following promotional and merit increases:		
Years of Service	General	Safety
Less than 1	5.50%	8.00%
1	4.00	6.50
2	3.50	5.50
3	3.00	4.00
4	2.25	3.50
5	2.00	3.25
6	1.75	3.00
7	1.50	2.50
8	1.25	1.75
9	1.00	1.50
10	0.90	1.25
11	0.80	1.00
12	0.70	0.90
13	0.60	0.85
14	0.50	0.80
15	0.50	0.75
16	0.50	0.70
17	0.50	0.65
18	0.50	0.60
19	0.50	0.55
20 & Over	0.50	0.50

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

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

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry Age is the age on the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.

Expected Remaining Service Lives:

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

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

APPENDIX A

**Calculation of Discount Rate as of June 30, 2014
Projection of Pension Plan's Fiduciary Net Position (\$ in millions)**

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2013	\$3,105	\$246	\$257	\$5	\$488	\$3,576
2014	3,576	271	290	5	268	3,820
2015	3,820	279	308	5	286	4,073
2016	4,073	281	326	6	305	4,327
2017	4,327	278	344	6	323	4,579
2018	4,579	278	362	6	341	4,830
2019	4,830	281	381	6	359	5,083
2020	5,083	284	400	6	378	5,338
2021	5,338	288	419	7	396	5,596
2022	5,596	292	439	7	415	5,858
2038	9,467	41	740	12	686	9,442
2039	9,442	38	751	13	683	9,399
2040	9,399	35	760	13	680	9,340
2041	9,340	32	767	14	675	9,265
2042	9,265	30	771	14	669	9,178
2087	22,291	76	25	76	1,671	23,937
2088	23,937	78	20	78	1,795	25,712
2089	25,712	81	15	81	1,928	27,625
2090	27,625	84	12	84	2,071	29,684
2091	29,684	88	9	88	2,226	31,902
2115	168,244	212	0 *	212	12,618	180,862
2116	180,862					
2116 Discounted Value:	105 **					

* Less than \$1 million, when rounded.

** \$180,862 million when discounted with interest at the rate of 7.50% per annum has a value of \$105 million as of June 30, 2013.

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

APPENDIX A (continued)

Calculation of Discount Rate as of June 30, 2014 Projection of Pension Plan's Fiduciary Net Position (\$ in millions)

Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Amounts shown in the year beginning July 1, 2013 row are actual amounts, based on the financial statements provided by KCERA.
- (3) Years 2023-2037, 2043-2086, and 2092-2114 have been omitted from this table.
- (4) Column (a): Except for the "discounted value" shown for 2116, none of the projected beginning plan 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 rates applied to closed group projected payroll (based on covered active members as of June 30, 2013), plus employer contributions to the unfunded actuarial accrued liability. 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, 2013. The projected benefit payments reflect the cost of living increase assumptions used in June 30, 2014 valuation report and include projected benefits associated with the Supplemental Retiree Benefit Reserve.
- (7) Column (d): Projected administrative expenses are calculated assuming a 3.75% increase every year from the actual amount of \$4,958,637 reported in the 2014 financials. 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 7.50% per annum and reflect the actual timing of benefit payments, which are made at the end of each month.
- (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 7.50% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

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

APPENDIX B

GLOSSARY

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

Active employees

Individuals employed at the end of the reporting or measurement period, as applicable.

Actual contributions

Cash contributions recognized as additions to a pension Plan's Fiduciary Net Position.

Actuarial present value of projected benefit payments

Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

Actuarial valuation

The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

Actuarial valuation date

The date as of which an actuarial valuation is performed.

Actuarially determined contribution

A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Ad hoc cost-of-living adjustments (ad hoc COLAs)

Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.

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

APPENDIX B (continued)

GLOSSARY

Ad hoc postemployment benefit changes

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

Agent employer

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

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

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

Allocated insurance contract

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

Automatic cost-of-living adjustments (automatic COLAs)

Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Automatic postemployment benefit changes

Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Closed period

A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.

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

APPENDIX B (continued)

GLOSSARY

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

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

Collective Net Pension Liability

The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

Collective pension expense

Pension expense arising from certain changes in the collective Net Pension Liability.

Contributions

Additions to a pension Plan's Fiduciary Net Position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

Cost-of-living adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Cost-sharing employer

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

Cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan)

A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

Covered-employee payroll

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

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

APPENDIX B (continued)

GLOSSARY

Deferred retirement option program (DROP)

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

Defined benefit pension plans

Pension plans that are used to provide defined benefit pensions.

Defined benefit pensions

Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)

Defined contribution pension plans

Pension plans that are used to provide defined contribution pensions.

Defined contribution pensions

Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

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

APPENDIX B (continued)

GLOSSARY

Discount rate

The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan's Fiduciary Net Position is projected (under the requirements of Statement 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Entry age actuarial cost method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost*. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *actuarial accrued liability*.

Inactive employees

Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

Measurement period

The period between the prior and the current measurement dates.

Multiple-employer defined benefit pension plan

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

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

APPENDIX B (continued)

GLOSSARY

Net Pension Liability

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

Nonemployer contributing entities

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

Other postemployment benefits

All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.⁴

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.

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

APPENDIX B (continued)

GLOSSARY

Postemployment healthcare benefits

Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

Projected benefit payments

All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

Public employee retirement system

A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.

Real rate of return

The rate of return on an investment after adjustment to eliminate inflation.

Service costs

The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

Single employer

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

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

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

Special funding situations

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

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

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

APPENDIX B (continued)

GLOSSARY

Termination benefits

Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

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