



SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

*Actuarial Valuation based on June 30, 2023 Measurement Date
for Employer Reporting as of June 30, 2024*

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying schedule of employer allocations of the Kern County Employees' Retirement Association (KCERA), as of and for the year ended June 30, 2023, and related notes. We have also audited the total for all entities of the rows titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense as of and for the year ended June 30, 2023, and the net pension liability as of June 30, 2022 (specified row totals), included in the accompanying schedule of pension amounts by employer and related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense for KCERA, as of and for the year ended June 30, 2023, and net pension liability as of June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of KCERA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error. In preparing the schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified row totals included in the accompanying schedule of pension amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KCERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Audited Fiduciary Net Position of the Kern County Employees' Retirement Association

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of KCERA, as of and for the year ended June 30, 2023, and our report thereon, dated December 13, 2023, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

UHY LLP

Columbia, Maryland
May 14, 2024

Kern County Employees' Retirement Association - Schedule of Employer Allocations

As of and for the year ended June 30, 2023

	Actual Payroll by Employer	Employer Payroll Percentage	Total Allocated Net Pension Liability	Employer Proportionate Share
Kern County	\$ 484,326,866	71.537 %	\$ 1,905,312,538	75.718 %
Kern County Hospital Authority	116,976,730	17.278 %	344,447,058	13.688 %
Kern County Superior Courts	34,739,947	5.131 %	102,294,470	4.065 %
Berrenda Mesa Water District	183,116	0.027 %	3,963,829	0.158 %
Buttonwillow Recreation and Park District	82,462	0.012 %	323,772	0.013 %
East Kern Cemetery District	142,762	0.021 %	560,529	0.022 %
Inyokern Community Services District	—	— %	132,705	0.005 %
Kern County Water Agency	6,291,738	0.929 %	24,703,345	0.982 %
Kern Mosquito and Vector Control District	1,329,594	0.196 %	5,220,405	0.207 %
North of the River Sanitation District	1,267,296	0.187 %	4,975,803	0.198 %
San Joaquin Valley Unified Air Pollution Control District	30,552,374	4.513 %	119,958,246	4.767 %
Shafter Recreation and Park District	178,851	0.026 %	702,225	0.028 %
West Side Cemetery District	197,621	0.029 %	775,922	0.031 %
West Side Mosquito and Vector Control District	426,512	0.063 %	1,674,620	0.067 %
West Side Recreation and Park District	330,556	0.049 %	1,297,867	0.052 %
Total	\$ 677,026,425	100 %	\$ 2,516,343,334	100 %

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

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022

	Kern County	Kern County Hospital Authority	Kern County Superior Courts
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 1,775,600,455	\$ 345,399,109	\$ 100,732,710
NET PENSION LIABILITY (ASSET) as of June 30, 2023	1,905,312,538	344,447,058	102,294,470
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	126,177,671	22,810,708	6,774,363
Changes of assumptions	134,740,491	24,358,715	7,234,092
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,377,238	10,103,570	397,460
Total Deferred Outflows of Resources	284,295,400	57,272,993	14,405,915
Deferred Inflows of Resources			
Differences between expected and actual experience	59,333,006	10,726,366	3,185,534
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,369,098	21,152,722	4,472,579
Total Deferred Inflows of Resources	67,702,104	31,879,088	7,658,113
Pension Expense			
Proportionate share of plan pension expense	234,306,329	42,358,471	12,579,690
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(3,362,468)	1,948,786	(1,107,319)
Total Employer Pension Expense	\$ 230,943,861	\$ 44,307,257	\$ 11,472,371

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

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	Berrenda Mesa Water District	Buttonwillow Recreation and Park District	East Kern Cemetery District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 4,056,987	\$ 153,804	\$ 537,298
NET PENSION LIABILITY (ASSET) as of June 30, 2023	3,963,829	323,772	560,529
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	262,501	21,442	37,121
Changes of assumptions	280,315	22,897	39,640
Changes in proportion and differences between employer contributions and proportionate share of contributions	402,732	116,993	24,212
Total Deferred Outflows of Resources	945,548	161,332	100,973
Deferred Inflows of Resources			
Differences between expected and actual experience	123,437	10,083	17,455
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	818,366	14,701	4,976
Total Deferred Inflows of Resources	941,803	24,784	22,431
Pension Expense			
Proportionate share of plan pension expense	487,452	39,816	68,931
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	378,795	3,100	14,379
Total Employer Pension Expense	\$ 866,247	\$ 42,916	\$ 83,310

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

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	Inyokern Community Services District	Kern County Water Agency	Kern Mosquito and Vector Control District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 113,126	\$ 24,377,444	\$ 5,400,397
NET PENSION LIABILITY (ASSET) as of June 30, 2023	132,705	24,703,345	5,220,405
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	8,788	1,635,958	345,717
Changes of assumptions	9,385	1,746,979	369,178
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,763	4,408	379,902
Total Deferred Outflows of Resources	29,936	3,387,345	1,094,797
Deferred Inflows of Resources			
Differences between expected and actual experience	4,133	769,283	162,568
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,404	1,174,893	390,957
Total Deferred Inflows of Resources	12,537	1,944,176	553,525
Pension Expense			
Proportionate share of plan pension expense	16,318	3,037,900	641,980
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	18,106	(415,237)	93,890
Total Employer Pension Expense	\$ 34,424	\$ 2,622,663	\$ 735,870

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

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	North of the River Sanitation District	San Joaquin Valley Unified Air Pollution Control District	Shafter Recreation and Park District
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 4,935,134	\$ 113,722,982	\$ 647,741
NET PENSION LIABILITY (ASSET) as of June 30, 2023	4,975,803	119,958,246	702,225
Deferred Outflows of Resources			
Differences between expected and actual experience	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	329,518	7,944,131	46,504
Changes of assumptions	351,880	8,483,245	49,660
Changes in proportion and differences between employer contributions and proportionate share of contributions	236,455	4,746,503	67,398
Total Deferred Outflows of Resources	917,853	21,173,879	163,562
Deferred Inflows of Resources			
Differences between expected and actual experience	154,951	3,735,599	21,868
Net difference between projected and actual investment earnings on pension plan investments	—	—	—
Changes of assumptions	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	284,764	2,169,220	80,831
Total Deferred Inflows of Resources	439,715	5,904,819	102,699
Pension Expense			
Proportionate share of plan pension expense	611,901	14,751,899	86,356
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	76,718	2,706,716	41,636
Total Employer Pension Expense	\$ 688,619	\$ 17,458,615	\$ 127,992

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

As of and for the year ended June 30, 2023 with Net Pension
Liability as of June 30, 2022 (continued)

	West Side Cemetery District	West Side Mosquito and Vector Control District	West Side Recreation and Park District	Total
NET PENSION LIABILITY (ASSET) as of June 30, 2022	\$ 938,815	\$ 1,626,425	\$ 1,534,454	\$2,379,776,881
NET PENSION LIABILITY (ASSET) as of June 30, 2023	775,922	1,674,620	1,297,867	2,516,343,334
Deferred Outflows of Resources				
Differences between expected and actual experience	—	—	—	—
Net difference between projected and actual investment earnings on pension plan investments	51,385	110,900	85,950	166,642,657
Changes of assumptions	54,872	118,426	91,783	177,951,558
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,524	1,123	68,099	39,942,380
Total Deferred Outflows of Resources	110,781	230,449	245,832	384,536,595
Deferred Inflows of Resources				
Differences between expected and actual experience	24,163	52,149	40,417	78,361,012
Net difference between projected and actual investment earnings on pension plan investments	—	—	—	—
Changes of assumptions	—	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	459,563	222,856	318,450	39,942,380
Total Deferred Inflows of Resources	483,726	275,005	358,867	118,303,392
Pension Expense				
Proportionate share of plan pension expense	95,420	205,937	159,606	309,448,006
Net amortization of deferred amounts and expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(160,521)	(83,341)	(153,240)	—
Total Employer Pension Expense	\$ (65,101)	\$ 122,596	\$ 6,366	\$ 309,448,006

Cost-Sharing, Multiple-Employer Pension Plan
Notes to Schedules of Employer Allocations and Pension Amounts
by Employer As of and for the Year Ended June 30, 2023

Note 1 – DESCRIPTION OF THE ENTITY

Plan Description

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

Pension Benefits

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

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

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

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

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

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

For members in Tiers I and II, the maximum monthly retirement allowance is 100% of final average compensation (FAC). There is no FAC limit on the maximum retirement benefit for General Tier III members. However, the maximum amount of compensation earnable that can be taken into account for 2023 for members in Tier I and Tier II is \$330,000. For General Tier III members who are enrolled in Social Security, the maximum amount of pensionable compensation that can be taken into account for 2023 is equal to \$146,042 (\$175,250 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

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

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

Death Benefits

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

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

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

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

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

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

Disability Benefits

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

Cost-of-Living Adjustments

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

Supplemental Benefits

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

On September 14, 2022, the Board adopted a Restructured SRBR benefit effective July 1, 2022 equal to \$1.80 per year of service, but no less than the member's current SRBR benefit as of July 1, 2022. The Restructured SRBR benefit also includes a 2.5% COLA on the SRBR benefit, so long as the SRBR remains adequately funded. This plan amendment increased the NPL by \$30.4 million.

Contributions

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

Members are required to make contributions to KCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation) was 6.82% of compensation.

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

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation and after reflecting the phase-in of the impact of the assumption changes) was 48.76% of compensation.

Note 2 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Employer-covered payroll KCERA received within the fiscal year ended June 30, 2023, is used as the basis for determining each employer's proportionate share reported in the Schedule of Employer Allocations. The following items for each membership class is based on the corresponding proportionate share within each membership class:

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

The Fiduciary Net Position of KCERA and additions to/deductions from KCERA's Fiduciary Net Position have been determined on the same basis as they are reported in KCERA's Annual Comprehensive Financial Report. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The reporting date and measurement date for the plan is June 30, 2023. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense.

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

Note 3 – NET PENSION LIABILITY

The Net Pension Liability of \$2,516,343,334 was measured as of June 30, 2023. The Net Pension Liability (NPL) is the Total Pension Liability reduced by the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability was determined based upon rolling forward the Total Pension Liability from the actuarial valuation as of June 30, 2022 to the measurement date of June 30, 2023. The Plan provisions used in the measurement of the Net Pension Liability are the same as those used in the KCERA actuarial valuation as of June 30, 2023. The Total Pension Liability and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Retiree Benefit Reserve (SRBR). The employers' proportions of the NPL are based on the employers' share of covered payroll for each membership class.

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

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

Note 4 – ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) as of June 30, 2023 was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward)) to include the following actuarial assumptions and actuarial cost method that the Retirement Board has adopted for use in the June 30, 2023 funding valuation and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

<i>Inflation:</i>	2.50%
<i>Salary Increases:</i>	General: 3.70% to 8.00%. Safety: 4.00% to 10.00%. Varies by service, including inflation.
<i>Investment Rate of Return:</i>	7.00%, net of pension plan investment expenses, including inflation.
<i>Administrative Expenses:</i>	0.95% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
<i>Other Assumptions:</i>	Same as those used in the in June 30, 2023 funding valuation. These assumptions were developed in the analysis of actuarial experience for the period July 1, 2019 through June 30, 2022.

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the chart on page 16.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Weighted Average
Global Equity	37%	7.05%	2.60%
Core Fixed Income	14%	1.97%	0.28%
High Yield Corporate Credit	6%	4.63%	0.28%
Emerging Market Debt Blend (Hard)	2%	4.72%	0.09%
Emerging Market Debt Blend (Local)	2%	4.53%	0.09%
Commodities	4%	4.21%	0.17%
Core Real Estate	5%	3.86%	0.19%
Value Added Real Estate	5%	6.70%	0.34%
Midstream	5%	8.00%	0.40%
Capital Efficiency Alpha Pool	8%	3.10%	0.25%
Hedge Funds	10%	3.10%	0.31%
Private Equity	5%	10.27%	0.51%
Private Credit	5%	6.97%	0.35%
Cash	(8)%	0.63%	(0.05)%
Inflation			2.50%
Total	100%		8.31%

Note 5 – DISCOUNT RATE

The discount rate used to measure the TPL was 7.00% as of June 30, 2023 and 7.25% as of June 20, 2022. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2023 and June 30, 2022.

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

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability as of June 30, 2023, calculated using a discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one point lower (6.00%) or one point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2023	\$3,549,044,545	\$2,516,343,334	\$1,667,639,118

Note 6 - AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

There are changes in each employer’s proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2023. The net effect of the change on the employer’s proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for the current period is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through KCERA which is 4.64 years determined as of June 30, 2022 (the beginning of the measurement period ending June 30, 2023).

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

Reporting Date for Employer under GAS 68 Year Ended June 30:	
2025	\$ 67,269,950
2026	\$ 7,826,347
2027	\$ 156,924,379
2028	\$ 34,212,527
2029	\$ —
Thereafter	\$ —

Note 7 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (including the disclosure of the Net Pension Liability and the unmodified audit opinion on the financial statements) is located in the Kern County Employees’ Retirement Association’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The supporting actuarial information is included in the Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2023 and Governmental Accounting Standard (GAS) 68 Actuarial Valuation as of June 30, 2023. The additional financial and actuarial information is available at www.kcera.org or by contacting KCERA’s office, 11125 River Run Blvd., Bakersfield, CA 93311, or by calling (661) 381-7700.