

# **Kern County Employees' Retirement Association**

**Actuarial Valuation and Review  
as of June 30, 2015**



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

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*December 1, 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 Actuarial Valuation and Review as of June 30, 2015. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2016-2017 and analyzes the preceding year's experience.*

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

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

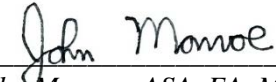
*The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge,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

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

*Sincerely,*

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

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

By:   
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Vice President and Actuary

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## SECTION 1

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

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### Purpose

This report has been prepared by Segal Consulting to present a valuation of the Kern County Employees' Retirement Association as of June 30, 2015. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, vested terminated members, retired members and beneficiaries as of June 30, 2015, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2015, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

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

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

The 7.50% investment return assumption used in this valuation has been developed without taking into consideration any impact of the 50/50 excess earnings allocation between the retirement and Supplemental Retiree Benefits (SRBR) Reserve asset pools. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% allocation of excess earnings to the SRBR, does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption of 7.50%.

Actuarial Standard of Practice (ASOP) No. 4 ("*Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*") was recently revised and adopted in December 2013. The revised ASOP states that some plan provisions, including gain sharing provisions, "may create pension obligations that are difficult to appropriately measure using traditional

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

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valuation procedures.” ASOP No. 4 now mentions that “for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling...to reflect the impact of variations in experience from year to year.”

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

Applying the results of our stochastic model to this valuation (for informational purposes only), we have estimated that such an annual outflow would increase the Actuarial Accrued Liability measured in this valuation using a 7.50% investment return assumption from \$5.66 billion to \$5.86 billion (for a difference of about \$200 million) and would increase the employer’s contribution rate by about 3.3% of payroll.

The contribution requirements are determined as a percentage of payroll. The Association’s employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. Effective with the June 30, 2012 valuation, the Board of Retirement’s funding policy is to amortize the Association’s unfunded actuarial accrued liability as of June 30, 2011 over a declining 24.5-year period (20.5 years as of June 30, 2015). Any change in unfunded actuarial accrued liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation after June 30, 2011 is amortized over its own declining 18-year period. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with the exception of a change due to retirement incentives, which is amortized over its own declining period of up to 5 years). A schedule of current amortization amounts may be found in Section 3, Exhibit I.

*Reference: Pg. 63*

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2016 through June 30, 2017.

### Significant Issues in This Valuation

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

*Reference: Pg. 11*

- The market value of assets earned a return of 2.3% for the July 1, 2014 to June 30, 2015 plan year. The valuation value of assets earned a return of 6.5% for the same period due to the deferral of most of the current year investment losses and the recognition of prior investment gains and losses. This resulted in an actuarial loss when measured against the assumed rate of return of 7.50%. This actuarial investment loss increased the average employer contribution rate by 0.48% of payroll.

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

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- Reference: Pg. 35*  
*Reference: Pg. 62*
- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 60.8% to 62.4%. The Association's Unfunded Actuarial Accrued Liability (UAAL) decreased from \$2.15 billion as of June 30, 2014 to \$2.13 billion as of June 30, 2015. The decrease in the UAAL is mainly due to lower than expected salary increases, lower than expected COLA increases and other actuarial gains, offset to some extent by the investment loss and contributions less than expected. A reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- Reference: Pg. 32*
- The average recommended employer contribution rate decreased from 45.64% of payroll as of June 30, 2014 to 45.11% of payroll in the June 30, 2015 valuation. This decrease was mainly the result of lower than expected individual salary increases, lower than expected COLA increases, changes in demographics amongst the tiers, scheduled member contribution rate increases and other actuarial gains, offset to some extent by lower than expected total payroll growth, the investment loss and contributions less than expected. A reconciliation of the average recommended employer contribution rate is provided in Section 2, Subsection D (see Chart 16).
- Reference: Pg. 33*
- The average recommended member contribution rate increased from 5.58% of payroll in the June 30, 2014 valuation to 6.01% of payroll in the June 30, 2015 valuation. This increase was mainly the result of scheduled contribution rate increases and other demographic changes. A reconciliation of the average recommended member contribution rate is provided in Section 2, Subsection D (see Chart 17).
- Reference: Pg. 22, 26*
- This valuation reflects the adoption of changes to member contribution rates for Tier I members of the San Joaquin Valley Unified Air Pollution Control District (SJVAPCD). Effective July 11, 2015 Tier I members pay 28% of the total Normal Cost rate. That percent increases to 39% effective 2016/2017. There is a further increase to 50% of the total Normal Cost rate that will be reflected in the 2016 valuation. Due to this change, there are different District Category III Tier I employer contribution rates shown in this report for SJVAPCD and the Buttonwillow Recreation & Park District. Those employers should no longer use the combined District Category III employer contribution rate and should use their own Tier I specific employer rate shown in the report along with the Tier IIA and Tier IIB employer rates.
- Reference: Pg. 6*
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of June 30, 2015 is \$26 million (as compared to an unrecognized gain of \$114 million in the June 30, 2014 valuation). This deferred investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This means that if the plan earns the assumed rate of investment return of 7.50% per year (net of investment expense) on a market value basis then the deferred losses will be recognized over the next few years as shown in the footnote on Chart 7.
- The unrecognized investment losses represent about 1% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$26 million market losses is expected to have an impact on the Association's future funded ratio and the aggregate employer contribution rate. This potential impact may be illustrated as follows:

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

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- If the deferred losses were recognized immediately in the valuation value of assets, the funded ratio would decrease from 62.4% to 61.9%.

For comparison purposes, if all the deferred gains in the June 30, 2014 valuation had been recognized immediately in the June 30, 2014 valuation, the funded percentage would have increased from 60.8% to 62.9%.

- If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer contribution rate would increase from 45.11% to 45.49%.

For comparison purposes, if all of the deferred gains in the June 30, 2014 valuation had been recognized immediately in the June 30, 2014 valuation, the aggregate employer contribution rate would decrease from 45.64% to 43.95%.

*Reference: Pg. 61*

- During 2014/2015 there were no “excess earnings” credited to the valuation reserves or the SRBR. Also, at June 30, 2015, the COLA Contribution Reserve was zero and therefore not available to offset the 2% COLA contribution rate. Since the Contingency Reserve is still negative as of June 30, 2015, it is not excluded from the valuation value of assets per the Board’s Interest Crediting Policy. A complete presentation of the Association’s reserves is in Section 3, Exhibit G.
- The actuarial valuation report as of June 30, 2015 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

### Impact of Future Experience on Contribution Rates

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

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

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

**Summary of Key Valuation Results (Dollar amounts in thousands)**

|  | June 30, 2015 |  | June 30, 2014 |  |
|--|---------------|--|---------------|--|
| <b>Funded Status:</b>                                    |               |  |               |  |
| Actuarial accrued liability (AAL)                        |               | \$5,657,173                            |               | \$5,492,440                            |
| Valuation value of assets (VVA)                          |               | \$3,529,786                            |               | \$3,342,122                            |
| Market value of assets (MVA) <sup>(1)</sup>              |               | \$3,625,093                            |               | \$3,576,112                            |
| Funded ratio on VVA basis (VVA/AAL)                      |               | 62.39%                                 |               | 60.85%                                 |
| Funded ratio on MVA basis (MVA/AAL)                      |               | 64.08%                                 |               | 65.11%                                 |
| Unfunded Actuarial Accrued Liability (UAAL) on VVA basis |               | \$2,127,387                            |               | \$2,150,318                            |
| Unfunded Actuarial Accrued Liability (UAAL) on MVA basis |               | \$2,032,080                            |               | \$1,916,328                            |
| <b>Employer Contribution Rates:<sup>(3)</sup></b>        |               |  |               |  |
|  | Total Rate    | Estimated Annual Amount <sup>(2)</sup> | Total Rate    | Estimated Annual Amount <sup>(2)</sup> |
| County General without Courts                            | 38.77%        | \$137,693                              | 39.23%        | \$139,721                              |
| Courts   | 37.80         | 8,797                                  | 41.31         | 8,687                                  |
| County Safety  | 62.97         | 91,550                                 | 62.74         | 91,153                                 |
| District Category I                                      | 43.85         | 2,903                                  | 43.38         | 2,802                                  |
| District Category II                                     | 43.32         | 1,025                                  | 42.86         | 991                                    |
| District Category III                                    | 38.20         | 8,505                                  | 42.13         | 9,510                                  |
| District Category IV                                     | 41.72         | 224                                    | 41.21         | 241                                    |
| District Category V                                      | 34.09         | 284                                    | 34.61         | 298                                    |
| District Category VI                                     | 48.21         | 174                                    | 47.42         | 181                                    |
| All employers combined                                   | 45.11         | 251,155                                | 45.64         | 253,584                                |

<sup>(1)</sup> Includes non-valuation reserves.

<sup>(2)</sup> Based on projected annual compensation for each valuation date.

<sup>(3)</sup> In practice, these blended employer contribution rates for combined Tier I, Tier IIA, Tier IIB and Tier III (as applicable) are used for each category (with the exception of District Category III). Charts 14 and 15 show the employer contribution rates for each tier separately for these categories.



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

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

|   | June 30, 2015 |  | June 30, 2014 |  |
|---|---------------|--|---------------|--|
|   | Total Rate    | Estimated Annual Amount <sup>(1)</sup> | Total Rate    | Estimated Annual Amount <sup>(1)</sup> |
| <b>Average Member Contribution Rates:</b>   |               |  |               |  |
| County General Tier I without Courts        | 4.85%         | \$10,658                               | 4.78%         | \$11,314                               |
| County General Tier IIA without Courts      | 6.34          | 4,976                                  | 6.30          | 5,215                                  |
| County General Tier IIB without Courts      | 5.83          | 3,319                                  | 5.77          | 2,116                                  |
| Courts Tier I                               | 8.25          | 1,426                                  | 4.47          | 760                                    |
| Courts Tier IIA                             | 6.08          | 95                                     | 6.03          | 85                                     |
| Courts Tier IIB                             | 5.83          | 259                                    | 5.77          | 151                                    |
| County Safety Tier I                        | 6.43          | 8,151                                  | 6.31          | 8,128                                  |
| County Safety Tier IIA                      | 9.08          | 652                                    | 8.94          | 608                                    |
| County Safety Tier IIB                      | 13.59         | 1,556                                  | 13.33         | 1,290                                  |
| District Category I Tier I                  | 2.65          | 153                                    | 2.53          | 146                                    |
| District Category I Tier IIA                | 5.99          | 37                                     | 5.91          | 34                                     |
| District Category I Tier IIB                | 5.83          | 13                                     | 5.77          | 8                                      |
| District Category II Tier I                 | 3.65          | 77                                     | 3.42          | 72                                     |
| District Category II Tier IIB               | 5.83          | 13                                     | 5.77          | 10                                     |
| District Category II Tier III               | 11.40         | 4                                      | 11.56         | 4                                      |
| District Category III Tier I (Buttonwillow) | 4.28          | 4                                      | 4.31          | 6                                      |
| District Category III Tier I (SJVAPCD)      | 9.37          | 1,865                                  | 4.31          | 889                                    |
| District Category III Tier IIA              | 6.39          | 56                                     | 6.26          | 53                                     |
| District Category III Tier IIB              | 5.83          | 81                                     | 5.77          | 56                                     |
| District Category IV Tier I                 | 3.65          | 20                                     | 3.35          | 20                                     |
| District Category IV Tier IIB               | 5.83          | 0                                      | 5.77          | 0                                      |
| District Category V Tier I                  | 3.83          | 7                                      | 6.00          | 20                                     |
| District Category V Tier IIA                | 5.82          | 22                                     | 5.94          | 25                                     |
| District Category V Tier IIB                | 5.83          | 15                                     | 5.77          | 5                                      |
| District Category VI Tier I                 | 0.00          | 0                                      | 0.00          | 0                                      |
| District Category VI Tier IIB               | 5.83          | 0                                      | 5.77          | 0                                      |
| All employers combined                      | 6.01          | 33,459                                 | 5.58          | 31,015                                 |

<sup>(1)</sup> Based on projected annual compensation for each valuation date.

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

**Summary of Key Valuation Demographic and Financial Data**

|   | June 30, 2015 | June 30, 2014 | Percentage Change |
|---|---------------|---------------|-------------------|
| <b>Active Members:</b>  |               |               |                   |
| Number of members   | 8,481         | 8,512         | -0.4%             |
| Average age   | 42.8          | 42.8          | N/A               |
| Average service   | 10.4          | 10.3          | N/A               |
| Projected total compensation                                    | \$556,824,248 | \$555,635,031 | 0.2%              |
| Average projected compensation                                  | \$65,655      | \$65,277      | 0.6%              |
| <b>Retired Members and Beneficiaries:</b>                       |               |               |                   |
| Number of members:  |               |               |                   |
| Service retired   | 5,535         | 5,359         | 3.3%              |
| Disability retired  | 957           | 970           | -1.3%             |
| Beneficiaries   | 1,107         | 1,068         | 3.7%              |
| Total   | 7,599         | 7,397         | 2.7%              |
| Average age   | 68.2          | 68.0          | N/A               |
| Average monthly benefit <sup>(1)</sup>                          | \$3,000       | \$2,914       | 3.0%              |
| <b>Vested Terminated Members:</b>                               |               |               |                   |
| Number of vested terminated members <sup>(2)</sup>              | 2,053         | 1,949         | 5.3%              |
| Average age   | 43.5          | 43.7          | N/A               |
| <b>Summary of Financial Data (dollar amounts in thousands):</b> |               |               |                   |
| Market value of assets <sup>(3)</sup>                           | \$3,625,093   | \$3,576,112   | 1.4%              |
| Return on market value of assets                                | 2.30%         | 15.57%        | N/A               |
| Actuarial value of assets <sup>(3)</sup>                        | \$3,651,053   | \$3,461,787   | 5.5%              |
| Return on actuarial value of assets                             | 6.45%         | 7.28%         | N/A               |
| Valuation value of assets                                       | \$3,529,786   | \$3,342,122   | 5.6%              |
| Return on valuation value of assets                             | 6.46%         | 7.28%         | N/A               |

<sup>(1)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

<sup>(2)</sup> Includes terminated members due a refund of member contributions.

<sup>(3)</sup> Includes non-valuation reserves.

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

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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 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 KCERA. 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 the Kern County Employees' Retirement Association

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- 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: Valuation Results for the Kern County Employees' Retirement Association**

**A. MEMBER DATA**

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

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

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

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

**CHART 1  
Member Population: 2006– 2014**

| <b>Year Ended June 30<sup>(2)</sup></b> | <b>Active Members</b> | <b>Vested Terminated Members<sup>(1)</sup></b> | <b>Retired Members and Beneficiaries</b> | <b>Ratio of Non-Actives to Actives</b> |
|---|-----------------------|--|--|--|
| 2006                                    | 8,547                 | 1,548  | 5,355                                    | 0.81                                   |
| 2007                                    | 8,928                 | 1,694  | 5,552                                    | 0.81                                   |
| 2008                                    | 9,057                 | 1,747  | 5,651                                    | 0.82                                   |
| 2009                                    | 9,020                 | 1,775  | 5,927                                    | 0.85                                   |
| 2010                                    | 8,567                 | 1,839  | 6,170                                    | 0.93                                   |
| 2011                                    | 8,187                 | 1,700  | 6,570                                    | 1.01                                   |
| 2012                                    | 8,253                 | 1,748  | 6,890                                    | 1.05                                   |
| 2013                                    | 8,485                 | 1,855  | 7,171                                    | 1.06                                   |
| 2014                                    | 8,512                 | 1,949  | 7,397                                    | 1.10                                   |
| 2015                                    | 8,481                 | 2,053  | 7,599                                    | 1.14                                   |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Data for 2006-2007 is as of December 31.

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

**Active Members**

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 8,481 active members with an average age of 42.8, average years of service of 10.4 years and average projected compensation of \$65,655. The 8,512 active members in the prior valuation had an average age of 42.8, average service of 10.3 years and average projected compensation of \$65,277.

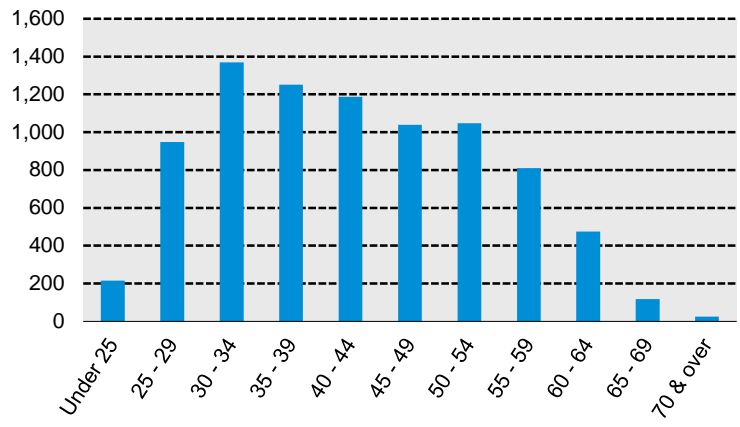
Among the active members, there were none with unknown age information.

**Vested Terminated Members**

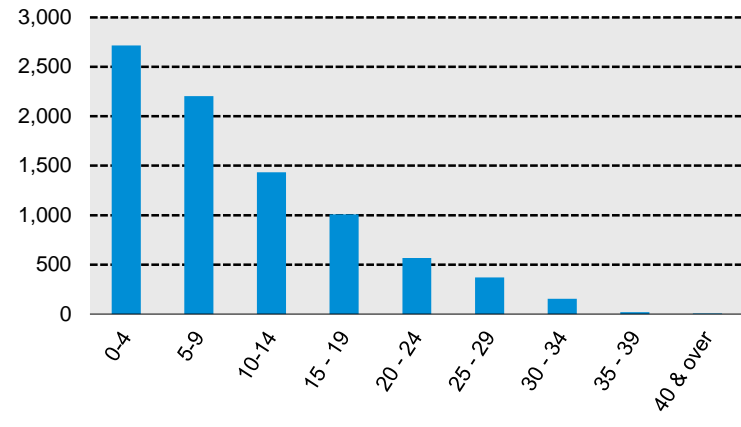
In this year's valuation, there were 2,053 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 1,949 in the prior valuation.

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

**CHART 2**  
**Distribution of Active Members by Age as of June 30, 2015**



**CHART 3**  
**Distribution of Active Members by Years of Service as of June 30, 2015**



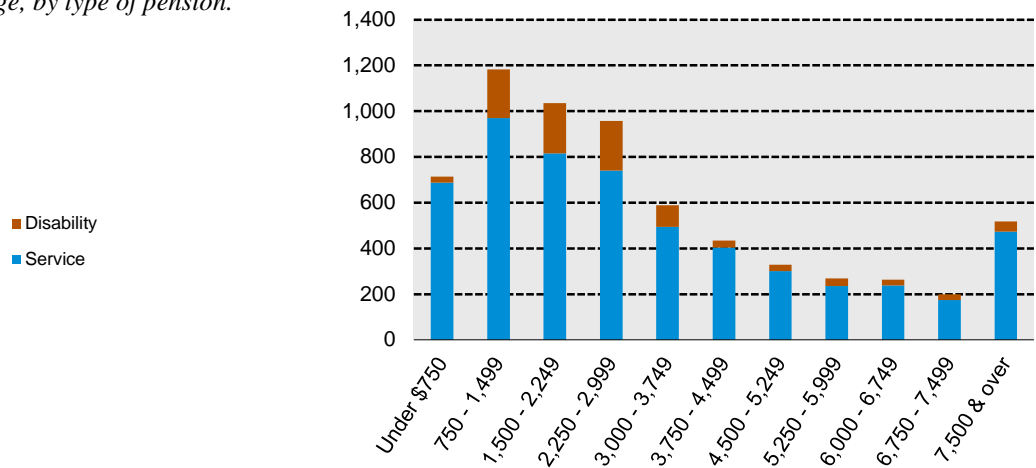
**SECTION 2: Valuation Results for the Kern County Employees' Retirement Association**

**Retired Members and Beneficiaries**

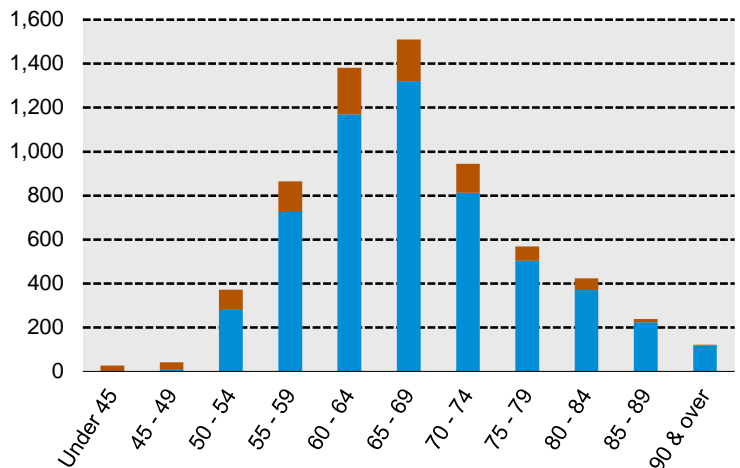
As of June 30, 2015, 6,492 retired members and 1,107 beneficiaries were receiving total monthly benefits of \$22,793,300. For comparison, in the previous valuation, there were 6,329 retired members and 1,068 beneficiaries receiving monthly benefits of \$21,557,965. These monthly benefits exclude benefits paid from the Supplemental Retiree Benefit Reserve.

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

**CHART 4**  
**Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2015**



**CHART 5**  
**Distribution of Retired Members by Type and by Age as of June 30, 2015**



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

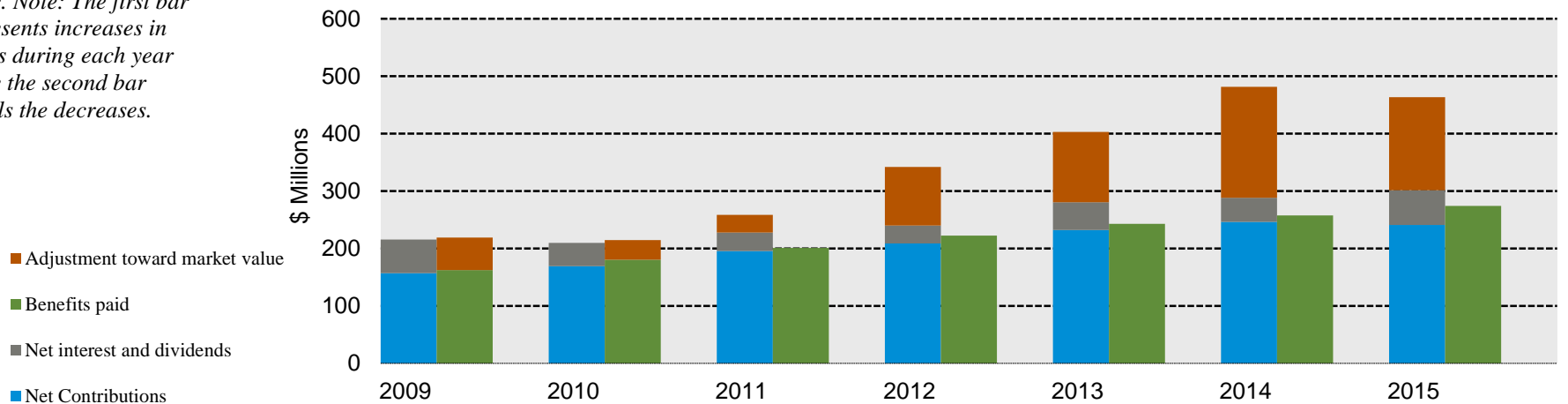
**B. FINANCIAL INFORMATION**

Retirement plan funding anticipates that, over the long term, both contributions (net of administrative expenses starting 2015) and net investment earnings (less investment fees) will be needed to cover benefit payments.

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

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

**CHART 6**  
**Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2009 – 2015**





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

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

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

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

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

### CHART 7

#### Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2015

| Six Month Period* |  | Total Actual Market<br>Return (net) | Expected Market<br>Return (net) | Investment Gain<br>(Loss) | Deferred<br>Factor | Deferred Return        |
|-------------------|--|-------------------------------------|---------------------------------|---------------------------|--------------------|------------------------|
| From              | To   |                                     |                                 |                           |                    |                        |
| 1/2007            | 6/2011   |                                     |                                 | \$(161,618,914)           | 0.1111             | (\$17,957,657)         |
| 7/2011            | 12/2011  | \$(141,648,758)                     | \$109,911,118                   | (251,559,875)             | 0.2                | (50,311,975)           |
| 1/2012            | 6/2012   | 159,330,623                         | 104,159,050                     | 55,171,573                | 0.3                | 16,551,472             |
| 7/2012            | 12/2012  | 202,039,690                         | 110,423,036                     | 91,616,654                | 0.4                | 36,646,662             |
| 1/2013            | 6/2013   | 113,375,851                         | 118,045,356                     | (4,669,505)               | 0.5                | (2,334,753)            |
| 7/2013            | 12/2013  | 275,580,944                         | 122,272,452                     | 153,308,491               | 0.6                | 91,985,095             |
| 1/2014            | 6/2014   | 207,051,913                         | 132,732,440                     | 74,319,473                | 0.7                | 52,023,631             |
| 7/2014            | 12/2014  | (31,552,640)                        | 135,927,248                     | (167,479,888)             | 0.8                | (133,983,910)          |
| 1/2015            | 6/2015   | 113,483,725                         | 134,126,222                     | (20,642,498)              | 0.9                | <u>(18,578,248)</u>    |
| 1.                | Total Deferred Return**  |                                     |                                 |                           |                    | (\$25,959,684)         |
| 2.                | Market Value of Assets   |                                     |                                 |                           |                    | 3,625,093,183          |
| 3.                | Preliminary Actuarial Value of Assets (Item 2 – Item 1)                            |                                     |                                 |                           |                    | 3,651,052,866          |
| 4.                | Corridor Around Market Value   |                                     |                                 |                           |                    |                        |
|                   | a. Minimum – 50% of Market Value   |                                     |                                 |                           |                    | 1,812,546,591          |
|                   | b. Maximum – 150% of Market Value  |                                     |                                 |                           |                    | 5,437,639,774          |
| 5.                | a. Final Actuarial Value of Assets   |                                     |                                 |                           |                    | 3,651,052,866          |
|                   | b. Ratio of Actuarial Value of Assets to Market Value of Assets (Item 5a / Item 2) |                                     |                                 |                           |                    | 100.72%                |
| 6.                | Non-valuation reserves***  |                                     |                                 |                           |                    |                        |
|                   | a. Supplemental Retiree Benefit Reserve (SRBR) Unallocated to 0.5% COLA benefits   |                                     |                                 |                           |                    | 121,267,176            |
|                   | b. COLA Contribution Reserve   |                                     |                                 |                           |                    | <u>0</u>               |
|                   | c. Subtotal  |                                     |                                 |                           |                    | \$121,267,176          |
| 7.                | Valuation Value of Assets (Item 5a – Item 6c)                                      |                                     |                                 |                           |                    | <u>\$3,529,785,691</u> |

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

\*\* Deferred returns as of June 30, 2015 to be recognized in each of the next five years:

|  |                    |
|--|--------------------|
| (a) Amount Recognized during 2015/2016 | (\$31,944,772)     |
| (b) Amount Recognized during 2016/2017 | 30,807,703         |
| (c) Amount Recognized during 2017/2018 | 7,434,165          |
| (d) Amount Recognized during 2018/2019 | (30,192,530)       |
| (e) Amount Recognized during 2019/2020 | <u>(2,064,250)</u> |
|  | (\$25,959,684)     |

\*\*\*Because the Contingency Reserve is negative as of June 30, 2015, it is not excluded from the valuation value of assets per the Board's Interest Crediting Policy.

Note: Results may not add due to rounding.

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

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

**CHART 8**

**Allocation of Valuation Value of Assets as of June 30, 2015**

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

|   | County General             | District                  | County Safety          | Total                  |
|---|----------------------------|---------------------------|------------------------|------------------------|
| Member Deposit Reserves                       | \$194,640,899              | \$19,626,634              | \$81,179,935           | \$295,447,467          |
| Employer Advance Reserves                     | 325,738,645                | 36,403,179                | 318,064,170            | 680,205,995            |
| Cost-of-Living Reserves – 2%                  | 572,231,566                | 39,508,980                | 403,014,776            | 1,014,755,323          |
| Cost-of-Living Reserves – 0.5% <sup>(1)</sup> | 35,352,782                 | 2,440,887                 | 24,898,475             | 62,692,144             |
| Retired Member Reserves                       | 952,053,190 <sup>(2)</sup> | 59,708,886 <sup>(2)</sup> | 481,277,421            | 1,493,039,496          |
| Contingency Reserve <sup>(3)</sup>            | <u>(9,599,666)</u>         | <u>(728,885)</u>          | <u>(6,026,182)</u>     | <u>(16,354,734)</u>    |
| <b>Total Valuation Value of Assets</b>        | <b>\$2,070,417,416</b>     | <b>\$156,959,681</b>      | <b>\$1,302,408,595</b> | <b>\$3,529,785,691</b> |

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

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

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

Note: Results may not add due to rounding.

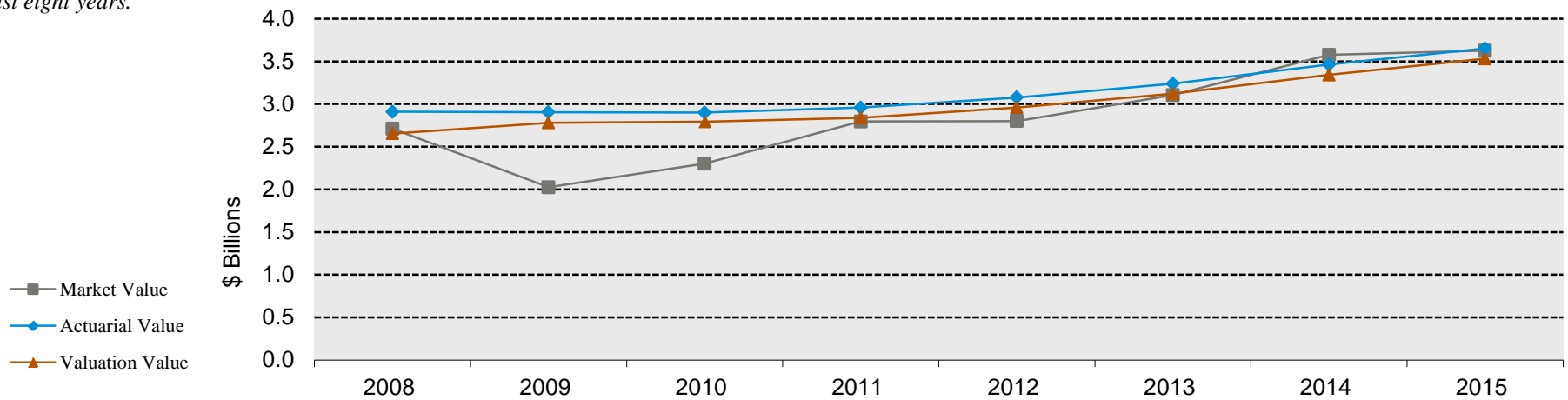
## SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

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

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

**CHART 9**

**Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2008 – 2015**



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

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**C. ACTUARIAL EXPERIENCE**

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

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

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

The total experience gain was \$30.2 million, a loss of \$34.7 million from investments and a gain of \$64.9 million from all other sources. The gain from all other sources was 1.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

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

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**CHART 10**  
**Actuarial Experience for Year Ended June 30, 2015**

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|   |                   |
|---|-------------------|
| 1. Net gain/(loss) from investments on valuation value of assets <sup>(1)</sup> | (\$34,742,000)    |
| 2. Net gain/(loss) from other experience <sup>(2)</sup>                         | <u>64,928,000</u> |
| 3. Net experience gain/(loss): (1) + (2)  | \$30,186,000      |

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<sup>(1)</sup> Details in Chart 11

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

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

**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on KCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.50%. The actual rate of return on the valuation value of assets for the 2014/2015 plan year was 6.46%.

Since the actual return for the year was less than the assumed return, KCERA experienced an actuarial loss on the valuation value of assets during the year ended June 30, 2015 with regard to its investments.

**CHART 11**

**Investment Experience for Year Ended June 30, 2015 – Market, Actuarial and Valuation Value of Assets**

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

|                                     | <b>Market Value</b>    | <b>Actuarial Value</b> | <b>Valuation Value</b> |
|-------------------------------------|------------------------|------------------------|------------------------|
| 1. Actual return                    | \$81,931,170           | \$222,215,376          | \$214,895,554          |
| 2. Average value of assets          | 3,559,636,770          | 3,445,312,247          | 3,328,505,907          |
| 3. Actual rate of return: (1) ÷ (2) | 2.30%                  | 6.45%                  | 6.46%                  |
| 4. Assumed rate of return           | 7.50%                  | 7.50%                  | 7.50%                  |
| 5. Expected return: (2) x (4)       | \$266,972,758          | \$258,398,419          | \$249,637,943          |
| 6. Actuarial gain/(loss): (1) – (5) | <u>(\$185,041,588)</u> | <u>(\$36,183,043)</u>  | <u>(\$34,742,389)</u>  |

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

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

**CHART 12**  
**Investment Return – Market Value, Actuarial Value and Valuation Value: 2009 – 2015**

| Year Ended<br>June 30     | Market Value<br>Investment Return |         | Actuarial Value<br>Investment Return |         | Valuation Value<br>Investment Return |         |
|---------------------------|-----------------------------------|---------|--------------------------------------|---------|--------------------------------------|---------|
|                           | Amount                            | Percent | Amount                               | Percent | Amount                               | Percent |
| 2009                      | -\$680,408,313                    | -25.12% | \$1,904,894                          | 0.07%   | -\$3,689,033                         | -0.14%  |
| 2010                      | 287,578,945                       | 14.24%  | 6,357,420                            | 0.22%   | -27,057                              | 0.00%   |
| 2011                      | 499,791,014                       | 21.74%  | 62,849,280                           | 2.17%   | 43,965,998                           | 1.57%   |
| 2012                      | 17,681,865                        | 0.63%   | 133,360,035                          | 4.52%   | 128,187,974                          | 4.52%   |
| 2013                      | 315,415,541                       | 11.29%  | 171,131,798                          | 5.57%   | 164,826,838                          | 5.57%   |
| 2014                      | 482,632,857                       | 15.57%  | 235,294,994                          | 7.28%   | 227,040,629                          | 7.28%   |
| 2015                      | 81,931,170                        | 2.30%   | 222,215,376                          | 6.45%   | 214,895,554                          | 6.46%   |
| Five-Year Average Return  |                                   | 9.60%   |                                      | 5.29%   |                                      | 5.18%   |
| Seven-Year Average Return |                                   | 5.21%   |                                      | 3.93%   |                                      | 3.79%   |

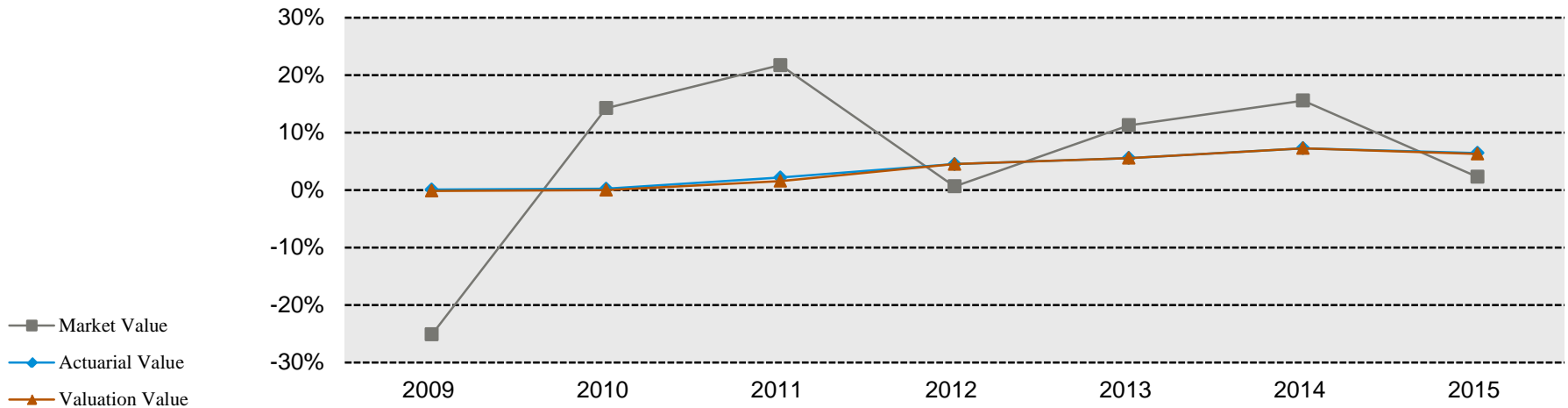
## SECTION 2: Valuation Results for the Kern County Employees' Retirement Association

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

*This chart illustrates how this leveling effect has actually worked over the years 2009 - 2015.*

**CHART 13**

**Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2009 - 2015**





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

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### Other Experience

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

These include:

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

The net gain from this other experience for the year ended June 30, 2015 amounted to \$64.9 million, which was 1.1% of the actuarial accrued liability. This gain is mainly the result of lower individual salary increases than expected. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

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

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### D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

*Normal Cost*

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

*Contribution to the Unfunded Actuarial Accrued Liability (UAAL)*

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL ) is calculated to remain level as a percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase along with expected payroll at the combined annual inflation and "across the board" salary increase rate of 3.75%. Effective with the June 30, 2012 valuation, the June 30, 2011 UAAL is being amortized over a 24.5-year declining period (20.5 years as of June 30, 2015). The change in unfunded liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation is amortized over its own declining 18-year period. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with the exception of retirement incentives which are amortized over its own declining period of up to 5 years).

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

*Employer Contribution Rates*

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

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

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

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

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

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

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

The prescribed annuity is equal to:

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

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

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

Effective July 11, 2015, San Joaquin Valley Unified Air Pollution Control District Tier 1 members pay 28% of the total Normal Cost rate. That percent increases to 39% effective 2016/2017.

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

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### *Member Contributions General Tiers IIB and III, Safety Tier IIB*

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

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

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

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

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

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

*Administrative Expense*

The Board adopted an explicit administrative expense assumption of 0.90% of payroll effective with the June 30, 2014 valuation. This assumption will be reviewed as part of each regular triennial experience study. This explicit administrative expense is allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member. This results in an administrative expense load shown in the following table:

**Allocation of Administrative Expense Load of 0.90% of Payroll as of June 30, 2015**

| <u>Component</u>                | <u>% of Payroll</u> |
|---------------------------------|---------------------|
| Employer Basic Normal Cost Rate | 0.11%               |
| Employer Basic UAAL Rate        | 0.68%               |
| Member Basic Rate               | 0.11%               |

This allocation as of June 30, 2015 is based on the following total average contribution rates before including administrative expenses:

|                | <u>Total Average Rate Before<br/>Administrative Expense</u> | <u>Weighting</u> | <u>Total<br/>Loading</u> |
|----------------|---|------------------|--------------------------|
| Employer Total | 44.32%  | 88.25%           | 0.79%                    |
| Member         | 5.90%   | 11.75%           | 0.11%                    |
|                |   | 100.00%          | 0.90%                    |

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

*Transfers*

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

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

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

### *Cost Sharing Adjustments*

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

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

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

- General County and Courts

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

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- General Districts
- Safety

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

*Other Adjustments*

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

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

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

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

| Plan                                      | Valuation Report Label | Benefit Formula    | Member Contribution Code Section | Member Contribution Provides Average Annuity of:            | Adopted 1997 MOU | Soc Sec Integration | Pre-Tax | 5-yr Contribution Stop |
|---|------------------------|--------------------|----------------------------------|---|------------------|---------------------|---------|------------------------|
| General – County Tier I                   | County General Tier I  | 31676.17 (3% @ 60) | 31621.8                          | 1/100 of FAS1 at age 55                                     | Yes              | Yes                 | Yes     | Varies <sup>1</sup>    |
| General – County – Court Employees Tier I | Courts Tier I          | 31676.17 (3% @ 60) | 31621.8                          | 1/100 of FAS1 at age 55 plus supplemental 8.0% <sup>2</sup> | Yes              | Yes                 | Yes     | 3/12/2011 <sup>3</sup> |
| Safety – County Tier I                    | County Safety Tier I   | 31664.1 (3% @ 50)  | 31639.25                         | 3/200 of FAS1 at age 50 <sup>4</sup>                        | Yes              | Yes                 | Yes     | Varies <sup>1</sup>    |

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

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

FAS1 = 1-Year Final Average Salary

<sup>1</sup> See next page for member contribution rates by employee association and bargaining unit.

<sup>2</sup> Court employees in Tier I pay an additional 8% of the base salary for their entire career.

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

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

<sup>5</sup> KCPA (Prosecutors) employee association adopted Tier IIA effective July 5, 2008.



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

**Summary of KCERA Member Contribution Rates – County Bargaining Units**

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

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

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

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

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

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

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

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

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

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

FAS1 = 1-Year Final Average Salary

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

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

<sup>3</sup> Buttonwillow and San Joaquin Valley Unified Air Pollution Control District Tier I (District Category III) did not adopt the 1997 MOU. Members in those districts pay 50% of the full rates, regardless of hire date. Effective July 11, 2015, San Joaquin Valley Unified Air Pollution Control District Tier I members pay 28% of the total Normal Cost rate. That percent increases to 39% effective 2016/2017.

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

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

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

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

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

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

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

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

**CHART 14**

**Recommended Employer Contribution Rates (Current Valuation)**

|   | <b>June 30, 2015 Actuarial Valuation</b> |                          |         |                          |           |                          |        |                          |
|---|--|--------------------------|---------|--------------------------|-----------|--------------------------|--------|--------------------------|
|   | Basic                                    |                          | 2% COLA |                          | 0.5% COLA |                          | Total  |                          |
|   | Rate                                     | Estimated Annual Amount* | Rate    | Estimated Annual Amount* | Rate      | Estimated Annual Amount* | Rate   | Estimated Annual Amount* |
| <b>County General Tier I without Courts</b>     |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 13.88%                                   | \$30,503                 | 3.93%   | \$8,637                  | 1.21%     | \$2,658                  | 19.02% | \$41,798                 |
| UAAL  | 18.69%                                   | 41,073                   | 2.80%   | 6,153                    | 3.15%     | 6,923                    | 24.64% | 54,149                   |
| Total Contribution                              | 32.57%                                   | \$71,576                 | 6.73%   | \$14,790                 | 4.36%     | \$9,581                  | 43.66% | \$95,947                 |
| <b>County General Tier IIA without Courts</b>   |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 3.95%                                    | \$3,100                  | 1.92%   | \$1,507                  | 0.58%     | \$455                    | 6.45%  | \$5,062                  |
| UAAL  | 18.69%                                   | 14,669                   | 2.80%   | 2,198                    | 3.15%     | 2,472                    | 24.64% | 19,339                   |
| Total Contribution                              | 22.64%                                   | \$17,769                 | 4.72%   | \$3,705                  | 3.73%     | \$2,927                  | 31.09% | \$24,401                 |
| <b>County General Tier IIB without Courts</b>   |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 4.63%                                    | \$2,636                  | 0.92%   | \$524                    | 0.28%     | \$159                    | 5.83%  | \$3,319                  |
| UAAL  | 18.69%                                   | 10,639                   | 2.80%   | 1,594                    | 3.15%     | 1,793                    | 24.64% | 14,026                   |
| Total Contribution                              | 23.32%                                   | \$13,275                 | 3.72%   | \$2,118                  | 3.43%     | \$1,952                  | 30.47% | \$17,345                 |
| <b>County General without Courts - Combined</b> |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 10.20%                                   | \$36,239                 | 3.00%   | \$10,668                 | 0.93%     | \$3,272                  | 14.13% | \$50,179                 |
| UAAL  | 18.69%                                   | 66,381                   | 2.80%   | 9,945                    | 3.15%     | 11,188                   | 24.64% | 87,514                   |
| Total Contribution                              | 28.89%                                   | \$102,620                | 5.80%   | \$20,613                 | 4.08%     | \$14,460                 | 38.77% | \$137,693                |
| <b>Courts Tier I</b>                            |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 10.48%                                   | \$1,811                  | 3.93%   | \$679                    | 1.21%     | \$209                    | 15.62% | \$2,699                  |
| UAAL  | 18.69%                                   | 3,230                    | 2.80%   | 484                      | 3.15%     | 544                      | 24.64% | 4,258                    |
| Total Contribution                              | 29.17%                                   | \$5,041                  | 6.73%   | \$1,163                  | 4.36%     | \$753                    | 40.26% | \$6,957                  |
| <b>Courts Tier IIA</b>                          |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 4.21%                                    | \$66                     | 1.92%   | \$30                     | 0.58%     | \$8                      | 6.71%  | \$104                    |
| UAAL  | 18.69%                                   | 291                      | 2.80%   | 44                       | 3.15%     | 49                       | 24.64% | 384                      |
| Total Contribution                              | 22.90%                                   | \$357                    | 4.72%   | \$74                     | 3.73%     | \$57                     | 31.35% | \$488                    |
| <b>Courts Tier IIB</b>                          |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 4.63%                                    | \$205                    | 0.92%   | \$41                     | 0.28%     | \$13                     | 5.83%  | \$259                    |
| UAAL  | 18.69%                                   | 829                      | 2.80%   | 124                      | 3.15%     | 140                      | 24.64% | 1,093                    |
| Total Contribution                              | 23.32%                                   | \$1,034                  | 3.72%   | \$165                    | 3.43%     | \$153                    | 30.47% | \$1,352                  |
| <b>Courts - Combined</b>                        |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 8.95%                                    | \$2,082                  | 3.22%   | \$750                    | 0.99%     | \$230                    | 13.16% | \$3,062                  |
| UAAL  | 18.69%                                   | 4,350                    | 2.80%   | 652                      | 3.15%     | 733                      | 24.64% | 5,735                    |
| Total Contribution                              | 27.64%                                   | \$6,432                  | 6.02%   | \$1,402                  | 4.14%     | \$963                    | 37.80% | \$8,797                  |
| <b>County Safety Tier I</b>                     |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 18.55%                                   | \$23,515                 | 6.21%   | \$7,872                  | 1.96%     | \$2,485                  | 26.72% | \$33,872                 |
| UAAL  | 25.56%                                   | 32,402                   | 5.99%   | 7,593                    | 6.15%     | 7,796                    | 37.70% | 47,791                   |
| Total Contribution                              | 44.11%                                   | \$55,917                 | 12.20%  | \$15,465                 | 8.11%     | \$10,281                 | 64.42% | \$81,663                 |
| <b>County Safety Tier IIA</b>                   |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                                     | 11.74%                                   | \$843                    | 4.90%   | \$352                    | 1.55%     | \$112                    | 18.19% | \$1,307                  |
| UAAL  | 25.56%                                   | 1,836                    | 5.99%   | 430                      | 6.15%     | 442                      | 37.70% | 2,708                    |
| Total Contribution                              | 37.30%                                   | \$2,679                  | 10.89%  | \$782                    | 7.70%     | \$554                    | 55.89% | \$4,015                  |

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

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

|  | June 30, 2015 Actuarial Valuation |                          |         |                          |           |                          |        |                          |
|--|-----------------------------------|--------------------------|---------|--------------------------|-----------|--------------------------|--------|--------------------------|
|  | Basic                             |                          | 2% COLA |                          | 0.5% COLA |                          | Total  |                          |
|  | Rate                              | Estimated Annual Amount* | Rate    | Estimated Annual Amount* | Rate      | Estimated Annual Amount* | Rate   | Estimated Annual Amount* |
| <b>County Safety Tier IIB</b>            |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 10.39%                            | \$1,189                  | 2.43%   | \$278                    | 0.77%     | \$89                     | 13.59% | \$1,556                  |
| UAAL                                     | 25.56%                            | 2,926                    | 5.99%   | 686                      | 6.15%     | 704                      | 37.70% | 4,316                    |
| Total Contribution                       | 35.95%                            | \$4,115                  | 8.42%   | \$964                    | 6.92%     | \$793                    | 51.29% | \$5,872                  |
| <b>County Safety – Combined</b>          |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 17.57%                            | \$25,547                 | 5.85%   | \$8,502                  | 1.85%     | \$2,686                  | 25.27% | \$36,735                 |
| UAAL                                     | 25.56%                            | 37,164                   | 5.99%   | 8,709                    | 6.15%     | 8,942                    | 37.70% | 54,815                   |
| Total Contribution                       | 43.13%                            | \$62,711                 | 11.84%  | \$17,211                 | 8.00%     | \$11,628                 | 62.97% | \$91,550                 |
| <b>All County with Courts - Combined</b> |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 12.19%                            | \$63,868                 | 3.80%   | \$19,920                 | 1.19%     | \$6,188                  | 17.18% | \$89,976                 |
| UAAL                                     | 20.60%                            | 107,895                  | 3.69%   | 19,306                   | 3.98%     | 20,863                   | 28.27% | 148,064                  |
| Total Contribution                       | 32.79%                            | \$171,763                | 7.49%   | \$39,226                 | 5.17%     | \$27,051                 | 45.45% | \$238,040                |
| <b>District Category I Tier I</b>        |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 16.08%                            | \$931                    | 3.93%   | \$228                    | 1.21%     | \$70                     | 21.22% | \$1,229                  |
| UAAL                                     | 18.32%                            | 1,061                    | 3.20%   | 185                      | 2.93%     | 170                      | 24.45% | 1,416                    |
| Total Contribution                       | 34.40%                            | \$1,992                  | 7.13%   | \$413                    | 4.14%     | \$240                    | 45.67% | \$2,645                  |
| <b>District Category I Tier IIA</b>      |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 4.30%                             | \$26                     | 1.92%   | \$12                     | 0.58%     | \$4                      | 6.80%  | \$42                     |
| UAAL                                     | 18.32%                            | 112                      | 3.20%   | 20                       | 2.93%     | 18                       | 24.45% | 150                      |
| Total Contribution                       | 22.62%                            | \$138                    | 5.12%   | \$32                     | 3.51%     | \$22                     | 31.25% | \$192                    |
| <b>District Category I Tier IIB</b>      |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 4.63%                             | \$10                     | 0.92%   | \$2                      | 0.28%     | \$1                      | 5.83%  | \$13                     |
| UAAL                                     | 18.32%                            | 40                       | 3.20%   | 7                        | 2.93%     | 6                        | 24.45% | 53                       |
| Total Contribution                       | 22.95%                            | \$50                     | 4.12%   | \$9                      | 3.21%     | \$7                      | 30.28% | \$66                     |
| <b>District Category I - Combined</b>    |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 14.61%                            | \$967                    | 3.66%   | \$242                    | 1.13%     | \$75                     | 19.40% | \$1,284                  |
| UAAL                                     | 18.32%                            | 1,213                    | 3.20%   | 212                      | 2.93%     | 194                      | 24.45% | 1,619                    |
| Total Contribution                       | 32.93%                            | \$2,180                  | 6.86%   | \$454                    | 4.06%     | \$269                    | 43.85% | \$2,903                  |
| <b>District Category II Tier I</b>       |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 15.08%                            | \$320                    | 3.93%   | \$83                     | 1.21%     | \$26                     | 20.22% | \$429                    |
| UAAL                                     | 18.32%                            | 388                      | 3.20%   | 68                       | 2.93%     | 62                       | 24.45% | 518                      |
| Total Contribution                       | 33.40%                            | \$708                    | 7.13%   | \$151                    | 4.14%     | \$88                     | 44.67% | \$947                    |
| <b>District Category II Tier IIB</b>     |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 4.63%                             | \$10                     | 0.92%   | \$2                      | 0.28%     | \$1                      | 5.83%  | \$13                     |
| UAAL                                     | 18.32%                            | 39                       | 3.20%   | 7                        | 2.93%     | 7                        | 24.45% | 53                       |
| Total Contribution                       | 22.95%                            | \$49                     | 4.12%   | \$9                      | 3.21%     | \$8                      | 30.28% | \$66                     |
| <b>District Category II Tier III</b>     |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 9.74%                             | \$3                      | 1.66%   | \$1                      | 0.00%     | \$0                      | 11.40% | \$4                      |
| UAAL                                     | 18.32%                            | 6                        | 3.20%   | 1                        | 2.93%     | 1                        | 24.45% | 8                        |
| Total Contribution                       | 28.06%                            | \$9                      | 4.86%   | \$2                      | 2.93%     | \$1                      | 35.85% | \$12                     |
| <b>District Category II - Combined</b>   |                                   |                          |         |                          |           |                          |        |                          |
| Normal Cost                              | 14.06%                            | \$333                    | 3.65%   | \$86                     | 1.16%     | \$27                     | 18.87% | \$446                    |
| UAAL                                     | 18.32%                            | 433                      | 3.20%   | 76                       | 2.93%     | 70                       | 24.45% | 579                      |
| Total Contribution                       | 32.38%                            | \$766                    | 6.85%   | \$162                    | 4.09%     | \$97                     | 43.32% | \$1,025                  |

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

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

|  | <b>June 30, 2015 Actuarial Valuation</b> |                          |         |                          |           |                          |        |                          |
|--|--|--------------------------|---------|--------------------------|-----------|--------------------------|--------|--------------------------|
|  | Basic                                    |                          | 2% COLA |                          | 0.5% COLA |                          | Total  |                          |
|  | Rate                                     | Estimated Annual Amount* | Rate    | Estimated Annual Amount* | Rate      | Estimated Annual Amount* | Rate   | Estimated Annual Amount* |
| <b>District Category III Tier I (Buttonwillow)</b> |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 14.45%                                   | \$14                     | 3.93%   | \$4                      | 1.21%     | \$1                      | 19.59% | \$19                     |
| UAAL   | 18.32%                                   | 18                       | 3.20%   | 3                        | 2.93%     | 3                        | 24.45% | 24                       |
| Total Contribution                                 | 32.77%                                   | \$32                     | 7.13%   | \$7                      | 4.14%     | \$4                      | 44.04% | \$43                     |
| <b>District Category III Tier I (SJVAPCD)</b>      |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 11.43%                                   | \$2,275                  | 2.42%   | \$482                    | 0.74%     | \$148                    | 14.59% | \$2,905                  |
| UAAL   | 18.32%                                   | 3,647                    | 3.20%   | 637                      | 2.93%     | 584                      | 24.45% | 4,868                    |
| Total Contribution                                 | 29.75%                                   | \$5,922                  | 5.62%   | \$1,119                  | 3.67%     | \$732                    | 39.04% | \$7,773                  |
| <b>District Category III Tier IIA</b>              |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 3.90%                                    | \$34                     | 1.92%   | \$17                     | 0.58%     | \$5                      | 6.40%  | \$56                     |
| UAAL   | 18.32%                                   | 160                      | 3.20%   | 28                       | 2.93%     | 26                       | 24.45% | 214                      |
| Total Contribution                                 | 22.22%                                   | \$194                    | 5.12%   | \$45                     | 3.51%     | \$31                     | 30.85% | \$270                    |
| <b>District Category III Tier IIB</b>              |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 4.63%                                    | \$64                     | 0.92%   | \$13                     | 0.28%     | \$4                      | 5.83%  | \$81                     |
| UAAL   | 18.32%                                   | 253                      | 3.20%   | 44                       | 2.93%     | 41                       | 24.45% | 338                      |
| Total Contribution                                 | 22.95%                                   | \$317                    | 4.12%   | \$57                     | 3.21%     | \$45                     | 30.28% | \$419                    |
| <b>District Category III - Combined</b>            |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 10.72%                                   | \$2,387                  | 2.32%   | \$516                    | 0.71%     | \$158                    | 13.75% | \$3,061                  |
| UAAL   | 18.32%                                   | 4,078                    | 3.20%   | 712                      | 2.93%     | 654                      | 24.45% | 5,444                    |
| Total Contribution                                 | 29.04%                                   | \$6,465                  | 5.52%   | \$1,228                  | 3.64%     | \$812                    | 38.20% | \$8,505                  |
| <b>District Category IV Tier I</b>                 |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 15.08%                                   | \$81                     | 3.93%   | \$21                     | 1.21%     | \$7                      | 20.22% | \$109                    |
| UAAL   | 15.98%                                   | 86                       | 2.71%   | 15                       | 2.81%     | 14                       | 21.50% | 115                      |
| Total Contribution                                 | 31.06%                                   | \$167                    | 6.64%   | \$36                     | 4.02%     | \$21                     | 41.72% | \$224                    |
| <b>District Category IV Tier IIB</b>               |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 4.63%                                    | \$0                      | 0.92%   | \$0                      | 0.28%     | \$0                      | 5.83%  | \$0                      |
| UAAL   | 15.98%                                   | 0                        | 2.71%   | 0                        | 2.81%     | 0                        | 21.50% | 0                        |
| Total Contribution                                 | 20.61%                                   | \$0                      | 3.63%   | \$0                      | 3.09%     | \$0                      | 27.33% | \$0                      |
| <b>District Category IV - Combined</b>             |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 15.08%                                   | \$81                     | 3.93%   | \$21                     | 1.21%     | \$7                      | 20.22% | \$109                    |
| UAAL   | 15.98%                                   | 86                       | 2.71%   | 15                       | 2.81%     | 14                       | 21.50% | 115                      |
| Total Contribution                                 | 31.06%                                   | \$167                    | 6.64%   | \$36                     | 4.02%     | \$21                     | 41.72% | \$224                    |
| <b>District Category V Tier I</b>                  |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 14.90%                                   | \$28                     | 3.93%   | \$7                      | 1.21%     | \$3                      | 20.04% | \$38                     |
| UAAL   | 18.32%                                   | 34                       | 3.20%   | 6                        | 2.93%     | 6                        | 24.45% | 46                       |
| Total Contribution                                 | 33.22%                                   | \$62                     | 7.13%   | \$13                     | 4.14%     | \$9                      | 44.49% | \$84                     |
| <b>District Category V Tier IIA</b>                |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 4.47%                                    | \$17                     | 1.92%   | \$7                      | 0.58%     | \$3                      | 6.97%  | \$27                     |
| UAAL   | 18.32%                                   | 71                       | 3.20%   | 12                       | 2.93%     | 11                       | 24.45% | 94                       |
| Total Contribution                                 | 22.79%                                   | \$88                     | 5.12%   | \$19                     | 3.51%     | \$14                     | 31.42% | \$121                    |
| <b>District Category V Tier IIB</b>                |  |                          |         |                          |           |                          |        |                          |
| Normal Cost  | 4.63%                                    | \$12                     | 0.92%   | \$2                      | 0.28%     | \$1                      | 5.83%  | \$15                     |
| UAAL   | 18.32%                                   | 48                       | 3.20%   | 8                        | 2.93%     | 8                        | 24.45% | 64                       |
| Total Contribution                                 | 22.95%                                   | \$60                     | 4.12%   | \$10                     | 3.21%     | \$9                      | 30.28% | \$79                     |

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

**CHART 14 (continued)**

**Recommended Employer Contribution Rates (Current Valuation)**

|  | <b>June 30, 2015 Actuarial Valuation</b> |                          |         |                          |           |                          |        |                          |
|--|--|--------------------------|---------|--------------------------|-----------|--------------------------|--------|--------------------------|
|  | Basic                                    |                          | 2% COLA |                          | 0.5% COLA |                          | Total  |                          |
|  | Rate                                     | Estimated Annual Amount* | Rate    | Estimated Annual Amount* | Rate      | Estimated Annual Amount* | Rate   | Estimated Annual Amount* |
| <b>District Category V - Combined</b>  |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                            | 6.89%                                    | \$57                     | 1.84%   | \$16                     | 0.91%     | \$7                      | 9.64%  | \$80                     |
| UAAL                                   | 18.32%                                   | 153                      | 3.20%   | 26                       | 2.93%     | 25                       | 24.45% | 204                      |
| Total Contribution                     | 25.21%                                   | \$210                    | 5.04%   | \$42                     | 3.84%     | \$32                     | 34.09% | \$284                    |
| <b>District Category VI Tier I</b>     |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                            | 18.62%                                   | \$67                     | 3.93%   | \$14                     | 1.21%     | \$5                      | 23.76% | \$86                     |
| UAAL                                   | 18.32%                                   | 66                       | 3.20%   | 12                       | 2.93%     | 10                       | 24.45% | 88                       |
| Total Contribution                     | 36.94%                                   | \$133                    | 7.13%   | \$26                     | 4.14%     | \$15                     | 48.21% | \$174                    |
| <b>District Category VI Tier IIB</b>   |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                            | 4.63%                                    | \$0                      | 0.92%   | \$0                      | 0.28%     | \$0                      | 5.83%  | \$0                      |
| UAAL                                   | 18.32%                                   | 0                        | 3.20%   | 0                        | 2.93%     | 0                        | 24.45% | 0                        |
| Total Contribution                     | 22.95%                                   | \$0                      | 4.12%   | \$0                      | 3.21%     | \$0                      | 30.28% | \$0                      |
| <b>District Category VI - Combined</b> |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                            | 18.62%                                   | \$67                     | 3.93%   | \$14                     | 1.21%     | \$5                      | 23.76% | \$86                     |
| UAAL                                   | 18.32%                                   | 66                       | 3.20%   | 12                       | 2.93%     | 10                       | 24.45% | 88                       |
| Total Contribution                     | 36.94%                                   | \$133                    | 7.13%   | \$26                     | 4.14%     | \$15                     | 48.21% | \$174                    |
| <b>All Districts – Combined</b>        |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                            | 11.80%                                   | \$3,892                  | 2.71%   | \$895                    | 0.85%     | \$279                    | 15.36% | \$5,066                  |
| UAAL                                   | 18.28%                                   | 6,029                    | 3.19%   | 1,053                    | 2.93%     | 967                      | 24.40% | 8,049                    |
| Total Contribution                     | 30.08%                                   | \$9,921                  | 5.90%   | \$1,948                  | 3.78%     | \$1,246                  | 39.76% | \$13,115                 |
| <b>All Employers – Combined</b>        |  |                          |         |                          |           |                          |        |                          |
| Normal Cost                            | 12.17%                                   | \$67,760                 | 3.74%   | \$20,815                 | 1.16%     | \$6,467                  | 17.07% | \$95,042                 |
| UAAL                                   | 20.46%                                   | 113,924                  | 3.66%   | 20,359                   | 3.92%     | 21,830                   | 28.04% | 156,113                  |
| Total Contribution                     | 32.63%                                   | \$181,684                | 7.40%   | \$41,174                 | 5.08%     | \$28,297                 | 45.11% | \$251,155                |

\* Amounts are in thousands and are based on June 30, 2015 projected compensation (also in thousands):

|  |           |   |           |
|--|-----------|---|-----------|
| County General Tier I without Courts   | \$219,759 | District Category I Tier I                  | 5,792     |
| County General Tier IIA without Courts | 78,488    | District Category I Tier IIA                | 612       |
| County General Tier IIB without Courts | 56,925    | District Category I Tier IIB                | 216       |
| Courts Tier I                          | 17,280    | District Category II Tier I                 | 2,120     |
| Courts Tier IIA                        | 1,557     | District Category II Tier IIB               | 215       |
| Courts Tier IIB                        | 4,436     | District Category II Tier III               | 31        |
| County Safety Tier I                   | 126,767   | District Category III Tier I (Buttonwillow) | 99        |
| County Safety Tier IIA                 | 7,183     | District Category III Tier I (SJVAPCD)      | 19,908    |
| County Safety Tier IIB                 | 11,447    | District Category III Tier IIA              | 876       |
|  |           | District Category III Tier IIB              | 1,383     |
|  |           | District Category IV Tier I                 | 537       |
|  |           | District Category IV Tier IIB               | 0         |
|  |           | District Category V Tier I                  | 188       |
|  |           | District Category V Tier IIA                | 385       |
|  |           | District Category V Tier IIB                | 260       |
|  |           | District Category VI Tier I                 | 360       |
|  |           | District Category VI Tier IIB               | 0         |
| All County with Courts                 | \$523,842 | All Districts                               | \$32,982  |
|  |           | Total                                       | \$556,824 |

Note: As of June 30, 2015, the COLA Contribution Reserve was zero and therefore not available to offset the 2% COLA contribution rate.

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

**CHART 15**

**Recommended Employer Contribution Rates (Prior Valuation)**

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



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

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

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

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

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

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

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

**CHART 15 (continued)**

**Recommended Employer Contribution Rates (Prior Valuation)**

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

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

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

\*\* Before change to SJVAPCD Normal Cost rates.

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

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

The employer contribution rates as of June 30, 2015 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

### Reconciliation of Recommended Average Employer Contribution

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

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

#### CHART 16

#### Reconciliation of Recommended Average Employer Contribution from June 30, 2014 to June 30, 2015 (Dollar Amounts in Thousands)

|   | Contribution Rate | Estimated Annual Dollar Cost <sup>(1)</sup> |
|---|-------------------|---|
| <b>Recommended Average Employer Contribution Rate in June 30, 2014 Valuation</b>            | 45.64%            | \$253,584                                   |
| Effect of investment loss <sup>(2)</sup>  | 0.48%             | 2,673                                       |
| Effect of difference between actual and expected contributions                              | 0.55%             | 3,063                                       |
| Effect of lower than expected individual salary increases for actives                       | -0.75%            | -4,176                                      |
| Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll | 0.95%             | 5,290                                       |
| Effect of lower than expected COLA benefit increase for retirees and beneficiaries          | -0.46%            | -2,561                                      |
| Effect of different demographics of members amongst tiers                                   | -0.51%            | -2,840                                      |
| Effect of scheduled member rate increases   | -0.31%            | -1,726                                      |
| Effect of other experience (gains)/losses <sup>(3)</sup>                                    | <u>-0.48%</u>     | <u>-2,152</u>                               |
| <b>Total change</b>   | <u>-0.53%</u>     | <u>-\$2,429</u>                             |
| <b>Recommended Average Employer Contribution Rate in June 30, 2015 Valuation</b>            | 45.11%            | \$251,155                                   |

<sup>(1)</sup> Based on projected compensation for each valuation date shown.

<sup>(2)</sup> Return on the valuation value of assets of 6.46% was less than the 7.50% assumed rate of return.

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

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

The member contribution rates as of June 30, 2015 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

**Reconciliation of Recommended Average Member Contribution Rate**

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

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

**CHART 17  
Reconciliation of Recommended Average Member Contribution from June 30, 2014 to June 30, 2015 (Dollar Amounts in Thousands)**

|  | Contribution Rate | Estimated Annual Dollar Cost <sup>(1)</sup> |
|--|-------------------|---|
| <b>Recommended Average Member Contribution Rate in June 30, 2014 Valuation</b> | 5.58%             | \$31,015                                    |
| Effect of different demographics of members amongst tiers                      | 0.05%             | 278   |
| Effect of scheduled contribution rate increases                                | 0.31%             | 1,726                                       |
| Effect of other changes <sup>(2)</sup>   | <u>0.07%</u>      | <u>439</u>                                  |
| <b>Total change</b>  | <u>0.43%</u>      | <u>2,444</u>                                |
| <b>Recommended Average Member Contribution Rate in June 30, 2015 Valuation</b> | 6.01%             | \$33,459                                    |

<sup>(1)</sup> Based on projected compensation for each valuation date shown.

<sup>(2)</sup> Other differences in actual versus expected experience. Estimated annual dollar cost also reflects the change in total projected compensation from the prior valuation.

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

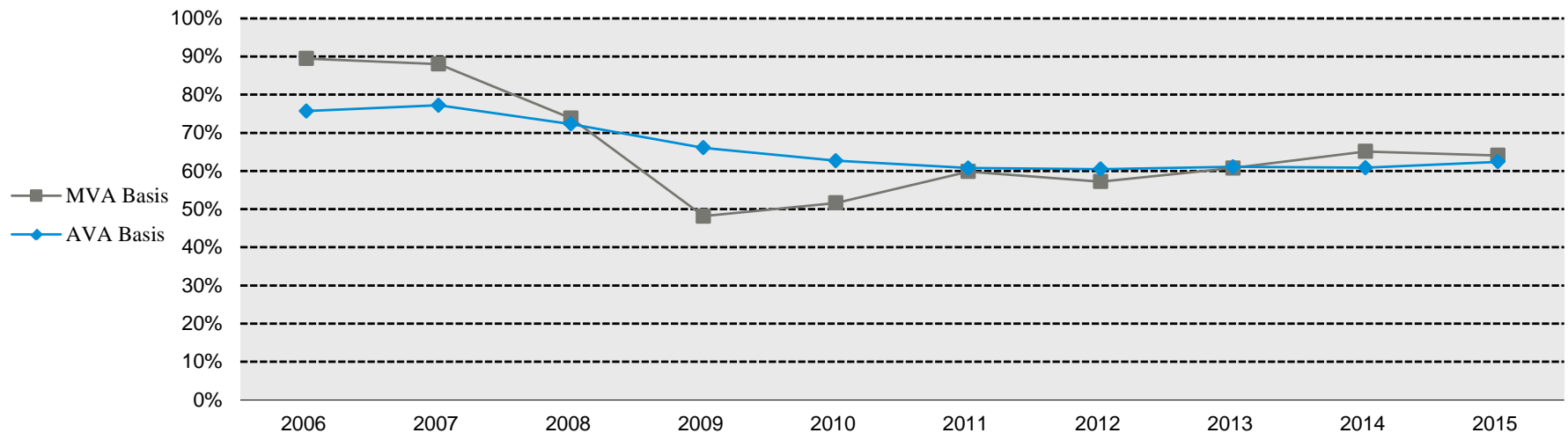
**E. FUNDED RATIO**

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

The chart below depicts a history of the funded ratios for the Plan. Chart 19 on the next page shows the Plan's schedule of funding progress for the last seven years.

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

**CHART 18**  
**Funded Ratio for Plan Years Ending June 30, 2006 – 2015**



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

**CHART 19**  
**Schedule of Funding Progress**

| <b>Actuarial Valuation Date</b> | <b>Valuation Value of Assets<sup>(1)</sup> (a)</b> | <b>Actuarial Accrued Liability (AAL)<sup>(2)</sup> (b)</b> | <b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b> | <b>Funded Ratio (a) / (b)</b> | <b>Covered Payroll (c)</b> | <b>UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b> |
|---------------------------------|--|--|--|-------------------------------|----------------------------|--|
| 06/30/2009                      | \$2,780,215,000                                    | \$4,205,200,000  | \$1,424,985,000                                    | 66.1%                         | \$559,872,000              | 254.5%   |
| 06/30/2010                      | 2,794,644,000                                      | 4,457,038,000  | 1,662,395,000                                      | 62.7%                         | 559,380,000                | 297.2%   |
| 06/30/2011                      | 2,839,747,000                                      | 4,672,348,000  | 1,832,601,000                                      | 60.8%                         | 539,836,000                | 339.5%   |
| 06/30/2012                      | 2,960,507,000                                      | 4,894,990,000  | 1,934,483,000                                      | 60.5%                         | 543,558,000                | 355.9%   |
| 06/30/2013                      | 3,120,632,000                                      | 5,108,619,000  | 1,987,987,000                                      | 61.1%                         | 555,752,000                | 357.7%   |
| 06/30/2014                      | 3,342,122,000                                      | 5,492,440,000  | 2,150,318,000                                      | 60.8%                         | 555,634,000                | 387.0%   |
| 06/30/2015                      | 3,529,786,000                                      | 5,657,173,000  | 2,127,387,000                                      | 62.4%                         | 556,824,000                | 382.1%   |

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

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

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

**F. VOLATILITY RATIOS**

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

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

For KCERA, the current AVR is about 6.5. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 6.5% of one-year's payroll. Since KCERA amortizes actuarial gains and losses over a period of 18 years, there would be a 0.5% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

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

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

For KCERA, the current LVR is about 10.2. This is about 57% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long term.

*This chart shows how the asset and liability volatility ratios have varied over time, both for the plan in total and separately for General and Safety.*

**CHART 20**  
**Volatility Ratios for Years Ended June 30, 2009 – 2015**

| Year Ended June 30 | <u>Asset Volatility Ratios</u> |        |       | <u>Liability Volatility Ratios</u> |        |       |
|--------------------|--------------------------------|--------|-------|------------------------------------|--------|-------|
|                    | General                        | Safety | Total | General                            | Safety | Total |
| 2009               | 2.9                            | 5.7    | 3.6   | 6.3                                | 11.1   | 7.5   |
| 2010               | 3.4                            | 6.4    | 4.1   | 6.7                                | 11.7   | 7.9   |
| 2011               | 4.3                            | 7.9    | 5.2   | 7.4                                | 12.5   | 8.7   |
| 2012               | 4.3                            | 7.7    | 5.2   | 7.7                                | 12.8   | 9.0   |
| 2013               | 4.7                            | 8.0    | 5.6   | 8.0                                | 12.7   | 9.2   |
| 2014               | 5.5                            | 9.1    | 6.4   | 8.5                                | 13.7   | 9.9   |
| 2015               | 5.6                            | 9.2    | 6.5   | 8.8                                | 14.1   | 10.2  |



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

**EXHIBIT A**

**Table of Plan Coverage**

**i. General Tier I County with Courts**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |               | <b>Change From Prior Year</b> |
|---|---------------------------|---------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b>   |                               |
| <b>Active members in valuation:</b>             |                           |               |                               |
| Number  | 3,532                     | 3,853         | -8.3%                         |
| Average age                                     | 49.0                      | 48.6          | N/A                           |
| Average service                                 | 15.4                      | 14.8          | N/A                           |
| Projected total compensation                    | \$237,039,123             | \$253,703,271 | -6.6%                         |
| Projected average compensation                  | \$67,112                  | \$65,846      | 1.9%                          |
| Account balances                                | \$131,320,794             | \$124,745,061 | 5.3%                          |
| Total active vested members                     | 3,510                     | 3,822         | -8.2%                         |
| <b>Vested terminated members:<sup>(1)</sup></b> |                           |               |                               |
|   | 1,104                     | 1,114         | -0.9%                         |
| <b>Retired members:</b>                         |                           |               |                               |
| Number in pay status                            | 4,271                     | 4,126         | 3.5%                          |
| Average age                                     | 68.7                      | 68.7          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$2,735                   | \$2,644       | 3.4%                          |
| <b>Disabled members:</b>                        |                           |               |                               |
| Number in pay status                            | 502                       | 516           | -2.7%                         |
| Average age                                     | 65.0                      | 64.3          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$1,775                   | \$1,729       | 2.7%                          |
| <b>Beneficiaries:</b>                           |                           |               |                               |
| Number in pay status                            | 742                       | 723           | 2.6%                          |
| Average age                                     | 74.7                      | 74.3          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$1,301                   | \$1,234       | 5.4%                          |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

**Table of Plan Coverage**

**ii. General Tier IIA County with Courts**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |              | <b>Change From Prior Year</b> |
|---|---------------------------|--------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b>  |                               |
| <b>Active members in valuation:</b>             |                           |              |                               |
| Number  | 1,381                     | 1,499        | -7.9%                         |
| Average age                                     | 40.5                      | 39.3         | N/A                           |
| Average service                                 | 4.9                       | 3.9          | N/A                           |
| Projected total compensation                    | \$80,045,709              | \$84,196,322 | -4.9%                         |
| Projected average compensation                  | \$57,962                  | \$56,168     | 3.2%                          |
| Account balances                                | \$23,421,171              | \$19,187,716 | 22.1%                         |
| Total active vested members                     | 581                       | 497          | 16.9%                         |
| <b>Vested terminated members:<sup>(1)</sup></b> |                           |              |                               |
|   | 362                       | 345          | 4.9%                          |
| <b>Retired members:</b>                         |                           |              |                               |
| Number in pay status                            | 8                         | 5            | 60.0%                         |
| Average age                                     | 66.7                      | 68.3         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$511                     | \$471        | 8.5%                          |
| <b>Disabled members:</b>                        |                           |              |                               |
| Number in pay status                            | 1                         | 0            | N/A                           |
| Average age                                     | 53.9                      | 0.0          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$2,282                   | \$0          | N/A                           |
| <b>Beneficiaries:</b>                           |                           |              |                               |
| Number in pay status                            | 2                         | 1            | 100.0%                        |
| Average age                                     | 55.0                      | 53.9         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$592                     | \$739        | -19.9%                        |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

**Table of Plan Coverage**

**iii. General Tier IIB County with Courts**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |              | <b>Change From Prior Year</b> |
|---|---------------------------|--------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b>  |                               |
| <b>Active members in valuation:</b>             |                           |              |                               |
| Number  | 1,320                     | 860          | 53.5%                         |
| Average age                                     | 34.8                      | 33.8         | N/A                           |
| Average service                                 | 1.3                       | 0.9          | N/A                           |
| Projected total compensation                    | \$61,360,604              | \$39,279,276 | 56.2%                         |
| Projected average compensation                  | \$46,485                  | \$45,674     | 1.8%                          |
| Account balances                                | \$4,497,267               | \$1,930,312  | 133.0%                        |
| Total active vested members                     | 7                         | 5            | 40.0%                         |
| <b>Vested terminated members:<sup>(1)</sup></b> | 182                       | 98           | 85.7%                         |
| <b>Retired members:</b>                         |                           |              |                               |
| Number in pay status                            | 0                         | 0            | N/A                           |
| Average age                                     | N/A                       | N/A          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A          | N/A                           |
| <b>Disabled members:</b>                        |                           |              |                               |
| Number in pay status                            | 0                         | 0            | N/A                           |
| Average age                                     | N/A                       | N/A          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A          | N/A                           |
| <b>Beneficiaries:</b>                           |                           |              |                               |
| Number in pay status                            | 0                         | 0            | N/A                           |
| Average age                                     | N/A                       | N/A          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A          | N/A                           |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

**Table of Plan Coverage**

**iv. Districts Tier I**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |              | <b>Change From Prior Year</b> |
|---|---------------------------|--------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b>  |                               |
| <b>Active members in valuation:</b>             |                           |              |                               |
| Number  | 335                       | 360          | -6.9%                         |
| Average age                                     | 45.6                      | 45.0         | N/A                           |
| Average service                                 | 13.0                      | 12.1         | N/A                           |
| Projected total compensation                    | \$29,002,818              | \$29,931,834 | -3.1%                         |
| Projected average compensation                  | \$86,576                  | \$83,144     | 4.1%                          |
| Account balances                                | \$14,576,982              | \$13,967,695 | 4.4%                          |
| Total active vested members                     | 302                       | 311          | -2.9%                         |
| <b>Vested terminated members:<sup>(1)</sup></b> |                           |              |                               |
|   | 166                       | 162          | 2.5%                          |
| <b>Retired members:</b>                         |                           |              |                               |
| Number in pay status                            | 205                       | 191          | 7.3%                          |
| Average age                                     | 66.0                      | 65.4         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$3,438                   | \$3,377      | 1.8%                          |
| <b>Disabled members:</b>                        |                           |              |                               |
| Number in pay status                            | 12                        | 11           | 9.1%                          |
| Average age                                     | 60.9                      | 60.5         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$2,228                   | \$2,164      | 3.0%                          |
| <b>Beneficiaries:</b>                           |                           |              |                               |
| Number in pay status                            | 29                        | 29           | 0.0%                          |
| Average age                                     | 72.3                      | 72.1         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$2,342                   | \$2,278      | 2.8%                          |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

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

| Category  | Year Ended June 30 |             | Change From<br>Prior Year |
|---|--------------------|-------------|---------------------------|
|   | 2015               | 2014        |                           |
| <b>Active members in valuation:</b>             |                    |             |                           |
| Number  | 26                 | 28          | -7.1%                     |
| Average age                                     | 36.3               | 35.3        | N/A                       |
| Average service                                 | 4.1                | 3.0         | N/A                       |
| Projected total compensation                    | \$1,873,161        | \$1,839,787 | 1.8%                      |
| Projected average compensation                  | \$72,045           | \$65,707    | 9.6%                      |
| Account balances                                | \$337,959          | \$234,311   | 44.2%                     |
| Total active vested members                     | 4                  | 2           | 100.0%                    |
| <b>Vested terminated members:<sup>(1)</sup></b> |                    |             |                           |
|   | 3                  | 3           | 0.0%                      |
| <b>Retired members:</b>                         |                    |             |                           |
| Number in pay status                            | 0                  | 0           | N/A                       |
| Average age                                     | N/A                | N/A         | N/A                       |
| Average monthly benefit <sup>(2)</sup>          | N/A                | N/A         | N/A                       |
| <b>Disabled members:</b>                        |                    |             |                           |
| Number in pay status                            | 0                  | 0           | N/A                       |
| Average age                                     | N/A                | N/A         | N/A                       |
| Average monthly benefit <sup>(2)</sup>          | N/A                | N/A         | N/A                       |
| <b>Beneficiaries:</b>                           |                    |             |                           |
| Number in pay status                            | 0                  | 0           | N/A                       |
| Average age                                     | N/A                | N/A         | N/A                       |
| Average monthly benefit <sup>(2)</sup>          | N/A                | N/A         | N/A                       |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

**Table of Plan Coverage**

**vi. Districts Tier IIB**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |             | <b>Change From Prior Year</b> |
|---|---------------------------|-------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b> |                               |
| <b>Active members in valuation:</b>             |                           |             |                               |
| Number  | 42                        | 28          | 50.0%                         |
| Average age                                     | 35.7                      | 32.8        | N/A                           |
| Average service                                 | 1.2                       | 0.8         | N/A                           |
| Projected total compensation                    | \$2,074,654               | \$1,369,169 | 51.5%                         |
| Projected average compensation                  | \$49,397                  | \$48,899    | 1.0%                          |
| Account balances                                | \$145,563                 | \$64,544    | 125.5%                        |
| Total active vested members                     | 0                         | 0           | N/A                           |
| <b>Vested terminated members:<sup>(1)</sup></b> |                           |             |                               |
|   | 2                         | 2           | 0.0%                          |
| <b>Retired members:</b>                         |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |
| <b>Disabled members:</b>                        |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |
| <b>Beneficiaries:</b>                           |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

**Table of Plan Coverage**

**vii. Districts Tier III**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |             | <b>Change From Prior Year</b> |
|---|---------------------------|-------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b> |                               |
| <b>Active members in valuation:</b>             |                           |             |                               |
| Number  | 1                         | 1           | 0.0%                          |
| Average age                                     | 54.0                      | 53.0        | N/A                           |
| Average service                                 | 1.2                       | 0.2         | N/A                           |
| Projected total compensation                    | \$31,243                  | \$31,225    | 0.1%                          |
| Projected average compensation                  | \$31,243                  | \$31,225    | 0.1%                          |
| Account balances                                | \$2,854                   | \$443       | 544.2%                        |
| Total active vested members                     | 0                         | 0           | N/A                           |
| <b>Vested terminated members:<sup>(1)</sup></b> |                           |             |                               |
|   | 0                         | 0           | N/A                           |
| <b>Retired members:</b>                         |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |
| <b>Disabled members:</b>                        |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |
| <b>Beneficiaries:</b>                           |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

**Table of Plan Coverage**

**viii. Safety Tier I**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |               | <b>Change From Prior Year</b> |
|---|---------------------------|---------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b>   |                               |
| <b>Active members in valuation:</b>             |                           |               |                               |
| Number  | 1,509                     | 1,564         | -3.5%                         |
| Average age                                     | 40.1                      | 39.4          | N/A                           |
| Average service                                 | 13.2                      | 12.5          | N/A                           |
| Projected total compensation                    | \$126,767,002             | \$128,805,453 | -1.6%                         |
| Projected average compensation                  | \$84,007                  | \$82,356      | 2.0%                          |
| Account balances                                | \$71,835,551              | \$63,019,035  | 14.0%                         |
| Total active vested members                     | 1,384                     | 1,399         | -1.1%                         |
| <b>Vested terminated members:<sup>(1)</sup></b> |                           |               |                               |
|   | 199                       | 201           | -1.0%                         |
| <b>Retired members:</b>                         |                           |               |                               |
| Number in pay status                            | 1,051                     | 1,037         | 1.4%                          |
| Average age                                     | 65.1                      | 64.6          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$5,613                   | \$5,488       | 2.3%                          |
| <b>Disabled members:</b>                        |                           |               |                               |
| Number in pay status                            | 442                       | 443           | -0.2%                         |
| Average age                                     | 63.8                      | 63.2          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$4,065                   | \$3,958       | 2.7%                          |
| <b>Beneficiaries:</b>                           |                           |               |                               |
| Number in pay status                            | 334                       | 315           | 6.0%                          |
| Average age                                     | 70.1                      | 69.6          | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | \$2,252                   | \$2,168       | 3.9%                          |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

<sup>(2)</sup> Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.



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

**EXHIBIT A**

**Table of Plan Coverage**

**ix. Safety Tier IIA**

| <b>Category</b>                                 | <b>Year Ended June 30</b> |             | <b>Change From Prior Year</b> |
|---|---------------------------|-------------|-------------------------------|
|   | <b>2015</b>               | <b>2014</b> |                               |
| <b>Active members in valuation:</b>             |                           |             |                               |
| Number  | 121                       | 120         | 0.8%                          |
| Average age                                     | 31.1                      | 29.9        | N/A                           |
| Average service                                 | 3.4                       | 2.4         | N/A                           |
| Projected total compensation                    | \$7,182,609               | \$6,797,710 | 5.7%                          |
| Projected average compensation                  | \$59,360                  | \$56,648    | 4.8%                          |
| Account balances                                | \$1,713,554               | \$1,092,038 | 56.9%                         |
| Total active vested members                     | 17                        | 9           | 88.9%                         |
| <b>Vested terminated members:<sup>(1)</sup></b> | 11                        | 9           | 22.2%                         |
| <b>Retired members:</b>                         |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |
| <b>Disabled members:</b>                        |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |
| <b>Beneficiaries:</b>                           |                           |             |                               |
| Number in pay status                            | 0                         | 0           | N/A                           |
| Average age                                     | N/A                       | N/A         | N/A                           |
| Average monthly benefit <sup>(2)</sup>          | N/A                       | N/A         | N/A                           |

<sup>(1)</sup>Includes terminated members due a refund of member contributions.

<sup>(2)</sup>Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT A**

**Table of Plan Coverage**

**x. Safety Tier IIB**

| Category  | Year Ended June 30 |             | Change From Prior Year |
|---|--------------------|-------------|------------------------|
|   | 2015               | 2014        |                        |
| <b>Active members in valuation:</b>             |                    |             |                        |
| Number  | 214                | 199         | 7.5%                   |
| Average age                                     | 29.7               | 28.7        | N/A                    |
| Average service                                 | 1.8                | 0.9         | N/A                    |
| Projected total compensation                    | \$11,447,325       | \$9,680,984 | 18.2%                  |
| Projected average compensation                  | \$53,492           | \$48,648    | 10.0%                  |
| Account balances                                | \$2,437,955        | \$1,069,462 | 128.0%                 |
| Total active vested members                     | 5                  | 0           | N/A                    |
| <b>Vested terminated members:<sup>(1)</sup></b> | 24                 | 15          | 60.0%                  |
| <b>Retired members:</b>                         |                    |             |                        |
| Number in pay status                            | 0                  | 0           | N/A                    |
| Average age                                     | N/A                | N/A         | N/A                    |
| Average monthly benefit <sup>(2)</sup>          | N/A                | N/A         | N/A                    |
| <b>Disabled members:</b>                        |                    |             |                        |
| Number in pay status                            | 0                  | 0           | N/A                    |
| Average age                                     | N/A                | N/A         | N/A                    |
| Average monthly benefit <sup>(2)</sup>          | N/A                | N/A         | N/A                    |
| <b>Beneficiaries:</b>                           |                    |             |                        |
| Number in pay status                            | 0                  | 0           | N/A                    |
| Average age                                     | N/A                | N/A         | N/A                    |
| Average monthly benefit <sup>(2)</sup>          | N/A                | N/A         | N/A                    |

<sup>(1)</sup>Includes terminated members due a refund of member contributions.

<sup>(2)</sup>Excludes monthly benefits paid from the Supplemental Retiree Benefit Reserve.

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**i. General Tier I County with Courts**

| Age       | Total    | Years of Service |          |          |          |          |          |          |          |           |
|-----------|----------|------------------|----------|----------|----------|----------|----------|----------|----------|-----------|
|           |          | 0-4              | 5-9      | 10-14    | 15-19    | 20-24    | 25-29    | 30-34    | 35-39    | 40 & over |
| Under 25  | 1        | 1                | --       | --       | --       | --       | --       | --       | --       | --        |
|           | \$41,370 | \$41,370         | --       | --       | --       | --       | --       | --       | --       | --        |
| 25 - 29   | 31       | 1                | 30       | --       | --       | --       | --       | --       | --       | --        |
|           | 46,063   | 39,693           | \$46,275 | --       | --       | --       | --       | --       | --       | --        |
| 30 - 34   | 260      | 5                | 214      | 40       | 1        | --       | --       | --       | --       | --        |
|           | 61,081   | 74,500           | 61,497   | \$57,104 | \$64,006 | --       | --       | --       | --       | --        |
| 35 - 39   | 436      | 4                | 213      | 181      | 38       | --       | --       | --       | --       | --        |
|           | 62,524   | 34,857           | 59,642   | 66,448   | 62,905   | --       | --       | --       | --       | --        |
| 40 - 44   | 519      | 2                | 162      | 209      | 124      | 22       | --       | --       | --       | --        |
|           | 68,797   | 61,191           | 64,406   | 71,339   | 70,711   | \$66,885 | --       | --       | --       | --        |
| 45 - 49   | 571      | 5                | 115      | 170      | 145      | 100      | 34       | 2        | --       | --        |
|           | 65,670   | 63,697           | 58,277   | 64,264   | 69,534   | 72,732   | \$60,736 | \$65,795 | --       | --        |
| 50 - 54   | 688      | 2                | 128      | 128      | 141      | 124      | 110      | 53       | 2        | --        |
|           | 68,646   | 89,091           | 59,635   | 64,611   | 70,687   | 73,732   | 73,404   | 72,404   | \$62,795 | --        |
| 55 - 59   | 568      | 2                | 78       | 119      | 116      | 104      | 83       | 54       | 12       | --        |
|           | 70,427   | 63,593           | 60,705   | 62,057   | 67,108   | 76,983   | 78,654   | 85,021   | 70,460   | --        |
| 60 - 64   | 350      | --               | 71       | 82       | 84       | 60       | 39       | 12       | 1        | 1         |
|           | 69,005   | --               | 61,846   | 64,696   | 65,818   | 71,876   | 85,266   | 85,827   | 134,478  | \$124,696 |
| 65 - 69   | 90       | --               | 21       | 20       | 23       | 13       | 10       | 1        | --       | 2         |
|           | 70,643   | --               | 59,956   | 78,830   | 65,867   | 77,484   | 76,488   | 61,252   | --       | 86,942    |
| 70 & over | 18       | --               | 4        | 4        | 8        | 1        | --       | --       | --       | 1         |
|           | 82,437   | --               | 105,702  | 58,412   | 91,088   | 36,200   | --       | --       | --       | 62,501    |
| Total     | 3,532    | 22               | 1,036    | 953      | 680      | 424      | 276      | 122      | 15       | 4         |
|           | \$67,112 | \$60,874         | \$60,646 | \$66,019 | \$68,866 | \$73,702 | \$75,210 | \$79,109 | \$73,706 | \$90,270  |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**ii. General Tier IIA County with Courts**

| Age          | Total           | Years of Service |                 |                 |                 |           |           |           |           |           |
|--------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------|-----------|-----------|-----------|-----------|
|              |                 | 0-4              | 5-9             | 10-14           | 15-19           | 20-24     | 25-29     | 30-34     | 35-39     | 40 & over |
| Under 25     | 16              | 16               | --              | --              | --              | --        | --        | --        | --        | --        |
|              | \$38,113        | \$38,113         | --              | --              | --              | --        | --        | --        | --        | --        |
| 25 - 29      | 190             | 150              | 40              | --              | --              | --        | --        | --        | --        | --        |
|              | 49,450          | 48,770           | \$52,001        | --              | --              | --        | --        | --        | --        | --        |
| 30 - 34      | 332             | 195              | 135             | 2               | --              | --        | --        | --        | --        | --        |
|              | 57,817          | 53,557           | 63,815          | \$68,301        | --              | --        | --        | --        | --        | --        |
| 35 - 39      | 223             | 130              | 92              | 1               | --              | --        | --        | --        | --        | --        |
|              | 58,293          | 51,118           | 68,541          | 48,258          | --              | --        | --        | --        | --        | --        |
| 40 - 44      | 194             | 101              | 91              | 2               | --              | --        | --        | --        | --        | --        |
|              | 60,775          | 57,334           | 64,835          | 49,750          | --              | --        | --        | --        | --        | --        |
| 45 - 49      | 142             | 77               | 64              | --              | 1               | --        | --        | --        | --        | --        |
|              | 61,338          | 52,553           | 72,169          | --              | \$44,644        | --        | --        | --        | --        | --        |
| 50 - 54      | 115             | 65               | 47              | 1               | 2               | --        | --        | --        | --        | --        |
|              | 60,361          | 56,486           | 67,195          | 37,959          | 36,862          | --        | --        | --        | --        | --        |
| 55 - 59      | 101             | 53               | 48              | --              | --              | --        | --        | --        | --        | --        |
|              | 64,144          | 61,659           | 66,888          | --              | --              | --        | --        | --        | --        | --        |
| 60 - 64      | 55              | 31               | 23              | 1               | --              | --        | --        | --        | --        | --        |
|              | 58,209          | 50,221           | 68,685          | 64,902          | --              | --        | --        | --        | --        | --        |
| 65 - 69      | 11              | 2                | 9               | --              | --              | --        | --        | --        | --        | --        |
|              | 55,141          | 77,888           | 50,086          | --              | --              | --        | --        | --        | --        | --        |
| 70 & over    | 2               | 2                | --              | --              | --              | --        | --        | --        | --        | --        |
|              | 58,718          | 58,718           | --              | --              | --              | --        | --        | --        | --        | --        |
| <b>Total</b> | <b>1,381</b>    | <b>822</b>       | <b>549</b>      | <b>7</b>        | <b>3</b>        | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> |
|              | <b>\$57,962</b> | <b>\$53,067</b>  | <b>\$65,426</b> | <b>\$55,317</b> | <b>\$39,455</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**iii. General Tier IIB County with Courts**

| Age          | Total           | Years of Service |                 |                 |           |           |           |           |           |           |
|--------------|-----------------|------------------|-----------------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|              |                 | 0-4              | 5-9             | 10-14           | 15-19     | 20-24     | 25-29     | 30-34     | 35-39     | 40 & over |
| Under 25     | 122             | 122              | --              | --              | --        | --        | --        | --        | --        | --        |
|              | \$39,305        | \$39,305         | --              | --              | --        | --        | --        | --        | --        | --        |
| 25 - 29      | 398             | 397              | 1               | --              | --        | --        | --        | --        | --        | --        |
|              | 45,494          | 45,464           | \$57,317        | --              | --        | --        | --        | --        | --        | --        |
| 30 - 34      | 310             | 309              | 1               | --              | --        | --        | --        | --        | --        | --        |
|              | 48,278          | 48,303           | 40,689          | --              | --        | --        | --        | --        | --        | --        |
| 35 - 39      | 171             | 171              | --              | --              | --        | --        | --        | --        | --        | --        |
|              | 46,554          | 46,554           | --              | --              | --        | --        | --        | --        | --        | --        |
| 40 - 44      | 105             | 105              | --              | --              | --        | --        | --        | --        | --        | --        |
|              | 47,617          | 47,617           | --              | --              | --        | --        | --        | --        | --        | --        |
| 45 - 49      | 85              | 84               | 1               | --              | --        | --        | --        | --        | --        | --        |
|              | 48,300          | 48,464           | 34,513          | --              | --        | --        | --        | --        | --        | --        |
| 50 - 54      | 60              | 60               | --              | --              | --        | --        | --        | --        | --        | --        |
|              | 46,294          | 46,294           | --              | --              | --        | --        | --        | --        | --        | --        |
| 55 - 59      | 47              | 46               | 1               | --              | --        | --        | --        | --        | --        | --        |
|              | 51,577          | 51,044           | 76,054          | --              | --        | --        | --        | --        | --        | --        |
| 60 - 64      | 18              | 17               | --              | 1               | --        | --        | --        | --        | --        | --        |
|              | 53,950          | 55,310           | --              | \$30,843        | --        | --        | --        | --        | --        | --        |
| 65 - 69      | 3               | 3                | --              | --              | --        | --        | --        | --        | --        | --        |
|              | 73,767          | 73,767           | --              | --              | --        | --        | --        | --        | --        | --        |
| 70 & over    | 1               | 1                | --              | --              | --        | --        | --        | --        | --        | --        |
|              | 32,373          | 32,373           | --              | --              | --        | --        | --        | --        | --        | --        |
| <b>Total</b> | <b>1,320</b>    | <b>1,315</b>     | <b>4</b>        | <b>1</b>        | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> |
|              | <b>\$46,485</b> | <b>\$46,480</b>  | <b>\$52,143</b> | <b>\$30,843</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**iv. Districts Tier I**

| Age          | Total           | Years of Service |                 |                 |                 |                  |                  |                 |                 |           |
|--------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------|
|              |                 | 0-4              | 5-9             | 10-14           | 15-19           | 20-24            | 25-29            | 30-34           | 35-39           | 40 & over |
| Under 25     | 2               | 1                | 1               | --              | --              | --               | --               | --              | --              | --        |
|              | \$41,504        | \$33,157         | \$49,850        | --              | --              | --               | --               | --              | --              | --        |
| 25 - 29      | 11              | 9                | 2               | --              | --              | --               | --               | --              | --              | --        |
|              | 70,317          | 65,521           | 91,901          | --              | --              | --               | --               | --              | --              | --        |
| 30 - 34      | 53              | 11               | 38              | 4               | --              | --               | --               | --              | --              | --        |
|              | 73,781          | 59,696           | 77,025          | \$81,695        | --              | --               | --               | --              | --              | --        |
| 35 - 39      | 56              | 2                | 33              | 19              | 2               | --               | --               | --              | --              | --        |
|              | 86,186          | 60,471           | 78,370          | 96,419          | \$143,632       | --               | --               | --              | --              | --        |
| 40 - 44      | 55              | 6                | 21              | 22              | 6               | --               | --               | --              | --              | --        |
|              | 88,210          | 82,165           | 75,839          | 100,631         | 92,007          | --               | --               | --              | --              | --        |
| 45 - 49      | 33              | 1                | 5               | 10              | 7               | 9                | 1                | --              | --              | --        |
|              | 94,786          | 180,157          | 64,695          | 85,215          | 102,018         | \$98,853         | \$168,367        | --              | --              | --        |
| 50 - 54      | 52              | 1                | 11              | 17              | 6               | 10               | 4                | 3               | --              | --        |
|              | 95,308          | 84,330           | 69,672          | 107,443         | 109,203         | 98,288           | 99,308           | \$81,142        | --              | --        |
| 55 - 59      | 33              | --               | 7               | 5               | 6               | 9                | 4                | 2               | --              | --        |
|              | 100,534         | --               | 74,031          | 84,573          | 68,887          | 129,330          | 119,987          | 159,651         | --              | --        |
| 60 - 64      | 29              | 2                | 4               | 3               | 7               | 7                | 2                | 2               | 2               | --        |
|              | 80,507          | 43,962           | 72,583          | 68,981          | 84,416          | 99,052           | 82,390           | 63,936          | \$86,293        | --        |
| 65 - 69      | 9               | 1                | --              | 3               | --              | 3                | 1                | 1               | --              | --        |
|              | 76,239          | 51,733           | --              | 83,955          | --              | 76,757           | 103,163          | 49,121          | --              | --        |
| 70 & over    | 2               | --               | 1               | --              | 1               | --               | --               | --              | --              | --        |
|              | 67,797          | --               | 81,644          | --              | 53,950          | --               | --               | --              | --              | --        |
| <b>Total</b> | <b>335</b>      | <b>34</b>        | <b>123</b>      | <b>83</b>       | <b>35</b>       | <b>38</b>        | <b>12</b>        | <b>8</b>        | <b>2</b>        | <b>--</b> |
|              | <b>\$86,576</b> | <b>\$67,576</b>  | <b>\$75,768</b> | <b>\$95,578</b> | <b>\$93,338</b> | <b>\$104,215</b> | <b>\$109,457</b> | <b>\$92,465</b> | <b>\$86,293</b> | <b>--</b> |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**v. Districts Tier IIA**

| Age       | Years of Service |          |          |       |       |       |       |       |       |           |
|-----------|------------------|----------|----------|-------|-------|-------|-------|-------|-------|-----------|
|           | Total            | 0-4      | 5-9      | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25  | --               | --       | --       | --    | --    | --    | --    | --    | --    | --        |
| 25 - 29   | 5                | 5        | --       | --    | --    | --    | --    | --    | --    | --        |
|           | \$62,268         | \$62,268 | --       | --    | --    | --    | --    | --    | --    | --        |
| 30 - 34   | 9                | 8        | 1        | --    | --    | --    | --    | --    | --    | --        |
|           | 67,705           | 67,160   | \$72,060 | --    | --    | --    | --    | --    | --    | --        |
| 35 - 39   | 4                | 4        | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 80,703           | 80,703   | --       | --    | --    | --    | --    | --    | --    | --        |
| 40 - 44   | 4                | 3        | 1        | --    | --    | --    | --    | --    | --    | --        |
|           | 69,757           | 55,018   | 113,976  | --    | --    | --    | --    | --    | --    | --        |
| 45 - 49   | 2                | 2        | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 65,361           | 65,361   | --       | --    | --    | --    | --    | --    | --    | --        |
| 50 - 54   | 2                | 2        | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 109,958          | 109,958  | --       | --    | --    | --    | --    | --    | --    | --        |
| 55 - 59   | --               | --       | --       | --    | --    | --    | --    | --    | --    | --        |
| 60 - 64   | --               | --       | --       | --    | --    | --    | --    | --    | --    | --        |
| 65 - 69   | --               | --       | --       | --    | --    | --    | --    | --    | --    | --        |
| 70 & over | --               | --       | --       | --    | --    | --    | --    | --    | --    | --        |
| Total     | 26               | 24       | 2        | --    | --    | --    | --    | --    | --    | --        |
|           | \$72,045         | \$70,297 | \$93,018 | --    | --    | --    | --    | --    | --    | --        |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**vi. Districts Tier IIB**

| Age          | Total           | Years of Service |           |           |           |           |           |           |           |           |
|--------------|-----------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|              |                 | 0-4              | 5-9       | 10-14     | 15-19     | 20-24     | 25-29     | 30-34     | 35-39     | 40 & over |
| Under 25     | 4               | 4                | --        | --        | --        | --        | --        | --        | --        | --        |
|              | \$40,031        | \$40,031         | --        | --        | --        | --        | --        | --        | --        | --        |
| 25 - 29      | 10              | 10               | --        | --        | --        | --        | --        | --        | --        | --        |
|              | 47,602          | 47,602           | --        | --        | --        | --        | --        | --        | --        | --        |
| 30 - 34      | 10              | 10               | --        | --        | --        | --        | --        | --        | --        | --        |
|              | 51,664          | 51,664           | --        | --        | --        | --        | --        | --        | --        | --        |
| 35 - 39      | 6               | 6                | --        | --        | --        | --        | --        | --        | --        | --        |
|              | 46,295          | 46,295           | --        | --        | --        | --        | --        | --        | --        | --        |
| 40 - 44      | 2               | 2                | --        | --        | --        | --        | --        | --        | --        | --        |
|              | 40,531          | 40,531           | --        | --        | --        | --        | --        | --        | --        | --        |
| 45 - 49      | 3               | 3                | --        | --        | --        | --        | --        | --        | --        | --        |
|              | 77,061          | 77,061           | --        | --        | --        | --        | --        | --        | --        | --        |
| 50 - 54      | 5               | 5                | --        | --        | --        | --        | --        | --        | --        | --        |
|              | 47,993          | 47,993           | --        | --        | --        | --        | --        | --        | --        | --        |
| 55 - 59      | 2               | 2                | --        | --        | --        | --        | --        | --        | --        | --        |
|              | 45,948          | 45,948           | --        | --        | --        | --        | --        | --        | --        | --        |
| 60 - 64      | --              | --               | --        | --        | --        | --        | --        | --        | --        | --        |
|              | --              | --               | --        | --        | --        | --        | --        | --        | --        | --        |
| 65 - 69      | --              | --               | --        | --        | --        | --        | --        | --        | --        | --        |
|              | --              | --               | --        | --        | --        | --        | --        | --        | --        | --        |
| 70 & over    | --              | --               | --        | --        | --        | --        | --        | --        | --        | --        |
|              | --              | --               | --        | --        | --        | --        | --        | --        | --        | --        |
| <b>Total</b> | <b>42</b>       | <b>42</b>        | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> |
|              | <b>\$49,397</b> | <b>\$49,397</b>  | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b> |



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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**vii. Districts Tier III**

| Age          | Years of Service |               |     |       |       |       |       |       |       |           |
|--------------|------------------|---------------|-----|-------|-------|-------|-------|-------|-------|-----------|
|              | Total            | 0-4           | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25     | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 25 - 29      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 30 - 34      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 35 - 39      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 40 - 44      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 45 - 49      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 50 - 54      | 1<br>\$31,243    | 1<br>\$31,243 | --  | --    | --    | --    | --    | --    | --    | --        |
| 55 - 59      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 60 - 64      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 65 - 69      | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| 70 & over    | --               | --            | --  | --    | --    | --    | --    | --    | --    | --        |
| <b>Total</b> | 1<br>\$31,243    | 1<br>\$31,243 | --  | --    | --    | --    | --    | --    | --    | --        |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**viii. Safety Tier I**

| Age          | Total           | Years of Service |                 |                 |                 |                 |                  |                  |                 |                  |
|--------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|------------------|
|              |                 | 0-4              | 5-9             | 10-14           | 15-19           | 20-24           | 25-29            | 30-34            | 35-39           | 40 & over        |
| Under 25     | 15              | 15               | --              | --              | --              | --              | --               | --               | --              | --               |
|              | \$64,982        | \$64,982         | --              | --              | --              | --              | --               | --               | --              | --               |
| 25 - 29      | 151             | 64               | 87              | --              | --              | --              | --               | --               | --              | --               |
|              | 72,640          | 66,745           | \$76,976        | --              | --              | --              | --               | --               | --              | --               |
| 30 - 34      | 315             | 33               | 199             | 83              | --              | --              | --               | --               | --              | --               |
|              | 79,624          | 66,022           | 77,328          | \$90,537        | --              | --              | --               | --               | --              | --               |
| 35 - 39      | 333             | 13               | 105             | 155             | 60              | --              | --               | --               | --              | --               |
|              | 83,120          | 66,577           | 80,047          | 84,481          | \$88,570        | --              | --               | --               | --              | --               |
| 40 - 44      | 297             | 5                | 51              | 90              | 126             | 25              | --               | --               | --              | --               |
|              | 86,204          | 65,332           | 75,972          | 84,175          | 92,394          | \$87,354        | --               | --               | --              | --               |
| 45 - 49      | 197             | 2                | 21              | 35              | 65              | 49              | 25               | --               | --              | --               |
|              | 90,493          | 53,353           | 79,065          | 84,729          | 88,934          | 90,056          | \$116,038        | --               | --              | --               |
| 50 - 54      | 117             | 1                | 9               | 17              | 21              | 21              | 38               | 10               | --              | --               |
|              | 94,085          | 59,566           | 74,171          | 83,880          | 86,083          | 89,096          | 105,461          | \$116,866        | --              | --               |
| 55 - 59      | 58              | 1                | 4               | 7               | 10              | 7               | 17               | 10               | 2               | --               |
|              | 93,154          | 97,832           | 93,433          | 81,180          | 86,190          | 81,533          | 98,537           | 103,814          | \$108,600       | --               |
| 60 - 64      | 20              | --               | 2               | 3               | 7               | --              | 2                | 4                | 1               | 1                |
|              | 87,958          | --               | 78,498          | 78,988          | 84,493          | --              | 87,111           | 102,581          | 78,850          | \$110,363        |
| 65 - 69      | 4               | --               | --              | --              | --              | 3               | 1                | --               | --              | --               |
|              | 68,842          | --               | --              | --              | --              | 67,610          | 72,536           | --               | --              | --               |
| 70 & over    | 2               | --               | --              | 1               | --              | --              | 1                | --               | --              | --               |
|              | 93,995          | --               | --              | 107,037         | --              | --              | 80,952           | --               | --              | --               |
| <b>Total</b> | <b>1,509</b>    | <b>134</b>       | <b>478</b>      | <b>391</b>      | <b>289</b>      | <b>105</b>      | <b>84</b>        | <b>24</b>        | <b>3</b>        | <b>1</b>         |
|              | <b>\$84,007</b> | <b>\$66,279</b>  | <b>\$77,873</b> | <b>\$85,649</b> | <b>\$89,957</b> | <b>\$88,011</b> | <b>\$106,087</b> | <b>\$109,047</b> | <b>\$98,683</b> | <b>\$110,363</b> |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**ix. Safety Tier IIA**

| Age       | Total    | Years of Service |          |       |       |       |       |       |       |           |
|-----------|----------|------------------|----------|-------|-------|-------|-------|-------|-------|-----------|
|           |          | 0-4              | 5-9      | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25  | 11       | 11               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | \$57,514 | \$57,514         | --       | --    | --    | --    | --    | --    | --    | --        |
| 25 - 29   | 56       | 53               | 3        | --    | --    | --    | --    | --    | --    | --        |
|           | 59,121   | 59,156           | \$58,495 | --    | --    | --    | --    | --    | --    | --        |
| 30 - 34   | 36       | 32               | 4        | --    | --    | --    | --    | --    | --    | --        |
|           | 58,797   | 58,750           | 59,173   | --    | --    | --    | --    | --    | --    | --        |
| 35 - 39   | 7        | 7                | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 59,282   | 59,282           | --       | --    | --    | --    | --    | --    | --    | --        |
| 40 - 44   | 5        | 5                | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 79,054   | 79,054           | --       | --    | --    | --    | --    | --    | --    | --        |
| 45 - 49   | 3        | 3                | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 55,316   | 55,316           | --       | --    | --    | --    | --    | --    | --    | --        |
| 50 - 54   | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| 55 - 59   | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| 60 - 64   | 3        | 3                | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 48,776   | 48,776           | --       | --    | --    | --    | --    | --    | --    | --        |
| 65 - 69   | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| 70 & over | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| Total     | 121      | 114              | 7        | --    | --    | --    | --    | --    | --    | --        |
|           | \$59,360 | \$59,390         | \$58,882 | --    | --    | --    | --    | --    | --    | --        |

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

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2015  
By Age and Years of Service**

**x. Safety Tier IIB**

| Age       | Total    | Years of Service |          |       |       |       |       |       |       |           |
|-----------|----------|------------------|----------|-------|-------|-------|-------|-------|-------|-----------|
|           |          | 0-4              | 5-9      | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25  | 44       | 44               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | \$51,954 | \$51,954         | --       | --    | --    | --    | --    | --    | --    | --        |
| 25 - 29   | 95       | 95               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 52,091   | 52,091           | --       | --    | --    | --    | --    | --    | --    | --        |
| 30 - 34   | 44       | 41               | 3        | --    | --    | --    | --    | --    | --    | --        |
|           | 52,433   | 52,425           | \$52,529 | --    | --    | --    | --    | --    | --    | --        |
| 35 - 39   | 15       | 14               | 1        | --    | --    | --    | --    | --    | --    | --        |
|           | 55,067   | 55,123           | 54,291   | --    | --    | --    | --    | --    | --    | --        |
| 40 - 44   | 6        | 5                | 1        | --    | --    | --    | --    | --    | --    | --        |
|           | 52,112   | 53,144           | 46,952   | --    | --    | --    | --    | --    | --    | --        |
| 45 - 49   | 2        | 2                | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 50,843   | 50,843           | --       | --    | --    | --    | --    | --    | --    | --        |
| 50 - 54   | 8        | 8                | --       | --    | --    | --    | --    | --    | --    | --        |
|           | 83,169   | 83,169           | --       | --    | --    | --    | --    | --    | --    | --        |
| 55 - 59   | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| 60 - 64   | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| 65 - 69   | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| 70 & over | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
|           | --       | --               | --       | --    | --    | --    | --    | --    | --    | --        |
| Total     | 214      | 209              | 5        | --    | --    | --    | --    | --    | --    | --        |
|           | \$53,492 | \$53,533         | \$51,766 | --    | --    | --    | --    | --    | --    | --        |

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

**EXHIBIT C**

**Reconciliation of Member Data – June 30, 2014 to June 30, 2015**

|                                   | <b>Active<br/>Members</b> | <b>Vested<br/>Terminated<br/>Members<sup>(1)</sup></b> | <b>Retired<br/>Members</b> | <b>Disabled<br/>Members</b> | <b>Beneficiaries</b> | <b>Total</b> |
|-----------------------------------|---------------------------|--|----------------------------|-----------------------------|----------------------|--------------|
| Number as of June 30, 2014        | 8,512                     | 1,949  | 5,359                      | 970                         | 1,068                | 17,858       |
| New members                       | 715                       | 0  | N/A                        | N/A                         | 92                   | 807          |
| Terminations – with vested rights | -319                      | 319  | 0                          | 0                           | 0                    | 0            |
| Contribution refunds              | -156                      | -117   | N/A                        | N/A                         | N/A                  | -273         |
| Retirements                       | -276                      | -66  | 342                        | N/A                         | N/A                  | 0            |
| New disabilities                  | -6                        | 0  | -5                         | 11                          | N/A                  | 0            |
| Return to work                    | 26                        | -26  | 0                          | 0                           | N/A                  | 0            |
| Died with or without beneficiary  | -15                       | -6   | -161                       | -24                         | -49                  | -255         |
| Data adjustments                  | <u>0</u>                  | <u>0</u>   | <u>0</u>                   | <u>0</u>                    | <u>-4</u>            | <u>-4</u>    |
| Number as of June 30, 2015        | 8,481                     | 2,053  | 5,535                      | 957                         | 1,107                | 18,133       |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.

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

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

|  | Year Ended June 30, 2015 | Year Ended June 30, 2014 |
|--|--------------------------|--------------------------|
| <b>Net contribution income:</b>                  |                          |                          |
| Employer contributions                           | \$215,476,956            | \$220,393,167            |
| Employee contributions                           | 30,324,848               | 25,810,310               |
| Less administrative expenses <sup>(1)</sup>      | <u>-4,886,637</u>        | N/A                      |
| Total contribution income                        | \$240,915,167            | \$246,203,477            |
| <b>Investment income:</b>                        |                          |                          |
| Interest, dividends and other income             | \$70,753,460             | \$55,315,068             |
| Adjustment toward market value <sup>(2)</sup>    | 161,841,953              | 193,312,485              |
| Less investment expenses <sup>(1)</sup>          | <u>-10,380,037</u>       | <u>-13,332,560</u>       |
| Net investment income                            | <u>222,215,376</u>       | <u>235,294,993</u>       |
| <b>Total income available for benefits</b>       | <b>\$463,130,543</b>     | <b>\$481,498,470</b>     |
| <b>Less benefit payments:</b>                    |                          |                          |
| Retirement and survivor benefits                 | \$257,153,049            | \$241,501,929            |
| Supplemental retirement benefits                 | 13,213,574               | 12,881,285               |
| Refunds of member contributions                  | <u>3,498,057</u>         | <u>3,111,847</u>         |
| Net benefit payments                             | -\$273,864,680           | -\$257,495,061           |
| <b>Change in assets held for future benefits</b> | <b>\$189,265,863</b>     | <b>\$224,003,409</b>     |

<sup>(1)</sup> Prior to 2015, administrative expenses were shown as an offset to investment income in this exhibit.

<sup>(2)</sup> Equals the "non-cash" earnings on investments implicitly included in the Actuarial Value of Assets.

Note: Results may not add due to rounding.

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

**EXHIBIT E**

**Summary Statement of Plan Assets**

|  | <b>Year Ended June 30, 2015</b> | <b>Year Ended June 30, 2014</b> |
|--|---------------------------------|---------------------------------|
| <b>Cash equivalents</b>                | \$66,429,810                    | \$85,777,006                    |
| <b>Capital assets</b>                  | 5,181,830                       | 5,548,813                       |
| <b>Accounts receivable:</b>            |                                 |                                 |
| Investments sold                       | \$143,181,643                   | \$69,005,777                    |
| Interest and dividends                 | 7,675,223                       | 7,818,374                       |
| Contributions and other receivables    | <u>2,371,417</u>                | <u>2,431,109</u>                |
| Total accounts receivable              | \$153,228,283                   | \$79,255,260                    |
| <b>Investments:</b>                    |                                 |                                 |
| Domestic equities and securities       | \$956,246,001                   | \$929,291,036                   |
| International equities and securities  | 846,186,396                     | 862,137,093                     |
| Bonds                                  | 998,669,137                     | 958,217,588                     |
| Collateral held for securities lending | 0                               | 230,103,850                     |
| Other investments                      | <u>819,908,523</u>              | <u>745,516,758</u>              |
| Total investments at market value      | <u>3,621,010,058</u>            | <u>3,725,266,325</u>            |
| <b>Total assets</b>                    | \$3,845,849,980                 | \$3,895,847,404                 |
| <b>Less accounts payable:</b>          |                                 |                                 |
| Securities purchased                   | -\$213,072,267                  | -\$86,906,592                   |
| Collateral held for securities lent    | 0                               | -230,103,850                    |
| Contributions and other                | <u>-7,684,530</u>               | <u>-2,725,436</u>               |
| Total accounts payable                 | -\$220,756,797                  | -\$319,735,878                  |
| <b>Net assets at market value</b>      | <u>\$3,625,093,183</u>          | <u>\$3,576,111,526</u>          |
| <b>Net assets at actuarial value</b>   | <u>\$3,651,052,866</u>          | <u>\$3,461,787,003</u>          |
| <b>Net assets at valuation value</b>   | <u>\$3,529,785,691</u>          | <u>\$3,342,121,678</u>          |

*Note: Results may not add due to rounding.*

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

**EXHIBIT F**

**Actuarial Balance Sheet**

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

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

|  | <b>Total KCERA (\$ in 000s)</b> |                      |
|--|---------------------------------|----------------------|
|  | <b>June 30, 2015</b>            | <b>June 30, 2014</b> |
| <u>Assets</u>  |                                 |                      |
| 1 Total valuation value of assets  | \$3,529,786                     | \$3,342,122          |
| 2 Present value of future contributions by members                       | 286,244                         | 276,881              |
| 3 Present value of future employer contributions for:                    |                                 |                      |
| a. entry age normal cost   | 709,809                         | 745,840              |
| b. unfunded actuarial accrued liability                                  | 2,127,387                       | 2,150,318            |
| 4 Total current and future assets  | <u>\$6,653,226</u>              | <u>\$6,515,161</u>   |
| <u>Liabilities</u>   |                                 |                      |
| 5 Present value of benefits for retirees and beneficiaries               | \$3,452,471                     | \$3,294,221          |
| 6 Present value of benefits for active members                           | 3,045,715                       | 3,068,199            |
| 7 Present value of benefits for vested terminated members <sup>(1)</sup> | 155,040                         | 152,741              |
| 8 Total liabilities  | <u>\$6,653,226</u>              | <u>\$6,515,161</u>   |

<sup>(1)</sup> Includes terminated members due a refund of member contributions.



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

**EXHIBIT G**

**Summary of Reported Reserve Information**

|  | <b>Reserves</b>      |                      |
|--|----------------------|----------------------|
|  | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
| Member Deposit Reserve – General & Courts <sup>(1)</sup>               | \$194,640,899        | \$180,028,853        |
| Member Deposit Reserve – Safety <sup>(1)</sup>                         | 81,179,935           | 70,494,562           |
| Member Deposit Reserve – Special Districts <sup>(1)</sup>              | 19,626,634           | 18,302,272           |
| Employers Advance Reserve – General & Courts <sup>(1)</sup>            | 325,738,645          | 319,022,842          |
| Employers Advance Reserve – Safety <sup>(1)</sup>                      | 318,064,170          | 283,825,888          |
| Employers Advance Reserve – Special Districts <sup>(1)</sup>           | 36,403,179           | 31,160,427           |
| Cost-of-Living Reserve – General & Courts <sup>(1)</sup>               | 572,231,566          | 528,573,119          |
| Cost-of-Living Reserve – Safety <sup>(1)</sup>                         | 403,014,776          | 373,547,219          |
| Cost-of-Living Reserve – Special Districts <sup>(1)</sup>              | 39,508,980           | 35,295,430           |
| Retired Members – General, Courts & Special Districts <sup>(1)</sup>   | 1,011,762,075        | 962,264,768          |
| Retired Members – Safety <sup>(1)</sup>                                | 481,277,421          | 489,759,539          |
| Supplemental Retiree Benefit Reserve (SRBR) – 0.5% COLA <sup>(1)</sup> | 62,692,144           | 66,201,495           |
| Contingency Reserve <sup>(1)(3)</sup>                                  | <u>(16,354,734)</u>  | <u>(16,354,734)</u>  |
| Valuation Reserves   | \$3,529,785,691      | \$3,342,121,678      |
| Supplemental Retiree Benefit Reserve (SRBR) <sup>(2)</sup>             | 121,267,176          | 119,665,326          |
| COLA Contribution Reserve <sup>(2)</sup>                               | <u>0</u>             | <u>0</u>             |
| Total Reserves   | \$3,651,052,866      | \$3,461,787,003      |
| Market Stabilization Reserve <sup>(2)</sup>                            | <u>(25,959,684)</u>  | <u>114,324,522</u>   |
| Net Market Value   | \$3,625,093,183      | \$3,576,111,526      |

<sup>(1)</sup> Included in valuation value of assets.

<sup>(2)</sup> Not included in valuation value of assets.

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

Note: Results may not add due to rounding.

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

**EXHIBIT H**

**Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2015**

|    |   | <b>(Amounts in Thousands)</b> |
|----|---|-------------------------------|
| 1. | Unfunded actuarial accrued liability at beginning of year       | \$2,150,318                   |
| 2. | Total normal cost at middle of year <sup>(1)</sup>              | 129,316                       |
| 3. | Expected administrative expenses                                | 5,000                         |
| 4. | Expected employer and member contributions <sup>(2)</sup>       | -284,599                      |
| 5. | Interest for whole year on (1) and half year on (2) + (3) + (4) | <u>157,538</u>                |
| 6. | Expected unfunded actuarial accrued liability                   | <u>\$2,157,573</u>            |
| 7. | Actuarial (gain)/loss due to all changes:                       |                               |
|    | (a) Investment return less than expected                        | \$34,742                      |
|    | (b) Actual contributions less than expected                     | 40,253                        |
|    | (c) Lower than expected individual salary increases             | -55,020                       |
|    | (d) Lower than expected COLA increases                          | -33,595                       |
|    | (e) Other experience  | <u>-16,566</u>                |
|    | (f) Total changes   | <u>-\$30,186</u>              |
| 8. | Unfunded actuarial accrued liability at end of year             | <u>\$2,127,387</u>            |

<sup>(1)</sup> Excludes administrative expense load.

<sup>(2)</sup> Includes contributions towards administration expenses.

Note: The sum of items 7(b), (c), (d) and (e) equals the "net gain/(loss) from other experience" shown in Section 2, Chart 10.

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

**EXHIBIT I**

**Table of Amortization Bases**

|                                   | <b>Date Established</b> | <b>Source</b>        | <b>Initial Amount</b>          | <b>Outstanding Balance</b> | <b>Years Remaining</b> | <b>Annual Payment<sup>(1)</sup></b> |
|-----------------------------------|-------------------------|----------------------|--------------------------------|----------------------------|------------------------|-------------------------------------|
| <b>General County with Courts</b> | December 31, 2005       | Restart Amortization | \$1,137,894,000 <sup>(2)</sup> | \$1,181,734,000            | 20.5                   | \$82,905,000                        |
|                                   | June 30, 2012           | Actuarial Loss       | 36,175,000                     | 35,501,000                 | 15                     | 3,119,000                           |
|                                   | June 30, 2013           | Actuarial Loss       | 13,512,000                     | 13,387,000                 | 16                     | 1,120,000                           |
|                                   | June 30, 2014           | Actuarial Gain       | (37,659,000)                   | (37,496,000)               | 17                     | (3,001,000)                         |
|                                   | June 30, 2014           | Assumption Change    | 103,045,000                    | 102,599,000                | 17                     | 8,213,000                           |
|                                   | June 30, 2015           | Actuarial Gain       | (21,641,000)                   | <u>(21,641,000)</u>        | 18                     | <u>(1,662,000)</u>                  |
| <b>Subtotal</b>                   |                         |                      |                                | \$1,274,084,000            |                        | \$90,694,000                        |
| <b>Districts</b>                  | December 31, 2005       | Restart Amortization | \$88,675,000 <sup>(2)</sup>    | \$92,089,000               | 20.5                   | \$6,461,000                         |
|                                   | June 30, 2012           | Actuarial Loss       | 4,561,000                      | 4,476,000                  | 15                     | 393,000                             |
|                                   | June 30, 2013           | Actuarial Loss       | 1,667,000                      | 1,649,000                  | 16                     | 138,000                             |
|                                   | June 30, 2014           | Actuarial Loss       | 2,660,000                      | 2,644,000                  | 17                     | 212,000                             |
|                                   | June 30, 2014           | Assumption Change    | 7,607,000                      | 7,569,000                  | 17                     | 606,000                             |
|                                   | June 30, 2015           | Actuarial Gain       | (32,000)                       | <u>(32,000)</u>            | 18                     | <u>(2,000)</u>                      |
| <b>Subtotal</b>                   |                         |                      |                                | \$108,395,000              |                        | \$7,808,000                         |
| <b>Safety</b>                     | December 31, 2005       | Restart Amortization | \$606,032,000 <sup>(2)</sup>   | \$629,377,000              | 20.5                   | \$44,154,000                        |
|                                   | June 30, 2012           | Actuarial Loss       | 37,591,000                     | 36,882,000                 | 15                     | 3,240,000                           |
|                                   | June 30, 2013           | Actuarial Loss       | 17,808,000                     | 17,639,000                 | 16                     | 1,476,000                           |
|                                   | June 30, 2014           | Actuarial Gain       | (23,991,000)                   | (23,887,000)               | 17                     | (1,912,000)                         |
|                                   | June 30, 2014           | Assumption Change    | 93,817,000                     | 93,410,000                 | 17                     | 7,477,000                           |
|                                   | June 30, 2015           | Actuarial Gain       | (8,513,000)                    | <u>(8,513,000)</u>         | 18                     | <u>(654,000)</u>                    |
| <b>Subtotal</b>                   |                         |                      |                                | \$744,908,000              |                        | \$53,781,000                        |
| <b>Total KCERA</b>                | December 31, 2005       | Restart Amortization | \$1,832,601,000 <sup>(2)</sup> | \$1,903,200,000            | 20.5                   | \$133,520,000                       |
|                                   | June 30, 2012           | Actuarial Loss       | 78,327,000                     | 76,859,000                 | 15                     | 6,752,000                           |
|                                   | June 30, 2013           | Actuarial Loss       | 32,987,000                     | 32,675,000                 | 16                     | 2,734,000                           |
|                                   | June 30, 2014           | Actuarial Gain       | (58,990,000)                   | (58,739,000)               | 17                     | (4,701,000)                         |
|                                   | June 30, 2014           | Assumption Change    | 204,469,000                    | 203,578,000                | 17                     | 16,296,000                          |
|                                   | June 30, 2015           | Actuarial Gain       | (30,186,000)                   | <u>(30,186,000)</u>        | 18                     | <u>(2,318,000)</u>                  |
| <b>Grand Total</b>                |                         |                      |                                | \$2,127,387,000            |                        | \$152,283,000                       |

<sup>(1)</sup> As of middle of year.

<sup>(2)</sup> As of June 30, 2011.

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

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#### EXHIBIT J

#### Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar amount indexed for inflation. The amount of that limit is \$210,000 for 2015 and 2016. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances for such things as age at retirement, form of benefits chosen and after-tax contributions. Limits could also be affected by the "grandfather" election under Section 415(b)(10).

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

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

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

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

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**EXHIBIT K**

**Definitions of Pension Terms**

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

**Assumptions or Actuarial Assumptions:**

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

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

**Normal Cost:**

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

**Actuarial Accrued Liability For Actives:**

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

**Actuarial Accrued Liability For Pensioners:**

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

**Unfunded Actuarial Accrued Liability:**

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

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

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**Amortization of the Unfunded Actuarial Accrued Liability:**

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

**Investment Return:**

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

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

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### EXHIBIT I

#### Summary of Actuarial Valuation Results

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

|   |       |
|---|-------|
| 1. Retired members as of the valuation date (including 1,107 beneficiaries in pay status) | 7,599 |
| 2. Members inactive during year ended June 30, 2015 with vested rights*                   | 2,053 |
| 3. Members active during the year ended June 30, 2015                                     | 8,481 |

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

|   |             |
|---|-------------|
| 1. Normal cost  | \$128,501   |
| 2. Present value of future benefits   | 6,653,226   |
| 3. Present value of future normal costs   | 996,053     |
| 4. Actuarial accrued liability**  | 5,657,173   |
| Retired members and beneficiaries   | \$3,452,471 |
| Inactive members with vested rights*  | 155,040     |
| Active members  | 2,049,662   |
| 5. Valuation value of assets*** (\$3,625,093 at market value as reported by Retirement Association) | 3,529,786   |
| 6. Unfunded actuarial accrued liability   | \$2,127,387 |

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

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

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

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

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**EXHIBIT I (continued)**  
**Summary of Actuarial Valuation Results**

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

|   | <b>Dollar Amount</b> | <b>% of Payroll</b> |
|---|----------------------|---------------------|
| 1. Total normal cost  | \$128,501            | 23.08%              |
| 2. Expected employee contributions                            | <u>-33,459</u>       | <u>-6.01%</u>       |
| 3. Employer normal cost: (1) + (2)                            | \$95,042             | 17.07%              |
| 4. Amortization of unfunded actuarial accrued liability       | <u>156,113</u>       | <u>28.04%</u>       |
| 5. Total recommended average employer contribution: (3) + (4) | \$251,155            | 45.11%              |
| 6. Projected compensation                                     | \$556,824            |                     |

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

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**EXHIBIT II**

**Actuarial Assumptions and Methods**

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**Rationale for Assumptions:** The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2010 through June 30, 2013 Actuarial Experience Study and June 30, 2014 Economic Actuarial Assumptions Reports both dated June 30, 2014.

**Economic Assumptions**

**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.

**Payroll Growth:** Inflation of 3.25% per year plus "across the board" real salary increases of 0.50% per year.

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**Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:** Increase of 3.25% per year from the valuation date.

**Increase in Section 7522.10 Compensation Limit:** Increase of 3.25% per year from the valuation date.

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

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**Individual Salary Increases:**

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

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

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

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**Demographic Assumptions**

**Mortality Rates:**

*Healthy:*

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

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

*Disabled:*

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

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

*Beneficiaries:*

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

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

*Member Contribution Rates:*

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

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

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

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**Termination Rates Before Retirement:**

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

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

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

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**Termination Rates Before Retirement (continued):**

| <b>Age</b> | <b>Rate (%)<br/>Disability</b> |                             |
|------------|--------------------------------|-----------------------------|
|            | <b>General<sup>(1)</sup></b>   | <b>Safety<sup>(2)</sup></b> |
| 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                        |

<sup>(1)</sup> 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.

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

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

**Termination Rates Before Retirement (continued):**

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

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

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

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**Termination Rates Before Retirement (continued):**

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

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

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**Retirement Rates:**

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



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

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**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.

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**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.

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

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### Actuarial Methods

- Actuarial Cost Method:** Entry Age Actuarial Cost Method. Entry Age is the age on the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas for each individual have always been in effect (i.e., “replacement life within a tier”).
- Actuarial Value of Assets:** Market value of assets (MVA) less unrecognized returns in each of the last nine semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized semi-annually over a five-year period. The actuarial value of assets (AVA) is limited by a 50% corridor; the AVA cannot be less than 50% of MVA, nor greater than 150% of MVA. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in nine equal semi-annual amounts over a period of four and a half years from that date.
- Valuation Value of Assets:** The Actuarial Value of Assets reduced by the value of the non-valuation reserves (excluding the Contingency Reserve if it is negative).
- Amortization Policy:** The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of June 30, 2011 shall be amortized separately from any future changes in UAAL over a period of 24.5 years from June 30, 2011.
- Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 18 years.
- Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 18 years.
- Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:
- a. with the exception noted in b., below, the change in UAAL as a result of any plan amendments will be amortized over a period of 15 years or less;

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

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

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

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

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

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

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

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

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#### **Changes in Actuarial Assumptions and Methods:**

There have been no changes in actuarial assumptions or methods since the previous valuation.

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

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**EXHIBIT III**  
**Summary of Plan Provisions**

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

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

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

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*Safety Tier IIA* All members employed in active law enforcement, active fire suppression, probation, detention or criminal investigation hired on or after March 27, 2012 and prior to January 1, 2013.

*Safety Tier IIB* All member employee in active law enforcement, active fire suppression, probation, detention or criminal investigation hired on or after January 1, 2013.

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**Final Compensation for Benefit Determination:**

*General Tiers I and IIA, Safety Tiers I and IIA* Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1).

*General Tier IIB, General Tier III and Safety Tier IIB* Highest consecutive thirty-six months of pensionable compensation (§7522.32 and §7522.34) (FAS3).

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**Compensation Limit:**

*Non-General Tier III* For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit for the Plan Year beginning July 1, 2015 is \$265,000. The limit is indexed for inflation on an annual basis.

*General Tier III* Pensionable Compensation is limited to \$117,020 for 2015 (\$140,424, if not enrolled in Social Security). The limit is indexed for inflation on an annual basis.

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**Service:** Years of service. (Yrs)

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**Service Retirement Eligibility:**

*General Tiers I, IIA and IIB* Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age (§31672).

*General Tier III* Age 52 with 5 years of service (§7522.20(a)).

*Safety Tiers I, IIA and IIB* Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 20 years of service credit, regardless of age (§31663.25).

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

**Benefit Formula:**

|                                     | <b>Retirement Age</b> | <b>Benefit Formula*</b>  |
|-------------------------------------|-----------------------|--|
| <i>General Tier I (§31676.17)</i>   | 50                    | $(2.00\% \times \text{FAS1} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 55                    | $(2.50\% \times \text{FAS1} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 60                    | $(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 62 and over           | $(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | <b>Retirement Age</b> | <b>Benefit Formula</b>   |
| <i>General Tier I** (§31676.14)</i> | 50                    | 1.48% x FAS1 x Yrs   |
|                                     | 55                    | 1.95% x FAS1 x Yrs   |
|                                     | 60                    | 2.44% x FAS1 x Yrs   |
|                                     | 62 and over           | 2.61% x FAS1 x Yrs   |
|                                     | <b>Retirement Age</b> | <b>Benefit Formula*</b>  |
| <i>General Tier IIA (§31676.01)</i> | 50                    | $(0.79\% \times \text{FAS1} - 1/3 \times 0.79\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 55                    | $(0.99\% \times \text{FAS1} - 1/3 \times 1.00\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 60                    | $(1.28\% \times \text{FAS1} - 1/3 \times 1.28\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 62                    | $(1.39\% \times \text{FAS1} - 1/3 \times 1.39\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 65 and over           | $(1.62\% \times \text{FAS1} - 1/3 \times 1.62\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | <b>Retirement Age</b> | <b>Benefit Formula*</b>  |
| <i>General Tier IIB (§31676.01)</i> | 50                    | $(0.79\% \times \text{FAS3} - 1/3 \times 0.79\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 55                    | $(0.99\% \times \text{FAS3} - 1/3 \times 1.00\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 60                    | $(1.28\% \times \text{FAS3} - 1/3 \times 1.28\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 62                    | $(1.39\% \times \text{FAS3} - 1/3 \times 1.39\% \times \$350 \times 12) \times \text{Yrs}$ |
|                                     | 65 and over           | $(1.62\% \times \text{FAS3} - 1/3 \times 1.62\% \times \$350 \times 12) \times \text{Yrs}$ |

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

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

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

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



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

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**Non-Service Connected Disability:**

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

**Service Connected Disability:**

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

**Pre-Retirement Death:**

*Non Service Connected (Not Vested) Before Eligible to Retire*

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

*Non Service Connected (Vested)*

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

*Service Connected Death*

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

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

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**Death After Retirement:**

*Service Retirement or Non Service  
Connected Disability Retirement*

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

*Service Connected Disability  
Retirement*

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

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**Withdrawal Benefits:**

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

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

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

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**Supplemental Retiree Benefit  
Reserve:**

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

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

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|                                     |   |
|-------------------------------------|---|
| <b>Member Contributions:</b>        | Please refer to Appendix A for the specific rates. Members in General Tiers I (excluding San Joaquin Valley Unified Air Pollution Control District) and IIA and Safety Tiers I and IIA do not contribute towards the cost-of-living benefits. |
| <i>General Tier I (non-SJVAPCD)</i> |   |
| <i>Basic</i>                        | Entry age based rates that provide for an average annuity at age 55 equal to 1/100 of FAS. (§31621.8)   |
| <i>General Tier I (SJVAPCD)</i>     |   |
| <i>Basic</i>                        | Entry age based rates that provide for 39% of total Normal Cost Rate.   |
| <i>General Tier IIA</i>             |   |
| <i>Basic</i>                        | Entry age based rates that provide for an average annuity at age 60 equal to 1/120 of FAS. (§31621)   |
| <i>General Tiers IIB and III</i>    | Non-entry age based rates that provide for 50% of total Normal Cost Rate.   |
| <i>Safety Tier I</i>                |   |
| <i>Basic</i>                        | Entry age based rates that provide for an average annuity at age 50 equal to 1/100 of FAS. (§31639.25)  |
| <i>Supplemental</i>                 | Entry age based rates that provide for an average annuity at age 50 equal to 1/200 of FAS. (Resolution #2004-144)   |
| <i>Safety "3" Tier I</i>            |   |
| <i>Basic and Supplemental</i>       | At all entry ages, the member contribution rate for the above Safety Tier I members who enter the plan at age 27.   |
| <i>Safety Tier IIA</i>              |   |
| <i>Basic</i>                        | Entry age based rates that provide for an average annuity at age 50 equal to 1/100 of FAS. (§31639.25)  |
| <i>Safety "3" Tier IIA</i>          |   |
| <i>Basic</i>                        | At all entry ages, the member contribution rate for the above Safety Tier IIA members who enter the plan at age 27.   |
| <i>Safety Tier IIB</i>              | Non-entry age based rates that provide for 50% of total Normal Cost Rate.   |

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

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**Other Information:** Safety Tier I and Tier IIA members with 30 or more years of service are exempt from paying member contributions. Various other exemptions for member contributions are outlined on pages 20 through 23.

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**Plan Changes:** There has been a change in plan provisions since the previous valuation. The member contribution rates for the SJVAPCD were previously the same as those for non-SJVAPCD members described on the previous page.

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

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

**Appendix A  
Member Contribution Rates**

**General Tier I Members' (non-SJVAPCD) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   | <b>Non-integrated</b>   |
|------------------|--|---|-------------------------|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> | <b>All Compensation</b> |
| 16               | 4.14%                                      | 6.21%                                     | 6.21%                   |
| 17               | 4.22%                                      | 6.33%                                     | 6.33%                   |
| 18               | 4.30%                                      | 6.45%                                     | 6.45%                   |
| 19               | 4.38%                                      | 6.57%                                     | 6.57%                   |
| 20               | 4.46%                                      | 6.69%                                     | 6.69%                   |
| 21               | 4.54%                                      | 6.81%                                     | 6.81%                   |
| 22               | 4.63%                                      | 6.94%                                     | 6.94%                   |
| 23               | 4.71%                                      | 7.06%                                     | 7.06%                   |
| 24               | 4.79%                                      | 7.19%                                     | 7.19%                   |
| 25               | 4.89%                                      | 7.33%                                     | 7.33%                   |
| 26               | 4.97%                                      | 7.46%                                     | 7.46%                   |
| 27               | 5.07%                                      | 7.60%                                     | 7.60%                   |
| 28               | 5.16%                                      | 7.74%                                     | 7.74%                   |
| 29               | 5.25%                                      | 7.88%                                     | 7.88%                   |
| 30               | 5.35%                                      | 8.02%                                     | 8.02%                   |
| 31               | 5.45%                                      | 8.17%                                     | 8.17%                   |
| 32               | 5.55%                                      | 8.32%                                     | 8.32%                   |
| 33               | 5.65%                                      | 8.47%                                     | 8.47%                   |
| 34               | 5.75%                                      | 8.63%                                     | 8.63%                   |
| 35               | 5.86%                                      | 8.79%                                     | 8.79%                   |
| 36               | 5.97%                                      | 8.96%                                     | 8.96%                   |
| 37               | 6.09%                                      | 9.13%                                     | 9.13%                   |
| 38               | 6.20%                                      | 9.30%                                     | 9.30%                   |
| 39               | 6.32%                                      | 9.48%                                     | 9.48%                   |
| 40               | 6.45%                                      | 9.67%                                     | 9.67%                   |

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

**General Tier I Members' (non-SJVAPCD) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   | <b>Non-integrated</b>   |
|------------------|--|---|-------------------------|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> | <b>All Compensation</b> |
| 41               | 6.57%                                      | 9.85%                                     | 9.85%                   |
| 42               | 6.69%                                      | 10.04%                                    | 10.04%                  |
| 43               | 6.81%                                      | 10.22%                                    | 10.22%                  |
| 44               | 6.93%                                      | 10.40%                                    | 10.40%                  |
| 45               | 7.05%                                      | 10.58%                                    | 10.58%                  |
| 46               | 7.17%                                      | 10.75%                                    | 10.75%                  |
| 47               | 7.27%                                      | 10.91%                                    | 10.91%                  |
| 48               | 7.37%                                      | 11.05%                                    | 11.05%                  |
| 49               | 7.46%                                      | 11.19%                                    | 11.19%                  |
| 50               | 7.54%                                      | 11.31%                                    | 11.31%                  |
| 51               | 7.59%                                      | 11.38%                                    | 11.38%                  |
| 52               | 7.61%                                      | 11.42%                                    | 11.42%                  |
| 53               | 7.62%                                      | 11.43%                                    | 11.43%                  |
| 54 & Over        | 7.56%                                      | 11.34%                                    | 11.34%                  |

Interest: 7.50%  
 COLA: None  
 Administrative Expense: 0.11% of payroll added to the Basic rates.  
 Salary Increase: See Exhibit II.  
 Mortality: RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set forward one year for males and females weighted 30% male and 70% female.  
 Note: These rates are determined before any pickups by the employer.

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

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**General Tier I Members' (SJVAPCD) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>All Compensation</b> |
|------------------|-------------------------|
| 16               | 6.88%                   |
| 17               | 7.02%                   |
| 18               | 7.15%                   |
| 19               | 7.28%                   |
| 20               | 7.42%                   |
| 21               | 7.55%                   |
| 22               | 7.69%                   |
| 23               | 7.83%                   |
| 24               | 7.97%                   |
| 25               | 8.13%                   |
| 26               | 8.27%                   |
| 27               | 8.43%                   |
| 28               | 8.58%                   |
| 29               | 8.74%                   |
| 30               | 8.89%                   |
| 31               | 9.06%                   |
| 32               | 9.23%                   |
| 33               | 9.39%                   |
| 34               | 9.57%                   |
| 35               | 9.75%                   |
| 36               | 9.94%                   |
| 37               | 10.13%                  |
| 38               | 10.31%                  |
| 39               | 10.51%                  |
| 40               | 10.72%                  |
| 41               | 10.92%                  |
| 42               | 11.14%                  |
| 43               | 11.34%                  |

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

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**General Tier I Members' (SJVAPCD) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b>        | <b>All Compensation</b>   |
|-------------------------|---|
| 44                      | 11.54%  |
| 45                      | 11.73%  |
| 46                      | 11.92%  |
| 47                      | 12.10%  |
| 48                      | 12.26%  |
| 49                      | 12.41%  |
| 50                      | 12.55%  |
| 51                      | 12.62%  |
| 52                      | 12.67%  |
| 53                      | 12.68%  |
| 54 & Over               | 12.58%  |
| Interest:               | 7.50%   |
| COLA:                   | None  |
| Administrative Expense: | 0.11% of payroll added to the Basic rates.  |
| Salary Increase:        | See Exhibit II.   |
| Mortality:              | RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set forward one year for males and females weighted 30% male and 70% female. |
| Note:                   | These rates are determined before any pickups by the employer.  |



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

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**General Tier IIA Members' Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   | <b>Non-integrated</b>   |
|------------------|--|---|-------------------------|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> | <b>All Compensation</b> |
| 16               | 2.97%                                      | 4.45%                                     | 4.45%                   |
| 17               | 3.03%                                      | 4.54%                                     | 4.54%                   |
| 18               | 3.08%                                      | 4.62%                                     | 4.62%                   |
| 19               | 3.14%                                      | 4.71%                                     | 4.71%                   |
| 20               | 3.19%                                      | 4.79%                                     | 4.79%                   |
| 21               | 3.25%                                      | 4.88%                                     | 4.88%                   |
| 22               | 3.31%                                      | 4.97%                                     | 4.97%                   |
| 23               | 3.37%                                      | 5.06%                                     | 5.06%                   |
| 24               | 3.44%                                      | 5.16%                                     | 5.16%                   |
| 25               | 3.50%                                      | 5.25%                                     | 5.25%                   |
| 26               | 3.57%                                      | 5.35%                                     | 5.35%                   |
| 27               | 3.63%                                      | 5.45%                                     | 5.45%                   |
| 28               | 3.70%                                      | 5.55%                                     | 5.55%                   |
| 29               | 3.77%                                      | 5.65%                                     | 5.65%                   |
| 30               | 3.83%                                      | 5.75%                                     | 5.75%                   |
| 31               | 3.91%                                      | 5.86%                                     | 5.86%                   |
| 32               | 3.97%                                      | 5.96%                                     | 5.96%                   |
| 33               | 4.05%                                      | 6.07%                                     | 6.07%                   |
| 34               | 4.12%                                      | 6.18%                                     | 6.18%                   |
| 35               | 4.20%                                      | 6.30%                                     | 6.30%                   |
| 36               | 4.27%                                      | 6.41%                                     | 6.41%                   |
| 37               | 4.35%                                      | 6.53%                                     | 6.53%                   |
| 38               | 4.43%                                      | 6.65%                                     | 6.65%                   |
| 39               | 4.51%                                      | 6.77%                                     | 6.77%                   |
| 40               | 4.60%                                      | 6.90%                                     | 6.90%                   |
| 41               | 4.69%                                      | 7.03%                                     | 7.03%                   |
| 42               | 4.77%                                      | 7.16%                                     | 7.16%                   |
| 43               | 4.87%                                      | 7.30%                                     | 7.30%                   |
| 44               | 4.96%                                      | 7.44%                                     | 7.44%                   |

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

**General Tier IIA Members' Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   | <b>Non-integrated</b>   |
|------------------|--|---|-------------------------|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> | <b>All Compensation</b> |
| 45               | 5.05%                                      | 7.58%                                     | 7.58%                   |
| 46               | 5.15%                                      | 7.73%                                     | 7.73%                   |
| 47               | 5.25%                                      | 7.87%                                     | 7.87%                   |
| 48               | 5.34%                                      | 8.01%                                     | 8.01%                   |
| 49               | 5.43%                                      | 8.15%                                     | 8.15%                   |
| 50               | 5.53%                                      | 8.30%                                     | 8.30%                   |
| 51               | 5.62%                                      | 8.43%                                     | 8.43%                   |
| 52               | 5.70%                                      | 8.55%                                     | 8.55%                   |
| 53               | 5.77%                                      | 8.66%                                     | 8.66%                   |
| 54               | 5.85%                                      | 8.77%                                     | 8.77%                   |
| 55               | 5.91%                                      | 8.87%                                     | 8.87%                   |
| 56               | 5.95%                                      | 8.92%                                     | 8.92%                   |
| 57               | 5.97%                                      | 8.95%                                     | 8.95%                   |
| 58               | 5.97%                                      | 8.96%                                     | 8.96%                   |
| 59 & Over        | 5.93%                                      | 8.89%                                     | 8.89%                   |

Interest: 7.50%  
 COLA: None  
 Administrative Expense: 0.11% of payroll added to the Basic rates.  
 Salary Increase: See Exhibit II.  
 Mortality: RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set forward one year for males and females weighted 30% male and 70% female.  
 Note: These rates are determined before any pickups by the employer.

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

**General Tier IIB Members' Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>All Members</b> | <b>Integrated</b>                          |   | <b>Non-integrated</b>   |
|--------------------|--|---|-------------------------|
|                    | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> | <b>All Compensation</b> |
| Basic              | 3.18%                                      | 4.77%                                     | 4.77%                   |
| 2% COLA            | 0.63%                                      | 0.95%                                     | 0.95%                   |
| 0.5% COLA          | <u>0.19%</u>                               | <u>0.29%</u>                              | <u>0.29%</u>            |
| Total              | 4.01%                                      | 6.01%                                     | 6.01%                   |

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

**General Tier III Members' Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>All Members</b> | <b>All Compensation<sup>(1)</sup></b> |
|--------------------|---------------------------------------|
| Basic              | 9.74%                                 |
| 2% COLA            | 1.66%                                 |
| 0.5% COLA          | <u>0.00%</u>                          |
| Total              | 11.40%                                |

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

<sup>(1)</sup> It is our understanding that in the determination of pension benefits under the General Tier III formula, the compensation that can be taken into account for 2016 is \$117,020 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2016 (reference: Section 7522.10(d)).

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

**Safety Tier I Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <u>Entry Age</u> | <u>Integrated</u>                          |   |
|------------------|--|---|
|                  | <u>First \$350 of Monthly Compensation</u> | <u>Over \$350 of Monthly Compensation</u> |
| 16               | 7.36%                                      | 11.04%                                    |
| 17               | 7.50%                                      | 11.25%                                    |
| 18               | 7.64%                                      | 11.46%                                    |
| 19               | 7.79%                                      | 11.68%                                    |
| 20               | 7.94%                                      | 11.91%                                    |
| 21               | 8.09%                                      | 12.14%                                    |
| 22               | 8.25%                                      | 12.37%                                    |
| 23               | 8.41%                                      | 12.61%                                    |
| 24               | 8.57%                                      | 12.85%                                    |
| 25               | 8.73%                                      | 13.10%                                    |
| 26               | 8.91%                                      | 13.36%                                    |
| 27               | 9.08%                                      | 13.62%                                    |
| 28               | 9.27%                                      | 13.90%                                    |
| 29               | 9.45%                                      | 14.18%                                    |
| 30               | 9.64%                                      | 14.46%                                    |
| 31               | 9.83%                                      | 14.74%                                    |
| 32               | 10.02%                                     | 15.03%                                    |
| 33               | 10.21%                                     | 15.32%                                    |
| 34               | 10.41%                                     | 15.62%                                    |
| 35               | 10.62%                                     | 15.93%                                    |
| 36               | 10.83%                                     | 16.24%                                    |
| 37               | 11.04%                                     | 16.56%                                    |
| 38               | 11.26%                                     | 16.89%                                    |
| 39               | 11.47%                                     | 17.21%                                    |
| 40               | 11.67%                                     | 17.51%                                    |
| 41               | 11.87%                                     | 17.80%                                    |
| 42               | 11.99%                                     | 17.99%                                    |
| 43               | 12.09%                                     | 18.14%                                    |
| 44               | 12.18%                                     | 18.27%                                    |
| 45               | 12.26%                                     | 18.39%                                    |
| 46               | 12.32%                                     | 18.48%                                    |

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

**Safety Tier I Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b>         | <b>Integrated</b>  |   |
|--------------------------|--|---|
|                          | <b>First \$350 of Monthly Compensation</b>   | <b>Over \$350 of Monthly Compensation</b> |
| 47                       | 12.27%   | 18.40%                                    |
| 48                       | 12.14%   | 18.21%                                    |
| 49 & Over                | 11.91%   | 17.87%                                    |
| Interest:                | 7.50%  |   |
| COLA:                    | None   |   |
| Administrative Expenses: | 0.11% of payroll added to the Basic rates.   |   |
| Salary Increase:         | See Exhibit II.  |   |
| Mortality:               | RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set back one year for males and females weighted 30% male and 70% female. |   |
| Note:                    | These rates are determined before any pickups by the employer.   |   |

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

**“Safety 3” Safety Tier I Members’ Contribution Rates  
from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   |
|------------------|--|---|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> |
| Every            | 9.08%                                      | 13.62%                                    |

Interest: 7.50%

COLA: None

Administrative Expenses: 0.11% of payroll added to the Basic rates.

Salary Increase: See Exhibit II.

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

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

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

**Safety Tier IIA Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   |
|------------------|--|---|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> |
| 16               | 4.93%                                      | 7.40%                                     |
| 17               | 5.03%                                      | 7.54%                                     |
| 18               | 5.12%                                      | 7.68%                                     |
| 19               | 5.22%                                      | 7.83%                                     |
| 20               | 5.32%                                      | 7.98%                                     |
| 21               | 5.42%                                      | 8.13%                                     |
| 22               | 5.52%                                      | 8.28%                                     |
| 23               | 5.63%                                      | 8.44%                                     |
| 24               | 5.74%                                      | 8.61%                                     |
| 25               | 5.85%                                      | 8.77%                                     |
| 26               | 5.96%                                      | 8.94%                                     |
| 27               | 6.08%                                      | 9.12%                                     |
| 28               | 6.20%                                      | 9.30%                                     |
| 29               | 6.33%                                      | 9.49%                                     |
| 30               | 6.45%                                      | 9.68%                                     |
| 31               | 6.58%                                      | 9.87%                                     |
| 32               | 6.71%                                      | 10.06%                                    |
| 33               | 6.83%                                      | 10.25%                                    |
| 34               | 6.97%                                      | 10.45%                                    |
| 35               | 7.10%                                      | 10.65%                                    |
| 36               | 7.24%                                      | 10.86%                                    |
| 37               | 7.39%                                      | 11.08%                                    |
| 38               | 7.53%                                      | 11.30%                                    |
| 39               | 7.67%                                      | 11.51%                                    |
| 40               | 7.81%                                      | 11.71%                                    |
| 41               | 7.93%                                      | 11.90%                                    |
| 42               | 8.02%                                      | 12.03%                                    |
| 43               | 8.09%                                      | 12.13%                                    |
| 44               | 8.14%                                      | 12.21%                                    |
| 45               | 8.20%                                      | 12.30%                                    |
| 46               | 8.24%                                      | 12.36%                                    |

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

**Safety Tier IIA Members' (Excluding "Safety 3" Members) Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   |
|------------------|--|---|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> |
| 47               | 8.20%                                      | 12.30%                                    |
| 48               | 8.12%                                      | 12.18%                                    |
| 49 & Over        | 7.97%                                      | 11.95%                                    |

Interest: 7.50%  
 COLA: None  
 Administrative Expenses: 0.11% of payroll added to the Basic rates.  
 Salary Increase: See Exhibit II.  
 Mortality: RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set back one year for males and females weighted 30% male and 70% female.  
 Note: These rates are determined before any pickups by the employer.

**"Safety 3" Safety Tier IIA Members' Contribution Rates from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <b>Entry Age</b> | <b>Integrated</b>                          |   |
|------------------|--|---|
|                  | <b>First \$350 of Monthly Compensation</b> | <b>Over \$350 of Monthly Compensation</b> |
| Every            | 6.08%                                      | 9.12%                                     |

Interest: 7.50%  
 COLA: None  
 Administrative Expenses: 0.11% of payroll added to the Basic rates.  
 Salary Increase: See Exhibit II.  
 Mortality: RP-2000 Combined Healthy Mortality Table projected with scale BB to 2023 set back one year for males and females weighted 30% male and 70% female.  
 Note: Beginning at various dates throughout 2007, certain Safety bargaining units converted to a new schedule of contribution rates, referred to as "Safety 3" contribution rates. For employees falling under this category and hired after the appropriate date (which varies by bargaining unit), the contribution rate will be a flat percentage of pay regardless of entry age. Based on the most recent Actuarial Experience Study, the contribution rates shown above are based on an entry age of 27. This is expected to provide for the same value of contributions that would be made based on the specific entry age based rates shown on the previous page. These rates are determined before any pickups by the employer.



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

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**Safety Tier IIB Members' Contribution Rates  
from the June 30, 2015 Actuarial Valuation  
(Expressed as a Percentage of Monthly Compensation)**

| <u>All Members</u> | <u>Integrated</u>                          |   |
|--------------------|--|---|
|                    | <u>First \$350 of Monthly Compensation</u> | <u>Over \$350 of Monthly Compensation</u> |
| Basic              | 7.11%                                      | 10.67%                                    |
| 2% COLA            | 1.67%                                      | 2.50%                                     |
| 0.5% COLA          | <u>0.53%</u>                               | <u>0.79%</u>                              |
| Total              | 9.31%                                      | 13.96%                                    |

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

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