

Jackson County, Missouri  
Revised Pension Plan



Jackson County, Missouri  
[www.jacksongov.org](http://www.jacksongov.org)

Comprehensive Annual Financial Report  
A Pension Trust Fund of  
Jackson County, Missouri

For the Years Ended  
June 30, 2019 and 2018



Jackson County, Missouri  
Revised Pension Plan

Comprehensive Annual Financial Report  
A Pension Trust Fund of  
Jackson County, Missouri



For the Years Ended  
June 30, 2019 and 2018

Prepared by:

Department of Finance and Purchasing

Jackson County, Missouri



**Jackson County, Missouri**  
**Revised Pension Plan**  
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Jackson County, Missouri  
Revised Pension Plan

Introductory Section









Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Jackson County, Missouri  
Revised Pension Plan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



## **JACKSON COUNTY Finance Department**

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[www.jacksongov.org](http://www.jacksongov.org)

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*Accounts Payable*  
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*Budget*  
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*Grants Management/  
Risk Management*  
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*Office Services*  
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*Payroll*  
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*Purchasing*  
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*Tax Refund/Distribution*  
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November 25, 2019

**Board of Trustees  
Jackson County, Missouri  
Revised Pension Plan**

We are pleased to transmit to you the 2019 Comprehensive Annual Financial Report of the Jackson County, Missouri Revised Pension Plan for the fiscal year ended June 30, 2019. State law requires that divisions of all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The objective of this report is to inform the members of the Board of Trustees of the Jackson County, Missouri Revised Pension Plan of the financial condition of the Plan.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Plan. The Board of Trustees has delegated management to the Finance Department of Jackson County, Missouri (The County). We believe that the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Plan as measured by the financial activity of its fund, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Plan's financial affairs have been included.

The financial statements of the Plan have been audited by the independent auditors of RSM US LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Plan for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Plan's financial statements for the year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Governmental accounting standards require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Jackson County, Missouri Revised Pension Plan's MD&A can be found immediately following the report of the independent auditors. The accuracy and completeness of the data contained in this report is the sole responsibility of the management of the Plan.

### **Profile of the Plan**

The Jackson County, Missouri Revised Pension Plan (Plan) was created and established by ordinance of the Jackson County Legislature in 1967. The governance of the Plan was reorganized with an Ordinance dated February 17, 2009. This Ordinance created an independent Board of Trustees which holds the Plan assets in trust separate from the assets of Jackson County. The purpose of the Plan is to provide for the retirement of employees who become members of the Plan, to provide benefits for totally and permanently disabled members, and death benefits for spouses and beneficiaries of deceased members subject to Plan provisions.

At year-end (June 30, 2019), the Plan had 1,258 active members and a total of 1,389 members or their beneficiaries currently receiving benefits. The Plan covers those employees of Jackson County, Missouri, the Little Blue Valley Sewer District, the Jackson County Board of Election Commissioners, the Kansas City Board of Election Commissioners, the Jackson County Law Library, Inc., the Jackson County Sports Complex Authority, and the Eastern Jackson County Multi-Jurisdictional Anti-Drug Task Force.

### **Local Economy**

Jackson County, Missouri promotes and supports local economic development through collaboration with municipalities, development agencies, the private sector and community organizations. The County's continued efforts to develop and build on those partnerships have helped to ensure that Jackson County continues to be an attractive environment for economic growth.

In the last year alone, more than \$1 billion in economic development projects were announced throughout the County. Many of these projects are underway and include multi-family apartments, mixed-use office space and manufacturing centers. Notably, Jackson County's "safety-net" hospital, Truman Medical Center, is currently building on its mission to provide quality and affordable healthcare to all citizens by constructing an 80,000 square-foot facility to accommodate women's care and primary care services. This new building will free up space at Truman Medical Center, allowing the hospital to expand its mother-baby unit and open more private patient rooms.

As Jackson County continues to grow, our thriving economy is reflected in its unemployment rate, which decreased for the 10th consecutive year, reaching its lowest point of just 2.8 percent in October 2018. Additionally, an increase in assessed home valuations indicates a booming real estate market as the County continues to grow and develop into a place where more people want to live, work and play.

### **Long-Term Financial Planning**

The investment portfolio of the Plan is a major source of funds to the Plan. Net investment income from both long-term and short-term investments amounted to a gain of \$18.2 million, representing 66.0% of total additions. This gain was primarily due to appreciation of \$6.8 million, \$4.2 million and \$1.6 million in the fair value of corporate stocks, the Bond Collective Trust Fund, and the S&P 500 Index Fund, respectively. Employer and employee contributions totaling \$9.4 million represent 34.0% of total additions. Investment gains, interest, dividends, and contributions

exceeded investment expense by \$27.6 million. The supporting schedules reflect the changes in the portfolio during the year. The total yield on investments was 6.2%, down from the 2018 total yield of 8.1%. The Plan's investments are managed by independent investment managers and are held by the current custodian, BMO Harris Bank N.A. (BMO), except for the commingled investments which are held by the custodian chosen by such commingled fund, and maintained, for reporting purposes only, at BMO.

Employer contributions are subject to annual appropriation by the employers participating in the Plan. Annual contributions consist of the service cost and a payment toward funding past service liability. The ten year history of employer contributions as a percent of the actuarially determined contribution level ranged from a high of 110.2% in the fiscal year ended 2013 to a low of 87.2% in 2011. Employer contributions during this reporting period were 104.2% of the actuarially determined contribution level.

### **Relevant Financial Policies**

Jackson County is responsible for establishing and maintaining internal control designed to ensure the protection of assets from loss, theft, or misuses, and to ensure the accounting information generated is adequate to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. As a Pension Trust Fund of Jackson County, Missouri, the Revised Pension Plan is subject to this internal control. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. In addition, the County and the Plan are subject to annual audits.

This report is prepared in accordance with the principles of governmental accounting and reporting pronounced by the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date.

The Pension Plan Board of Trustees has set out the following investment objectives and policy guidelines:

### **Investment Objectives:**

1. To earn a rate of return after all expenses that equals or exceeds the actuarial investment rate assumption of 6.75%, with a total return of at least GNP Deflator plus 4.5%.
2. A relative return objective to outperform a policy index comprised of the following:

17.5%	Standard & Poor's 500 Stock Index	10%	Russell 2500 Index
20%	MSCI ACWI ex U.S. Index	10%	MSCI ACWI
32.5%	Bloomberg Barclays Capital Aggregate Index	10%	NFI ODCE (net) Index

3. A relative Total Plan return objective of median or greater in a manager universe with comparable equity allocations.
4. Each manager's individual guidelines shall establish separate performance objectives consistent with this total performance objective. The expectation for each asset class is to rank in the upper half of its peer universe (except for Stabilized Fixed Income, Long/Short Equity, and Real Estate) and meet or exceed its applicable benchmark as listed below. Long/Short Equity should also approximate the total return of the MSCI ACWI Index.

<u>Asset Class</u>	<u>Performance Benchmark</u>
Stabilized Fixed Income	90 Day T-Bill
Intermediate Fixed Income	Bloomberg Barclays Capital Intermediate Gov't/Credit Index
Core Plus Fixed Income	Bloomberg Barclays Capital Aggregate Index
Large Capitalization:	
Growth Equity	Russell 1000 Growth Index
Value Equity	Russell 1000 Value Index
Core Index Equity	S&P 500 Index
Small/Mid Capitalization Equity	Russell 2500 Index
International Equity	MSCI ACWI ex U.S. Index
International Equity Small Cap	MSCI World ex U.S. Small Cap Index
Emerging Markets Equity	MSCI Emerging Market Index
Long/Short Equity	HFRI Strategic Index
Real Estate	NFI ODCE (net) Index

**Policies:**

1. The Board has established the following asset-mix guidelines for the Plan:

<u>Asset Class</u>	<u>Pension Plan Target</u>	<u>Range</u>
Domestic Large Cap Equities	17.5%	12.5-22.5%
Domestic Small/Mid Cap Equities	10%	5-15%
International Equity Investments	15%	10-20%
Emerging Market Equity Investments	5%	0-10%
Long/Short Equity	10%	5-15%
Fixed Income Investments	32.5%	27.5-37.5%
Real Estate	10%	5-15%

Should the fund move outside the ranges listed above, the Board, with the advice of the Investment Consultant, will review the allocations and shall have the authority to bring the asset allocation back within allowable ranges.

2. The portfolio will generally be invested in marketable securities.
3. Generally, equity portfolios will be comprised of common stocks or securities having characteristics of common stocks (such as convertible securities or warrants).
4. Fixed income portfolios will be comprised of treasury, agency, mortgage, corporate, asset-backed and full-faith-and-credit guaranteed loan securities of investment grade quality.
5. Assets may be held in commingled (mutual) funds as well as privately managed separate accounts. Assets held in commingled accounts should be managed in style/strategy

consistent with the fund's stated objective and constraints. If assets are held in a commingled account, the Board will make its best efforts to utilize funds that are managed in strategies that are generally consistent with the investment policies adopted by the Board.

6. Derivative instruments will only be used in ways that reduce risk or transfer risk and not to increase risk and are consistent with the fund's investment objectives. They will not be used to add leverage to the fund. Counterparty risk arising from derivative transactions will be limited to credits rated "A" or better. Instruments used may include, but are not limited to, futures, options, swaps, and structured notes.
7. Each asset manager's portfolio should be fully invested at all times, although cash may be held briefly when a security is sold prior to deciding which new security should be purchased. In no case shall cash comprise more than ten (10) percent of the portfolio without prior written approval of the Board.
8. Not less than annually, the Board will review investment results, manager performance, asset allocations, and investment policies and objectives.

### **Funding:**

The bottom line for a retirement plan is the level of funding. The better the level of funding, the larger the ratio of assets accumulated and investment income potential. A better level of funding gives the participants a higher degree of assurance that their pension benefits are secure. The advantage of a well-funded plan is that the participants can look at assets that are irrevocably committed to the payment of benefits. Although the historical level of funding for the Plan is good, the Board and the employers continue to make a constant effort to improve that level, thereby assuring the participants of a financially sound retirement plan. The Plan fiduciary net position as a percentage of total pension liability was 87.2% in 2019. This represents an increase of 14.6% in the past ten years and an increase of 1.2% from the 2018 ratio of 86.0%. The fair value of plan assets increased 4.6%, while the total pension liability increased by 3.1%. The liabilities for the years of 2010 through 2019 have increased 69.1%. Employer contributions have increased 18.8% in the past ten years, while actuarially determined contributions have increased 22.6%. Every effort is being made to increase employer contributions in order to match or exceed the actuarially determined contribution.

### **Professional Services:**

Professional consultants retained by the Plan are essential to the effective and efficient operation of the Plan. The firm of Cheiron, Inc. provides actuarial consultation. The investment consulting firm of Asset Consulting Group, Inc. (ACG) has been retained as a professional co-fiduciary to assist the Board of Trustees with evaluating prospective investment managers, as well as risk and return potential within the investment portfolios. ACG also monitors the investment performance of the Plan and the capabilities of the investment managers retained by the Board. Custodial services, ancillary plan administration, and cash management services are provided by the BMO Harris Bank N.A. (BMO).

## **Awards and Acknowledgments**

### **Certificate of Achievement:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County, Missouri for its comprehensive annual financial report (CAFR) of the Jackson County, Missouri Revised Pension Plan Trust Fund for the fiscal year ended June 30, 2018. This was the 26th consecutive year that the Jackson County, Missouri Revised Pension Plan has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgements:**

The compilation of this report reflects the combined effort of the staff of Jackson County, Missouri. The intent is to provide complete and reliable information as a basis for making management decisions, to present evidence of compliance with legal provisions and demonstrate responsible stewardship for the assets contributed by the members and their employers.

On behalf of the board, I would like to express our gratitude to the staff, the advisors, and to the many people who have worked so diligently to assure the successful operation of the Plan. I would also like to personally thank the members of the Jackson County, Missouri Pension Plan Board of Trustees, whose work has helped assure the members of the Plan can rely on future benefits.

Respectfully submitted,



Bob Crutsinger  
Director of Finance  
Jackson County

**Jackson County, Missouri  
Revised Pension Plan  
Plan Administration  
June 30, 2019**

County ordinance provides that the administration of the plan be vested in a Pension Plan Board of Trustees appointed by the County Executive, subject to the disapproval of the County Legislature. The composition and membership of the Pension Plan Board of Trustees shall be established as follows:

- (i) Jackson County Chief Administrative Officer
- (ii) Jackson County Director of Human Resources
- (iii) One (1) active Member of the Plan who is an employee of the Circuit Court
- (iv) One (1) active Member of the Plan from the bargaining unit within the Office of the Prosecuting Attorney and with which the Office of the Prosecuting Attorney has a valid Memorandum of Understanding
- (v) Two (2) other active Members of the Plan, but not more than one member from any one department
- (vi) Four (4) independent business executives with special consideration to be given to those with investment experience
- (vii) One (1) labor leader or union representative affiliated with a labor organization or union with which the Employer has a current Memorandum of Understanding

The Investment Section, Schedule of Brokerage Commissions Paid, provides information on investment professionals who provide services to the Plan (see pages 53-54).



**Jackson County, Missouri  
Revised Pension Plan  
Board of Trustees Members  
June 30, 2019**

Chairperson:  
**Gary Panethiere**  
Active Member  
Chief Operating Officer

Secretary:  
**Dennis Dumovich**  
Director of Human Resources

**V. Edwin Stoll**  
Chief Administrative Officer

**Scott M. Brinkman**  
Active Member  
Jackson County Circuit Court - Legal Counsel

**Linda Steele**  
Active Member  
Trial Team Leader of Family Support

**Dianne Kimzey**  
Active Member  
Deputy Director of Park Enterprise Operations

**Claire West-Scoville**  
Independent Business Executive

**Michael Martin**  
Vice Chairperson  
Independent Business Executive

**B. Stephen Gillis**  
Independent Business Executive

**Vacant**  
Independent Business Executive

**Patrick Dujakovich**  
AFL-CIO  
Labor Leader

**Jackson County, Missouri  
Revised Pension Plan  
Consulting Services  
June 30, 2019**

**Auditor**

**RSM US LLP**

Certified Public Accountants  
Kristen Hughes, Senior Manager  
Kansas City, Missouri

**Consultant/Actuary**

**Cheiron, Inc.**

Stephen T. McElhaney  
McLean, Virginia

**Custodian**

**BMO Retirement Services**

Tricia Zimmer  
Milwaukee, WI

**Investment Advisor**

**Asset Consulting Group, LLC**

Patricia Haffner, Vice President  
St. Louis, Missouri

**Investment Manager**

**ABS Investment Management, LLC**

Jestine Roberts  
Greenwich, Connecticut

**Investment Manager**

**Atlanta Capital Management**

Michael Jaje  
Atlanta, Georgia

**Investment Manager**

**BMO Retirement Services**

Amanda Urban  
Milwaukee, WI

**Investment Manager**

**Brown Investment Advisory, Inc.**

Mary Gregory  
Baltimore, Maryland

**Investment Manager**

**Financial Counselors, Inc.**

Peter Greig  
Kansas City, Missouri

**Jackson County, Missouri  
Revised Pension Plan  
Consulting Services  
June 30, 2019**

**Investment Manager**  
**Hotchkis & Wiley Capital Management, LLC**  
Kristin Smith  
Los Angeles, California

**Investment Manager**  
**Investec Asset Management**  
Doug Doucett  
New York, NY

**Investment Manager**  
**J.P. Morgan Asset Management**  
Randall J. Sigwarth  
Columbus, OH

**Investment Manager**  
**Loomis Sayles & Co., LP**  
Joseph Beauparlant  
Boston, Massachusetts

**Investment Manager**  
**Mondrian Investment Partners (U.S.), Inc.**  
Patricia Karolyi  
Philadelphia, Pennsylvania

**Investment Manager**  
**Northern Trust Asset Management**  
William "Mac" Nickey  
Chicago, Illinois

**Investment Manager**  
**Principal Global Investors**  
Doug Vander Beek  
Des Moines, Iowa

**Investment Manager**  
**Wells Fargo Asset Management**  
Joseph Conroy  
Philadelphia, PA

**Legal Counsel**  
**Arnold, Newbold, Sollars & Hollins, P.C.**  
Simone J. Hollins, Attorney at Law  
Kansas City, Missouri

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Jackson County, Missouri  
Revised Pension Plan

Financial Section







RSM US LLP

## **Independent Auditor's Report**

To the Plan Participants and Members of the Jackson County, Missouri  
Pension Plan Board of Trustees of the  
Jackson County, Missouri Revised Pension Plan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Jackson County, Missouri Revised Pension Plan (the Plan), a pension trust fund of Jackson County, Missouri, which comprise the statements of fiduciary net position as of June 30, 2019 and 2018; the related statements of changes in fiduciary net position for the years then ended; and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Jackson County, Missouri Revised Pension Plan as of June 30, 2019 and 2018, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As described in Note 1, the financial statements present only a pension trust fund of Jackson County, Missouri, and do not purport to, and do not, present fairly the financial position of Jackson County, Missouri, as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes in net pension liability and related ratios, employer contributions and investment returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses, listed in the table of contents as other supplementary information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying introductory section, investment section, actuarial section and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or any assurance on them.

*RSM US LLP*

Kansas City, Missouri  
November 25, 2019



**Jackson County, Missouri**  
**Revised Pension Plan**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

As management of the Jackson County, Missouri Revised Pension Plan, we offer readers of the Plan's financial statements this narrative overview and analysis of the financial activities of the Plan for the fiscal years ended June 30, 2019 and 2018.

**Financial Highlights (in Thousands)**

The Plan's fiduciary net position was \$301,761; reflecting an increase of \$13,319. This change in fiduciary net position is the result of several key factors: appreciation of \$17,493 in the fair value of assets; interest and dividend income of \$2,126; contributions to the Plan of \$9,410; and offset with benefits paid to participants of \$14,106; and expenses of \$1,604 (refer to page 21). The change in fiduciary net position reflects a decrease of \$5,796 from the 2018 increase of \$19,115; which is primarily due to the \$5,735 decrease in appreciation of the fair value of corporate stocks. The Plan's fiduciary net position indicates the Plan will be able to meet ongoing obligations to Plan participants and their beneficiaries.

Revenues (additions to fiduciary net position) for the year were \$27,644; this reflects a decrease of \$4,890 from 2018. The net investment income of \$18,234 reflects a decrease of \$4,391 from 2018. This is primarily due to the decrease in appreciation of the fair value of corporate stocks as discussed above. Employer contributions to the plan were \$9,384, a decrease of \$502 from 2018 (refer to page 21).

Benefits and administrative expenses (deductions from fiduciary net position) increased \$906 from \$13,419 in 2018 to \$14,325. Pension benefits paid to retirees, survivors, and disabled former employees totaled \$14,106, an increase of \$937 from 2018 (refer to page 21). Administrative expenses decreased \$31, due to the cost of an actuarial study performed in 2018 (refer to page 47).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Jackson County, Missouri Revised Pension Plan. The financial section of the Jackson County, Missouri Revised Pension Plan is comprised of three components: (1) Basic Financial Statements, (2) Required Supplementary Information, and (3) Other Supplementary Information.

Basic Financial Statements: (1) The Statements of Fiduciary Net Position are a snapshot of account balances at fair value as of the end of the reporting period whereby fiduciary net position equals assets less liabilities at fiscal year-end. It indicates the assets available for future payments to retirees. (2) The Statements of Changes in Fiduciary Net Position provide a view of current and prior year additions to and deletions from the Plan whereby the net change in fiduciary net position equals additions less deductions. Both statements are in compliance with all Government Accounting Standard Board (GASB) pronouncements for state and local governments. (3) The Notes to Basic Financial Statements provide additional information not readily evident in the statements themselves. The notes are an integral part of the financial statements.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Overview of the Financial Statements (continued)**

Required Supplementary Information: Consists of a Schedule of Changes in Net Pension Liability and Related Ratios, a Schedule of Employer Contributions, and a Schedule of Investment Returns.

Other Supplementary Information, Schedule of Expenses: The Schedules of Administrative Expenses, Investment Expenses and Payments to Vendors are presented immediately following the required supplementary information. These schedules provide historical and additional detailed information considered useful in evaluating the condition of the Plan.

**Financial Analysis**

**Investments**

**Defined Benefit Pension Trust Fund Changes in Fiduciary Net Position**

The investment policy is set by the Pension Plan Board of Trustees. The policy states the composition of investments of the fund will not exceed the range of 32.5% to 82.5% in equities, 27.5% to 37.5% in fixed income investments, and 5% to 15% in real estate. The following chart represents the composition of the fiduciary net position at June 30, 2019, 2018, and 2017, respectively. As of June 30, 2019, total corporate stocks were 21.3% of the portfolio, while the Bond Collective Trust Fund and the International Equity Fund accounted for 20.0% and 12.8%, respectively. The remaining funds were in U.S. government securities, a limited partnership, a long-short equity fund, an emerging markets equity fund, a S&P 500 index fund, corporate bonds and debentures, municipal bonds, a money market fund, a real estate pooled separate account, and a special situations property fund.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Management's Discussion and Analysis**  
**June 30, 2019 and 2018**

**Summary Comparative Statements of Fiduciary Net Position (in Thousands)**

	June 30,		Change		June 30,		Change	
	2019	2018	Amount	%	2018	2017	Amount	%
U.S. Government Securities	\$ 15,984	\$ 15,806	178	1.1%	\$ 15,806	\$ 10,335	5,471	52.9%
Bond Collective Trust Fund	60,232	56,004	4,228	7.6%	56,004	48,307	7,697	15.9%
Limited Partnership	5,920	6,080	(160)	-2.6%	6,080	5,406	674	12.5%
International Equity Fund	38,565	37,652	913	2.4%	37,652	35,348	2,304	6.5%
Long-Short Equity Fund	27,145	27,163	(18)	-0.1%	27,163	25,514	1,649	6.5%
Emerging Markets Equity Fund	16,045	15,463	582	3.8%	15,463	13,769	1,694	12.3%
S&P 500 Index Fund	17,201	15,583	1,618	10.4%	15,583	16,405	(822)	-5.0%
Corporate Stocks:								
Common Stocks	35,382	34,230	1,152	3.4%	34,230	46,216	(11,986)	-25.9%
Regional Stocks	28,916	27,676	1,240	4.5%	27,676	29,890	(2,214)	-7.4%
International Stocks	-	-	-	0.0%	-	-	-	0.0%
Total Corporate Stocks	64,298	61,906	2,392	3.9%	61,906	76,106	(14,200)	-18.7%
Corporate Bonds & Debentures	20,074	18,149	1,925	10.6%	18,149	17,301	848	4.9%
Municipal Bonds	178	175	3	1.7%	175	230	(55)	-23.9%
Money Market Fund	4,000	4,416	(416)	-9.4%	4,416	6,112	(1,696)	-27.8%
Real Estate Pooled Separate Account	16,756	15,687	1,069	6.8%	15,687	14,495	1,192	8.2%
Special Situations Property Fund	15,366	14,450	916	100.0%	14,450	-	14,450	100.0%
Total Investments	301,764	288,534	13,230	4.6%	288,534	269,328	19,206	7.1%
Accrued Interest & Dividends	328	306	22	7.2%	306	266	40	15.0%
Contributions receivable	136	96	40	41.7%	96	59	37	62.7%
Total Assets	302,228	288,936	13,292	4.6%	288,936	269,653	19,283	7.2%
Accrued Expense	467	494	(27)	-5.5%	494	326	168	51.5%
Fiduciary Net Position	\$ 301,761	288,442	13,319	4.6%	\$ 288,442	269,327	19,115	7.1%

**2019**

Fiduciary net position increased \$13,319. The most significant factors were increases of \$4,228, \$2,392, \$1,925, and \$1,618 in the valuation of the Bond Collective Trust Fund, corporate stocks, corporate bonds and debentures, and the S&P 500 Index Fund; respectively.

**2018**

Fiduciary net position increased \$19,115. The most significant factors were the addition of the Special Situations Property Fund with a valuation of \$14,450, and increases of \$7,697, \$5,471, and \$2,304 in the valuation of the Bond Collective Trust Fund, U.S. Government Securities, and the International Equity Fund, respectively. The increases were offset by a decrease of \$14,200 in the valuation of corporate stocks, because corporate stocks were sold to purchase the Special Situations Property Fund investment.

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**Summary Comparative Statements of Changes in Fiduciary Net Position (in Thousands)**

	June 30,		Change		June 30,		Change	
	2019	2018	Amount	%	2018	2017	Amount	%
Net Appreciation (Depreciation)	\$ 17,493	21,907	(4,414)	-25.2%	\$ 21,907	29,288	(7,381)	-33.7%
Interest & Dividends	2,126	1,984	142	7.2%	1,984	1,926	58	3.0%
Investment Expense	(1,385)	(1,266)	119	9.4%	(1,266)	(1,079)	187	17.3%
Net Investment Income (Loss)	18,234	22,625	(4,391)	-24.1%	22,625	30,135	(7,510)	-33.2%
Employee Contributions	26	23	3	13.0%	23	24	(1)	-4.2%
Employer Contributions	9,384	9,886	(502)	-5.1%	9,886	9,584	302	3.2%
Total Additions	27,644	32,534	(4,890)	-15.0%	32,534	39,743	(7,209)	-18.1%
Benefits Paid	14,106	13,169	937	7.1%	13,169	11,990	1,179	9.8%
Administrative Expenses	219	250	(31)	-12.4%	250	178	72	40.5%
Total Deductions	14,325	13,419	906	6.8%	13,419	12,168	1,251	10.3%
Net Increase (Decrease) in Fiduciary Net Position	13,319	19,115	(5,796)	-43.5%	19,115	27,575	(8,460)	-44.3%
Fiduciary Net Position								
Beginning of Year	288,442	269,327	19,115	7.1%	269,327	241,752	27,575	11.4%
End of Year	\$ 301,761	288,442	13,319	4.6%	\$ 288,442	269,327	19,115	7.1%

**2019**

The appreciation of the fair value of investments decreased from \$21,907 in 2018 to \$17,493 in 2019, a decrease of \$4,414. This is most notably due to decreases in appreciation of \$5,735, \$1,668, and \$1,391 of the fair value of corporate stocks, the Long-Short Equity Fund, and the International Equity Fund; respectively, offset by increases in appreciation of \$3,531 and 1,668 of the fair value of the Bond Collective Trust Fund and corporate bonds and debentures, respectively.

The decrease of \$4,391 in net investment income is primarily due to the \$4,414 decrease in appreciation of the fair value of investments. The appreciation of the fair value of corporate stocks decreased \$5,735, the largest decrease by category from 2018 to 2019.

Employer contributions to the plan decreased \$502 and 5.1%. This is primarily due to a decrease in the actuarially recommended contribution rate from 14.23% in 2018 to 13.96% in 2019.

Benefits paid to retirees, survivors, and disabled former employees increased \$937 and 7.1%. Part of the increase was due to a net increase of 39 participants receiving benefits during the reporting period.

Administrative expenses were \$219 for 2019, a decrease of \$31 and 12.4% from 2018, primarily due to the cost of an actuarial study performed in 2018.

Investment expense increased \$119 and 9.4% from 2018. Primarily due to the addition of the Special Situations Property Fund in the second quarter of 2018. Investment fees are based on the fair value of each portfolio.

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2018

The appreciation of the fair value of investments decreased from \$29,288 in 2017 to \$21,907 in 2018, a decrease of \$7,381. This is most notably due to decreases in appreciation of \$4,769, \$1,267, and \$1,025 of the fair value of the International Equity Fund, the Emerging Markets Equity Fund, and the Long-Short Equity Fund; respectively, between 2017 and 2018. As of June 30, 2018, the appreciation of the fair value of the International Equity Fund, the Emerging Markets Equity Fund, and the Long-Short Equity Fund were \$2,304, \$1,226, and \$1,649, respectively.

The decrease of \$7,510 in net investment income is primarily due to the \$7,381 decrease in appreciation of the fair value of investments. The appreciation of the fair value of the International Equity Fund decreased \$4,769, the largest decrease by category from 2017 to 2018.

Employer contributions to the plan increased \$302 and 3.2%.

Benefits paid to retirees, survivors, and disabled former employees increased \$1,179 and 9.8%. Part of the increase was due to net increase of 43 participants receiving benefits during the reporting period.

Administrative expenses were \$250 for 2018, an increase of \$72 and 40.5% from 2017. The increase was primarily due to an increase in the use of legal services and actuarial studies.

Investment expense increased \$187 and 17.3% from 2017. Investment fees are based on the fair value of each portfolio.

**Economic Factors (in Thousands)**

2019

Employer contributions to the Plan for the 2018-2019 fiscal year decreased 5.1%.

The assets of Jackson County exceeded its liabilities at the close of fiscal year 2018 by \$346,983 (net position). Of this amount, \$278,061 was invested in capital assets (net of related debt). Restricted net position was comprised of \$19,551 for debt service, \$8,351 for capital projects, and \$684 for workers' compensation claims. The remaining balance of \$40,336 is unrestricted and may be used to meet the government's ongoing obligations to its citizen and creditors.

The total debt of Jackson County decreased \$37,889 in fiscal year 2018.

The real and personal property assessed value of \$10,735,382 in 2018 reflected an increase in the base of \$133,971 and 1.3% from 2017. Revenue for Jackson County in 2018 was \$278,126 an increase of 12.6% from 2017.

2018

Employer contributions to the Plan for the 2017-2018 fiscal year increased 3.2%.

The assets of Jackson County exceeded its liabilities at the close of fiscal year 2017 by \$330,957 (net position). Of this amount, \$289,660 was invested in capital assets (net of related debt).

**Jackson County, Missouri  
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Restricted net position was comprised of \$17,159 for debt service, \$9,781 for capital projects, and \$506 for workers' compensation claims. The remaining balance of \$13,852 is unrestricted and may be used to meet the government's ongoing obligations to its citizen and creditors.

The total debt of Jackson County decreased \$40,985 in fiscal year 2017.

The real and personal property assessed value of \$10,601,411 in 2017 reflected an increase in the base of \$730,359 and 7.4% from 2016. Revenue for Jackson County in 2017 was \$247,054 an increase of 1.3% from 2016.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Statements of Fiduciary Net Position**  
**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Investments:		
U.S. Government Securities	\$ 15,984,375	\$ 15,805,906
Bond Collective Trust Fund	60,232,026	56,003,869
Limited Partnership	5,920,331	6,079,899
International Equity Fund	38,565,242	37,652,344
Long-Short Equity Fund	27,144,885	27,163,454
Emerging Markets Equity Fund	16,045,305	15,462,927
S&P 500 Index Fund	17,200,576	15,582,829
Corporate Stocks	64,297,639	61,906,356
Corporate Bonds & Debentures	20,074,013	18,148,896
Municipal Bonds	177,771	174,977
Money Market	4,000,164	4,416,164
Real Estate Pooled Separate Account	16,756,046	15,687,339
Special Situations Property Fund	15,366,439	14,449,565
Total Investments	301,764,812	288,534,525
Contributions receivable	135,838	95,869
Accrued Interest and Dividends	327,524	306,251
Total Assets	<u>302,228,174</u>	<u>288,936,645</u>
<b>Liabilities:</b>		
Accrued Expenses	467,450	494,131
Net Position Restricted for Pensions	<u>\$ 301,760,724</u>	<u>\$ 288,442,514</u>

See Notes to Basic Financial Statements.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Statements of Changes in Fiduciary Net Position**  
**For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Additions:</b>		
Net Investment Income:		
Net Appreciation/(Depreciation) of Fair Value		
U.S. Government Securities	\$ 378,887	\$ (349,312)
Bond Collective Trust Fund	4,228,158	696,844
Limited Partnership	(278,656)	589,918
International Equity Fund	912,898	2,304,282
Long-Short Equity Fund	(18,569)	1,649,149
Emerging Markets Equity Fund	582,377	1,225,978
S&P 500 Index Fund	1,622,500	2,182,671
Corporate Stocks	6,828,641	12,564,269
Corporate Bonds and Debentures	1,071,773	(596,390)
Municipal Bonds	2,794	(5,317)
Real Estate Pooled Separate Account	1,068,707	1,192,802
Special Situations Property Fund	1,093,110	451,848
	<u>17,492,620</u>	<u>21,906,742</u>
Interest and Dividends	2,126,216	1,983,812
Investment Expense	(1,384,723)	(1,265,715)
	<u>18,234,113</u>	<u>22,624,839</u>
Net Investment Income		
	<u>18,234,113</u>	<u>22,624,839</u>
Employee Contributions	25,909	23,488
Employer Contributions	9,383,418	9,885,962
Total Contributions	<u>9,409,327</u>	<u>9,909,450</u>
Total Additions	<u>27,643,440</u>	<u>32,534,289</u>
<b>Deductions:</b>		
Benefits paid directly to participants	14,106,502	13,169,152
Administrative Expenses	218,728	249,640
	<u>14,325,230</u>	<u>13,418,792</u>
Total Deductions		
	<u>14,325,230</u>	<u>13,418,792</u>
Net Increase in Fiduciary Net Position	13,318,210	19,115,497
<b>Net Position Restricted for Pensions:</b>		
Beginning of Year	288,442,514	269,327,017
End of Year	<u>\$ 301,760,724</u>	<u>\$ 288,442,514</u>

See Notes to Basic Financial Statements.



**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
**June 30, 2019 and 2018**

**(1) Summary of Significant Accounting Policies**

Measurement Focus, Basis of Accounting, and Basis of Presentation

The Jackson County, Missouri Revised Pension Plan (The Plan) uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Plan's fund is classified as a Pension Trust Fund of fiduciary fund type. Pension Trust Funds account for assets held by the Plan in a trustee capacity or as an agent on behalf of others and are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Employee contributions are recognized in the plan year applicable to the pay period they are withheld from the employee's pay. Employer contributions are recognized in the plan year to which the underlying payroll applies, if received within 30 days of the plan year-end. Interest and dividend income are recorded when earned. Expenses are recorded when the corresponding liabilities are incurred. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Investment Valuation and Income Recognition

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. See Note (3) for additional information regarding fair value measures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from these estimates.

Administrative Expenses

Actuarial, investment management and bank trustee fees and expenses are included in the Plan's expenses when incurred. Expenses applicable to the Plan year that have not been paid, are accrued and reflected in the total expense reported.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
**June 30, 2019 and 2018**

**(2) Plan Description**

Plan Administration

The Jackson County, Missouri Revised Pension Plan (the Plan) is considered a cost-sharing multiple-employer defined benefit plan providing for retirement, disability and death benefits for all eligible employees of Jackson County (the County), the Little Blue Valley Sewer District, the Jackson County Board of Election Commissioners, the Kansas City Board of Election Commissioners, the Jackson County Sports Complex Authority, the Jackson County Law Library, Inc., and the Eastern Jackson County Multi-Jurisdictional Anti-Drug Task Force. The benefit provisions are provided under the authority of Section 50.337, RSMo. The Pension Plan Board of Trustees is responsible for the overall governance of the Pension Plan, including all administrative, operational, and investment functions. The Board shall have all the powers and duties that are necessary and proper to enable it to fully and effectively carry out its responsibilities. The Board consists of eleven members—the Jackson County Chief Administrative Officer, the Jackson County Director of Human Resources, one active plan member employed by the Circuit Court, one active plan member from the Prosecuting Attorney's bargaining unit, two other active plan members from other departments, four independent business executives, and a labor leader or union representative from one of the County's bargaining units (see page 8 for additional information). Day-to-day administration of the Plan is performed by employees of the Jackson County Human Resources and Finance Departments.

The employers listed in the paragraph above, have agreed to voluntarily contribute such amounts as are necessary to provide assets sufficient to meet benefits to be paid to Plan members. The Plan is included in the County's financial reports as a Pension Trust Fund, however, these financial statements present only the Pension Trust Fund. The County, by action of the County Legislature, has the right under the Plan to discontinue contributions at any time and terminate the Plan. In the event of Plan termination, the Plan's net position is to be distributed in the following order:

1. To provide for the distribution of non-refunded participants contributions.
2. To provide for the continuance of benefits to those receiving such prior to plan termination.
3. To provide benefits for those eligible, but not yet receiving benefits as of the plan termination date.
4. To provide benefits to participants at normal retirement date eligible for termination benefits whether or not they have actually terminated, without reference to the order they shall reach normal retirement date.
5. To provide for subsequent normal retirement benefits for members upon reaching normal retirement date.

**Jackson County, Missouri  
Revised Pension Plan  
Notes to Basic Financial Statements  
June 30, 2019 and 2018**

**(2) Plan Description (continued)**

Plan Membership

As of June 30, 2019 and 2018, the Jackson County, Missouri Revised Pension Plan membership consisted of:

	<u>2019</u>	<u>2018</u>
Retirees and beneficiaries currently receiving benefits	1,389	1,350
Terminated employees entitled to benefits but not yet receiving them	1,169	1,160
Current employees:		
Vested	845	846
Non Vested	<u>413</u>	<u>400</u>
Total	<u><u>3,816</u></u>	<u><u>3,756</u></u>

Benefits Provided

Plan benefit terms may be amended by the Jackson County Legislature.

*Eligibility:* Employees become eligible for the plan on the January 1<sup>st</sup> after completion of one year of full-time service.

*Vesting:* The participant is 100% vested after five years of service. No partial vesting is allowed.

*Normal Retirement:* The Plan calls for the normal retirement benefit at age sixty-five of 1.5% of the average monthly earnings for each year of credited service (computed average monthly earnings for the highest thirty-six consecutive months, from the previous one hundred twenty months). Effective December 15, 1997, the Plan was amended to also provide a normal retirement benefit to those active employees who have reached the age of fifty-five and whose years of age and credited service total eighty years.

*Normal Retirement (Elected Officials):* Effective November 5, 2003, the Plan was amended to provide a benefit schedule applicable to Elected Officials. The Plan allows for a normal retirement benefit calculation of 4.167% of the Average Monthly Earnings for each year of the first twelve years of credited service plus 5% of Average Monthly Earnings times years of credited service from years 12 to 16.

*Early Retirement:* Early retirement is available at age fifty-five and five years of service, subject to certain reductions from the normal benefit. No benefits are available before age fifty-five, exclusive of disability benefits.

*Disability Retirement:* The participant shall receive the accrued benefit, if the participant has five years of service and the disability is total and permanent as defined by the Social Security Act.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
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**(2) Plan Description (continued)**

*Pre-Retirement Death Benefit:* If any active member should die being vested in the plan, a lump sum death benefit equal to the deceased member's current benefit at the time of death shall be payable.

*Cost of Living Adjustments:* The Plan provisions regarding cost of living adjustments (COLAs) allow for discretionary increases of up to 3.0% for members who have been retired for a full year.

IRS Determination

The Plan has received a favorable determination letter dated May 17, 2017, from the Internal Revenue Service indicating that it is qualified under the Internal Revenue Code. The Plan has been amended since receiving this determination letter. The Plan Administrator believes the Plan is currently designed, and is being operated, in compliance with the applicable requirements of the Code.

Contributions

Employer contributions are subject to annual appropriation by Jackson County, Missouri, and other participating employers. The only employee contributions are the 4% required to be contributed by elected officials for up to 16 years. No other employee contributions are allowed. The Plan receives an annual actuarial valuation for the purpose of determining the recommended contribution rates. The County's contribution rate was 16.53% of annual covered payroll for July 2017 to December 2017, 14.23% for 2018, and 13.96% for January to June 2019, except for the General Fund, which contributed 9% of annual covered payroll. All other employers' contribution rates were 16.53% for July to December, 2017, 14.23% for 2018, and 13.96% for January to June, 2019, respectively.

Administrative costs of the pension plan are financed through investment earnings when incurred.

Funded Status and Changes in Net Pension Liability

As of July 1, 2019, the most recent actuarial valuation date, the Plan was 87.2% funded (on the market value of assets basis). The total pension liability was \$346,039,431; and the plan fiduciary net position was \$301,760,724; resulting in a net pension liability (NPL) of \$44,278,707. The annual covered payroll (annual payroll of active employees covered by the Plan) was \$64,516,217; and the ratio of the NPL to the annual covered payroll was 68.6%. Using the actuarial value of assets basis, the Plan was 86.1% funded as of July 1, 2019.

As of July 1, 2018, the Plan was 86.0% funded (on the market value of assets basis). The total pension liability was \$335,578,550; and the plan fiduciary net position was \$288,442,514; resulting in a net pension liability (NPL) of \$47,136,036. The annual covered payroll (annual payroll of active employees covered by the Plan) was \$66,315,839; and the ratio of the NPL to the annual covered payroll was 71.1%. Using the actuarial value of assets basis, the Plan was 84.6% funded as of July 1, 2018.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
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**(3) Investments**

Investment Policy

The Plan's investments are managed by independent investment managers and are held by the current custodian, BMO Harris Bank N.A. (BMO), except for the commingled investments which are held by the custodian chosen by such commingled fund, and maintained, for reporting purposes only, at BMO. Equity securities are limited to 82.5% of total investments, with an allocation target of 57.5%. Fixed income investments, other than cash equivalents, are limited to 37.5% of total investments, with an allocation target of 32.5%. Real estate investments are limited to 15% of total investments, with an allocation target of 10%. Investment performance is monitored by a professional consultant and reviewed not less than annually by the Pension Board of Trustees, which has the authority to amend investment policy decisions, including asset allocation targets and acceptable asset classifications.

Concentration of Investments

At June 30, 2019, the investment in the Bond Collective Trust Fund represented 20.0% of the Plan's total investments, the International Equity Fund represented 12.8%, the Long-Short Equity Fund represented 9.0%, the S&P 500 Index Fund represented 5.7%, the Real Estate Pooled Separate Account represented 5.6%, the Emerging Markets Equity Fund represented 5.3%, and the Special Situation Property Fund represented 5.1%. All other individual investments represented less than 5% of the Plan's total investments.

At June 30, 2018, the investment in the Bond Collective Trust Fund represented 19.4% of the Plan's total investments, the International Equity Fund represented 13.0%, the Long-Short Equity Fund represented 9.4%, the S&P 500 Index Fund represented 5.4%, the Real Estate Pooled Separate Account represented 5.4%, the Emerging Markets Equity Fund represented 5.4%, and the Special Situations Property Fund represented 5.0%. All other individual investments represented less than 5% of the Plan's total investments.

Rate of Return

For the years ended June 30, 2019 and 2018, the annual money weighted rates of return on pension plan investments, net of pension plan investment expense, were 6.46% and 8.58%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not have a policy for interest rate risk.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
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**(3) Investments** (continued)

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments in debt securities by maturity:

June 30, 2019

Security Description	Current Fair Value	Debt Security Investment Maturities (in years)			
		<1	1-5	5-10	10+
US Agencies	\$ 4,648,118	14,583	1,007,841	892,526	2,733,168
Municipal Bonds	177,771	-	71,222	106,549	-
Treasury Notes	11,336,257	-	9,767,612	1,568,645	-
Corporate Bonds	20,074,013	904,400	9,380,183	9,734,679	54,751
Total	\$ 36,236,159	918,983	20,226,858	12,302,399	2,787,919

June 30, 2018

Security Description	Current Fair Value	Debt Security Investment Maturities (in years)			
		<1	1-5	5-10	10+
US Agencies	\$ 5,053,406	48,100	588,050	1,616,282	2,800,974
Municipal Bonds	174,977	-	70,939	104,038	-
Treasury Notes	10,752,500	1,680,922	7,205,307	1,866,271	-
Corporate Bonds	18,148,896	2,500,412	6,100,727	9,504,608	43,149
Total	\$ 34,129,779	4,229,434	13,965,023	13,091,199	2,844,123

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan does not have a policy for credit risk.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
**June 30, 2019 and 2018**

**(3) Investments** (continued)

As of June 30, 2019, the Plan's investments were rated as follows:

Security Description	Moody's	Standard & Poor's
<b>US Agencies:</b>		
Federal Home Loan Mortgage Corporation	AAA	AA+
Federal Home Loan Mortgage Corp Partn Gold	Not Rated*	Not Rated*
Federal Home Loan Bk Cons Bonds	AAA	AA+
Federal National Mortgage Association	AAA	AA+
Federal National Mortgage Association GTD PASSTHRU	Not Rated*	Not Rated*
<b>Municipal Bonds:</b>		
Bloomington Ind Pk Dist Bonds	Not Rated	AA
Brownsburg Ind GO Bonds	Not Rated	AA+
<b>Corporate Bonds:</b>		
Abbvie Inc Sr Nt	BAA2	A-
Aflac Inc Sr Nt	A3	A-
Alibaba Group Holding Ltd Sr Gbl	A1	A+
American Intl Group Inc Sr Nt	BAA1	BBB+
Ameriprise Financial Inc Sr Nt	A3	A
Anheuser Busch Inbev Wldw Inc Fr	BAA1	A-
Aon Plc Sr Gbl	BAA2	A-
AT&T Inc Glocal Nt	BAA2	BBB
AT&T Inc Sr Nt	BAA2	BBB
Avalonbay Communities Inc Mtn Fr	A3	A-
Bank Amer Corp Fr	A2	A-
Biogen Inc Sr Nt	BAA1	A-
Boardwalk Pipeline LP Sr Gbl Nt	BAA3	BBB-
Capital One Financial Corp Sr Nt	BAA1	BBB
Carnival Corp Sr Nt	A3	A-
Celegene Corp Sr Nt	BAA2	BBB+
Citigroup, Inc Sr Nt	A3	BBB+
Citizens Bank Nafr	BAA1	A-
Diamond 1 Financial 2 1Lien Sr 144A	BAA3	BBB-
Discover Financial Services Sr Nt	BAA3	BBB-
Edwards LifeSciences Corp	BAA2	BBB-
Fifth Third Bank of Cincinnati, Ohio Mtn Fr	A3	A-
GE Capital International Fdg Fr	BAA1	BBB+

**Jackson County, Missouri**  
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**(3) Investments (continued)**

Security Description	Moody's	Standard & Poor's
General Electric Capital Corp Mtn Fr	BAA1	BBB+
General Motors Financial Co Inc Sr Gbl	BAA3	BBB
Huntington Bancshares Inc Sr Nt	BAA1	BBB+
Huntington National Bank Sr Gbl Nt	A3	A-
Husky Energy Inc Sr Nt	BAA2	BBB
JPMorgan Chase & Co Nt	A2	A-
Kimco Realty Corp Sr Gbl	BAA1	BBB+
Lowes Cos Inc Gbl Nt	BAA1	BBB+
Macys Retail Holdings Ing Gtdsr	BAA3	BBB-
McDonalds Corp Med Term Nt	BAA1	BBB+
Microsoft Corp Sr Gbl Nt	AAA	AAA
Morgan Stanley Fr	A3	BBB+
National Australia Bk N Y Brh Sr	AA3	AA-
National Oilwell Varco Inc Sr Nt	BAA1	BBB+
Raymond James Financial Inc Sr Nt	BAA1	BBB+
Regions Financial Corp New Sr Nt	BAA2	BBB+
Rio Tinto Finance USA Ltd Sr Nt	A2	A
Schlumberger Investment Sa Gtd Sr Nt	A1	A+
Starbucks Corp	BAA1	BBB+
Synchrony Financial Sr Nt	Not Rated	BBB-
Target Corp Nt	A2	A
TJX Cos Inc New Sr Nt	A2	A+
Wells Fargo & Co New Sr Gbl Nt	A2	A-
Wells Fargo Bank National Assn Fr	AA2	A+
Willis North Amer Inc Sr Gbl	BAA3	BBB
Zoetis Inc Sr Nt	BAA1	BBB
Loomis Sayles Commingled Bonds Account	AA3	AA-
BMO Government Money Market Premier Fund	Aaa-mf	Not Rated



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**(3) Investments (continued)**

As of June 30, 2018, the Plan's investments were rated as follows:

Security Description	Moody's	Standard & Poor's
US Agencies:		
Federal Home Loan Bks Cons Bds	AAA	AA+
Federal Home Loan Mortgage Corporation	AAA	AA+
Federal Home Loan Mortgage Corporation Partn Gold	Not Rated*	Not Rated*
Federal National Mortgage Association	AAA	AA+
Federal National Mortgage Association GTD PASSTHRU	Not Rated*	Not Rated*
Municipal Bonds:		
Bloomington Ind Pk Dist Bonds	Not Rated	AA-
Brownsburg Ind GO Bonds	Not Rated	AA+
Corporate Bonds:		
Alibaba Group Holding Ltd St Gbl	A1	A+
Amazon.com, Inc.	BAA1	AA-
American Intl Group Inc Sr	BAA1	BBB+
Ameriprise Financial Inc Sr	A3	A
Aon Plc Sr Gbl	BAA2	A-
AT&T Inc Global	BAA2	BBB
AT&T Inc Sr	BAA2	BBB
Avalonbay Cmnty Inc Mtn Fr	A3	A-
Bank America Corp Fr	A3	A-
Biogen Inc Sr	BAA1	A-
Boardwalk Pipelines Lp Sr Gbl Nt	BAA3	BBB-
Capital One Financial Corp	BAA1	BBB
Carnival Corp	A3	A-
Cellegene Corp	BAA2	BBB+
Citigroup, Inc	BAA1	BBB+
Diamond 1 Financial	BAA3	BBB-
Discover Financial Services	BA1	BBB-
Dominion Resources, Inc	BAA2	BBB
Edwards Lifesciences Corp	BAA2	BBB-
Fifth Third Bank of Cincinnati, Ohio	A3	A-
General Electric Capital Corp	A2	A
Huntington Bancshares Inc Sr Nt	BAA1	BBB+
Huntington National Bank Sr Global Nt	A3	A-

**Jackson County, Missouri**  
**Revised Pension Plan**  
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**(3) Investments (continued)**

Security Description	Moody's	Standard & Poor's
Husky Energy Inc Sr Nt	BAA2	BBB+
JPMorgan Chase & Co Nt	A3	A-
KeyCorp Medium Term Nts Fr	BAA1	BBB+
Kimco Realty Corp Sr Gbl	BAA1	BBB+
Macys Retail Holdings Inc	BAA3	BBB-
McDonalds Corp	BAA1	BBB+
MetLife Inc	A3	A-
Microsoft Corp Sr Gbl Nt	AAA	AAA
National Australia Bk N Y Brh Sr	AA3	AA-
National Oilwell Varco Inc Sr Nt	BAA1	BBB+
Prudential Financial, Inc Mtns Book Fr	BAA1	A
RaymondJames Financial Inc Sr	BAA1	BBB+
Rio Tinto Finance	A3	A
Schlumberger Investment Sa Gtd Sr Nt	A1	AA-
Synchrony Financial	Not Rated	BBB-
Target Corp Nt	A2	A
TJX Cos Inc New Sr Nt	A2	A+
Wells Fargo & Co	A2	A-
Willis North Amer Inc Sr Gbl	BAA3	BBB
Zoetis Inc Sr Nt	BAA1	BBB
Loomis Sayles Commingled Bonds Account	A1	A+

\*These US agency securities are pooled assets, so they are not rated by Moody's and Standard and Poor's.

**Custodial Credit Risk**

The custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g. Broker-Dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plan does not have a policy for custodial credit risk.

At June 30, 2019, and 2018, the Plan's U.S. government securities, corporate stocks, corporate bonds and debentures, municipal bonds, and money market funds were uninsured and unregistered investments with the securities held by the counterparty's trust department or agent in the name of the Plan. The Plan's investments during the years ended June 30, 2019, and 2018, did not differ significantly from these at the respective year-ends in amounts or level of risk, except that the Plan sold domestic large cap stocks to add a special situations property fund to the Plan's portfolio during 2018.

**Jackson County, Missouri**  
**Revised Pension Plan**  
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**(3) Investments** (continued)

Fair Value Measurements

The Plan categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

**Level 1 Input:** Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

**Level 2 Input:** Inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly. Agency securities and corporate bonds are valued using either a price or spread basis as determined by the observed market data. Municipal bonds are valued using yield curves which are adjusted throughout the day based on trades and other pertinent market information.

**Level 3 Input:** Inputs that are unobservable for the asset or liability which are typically based upon the Plan's own assumptions as there is little, if any, related market activity.

**Hierarchy:** The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

**Inputs:** If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The Plan has the following recurring fair value measurements as of June 30, 2019 and 2018:

**Jackson County, Missouri**  
**Revised Pension Plan**  
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**(3) Investments (continued)**

**Investments Measured at Fair Value**  
**(\$ in thousands)**

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2019			
<b>Investments by fair value level</b>				
Debt securities:				
U.S. Treasury securities	\$ 11,336	\$ 11,336	\$ -	\$ -
U.S. Agency securities	4,648	-	4,648	-
Municipal bonds	178	-	178	-
Corporate bonds and debentures	20,074	-	20,074	-
Total debt securities	36,236	11,336	24,900	-
Equity securities:				
Consumer discretionary	7,346	7,346	-	-
Consumer staples	2,241	2,241	-	-
Energy	1,995	1,995	-	-
Financials	9,640	9,640	-	-
Health care	8,516	8,516	-	-
Industrials	11,004	11,004	-	-
Information technology	16,002	16,002	-	-
Materials	3,202	3,202	-	-
Real Estate	1,152	1,152	-	-
Telecommunication services	2,713	2,713	-	-
Utilities	487	487	-	-
Total equity securities	64,298	64,298	-	-
Total investments by fair value level	100,534	\$ 75,634	\$ 24,900	\$ -
<b>Investments measured at amortized cost</b>				
Money market funds	4,000			
Total investments measured at amortized cost	4,000			
<b>Investments measured at the net asset value (NAV)</b>				
Bond Collective Trust Fund	60,232			
Limited Partnership	5,920			
International Equity Fund	38,565			
Long-Short Equity Fund	27,145			
Emerging Markets Equity Fund	16,045			
S&P 500 Index Fund	17,201			
Real Estate Pooled Separate Account	16,756			
Special Situations Property Fund	15,366			
Total investments measured at the NAV	197,230			
Total investments	\$ 301,764			

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
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**(3) Investments (continued)**

**Investments Measured at Fair Value**  
**(\$ in thousands)**

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2018			
<b>Investments by fair value level</b>				
Debt securities:				
U.S. Treasury securities	\$ 10,753	\$ 10,753	\$ -	\$ -
U.S. Agency securities	5,054	-	5,018	36
Municipal bonds	175	-	175	-
Corporate bonds and debentures	18,149	-	18,149	-
Total debt securities	34,131	10,753	23,342	36
Equity securities:				
Consumer discretionary	5,887	5,887	-	-
Consumer staples	2,875	2,875	-	-
Energy	2,694	2,694	-	-
Financials	9,980	9,980	-	-
Health care	7,589	7,589	-	-
Industrials	10,497	10,497	-	-
Information technology	18,019	18,019	-	-
Materials	2,593	2,593	-	-
Real Estate	1,031	1,031	-	-
Telecommunication services	374	374	-	-
Utilities	367	367	-	-
Total equity securities	61,906	61,906	-	-
Total investments by fair value level	96,037	\$ 72,659	\$ 23,342	\$ 36
<b>Investments measured at amortized cost</b>				
Money market funds	4,416			
Total investments measured at amortized cost	4,416			
<b>Investments measured at the net asset value (NAV)</b>				
Bond Collective Trust Fund	56,004			
Limited Partnership	6,080			
International Equity Fund	37,652			
Long-Short Equity Fund	27,163			
Emerging Markets Equity Fund	15,463			
S&P 500 Index Fund	15,583			
Real Estate Pooled Separate Account	15,687			
Special Situations Property Fund	14,450			
Total investments measured at the NAV	188,082			
Total investments	\$ 288,535			

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Basic Financial Statements**  
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**(3) Investments (continued)**

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued throughout the day using continuous feeds from a number of live data sources. U.S. Agency securities and corporate bonds classified in Level 2 of the fair value hierarchy are valued using a price, yield, or spread basis as determined by the observed market data. Municipal bonds classified in Level 2 of the fair value hierarchy are valued using yield curves which are adjusted throughout the day based on trades and other pertinent market information. The yield curves are generated and adjusted based on factors such as levels on bellwether issues, established trading spreads between similar issuers or credits, historical trading spreads over widely accepted market benchmarks, new issue scales, and market information from third party sources. Money market funds are valued at amortized cost.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

**Investments Measured at Net Asset Value (NAV)**  
**(\$ in thousands)**

	Fair Value		Redemption Frequency (if Currently Eligible)	Redemption Notice period
	June 30, 2019	June 30, 2018		
Bond Collective Trust Fund (1)	\$ 60,232	\$ 56,004	Daily	0 to 3 days
Limited Partnership (2)	5,920	6,080	1st business day of the month	15th day of the prior month
International Equity Fund (3)	38,565	37,652	Daily	1 day
Long-Short Equity Hedge Fund (4)	27,145	27,163	Quarterly	45 days
Emerging Markets Equity Fund (5)	16,045	15,463	Each Wednesday (or the next business day)/Last business day of each month	10 business days
S&P 500 Index Fund (6)	17,201	15,583	Daily	As soon as practicable
Real Estate Pooled Separate Account (7)	16,756	15,687	Daily	1 day
Special Situations Property Fund (8)	15,366	14,450	Quarterly	30 days
Total investments measured at the NAV	<u>\$ 197,230</u>	<u>\$ 188,082</u>		

**Jackson County, Missouri**  
**Revised Pension Plan**  
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**(3) Investments (continued)**

Units of the Limited Partnership and the S&P 500 Index Fund are sold quarterly to pay the management fees of the respective investment managers. At June 30, 2019 and 2018, the Plan had no unfunded commitments.

1. *Bond Collective Trust Fund.* The fund is a core plus fixed income collective investment trust. The objective of the fund is high total investment return through a combination of current income and capital appreciation. There are no requirements to give advanced notice of intent to redeem the investment, but three days' notice is preferred. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the fund.
2. *Limited Partnership.* The investment is a small cap equity fund established as a limited partnership. The fund's objective is to achieve a long-term total return by investing in non-U.S. small capitalization companies. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in the partners' capital.
3. *International Equity Fund.* The investment is an international dynamic equity fund. The fund's objective is to achieve long term capital growth, primarily through investment in shares of companies around the world, except the United States. At least two-thirds of the fund's assets are to be invested in the equities of companies domiciled in Europe, Australia, Asia, and Latin America. The fund is traded daily and redemption normally occurs after one days' written notice. However, if the fund's requested withdrawals exceed 10 percent of the fund's net asset value, the fund may defer the excess of such withdrawals to the next dealing day. All withdrawal requests relating to an earlier dealing day will be completed before new requests are considered, subject to further deferral and to liquidity being raised with respect to the next or any subsequent dealing day. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the fund.
4. *Long-Short Equity Hedge Fund.* The fund invests in other hedge funds that invest across liquid asset classes, primarily focusing on equity long/short in global markets. The underlying funds aim to invest primarily in companies in developed markets through equity and equity-related securities. The majority of the fund's underlying investments can only be redeemed on the first business day of each calendar quarter or each calendar month. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the fund.
5. *Emerging Markets Equity Fund.* The objective of the fund is to seek long-term capital appreciation by investing at least 80% of its assets in emerging market equity securities. The fund may invest in securities across all market capitalizations and styles. Redemptions occur weekly on Wednesday (or the next business day) or the last business day of the month, with 10 business days' advanced written notice. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the fund.

**Jackson County, Missouri**  
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**(3) Investments (continued)**

6. *S&P 500 Index Fund.* The objective of the fund is to provide a vehicle to access the U.S. equity market and investment results that approximate the overall performance of the common stocks included in the Standard & Poor's 500 Composite Stock Price Index. The fund requires 1 days' notice to redeem 100% of the Plan's investment. Notification of other planned transactions is to be provided as soon as practicable. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the fund.
7. *Real Estate Pooled Separate Account.* The account is a diversified real estate equity account consisting primarily of high quality, well-leased real estate properties in the multifamily, industrial, office, retail, and hotel sectors. The objective of the account is to invest in a well-diversified real estate portfolio that reflects the overall performance of the U.S. commercial real estate market. Redemptions normally occur with one day of notice. However, the accountholder has the right to impose withdrawal limitations to pay withdrawal requests on a pro rata basis as cash becomes available for distribution. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in the accountholder's capital.
8. *Special Situations Property Fund.* The fund is a balanced portfolio of stabilized and value-added real estate opportunities. The objective of this fund is to provide a moderate level of current income and/or high residual property appreciation by investing in a wide variety of value-added real estate opportunities in the United States. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the fund.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan does not have a policy related to foreign currency risk.

At June 30, 2019, the Plan had invested in a Limited Partnership, an International Equity Fund, a Long-Short Equity Fund, and an Emerging Markets Equity Fund, all of which invested in international stocks. The fair value of the Limited Partnership was \$5,920,331 and 2.0% of the Plan's portfolio. The fair value of the International Equity Fund was \$38,565,242 and 12.8% of the Plan's portfolio. The fair value of the Long-Short Equity Fund was \$27,144,885 and 9.0% of the Plan's portfolio. The fair value of the Emerging Markets Equity Fund was \$16,045,305 and 5.3% of the Plan's portfolio. The Bond Collective Trust Fund also had some international investments. In addition, the Plan's corporate bonds and debentures include international bonds with a fair value of \$3,163,634, representing 1.0% of the Plan's portfolio.



**Jackson County, Missouri**  
**Revised Pension Plan**  
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**(4) Investments** (continued)

At June 30, 2018, the Plan had invested in a Limited Partnership, an International Equity Fund, a Long-Short Equity Fund, and an Emerging Markets Equity Fund, all of which invested in international stocks. The fair value of the Limited Partnership was \$6,079,899 and 2.1% of the Plan's portfolio. The fair value of the International Equity Fund was \$37,652,344 and 13.0% of the Plan's portfolio. The fair value of the Long-Short Equity Fund was \$27,163,454 and 9.4% of the Plan's portfolio. The fair value of the Emerging Markets Equity Fund was \$15,462,927 and 5.4% of the Plan's portfolio. The Bond Collective Trust Fund also had some international investments. In addition, the Plan's corporate bonds and debentures include international bonds with a fair value of \$3,034,052, representing 1.1% of the Plan's portfolio.

**(4) Net Pension Liability and Actuarial Assumptions**

Net Pension Liability of the Employers

The components of the net pension liability of the employers at June 30, 2019 and 2018, were as follows:

	2019	2018
Total Pension Liability	\$ 346,039,431	\$ 335,578,550
Plan Fiduciary Net Position	(301,760,724)	(288,442,514)
Net Pension Liability	<u>\$ 44,278,707</u>	<u>47,136,036</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	87.2%	86.0%

Actuarial Assumptions

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Most assumptions were revised in 2017 based on the results of the experience study conducted in 2017 for the period from July 1, 2011 to June 30, 2016.

The actuarial assumptions used are as follows:

Valuation dates:	<u>July 1, 2019 and 2018</u>
Investment rate of return, net of expenses:	6.75% compounded annually
Projected salary increases:	Ranges from 2.75% to 4.75%
Assumed inflation rate:	2.5% per annum
Post retirement benefit increase:	2.0%

**Jackson County, Missouri**  
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**(4) Net Pension Liability and Actuarial Assumptions (continued)**

**Mortality:**

Active and Terminated Vested Participants: RP 2014 Healthy Non-Annuitant Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis.

Beneficiaries and Retirees: RP-2014 Healthy Annuitant Table adjusted back to 2006 using MP-2014, multiplied by 1.2 for males and 1.0 for females, and projected forward with MP-2016 on a generational basis.

Disabled Members: RP-2014 Disabled Mortality Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis.

The July 1, 2019 and 2018 actuarial valuations assume a 6.75% rate of return. The Board of Trustees has adopted an asset allocation strategy that structures the Plan's assets in such a way as to maximize the financial return to the retirement system consistent with the risks incumbent in each investment and the portfolio as a whole, while maintaining an appropriate level of diversification of the retirement system assets. The Board of Trustees, with assistance from Asset Consulting Group, our investment consultant, has reviewed the asset allocation of the Plan based on the long term capital market assumptions (including expected return, volatility and correlation among asset types) developed by the investment consultant. The Board of Trustees, upon the advice and consultation from the investment consultant, believes that there is a reasonable probability that the portfolio is structured in such a manner as to provide a 6.75% annualized rate of return over a long-term (20+ years) time horizon. There is also a reasonable probability of achieving a 6.75% rate of return in any given year; however, the range of potential outcomes around the median is much wider over shorter periods.

Best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 and 2018, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	2019	2018
Core Bonds	2.62%	2.74%
Core Plus	2.89%	3.01%
U.S. Large Cap Equity	7.21%	7.53%
U.S. Small Cap Equity	8.42%	8.79%
International Developed Equity	8.14%	8.51%
Emerging Market Equity	9.38%	9.80%
Long-Short Equity	5.63%	6.27%
Core Real Estate	6.78%	5.91%
Value Added Real Estate	8.29%	7.15%

**Jackson County, Missouri**  
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**(4) Net Pension Liability and Actuarial Assumptions (continued)**

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the years ended June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that elected official contributions will continue at the current rate of 4.0%. Employer contributions were assumed to be made in accordance with the current contribution policy as follows:

- For Jackson County, a contribution is made based upon total budgeted payroll (i.e. not just pension payroll). The contribution is 9% of general employee total payroll and a contribution rate to be determined annually for other employee payroll which may or may not be equal to the most recent actuarially determined employer contribution rate. For calendar year 2018, the rate for the other employee payroll was 14.23%, which was the actuarially determined rate from the July 1, 2017 actuarial valuation. For calendar year 2019, the rate for the other employee payroll was 13.96%, which was the actuarially determined rate from the July 1, 2018 actuarial valuation.
- For employers other than the County, contributions are made at the actuarially determined rate.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the single equivalent rate used to determine the Total Pension Liability as of June 30, 2019 is 6.75%, the long-term expected rate of return on Plan investments.

Sensitivity

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Net Pension Liability	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
2019	\$ 90,393,169	44,278,707	6,305,492
2018	\$ 92,200,594	47,136,036	10,041,690

**Jackson County, Missouri**  
**Revised Pension Plan**  
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**(5) New Pronouncements**

The Plan implemented the following Governmental Accounting Standards Board (GASB) Statements during the year:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. This Statement had no effect on the Plan's financial statements in the current year.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement had no effect on the Plan's financial statements in the current year.

The GASB has issued several Statements not yet required to be implemented by the Plan. The Plan's management has not yet determined the effect these Statements will have on the Plan's financial statements. However, the Plan plans to implement all standards by required dates. The Statements which may impact the Plan are as follows:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement had no effect on the Plan's financial statements in the current year.

**Jackson County, Missouri**  
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**(5) New Pronouncements (continued)**

- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the Plan beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.
- GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, will be effective for the Plan beginning with its fiscal year ending June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.
- GASB Statement 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61*, issued August 2018, will be effective for the Plan beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.
- GASB Statement 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the Plan beginning with its fiscal year ending June 30, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Ten Years Ended June 30, 2019**

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service Cost	\$ 3,679,043	\$ 3,747,904	\$ 4,515,213	\$ 4,159,756	\$ 4,204,176
Interest Cost	22,431,567	21,914,747	21,955,012	20,982,000	19,226,216
Changes in Benefits	-	-	-	-	-
Difference Between Expected and Actual Experience	(1,543,227)	(4,307,023)	5,125,099	(75,313)	(3,626,506)
Changes of Assumptions	-	-	(7,234,328)	-	15,831,115
Benefits Paid	(14,106,502)	(13,169,152)	(11,990,680)	(11,068,365)	(10,134,743)
<b>Net Change in Total Pension Liability</b>	<b>10,460,881</b>	<b>8,186,476</b>	<b>12,370,316</b>	<b>13,998,078</b>	<b>25,500,258</b>
<b>Total Pension Liability-Beginning</b>	<b>335,578,550</b>	<b>327,392,074</b>	<b>315,021,758</b>	<b>301,023,680</b>	<b>275,523,422</b>
<b>Total Pension Liability-Ending (a)</b>	<b>346,039,431</b>	<b>335,578,550</b>	<b>327,392,074</b>	<b>315,021,758</b>	<b>301,023,680</b>
<b>Plan Fiduciary Net Position</b>					
Contribution-Employer	9,383,418	9,885,962	9,584,406	8,965,045	8,479,786
Contribution-Employee	25,909	23,488	23,892	22,294	24,221
Net Investment Income (Loss)	18,234,113	22,624,839	30,135,277	(519,751)	8,894,357
Benefits Paid	(14,106,502)	(13,169,152)	(11,990,680)	(11,068,365)	(10,134,743)
Administrative Expenses	(218,728)	(249,640)	(177,806)	(213,999)	(185,094)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>13,318,210</b>	<b>19,115,497</b>	<b>27,575,089</b>	<b>(2,814,776)</b>	<b>7,078,527</b>
<b>Plan fiduciary Net Position-Beginning</b>	<b>288,442,514</b>	<b>269,327,017</b>	<b>241,751,928</b>	<b>244,566,704</b>	<b>237,488,177</b>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>301,760,724</b>	<b>288,442,514</b>	<b>269,327,017</b>	<b>241,751,928</b>	<b>244,566,704</b>
<b>Net Pension Liability-Ending (a)-(b)</b>	<b>44,278,707</b>	<b>47,136,036</b>	<b>58,065,057</b>	<b>73,269,830</b>	<b>56,456,976</b>
<b>Plan Fiduciary net Position as a % of the Total Pension Liability</b>	<b>87.20%</b>	<b>85.95%</b>	<b>82.26%</b>	<b>76.74%</b>	<b>81.25%</b>
<b>Covered Payroll</b>	<b>64,516,217</b>	<b>66,315,839</b>	<b>60,510,891</b>	<b>60,503,534</b>	<b>61,267,909</b>
<b>Net Pension Liability as a % of Covered Payroll</b>	<b>68.63%</b>	<b>71.08%</b>	<b>95.96%</b>	<b>121.10%</b>	<b>92.15%</b>

In 2017, the Plan changed the following assumptions based on the results of an experience study: (1) Changed the earnings assumption from 7.0% to 6.75%; (2) Changed the amortization method from a level dollar rolling 30-year open period to a level dollar layered 20-year closed amortization period for current and future unfunded liabilities, while continuing the separate 20-year amortization for the 2013 Plan changes; and (3) Changed the tables and assumptions for mortality, retirement, termination, disability, and salary increases.

In 2015, the Plan incorporated the new RP-2014 mortality table, resulting in an increase of approximately 5.6% in plan liabilities over the RP-2000 table used in the prior valuation. The method of determining the funding value of assets was altered slightly to improve the smoothing of asset gains and losses going forward, and was reset to the fair value as of July 1, 2015.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Ten Years Ended June 30, 2019**

	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>					
Service Cost	\$ 3,949,773	3,855,964	3,825,433	3,957,818	\$ 4,050,425
Interest Cost	17,512,038	15,952,165	14,772,098	14,381,276	13,844,249
Changes in Benefits	-	10,349,101	-	-	-
Difference Between Expected and Actual Experience	(5,326,360)	543,322	6,021,843	(5,964,406)	(4,272,180)
Changes of Assumptions	18,073,697	-	-	-	-
Benefits Paid	(9,237,930)	(8,510,456)	(6,961,809)	(6,259,129)	(5,758,072)
<b>Net Change in Total Pension Liability</b>	<b>24,971,218</b>	<b>22,190,096</b>	<b>17,657,565</b>	<b>6,115,559</b>	<b>7,864,422</b>
<b>Total Pension Liability-Beginning</b>	<b>250,552,204</b>	<b>228,362,108</b>	<b>210,704,543</b>	<b>204,588,984</b>	<b>196,724,562</b>
<b>Total Pension Liability-Ending (a)</b>	<b>275,523,422</b>	<b>250,552,204</b>	<b>228,362,108</b>	<b>210,704,543</b>	<b>204,588,984</b>
<b>Plan Fiduciary Net Position</b>					
Contribution-Employer	8,117,005	7,874,681	7,759,015	7,662,703	7,901,642
Contribution-Employee	23,446	23,183	23,869	21,097	21,368
Net Investment Income (Loss)	30,581,746	27,058,828	168,243	31,266,487	13,712,227
Benefits Paid	(9,237,930)	(8,510,456)	(6,961,809)	(6,259,129)	(5,758,072)
Administrative Expenses	(169,630)	(149,714)	(168,321)	(157,970)	(152,891)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>29,314,637</b>	<b>26,296,522</b>	<b>820,997</b>	<b>32,533,188</b>	<b>15,724,274</b>
<b>Plan fiduciary Net Position-Beginning</b>	<b>208,173,540</b>	<b>181,877,018</b>	<b>181,056,021</b>	<b>148,522,833</b>	<b>132,798,559</b>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>237,488,177</b>	<b>208,173,540</b>	<b>181,877,018</b>	<b>181,056,021</b>	<b>148,522,833</b>
<b>Net Pension Liability-Ending (a)-(b)</b>	<b>38,035,245</b>	<b>42,378,664</b>	<b>46,485,090</b>	<b>29,648,522</b>	<b>56,066,151</b>
<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>	<b>86.20%</b>	<b>83.09%</b>	<b>79.64%</b>	<b>85.93%</b>	<b>72.60%</b>
<b>Covered Payroll</b>	<b>62,914,553</b>	<b>65,032,372</b>	<b>62,080,643</b>	<b>63,795,534</b>	<b>65,865,654</b>
<b>Net Pension Liability as a % of Covered Payroll</b>	<b>60.46%</b>	<b>65.17%</b>	<b>74.88%</b>	<b>46.47%</b>	<b>85.12%</b>

In 2014, the retirement rate assumptions were updated as a result of an experience study to better reflect future anticipated retirement rates. In addition, the mortality table was updated to include generational improvements to future mortality.

In 2013, the Plan provisions regarding cost of living adjustments were changed to allow for discretionary increases of up to 3.0%. As a result of this change, the assumption regarding future annual increases was changed from 1.5% to 2.0%, effective July 1, 2013.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Required Supplementary Information**  
**Ten Years Ended June 30, 2019**

**Schedule of Employer Contributions**

Year Ended June 30	Employer Contributions	Actuarially Determined Contribution*	Difference	Annual Covered Payroll	as a % of Covered Payroll
2010	7,901,642	7,345,170	556,472	65,865,654	12.0%
2011	7,662,703	8,783,119	(1,120,416)	63,795,534	12.0%
2012	7,759,015	7,747,706	11,309	62,080,643	12.5%
2013	7,874,681	7,148,246	726,435	65,032,372	12.1%
2014	8,117,005	9,085,877	(968,872)	62,914,553	12.9%
2015	8,479,786	8,326,685	153,101	61,267,909	13.8%
2016	8,965,045	9,356,800	(391,755)	60,503,534	14.8%
2017	9,584,406	10,002,450	(418,044)	60,510,891	15.8%
2018	9,885,962	9,436,744	449,218	66,315,839	14.9%
2019	9,383,418	9,006,464	376,954	64,516,217	14.5%

\*Includes service cost and amortization of unfunded past service liability.

**Schedule of Investment Returns**

June 30*	(Net of Investment Expense)
2013	15.22%
2014	14.99%
2015	3.68%
2016	-0.16%
2017	12.64%
2018	8.58%
2019	6.46%

\* Information for 2012 and prior was not available.

See Notes to Required Supplementary Information.



**Jackson County, Missouri**  
**Revised Pension Plan**  
**Notes to Required Supplementary Information**  
**June 30, 2019 and 2018**

Actuarial Information

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated.

Valuation date:	<u>July 1, 2019 and 2018</u>
Timing:	Actuarially determined contribution rates are calculated based on the actuarial valuation at the beginning of the plan year
Actuarial cost method:	Individual Entry Age Normal Method
Amortization method:	20-year layered, level dollar 20-year closed amortization for 2013 COLA change
Remaining amortization period:	20 years
Asset valuation method:	5 years smoothed market; reset to market value at 07/01/15

Actuarial Assumptions

Investment rate of return, net of expenses:	6.75% compounded annually
Projected salary increases:	Ranges from 2.75% to 4.75%
Assumed inflation rate:	2.5% per annum
Post retirement benefit increase:	2.0%
Mortality:	
Active and Terminated Vested Participants:	RP 2014 Healthy Non-Annuitant Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis.
Beneficiaries and Retirees:	RP-2014 Healthy Annuitant Table adjusted back to 2006 using MP-2014, multiplied by 1.2 for males and 1.0 for females, and projected forward with MP-2016 on a generational basis.
Disabled Members:	RP-2014 Disabled Mortality Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis.

**Jackson County, Missouri  
Revised Pension Plan  
Schedule of Expenses  
June 30, 2019 and 2018**

**Schedule of Administrative Expenses**

Administrative Expense	2019	2018
Legal Services	\$ 62,704	\$ 70,287
Investment Performance Review	80,000	80,000
Board Expenses	6,445	3,481
Actuarial Services	39,575	72,247
Audit Services	30,004	23,625
	<u>\$ 218,728</u>	<u>249,640</u>

**Schedule of Investment Expenses**

Investment Service	2019	2018
Banking Fees	\$ 98,648	\$ 97,236
Investment Manager Fees	1,286,075	1,168,479
	<u>\$ 1,384,723</u>	<u>1,265,715</u>

**Schedule of Payments to Vendors**

Individual or Firm	Commission/Fee	Nature of Service
Arnold, Newbold, Winter, & Jackson, PC	\$ 38,940	Legal Services
Arnold, Newbold, Sollars & Hollins, PC	23,764	Legal Services
Asset Consulting Group, Inc.	80,000	Investment Performance Review
Cheiron, Inc	39,575	Actuarial Services
RSM US, LLP	30,004	Audit Services
Missouri Association of Public Employee Retirement Systems (MAPERS)	550	Dues and Training
Husch Blackwell	95	Continuing Education
Gary Panethiere	201	MAPERS Conference Expense
Government Finance Officers Association	435	Certificate of Achievement
Mindy L. Harris	3,000	Professional Services
Tan-Tar-A Resort	2,164	Hotel for MAPERS Conference
	<u>\$ 218,728</u>	

Jackson County, Missouri  
Revised Pension Plan

Investment Section





August 26, 2019

Jackson County, Missouri Revised Pension Plan  
Kansas City, Missouri

The investment performance returns as shown in the five-year investment performance review are all calculated using information derived from monthly statements provided by the Plan's custodial institution. Monthly returns are calculated using a time-weighted rate of return methodology based upon beginning and end of month market values and cash flows. Monthly returns are linked to provide compounded, annual, and annualized rates of return for periods of one, three, five years and beyond when available. The returns as shown in this report are gross of investment manager fees.

The investment performance of the Total Plan and its segments is compared to relevant benchmark returns and presented to the Jackson County, Missouri Revised Pension Plan Board of Trustees on a monthly basis. For the Total Plan, the benchmark is an index which reflects the asset mix policy established by the Board and is referred to as the Policy Index. Comparisons to the Policy Index and the median return of a universe of total funds with similar asset allocation are presented to the Board of Trustees on a quarterly basis.

All of the above comparisons are included in the Statement of Investment Policy and Objectives and are also reported to the Board of Trustees on a quarterly basis. Investment objectives are spelled out for the Total Plan and each of the segments for one year time periods and longer (three - five years), and include protecting the fund corpus, both nominally and in terms of inflation, by achieving a return in excess of the 6.75% actuarial rate, the median return of a universe of funds with similar asset mix, and that of an unmanaged index return (constructed to reflect the asset mix of the Fund's assets). In addition, investment managers are monitored for adherence to style, both on a returns-based regression analysis as well as a holdings-based characteristic analysis versus the appropriate benchmarks specified in the Statement of Investment Policy and Objectives. Current asset allocation ranges and targets within those ranges are measured against target ranges established in the Statement of Investment Policy and Objectives on a monthly basis. The status of each is also presented on a monthly investment performance review submitted to the Board of Trustees.

The risk profile of the Total Plan and its segments is also measured quarterly for one, three, and five years, and includes the usual Modern Portfolio Theory statistics: alpha, beta,  $R^2$ , and standard deviation. To further reduce risk, Plan assets are diversified by asset class, security, and by investment manager style.

Respectfully submitted,



Patricia M. Haffner, CFA  
Asset Consulting Group  
Investment Consultant to the Jackson County, Missouri Revised Pension Plan

**Jackson County, Missouri  
Revised Pension Plan  
Summary of Investment Policies  
June 30, 2019**

This section of the report presents the investment policies of the Plan. The Pension Plan Board of Trustees has set out the following investment policy guidelines:

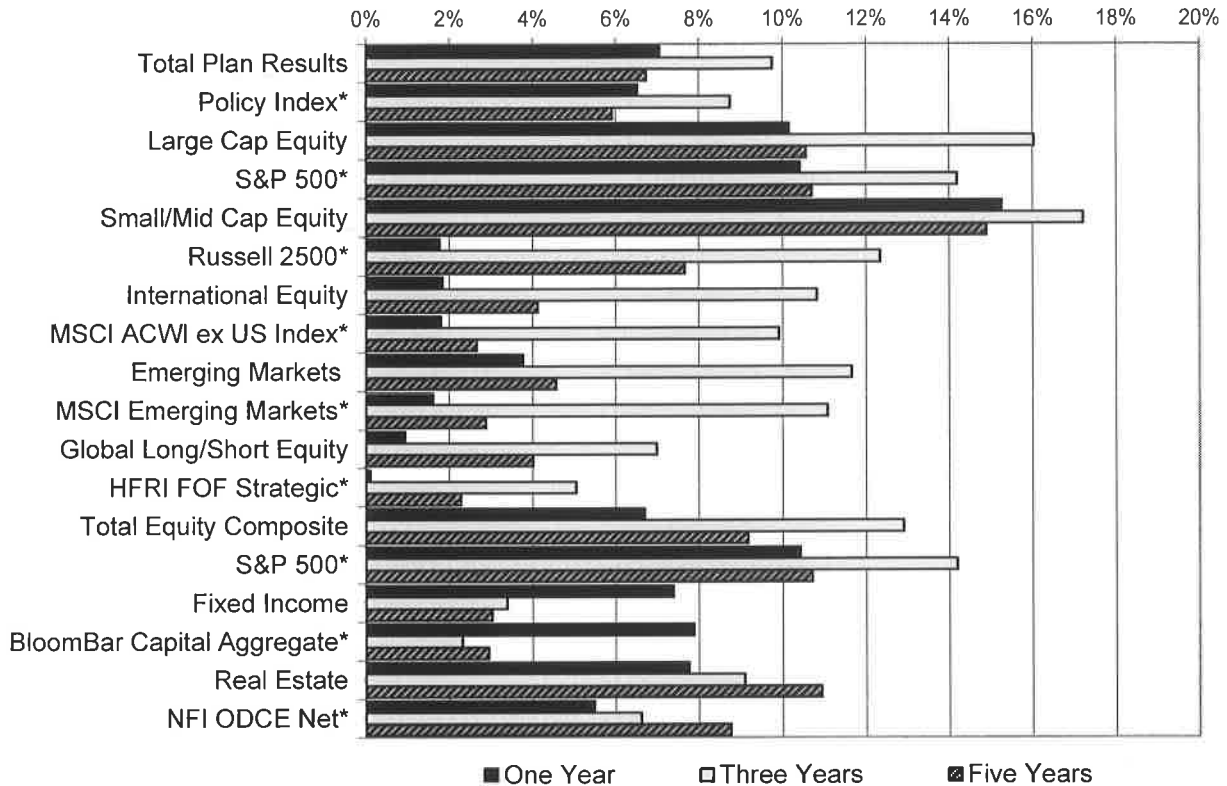
1. The Board has established the following asset-mix guidelines for the Plan:

<u>Asset Class</u>	<u>Pension Plan Target</u>	<u>Range</u>
Domestic Large Cap Equities	17.5%	12.5-22.5%
Domestic Small/Mid Cap Equities	10%	5-15%
International Equity	15%	10-20%
Emerging Market Equity	5%	0-10%
Long/Short Equity	10%	5-15%
Fixed Income	32.5%	27.5-37.5%
Real Estate	10%	5-15%

Should the fund move outside the ranges listed above, the Board, with the advice of the Investment Consultant, will review the allocations and shall have the authority to bring the asset allocation back within allowable ranges. In May 2017, the Board approved a 5% allocation to value added real estate that was taken from domestic large cap equities in April 2018. In August 2017, the Board revised the asset-mix guidelines to 17.5% domestic large cap equities and 10% real estate and adjusted the policy indices accordingly.

2. The portfolio will generally be invested in marketable securities.
3. Generally, equity portfolios will be comprised of common stocks or securities having characteristics of common stocks (such as convertible securities or warrants).
4. Fixed income portfolios will be comprised of treasury, agency, mortgage, corporate, asset-backed and full-faith-and-credit guaranteed loan securities of investment grade quality.
5. Assets may be held in commingled (mutual) funds as well as privately managed separate accounts. Assets held in commingled accounts should be managed in style/strategy consistent with the fund's stated objective and constraints. If assets are held in a commingled account, the Board will make its best efforts to utilize funds that are managed in strategies that are generally consistent with the investment policies adopted by the Board.
6. Derivative instruments will only be used in ways that reduce risk or transfer risk and not to increase risk and are consistent with the fund's investment objectives. They will not be used to add leverage to the fund. Counterparty risk arising from derivative transactions will be limited to credits rated "A" or better. Instruments used may include, but are not limited to, futures, options, swaps, and structured notes.
7. Each asset manager's portfolio should be fully invested at all times, although cash may be held briefly when a security is sold prior to deciding which new security should be purchased. In no case shall cash comprise more than ten (10) percent of the portfolio without prior written approval of the Board.
8. Not less than annually, the Board will review investment results, manager performance, asset allocations, and investment policies and objectives.

**Jackson County, Missouri  
Revised Pension Plan  
Schedule of Investment Results  
Year Ended June 30, 2019**

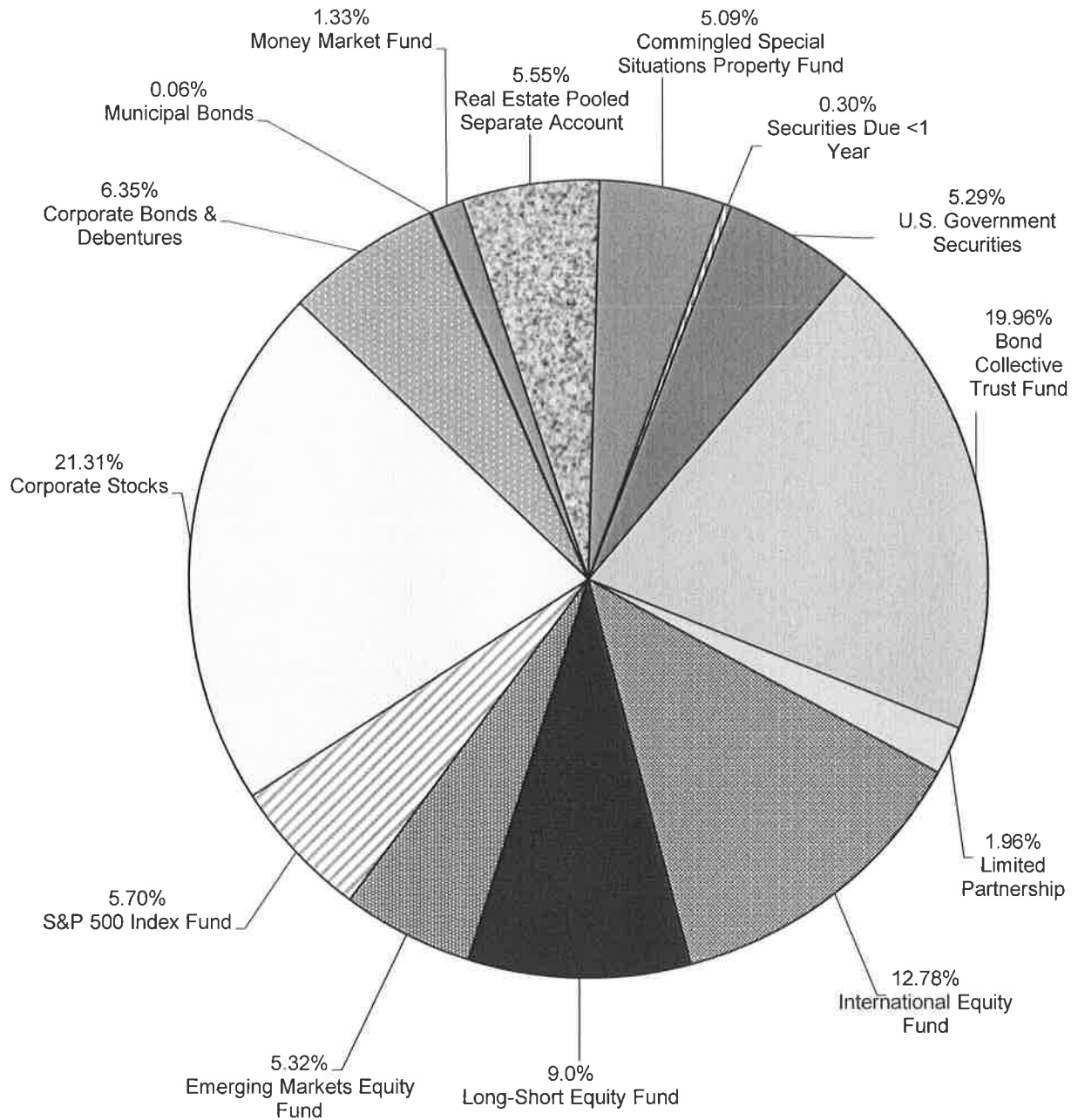


	Annualized Return		
	One Year	Three Years	Five Years
Total Plan Results	7.06%	9.76%	6.74%
Policy Index*	6.53%	8.75%	5.92%
Large Cap Equity	10.16%	16.03%	10.56%
S&P 500*	10.42%	14.19%	10.71%
Small/Mid Cap Equity	15.26%	17.21%	14.89%
Russell 2500*	1.77%	12.34%	7.66%
International Equity	1.84%	10.82%	4.12%
MSCI ACWI ex US Index*	1.80%	9.91%	2.65%
Emerging Markets	3.77%	11.66%	4.56%
MSCI Emerging Markets*	1.61%	11.07%	2.87%
Global Long/Short Equity	0.94%	6.99%	4.01%
HFRI FOF Strategic*	0.10%	5.04%	2.27%
Total Equity Composite	6.70%	12.90%	9.17%
S&P 500*	10.42%	14.19%	10.71%
Fixed Income	7.38%	3.38%	3.03%
BloomBar Capital Aggregate*	7.87%	2.31%	2.95%
Real Estate	7.76%	9.08%	10.93%
NFI ODCE Net*	5.48%	6.61%	8.76%

\* Benchmark

Returns provided by the Investment Consultants to Jackson County, Missouri.  
Returns are time-weighted based on the market rate of return.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Investment Allocation**  
**June 30, 2019**





**Jackson County, Missouri**  
**Revised Pension Plan**  
**List of Largest Assets Held**  
**June 30, 2019**

<b>Assets:</b>	<b>Fair Value</b>	<b>CUSIP</b>	<b>Units</b>
Loomis Sayles Core Plus Trust	60,232,026	MA1353030	3,843,780
Investec International Dynamic Equity Fund	38,565,242	46090A903	314,793
ABS Offshore Global Long-Short Equity Fund	27,144,885	00080A928	174,846
Northern Trust S&P 500 Index Fund	17,200,576	66580A908	1,658
Principal U.S. Property Fund	16,756,046	RE1053280	298,898
Wells Fargo Emerging Markets Equity Fund	16,045,305	94973A921	1,110,973
JPMorgan Special Situations Property Fund	15,366,439	46623A917	4,679
Mondrian International Small Cap Equity Fund, Limited Partnership	5,920,331	55312A906	176,822
BMO Government Money Market Premier Fund	4,000,164	09658L794	4,000,164

<b>Top Ten Bonds:</b>	<b>Fair Value</b>	<b>CUSIP</b>	<b>Par</b>	<b>Coupon</b>	<b>Due</b>
US TREASURY NOTE	2,407,328	912828SF8	2,390,000	2.000%	2/15/2022
US TREASURY NOTE	2,001,540	912828VB3	2,000,000	1.750%	5/15/2023
US TREASURY NOTE	1,515,120	912828WY2	1,500,000	2.250%	7/31/2021
US TREASURY NOTE	1,259,913	912828NT3	1,250,000	2.625%	8/15/2020
FEDERAL HOME LN MTG CORP PARTN GOLD	1,146,020	31335BM60	1,112,511	3.500%	1/1/2048
US TREASURY NOTE	1,063,440	9128283W8	1,000,000	2.750%	2/15/2028
US TREASURY NOTE	1,002,460	912828VV9	1,000,000	2.125%	8/31/2020
US TREASURY NOTE	703,199	912828W89	700,000	1.875%	3/31/2022
CITIZENS BANK NAFR	631,638	17401QAU5	600,000	3.750%	2/18/2026
EDWARDS LIFESCIENCES CORP	621,621	28176EAD0	575,000	4.300%	6/15/2028

<b>Top Ten Stocks:</b>	<b>Fair Value</b>	<b>CUSIP</b>	<b>Shares</b>	<b>Ticker</b>
MICROSOFT CORP COM	1,565,724	594918104	11,688	MSFT
BERKLEY W R CORP COM	1,403,386	084423102	21,286	WRB
TELEFLEX INC COM	1,388,843	879369106	4,194	TFX
TRANSUNION COM	1,267,900	89400J107	17,248	TRU
ARAMARK HLDGS CORP COM	1,186,446	03852U106	32,902	ARMK
SERVICEMASTER GLOBAL HLDGS INC COM	1,151,918	81761R109	22,114	SERV
CDW CORP COM	1,054,722	12514G108	9,502	CDW
WEX INC COM	907,732	96208T104	4,362	WEX
LENNOX INTERNATIONAL INC COM	869,000	526107107	3,160	LII
AMERICAN INTL GROUP INC COM NEW	857,808	026874784	16,100	AIG

Note: Due to space limitations and printing costs, a detailed listing of the investment holdings could not be provided in this annual report; however, the detailed reports are available for review at Jackson County.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Brokerage Commissions Paid**  
**June 30, 2019**

Brokerage Firm	Commissions Paid	Trade Activity	Shares/ Par Value	Commission Per Share
Abel Noser Corp	\$ 132.27	294,069.51	8,051	0.0164
B. Riley & Co. LLC	12.00	8,318.56	300	0.0400
Barclays Capital Le	526.06	1,930,437.16	25,993	0.0202
BMO Capital Markets	40.00	15,533.80	1,000	0.0400
BNY Convergenx	5.00	43,813.93	500	0.0100
BNY/ESI SD Advweb	76.00	179,985.00	7,600	0.0100
Btig LLC	5.84	7,522.31	192	0.0304
Buckingham Research Group Inc	28.00	35,194.55	700	0.0400
Cantor Fitzgerald & Co	25.00	129,470.91	2,500	0.0100
Capstone	12.00	13,266.12	300	0.0400
Cf Global Trading, L.L.C.	1,038.48	1,772,994.70	58,867	0.0176
Citigroup Global Markets Inc	21.56	47,325.55	539	0.0400
Citigroup Global Markets Inc (CC)	222.57	226,232.29	5,557	0.0401
Citigroup Global Markets Inc (Shd)	124.00	185,258.94	3,100	0.0400
Cowen and Company, LLC	12.00	25,771.11	300	0.0400
Credit Suisse First Boston Corp	506.30	1,487,016.55	40,268	0.0126
D A Davidson & Co	28.00	63,498.65	700	0.0400
Dain Rauscher Incorporated	1,062.76	1,154,936.19	33,483	0.0317
Deutsche Bank Securities Inc.	128.00	126,536.92	3,200	0.0400
Deutsche Bk/Alex Brown & Sons	6.44	13,029.05	161	0.0400
Fig Partners LLC	14.22	5,177.94	316	0.0450
First Clearing LLC	100.00	168,849.03	2,500	0.0400
Goldman Sachs & Co	8.08	12,006.02	202	0.0400
Goldman Sachs & Co/Courtesy Accts	4.00	1,591.02	100	0.0400
Guggenheim Capital Markets LLC	25.00	69,961.68	1,900	0.0132
HSBC Brokerage (USA) Inc.	116.48	87,430.27	3,600	0.0324
HSBC Brokerage (USA) Inc.	12.00	19,014.93	300	0.0400
Imperial Capital LLC	7.00	45,483.34	700	0.0100
Instinet	28.68	36,899.14	768	0.0373
Investment Technology Group Inc.	96.28	424,485.91	4,814	0.0200
Isi Group Inc	304.76	655,879.30	7,619	0.0400
Ivy Securities Inc.	4.19	5,726.30	93	0.0451
J P Morgan Clearing Corp.	684.81	1,604,628.43	43,186	0.0159
Janney Montgomery Scott Inc	24.00	33,226.82	600	0.0400
Jefferies & Co	327.84	498,795.17	27,168	0.0121
PAGE TOTAL	\$ 5,769.62	\$ 11,429,367.10	\$ 287,177.00	

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Brokerage Commissions Paid**  
**June 30, 2019**

Brokerage Firm	Commissions Paid	Trade Activity	Shares/ Par Value	Commission Per Share
Jonestrading Institutional Svcs	277.80	556,437.27	14,640	0.0190
JP Morgan Clearing Corp	130.01	429,366.48	5,613	0.0232
Keefe Bruyette & Woods Inc	56.00	60,177.75	1,400	0.0400
Keybanc Capital Markets Inc	71.80	152,477.91	1,795	0.0400
Leerink Swann and Company	2.80	8,838.96	70	0.0400
Liquidnet Inc	340.35	1,131,735.05	17,640	0.0193
Longbow Securities LLC	76.00	88,318.77	1,900	0.0400
Loop Capital Markets	177.75	931,838.31	23,700	0.0075
Luminex Trading and Analytics LLC	36.74	358,287.56	9,244	0.0040
Macquarie Securities (USA) Inc	64.00	115,695.25	1,600	0.0400
Merrill Lynch Pierce Fenner & Smith	11.06	30,577.30	805	0.0137
Mizuho Securities USA Inc.	16.00	10,671.76	400	0.0400
Mkm Partners	9.00	49,503.33	900	0.0100
Morgan Stanley & Co	152.07	402,991.44	6,054	0.0251
Morgan Stanley & Co Inc/BNY	507.01	1,820,954.60	22,474	0.0226
Oppenheimer & Co Inc	19.92	23,001.26	498	0.0400
Piper & Jaffray & Co	136.00	75,433.80	3,400	0.0400
R W Baird & Co	1,028.84	2,823,477.50	35,538	0.0290
Raymond James & Associates	216.48	534,311.51	5,412	0.0400
RBC Cap Mkts (Royal Bank of Canada)	4.00	1,729.94	100	0.0400
Redburn Partners LLP	120.00	141,381.70	3,000	0.0400
Sanford C Bernstein & Co	680.18	3,544,219.90	36,917	0.0184
SG Americas Securities LLC	6.00	7,063.52	300	0.0200
Stephens Inc	5.52	22,778.11	138	0.0400
Stifel Nicolaus & Co	303.28	1,140,934.73	7,582	0.0400
Stuart Frankel & Co. Inc.	9.36	22,234.44	312	0.0300
Suntrust Capital Markets Inc	4.32	12,818.00	96	0.0450
Themis Trading LLC	14.00	37,463.07	1,400	0.0100
UBS Warburg LLC	98.28	295,322.34	7,032	0.0140
Wachovia Securities Capital Markets	470.40	1,203,709.39	18,632	0.0252
Weeden & Co	60.00	279,898.24	6,000	0.0100
Weeden and Co	3.00	16,006.68	300	0.0100
Wells Fargo Securities, LLC	97.02	402,375.59	2,932	0.0331
William Blair & Company LLC	11.12	48,828.85	278	0.0400
Wolfe Trahan Securities	80.00	72,668.78	2,000	0.0400
PAGE TOTAL	5,296.11	16,853,529.09	240,102.00	
TOTAL	\$ 11,065.73	28,282,896.19	527,279	

Commissions paid have reduced the net investment income reported on page 21.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Investment Summary**  
**June 30, 2019**

	June 30, 2018				June 30, 2019		
	Cost	Fair Value (Book)	Purchases	Sales & Redemptions	Cost	Fair Value (Book)	% of Total Fair Value
U.S. Government Securities	\$ 14,357,536	14,051,438	6,343,223	(4,862,497)	15,838,262	15,969,792	5.29%
Bond Collective Trust Fund	46,137,346	56,003,869	-	-	46,137,346	60,232,026	19.96%
Limited Partnership	2,813,384	6,079,899	-	(23,978)	2,789,406	5,920,331	1.96%
International Equity Fund	28,274,672	37,652,344	-	-	28,274,672	38,565,242	12.78%
Long-Short Equity Fund	23,000,000	27,163,454	-	-	23,000,000	27,144,885	9.00%
Emerging Markets Equity Fund	12,210,090	15,462,927	-	-	12,210,090	16,045,305	5.32%
S&P 500 Index Fund	10,788,871	15,582,829	-	(3,252)	10,785,619	17,200,576	5.70%
Corporate Stocks:							
Common Stocks	26,025,615	34,230,520	7,209,649	(6,502,041)	26,733,223	35,381,719	11.73%
Regional Stocks	17,697,258	27,675,836	4,786,579	(3,820,708)	18,663,129	28,915,920	9.58%
Total Corporate Stocks	43,722,873	61,906,356	11,996,228	(10,322,749)	45,396,352	64,297,639	21.31%
Corporate Bonds & Debentures	15,867,558	15,648,484	4,357,507	(2,021,348)	18,203,717	19,169,613	6.35%
Municipal Bonds	175,684	174,977	-	-	175,684	177,771	0.06%
Securities Due <1 Year	4,406,523	4,254,880	966,473	(4,406,523)	966,473	918,983	0.30%
Money Market Fund	4,416,164	4,416,164	28,215,758	(28,631,758)	4,000,164	4,000,164	1.33%
Real Estate Pooled Separate Account	7,444,972	15,687,339	-	-	7,444,972	16,756,046	5.55%
Commingled Special Situations Property Fund	13,997,717	14,449,565	-	(162,592)	13,835,125	15,366,439	5.09%
<b>Total</b>	<b>\$ 227,613,390</b>	<b>288,534,525</b>	<b>51,879,189</b>	<b>(50,434,697)</b>	<b>229,057,882</b>	<b>301,764,812</b>	<b>100.00%</b>

Note: Due to space limitations and printing costs, a detailed listing of the investment holdings and transactions could not be provided in this annual report; however, the detailed reports are available for review as an appendix to this report at Jackson County.

Jackson County, Missouri  
Revised Pension Plan

Actuarial Section





*Via Electronic Mail*

October 24, 2019

Board of Trustees  
Jackson County, Missouri Revised Pension Plan  
Jackson County Courthouse  
415 East 12<sup>th</sup> Street  
Kansas City, Missouri 64106

*Re: 2019 Certification of Actuarial Valuation*

Dear Members of the Board:

We certify that the information presented herein is accurate and shows fairly the actuarial position of the Jackson County, Missouri Revised Pension Plan.

In preparing our valuations and the schedules for the Comprehensive Annual Financial Report (CAFR), we relied on information (some oral and some written) supplied by Jackson County staff. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Actuarial valuations to determine the funding requirements of the Plan are performed annually. The most recent Actuarial Valuation was done as of July 1, 2019.

The Plan's current funding objective is to determine annual employer contributions which, over time, will gradually increase in dollar amounts and gradually decrease as a percent of payroll, if all actuarial assumptions are met and the annually determined amount is contributed. The actuarially determined employer contribution has been determined to provide for (1) the normal cost developed as a level percentage of payroll, plus (2) a level dollar amortization of the unfunded actuarial liability over layered 20-year closed periods, plus (3) a provision for administrative expenses.

The following schedules shown in this Actuarial Section have been prepared using information within our July 1, 2019 actuarial valuation report.

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries
- Schedule of Funded Liabilities by Type
- Analysis of Financial Experience
- Summary of Plan Provisions
- Schedule of Active Members by Attained Age and Service

We also provided information which appears in the Financial Section of the CAFR as follows:

- Change in Net Pension Liability
- Sensitivity of Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions

Any figures shown for years prior to 2016 were prepared by the prior actuary.

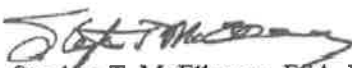
The actuarial assumptions have been approved by the Board of Trustees based upon our experience study covering plan experience during the period July 1, 2011 to June 30, 2016.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

The nature of our relationship with the Jackson County, Missouri Revised Pension Plan is to provide actuarial services. Cheiron is independent from Jackson County and from the Board of Trustees and there is nothing in our relationship which would impair the objectivity of our work.

This letter was prepared exclusively for the Jackson County, Missouri Revised Pension Plan for the purpose described herein. This report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,  
Cheiron



Stephen T. McElhaney, FSA, FCA, MAAA, EA  
Principal Consulting Actuary



Michael J. Noble, FSA, FCA, MAAA, EA  
Principal Consulting Actuary





**Jackson County, Missouri  
Revised Pension Plan  
Summary of Actuarial Assumptions  
June 30, 2019**

This section of the report presents the actuarial assumptions and methods used in the valuation, a summary of plan provisions, and participant data upon which the valuation of June 30, 2019, was based. The actuarial assumptions were selected by the Pension Plan Board of Trustees.

**Actuarial Assumptions**

Valuation Date:	<u>July 1, 2019 and 2018</u>
Interest:	6.75% per annum for the regular valuation in determining the range of contributions and also purposes of calculating the value of vested benefits and accrued benefits under the ongoing plan approach (as required by the Financial Accounting Standards Board). (Adopted in 2017)
Amortization method:	20-year layered, level dollar (Adopted in 2017) (20-year closed amortization for 2013 COLA change)
Mortality:	
Active and Terminated Vested Participants:	RP 2014 Healthy Non-Annuitant Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis. (Adopted in 2017).
Beneficiaries and Retirees:	RP-2014 Healthy Annuitant Table adjusted back to 2006 using MP-2014, multiplied by 1.2 for males and 1.0 for females, and projected forward with MP-2016 on a generational basis. (Adopted in 2017)
Disabled Members:	RP-2014 Disabled Mortality Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis. (Adopted in 2017)

**Jackson County, Missouri  
Revised Pension Plan  
Summary of Actuarial Assumptions  
June 30, 2019**

**Actuarial Assumptions** (continued)

Retirement Age:

	<u>Age Plus Service Less than 80 Points</u>	<u>Age Plus Service Equals 80 Points</u>	<u>Age Plus Service Greater than 80 Points</u>
Age			
55	5%	15%	20%
56	5	15	15
57	5	15	15
58	5	15	15
59	5	15	15
60	10	25	15
61	15	25	15
62	15	25	15
63	15	25	15
64	15	25	15
65	20	25	35
66	25	25	35
67	25	25	35
68	25	25	35
69	25	25	35
70 & over	100	100	100

Retirement Age for Inactive  
Vested Members: 60

(Adopted in 2017)

**Jackson County, Missouri  
Revised Pension Plan  
Summary of Actuarial Assumptions  
June 30, 2019**

**Actuarial Assumptions** (continued)

Turnover:

July 1, 2019			
Years of Service	Rate of Turnover	Years of Service	Rate of Turnover
0	20%		
1	20	11	8%
2	20	12	6
3	16	13	6
4	16	14	6
5	16	15	5
6	16	16	5
7	16	17	5
8	8	18	5
9	8	19	5
10	8	20 or more	4

(Adopted in 2017)

Rates of Disablement:

Age	Rates of Disablement
20	0.025%
25	0.025
30	0.050
35	0.075
40	0.100
45	0.200
50	0.400
55	0.400
60	0.600
65	0.600

(Adopted in 2017)

**Jackson County, Missouri  
Revised Pension Plan  
Summary of Actuarial Assumptions  
June 30, 2019**

**Actuarial Assumptions** (continued)

Salary Increases:

<u>Age</u>	<u>Salary Increase</u>	<u>Age</u>	<u>Salary Increase</u>
25 or younger	4.75%		
26	4.65%	36	3.65%
27	4.55%	37	3.55%
28	4.45%	38	3.45%
29	4.35%	39	3.35%
30	4.25%	40	3.25%
31	4.15%	41	3.15%
32	4.05%	42	3.05%
33	3.95%	43	2.95%
34	3.85%	44	2.85%
35	3.75%	45 or older	2.75%

Adopted in 2009, revised in 2017

Inflation: 2.5%

Administrative Expenses: \$220,000 is added to the normal cost of the Plan for expected administrative expenses, which is based upon the actual administrative expenses paid during the prior plan year rounded to the nearest \$5,000 (Adopted 2017)

Cost of Living: 2.0%

**Asset Valuation Method** (Adopted 2015)

A smoothed fair value of assets is used for the valuation. This method recognizes the annual difference between actual and expected investment returns over five years.

Assets at fair value were used in the comparison of plan assets to the actuarial value of accrued and vested accrued benefits under the ongoing plan approach.

**Actuarial Cost Method** (Adopted 1975)

Individual entry age

**Jackson County, Missouri  
Revised Pension Plan  
Summary of Actuarial Assumptions  
June 30, 2019**

**Actuarial Assumptions** (continued)

**Service Cost**

Service cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

- The annual service costs for each individual active member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement.
- Each annual service cost is a constant percentage of the member's year-by-year projected covered pay.

**Financing of Unfunded Actuarial Accrued Liability**

The excess of accrued liabilities over the funding value of assets was amortized as a level percent of payroll over 15, 20, and 30 years. All three periods are recognized as reasonable.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Active Member Valuation Data**  
**Ten Years Ended June 30, 2019**

Valuation Data	Number	Annual Payroll	Annual Average Pay	% Increase (Decrease) in Average Pay
2010	1,506	65,865,654	43,735	9.2%
2011	1,499	63,795,534	42,559	-2.7%
2012	1,462	62,080,643	42,463	-0.2%
2013	1,388	65,032,372	46,853	10.3%
2014	1,338	62,914,553	47,021	0.4%
2015	1,297	61,267,909	47,238	0.5%
2016	1,265	60,503,534	47,829	1.3%
2017	1,291	60,510,891	46,871	-2.0%
2018	1,246	66,315,839	53,223	13.6%
2019	1,258	64,516,217	51,285	-3.6%

Active members include regular active members and postponed members.

**Schedule of Retirees and Beneficiaries**  
**Added to and Removed From Rolls**  
**Ten Years Ended June 30, 2019**

Added to Rolls			Removed from Rolls			Roll – End of Year		
Year	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2010	67	436,940	34	141,630	832	5,926,456	4.8%	7,123
2011	80	717,223	19	131,418	893	6,512,229	9.9%	7,293
2012	84	1,042,692	22	170,187	955	7,506,048	15.3%	7,860
2013	115	1,389,374	28	165,250	1,042	8,917,368	18.8%	8,558
2014	89	1,011,279	31	196,750	1,100	9,732,058	9.1%	8,847
2015	89	937,510	22	161,250	1,167	10,718,228	10.1%	9,184
2016	95	1,076,499	26	240,607	1,236	11,485,901	7.2%	9,293
2017	94	1,363,839	23	168,947	1,307	12,863,190	12.0%	9,842
2018	81	1,084,332	38	295,977	1,350	13,809,027	7.4%	10,229
2019	69	878,451	30	203,418	1,389	14,609,914	5.8%	10,518

**Jackson County, Missouri  
Revised Pension Plan  
Short-Term Solvency Test  
Ten Years Ended June 30, 2019**

Actuarial Accrued Liabilities for:

Fiscal Year	Current Retirees and Beneficiaries	Active and Inactive Members, Employer Financed Portion	Valuation Assets	Percentage of Actuarial Liabilities Covered by Net Assets Available	
	(1)	(2)		(1)	(2)
2010	63,174,098	141,414,886	148,149,511	100.0%	60.1%
2011	69,088,294	141,616,249	165,355,791	100.0%	68.0%
2012	80,271,813	148,090,295	190,857,461	100.0%	74.7%
2013	100,341,980	150,210,224	192,022,046	100.0%	61.0%
2014	112,893,931	162,629,491	230,044,430	100.0%	72.0%
2015	130,241,292	170,782,388	244,566,704	100.0%	66.9%
2016	167,489,000	147,533,000	255,800,000	100.0%	59.9%
2017	184,498,000	142,894,000	269,223,000	100.0%	59.3%
2018	197,785,000	137,794,000	283,837,000	100.0%	62.4%
2019	206,342,000	139,697,000	298,074,000	100.0%	65.7%

**Schedule of Funding Progress  
Ten Years Ended June 30, 2019**

Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered-Employee Payroll	Unfunded Actuarial Accrued Liability as a % of Covered-Employee Payroll
2010	148,149,511	204,588,984	56,439,473	72.4%	65,865,654	85.7%
2011	165,355,791	210,704,543	45,348,752	78.5%	63,795,534	71.1%
2012	190,857,461	228,362,108	37,504,647	83.6%	62,080,643	60.4%
2013	192,022,046	250,552,204	58,530,158	76.6%	65,032,372	90.0%
2014	230,044,430	275,523,422	45,478,992	83.5%	62,914,553	72.3%
2015	244,566,704	301,023,680	56,456,976	81.2%	61,267,909	92.1%
2016	255,800,290	315,021,758	59,221,468	81.2%	60,503,534	97.9%
2017	269,222,703	327,392,074	58,169,371	82.2%	60,510,891	96.1%

See Schedule of Employer Contributions on page 45.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Analysis of Financial Experience**  
**Five Years Ended June 30, 2019**

Gains (Losses) in Actuarial Accrued Liabilities during years ended 2015-2019 resulting from differences between assumed experience and actual experience.

Type of Activity	2019	2018	2017	2016	2015
Retirement	\$ 255,074	\$ 317,085	\$ (118,164)	39,016	12,495,791
Disability Retirement	(25,222)	(6,753)	(47,372)	(105,405)	574,349
Death Before Retirement	(466,721)	(170,024)	(96,483)	(47,019)	476,304
Turnover	(465,552)	(282,405)	315,396	1,050,154	2,476,945
Pay Increases	(688,163)	3,408,512	(4,045,106)	766,004	1,910,738
Investment Income	(156,784)	67,450	(1,835,328)	(3,512,091)	298,548
Death After Retirement	113,587	995,653	(24,998)	827,338	1,464,786
Continuing Payees	2,801,905	4,032	584,835	2,494,079	(1,777,523)
New Entrants (1)	(1,201,406)	(1,249,197)	(1,966,667)	(1,164,711)	-
Benefit payments (2)	1,344,132	1,485,471	-	-	-
Non-recurring items (3)	-	-	7,234,328	(3,548,174)	-
Other	32,377	(195,351)	273,460	(235,969)	(312,428)
Composite Gain (Loss)					
During Year	<u>\$ 1,543,227</u>	<u>\$ 4,374,473</u>	<u>\$ 273,901</u>	<u>(3,436,778)</u>	<u>17,607,510</u>

(1) This information was not provided prior to 2016.

(2) This information was not provided prior to 2018.

(3) Assumption Changes in 2017 and Change in Actuary in 2016



**Jackson County, Missouri  
Revised Pension Plan  
Summary of Plan Provisions**

<u>Effective Date</u>	Originally effective April 1, 1967; as amended through June 1, 1981, as restated effective August 1, 1985, and as amended July 13, 1988; June 29, 1990; July 31, 1990; February 21, 1991; August 29, 1991; June 17, 1992; September 1, 1992; December 28, 1992; April 4, 1994; September 29, 1994; November 13, 1994; November 23, 1994; December 12, 1994; January 1, 1995; January 9, 1996; March 13, 1997; October 30, 1997; December 16, 1997; July 1, 1999; January 1, 2002; November 5, 2003; August 5, 2004; April 5, 2005; August 1, 2006; August 23, 2006; February 17, 2009; November 1, 2010; February 23, 2011; September 10, 2012; January 22, 2013; August 4, 2014; December 8, 2014; June 1, 2015; January 25, 2016; December 11, 2018; and December 14, 2018.
<u>Eligibility</u>	On January 1 with 12 months credited service.
<u>Employee</u>	For purposes of the plan, an employee is one who has been elected or appointed to a County office, or who is regularly employed full-time by the County or other participating employers. However, certain job classifications are not covered by the plan.
<u>Service and Credited Service</u>	Service is equal to years and months of continuous employment. Credited service is equal to Service, except that only $\frac{3}{4}$ of the years and months prior to January 1, 1967, are included in credited service. A vested member of the Plan may opt to purchase individual years of Military Service up to four (4) years of service, one year for each year of military service. Such option must be exercised or declared within twelve (12) months of vesting.
<u>Average Monthly Earnings</u>	The highest 36 consecutive month average of monthly earnings. Monthly earnings are defined as regular monthly cash compensation, including overtime, but excluding fees, commissions, expense reimbursements, and other forms of extra ordinary compensation.
<u>Accrued Benefit</u>	The benefit the employee has earned based on average monthly earnings and credited service to date.
<u>Normal Form</u>	The normal form of payment is a lifetime annuity with five years certain. For members terminating and retiring after July 31, 1990, benefits may be adjusted by up to 3.0% per year for cost-of-living changes.
<u>Normal Retirement Non-Elected</u>	Age 65 or age 55 where the participant's years of age and credited service total eighty years. The normal retirement benefit is 1.5% of the average monthly earnings for each year of credited service, but in no event less than fifty dollars.
<u>Normal Retirement Elected Officials</u>	Age 65 or age 55 where the participant's years of age and credited service total eighty years. Pension equals 4.167% of the average monthly earnings for each year of first twelve years of credited service plus 5% of average monthly earnings times years of credited service from year 12 to year 16. Employee contributes 4% of salary, for up to sixteen years of service.

**Jackson County, Missouri  
Revised Pension Plan  
Summary of Plan Provisions**

**Summary of Plan Provisions** (continued)

**Late Retirement** At actual retirement, the employee receives a monthly benefit based on credited service and average monthly earnings at the late retirement date.

**Funding Policy** The Jackson County Legislature is responsible for establishing the funding policy for the Plan. Section 1550, Jackson County Code, indicates each special purpose revenue fund shall contribute at the contribution rate specified in the Fund's annual actuarial report, while the General Fund shall contribute at a rate of not less than 9%.

**Schedule of Active Members by Attained Age and Service  
June 30, 2019**

Age	Completed Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
<25	21	-	-	-	-	-	-	-	-	21
25-29	85	17	1	-	-	-	-	-	-	103
30-34	60	53	8	1	-	-	-	-	-	122
35-39	57	40	22	10	-	-	-	-	-	129
40-44	35	29	21	25	9	-	-	-	-	119
45-49	37	20	18	28	28	6	1	-	-	138
50-54	51	37	16	22	29	15	12	1	-	183
55-59	32	35	21	36	30	15	30	12	3	214
60-64	23	31	12	21	20	10	14	11	9	151
65-69	7	5	10	7	8	2	4	3	5	51
70+	5	5	3	4	6	3	-	-	1	27
<b>Totals</b>	<b>413</b>	<b>272</b>	<b>132</b>	<b>154</b>	<b>130</b>	<b>51</b>	<b>61</b>	<b>27</b>	<b>18</b>	<b>1,258</b>

**Summary**

	Male	Female	All
Average Age	48.0	48.5	48.2
Average Service Years	12.3	12.4	12.3
Number in Group	645	613	1,258

Jackson County, Missouri  
Revised Pension Plan

Statistical Section





# **Jackson County, Missouri** **Revised Pension Plan** **Statistical Section**

This part of the 2019 Jackson County Revised Pension Plan Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the plan's overall financial health.

## **Contents**

### **Financial Trends and Revenue Capacity ..... 68-70**

These schedules contain trend information to help the reader understand how the plan's financial performance and well-being have changed over time and to assess the plan's investment income and contributions.

### **Operating Information ..... 71-73**

These schedules offer operating indicators to help the reader understand the environment in which the plan's financial activities take place.



**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Changes in Fiduciary Net Position**  
**Last Ten Fiscal Years**  
**(In Thousands)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Additions:</b>										
Employee Contributions	21	21	24	23	23	24	22	24	23	26
Employer Contributions	7,902	7,663	7,759	7,875	8,117	8,480	8,965	9,585	9,886	9,384
Investment Income (net of expenses)	13,712	31,266	168	27,059	30,582	8,894	(520)	30,135	22,625	18,234
Total Additions to Fiduciary Net Position	21,635	38,950	7,951	34,957	38,722	17,398	8,467	39,744	32,534	27,644
<b>Deductions:</b>										
Benefits paid directly to participants	5,758	6,259	6,962	8,510	9,238	9,238	11,068	11,991	13,169	14,106
Administrative Expenses	153	158	168	150	170	170	214	178	250	219
Total Deductions from Fiduciary Net Position	5,911	6,417	7,130	8,660	9,408	9,408	11,282	12,169	13,419	14,325
Change in Fiduciary Net Position	15,724	32,533	821	26,297	29,314	7,990	(2,815)	27,575	19,115	13,319

**Jackson County, Missouri  
Revised Pension Plan  
Six Years Ended June 30, 2019**

**Schedule of Additions by Source**

<u>Year Ended</u>	<u>Employer/ Employee Contributions</u>	<u>Employer/Employee Contributions as Percent of Annual Covered Payroll</u>	<u>Investment Income</u>	<u>Total</u>
2014	8,140,451	12.9%	30,581,746	38,722,197
2015	8,504,007	13.9%	8,894,357	17,398,364
2016	8,987,339	14.9%	(519,751)	8,467,588
2017	9,608,298	15.9%	30,135,277	39,743,575
2018	9,909,450	14.9%	22,624,839	32,534,289
2019	9,409,327	14.6%	18,234,113	27,643,440

**Schedule of Deductions by Type**

<u>Year Ended</u>	<u>Aggregate Benefit Payments</u>	<u>Administrative Expenses</u>	<u>Total</u>
2014	9,237,930	169,630	9,407,560
2015	10,134,743	185,094	10,319,837
2016	11,068,365	213,999	11,282,364
2017	11,990,680	177,806	12,168,486
2018	13,169,152	249,640	13,418,792
2019	14,106,502	218,728	14,325,230



**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Benefit Expenses by Type**  
**Six Years Ended June 30, 2019**

Year Ending	Age & Service Benefits		Death in Service Benefits	Disability Benefits	Total
	Retirants	Survivors			
2014	\$ 7,904,889	\$ 976,435	\$ 11,263	\$ 345,343	\$ 9,237,930
2015	8,731,577	1,003,855	48,142	351,169	10,134,743
2016	9,674,164	984,972	8,816	400,413	11,068,365
2017	10,531,180	1,061,895	-	397,605	11,990,680
2018	11,633,152	1,134,328	10,000	391,672	13,169,152
2019	12,486,909	1,258,210	-	361,383	14,106,502

Source: Data provided by the Jackson County Human Resources Department.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Retired Members by Type of Benefit**  
**June 30, 2019**

Amount of Monthly Benefit	Number of Retirants	Type of Benefit*						
		1	2	3	4	5	6	7
\$1 - 250	402	108	122	106	6	2	54	4
251 - 500	277	91	88	48	0	0	40	10
501 - 750	166	56	39	41	1	0	20	9
751 - 1,000	91	34	24	20	0	0	8	5
1,001 - 1,250	99	44	21	16	0	0	9	9
1,251 - 1,500	75	28	18	22	0	0	7	0
1,501 - 1,750	61	20	14	22	0	0	5	0
1,751 - 2,000	60	24	13	17	0	0	5	1
Over 2,000	158	47	45	53	0	0	11	2
Total	1,389	452	384	345	7	2	159	40

\* Type of Benefit:

- 1) Annuity for Life - 5 Year Certain
- 2) Annuity for Life - 10 Year Certain
- 3) Joint Annuity for Life - 100% Sole Survivor
- 4) Annuity for Life
- 5) Joint Annuity for Life - 50% Sole Survivor
- 6) Survivor
- 7) Disability

Source: Data provided by the Jackson County Human Resources Department.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Average Benefit Payments**  
**June 30, 2019**

Retirement Effective Dates	Years Credited Service					
July 1, 2012 to June 30, 2018	<10	10-15	15-20	20-25	25-30	30+
Period 7/1/13 to 6/30/14:						
Average Monthly Benefit	\$ 192.47	343.89	635.63	970.44	1,339.85	2,119.14
Average Final Salary	2,386.16	2,467.90	2,931.77	3,174.84	3,392.20	4,136.55
Number of Active Retirants	328	229	173	130	97	143
Period 7/1/14 to 6/30/15:						
Average Monthly Benefit	\$ 197.23	350.10	659.19	989.18	1,373.98	2,207.25
Average Final Salary	2,423.69	2,482.95	2,953.26	3,255.43	3,441.60	4,216.14
Number of Active Retirants	343	243	189	137	99	156
Period 7/1/15 to 6/30/16:						
Average Monthly Benefit	\$ 213.95	354.93	675.78	1,035.20	1,395.13	2,180.11
Average Final Salary	2,541.70	2,569.93	3,028.56	3,373.27	3,499.67	4,294.34
Number of Active Retirants	365	256	199	151	103	162
Period 7/1/16 to 6/30/17:						
Average Monthly Benefit	\$ 219.74	369.56	694.41	1,064.22	1,467.34	2,252.39
Average Final Salary	2,542.83	2,583.85	3,089.54	3,431.69	3,586.71	4,329.80
Number of Active Retirants	379	268	207	157	112	184
Period 7/1/17 to 6/30/18:						
Average Monthly Benefit	\$ 226.71	380.45	713.80	1,085.24	1,462.83	2,337.11
Average Final Salary	2,574.90	2,646.54	3,141.20	3,467.10	3,613.16	4,362.55
Number of Active Retirants	402	263	209	161	115	200
Period 7/1/18 to 6/30/19:						
Average Monthly Benefit	\$ 224.66	404.20	725.27	1,127.28	1,523.50	2,374.94
Average Final Salary	2,584.05	2,719.63	3,140.77	3,518.42	3,773.76	4,389.63
Number of Active Retirants	411	271	213	168	121	205

Source: Data provided by the Jackson County Human Resources Department.

**Jackson County, Missouri**  
**Revised Pension Plan**  
**Schedule of Benefits Payable**  
**June 30, 2019**

<u>Type of Benefit</u>	<u>Number</u>	<u>Annual Funded Benefit</u>	<u>Average Annual Benefit</u>
Service Retirement:			
5 Year Certain Life	452	\$ 4,944,657	\$ 10,940
10 Year Certain Life	384	3,824,161	9,959
100% Joint and Survivor	345	4,200,562	12,176
Normal Annuity	7	17,092	2,442
50% Joint and Survivor	2	3,850	1,925
Survivor Beneficiary	159	1,258,210	7,913
Total Service Retirement	1,349	14,248,531	10,562
Disability Retirement	40	361,383	9,035
Grand Total	1,389	\$ 14,609,914	\$ 10,518

Source: Data provided by the Jackson County Human Resources Department.