

Jackson County, Missouri
Revised Pension Plan



Jackson County, Missouri
www.jacksongov.org

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

For the Years Ended
June 30, 2020 and 2019

Jackson County, Missouri
Revised Pension Plan

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



For the Years Ended
June 30, 2020 and 2019

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, 2019

Christopher P. Morill

Executive Director/CEO



JACKSON COUNTY **Finance Department**

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Kansas City, Missouri 64106
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Administration
(816) 881-3126
Fax (816) 881-3877

Accounting/Pension
(816) 881-3180

Accounts Payable
(816) 881-3270

Budget
(816) 881-3851

*Grants Management/
Risk Management*
(816) 881-3202

Office Services
(816) 881-3265

Payroll
(816) 881-3201

Purchasing
(816) 881-3253

Tax Refund/Distribution
(816) 881-3358

Treasury
(816) 881-1320

December 10, 2020

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

We are pleased to transmit to you the 2020 Comprehensive Annual Financial Report of the Jackson County, Missouri Revised Pension Plan for the fiscal year ended June 30, 2020. 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, 2020, 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, 2020, 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, 2020), the Plan had 1,263 active members and a total of 1,445 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.

Jackson County is home to the Kansas City region's central business district which is experiencing a resurgence in both employment and population growth. The western part of the County is mostly urbanized Kansas City, Missouri, while eastern Jackson County is made up of growing suburban communities.

Major employers include H&R Block, Hallmark Cards, DST, Peterson Manufacturing, Honeywell, Bayer Crop Science, St. Lukes Health System and Burns and McDonnell Engineers. Cerner is currently building a new campus in southeast Kansas City that will eventually add 14,000 jobs to the County total.

Significant transit investment in the city center is attracting considerable private investment in commercial and residential development.

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 \$11.3 million, representing 52.2% of total additions. This gain was primarily due to appreciation of \$6.0 million, \$1.4 million, \$1.3 million, and \$1.2 million in the fair value of the Bond Collective Trust Fund, the Long-Short Equity Fund, the S&P 500 Index Fund and the Emerging Markets Equity Fund, respectively. Employer and employee contributions totaling \$10.3 million represent 47.8% of total additions. Investment gains, interest, dividends, and contributions exceeded investment expense by \$21.7

million. The supporting schedules reflect the changes in the portfolio during the year. The total yield on investments was 3.7%, down from the 2019 total yield of 6.2%. 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 116.3% in the fiscal year ended 2020 to a low of 87.2% in 2011. As indicated above, employer contributions during this reporting period were 116.3% 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 86.1% in 2020. This represents an increase of 0.2% in the past ten years and a decrease of 1.1% from the 2019 ratio of 87.2%. The fair value of plan assets increased 2.1%, while the total pension liability increased by 3.5%. The liabilities for the years of 2011 through 2020 have increased 69.9%. Employer contributions have increased 34.7% in the past ten years, while actuarially determined contributions have increased 1.0%. 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, 2019. This was the 27th 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,

A handwritten signature in black ink, appearing to read 'Bob Crutsinger', written over a horizontal line.

Bob Crutsinger
Director of Finance
Jackson County

**Jackson County, Missouri
Revised Pension Plan
Plan Administration
June 30, 2020**

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 54-55).

**Jackson County, Missouri
Revised Pension Plan
Board of Trustees Members
June 30, 2020**

Chairperson:
Michael Martin
Independent Business Executive

Secretary:
Michelle Chrisman
Acting Director of Human
Resources

V. Edwin Stoll
Chief Administrative Officer

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

Linda Steele
Vice Chairperson
Active Member
Trial Team Leader of Family Support

Dianne Kimzey
Active Member
Deputy Director of Park Enterprise Operations

Whitney Miller
Active Member
Director of Collection

B. Stephen Gillis
Independent Business Executive

Vacant
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.

Chris Gibson
Baltimore, Maryland

Investment Manager

Financial Counselors, Inc.

Jon Lewis
Overland Park, KS

**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
Lorena Cabezas
New York, NY

Investment Manager

J.P. Morgan Asset Management
Steve Harrigan
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
Paul Luedtke
Menomonee Falls, WI

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, 2020 and 2019; 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, 2020 and 2019, 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, 2020 and 2019, 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
December 10, 2020

**Jackson County, Missouri
Revised Pension Plan
Management's Discussion and Analysis
June 30, 2020 and 2019**

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, 2020 and 2019.

Financial Highlights (in Thousands)

The Plan's fiduciary net position was \$308,245; reflecting an increase of \$6,484. This change in fiduciary net position is the result of several key factors: appreciation of \$10,669 in the fair value of assets; interest and dividend income of \$2,071; contributions to the Plan of \$10,348; and offset with benefits paid to participants of \$14,957; and expenses of \$1,647 (refer to page 21). The change in fiduciary net position reflects a decrease of \$6,834 from the 2019 increase of \$13,318; which is primarily due to the \$6,824 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 \$21,666; this reflects a decrease of \$5,977 from 2019. The net investment income of \$11,318 reflects a decrease of \$6,916 from 2019. 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 \$10,319, an increase of \$936 from 2019 (refer to page 21).

Benefits and administrative expenses (deductions from fiduciary net position) increased \$856 from \$14,325 in 2019 to \$15,181. Pension benefits paid to retirees, survivors, and disabled former employees totaled \$14,957, an increase of \$850 from 2019, due to a net increase of 56 pensioners receiving benefits (refer to page 21). Administrative expenses increased \$6.

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, 2020 and 2019**

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, 2020, 2019, and 2018, respectively. As of June 30, 2020, the Bond Collective Trust was 21.5% of the portfolio, while total corporate stocks and the International Equity Fund accounted for 19.0% 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, 2020 and 2019

Summary Comparative Statements of Fiduciary Net Position (in Thousands)

	June 30,		Change		June 30,		Change	
	2020	2019	Amount	%	2019	2018	Amount	%
U.S. Government Securities	\$ 16,544	\$ 15,984	560	3.5%	\$ 15,984	\$ 15,806	178	1.1%
Bond Collective Trust Fund	66,228	60,232	5,996	10.0%	60,232	56,004	4,228	7.6%
Limited Partnership	5,482	5,920	(438)	-7.4%	5,920	6,080	(160)	-2.6%
International Equity Fund	38,109	38,565	(456)	-1.2%	38,565	37,652	913	2.4%
Long-Short Equity Fund	28,500	27,145	1,355	5.0%	27,145	27,163	(18)	-0.1%
Emerging Markets Equity Fund	17,239	16,045	1,194	7.4%	16,045	15,463	582	3.8%
S&P 500 Index Fund	18,485	17,201	1,284	7.5%	17,201	15,583	1,618	10.4%
Corporate Stocks:								
Common Stocks	33,468	35,382	(1,914)	-5.4%	35,382	34,230	1,152	3.4%
Regional Stocks	25,153	28,916	(3,763)	-13.0%	28,916	27,676	1,240	4.5%
Total Corporate Stocks	58,621	64,298	(5,677)	-8.8%	64,298	61,906	2,392	3.9%
Corporate Bonds & Debentures	21,388	20,074	1,314	6.6%	20,074	18,149	1,925	10.6%
Municipal Bonds	170	178	(8)	-4.5%	178	175	3	1.7%
Money Market Fund	4,519	4,000	519	13.0%	4,000	4,416	(416)	-9.4%
Real Estate Pooled Separate Account	17,050	16,756	294	1.8%	16,756	15,687	1,069	6.8%
Special Situations Property Fund	15,851	15,366	485	3.2%	15,366	14,450	916	6.3%
Total Investments	308,186	301,764	6,422	2.1%	301,764	288,534	13,230	4.6%
Accrued Interest & Dividends	275	328	(53)	-16.2%	328	306	22	7.2%
Contributions receivable	238	136	102	75.0%	136	96	40	41.7%
Total Assets	308,699	302,228	6,471	2.1%	302,228	288,936	13,292	4.6%
Accrued Expense	454	467	(13)	-2.8%	467	494	(27)	-5.5%
Fiduciary Net Position	\$ 308,245	\$ 301,761	6,484	2.2%	\$ 301,761	\$ 288,442	13,319	4.6%

2020

Fiduciary net position increased \$6,484. The most significant factor was an increase of \$5,996 in the valuation of the Bond Collective Trust Fund.

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.

Jackson County, Missouri
Revised Pension Plan
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Summary Comparative Statements of Changes in Fiduciary Net Position (in Thousands)

	June 30,		Change		June 30,		Change	
	2020	2019	Amount	%	2019	2018	Amount	%
Net Appreciation (Depreciation)	\$ 10,669	\$ 17,493	(6,824)	-64.0%	\$ 17,493	\$ 21,907	(4,414)	-25.2%
Interest & Dividends	2,071	2,126	(55)	-2.6%	2,126	1,984	142	7.2%
Investment Expense	(1,422)	(1,385)	37	2.7%	(1,385)	(1,266)	119	9.4%
Net Investment Income (Loss)	11,318	18,234	(6,916)	-61.1%	18,234	22,625	(4,391)	-24.1%
Employee Contributions	29	26	3	11.5%	26	23	3	13.0%
Employer Contributions	10,319	9,384	935	10.0%	9,384	9,886	(502)	-5.1%
Total Additions	21,666	27,644	(5,978)	-21.6%	27,644	32,534	(4,890)	-15.0%
Benefits Paid	14,957	14,106	851	6.0%	14,106	13,169	937	7.1%
Administrative Expenses	225	219	6	2.7%	219	250	(31)	-12.4%
Total Deductions	15,182	14,325	857	6.0%	14,325	13,419	906	6.8%
Net Increase (Decrease) in Fiduciary Net Position	6,484	13,319	(6,835)	-105.4%	13,319	19,115	(5,796)	-43.5%
Fiduciary Net Position								
Beginning of Year	301,761	288,442	13,319	4.6%	288,442	269,327	19,115	7.1%
End of Year	\$ 308,245	\$ 301,761	6,484	2.2%	\$ 301,761	\$ 288,442	13,319	4.6%

2020

The appreciation of the fair value of investments decreased from \$17,493 in 2019 to \$10,669 in 2020, a decrease of \$6,824. This is most notably due to decreases in appreciation of \$7,570 and \$775 in the fair value of corporate stocks and the Real Estate Pooled Separate Account, respectively, offset by a \$1,768 increase in appreciation of the fair value of the Bond Collective Trust Fund.

The decrease of \$6,916 in net investment income is primarily due to the \$6,824 decrease in appreciation of the fair value of investments. The appreciation of the fair value of corporate stocks decreased \$7,570, the largest decrease by category from 2019 to 2020.

Employer contributions to the plan increased \$935 and 10.0%. This is primarily due to an increase in the County General Fund's contribution rate from 9% in 2019 to the actuarially determined rate of 13.35% in 2020.

Benefits paid to retirees, survivors, and disabled former employees increased \$851 and 6.0%. Part of the increase was due to a net increase of 56 participants receiving benefits during the reporting period.

Administrative expenses were \$225 for 2020, a decrease of \$6 and 2.7% from 2019, which is considered insignificant.

Investment expense increased \$37 and 2.7% from 2019, which is considered insignificant. Investment fees are based on the fair value of each portfolio.

**Jackson County, Missouri
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June 30, 2020 and 2019**

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.

Economic Factors (in Thousands)

2020

Employer contributions to the Plan for the 2019-2020 fiscal year increased 10.0%.

The assets of Jackson County exceeded its liabilities at the close of fiscal year 2019 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 \$32,652 in fiscal year 2019.

The real and personal property assessed value of \$10,735,382 in 2019 reflected an increase in the base of \$2,119,766 and 19.7% from 2018. Revenue for Jackson County in 2019 was \$281,934 an increase of 1.4% from 2018.

2019

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

**Jackson County, Missouri
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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.

Jackson County, Missouri
Revised Pension Plan
Statements of Fiduciary Net Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Investments:		
U.S. Government Securities	\$ 16,543,864	\$ 15,984,375
Bond Collective Trust Fund	66,228,322	60,232,026
Limited Partnership	5,482,035	5,920,331
International Equity Fund	38,108,793	38,565,242
Long-Short Equity Fund	28,500,066	27,144,885
Emerging Markets Equity Fund	17,239,011	16,045,305
S&P 500 Index Fund	18,484,691	17,200,576
Corporate Stocks	58,620,772	64,297,639
Corporate Bonds & Debentures	21,387,604	20,074,013
Municipal Bonds	170,577	177,771
Money Market	4,518,726	4,000,164
Real Estate Pooled Separate Account	17,050,047	16,756,046
Special Situations Property Fund	<u>15,850,979</u>	<u>15,366,439</u>
Total Investments	308,185,487	301,764,812
Contributions receivable	237,826	135,838
Accrued Interest and Dividends	<u>275,287</u>	<u>327,524</u>
Total Assets	<u>308,698,600</u>	<u>302,228,174</u>
Liabilities:		
Accrued Expenses	<u>453,731</u>	<u>467,450</u>
Net Position Restricted for Pensions	<u><u>\$ 308,244,869</u></u>	<u><u>\$ 301,760,724</u></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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Additions:		
Net Investment Income:		
Net Appreciation/(Depreciation) of Fair Value		
U.S. Government Securities	\$ 527,643	\$ 378,887
Bond Collective Trust Fund	5,996,296	4,228,158
Limited Partnership	(521,525)	(278,656)
International Equity Fund	(456,449)	912,898
Long-Short Equity Fund	1,355,180	(18,569)
Emerging Markets Equity Fund	1,193,706	582,377
S&P 500 Index Fund	1,289,298	1,622,500
Corporate Stocks	(741,149)	6,828,641
Corporate Bonds and Debentures	995,824	1,071,773
Municipal Bonds	2,806	2,794
Real Estate Pooled Separate Account	294,001	1,068,707
Special Situations Property Fund	733,764	1,093,110
	<u>10,669,395</u>	<u>17,492,620</u>
Interest and Dividends	2,071,088	2,126,216
Investment Expense	(1,422,481)	(1,384,723)
	<u>11,318,002</u>	<u>18,234,113</u>
Net Investment Income		
	<u>11,318,002</u>	<u>18,234,113</u>
Employee Contributions	28,957	25,909
Employer Contributions	10,318,596	9,383,418
Total Contributions	<u>10,347,553</u>	<u>9,409,327</u>
Total Additions	<u>21,665,555</u>	<u>27,643,440</u>
Deductions:		
Benefits paid directly to participants	14,956,657	14,106,502
Administrative Expenses	224,753	218,728
	<u>15,181,410</u>	<u>14,325,230</u>
Total Deductions		
	<u>15,181,410</u>	<u>14,325,230</u>
Net Increase in Fiduciary Net Position	6,484,145	13,318,210
Net Position Restricted for Pensions:		
Beginning of Year	301,760,724	288,442,514
End of Year	<u>\$ 308,244,869</u>	<u>\$ 301,760,724</u>

See Notes to Basic Financial Statements.

Jackson County, Missouri
Revised Pension Plan
Notes to Basic Financial Statements
June 30, 2020 and 2019

(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, 2020 and 2019

(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, 2020 and 2019

(2) Plan Description (continued)

Plan Membership

As of June 30, 2020 and 2019, the Jackson County, Missouri Revised Pension Plan membership consisted of:

	<u>2020</u>	<u>2019</u>
Retirees and beneficiaries currently receiving benefits	1,445	1,389
Terminated employees entitled to benefits but not yet receiving them	1,162	1,169
Current employees:		
Vested	850	845
Non Vested	<u>413</u>	<u>413</u>
Total	<u><u>3,870</u></u>	<u><u>3,816</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 1st 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
June 30, 2020 and 2019

(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 14.23% of annual covered payroll for July 2018 to December 2018, 13.96% for 2019, and 13.35% for January to June 2020, except for the General Fund, which contributed 9% of annual covered payroll until 2020. For January to June 2020, the General Fund contributed 13.35% of annual covered payroll. All other employers' contribution rates were 14.23% for July to December, 2018, 13.96% for 2019, and 13.35% for January to June, 2020, 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, 2020, the most recent actuarial valuation date, the Plan was 86.1% funded (on the market value of assets basis). The total pension liability was \$357,982,341; and the plan fiduciary net position was \$308,244,869; resulting in a net pension liability (NPL) of \$49,737,472. The annual covered payroll (the payroll on which contributions to the Plan are based) was \$66,459,289; and the ratio of the NPL to the annual covered payroll was 74.8%. Using the actuarial value of assets basis, the Plan was 87.0% funded as of July 1, 2020.

As of July 1, 2019, 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 (the payroll on which contributions to the Plan are based) 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.

Jackson County, Missouri
Revised Pension Plan
Notes to Basic Financial Statements
June 30, 2020 and 2019

(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, 2020, the investment in the Bond Collective Trust Fund represented 21.5% of the Plan's total investments, the International Equity Fund represented 12.4%, the Long-Short Equity Fund represented 9.3%, the S&P 500 Index Fund represented 6.0%, the Real Estate Pooled Separate Account represented 5.5%, the Emerging Markets Equity Fund represented 5.6%, 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, 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.

Rate of Return

For the years ended June 30, 2020 and 2019, the annual money weighted rates of return on pension plan investments, net of pension plan investment expense, were 3.82% and 6.46%, 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
June 30, 2020 and 2019

(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, 2020

Security Description	Current Fair Value	Debt Security Investment Maturities (in years)			
		<1	1-5	5-10	10+
US Agencies	\$ 2,323,013	1,826	643,982	-	1,677,205
Municipal Bonds	170,577	-	170,577	-	-
Treasury Notes	14,220,851	-	9,176,837	5,044,014	-
Corporate Bonds	21,387,604	1,697,909	8,283,678	11,080,681	325,336
Total	<u>\$ 38,102,045</u>	<u>1,699,735</u>	<u>18,275,074</u>	<u>16,124,695</u>	<u>2,002,541</u>

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	<u>\$ 36,236,159</u>	<u>918,983</u>	<u>20,226,858</u>	<u>12,302,399</u>	<u>2,787,919</u>

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, 2020 and 2019

(3) Investments (continued)

As of June 30, 2020, the Plan's investments were rated as follows:

Security Description	Moody's	Standard & Poor's
US Agencies:		
Federal Home Loan Mortgage Corp 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:		
Abbvie Inc Sr Nt	BAA2	BBB+
Activision Blizzard Inc Sr Gbl	BAA1	A-
Aflac Inc Sr Nt	A3	A-
Alibaba Group Holding Ltd Sr Gbl	A1	A+
American Intl Group Inc Sr Nt	BAA1	BBB+
Anheuser Busch Inbev Wldw Inc Fr	BAA1	BBB+
Aon Plc Sr Gbl Nt	BAA2	A-
AT&T Inc Glocal Nt	BAA2	BBB
AT&T Inc Sr Nt	BAA2	BBB
Autodesk Inc Sr Nt	BAA2	BBB
Avalonbay Communities Inc Mtn Fr	A3	A-
Bank Amer Corp Fr	A2	A-
Biogen Inc Sr Nt	BAA1	A-
Bristol Myers Squibb Co Gbl 144A Nt	A2	A+
Capital One Financial Corp Sr Nt	BAA1	BBB
Carnival Corp Sr Nt	BA2	BB-
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-
Disney Walt Co Sr Nt	A2	A-
Edwards LifeSciences Corp	BAA2	BBB
Fifth Third Bank of Cincinnati, Ohio Mtn Fr	A3	A-
GE Capital International Fdg Fr	BAA1	BBB+
General Motors Financial Co Inc Sr Gbl	BAA3	BBB

Jackson County, Missouri
Revised Pension Plan
Notes to Basic Financial Statements
June 30, 2020 and 2019

(3) Investments (continued)

Security Description	Moody's	Standard & Poor's
Huntington Bancshares Inc Sr Nt	BAA1	BBB+
Husky Energy Inc Sr Nt	BAA2	BBB
JPMorgan Chase & Co Nt	A2	A-
Lowes Cos Inc Gbl Nt	BAA1	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+
Paypal Holdings Inc Sr Nt	A3	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	A2	A
Starbucks Corp	BAA1	BBB+
Synchrony Financial Sr Nt	Not Rated	BBB-
TJX Cos Inc New Sr Nt	A2	A
Wells Fargo & Co New Sr Gbl Nt	A2	BBB+
Wells Fargo Bank National Assn Fr	AA2	A+
Williams Partners L P New Sr Gbl Nt	BAA3	BBB
Willis North Amer Inc Sr Gbl	BAA3	BBB
Zoetis Inc Sr Nt	BAA1	BBB
Willis North Amer Inc Sr Gbl	BAA3	BBB
Zoetis Inc Sr Nt	BAA1	BBB
Loomis Sayles Commingled Bonds Account	A1	A+
BMO Government Money Market Premier Fund	Aaa-mf	Not Rated

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(3) Investments (continued)

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

Security Description	Moody's	Standard & Poor's
US Agencies:		
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*
Municipal Bonds:		
Bloomington Ind Pk Dist Bonds	Not Rated	AA
Brownsburg Ind GO Bonds	Not Rated	AA+
Corporate Bonds:		
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+

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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

*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, 2020, and 2019, 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, 2020, and 2019, did not differ significantly from these at the respective year-ends in amounts or level of risk.

Jackson County, Missouri
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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, 2020 and 2019:

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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, 2020			
Investments by fair value level				
Debt securities:				
U.S. Treasury securities	\$ 14,221	\$ 14,221	\$ -	\$ -
U.S. Agency securities	2,323	-	2,323	-
Municipal bonds	170	-	170	-
Corporate bonds and debentures	21,388	-	21,388	-
Total debt securities	<u>38,102</u>	<u>14,221</u>	<u>23,881</u>	<u>-</u>
Equity securities:				
Consumer discretionary	6,813	6,813	-	-
Consumer staples	1,786	1,786	-	-
Energy	1,441	1,441	-	-
Financials	7,915	7,915	-	-
Health care	9,417	9,417	-	-
Industrials	10,618	10,618	-	-
Information technology	13,914	13,914	-	-
Materials	2,250	2,250	-	-
Real Estate	1,130	1,130	-	-
Telecommunication services	2,957	2,957	-	-
Utilities	380	380	-	-
Total equity securities	<u>58,621</u>	<u>58,621</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>96,723</u>	<u>\$ 72,842</u>	<u>\$ 23,881</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money market funds	<u>4,519</u>			
Total investments measured at amortized cost	<u>4,519</u>			
Investments measured at the net asset value (NAV)				
Bond Collective Trust Fund	66,228			
Limited Partnership	5,482			
International Equity Fund	38,109			
Long-Short Equity Fund	28,500			
Emerging Markets Equity Fund	17,239			
S&P 500 Index Fund	18,485			
Real Estate Pooled Separate Account	17,050			
Special Situations Property Fund	<u>15,851</u>			
Total investments measured at the NAV	<u>206,944</u>			
Total investments	<u>\$ 308,186</u>			

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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			
Investments by fair value level				
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	\$ -
Investments measured at amortized cost				
Money market funds	4,000			
Total investments measured at amortized cost	4,000			
Investments measured at the net asset value (NAV)				
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
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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, 2020	June 30, 2019		
Bond Collective Trust Fund (1)	\$ 66,228	\$ 60,232	Daily	0 to 3 days
Limited Partnership (2)	5,482	5,920	1st business day of the month	15th day of the prior month
International Equity Fund (3)	38,109	38,565	Daily	1 day
Long-Short Equity Hedge Fund (4)	28,500	27,145	Quarterly	45 days
Emerging Markets Equity Fund (5)	17,239	16,045	Each Wednesday (or the next business day)/Last business day of each month	10 business days
S&P 500 Index Fund (6)	18,485	17,201	Daily	As soon as practicable
Real Estate Pooled Separate Account (7)	17,050	16,756	Daily	1 day
Special Situations Property Fund (8)	15,851	15,366	Quarterly	30 days
Total investments measured at the NAV	<u>\$ 206,944</u>	<u>\$ 197,230</u>		

Jackson County, Missouri
Revised Pension Plan
Notes to Basic Financial Statements
June 30, 2020 and 2019

(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, 2020 and 2019, 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, 2020, 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 \$5,482,035 and 1.8% of the Plan's portfolio. The fair value of the International Equity Fund was \$38,108,793 and 12.4% of the Plan's portfolio. The fair value of the Long-Short Equity Fund was \$28,500,066 and 9.3% of the Plan's portfolio. The fair value of the Emerging Markets Equity Fund was \$17,239,011 and 5.6% 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 \$3,231,547, representing 1.0% of the Plan's portfolio.

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(4) Investments (continued)

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.

(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, 2020 and 2019, were as follows:

	2020	2019
Total Pension Liability	\$ 357,982,341	\$ 346,039,431
Plan Fiduciary Net Position	(308,244,869)	(301,760,724)
Net Pension Liability	<u>\$ 49,737,472</u>	<u>44,278,707</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	86.1%	87.2%

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, 2020 and 2019</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

Jackson County, Missouri
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June 30, 2020 and 2019

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

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.

The July 1, 2020 and 2019 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, 2020 and 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

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

Asset Class	Long-Term Expected Real Rate of Return	
	2020	2019
Core Bonds	2.60%	2.62%
Core Plus	2.87%	2.89%
U.S. Large Cap Equity	7.14%	7.21%
U.S. Small Cap Equity	8.43%	8.42%
International Developed Equity	8.14%	8.14%
Emerging Market Equity	9.48%	9.38%
Long-Short Equity	5.46%	5.63%
Core Real Estate	6.73%	6.78%
Value Added Real Estate	8.23%	8.29%

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the years ended June 30, 2020 and 2019. 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 following contribution policy:

- 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 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 calendar year 2020, the rate for the general employee and other employee payroll was 13.35%, which was the actuarially determined rate from the July 1, 2019 actuarial valuation. For the cash flow projection, it was assumed the County contribution rate for other employee payroll would not exceed the 2020 rate.
- 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, 2020 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:

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

Net Pension Liability	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
2020	\$ 96,968,874	49,737,472	10,822,638
2019	\$ 90,393,169	44,278,707	6,305,492

(5) New Pronouncements

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

In May 2020, GASB issued and the Plan adopted Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this accounting pronouncement had no impact on the financial statements.

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*, issued January 2017, will be effective for the Plan beginning with its fiscal year ending June 30, 2021. 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.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the Plan beginning with its fiscal year ending June 30, 2022. 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.

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(5) New Pronouncements (continued)

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, 2022. 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, 2021. 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, 2023. 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.

GASB Statement 92, *Omnibus 2020*, issued January 2020, will be effective for the Plan beginning with its fiscal year ending June 30, 2021. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements.

GASB Statement 93, *Replacement of Interbank Offered Rates*, issued in March 2020, will be effective for the Plan beginning with its fiscal year ending June 30, 2021, except for paragraphs 11b, 13, and 14. The requirements in paragraph 11b, 13 and 14 will be effective for the Plan beginning with its fiscal year ending June 30, 2022. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of the global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, be either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, will be effective for the Plan beginning with its fiscal year ending June 30, 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-

Jackson County, Missouri
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June 30, 2020 and 2019

(5) New Pronouncements (continued)

private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

GASB 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for the Plan beginning with its fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides for the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 86, *Leases*, as amended. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued in June 2020, will be effective for the Plan beginning with its fiscal year ending June 30, 2022. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

(6) Contingency

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the Plan. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Jackson County, Missouri
Revised Pension Plan
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Ten Years Ended June 30, 2020

	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	\$ 3,744,220	\$ 3,679,043	\$ 3,747,904	\$ 4,515,213	\$ 4,159,756
Interest Cost	23,113,852	22,431,567	21,914,747	21,955,012	20,982,000
Changes in Benefits	-	-	-	-	-
Difference Between Expected and Actual Experience	41,495	(1,543,227)	(4,307,023)	5,125,099	(75,313)
Changes of Assumptions	-	-	-	(7,234,328)	-
Benefits Paid	(14,956,657)	(14,106,502)	(13,169,152)	(11,990,680)	(11,068,365)
Net Change in Total Pension Liability	11,942,910	10,460,881	8,186,476	12,370,316	13,998,078
Total Pension Liability-Beginning	346,039,431	335,578,550	327,392,074	315,021,758	301,023,680
Total Pension Liability-Ending (a)	357,982,341	346,039,431	335,578,550	327,392,074	315,021,758
Plan Fiduciary Net Position					
Contribution-Employer	10,318,596	9,383,418	9,885,962	9,584,406	8,965,045
Contribution-Employee	28,957	25,909	23,488	23,892	22,294
Net Investment Income (Loss)	11,318,002	18,234,113	22,624,839	30,135,277	(519,751)
Benefits Paid	(14,956,657)	(14,106,502)	(13,169,152)	(11,990,680)	(11,068,365)
Administrative Expenses	(224,753)	(218,728)	(249,640)	(177,806)	(213,999)
Net Change in Plan Fiduciary Net Position	6,484,145	13,318,210	19,115,497	27,575,089	(2,814,776)
Plan fiduciary Net Position-Beginning	301,760,724	288,442,514	269,327,017	241,751,928	244,566,704
Plan Fiduciary Net Position-Ending (b)	308,244,869	301,760,724	288,442,514	269,327,017	241,751,928
Net Pension Liability-Ending (a)-(b)	49,737,472	44,278,707	47,136,036	58,065,057	73,269,830
Plan Fiduciary net Position as a % of the Total Pension Liability	86.11%	87.20%	85.95%	82.26%	76.74%
Covered Payroll	66,459,289	64,516,217	66,315,839	60,510,891	60,503,534
Net Pension Liability as a % of Covered Payroll	74.84%	68.63%	71.08%	95.96%	121.10%

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.

Jackson County, Missouri
Revised Pension Plan
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Ten Years Ended June 30, 2020

	2015	2014	2013	2012	2011
Total Pension Liability					
Service Cost	\$ 4,204,176	\$ 3,949,773	3,855,964	3,825,433	3,957,818
Interest Cost	19,226,216	17,512,038	15,952,165	14,772,098	14,381,276
Changes in Benefits	-	-	10,349,101	-	-
Difference Between Expected and Actual Experience	(3,626,506)	(5,326,360)	543,322	6,021,843	(5,964,406)
Changes of Assumptions	15,831,115	18,073,697	-	-	-
Benefits Paid	(10,134,743)	(9,237,930)	(8,510,456)	(6,961,809)	(6,259,129)
Net Change in Total Pension Liability	25,500,258	24,971,218	22,190,096	17,657,565	6,115,559
Total Pension Liability-Beginning	275,523,422	250,552,204	228,362,108	210,704,543	204,588,984
Total Pension Liability-Ending (a)	301,023,680	275,523,422	250,552,204	228,362,108	210,704,543
Plan Fiduciary Net Position					
Contribution-Employer	8,479,786	8,117,005	7,874,681	7,759,015	7,662,703
Contribution-Employee	24,221	23,446	23,183	23,869	21,097
Net Investment Income (Loss)	8,894,357	30,581,746	27,058,828	168,243	31,266,487
Benefits Paid	(10,134,743)	(9,237,930)	(8,510,456)	(6,961,809)	(6,259,129)
Administrative Expenses	(185,094)	(169,630)	(149,714)	(168,321)	(157,970)
Net Change in Plan Fiduciary Net Position	7,078,527	29,314,637	26,296,522	820,997	32,533,188
Plan fiduciary Net Position-Beginning	237,488,177	208,173,540	181,877,018	181,056,021	148,522,833
Plan Fiduciary Net Position-Ending (b)	244,566,704	237,488,177	208,173,540	181,877,018	181,056,021
Net Pension Liability-Ending (a)-(b)	56,456,976	38,035,245	42,378,664	46,485,090	29,648,522
Plan Fiduciary Net Position as a % of the Total Pension Liability	81.25%	86.20%	83.09%	79.64%	85.93%
Covered Payroll	61,267,909	62,914,553	65,032,372	62,080,643	63,795,534
Net Pension Liability as a % of Covered Payroll	92.15%	60.46%	65.17%	74.88%	46.47%

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.

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, 2020

Schedule of Employer Contributions

Year Ended June 30	Employer Contributions	Actuarially Determined Contribution*	Difference	Annual Covered Payroll	Employer Contributions as a % of Covered Payroll
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%
2020	10,318,596	8,872,315	1,446,281	66,459,289	15.5%

*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%
2020	3.82%

* 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, 2020 and 2019

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, 2020 and 2019</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, 2020 and 2019**

Schedule of Administrative Expenses

<u>Administrative Expense</u>	<u>2020</u>	<u>2019</u>
Legal Services	\$ 53,899	\$ 62,704
Investment Performance Review	96,631	80,000
Board Expenses	895	6,445
Actuarial Services	41,828	39,575
Audit Services	31,500	30,004
	<u>\$ 224,753</u>	<u>218,728</u>

Schedule of Investment Expenses

<u>Investment Service</u>	<u>2020</u>	<u>2019</u>
Banking Fees	\$ 102,326	\$ 98,648
Investment Manager Fees	1,320,155	1,286,075
	<u>\$ 1,422,481</u>	<u>1,384,723</u>

Schedule of Payments to Vendors

Cheiron, Inc	41,828	Actuarial Services
RSM US, LLP	31,500	Audit Services
Missouri Association of Public Employee Retirement Systems (MAPERS)	100	Dues and Training
Scott Brinkman	210	MAPERS Conference Expense
Dennis Dumovich	134	MAPERS Conference Expense
Gary Panethiere	201	MAPERS Conference Expense
Government Finance Officers Association	610	Certificate of Achievement
Tan-Tar-A Resort	(360)	Refund for MAPERS Hotel
	<u>\$ 224,753</u>	

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Jackson County, Missouri
Revised Pension Plan

Investment Section



September 22, 2020

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, 2020

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:

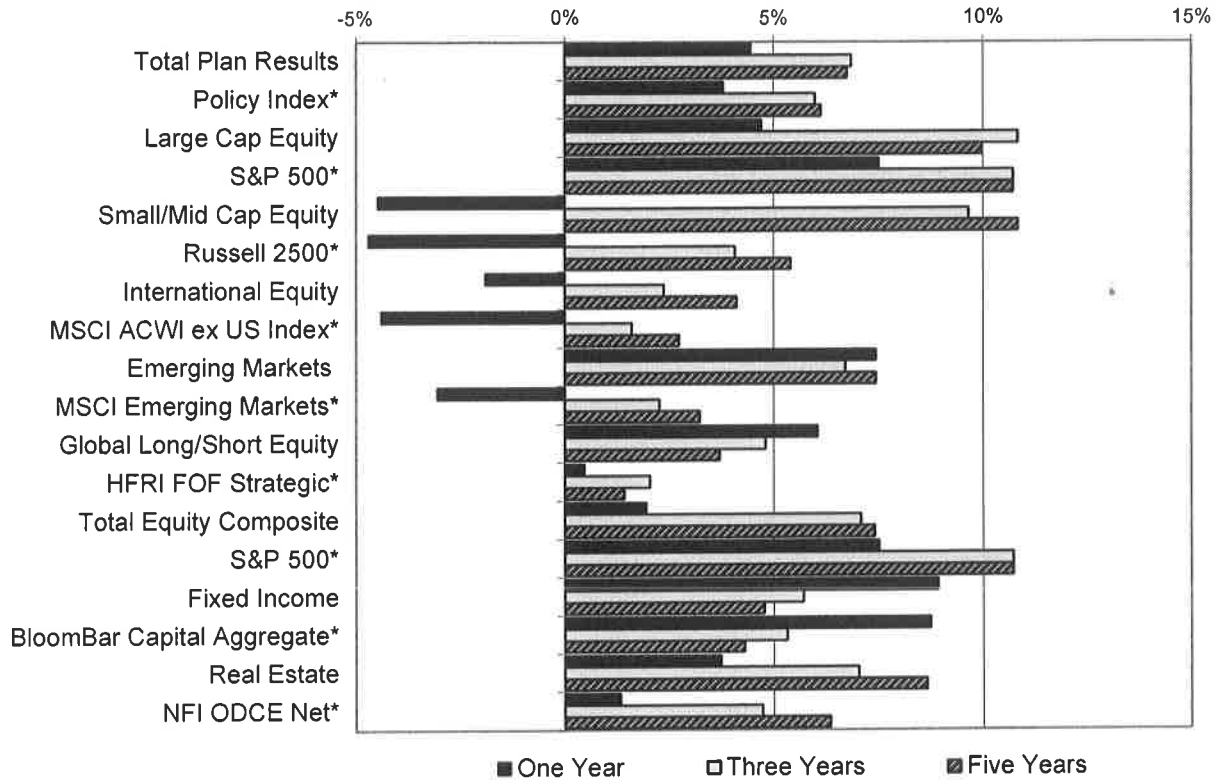
1. The Board has established the following asset-mix guidelines for the Plan:

<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, 2020**

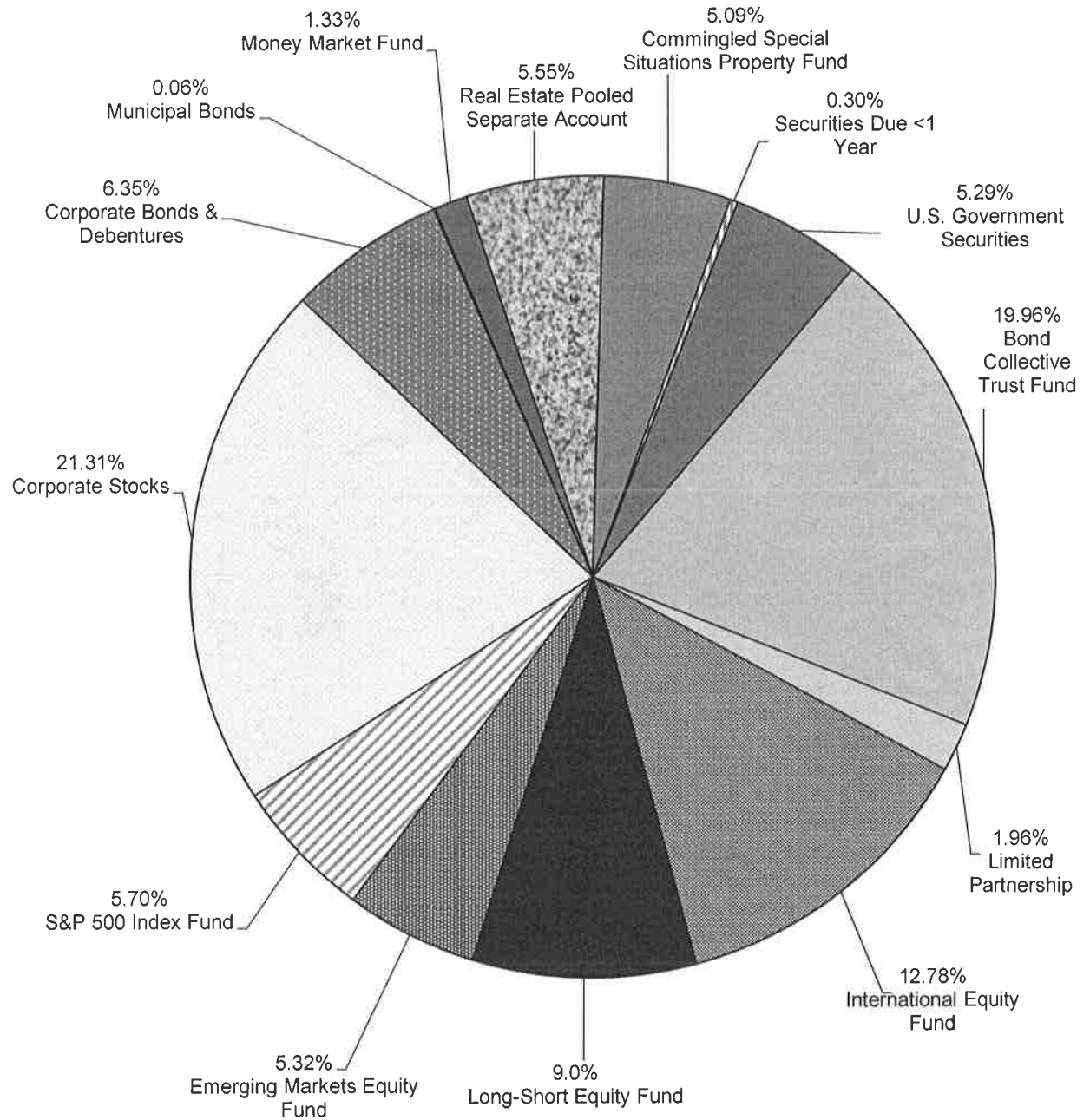


	Annualized Return		
	One Year	Three Years	Five Years
Total Plan Results	7.06%	9.76%	6.74%
Policy Index*	6.53%	8.75%	5.92%
Large Cap Equity	10.16%	16.03%	10.56%
S&P 500*	10.42%	14.19%	10.71%
Small/Mid Cap Equity	15.26%	17.21%	14.89%
Russell 2500*	1.77%	12.34%	7.66%
International Equity	1.84%	10.82%	4.12%
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 Revised Pension Plan.
Returns are time-weighted based on the market rate of return.

**Jackson County, Missouri
Revised Pension Plan
Investment Allocation
June 30, 2020**



Jackson County, Missouri
Revised Pension Plan
List of Largest Assets Held
June 30, 2020

Assets:	Fair Value	CUSIP	Units
Loomis Sayles Core Plus Trust	66,228,322	MA1353030	3,843,780
Ninety One International Dynamic Equity Fund	38,108,793	46090A903	314,793
ABS Offshore Global Long-Short Equity Fund	28,500,066	00080A928	174,846
Northern Trust S&P 500 Index Fund	18,484,691	66580A908	1,658
Wells Fargo Emerging Markets Equity Fund	17,239,011	94973A921	1,110,973
Principal U.S. Property Fund	17,050,047	RE1053280	298,898
JPMorgan Special Situations Property Fund	15,850,979	46623A917	4,622
Mondrian International Small Cap Equity Fund, Limited Partnership	5,482,035	55312A906	174,966
BMO Government Money Market Premier Fund	4,518,726	09658L794	4,518,726

Top Ten Bonds:	Fair Value	CUSIP	Par	Coupon	Due
US Treasury Note	2,461,150	912828SF8	2,390,000	2.000%	2/15/2022
US Treasury Note	2,176,260	912828Y95	2,000,000	1.875%	7/31/2026
US Treasury Note	1,567,890	912828VB3	1,500,000	1.750%	5/15/2023
US Treasury Note	1,533,585	912828WY2	1,500,000	2.250%	7/31/2021
US Treasury Note	1,493,225	912828W89	1,450,000	1.875%	3/31/2022
US Treasury Note	1,227,683	912828ZU7	1,225,000	0.250%	6/15/2023
Federal Home Loan Mtg. Corp. Partn. Gold	941,458	31335BM60	883,102	3.500%	1/1/1948
US Treasury Note	858,738	912828ZE3	850,000	0.625%	3/31/2027
US Treasury Note	756,854	912828Z94	700,000	1.500%	2/15/1930
US Treasury Note	700,032	9128283W8	600,000	2.750%	2/15/2028

Top Ten Stocks:	Fair Value	CUSIP	Shares	Ticker
Microsoft Corp Com	1,518,592	594918104	7,462	MSFT
Berkley W R Corp Com	1,158,576	084423102	20,223	WRB
Wex Inc Com	965,309	96208T104	5,850	WEX
Amazon.com Inc Com	924,205	023135106	335	AMZN
Paypal Holdings Inc Com	868,885	70450Y103	4,987	PYPL
Hunt J B Transportation Services Inc Com	822,765	445658107	6,837	JBHT
Electronic Arts Inc Com	802,072	285512109	6,074	EA
Teleflex Inc Com	796,752	879369106	2,189	TFX
Thermo Fisher Corp Com	770,697	883556102	2,127	TMO
SBA Communications Corp New Class A	763,271	78410G104	2,562	SBAC

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, 2020

Brokerage Firm	Commissions Paid	Trade Activity	Shares/ Par Value	Commission Per Share
Abel Noser Corp	\$ 335.16	464,357.68	17,362	0.0193
B. Riley & Co. LLC	20.00	28,903.00	500	0.0400
Barclays Capital Le	611.89	1,934,758.04	22,314	0.0274
BMO Capital Markets	12.00	50,408.76	300	0.0400
Btig LLC	6.71	5,675.65	149	0.0450
Cantor Clearing Services	1.66	3,200.48	83	0.0200
Cantor Fitzgerald & Co	12.00	54,978.16	1,050	0.0114
Capital Institutional Servies Inc	30.00	45,938.70	3,000	0.0100
Cf Global Trading, L.L.C.	1,722.17	3,146,683.26	82,349	0.0209
Citigroup Global Markets Inc	52.52	84,732.64	1,313	0.0400
Citigroup Global Markets Inc (CC)	409.37	792,675.56	9,568	0.0428
Cowen and Company, LLC	36.00	47,724.51	900	0.0400
Credit Suisse First Boston Corp	952.33	1,699,613.75	50,813	0.0187
D A Davidson & Co	40.00	18,400.52	1,000	0.0400
Dain Rauscher Incorporated	573.13	1,093,344.61	20,246	0.0283
First Clearing LLC	56.00	45,003.60	1,400	0.0400
Goldman Sachs & Co	0.72	9,754.70	18	0.0400
Goldman Sachs & Co/Courtesy Accts	134.19	137,398.45	3,115	0.0431
Guggenheim Capital Markets LLC	28.00	134,561.59	2,800	0.0100
HSBC Brokerage (USA) Inc.	150.00	293,390.39	3,750	0.0400
Imperial Capital LLC	12.00	95,619.10	900	0.0133
Instinet	768.60	2,897,356.56	19,215	0.0400
Investment Technology Group Inc.	56.64	257,478.77	2,832	0.0200
Isi Group Inc	231.76	672,499.53	5,794	0.0400
J P Morgan Clearing Corp.	463.23	1,656,110.42	28,963	0.0160
Jefferies & Co	384.90	637,455.17	26,176	0.0147
Jonestrading Institutional Svcs	22.50	344,078.16	2,250	0.0100
JP Morgan Clearing Corp	335.15	1,094,870.20	11,337	0.0296
Keefe Bruyette & Woods Inc	227.16	1,250,803.28	5,679	0.0400
Keybanc Capital Markets Inc	42.80	76,471.18	1,245	0.0344
Knight Equity Markets L.P.	10.00	13,006.60	1,000	0.0100
PAGE TOTAL	\$ 7,738.59	\$ 19,087,253.02	\$ 327,421.00	

Jackson County, Missouri
Revised Pension Plan
Schedule of Brokerage Commissions Paid
June 30, 2020

Brokerage Firm	Commissions Paid	Trade Activity	Shares/ Par Value	Commission Per Share
Leerink Swann and Company	23.32	105,233.00	583	0.0400
Liquidnet Inc	278.20	1,098,460.00	15,988	0.0174
Luminex Trading and Analytics LLC	47.72	499,930.41	9,530	0.0050
Macquarie Securities (USA) Inc	44.88	57,956.96	1,122	0.0400
Merrill Lynch Pierce Fenner & Smith	160.32	280,859.92	10,833	0.0148
Mizuho Securities USA Inc.	4.00	2,774.20	100	0.0400
Morgan Stanley & Co	176.72	1,125,787.95	5,553	0.0318
Morgan Stanley & Co Inc/BNY	699.11	2,203,097.14	36,527	0.0191
National Financial Svcs Corp	2.00	8,679.57	100	0.0200
Northcoast Research Partners LLC	20.00	90,214.45	500	0.0400
Piper Sandler	37.24	158,803.26	1,156	0.0322
R W Baird & Co	877.87	2,924,778.90	45,033	0.0195
Raymond James & Associates	74.28	343,687.61	1,857	0.0400
RBC Cap Mkts (Royal Bank of Canada)	2.25	16,683.71	450	0.0050
Redburn Partners LLP	88.40	106,675.47	2,210	0.0400
Sanford C Bernstein & Co	498.27	2,451,394.28	24,168	0.0206
SG Americas Securities LLC	9.00	54,765.04	900	0.0100
Stephens Inc	0.52	737.10	13	0.0400
Stifel Nicolaus & Co	69.56	147,964.14	1,739	0.0400
Stuart Frankel & Co. Inc.	52.11	114,321.12	1,737	0.0300
Suntrust Capital Markets Inc	58.64	221,075.94	2,932	0.0200
Telsey Advisory Group	46.72	55,257.49	1,168	0.0400
UBS Warburg LLC	133.40	428,103.09	4,010	0.0333
Virtu Americas	23.94	115,552.68	1,197	0.0200
Wachovia Securities Capital Markets	927.61	2,580,292.18	39,698	0.0234
Weeden & Co	10.00	14,155.30	1,000	0.0100
Wells Fargo Securities, LLC	109.96	265,957.77	2,993	0.0367
William Blair & Company LLC	32.44	140,107.73	811	0.0400
Williams Capital Group LP	338.36	217,587.89	7,519	0.0450
Wolfe Trahan Securities	140.00	84,165.12	3,500	0.0400
PAGE TOTAL	4,986.84	15,915,059.42	224,927.00	
TOTAL	\$ 12,725.43	35,002,312.44	552,348	

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

Jackson County, Missouri
Revised Pension Plan
Investment Summary
June 30, 2020

	June 30, 2019				June 30, 2020		
	Cost	Fair Value (Book)	Purchases	Sales & Redemptions	Cost	Fair Value (Book)	% of Total Fair Value
U.S. Government Securities	\$ 15,838,262	15,969,792	8,401,313	(8,429,989)	15,809,586	16,542,038	5.37%
Bond Collective Trust Fund	46,137,346	60,232,026	-	-	46,137,346	66,228,322	21.49%
Limited Partnership	2,789,406	5,920,331	-	(23,337)	2,766,069	5,482,035	1.78%
International Equity Fund	28,274,672	38,565,242	-	-	28,274,672	38,108,793	12.37%
Long-Short Equity Fund	23,000,000	27,144,885	-	-	23,000,000	28,500,066	9.25%
Emerging Markets Equity Fund	12,210,090	16,045,305	-	-	12,210,090	17,239,011	5.59%
S&P 500 Index Fund	10,785,619	17,200,576	-	(3,187)	10,782,432	18,484,691	6.00%
Corporate Stocks:							
Common Stocks	26,733,223	35,381,719	8,694,803	(7,786,268)	27,641,758	33,467,591	10.86%
Regional Stocks	18,663,129	28,915,920	6,361,812	(4,612,382)	20,412,559	25,153,181	8.16%
Total Corporate Stocks	45,396,352	64,297,639	15,056,615	(12,398,650)	48,054,317	58,620,772	19.02%
Corporate Bonds & Debentures	18,203,717	19,169,613	3,097,743	(3,578,422)	17,723,038	19,689,695	6.39%
Municipal Bonds	175,684	177,771	-	(10,185)	165,499	170,577	0.06%
Securities Due <1 Year	966,473	918,983	1,737,464	(966,473)	1,737,464	1,699,735	0.55%
Money Market Fund	4,000,164	4,000,164	31,182,734	(30,664,172)	4,518,726	4,518,726	1.46%
Real Estate Pooled Separate Account	7,444,972	16,756,046	-	-	7,444,972	17,050,047	5.53%
Commingled Special Situations Property Fund	13,835,125	15,366,439	-	(169,652)	13,665,473	15,850,979	5.14%
Total	\$ 229,057,882	301,764,812	59,475,869	(56,244,067)	232,289,684	308,185,487	100.00%

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 27, 2020

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

Re: 2020 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, 2020.

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 by the Jackson County Finance Department using information within our July 1, 2020 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 other 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, 2020**

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, 2020, was based. The actuarial assumptions were selected by the Pension Plan Board of Trustees.

Actuarial Assumptions

Valuation Date:	<u>July 1, 2020 and 2019</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, 2020

Actuarial Assumptions (continued)

Retirement Age:

	Age Plus Service Less than 80 Points	Age Plus Service Equals 80 Points	Age Plus Service Greater than 80 Points
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, 2020

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:

<u>Age</u>	<u>Rates of Disablement</u>
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, 2020**

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: \$225,000 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, 2020**

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, 2020

<u>Valuation Data</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase (Decrease) in Average Pay</u>
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%
2020	1,263	66,459,289	52,620	2.6%

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, 2020

<u>Added to Rolls</u>			<u>Removed from Rolls</u>			<u>Roll – End of Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
<u>Year</u>	<u>No.</u>	<u>Annual Allowances</u>	<u>No.</u>	<u>Annual Allowances</u>	<u>No.</u>	<u>Annual Allowances</u>	<u>Roll - End of Year</u>		
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
2020	97	1,207,863	41	271,450	1,445	15,406,957		5.5%	10,662

**Jackson County, Missouri
Revised Pension Plan
Short-Term Solvency Test
Ten Years Ended June 30, 2020**

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)
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%
2020	217,595,000	140,387,000	311,516,000	100.0%	66.9%

**Schedule of Funding Progress
Ten Years Ended June 30, 2020**

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
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%
2018	283,836,837	335,578,550	51,741,713	84.6%	66,315,839	78.0%
2019	298,073,502	346,039,431	47,965,929	86.1%	64,516,217	74.3%
2020	311,515,839	357,982,341	46,466,502	87.0%	66,459,289	69.9%

See Schedule of Employer Contributions on page 46.

Jackson County, Missouri
Revised Pension Plan
Analysis of Financial Experience
Five Years Ended June 30, 2020

Gains (Losses) in Actuarial Accrued Liabilities during years ended 2016-2020 resulting from differences between assumed experience and actual experience.

Type of Activity	2020	2019	2018	2017	2016
Retirement	\$ 594,546	\$ 255,074	\$ 317,085	\$ (118,164)	39,016
Disability Retirement	9,229	(25,222)	(6,753)	(47,372)	(105,405)
Death Before Retirement	(1,096,873)	(466,721)	(170,024)	(96,483)	(47,019)
Turnover	(1,092,709)	(465,552)	(282,405)	315,396	1,050,154
Pay Increases	773,712	(688,163)	3,408,512	(4,045,106)	766,004
Investment Income	(1,683,289)	(156,784)	67,450	(1,835,328)	(3,512,091)
Death After Retirement	(851,275)	113,587	995,653	(24,998)	827,338
Continuing Payees	1,187,137	2,801,905	4,032	584,835	2,494,079
New Entrants (1)	(1,220,810)	(1,201,406)	(1,249,197)	(1,966,667)	(1,164,711)
Benefit payments (2)	2,356,937	1,344,132	1,485,471	-	-
Non-recurring items (3)	-	-	-	7,234,328	(3,548,174)
Other	(701,389)	32,377	(195,351)	273,460	(235,969)
Composite Gain (Loss) During Year	<u>\$ (1,724,784)</u>	<u>\$ 1,543,227</u>	<u>\$ 4,374,473</u>	<u>\$ 273,901</u>	<u>(3,436,778)</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, 2020

Completed Years of Service										
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
<25	21	-	-	-	-	-	-	-	-	21
25-29	86	16	-	-	-	-	-	-	-	102
30-34	72	55	5	-	-	-	-	-	-	132
35-39	50	45	19	10	-	-	-	-	-	124
40-44	47	32	22	28	9	-	-	-	-	138
45-49	30	27	15	20	27	4	-	-	-	123
50-54	41	34	21	22	34	19	10	1	-	182
55-59	36	38	25	24	23	14	19	14	3	196
60-64	21	33	16	20	29	12	12	14	7	164
65-69	5	7	10	12	7	3	2	4	4	54
70+	4	4	4	4	6	3	-	-	2	27
Totals	413	291	137	140	135	55	43	33	16	1,263
Summary										
				Male	Female			All		
Average Age				47.7	48.4			48.0		
Average Service Years				12.2	12.0			12.1		
Number in Group				653	610			1,263		

Jackson County, Missouri
Revised Pension Plan

Statistical Section



Jackson County, Missouri Revised Pension Plan Statistical Section

This part of the 2020 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.....69-71

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 Information72-74

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Additions:										
Employee Contributions	21	24	23	23	24	22	24	23	26	29
Employer Contributions	7,663	7,759	7,875	8,117	8,480	8,965	9,585	9,886	9,384	10,319
Investment Income (net of expenses)	31,266	168	27,059	30,582	8,894	(520)	30,135	22,625	18,234	11,318
Total Additions to Fiduciary Net Position	38,950	7,951	34,957	38,722	17,398	8,467	39,744	32,534	27,644	21,666
Deductions:										
Benefits paid directly to participants	6,259	6,962	8,510	9,238	10,135	11,068	11,991	13,169	14,106	14,957
Administrative Expenses	158	168	150	170	185	214	178	250	219	225
Total Deductions from Fiduciary Net Position	6,417	7,130	8,660	9,408	10,320	11,282	12,169	13,419	14,325	15,182
Change in Fiduciary Net Position	32,533	821	26,297	29,314	7,078	(2,815)	27,575	19,115	13,319	6,484

**Jackson County, Missouri
Revised Pension Plan
Six Years Ended June 30, 2020**

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>
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
2020	10,347,553	15.6%	11,318,002	21,665,555

Schedule of Deductions by Type

<u>Year Ended</u>	<u>Aggregate Benefit Payments</u>	<u>Administrative Expenses</u>	<u>Total</u>
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
2020	14,956,657	224,753	15,181,410

Jackson County, Missouri
Revised Pension Plan
Schedule of Benefit Expenses by Type
Six Years Ended June 30, 2020

Year Ending	Age & Service Benefits		Death in Service Benefits	Disability Benefits	Total
	Retirants	Survivors			
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
2020	13,249,915	1,303,681	-	403,061	14,956,657

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, 2020

Amount of Monthly Benefit	Number of Retirants	Type of Benefit*						
		1	2	3	4	5	6	7
\$1 - 250	421	108	127	118	6	2	56	4
251 - 500	281	96	87	47	0	0	41	10
501 - 750	168	55	40	42	0	0	20	11
751 - 1,000	95	36	25	21	0	0	8	5
1,001 - 1,250	103	45	23	16	0	0	9	10
1,251 - 1,500	79	30	19	22	0	0	7	1
1,501 - 1,750	64	22	15	23	0	0	4	0
1,751 - 2,000	63	26	14	17	0	0	5	1
Over 2,000	171	53	49	55	0	0	12	2
Total	1,445	471	399	361	6	2	162	44

* 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, 2020

Retirement Effective Dates July 1, 2014 to June 30, 2020	Years Credited Service					
	<10	10-15	15-20	20-25	25-30	30+
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
Period 7/1/19 to 6/30/20:						
Average Monthly Benefit	\$ 238.20	403.32	728.95	1,117.04	1,561.79	2,357.58
Average Final Salary	2,627.99	2,771.56	3,183.06	3,571.95	3,864.78	4,404.76
Number of Active Retirants	429	281	215	177	119	224

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

Jackson County, Missouri
Revised Pension Plan
Schedule of Benefits Payable
June 30, 2020

Type of Benefit	Number	Annual Funded Benefit	Average Annual Benefit
Service Retirement:			
5 Year Certain Life	471	\$ 5,298,156	\$ 11,249
10 Year Certain Life	399	4,090,577	10,252
100% Joint and Survivor	361	4,299,243	11,909
Normal Annuity	6	8,388	1,398
50% Joint and Survivor	2	3,850	1,925
Survivor Beneficiary	162	1,303,681	8,047
Total Service Retirement	1,401	15,003,895	10,709
Disability Retirement	44	403,061	9,160
Grand Total	1,445	\$ 15,406,956	\$ 10,662

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