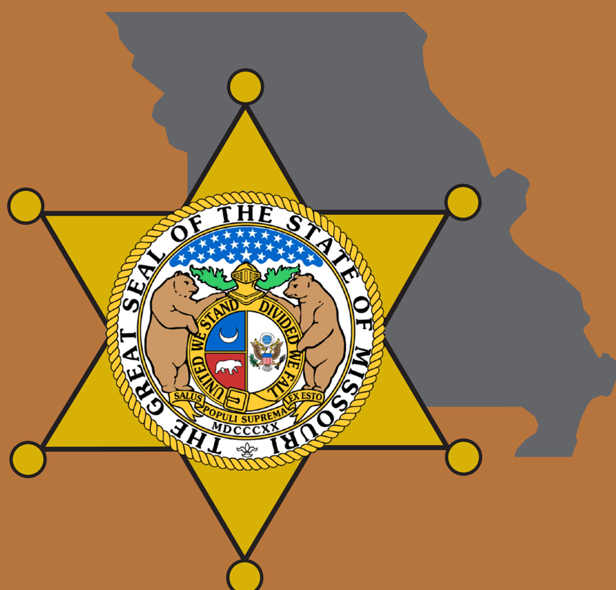
Missouri Sheriffs' Retirement System

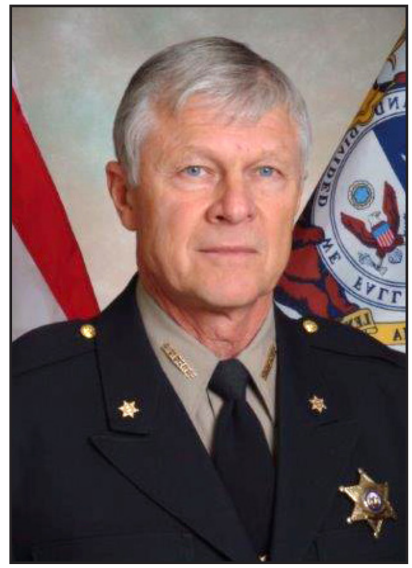


Annual Financial Report
For Year Ended
December 31, 2019

Missouri Sheriffs' Retirement System Board of Directors

Chairman
Kenny Jones
Retired Moniteau County
Term: 1/1/19 - 12/31/22

Vice Chairman
J. Kent Oberkrom
Henry County Sheriff
Term: 1/1/17 -12/31/20



Member
Dwight Diehl
Retired Cass County
Term: 1/1/19 -12/31/22

Member
Kevin Bond
Pettis County Sheriff
Term: 1/1/17 -12/31/20

Member
Gary J. Stolzer
Ste. Genevieve County Sheriff
Term: 10/24/18 -12/31/20

Missouri Sheriffs' Retirement System Administration Organization

Executive Director
Jeff Padgett

Assistant Executive Director
Mary Call

Administrative Assistant
Diane Stiefermann

Accountant

Williams Keepers, LLC
3220 West Edgewood, Suite E
Jefferson City, MO 65109

Governmental Relations & Legal Services

Polsinelli
221 Bolivar Street, Suite 300
Jefferson City, MO 65101

Actuary

Foster & Foster
Actuaries and Consultants
184 Shuman Blvd, Suite 305
Naperville, IL 60563

Auditor

Graves and Associates, CPA's, LLC
3702 West Truman Blvd.
Suite 213
Jefferson City, MO 65109

Investment Consultant

Central Bank
Government Division
P.O. Box 779
Jefferson City, MO 65102

INTRODUCTORY SECTION

AUDIT REPORT

ACTUARIAL SECTION

REVENUES AND EXPENSE HISTORY

Missouri Sheriffs' Retirement System

1739 Elm Court, Suite 202 ■ P.O. Box 105257 ■ Jefferson City, MO 65110-5257
Phone: 573-634-3858 ■ Fax: 573-634-3947 ■ Email: info@sherretmo.com
Website: sherretmo.com

June 1, 2020

Dear Sheriffs' Retirement System Members:

On behalf of the Board of Directors, I'm pleased to present the Annual Financial Report to the membership of the Missouri Sheriffs' Retirement System.

The Board of Directors and staff have the responsibility for the administration of your retirement system which had an asset value of $48,294,392, as of the end of the calendar year.

2019 was an eventful year for the system. With favorable market conditions, the system realized substantial gains to our investment portfolio. We thank the Investment Management Team at Central Bank for their continued demonstration of fiduciary responsibility in the management and administration of the system's investments.

We maintained our productive relationship with our actuary, Foster and Foster Actuaries and Consultants, and with their guidance worked diligently to ensure the actuarial soundness of the system while also maximizing the amount of the retiree medical insurance premium supplemental payment again this year.

Also in 2019, with the expertise of Diane Stiefermann, the Sheriffs' Retirement System launched its new website: sherretmo.com. If you haven't had the chance to browse the site, we hope that you will do so. Most of the forms and material needed by the membership can now be obtained from our website. The Board sincerely appreciates the hard work of all of the office staff consisting of Jeff Padgett, Mary Call, and Diane Stiefermann in developing and maintaining the website and in their continued excellent customer service provided for the membership.

Thank you to everyone who supports the Missouri Sheriffs' Retirement System. This is your organization and we hope you are pleased with its successful operation. If you have any suggestions for improvement or have any questions, please feel free to contact any Board Member or staff at your convenience.

Respectfully,

Kenny Jones

Kenny Jones, Chairman
Retired Sheriff, Moniteau County Missouri

Missouri Sheriffs' Retirement System

1739 Elm Court, Suite 202 ■ P.O. Box 105257 ■ Jefferson City, MO 65110-5257
Phone: 573-634-3858 ■ Fax: 573-634-3947 ■ Email: info@sherretmo.com
Website: sherretmo.com

June 1, 2020

To The Board of Trustees and System Members:

We are pleased to provide this Comprehensive Annual Financial Report (CAFR) of the Missouri Sheriffs' Retirement System for the year ending December 31, 2019. This report includes a summary of the Retirement System's plan provisions, audit and actuarial reports, and financial statements. The Board employed professional consultants who performed services that are essential to the effective and efficient operation of the System. Therefore, opinions from the auditors and actuary are also included in this report.

The Missouri Sheriffs' Retirement System was created to provide retirement, disability, and survivor benefits to its member Sheriffs and their beneficiaries. The System, which was established in 1983, began issuing benefits in January 1986, to 21 retirees and 2 beneficiaries. In 2019, the System issued benefits to 132 retirees and 49 surviving beneficiaries. Total benefits paid were $3,213,971 and administrative expenses were $448,072.

The assessment of fees applied to civil and criminal cases filed in circuit courts and certain court divisions, including municipal courts, provides the necessary revenue to finance retirement benefits. The amount of contributions received during 2019 totaled $2,139,149.

The investment policy of the Board is to follow the guidelines of the prudent person rule. This rule states that, "So far as practicable, the funds and property of the system shall be kept safely invested so as to earn a reasonable return, and shall be invested with the care, skill, prudence, and diligence of the circumstances then prevailing that a prudent person, acting in a like capacity, and familiar with these matters, would use in the conduct of an enterprise of like character and with like aims." The prudent person rule permits the Board to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment advisors. Investment advisors are to execute the investment policy in accordance with statutory authority, the Board policy and their respective guidelines, but are allowed to use full discretion within the policy and guidelines. For the year 2019 investment gains totaled $7,404,026.

Every effort has been made to provide an informative, comprehensive, and practical report for the members' use. In addition to the Retirement Systems' membership, this report is supplied to the State Auditor's Office and the Joint Committee on Public Retirement Systems.

On behalf of the Board of Directors, I would like to convey my sincere appreciation to the many people whose determination and perseverance helped to establish and assure the successful operation of the Missouri Sheriffs' Retirement System for the past 36 years. If we can be of any assistance to you, please advise.

Respectfully submitted,

Jeff Padgett
Executive Director

BOARD OF DIRECTORS

The Sheriffs' Retirement System was established by the 82nd General Assembly of the State of Missouri. Authorized by the provisions of Sections 57.949 through 57.997, RSMo, the Sheriffs' Retirement System was enacted into law December 21, 1983. The statutes provide that the general administration and responsibility for the proper operation of the fund and the investment of the fund be vested in a Board of Directors of five persons. Directors serve 4 year terms without compensation for their services except that each Director is paid for any necessary expenses incurred in the performance of duties authorized by the Board. The Board is elected by a secret ballot vote of the active sheriffs and members of the Sheriffs' Retirement System. At 1east 1 but not more than 2 of the Directors must be a retired member of the System. After the election and during the regular quarterly meeting, the Board elects one of their own as Chairman and one as Vice Chairman. The Board has all powers and duties that are necessary and proper to enable it, its officers, employees and agents to fully and effectively carry out all the purposes of the statutes governing it.

FUNDING

There shall be assessed and collected a surcharge of three dollars in all civil actions files in the courts of this state and in all criminal cases including violation of any county ordinance or any violation of criminal or traffic laws of this state, including infractions, but no such surcharge shall be assessed when the costs are waived or are to be paid by the state, county or municipality or when a criminal proceeding or the defendant has been dismissed by the court.

MEMBERSHIP IN SYSTEM

On and after December 21, 1983, each person employed as an elected or appointed sheriff of a county (other than St. Louis County) is a member of the Sheriffs' Retirement System. Membership continues as long as the person continues to be an employee or receives or is eligible to receive benefits.

MEMBERSHIP AND CREDITABLE SERVICE

Creditable Service - The sum of both membership and creditable prior service.
Employee - An elective or appointive county sheriff who is employed by a county.
Membership Service - Service as a sheriff of a member county after becoming a member.
Prior Service - Service of a member rendered prior to December 21, 1983.

A county sheriff who held office on January 1, 1990, who served as sheriff of any county prior to December 21, 1983, but who was not serving as sheriff on December 21, 1983, will be given credit for prior service as sheriff.

A member with less than 8 years of creditable service will forfeit all rights in the fund, including the member's accrued creditable service as of the date of the member's termination of employment. However, a former member who has forfeited creditable service may have the creditable service restored by becoming an employee and completing 4 years of continuous membership service.

AGE AND SERVICE

Any member who is age 55 and who has 12 years or more of creditable service or any member who is age 62 and who has at least 8 years of creditable service as sheriff of a county may retire with a normal annuity.

Retirement Options

A member may retire any time after the end of the month that the member is eligible to retire. A retirement option must be selected by the member on an 'Application for Retirement Benefits'. The application must be filed no less than 30 nor more than 90 days prior to the effective retirement date. Once benefits have been issued, the election which was made is irrevocable. The payment of the annuity will begin on the first day of the calendar month coincident with or next following the date specified by the member. No person is eligible to receive any benefits while serving as sheriff in the State of Missouri.

NORMAL ANNUITY - The normal annuity equals 2% of the member's average final compensation multiplied by the number of years of creditable service of the retired member. Average final compensation is the average of a member's 3 highest salary years. The normal annuity may not exceed 75% of the member's average final compensation. This limitation is effective at the completion of 37.5 years of service. Compensation includes all salary and other compensation payable by a county to an employee for personal services rendered as an employee, but does not include travel and mileage reimbursement, uniform or housing allowance. For the purpose of calculating benefits for years of service, twelfths of a year are used. A normal annuity is paid to a retiree during the retiree's lifetime. Upon the retiree's death, all payments cease. (See end of Annual Report for Annuity Computation Worksheet.)

JOINT AND SURVIVOR OPTION WITH 100%, 75% OR 50% CONTINUANCE - A retiree may elect to receive an actuarially reduced monthly benefit for the retiree's lifetime and to provide a continuance of 100%, 75% or 50% to the retiree's spouse. Upon the retiree's death, the continuance chosen by the retired member is paid to the member's surviving spouse for the spouse's lifetime. If the spouse predeceases the retired member once benefits have begun, the reduced normal annuity continues to the retired member during the retiree's lifetime.

LIFE INCOME WITH GUARANTEED PAYMENTS - 60 MONTHS - With this option, the actuarially reduced benefit is payable for the lifetime of the retiree but with an added provision that the System will make at least 60 monthly payments. If the retiree should die during the 60 month period, the benefits will continue to the retiree's designated beneficiary for the remainder of the 60 month period.

LIFE INCOME WITH GUARANTEED PAYMENTS - 120 MONTHS - With this option, the actuarially reduced benefit is payable for the lifetime of the retiree but with an added provision that the System will make at least 120 monthly payments. If the retiree should die during the 120 month period, the benefits will continue to the retiree's designated beneficiary for the remainder of the 120 month period.

Vesting

A member who has 12 or more years of creditable service will be entitled to receive a normal annuity at age 55. A member who ceases employment with at least 8 years of creditable service will be entitled to receive a deferred normal annuity at age 62.

Medical Supplement

At the last meeting of each calendar year, the Board determines the monthly medical supplement to be paid to each retired member during the next calendar year. The maximum monthly amount allowable is $450. The medical supplement may not be continued to any survivor or beneficiary.

Cost Of Living Adjustment

Each February, based on the consumer price index for the preceding calendar year, the Board will determine any increase to be applied to the retired members' benefits. Retired members will receive an increase in the amount of benefits received during the preceding year. The COLA increase will commence on March 1, of each year.

Sickness Or Injury

Absences for sickness or injury of less than 12 months will be counted as membership service.

Survivor Benefit, Non-Duty Death

A death benefit of $10,000 will be paid to the designated beneficiary of an active member upon the active member's death. If there is no designated beneficiary, it will be paid to the active member's estate.

If a member dies other than during the performance of the member's duty and before retirement, but after becoming eligible for retirement, if the member has been married for at least 2 years prior to such death, the member's surviving spouse will be entitled to receive a monthly benefit for the spouse's lifetime calculated as if the member had retired on the date of death and elected the Joint & Survivor Option with 50% Continuance.

Survivor Benefit, Duty Death

A death benefit of $20,000 will be paid to the designated beneficiary of an active member who is killed in the performance of duty. If there is no designated beneficiary, it will be paid to the active member's estate.

If a member dies during the performance of the member's duty, in addition to the death benefit of $20,000, the member's surviving spouse will be entitled to survivorship benefits of 50% of the accrued benefit, payable for a period of 5 years (this 5 year benefit is not subject to the annual cost of living adjustment); OR

If a member who dies is eligible for retirement prior to retiring, the surviving spouse of the member will be entitled to receive a monthly benefit for life calculated as if the member had retired on the date of death and elected the Joint & Survivor Option 50% Continuance. The member's benefit shall be reduced by one-fourth of one percent per month for an early commencement from the member's normal retirement date: Age fifty-five with twelve or more years of creditable service or age sixty-two with eight years of creditable service, to the member's date of death.

Disability Benefits

Any active member of the system who is terminated from active employment as a result of an injury or illness received in the performance of the member's duty, as determined by the Board of Directors; or if an active member who is terminated as a result of injury or illness not received in the performance of the member's duty and who has five (5) years of creditable service and is entitled to Federal Social Security disability benefits applies to the Board, the member may be placed on disability leave and shall be entitled to receive disability benefits. Disability benefits are equal to 80% of the member's monthly compensation averaged over the 3 highest years of compensation, decreased by the member's primary Federal Social Security benefit. While on disability leave a member who has not accrued at least 8 years of creditable service shall accrue membership service until the member has accrued 8 years of creditable service. Disability benefits cease when a member retires, dies or reaches sixty-five (65) years of age, whichever later occurs. A member's benefit that cease as before mentioned will start receiving a normal retirement benefits except for death. Disability benefits also will discontinue if a member is no longer receiving Social Security disability benefits.

GRAVES and ASSOCIATES, CPAs, LLC
Certified Public Accountants and Consultants

3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Missouri Sheriffs' Retirement System
Jefferson City, Missouri:

We have audited the accompanying financial statements of the Missouri Sheriffs' Retirement System (the "System"), which comprise the statement of fiduciary net position as of December 31, 2019, and the related statement of changes in fiduciary net position for the year 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 opinions on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidences 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System, as of December 31, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of net pension liability (asset), the schedule of investment return, and the schedule of contributions, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The schedule of administrative expenses is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of administrative expenses 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Graves and Associates, CPAS, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019
(Unaudited)

This discussion and analysis of the Missouri Sheriff's Retirement System financial performance provides an overview of the System's financial activities for the year ended December 31, 2019. Please read it in conjunction with the System's financial statements, which follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Missouri Sheriffs' Retirement System's financial reporting which is comprised of the statement of fiduciary net position, statement of changes in fiduciary net position, notes to the financial statements and required supplementary information. These financial statements, together with the notes to the financial statements, provide information about the financial position and activities of the System as a whole. The information in each of these components is briefly summarized as follows:

1. The Statement of Fiduciary Net Position is presented for the System at December 31, 2019. This financial statement reflects the resources available to pay benefits to retirees and beneficiaries at the end of the year reported.

2. The Statement of Changes in Fiduciary Net Position is presented for the System for the year ended December 31, 2019. This financial statement reflects the changes in the resources available to pay benefits to retirees and beneficiaries for the fiscal year 2019.

3. The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

4. The Required Supplementary Information consist of management's discussion and analysis, the schedules of changes in net pension liability and related rations, net pension liability, investment returns, contributions, and notes to the schedule of contributions.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019
(Unaudited)

Final Analysis

The components of the System's Statement of Fiduciary Net Position (Table 1) and Statements of Changes in Fiduciary Net Positions (Table 2) as of December 31, 2019 and 2018 for the years then ended were as follows:

Table 1
Missouri Sheriffs' Retirement System
Fiduciary Net Position
December 31

	2019		**2018**
Cash and Investments	$ 47,814,454		$ 41,932,582
Receivables	299,359		296,548
Other Assets	-		-
Capital Assets, Net	180,579		189,029
Total Assets	48,294,392		42,418,159
Total Liabilities	(3,406)		(6,950)
Net Investment in Capital Assets	180,579		189,029
Net Position Restricted for Pension	48,110,408		42,222,181
Total Fiduciary Net Position	48,290,986		$ 42,411,209

Table 2
Missouri Sheriffs' Retirement System
Changes in Fiduciary Net Position
For the Year Ended December 31

	2019		**2018**
Additions:			
Contributions	$ 2,139,149		$ 2,171,831
Investment Income, net	7,404,026		(1,964,951)
Other (Gain/Loss Asset Sale)	(1,355)		103
Total Additions	9,541,820		206,983
Deductions:			
Benefits Paid	3,213,971		3,149,815
Administrative Expenses	448,072		385,193
Total Deductions	3,662,043		3,535,008
Net Increase in Net Position	5,879,777		(3,328,024)
Net Position:			
Beginning of Year	42,411,209		45,739,235
End of Year	48,290,986		$ 42,411,209

MISSOURI SHERIFFS’ RETIREMENT SYSTEM
Jefferson City, Missouri

MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019
(Unaudited)

Financial Highlights

- Total net position at December 31, 2019 was $48,290,986, an increase of $5,879,777 compared to December 31, 2018. The increase was due primarily to an increase in investment income.

- Total additions were $9,541,820 and $206,983 at December 31, 2019 and 2018, respectively.

- Total deductions were $3,662,043 and $3,535,008 at December 31, 2019 and 2018 respectively.

- Non-employer contributions were $2,139,149 and $2,171,831 for the years ended December 31, 2019 and 2018 respectively.

- Net Investment Income was $7,404,025 for the year ended December 31, 2019, and net loss of $1,964,951 for the year ended December 31, 2018. The fluctuations are due to varying market conditions.

- Benefits paid were $3,213,970 and $3,149,815 for the years ended December 31, 2019 and 2018, respectively. The increase in 2019 from 2018 is primarily due to the 1.9% cost of living adjustments for retirees in 2019.

- Administrative Expenses were $448,072 and $385,193 for the years ended December 31, 2019 and 2018, respectively. The increase from 2018 to 2019 was primarily due to an increase in professional fees.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019
(Unaudited)

Capital Assets

The System had $180,579 and $189,044 (net of accumulated depreciation) invested in an office building, furniture and equipment as of December 31, 2019 and 2018, respectively. More detailed information about the System's capital assets is presented in Note 5 to the basic financial statement.

Table 3
Capital Assets, Net of Depreciation
December 31, 2019, and 2018

	2019		2018
Building and Improvements	$ 174,043		$179,707
Office Equipment and Furniture	6,536		9,337
Totals	$ 180,579		$ 189,044

Economic Factors and Next Year's Budget

Medical payments to the retirees will be $450 in 2020. Effective March 1, 2020, a cost of living adjustment of 2.3% for all retirees and survivors will be implemented.

Financial Contact

The System's financial statements are designed to present users with a general overview of the finances and to demonstrate the trustee's accountability. If you have any questions about the report or need additional financial information, contact:

Jeff Padgett, Executive Director
Missouri Sheriffs' Retirement System
P.O. Box 105257
Jefferson City, MO 65110-5257

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

STATEMENT OF FIDUCIARY NET POSITION
December 31, 2019

ASSETS:		
Cash in Bank	$	1,304,840
Receivables:		
Non-Employer Contribution Receivable		167,036
Accrued Dividends and Interest on Investments		132,324
Total Receivables		299,359
Prepaid Expenses		550
Investments at Fair Value:		
Short-Term Investments		869,222
U.S. Government and Agency Obligations		12,132,700
Corporate Bonds		8,652,469
Common Stocks		12,079,151
Exchange-Traded Products		2,336,555
Mutual Funds		10,438,967
Total Investments		46,509,064
Capital Assets, Net of Accumulated Depreciation of $91,327		180,579
TOTAL ASSETS		48,294,392
LIABILITIES:		
Accounts Payable		3,189
Payroll Taxes Payable		217
TOTAL LIABILITIES		3,406
FIDUCIARY NET POSITION:		
Net Investment in Capital Assets		180,579
Net Position Restricted for Pensions		48,110,407
TOTAL FIDUCIARY NET POSITION	$	48,290,986

The accompanying notes are an integral part of these financial statements.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2019

ADDITIONS TO NET POSITION:	
Contributions:	
Non-Employer	$ 2,139,149
Total Contributions	2,139,149
Investment Income (Loss):	
Interest Income - Bank Accounts	21,069
Investment Interest and Dividend Income	1,941,073
Net Appreciation (Depreciation) in Fair Value of Investments	5,500,556
Total Investment Income (Loss)	7,462,698
Less: Investment Management Fees	(58,673)
Net Investment Income (Loss)	7,404,025
Gain/(Loss) on Sale of Assets	(1,355)
TOTAL ADDITIONS	9,541,819
DEDUCTIONS TO NET POSITION:	
Benefits Paid Directly to Participants	3,213,970
Administrative Expenses	448,072
TOTAL DEDUCTIONS	3,662,043
Net Increase (Decrease) in Net Position	5,879,777
NET POSITION:	
Beginning of Year	42,411,209
End of Year	$ 48,290,986

The accompanying notes are an integral part of these financial statements.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1 – SYSTEM DESCRIPTION:

The Missouri Sheriffs' Retirement System (the "System") became effective December 21, 1983, authorized by House Bill 81, Laws 1983 (codified at 57.900 et seq. RSMo). It is a defined benefit, cost-sharing multiple employer retirement system and was established to provide retirement benefits for an elective or appointive county sheriff who is employed by a county in the State of Missouri. Any member who has 1) attained the age of fifty-five years and who has twelve years or more of creditable service as a county sheriff, or 2) has attained the age of sixty-two years and has eight years or more of creditable service as a county sheriff may retire with a normal annuity. The normal annuity of a retired member is calculated based on their final average compensation of the retired member and the number of years of creditable service of said member, which is paid in monthly installments. In lieu of the normal annuity, the member may elect to receive a choice of two options for payment benefits in accordance with Section 57.979, RSMo Supp. 1997.

The general administration and the responsibility for the proper operation of the System are vested in a Board of Trustees of five persons elected by a vote of the sheriffs of the State of Missouri. Trustees are chosen for a term of four years. The Board of Trustees elect one of their members as chairman and one of their members as vice-chairman and may employ an administrator who serves as secretary to the board.

Member – Each person employed as an elected or appointed sheriff of a county shall become a member of the System. Membership shall continue as long as the person continues to be an employee, or receives or is eligible to receive benefits under the provisions of sections 57.949 to 57.997. Membership of the Plan of the System consisted of the following as of the year ended, which is the date of the latest actuarial valuation:

Retirees Receiving Benefits	132
Beneficiaries Receiving Benefits	49
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	21
Active Plan Members	114
Disabled Members Receiving Benefits	-
Total Plan Membership	316

The System had 114 contributing members as of the year ended.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1 – SYSTEM DESCRIPTION: (Continued)

Creditable Service: The sum of both membership service and creditable prior service, where membership service is service as a sheriff of a county after becoming a member. Creditable prior service is service of a member rendered prior to the effective date of the establishment of the System which provides that any county sheriff who becomes a member of the System on the effective date of the establishment of the System shall be given full credit for prior service as sheriff of a county in the State of Missouri. In addition, any member who was serving as a county sheriff on August 28, 1989, who also served with the Missouri State Highway Patrol and who has not received creditable service for the purpose of retirement for such service shall receive credit in the System for such service Similarly, any county sheriff holding office on January 1, 1990, who served as sheriff of any county prior to the effective date of the establishment of the System, but who was not serving as sheriff of any county on the effective date of the establishment of the System, shall upon application, be given credit for prior service as sheriff of a county.

Normal Retirement Date – Age 55 with 12 or more years of creditable service, or age 62 with 8 years of creditable service as a county sheriff in the State of Missouri.

Normal Retirement Benefit – The normal annuity of a retired member shall equal 2% of annual compensation, averaged over the 3 highest years of compensation of the retired member, multiplied by the number of years of creditable service of the retired member, not to exceed seventy-five percent of the retired member's average final compensation.

Disability Retirement Eligibility and Benefit – Any active member of the System who is terminated from active employment as a result of injury or illness received either in the performance of the member's duty or injury or illness not received in the performance of the member's duty, and the member has 5 or more years of creditable service may be placed on disability leave. These members shall be entitled to receive a monthly disability leave benefit equal to 80% of the member's monthly average final compensation, decreased by the member's primary federal Social Security benefit. Payments continue until the later of age 65 or the point when the member would have accrued 8 years of creditable service, at which point normal retirement benefits will commence.

Death Benefits – A $10,000 lump sum payment is paid to the designated beneficiary if death occurs while an active member. If death occurs in the performance of a member's duty, $20,000 is paid in a lump sum with a surviving spouse receiving 50% of the benefit earned to the date of death for a period of 5 years. If a member dies other than during the performance of duty before retirement, the surviving spouse, if married for at least 2 years, shall be entitled to survivor benefits in accordance with Option 1 in Section 57.979, RSMo, as if the member had retired on the date of death. If the member is not of retirement age prior to the date of death and is vested, the eligible surviving spouse will receive survivor benefits as if the member retired before death and elected the 50% joint and survivor option.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1 – SYSTEM DESCRIPTION (Continued)

Medical Benefits – Retired members of the System receive monthly benefits for medical costs. The benefit amount is determined annually by the Board of Trustees of the System, which was determined to be $450 per month as of the year ended.

Vesting Upon Termination of Employment – Any member with 8 or more years of creditable service shall be entitled to a deferred normal retirement benefit payable at age 55 with twelve or more years of creditable service, or age 62 with less than twelve years of creditable service.

Non-Employer Contributions – The System collects a surcharge of $3 in all civil actions filed in the courts of the State of Missouri and in all criminal cases, including violation of any county ordinance or any violation of criminal or traffic laws of the State, including infractions. Contribution amounts are determined by legislation as per Section 57.955, RSMo.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements for the System are presented on the accrual basis of accounting. Non-employer contributions are recognized in the period in which the contributions are due and for which employee services have been rendered. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash and short-term investments with a maturity date of three months or less from the date of acquisition.

Receivables

Receivables consist of non-employer, county surcharge amounts, accrued dividends, and interest on investments owed to the System related to the year under audit, but to be received in the subsequent year. Management has considered all receivables to be deemed as fully collectible as of the year ended. Therefore, no allowance for uncollectible accounts has been established.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets

Property and equipment are presented at cost and are depreciated over their estimated useful lives. Depreciation for equipment and, the building and improvements to the building is calculated as follows:

Asset	Depreciation Method Being Used	Estimated Useful Lives
Building	Straight-Line Method	40 Years
Equipment	Straight-Line Method	5 – 7 Years
Building Improvements	Straight-Line Method	15 Years

Fiscal Authority and Responsibility

A Board of Trustees elected from the members has oversight responsibility over the general administration and operation of the System.

Use of Estimates

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

Method Used to Value Investments

Investments are reported at fair value on a trade date basis. Bonds and stocks traded on a national or international exchange are valued at the reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Dividend and interest income is recognized when earned.

NOTE 3 – TRUSTEE AND PLAN INVESTMENTS:

All System investments are held by a trustee. Investments consisted of stocks, equity-funds, exchange traded products, government and non-government obligations, and mutual funds as of the year ended.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS:

Cash Deposits

Cash balances include short-term securities held by the custodial bank to meet future obligations and operating balances held by the depository bank. All cash deposits held by depository banks were fully insured by the Federal Deposit Insurance Corporation ("FDIC") as of the year ended.

Custodial Credit Risk for Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to it. Missouri state law requires all public funds be collateralized with acceptable securities having market values of at least 100% of the amount of funds on deposit (less any amount covered by FDIC insurance). Deposits that are exposed to custodial credit risk are not insured nor collateralized. The System had a deposit policy for custodial credit risk in place as of the year ended.

Investments

Investment Policy – The System's investments in excess of a safe operating balance are invested by the investment agents under policies and procedures established by the Board of Trustees. Chapter 469.909.1 RSMo, authorizes any investment which a prudent person acting in a like capacity and familiar with similar matters would use in the conduct of an enterprise of a like character and with like aims. Any person with fiduciary responsibility with respect to the retirement system is covered by this "prudent person" rule. The System's investment policy with the investment agent states the following: 1) all investments should be made in fixed income securities and said securities must be rated at an investment grade of A or greater at the time of the original purchase and 2) the portfolio should be made up of high quality, well diversified range of securities.

Investment Summary – The following table represents the summary of the System's investments by type as of the year ended:

Short-Term Investments (Investaccount)	$ 869,222
U.S. Agencies	5,835,872
U.S. Government Guaranteed Mortgages	6,295,293
SBA Guaranteed Loan Pools	1,535
Corporate Bonds	8,652,469
Common Stocks	12,079,151
Mutual Funds	10,438,967
Exchange Traded Products	2,336,555
Total Investments	$ 46,509,064

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS: (Continued)

Investments (Continued)

Custodial Credit Risk for Investments – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or the collateral securities in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the System's name, and are held by either: a) the counterparty or b) the counterparty's trust department or agent but not in the System's name. The balance in the System's Investaccount was $869,222, as of the year ended and is insured and guaranteed by FDIC or another government agency.

Fair Value Measurement

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The fair value of cash and short-term investments approximates market or fair value. The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments for which it is practical to estimate the value:

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS: (Continued)

Fair Value Measurement (Continued)

Equities within all asset classes (including mutual funds and exchange traded funds) are classified as fair value securities since they are priced in the open market using prices quoted in active markets for those securities. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume. The System portfolio holds no Level 3 equity securities as of the year ended.

Fixed income securities within all asset classes (including mutual funds and exchange traded funds) are classified as fair value securities since they are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Such securities include U.S. Treasuries, corporate and agency bonds, bank loans, and mortgage back securities. Level 2 fixed income securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

The System's assets are measured at fair value on a recurring basis, aggregated by level in the fair value hierarchy within those measurements fall are as follows as of the year ended:

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS: (Continued)

Fair Value Measurement (Continued)

	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks:				
Consumer Discretionary	$ 1,466,283	$ -	$ -	$ 1,466,283
Consumer Staples	561,727	-	-	561,727
Energy	499,486	-	-	499,486
Financials	1,631,045	-	-	1,631,045
Healthcare	1,824,649	-	-	1,824,649
Industrials	1,327,514	-	-	1,327,514
Information Technology	2,962,672	-	-	2,962,672
International	424,527	-	-	424,527
Media	248,356	-	-	248,356
Materials	179,997	-	-	179,997
Real Estate	248,250	-	-	248,250
Telecommunications	549,810	-	-	549,810
Utilities	154,836	-	-	154,836
Total Common Stocks	12,079,151	-	-	12,079,151
Mutual Funds:				
Fixed Income:				
Investment Grade	1,197,929	-	-	1,197,929
Equity:				
International	1,411,913	-	-	1,411,913
Mid and Small Cap	7,829,125	-	-	7,829,125
Total Mutual Funds	10,438,967	-	-	10,438,967
Exchange-Traded Products:				
International	902,720	-	-	902,720
Small Cap	1,433,835	-	-	1,433,835
Total Exchange-Traded Products	2,336,555	-	-	2,336,555
Bonds:				
U.S. Corporate	-	8,652,469	-	8,652,469
U.S. Government	-	12,132,701	-	12,132,701
Total Bonds	-	20,785,170	-	20,785,170
Total	$ 24,854,672	$ 20,785,170	$ -	$ 45,639,842

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS: (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. Management has determined that the System has a concentration of credit risk when it holds 5% or more of total investments in any one issuer. As of the year ended, the System held $6,295,293, in federal government-sponsored securities. These securities were invested in Federal National Mortgage Association securities and Federal Home Loan Mortgage Corporation securities, which made up 13.54% of the System's total portfolio as of the year ended. Investment securities explicitly guaranteed by the U.S. government and pooled investments are not included in this disclosure requirement.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's performance goals are to earn a return equal to the actuarial required return, which is currently set at 7.0% as of the year ended. The plan of the System minimized this risk by 1) structuring the portfolio so securities mature to meet cash requirements for ongoing operations, 2) using cash flow modeling to moderate the interest rate risk by reducing any unanticipated security sales which could result in a loss of principal, and 3) maintain the operating funds primarily in repurchase agreements according to the banking contract. For the interest rate risk measurement for the plan, the investing agent employs the duration and weighted average life of securities method.

The following table summarizes System investment maturities as of the year ended:

	Less than One Year	One to Three Years	Three to Five Years	Five to Ten Years	Greater than Ten Years	Total
U.S. Agencies	$ 622,734	$ 548,861	$ 3,155,791	$ 1,356,460	$ 152,025	$ 5,835,872
U.S. Government Guaranteed Mortgages	-	1,062,505	1,482,867	1,061,460	2,688,461	6,295,293
SBA Guaranteed Loan Pools	-	1,535	-	-	-	1,535
Corporate Bonds	1,360,865	2,321,972	2,991,210	1,710,422	268,000	8,652,469
	$ 1,983,599	$ 3,934,873	$ 7,629,869	$ 4,128,342	$ 3,108,486	$ 20,785,170

Rate of Return – As of the year ended, the annual money-weight of return on plan investments, net of plan investment expense, was 6.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts that were actually invested during the year.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System tries to maintain a diversified portfolio per the asset allocation goals as set by the Board of Trustees and has been set as follows:

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS: (Continued)

- The Fixed Income Portfolio goal is 50% of the assets within a minimum of 40% and a maximum of 60%.
- The Equity Portfolio goal is 40% with a minimum of 30% and a maximum of 60%. This includes:
    1. large cap value core goal of 15% with a minimum of 0% to a maximum of 30%,
    2. large cap growth core goal of 15% with a minimum of 0% to a maximum of 30%,
    3. mid cap core goal of 10% with a minimum of 0% to a maximum of 20%,
    4. small cap growth and value core goal of 12.5% with a minimum of 0% to a maximum of 25%, and
    5. international core goal of 12.5% with a minimum of 0% to a maximum of 25%.
- The Cash Equivalent goal is a minimum of 0% to a maximum of 10%

In regards to corporate bonds, the System's investment policy with the investment agent states that the investment agent must not invest System assets with an investment grade (provided by S&P or Moody's) of A- or higher on fixed income securities.

The Systems' investments by credit rating category as of the year ended is presented in the following table:

Investment Type	Moody Rating	Market Value
Corporate Bonds	A1	$ 312,998
Corporate Bonds	A2	1,529,466
Corporate Bonds	A3	2,489,815
Corporate Bonds	Aa1	151,323
Corporate Bonds	Aa2	290,007
Corporate Bonds	Aa3	399,922
Corporate Bonds	Baa1	1,547,675
Corporate Bonds	Baa2	1,798,989
Corporate Bonds	WR	132,274
U.S. Government Bonds	AAA	5,835,872
Government Mortgage-Backed Securities	AAA	6,296,829
Total		$ 20,785,170

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 5 – NET PENSION LIABILITY(ASSET):

Net Pension Liability – The components of net pension liability (asset) of the System as of the year ended were as follows:

Total Pension Liability	$ 42,491,399
Less: Plan Fiduciary Net Position	(48,285,986)
Net Pension Liability (Asset)	$ (5,794,587)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	113.64%

Actuarial Assumptions – Actuarial valuation of the System involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability (asset) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

As of the year ended, the discount rate remained the same as in prior year at 7.00%. A municipal bond rate of 3.20% was used in the development of the blended GASB discount rate after that point. The 3.20% rate is based on S&P Municipal Bond 20-Year High Grade Rate Index. Based on the long-term rate of return and the municipal bond rate, the blended GASB discount rate was 7.00% as of the year ended.

As of the year ended, the discount rate remained the same as in prior year at 7.00%. The System's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members and, therefore, the total pension liability was measured using the 7.00% valuation assumption as of the year ended.

The total pension liability was determined by an actuarial valuation as of the year ended and a summary of the actuarial assumptions as of year ended are shown below.

Rate of Inflation	2.75% compounded annually
Projected Salary Increases	2.75% per year
Investment Rate of Return	7.0%, net of pension plan investment, including inflation

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 5 – NET PENSION LIABILITY (ASSET): (Continued)

Actuarial Assumptions: (Continued)

Current year mortality rates were based on the PubS-2010 Employee mortality, fully generational, using Scale MP-2019 for active lives; PubS-2010 Healthy Retiree mortality, fully generational, using Scale MP-2019 for inactive lives; PubS-2010 Survivor mortality, fully generational, using Scale MP-2019 for beneficiaries; and PubS-2010 Disabled mortality, fully generational, using Scale MP-2019 for disabled lives.

The Schedule of Net Pension Liability (Asset) presents multi-year trend information about whether the System's plan net position is increasing or decreasing over time related to the total pension liability. This schedule is presented in the required supplementary information following the notes to the financial statements. Additional actuarial assumptions and cost methods used are as follows:

Valuation Date	1/1/2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period for UAAL	20 years, Open
Asset Valuation Method	Actuarial, 5 year Smoothed Value

Discount Rate – The single discount rate of 7.00% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed the contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the System, calculated using the discount rate of 7.00%, as well as what the System's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease	Current	1% Increase
Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability (Asset)	($1,102,535)	($5,794,587)	($9,736,079)

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 – CAPITAL ASSETS:

Property and equipment and accumulated depreciation by major class are as follows as of the year ended:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings and Improvements	$ 225,484	$ -	$ -	$ 225,484
Office Equipment and Furniture	47,157	2,767	(3,502)	46,422
Total Capital Assets Being Depreciated	272,641	2,767	(3,502)	271,906
Less Accumulated Depreciation for:				
Buildings and Improvements	(45,777)	(5,664)	-	(51,441)
Office Equipment and Furniture	(37,835)	(4,198)	2,147	(39,886)
Total Accumulated Depreciation	(83,612)	(9,862)	2,147	(91,327)
Total Capital Assets Being Depreciated, Net	189,029	(7,095)	(1,355)	180,579
Capital Assets, Net	$ 189,029	$ (7,095)	$ (1,355)	$ 180,579

NOTE 7 – RISK MANAGEMENT:

The System is exposed to various risks of loss related to natural disasters, errors and omissions, loss of assets, torts, etc. The System has chosen to cover such losses through the purchase of commercial insurance. There have been no material insurance claims filed or paid during the past three years.

NOTE 8 – RETIREMENT PLAN:

In 2019, the System implemented a Simple IRA plan. Contributions were made at the rate of 3% for the current year and totaled $2,224, for eligible employees as of the year ended.

NOTE 9 – CONTINGENT LIABILITIES:

The System has been named as a defendant in pending litigation where various municipal plaintiffs brought claims seeking to invalidate Section 57.955 RSMo, which provides for the assessment of municipal court costs in the amount of $3 per case to be remitted to the System. Due to the inherent uncertainties concerning the ultimate outcome of these legal matters, management cannot determine if there will be a material adverse effect on the System's financial position.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS:

The System has evaluated subsequent events through May 12, 2020, the date which the financial statements were available to be issued.

The World Health Organization (the "WHO") did not declare the Corona Virus ("COVID-19") outbreak a public health emergency until January 30, 2020. However, events that caused the outbreak had occurred before the end of 2019. On March 11, 2020, COVID-19 was declared a pandemic by the WHO.

As of the date of this report, any potential effects of COVID-19, whether operationally or financially, for the System are unknown.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2019

TOTAL PENSION LIABILITY	2019	2018	2017	2016	2015
Service Cost	$ 1,343,193	$ 1,318,522	$ 1,333,456	$ 1,418,579	$ 1,176,061
Interest	3,274,835	3,093,793	2,956,838	2,847,395	2,865,483
Difference Between Expected and Actual Experience	(52,046)	1,331,217	22,008	(1,414,222)	(498,679)
Change of Assumptions	(5,907,763)	-	(2,572,936)	(4,831,045)	4,858,329
Benefit Payments	(3,213,970)	(3,149,815)	(2,884,584)	(2,444,156)	(2,574,786)
Net Change in Total Pension Liability	(4,555,751)	2,593,717	(1,145,218)	(4,423,449)	5,826,408
Total Pension Liability - Beginning	47,047,150	44,453,433	45,598,651	50,022,101	44,195,693
Total Pension Liability - Ending	$ 42,491,399	$ 47,047,150	$ 44,453,433	$ 45,598,651	$ 50,022,101
PLAN FIDUCIARY NET POSITION					
Non-employer Contributions	$ 2,139,149	$ 2,171,831	$ 2,244,831	$ 2,383,322	$ 2,348,981
Net Investment Income (Loss)	7,402,670	(1,965,882)	4,791,482	3,269,749	(74,580)
Benefit Payments, including Refund of Member Contributions	(3,213,970)	(3,149,815)	(2,884,583)	(2,444,157)	(2,574,786)
Administrative Expenses	(453,072)	(384,160)	(295,097)	(224,817)	(254,217)
Other	-	(2)	205	-	(52,475)
Net Change in Plan Fiducary Net Position	5,874,777	(3,328,028)	3,856,837	2,984,097	(607,077)
Plan Fiduciary Net Position - Beginning	42,411,209	45,739,237	41,882,400	38,898,303	39,505,380
Plan Fiduciary Net Position - Ending	$ 48,285,986	$ 42,411,209	$ 45,739,237	$ 41,882,400	$ 38,898,303
Net Pension Liability (Asset) - Ending	$ (5,794,587)	$ 4,635,941	$ (1,285,804)	$ 3,716,251	$ 11,123,798
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	113.64%	90.15%	102.89%	91.85%	77.76%
Covered-Employee Payroll	$ 6,799,946	$ 6,538,948	$ 6,455,721	$ 6,167,917	$ 5,558,150
Net Pension Liability as a Percentage of Covered-Employee Payroll	(85.22%)	70.90%	(19.92%)	60.25%	200.13%

Utlimately, 10 years of data will be displayed.

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

SCHEDULE OF NET PENSION LIABILITY (ASSET)
For the Year Ended December 31, 2019

	2019	2018	2017	2016	2015
Total Pension Liability	$ 42,491,399	$ 47,047,150	$ 44,453,433	$ 45,598,651	$ 50,022,101
Plan Fiduciary Net Position	(48,285,986)	(42,411,209)	(45,739,237)	(41,882,400)	(38,898,303)
Net Pension Liability (Asset)	$ (5,794,587)	$ 4,635,941	$ (1,285,804)	$ 3,716,251	$ 11,123,798

Ultimately, 10 years of data will be displayed.

Schedule of Investment Return:	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.34%	5.06%	8.29%	8.44%	(-0.33%)

Ultimately, 10 years of data will be displayed.

Schedule of Contributions:	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 2,139,149	$ 2,171,831	$ 2,244,831	$ 2,383,322	$ 2,348,981
Contributions in Relation to the Actuarially Determined Contribution	(2,139,149)	(2,171,831)	(2,237,613)	(2,383,322)	(2,348,981)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 6,799,946	$ 6,538,948	$ 6,455,721	$ 6,167,917	$ 5,558,150
Contributions as a Percentage of Covered-Employee Payroll	(85.22%)	70.90%	(19.92%)	60.25%	200.13%

Ultimately, 10 years of data will be displayed.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	1/1/2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period for UAAL	20 Years, Open
Asset Valuation Method	Actuarial, 5 Year Smoothed Value
Actuarial Assumptions:	
Rate of Inflation	2.75%, Compounded Annually
Investment of Rate of Return	7.0%, Net Pension Plan Investment, Including Inflation
Projected Salary Increases	2.75% per year

MISSOURI SHERIFFS' RETIREMENT SYSTEM
Jefferson City, Missouri

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Year Ended December 31, 2019

MISSOURI SHERIFFS' RETIREMENT SYSTEM

SCHEDULE OF ADMINISTATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

Personnel Services:		
Salary Expense	$	98,364
Employee Payroll Tax		7,975
Total Personnel Services		106,339
Professional Services:		
Legal Consultant		233,592
Actuary Fee		23,000
Audit and Accounting		12,710
Pension Disbursement		10,155
Total Professional Services		279,457
Miscellaneous:		
Agency Expense		22,154
Depreciation		9,862
Travel Expense		5,188
Office Supplies		11,102
Postage		1,753
Insurance Premiums		6,813
Life Insurance		5,404
Total Miscellaneous		62,276
TOTAL ADMINISTRATIVE EXPENSES	$	448,072

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

April 13, 2020

Board of Directors
Missouri Sheriffs' Retirement System
P.O. Box 105257
Jefferson City, MO 65110-5257

Re: Actuarial Valuation Report – Missouri Sheriffs' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Missouri Sheriffs' Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 57 of Missouri law, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

Respectfully submitted,
Foster & Foster, Inc.

By: Paul M. Baugher

Paul M. Baugher, FSA, EA, MAAA

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COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	1/1/2020
A. Participant Data	
Number Included	
Actives	114
Service Retirees	132
Beneficiaries	49
Disability Retirees	0
Terminated Vested	21
Total	316
Total Annual Payroll	$6,799,946
Annual Rate of Payments to:	
Service Retirees	1,963,380
Beneficiaries	508,703
Disability Retirees	0
Terminated Vested	195,552
B. Assets	
Actuarial Value	46,775,593
Market Value	48,285,986
C. Liabilities	
Normal Cost (Retirement)	657,360
Normal Cost (Disability)	61,382
Normal Cost (Death)	4,411
Normal Cost (Vesting)	0
Total Normal Cost	723,153
Accrued Liability (Retirement)	11,360,846
Accrued Liability (Disability)	31,609
Accrued Liability (Death)	28,022
Accrued Liability (Vesting)	0
Accrued Liability (Inactives)	31,092,064
Total Actuarial Accrued Liability	42,512,541
Unfunded Actuarial Accrued Liability (UAAL)	(4,263,052)
Funded Ratio (AVA / AL)	110.0%

	1/1/2020
D. Actuarial Present Value of Accrued Benefits	
Vested Accrued Benefits	
Inactives	31,092,064
Actives	8,250,006
Total	39,342,070
Non-vested Accrued Benefits	1,666,752
Total Present Value Accrued Benefits	41,008,822
Funded Ratio (MVA / PVAB)	117.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:	
Plan Amendments	0
Assumption Changes	(4,932,146)
New Accrued Benefits	1,274,220
Benefits Paid	(3,213,970)
Interest	3,027,254
Other	0
Total	(3,844,642)

Valuation Date	1/1/2020
Applicable to Fiscal Year Ending	12/31/2020
E. Pension Cost	
Normal Cost	$723,153
Administrative Expenses	330,000
Amortization Payment	0
Pension Supplement	712,800
Total Recommended Contribution	1,765,953

ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate	7.00% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Mortality Rate	PubS-2010 mortality tables, projected generationally with Scale MP-2019. 0% of active deaths are assumed to be in the line of duty.
Retirement Age	Eligible members are assumed to retire in election years at a rate of 50% at first eligibility and 100% at all future years. No retirements are expected in non-election years. This is based on a 2019 experience study performed for the Plan.
Disability Rate	See table below. 100% of the disabilities are assumed to be in the line of duty. This is based on a 2019 experience study performed for the Plan.

% Becoming Disabled During the Year

Age	Rate
25	0.100%
35	0.168%
45	0.255%
55	0.555%

Termination Rate	25% per year in election years. No terminations are expected in non-election years. This is based on a 2019 experience study performed for the Plan.
Inflation (for COLA)	2.75%.
Salary Increases	2.75% per year. This is based on a 2019 experience study performed for the Plan.
Marital Status	100% of Members are assumed to be married.
Spouse's Age	Males are assumed to be three years older than females.
Funding Method	Entry Age Normal Cost Method.
Actuarial Asset Method	Investment gains and losses are smoothed over a 5-year period.
Funding Policy Amortization Method	The UAAL is amortized according to a Level Dollar method over an open period of 20 years.
Administrative Expenses	Budgeted 2020 expenses of $330,000 are included in the Normal Cost.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED December 31, 2019
Market Value Basis

ADDITIONS		
Contributions:		
Employer	2,139,149	
Total Contributions		2,139,149
Investment Income:		
Miscellaneous Income	0	
Net Realized Gain (Loss)	7,461,343	
Net Increase in Fair Value of Investments		7,461,343
Less Investment Expense [1]		(58,673)
Net Investment Income		7,402,670
Total Additions		9,541,819
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	3,213,970	
Total Distributions		3,213,970
Administrative Expenses		453,072
Total Deductions		3,667,042
Net Increase in Net Position		5,874,777
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		42,411,209
End of the Year		48,285,986

[1] Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
December 31, 2019

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.

Gains/(Losses) Not Yet Recognized

Plan Year		Amounts Not Yet Recognized by Valuation Year				
Ending	Gain/(Loss)	2020	2021	2022	2023	2024
12/31/2016	750,643	150,129	0	0	0	0
12/31/2017	2,105,865	842,346	421,173	0	0	0
12/31/2018	(5,119,953)	(3,071,972)	(2,047,981)	(1,023,991)	0	0
12/31/2019	4,487,362	3,589,890	2,692,417	1,794,945	897,472	0
Total		1,510,393	1,065,609	770,954	897,472	0

Development of Investment Gain/Loss

Market Value of Assets, 12/31/2018	42,411,209
Contributions Less Benefit Payments & Administrative Expenses	(1,527,893)
Expected Investment Earnings[1]	2,915,308
Actual Net Investment Earnings	7,402,670
2020 Actuarial Investment Gain/(Loss)	4,487,362

[1] Expected Investment Earnings = 7.00% x (42,411,209 + 0.5 x -1,527,893)

Development of Actuarial Value of Assets

Market Value of Assets, 12/31/2019	48,285,986
(Gains)/Losses Not Yet Recognized	(1,510,393)
Actuarial Value of Assets, 12/31/2019	46,775,593
(A) 12/31/2018 Actuarial Assets:	45,479,604
(I) Net Investment Income:	
1. Interest and Dividends	0
2. Realized Gains (Losses)	7,461,343
3. Change in Actuarial Value	(4,578,788)
4. Investment Expenses	(58,673)
Total	2,823,882
(B) 12/31/2019 Actuarial Assets:	46,775,593
Actuarial Asset Rate of Return = (2 x I) / (A + B - I):	6.32%
Market Value of Assets Rate of Return:	17.77%
12/31/2019 Limited Actuarial Assets:	46,775,593
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(306,214)

SUMMARY OF CURRENT PLAN

Legal Basis	The Plan is established and administered as prescribed by Chapter 57 of Missouri Law.
Plan Administration	The Plan is administered by a Board of Directors of five persons. Directors are elected by a vote of the sheriffs of counties within the state.
Credited Service	Years and months of service as a sheriff of a county after becoming a member.
Final Average Compensation	Average of three highest years of compensation.
Normal Retirement	
Date	Attainment of either: 1. Age 55 with 12 years of Credited Service, or 2. Age 62 with 8 years of Credited Service.
Benefit	2.00% of Final Average Compensation times Credited Service, up to a maximum of 75% of Final Average Compensation.
Form of Benefit	Normal form is a Single Life Annuity. Optional forms of a certain & life annuity (5 year or 10 year) or a joint & survivor annuity (50%, 75% or 100%). Benefits are adjusted using the Plan actuarial equivalence (6.00% interest and RP-2000 Blue Collar Male mortality table).
Disability Leave	
Eligibility	Terminated employment as a result of an injury or illness received either: 1. In the line of duty (no Credited Service requirement) 2. Not in the line of duty after attaining at least five years of Credited Service.
Benefit Amount	80% of Final Average Compensation offset by the member's primary federal Social Security benefit. Board determines member's eligibility based on entitlement to Social Security disability benefits. Payments continue until the later of age 65 or the point when the member would have accrued 8 years of Creditable Service, at which point Normal Retirement benefits will commence.
Cost-of-Living Adjustment	An annual increase each March 1 equal to the annual unadjusted percentage increase in the consumer price index-u for the prior calendar year. Maximum annual increase of 5.0%.

Vesting (Termination)

Service Requirement	8 years of Creditable Service.
Vested Benefit	Normal Retirement benefit payable at: • Age 55 with at least 12 years of Creditable Service, or • Age 62 with less than 12 years of Creditable Service.

Pre-Retirement Death

Lump Sum	$10,000 paid to designated beneficiary (or estate) of every active member upon death. Amount increases to $20,000 if member was killed in the line of duty.
Annuity	Benefit equal to: • In Line of Duty Death: 50% of Normal Retirement benefit earned, payable for a period of 60 months, if death occurs in the line of duty. • Not in Line of Duty Death: Survivor benefit as if member had retired before death and elected the 50% joint & survivor option.

Pension Supplement	Each year where there are anticipated deposits in excess of the sum of the normal cost plus the amortization of the Unfunded Actuarial Accrued Liability over not more than 30 years (currently using 20 years), a monthly benefit not exceeding $450 may be paid to each retired member and members receiving disability leave benefits. The monthly amount for all retired members during the year must not be greater than the excess specified above.
Employee Contributions	None.

REVENUES BY SOURCE

YEAR	COUNTY CONTRIBUTIONS	INVESTMENT INCOME	TOTAL
2019	$ 2,139,149	$ 7,404,025	$ 9,543,174
2018	$ 2,171,831	$(1,906,514)	$ 265,317
2017	$ 2,237,613	$ 4,848,903	$ 7,086,516
2016	$ 2,383,322	$ 3,324,929	$ 5,708,251
2015	$ 2,348,981	$ (74,580)	$ 2,274,401
2014	$ 2,383,991	$ 2,744,938	$ 5,128,929
2013	$ 1,790,827	$ 5,787,231	$ 7,578,058
2012	$ 1,674,091	$ 3,813.062	$ 5,487,153
2011	$ 1,653,864	$ 178,606	$ 1,832,470
2010	$ 1,696,393	$ 3,496,452	$ 5,192,845
2009	$ 1,771,298	$ 4,471,519	$ 6,242,817
2008	$ 1,761,091	$(5,162,523)	$ 3,401,432

EXPENSES BY TYPE

YEAR	BENEFITS	ADMINISTRATIVE EXPENSES	INVESTMENT FEES	TOTAL
2019	$ 3,213,971	$ 448,072	$ 58,673	$ 3,720,716
2018	$ 3,149,815	$ 385,193	$ 58,437	$ 3,593,445
2017	$ 2,884,583	$ 295,097	$ 57,421	$ 3,237,101
2016	$ 2,444,156	$ 224,885	$ 54,960	$ 2,724,001
2015	$ 2,574,786	$ 254,217	$ 54,108	$ 2,883,111
2014	$ 2,451,130	$ 278,488	$ 54,291	$ 2,783,909
2013	$ 2,404,985	$ 276,759	$ 50,858	$ 2,732,602
2012	$ 2,271,246	$ 180,336	$ 48,468	$ 2,500,050
2011	$ 2,363,735	$ 194,116	$ 50,785	$ 2,608,636
2010	$ 2,324,480	$ 189,466	$ 48,411	$ 2,562,357
2009	$ 2,233,150	$ 160,166	$ 45,328	$ 2,438,644
2008	$ 2,022,932	$ 147,722	$ 48,504	$ 2,219,158

Missouri Sheriffs' Retirement System

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