

**City of Springfield, Missouri
Police Officers' and Fire Fighters'
Retirement Fund, A Fiduciary Fund
of the City of Springfield, Missouri**

Financial Report
June 30, 2017 and 2016

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Independent Auditor's Report

RSM US LLP

To the Board of Trustees
City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund (the Plan), a pension trust fund of the City of Springfield, Missouri, which comprise the statements of fiduciary net position as of June 30, 2017 and 2016, and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 Plan, a pension trust fund of the City of Springfield, Missouri, as of June 30, 2017 and 2016, and the changes in its fiduciary net position for the years then ended in accordance 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 the City of Springfield, Missouri and do not purport to, and do not, present fairly the financial position of the City of Springfield, Missouri as of June 30, 2017 and 2016, and the changes in its financial position for the years then ended.

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, 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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 3, 2017 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
November 3, 2017

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

**Management Discussion and Analysis
Years Ended June 30, 2017 and 2016**

Management is pleased to present this overview and analysis of the financial activities of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund for the fiscal years ending June 30, 2017 and 2016. The intent of this discussion and analysis is to look at the Plan's financial performance as a whole; readers should review the financial statements, notes to the financial statements and other schedules in order to enhance their understanding of the Plan's financial performance.

Financial Statements

The City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund is a single employer contributory defined benefit plan. The financial statements are prepared on an accrual basis, whereby transactions are recognized when they occur, regardless of when the cash is received or disbursed. Investments are recorded at fair value.

The Statement of Fiduciary Net Position presents the assets and liabilities by major categories as of the end of the fiscal year. The difference between assets and liabilities is the net position restricted for pensions. Over time, increases or decreases in fiduciary net position can be monitored to determine whether the Plan's financial condition is improving or deteriorating.

The Statement of Changes to Fiduciary Net Position presents information on the increases and decreases that caused the change in fiduciary net position during the fiscal year.

The Notes to the Financial Statements are an integral part of the financial statements. The notes provide important detail and background information that is essential to the full understanding of the data provided in the financial statements. The notes also contain information pertaining to the Plan's actuarial methods and assumptions including data on the funded status of the Plan.

Required Supplementary Information section follows immediately after the notes to the basic financial statements. This section includes the schedule of changes in net pension liability and related ratios which has information about the actuarially funded status of the Plan and the progress made in the accumulation of sufficient assets to pay benefits. The schedule of contributions provides historical information about the annual contributions made by the City of Springfield, Missouri, to the Plan. All of this information is considered useful in understanding and evaluating the financial activities of the Plan.

Financial Analysis

Fiduciary net position may serve over time as a useful indicator of the Plan's financial position. The fiduciary net position is available to meet the Plan's ongoing obligation to plan members and their beneficiaries.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

**Management Discussion and Analysis
Years Ended June 30, 2017 and 2016**

A summary of the Statement of Fiduciary Net Position for the year ended June 30 is as follows: (in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets			
Current assets	\$ 11,665	\$ 9,799	\$ 23,957
Investments	383,190	333,679	298,788
Total assets	394,855	343,478	322,745
Liabilities			
Accounts payable	148	190	211
Net position restricted for pensions	\$ 394,707	\$ 343,288	\$ 322,534

In 2017, fiduciary net position increased by \$51.4 million or 15 percent over 2016. This increase was primarily driven by an increase in market value of investments. In 2016, fiduciary net position increased by \$20.8 million or 6 percent over 2015. This increase was primarily driven by positive investment returns and contributions in excess of plan deductions.

A summary of the Statement of Changes in Fiduciary Net Position is as follows (\$000's):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Additions			
Contributions:			
Sales tax	\$ 32,265	\$ 31,993	\$ 30,772
City	6,682	7,050	7,131
Employees	3,172	2,946	2,983
Total contributions	42,119	41,989	40,886
Net investment income (loss)	35,586	3,663	(4,345)
Other income	316	37	83
Total additions	78,021	45,689	36,624
Deductions			
Benefit payments	23,459	22,180	20,823
Refund of contributions	2,765	2,386	2,586
Administrative expenses	378	369	335
Total deductions	26,602	24,935	23,744
Net increase	51,419	20,754	12,880
Net position restricted for pensions, beginning of year	343,288	322,534	309,654
Net position restricted for pensions, end of year	\$ 394,707	\$ 343,288	\$ 322,534

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
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**Management Discussion and Analysis
Years Ended June 30, 2017 and 2016**

The City contributes 35 percent of payroll and employees contribute 17.70 percent for police and 15.13 percent for fire (14.63 percent for both police and fire for the year ended June 30, 2016). In 2009, Springfield voters passed a public safety sales tax with 100 percent of the tax revenue dedicated to the Plan. In 2017, this tax generated \$32 million, a 0.8 percent increase over 2016. In 2016, this tax generated \$32 million, a 4 percent increase over 2015. The public safety pension sales tax was scheduled to expire in 2015. In 2014, voters extended this tax for another five years. The tax is now scheduled to expire in March 2020.

Benefit payments include monthly payments of retirement, disability and survivor benefits. These payments increased \$1,279,000 or 6 percent from 2016 to 2017 and \$1,357,000, or 7 percent, from 2015 to 2016. These increases are due to more retirees receiving payments and the automatic 3 percent cost-of-living adjustment.

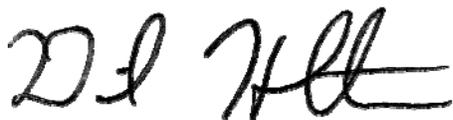
Upon retirement, plan members receive a refund of the contributions they made to the Plan during their employment. In 2017, the amount refunded was \$400,000 more than in 2016. In 2017 there was a similar number of retirements as 2016, however, the average payout amounts were higher. In 2016, the amount refunded was \$200,000 less than in 2015. In 2016, there were fewer retirements than in 2015.

Plan Highlights

As computed under Statement No. 67 of the Government Accounting Standards Board, the total pension liability for the Plan at June 30, 2017 was \$491,501,728 and the net pension liability was \$96,794,721. At June 30, 2016, the total pension liability for the Plan was \$505,538,329 and the net pension liability was \$162,250,927. The fiduciary net position as a percent of the total pension liability was 80 percent at June 30, 2017. This is an increase from June 30, 2016, when the fiduciary net position was 68 percent of the total pension liability. The increase in the net position as a percent of the total liability is primarily due a rate of return of 7 percent, which is higher than the rate used in 2016 (6.58 percent). This resulted in a decrease in the present value of future benefits for both active employees and retirees. The increase is also due to current year appreciation of investments, which increased the fiduciary net position.

Requests for Additional Information

This financial report is designed to provide a general overview of the City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund to all parties with an interest in the Plan and to demonstrate accountability to the community. Questions regarding any information provided in this report, or requests for additional information should be directed to the Director of Finance, City of Springfield, 840 Boonville Avenue, Springfield MO 65801.



David Holtmann
Director of Finance

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund

Statements of Fiduciary Net Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 5,630,295	\$ 4,394,507
Investments at fair value:		
Money market mutual funds	975,686	1,572,417
U.S. treasury securities	18,019,058	11,421,608
U.S. agency securities	239,254	261,273
Government-sponsored enterprise obligations	10,788,587	11,171,094
Corporate bonds	36,896,829	39,772,249
Municipal bonds	3,491,690	4,111,359
International fixed income fund	48,465,221	46,092,913
Index fund - fixed income	16,042,073	16,154,182
Index fund - equities	79,111,545	66,076,911
Index fund - commodities	11,472,162	12,289,512
International equity funds	105,941,258	75,294,222
International hedge fund	30,237,146	28,478,700
Real estate fund	21,509,867	20,982,706
Total investments	383,190,376	333,679,146
Receivables:		
Public safety pension sales tax due from City	5,422,279	4,809,871
Accrued interest and dividends	612,342	594,166
Total receivables	6,034,621	5,404,037
Total assets	394,855,292	343,477,690
Liabilities and Net Position		
Accounts payable	148,285	190,288
Net position restricted for pensions	\$ 394,707,007	\$ 343,287,402

See notes to financial statements.

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund

Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2017 and 2016

	2017	2016
Contributions:		
Employer - public safety pension sales tax	\$ 32,264,970	\$ 31,993,126
Employer	6,682,484	7,050,080
Members	3,171,628	2,945,796
Total contributions	42,119,082	41,989,002
Net investment income:		
Net appreciation of fair value of investments	37,089,670	4,963,806
Interest and dividends	84,717	72,682
	37,174,387	5,036,488
Less: Investment expenses	(1,588,227)	(1,374,197)
Net investment income	35,586,160	3,662,291
Other revenue		
	316,441	37,248
Total additions	78,021,683	45,688,541
Deductions:		
Benefit payments	23,459,434	22,179,942
Refunds of contributions	2,765,114	2,385,712
Administrative expenses	377,530	369,065
Total deductions	26,602,078	24,934,719
Net increase	51,419,605	20,753,822
Net position restricted for pensions:		
Beginning of year	343,287,402	322,533,580
End of year	\$ 394,707,007	\$ 343,287,402

See notes to financial statements.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 1. Description of the Plan

The City of Springfield, Missouri Police Officers' and Fire Fighters' Retirement Fund (the "Plan"), is a single-employer, defined benefit pension plan. Prior to the closing of the Plan to new entrants on January 31, 2010, the City of Springfield, Missouri's (the "City") police officers and fire fighters became members in the Plan as a condition of their employment. Members hired on or after June 1, 2006, have voluntarily left the Plan and are currently members in the Missouri Local Government Employees Retirement System (LAGERS). The former members' contributions to this plan have been refunded and they are no longer due any benefits. Police officers and fire fighters hired on or after February 1, 2010, are provided a retirement plan through LAGERS.

Operations of the Plan are governed by City ordinance and are administered by the Plan's Board of Trustees (the "Trustees"). The Trustees consist of nine voting members: one current member of the police department, one current member of the fire department, one former employee who is currently receiving benefits from the system and six citizens recommended by the City Manager and approved by the City Council. The Trustees also include five nonvoting members, one of which is a member of the City Council designated by the Mayor to act as a liaison. The Plan is not subject to the provisions of the *Employee Retirement Income Security Act of 1974*. The Plan is considered part of the City financial reporting entity and is included in the City's basic financial statements as a pension trust fund.

Membership in the Plan as of June 30, 2017 and 2016, is comprised of the following:

	June 30, 2017		
	Police Officers	Firefighters	Total
Retirees and beneficiaries currently receiving benefits	272	287	559
Terminated vested members	15	2	17
Fully vested active members	148	108	256
	<u>435</u>	<u>397</u>	<u>832</u>
	June 30, 2016		
	Police Officers	Firefighters	Total
Retirees and beneficiaries currently receiving benefits	266	281	547
Terminated vested members	15	2	17
Fully vested active members	157	120	277
	<u>438</u>	<u>403</u>	<u>841</u>

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
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Notes to Financial Statements

Note 1. Description of the Plan (Continued)

The following brief description of the Plan is provided for general information purposes only. Sections 2-441 through 2-483 of the Springfield, Missouri, Code of Ordinances should be referred to for complete details. Members should also refer to the pamphlet, *City of Springfield Police Officers' and Fire Fighters' Retirement Fund Summary Plan Description*, for a more complete description of the Plan's provisions. Copies of the pamphlet are available from the City's Finance Department.

Retirement benefits: Members become vested in the Plan after five years of service. Members are entitled to retirement benefits after 25 years of service, at age 50 after 20 years of service, or at age 60. Members with at least five years of service may elect to receive early retirement reduced benefits at age 55. Normal retirement benefits are 2.8 percent multiplied by total years of credited service multiplied by the average of a member's highest three years of salary within the last 10 years, limited to 70 percent of average annual salary.

Disability benefits: Nonduty disability benefits are available to members having at least three years of service who become totally and permanently disabled from nonduty causes. These benefits are 1.75 percent of the member's average salary if the member retired prior to January 1, 2005, and seven-eighths of the percentage multiplier rate for the normal service retirement benefit, including the additional three-tenths multiplier for each year of service, subject to a minimum of 25 percent and a maximum of 50 percent for members who are current employees of the police or fire departments on and before January 1, 2005.

With respect to any member commencing employment on or after January 1, 2005, and before June 1, 2006, and having at least five years of service who become totally and permanently disabled from nonduty causes shall be entitled to a nonduty disability. This pension shall be payable during the lifetime of the member, provided the disability continues. The pension for members commencing employment on or after January 1, 2005, and before June 1, 2006, shall be equal to seven-eighths of the percentage multiplier rate for the normal service retirement benefit in effect at the time of the granting of the nonduty disability pension, including the additional three-tenths multiplier amount times the average salary for each year of service, subject to a minimum benefit of 25 percent of average salary and a maximum benefit of 50 percent of average salary.

Duty disability benefits are available to members, irrespective of the length of service, who become disabled as a direct result of occupational duties. Duty disability benefits are 66 2/3 percent of the member's salary in effect at the date of the disability, with an offset for any amounts payable under worker's compensation.

Survivor benefits: A pension equal to 50 percent of the member's average salary in effect at the date of death is payable to the surviving spouse until the spouse remarries if death occurs as a direct result of an act of duty. An additional allowance of 10 percent of the member's salary is payable for each surviving child under the age of 18, subject to a maximum payment to a surviving spouse and children of 75 percent of the member's salary, with an offset for any amounts payable under workers' compensation. Survivor's pensions for nonduty connected deaths are 25 percent of average salary plus 1 and 1/8 percent of average salary for each year of service, provided the member had at least five years of service, subject to a maximum of 50 percent of average salary paid to the surviving spouse. An additional 10 percent of the member's salary is payable for each surviving child under the age of 18, subject to a maximum payment of 60 percent of the member's salary to a surviving spouse and children for a nonduty death.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 1. Description of the Plan (Continued)

Termination: A member who terminates employment with the City and is not eligible for benefits from the Plan, is paid on demand, and without interest his contributions to the Plan. If the member has five years of service, the member may remain vested and elect to receive benefits payable commencing at the member's normal retirement date.

Annual adjustments: Plan members entering the Plan prior to June 1, 2006, will have pension benefits increased 3 percent each July over the amount paid in the preceding month of June, provided the pension has been paid at least 12 months prior to the July change. For age and service retirement pensions, the 3 percent increase does not begin until the calendar year of the employee's 56th birthday. Surviving spouses and dependent children receiving benefits are also eligible for the increase.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Expenses are recognized when incurred. Benefits and refunds are recognized when due and payable under 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 to transfer the liability would take place between the market and 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. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year. See Note 4 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 the Plan's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates. The Plan uses an actuary to determine the total pension liability. A change in the actuarial assumptions used could significantly change the amount of the total pension liability reported in the accompanying footnotes to the financial statements.

Administrative expenses: The Plan's Board of Trustees acts as the trustee for the Plan's assets. The operating and other administrative expenses incurred by the Trustees, or its employees, in the performance of its duties as the Plan's trustee are paid from the assets of the Plan accumulated from contributions and investment earnings. Such expenses totaled \$377,530 and \$369,065 in 2017 and 2016, respectively, and are reported as administrative expenses in the accompanying statement of changes in fiduciary net position. Expenses applicable to the Plan year that have not yet been paid, are accrued and reflected in the total expense reported.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 3. Contributions

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Police members entering the Plan prior to June 1, 2006, were required to contribute a flat 8.50 percent rate plus an additional funding contribution of 9.20 percent for a total contribution rate to the Plan of 17.70 percent of their annual salary for the year ended June 30, 2017. The total contribution rate for Police members for the year ended June 30, 2016 was 14.63 percent of their annual salary, and increased during the current fiscal year as the additional funding contribution increased from 6.13 percent to 9.20 percent effective July 1, 2016. Fire members entering the Plan prior to June 1, 2006, were required to contribute a flat 8.50 percent rate plus an additional funding contribution of 6.63 percent for a total contribution rate to the Plan of 15.13 percent of their annual salary for the year ended June 30, 2017. The total contribution rate for Fire members for the year ended June 30, 2016 was 14.63 percent of their annual salary, and increased during the current fiscal year as the additional funding contribution increased from 6.13 percent to 6.63 percent effective July 1, 2016. The Plan requires the additional funding contribution rate be adjusted triennially, with the next adjustment occurring July 1, 2019. The City may, at its discretion, contribute the remaining amounts necessary to fund the Plan using the entry age normal actuarial method as specified by ordinance. For the years ended June 30, 2017 and 2016, the City's contribution rate to the Plan was 35 percent of member salaries.

During the years ended June 30, 2017 and 2016, contributions totaling \$42,119,082 and \$41,989,002, respectively, were made to the Plan. In 2017, the employer's actual contributions of \$6,682,484 and \$32,264,970 in public safety sales tax revenue met the annual required employer's contributions of \$16,423,634 as determined by the Plan's actuary. In 2016, the employer's actual contributions of \$7,050,080 and \$31,993,126 in public safety sales tax revenue met the annual required employer's contributions of \$18,370,494 as determined by the Plan's actuary. For the years ended June 30, 2017 and 2016, employer contributions represented 38.5 percent and 37.0 percent, respectively, and employee contributions represented 18.3 percent and 15.5 percent, respectively, of covered payroll.

The amount of contributions relating to the public safety sales tax due from the City of Springfield at June 30, 2017 and 2016, were \$5,422,279 and \$4,809,871, respectively. The public safety sales tax earned in May and June 2017 was \$3,377,238 and \$2,045,041, respectively, and those amounts are recorded as contributions receivable to the Plan at June 30, 2017. The public safety sales tax earned in May and June 2016 was \$2,921,623 and \$1,888,248, respectively, and those amounts are recorded as contributions receivable to the Plan at June 30, 2016.

It is the objective of the Plan in managing its investment portfolio as a whole to realize an investment return that at a minimum equals the Plan's actuarial long-term rate of return assumption on an ongoing basis.

The City has delegated the authority to manage the Plan's investments to the Trustees. The City approves the investment guidelines and objectives for the Plan. Trustees recommend the appropriate asset types to the City for approval. The Trustees may add, delete or change asset classes within those asset types at their discretion at any time within the parameters established by the City.

The asset type and classes, target asset allocation and ranges to be used in the Plan are shown below. All percentages are based on market values. The portfolio shall be reviewed on a quarterly basis and the Plan's Investment Consultant shall convey a recommended rebalancing plan to the Board, if necessary. The Investment Consultant's recommendation shall be conveyed to the Board within 30 days of each quarter end. The investment policy allows investment managers to use pooled investments to obtain the ranges and target percentages shown below.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 4. Deposits and Investments

The asset classes and targets at June 30, 2017 and 2016, were as follows:

Asset Type and Class	Range	Target
Equities	25% - 75%	
U.S. Equity (Large Cap)		8% -16%
U.S. Equity (Small Cap)		1% - 7%
Developed Non-U.S. Equity		7% - 15%
Developed Non-U.S. Equity (Small Cap)		2% - 7%
Emerging Market Equity		7% - 13%
Fixed Income	25% - 50%	
Core Fixed Income		7% - 13%
Long Duration Fixed Income		7% - 13%
Developed Non-U.S. Fixed Income		6% - 12%
Emerging Market Fixed Income		2% - 8%
Inflation-Linked Fixed Income		2% - 8%
Alternatives	0% - 35%	
Real Estate/REITS		2% - 8%
Hedge Fund of Funds		7% - 13%
Commodities		2% - 8%

The Plan's deposits and investments are exposed to risks, including credit risk, concentration of credit risk, custodial credit risk and interest rate risk that have the potential to result in losses.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

Credit risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy requires its domestic fixed income investment managers to maintain an average quality of portfolio holdings of A- or better at June 30, 2017 and 2016, as measured by at least one credit rating service, with no more than 20 percent of the portfolio being invested in securities rated below BBB. The Plan's investment policy limits its international fixed income investment managers to invest only in securities that are rated at BBB- or higher by one of the three established rating agencies. The Plan's investment policy requires commercial paper holdings be rated A-1 or P-1 by at least one established rating agency. However, the Plan's investment policy does not specifically limit the investment choices for any other type of securities based on ratings given by the rating agencies.

The following tables provide information regarding Standard & Poor's credit ratings associated with the Plan's investments as of June 30, 2017 and 2016:

June 30, 2017		
Investment Type	Range of Ratings	Percentage of Total Portfolio
Domestic		
Money market mutual funds	N/A	0.3%
U.S. treasury securities	AA+	4.7%
U.S. agency securities	AA+	0.1%
Government-sponsored enterprises obligations	AA+	2.8%
Corporate bonds	AAA to BB	9.6%
Municipal bonds	AAA to A-	0.9%
International fixed income fund:		
Brandywine International Fixed Income Fund	N/A	7.8%
Pyramis Emerging Fixed Income Fund	N/A	4.8%
Index fund - fixed income:		
SSgA U.S. TIPS Index Non-Lending Fund	N/A	4.2%
Index funds - equities:		
Russell 2000 Index Non-Lending Fund	N/A	5.8%
S&P 500 Flagship Non-Lending Fund	N/A	14.8%
Index fund - commodities:		
SSgA Dow Jones-UBS Commodity Index Non-Lending Fund	N/A	3.0%
International equity funds:		
Pictet International Equity Fund, LLC	N/A	16.2%
Wells Fargo Emerging Markets Equity Fund	N/A	8.1%
Brandes	N/A	3.4%
International hedge fund:		
EnTrust Capital Diversified Fund QP Ltd.	N/A	3.6%
Blackstone Alternative BPIF Nontax LP	N/A	4.3%
Real estate fund:		
Prudential - PRISA SA	N/A	2.9%
Brookfield	N/A	2.7%

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
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Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

June 30, 2016

Investment Type	Range of Ratings	Percentage of Total Portfolio
Domestic		
Money market mutual funds	N/A	0.5%
U.S. treasury securities	AA+	3.4%
U.S. agency securities	AA+	0.1%
Government-sponsored enterprises obligations	AA+	3.3%
Corporate bonds	AAA to BB	11.9%
Municipal bonds	AAA to A-	1.2%
International fixed income fund:		
Brandywine International Fixed Income Fund	N/A	8.8%
Pyramis Emerging Fixed Income Fund	N/A	4.9%
Index fund - fixed income:		
SSgA U.S. TIPS Index Non-Lending Fund	N/A	4.8%
Index funds - equities:		
Russell 2000 Index Non-Lending Fund	N/A	5.3%
S&P 500 Flagship Non-Lending Fund	N/A	14.5%
Index fund - commodities:		
SSgA Dow Jones-UBS Commodity Index Non-Lending Fund	N/A	3.7%
International equity funds:		
Pictet International Equity Fund, LLC	N/A	12.5%
Wells Fargo Emerging Markets Equity Fund	N/A	7.5%
Brandes	N/A	2.6%
International hedge fund:		
EnTrust Capital Diversified Fund QP Ltd.	N/A	4.0%
Blackstone Alternative BPIF Nontax LP	N/A	4.6%
Real estate fund:		
Prudential - PRISA SA	N/A	3.2%
Brookfield	N/A	3.2%

Concentration of credit risk: The Plan's investment policy at June 30, 2017 and 2016 mandates that no managed account may invest more than 5 percent of managed assets in the securities of a single issuer with the exception of issuers guaranteed by the U.S. government. As of June 30, 2017 and 2016, the Plan was in compliance with this policy.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

Investment concentrations: The fair value of investment funds that represented 5 percent or more of the Plan's net position restricted for pensions were as follows:

	2017	2016
S&P 500 Flagship Non-Lending Fund	\$ 56,901,503	\$ 48,259,098
Pictet International Equity Fund, LLC	61,971,620	41,761,275
Brandywine International Fixed Income Fund	29,963,094	29,243,289
Wells Fargo Emerging Markets Equity Fund	30,930,556	25,125,845
Russell 2000 Index Non-Lending Fund	22,210,043	17,817,813

Custodial credit risk: In the event of a failure of a financial institution or counterparty, custodial credit risk is the risk that the Plan would not be able to recover its deposits, investments or collateral securities in the possession of an outside party. The Plan's investment policy requires assets held by a custodian as determined by the board of trustees, to be held in the name of the City of Springfield Police Officers' and Fire Fighters' Retirement Fund. In addition, the Plan addresses custodial credit risk by diversifying its investment portfolio and requiring all assets to be invested with the care, skill and diligence that a prudent person familiar with such matters acting in a like capacity would use in a similar enterprise.

At June 30, 2017 and 2016, the bank balances of the Plan's deposits totaled \$5,630,295 and \$4,394,507, respectively. The City's policy is to pledge collateral of at least 102 percent of deposits not covered by federal deposit insurance. Obligations pledged to secure deposits may consist of the same type of obligations in which the City may invest. At June 30, 2017 and 2016, the Plan's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities in excess of 102 percent of deposits. The Plan's investment securities were registered and held by the Plan's financial institution in the Plan's name.

Interest rate risk: Interest rate risk is the risk that changes in financial market rates of interest will adversely affect the value of an investment. As a means of limiting exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Plan coordinates its investment maturities to closely match cash flow needs. The investments presented below the maturity chart are not subject to interest rate risk given they have no maturity dates.

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.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

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 following fair value techniques were utilized in measuring the fair value of its investments:

U.S. Treasury securities and mutual funds: These investments are reported at fair value based on quoted market prices obtained from exchanges.

Corporate bonds: These investments are reported at fair value based on evaluation using market sources and integrating relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.

U.S. Government agency securities and government-sponsored enterprises: U.S. Government securities are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

Municipal bonds: Municipal bonds are reported at fair value based on trades, bid price or spread, two-sided markets, quotes, benchmark curves, including but not limited to, treasury benchmarks and LIBOR and swap curves, market data feeds such as MSRB, financial statements, discount rate, capital rates and trustee reports.

The Plan has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 7.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

At June 30, 2017, investment maturities and fair value hierarchy by investment type were as follows:

Type	Fair Value	Maturities in Years				Fair Value Hierarchy Level
		Less than 1	1-5	6-10	More than 10	
Money market mutual funds	\$ 975,686	\$ 975,686	\$ -	\$ -	\$ -	1
U.S. Treasury securities	18,019,058	-	2,095,233	1,926,304	13,997,521	1
U.S. agency securities:						
Government National Mortgage Association	239,254	-	-	-	239,254	1
Government-sponsored enterprises obligations:						
Freddie Mac	787,642	-	-	-	787,642	2
Federal National Mortgage Association	8,959,102	213,724	4,981	1,019,010	7,721,387	2
Small Business Administration	596,507	-	32,172	-	564,335	2
Other Government	445,336	-	-	445,336	-	
Corporate bonds	36,896,829	366,317	6,589,855	8,096,869	21,843,788	2
Municipal bonds	3,491,690	-	643,196	867,990	1,980,504	2
Investments measured at net asset value:						
International fixed income fund	48,465,221	48,465,221	-	-	-	
Index fund - fixed income	16,042,073	16,042,073	-	-	-	
		<u>\$ 66,063,021</u>	<u>\$ 9,365,437</u>	<u>\$ 12,355,509</u>	<u>\$ 47,134,431</u>	
Index funds - equities	79,111,545					
Index fund - commodities	11,472,162					
International equity funds	105,941,258					
International hedge fund	30,237,146					
Real estate fund	21,509,867					
	<u>\$ 383,190,376</u>					

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
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Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

At June 30, 2016, investment maturities and fair value hierarchy by investment type were as follows:

Type	Fair Value	Maturities in Years				Fair Value Hierarchy Level
		Less than 1	1-5	6-10	More than 10	
Money market mutual funds	\$ 1,572,417	\$ 1,572,417	\$ -	\$ -	\$ -	1
U.S. Treasury securities	11,421,608	-	1,002,532	1,388,468	9,030,608	1
U.S. agency securities:						
Government National Mortgage Association	261,273	-	-	-	261,273	1
Government-sponsored enterprises obligations:						
Freddie Mac	820,639	-	-	-	820,639	2
Federal National Mortgage Association	4,606,471	-	315,401	1,474,766	2,816,304	2
Fannie Mae	657,173	-	-	-	657,173	2
Federal Home Loan Association	3,525,583	-	3,909	4,433	3,517,241	2
Small Business Administration	1,561,228	-	-	-	1,561,228	2
Corporate bonds	39,772,249	682,094	6,463,665	5,867,558	26,758,932	2
Municipal bonds	4,111,359	-	906,761	302,006	2,902,592	2
Investments measured at net asset value:						
International fixed income fund	46,092,913	46,092,913	-	-	-	
Index fund - fixed income	16,154,182	16,154,182	-	-	-	
		<u>\$ 64,501,606</u>	<u>\$ 8,692,268</u>	<u>\$ 9,037,231</u>	<u>\$ 48,325,990</u>	
Index funds - equities	66,076,911					
Index fund - commodities	12,289,512					
International equity funds	75,294,222					
International hedge fund	28,478,700					
Real estate fund	20,982,706					
	<u>\$ 333,679,146</u>					

There have been no significant changes in valuation techniques during fiscal years ended June 30, 2017 and 2016.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
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Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

The following table sets forth additional disclosures of the Plan's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2017 and 2016:

Investment	Fair Value at June 30, 2017	Fair Value at June 30, 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International fixed income fund (A):					
Brandywine International Fixed Income Fund	\$ 29,963,094	\$ 29,243,289	\$ -	N/A	Ten business days
Pyramis Emerging Fixed Income Fund	18,502,127	16,849,624	-	N/A	Five business days
Index fund - fixed income (B):					
SSgA U.S. TIPS Index Non-lending Fund	16,042,073	16,154,182	-	N/A	Two business days
Index fund - equities (C):					
Russell 2000 Index Non-Lending Fund	22,210,043	17,817,813	-	N/A	Two business days
S&P 500 Flagship Non-Lending Fund	56,901,502	48,259,098	-	N/A	Two business days
Index fund - commodities (D):					
SSgA Dow Jones-UBS Commodity Index Non-Lending Fund	11,472,162	12,289,512	-	N/A	Two business days
International equity funds (E):					
Pictet International Equity Fund, LLC	61,971,620	41,761,275	-	N/A	Three business days
Wells Fargo Emerging Markets Equity Fund	30,930,556	25,125,845	-	N/A	Ten business days
Brandes	13,039,082	8,407,102	-	Monthly	Ten business days
International hedge funds (F):					
EnTrust Capital Diversified Fund QP Ltd.	13,859,285	13,323,011	-	Quarterly	90 days
Blackstone Alternative BPIF Nontax LP	16,377,861	15,155,689	-	Semiannual	95 days
Real estate funds (G):					
Prudential - PRISA SA	11,058,480	10,837,922	-	Quarterly	90 days
Brookfield	10,451,387	10,144,784	-	N/A	None
	<u>\$ 312,779,272</u>	<u>\$ 265,369,146</u>	<u>\$ -</u>		

- (A) These funds are organized with the objective of achieving interest income and long-term capital appreciation by investing in non-U.S. debt securities. The funds concentrate investments in countries having the best value in the form of high real interest rates and in emerging countries.
- (B) The investment objective of this fund is to approximate the performance of the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index over the long term by investing in securities backed by the U.S. Treasury.
- (C) The investment objectives of these funds is to approximate the performance of the S&P 500 Index Russell 2000 Index over the long term by investing in marketable equity securities.
- (D) The investment objective of this fund is to approximate the performance of the Bloomberg Commodity Total Return Index over the long term by investing in other collective investment funds.
- (E) These funds are organized with the objective of seeking long-term growth of capital by investing in large capitalization equity securities in international markets.
- (F) These funds are organized with the objective of developing and managing an investment portfolio of non-traditional, international private investment entities.
- (G) These funds are organized with the objective of managing a portfolio of investments comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate.

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 formal policy relating to foreign currency risk since the Plan does not invest directly in foreign currency.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 4. Deposits and Investments (Continued)

Annual money-weighted rate of return: For the years ended June 30, 2017 and 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.26 percent and 1.13 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 5. Net Pension Liability

The components of the net pension liability of the Plan at June 30, 2017 and 2016, were as follows:

	2017	2016
Total pension liability	\$ 491,501,728	\$ 505,538,329
Plan fiduciary net position	(394,707,007)	(343,287,402)
Net pension liability	\$ 96,794,721	\$ 162,250,927
Fiduciary net position as a % of total pension liability	80.31%	67.91%

Note 6. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation prepared by Milliman as of June 30, 2017 and 2016, using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost	
Inflation	2.5%	
Salary increases	Range from 7.0% at hire to 2.5% at 13 years of service	
Investment rate of return	7%	
Cost of living adjustment	3%	
Retirement age	<u>Age</u>	<u>Percentage retiring in the next year</u>
	45-50	25%
	51-53	20%
	54	25%
	55-59	50%
	60+	100%
Turnover	Rates based on experience	
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants	

The actuarial assumptions used in the June 30, 2017 and 2016, valuations were based on the results of an actuarial experience study for the period July 1, 2009 – July 1, 2013.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 6. Actuarial Methods and Assumptions (Continued)

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the Fund's independent investment consultant as of June 30, 2017 and 2016.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	Barclays Aggregate	10.00%	2.07%	1.95%
US Long Bonds	Barclays LT Gvt/Credit	10.00	2.79	2.31
US Inflation-Indexed Bonds	Barclays US TIPS	5.00	1.45	1.33
Global Bonds	Citi WGB1	9.00	0.25	0.18
Emerging Markets Bonds	JPM EMBI Plus	5.00	3.41	2.47
US Large Caps	S&P 500	12.00	4.56	3.38
US Small Caps	Russell 2000	4.00	5.82	3.91
Foreign Developed Equity	MSCI EAFE NR	11.00	5.82	4.21
Emerging Markets Equity	MSCI EM NR	10.00	8.16	4.94
Non-US Small Cap	S&P EPAC EMI	4.00	6.28	4.50
Global REITs	FTSE EPRA/NAREIT Developed	2.50	5.77	3.79
Private Real Estate Property	NCREIF Property	2.50	3.63	2.93
Commodities	Dow Jones UBS	5.00	2.93	1.31
Hedge FOF Conservative	HFRI FOF Conservative	10.00	1.55	1.38
Portfolio Arithmetic Mean Return				2.50
Portfolio Standard Deviation				1.85
Long-Term Expected Rate of Return				7.00

Discount rate: The discount rate used to measure the total pension liability at June 30, 2017 and 2016, was 7.00 percent and 6.58 percent, respectively. As of June 30, 2017, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability. The change in discount rate is a result of the change in the contribution rate as disclosed in Note 1.

The discount rate at June 30, 2016 was based on an expected rate of return on pension plan investments of 7.0 percent and a municipal bond rate of 2.85 percent. The projection of cash flows used to determine the discount rate assumed that current active members will contribute the required employee contribution amounts, contributions from the sales tax will cease at the end of the current 5-year renewal period, and the funding policy used to determine the actuarially determined contribution does not change. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members for the next 49 years. As a result, for fiscal year 2016, the long-term expected rate of return on pension plan investments was applied to projected benefit payments for the next 49 years, and the municipal bond rate was applied to all benefit payments after those dates.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund,
A Fiduciary Fund of the City of Springfield, Missouri**

Notes to Financial Statements

Note 6. Actuarial Methods and Assumptions (Continued)

Sensitivity analysis: The following sensitivity analysis presents the net pension liability of the Plan, calculated using the discount rate of 7.00 percent as of June 30, 2017, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate. The discount rate as of June 30, 2016 was 6.58 percent:

	June 30, 2017		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 557,150,272	\$ 491,501,728	\$ 437,917,238
Fiduciary net position	(394,707,007)	(394,707,007)	(394,707,007)
Net pension liability	<u>\$ 162,443,265</u>	<u>\$ 96,794,721</u>	<u>\$ 43,210,231</u>

	June 30, 2016		
	1% Decrease (5.58%)	Current Discount Rate (6.58%)	1% Increase (7.58%)
Total pension liability	\$ 576,664,562	\$ 505,538,329	\$ 447,877,223
Fiduciary net position	(343,287,402)	(343,287,402)	(343,287,402)
Net pension liability	<u>\$ 233,377,160</u>	<u>\$ 162,250,927</u>	<u>\$ 104,589,821</u>

Note 7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the total pension liability are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Required Supplementary Information

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Years Ended June 30, 2017, 2016, 2015 and 2014

(Dollars in Thousands)

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 5,124	\$ 6,187	\$ 6,421	\$ 6,435
Interest on total pension liability	32,753	31,690	30,102	28,173
Effect of plan changes	-	894	-	-
Effect of economic/demographic gains or (losses)	(25,689)	12,967	9,560	3,961
Effect of assumption changes or inputs	-	25,655	-	38,020
Benefit payments	(26,224)	(24,566)	(23,409)	(22,188)
Net Change in Total Pension Liability	(14,036)	52,827	22,674	54,401
Total Pension Liability - Beginning	505,538	452,711	430,037	375,636
Total Pension Liability - Ending (a)	491,502	505,538	452,711	430,037
Fiduciary Net Position				
Employer - public safety pension sales tax	32,265	31,993	30,772	29,315
Employer contributions	6,682	7,050	7,131	7,658
Member contributions	3,172	2,946	2,983	3,201
Net investment income (loss)	35,587	3,662	(4,345)	37,637
Other revenue	316	37	83	26
Benefit payments	(23,459)	(22,180)	(20,823)	(19,228)
Refunds of contributions	(2,765)	(2,386)	(2,586)	(2,959)
Administrative expenses	(378)	(369)	(335)	(354)
Net Change in Fiduciary Net Position	51,420	20,753	12,880	55,296
Fiduciary Net Position - Beginning	343,287	322,534	309,654	254,358
Fiduciary Net Position - Ending (b)	394,707	343,287	322,534	309,654
Net Pension Liability, Ending = (a) - (b)	\$ 96,795	\$ 162,251	\$ 130,177	\$ 120,383
Fiduciary Net Position as a Percentage of Total Pension Liability	80.31%	67.91%	71.24%	72.01%
Covered Payroll	\$ 17,337	\$ 19,031	\$ 18,844	\$ 18,770
Net Pension Liability as a Percentage of Covered Payroll	558.31%	852.56%	690.80%	641.35%

Information prior to 2014 is unavailable.

**City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Required Supplementary Information**

**Schedule of Contributions
Ten Years Ended June 30, 2017**

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2008	\$ 12,347,207	\$ 8,794,259	\$ 3,552,948	\$ 24,695,779	35.61%
2009	13,273,246	23,979,519	(10,706,273)	23,825,564	100.65
2010	13,137,104	31,916,852	(18,779,748)	20,970,392	152.20
2011	12,972,229	34,141,863	(21,169,634)	20,498,113	166.56
2012	20,881,652	35,726,586	(14,844,934)	19,976,163	178.85
2013	20,823,687	35,615,908	(14,792,221)	20,060,038	177.55
2014	19,607,474	36,973,397	(17,365,923)	18,770,274	196.98
2015	16,267,747	37,903,792	(21,636,045)	18,844,060	201.14
2016	18,370,494	39,043,206	(20,672,712)	19,031,138	205.15
2017	16,423,634	38,947,454	(22,523,820)	17,337,474	224.64

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost	
Amortization method	Level dollar, closed	
Remaining amortization period	13 years	
Asset valuation method	5 years, non-asymptotic	
Inflation	2.5%	
Salary increases	Range from 7.0% at hire to 2.5% at 13 years of service, including inflation	
Investment rate of return	7%	
Cost of living adjustment	3%	
Retirement age		Percentage retiring <u>in the next year</u>
	<u>Age</u>	
	45-50	25%
	51-53	20%
	54	25%
	55-59	50%
	60+	100%
Turnover	Rates based on experience	
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants	

City of Springfield, Missouri
Police Officers' and Fire Fighters' Retirement Fund
Required Supplementary Information

Schedule of Investment Returns
June 30, 2017

	Money-Weighted Rate of Return, Net
<hr/>	
Fiscal year ending June 30:	
2014	14.49%
2015	(1.38)
2016	1.13
2017	10.26

Information prior to 2014 is unavailable.

