

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

Financial Report  
June 30, 2020 and 2019

## Contents

---

Independent auditor's report	1-2
Management's discussion and analysis	3-5
Financial statements	
Statements of fiduciary net position	6
Statements of changes in fiduciary net position	7
Notes to financial statements	8-22
Required supplementary information	
Schedule of changes in net pension liability and related ratios	23-24
Schedule of contributions	25
Schedule of investment returns	26

---



## Independent Auditor's Report

RSM US LLP

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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 report dated November 12, 2020 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 12, 2020

**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, 2020 and 2019**

---

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, 2020 and 2019. 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, 2020 and 2019**

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

	<u>2020</u>	2019	2018
<b>Assets</b>			
Current assets	\$ 14,157	\$ 12,660	\$ 16,638
Investments	<b>467,302</b>	447,345	412,270
<b>Total assets</b>	<b>481,459</b>	460,005	428,908
<b>Liabilities</b>			
Accounts payable	<b>271</b>	217	243
Net position restricted for pensions	<b>\$ 481,188</b>	\$ 459,788	\$ 428,665

In 2020, fiduciary net position increased by \$21 million or 5% over 2019. This increase was driven by an increase in market value of investments and the sales tax contributions. In 2019, fiduciary net position increased by \$31 million or 7% over 2018. This increase was driven by an increase in market value of investments and the sales tax contributions.

A summary of the Statement of Changes in Fiduciary Net Position is as follows (in thousands):

	<u>2020</u>	2019	2018
<b>Additions</b>			
Contributions:			
Sales tax	\$ 34,063	\$ 33,692	\$ 33,238
City	<b>6,154</b>	6,338	6,578
Employees	<b>3,032</b>	2,874	2,979
<b>Total contributions</b>	<b>43,249</b>	42,904	42,795
Net investment income	<b>8,250</b>	17,757	18,966
Other income	<b>30</b>	44	15
<b>Total additions</b>	<b>51,529</b>	60,705	61,776
<b>Deductions</b>			
Benefit payments	<b>27,662</b>	26,314	24,921
Refund of contributions	<b>2,069</b>	2,860	2,509
Administrative expenses	<b>398</b>	408	388
<b>Total deductions</b>	<b>30,129</b>	29,582	27,818
Net increase	<b>21,400</b>	31,123	33,958
Net position restricted for pensions, beginning of year	<b>459,788</b>	428,665	394,707
Net position restricted for pensions, end of year	<b>\$ 481,188</b>	\$ 459,788	\$ 428,665

**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, 2020 and 2019**

---

The City contributes 35% of payroll and employees contributed 20.00% for police and 15.13% for fire in 2020 and the police contributed 17.70%, and fire contributed 15.13% in 2019. The fire rate is fixed until 2029, and the police rate is fixed indefinitely. In 2009, Springfield voters passed a public safety sales tax with 100% of the tax revenue dedicated to the Plan. In 2020, this tax generated \$34 million, and in 2019 it generated approximately \$33.8 million. The public safety pension sales tax was scheduled to expire in 2015. In 2014, voters extended this tax for another five years. The tax was scheduled to expire in March 2020. As of April 1, 2020 this sales tax has been extended for a period of 5 years, or until the funded portion of the pension reaches 100%.

Benefit payments include monthly payments of retirement, disability and survivor benefits. These payments increased by \$1,348,403 or 5% from 2019 to 2020. These increases are due to more retirees receiving payments and the automatic 3% cost-of-living adjustment.

Upon retirement, plan members receive a refund of the contributions they made to the Plan during their employment. In 2020, the amount refunded was \$791,421 less than in 2019 as there were less retirements. The average amount refunded was a slightly more than in 2019 due to the increasing contribution rate.

**Plan Highlights**

As computed under Statement No. 67 of the Government Accounting Standards Board, the total pension liability for the Plan at June 30, 2020 was \$603,580,599 and the net pension liability was \$122,392,028. At June 30, 2019, the total pension liability was \$587,871,963 and the net pension liability was \$128,083,687. The fiduciary net position as of the total pension liability was 80% at June 30, 2020. This is an increase from June 30, 2019, when the fiduciary net position was 78% of the total pension liability.

**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, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	<b>\$ 8,041,140</b>	<b>\$ 6,482,186</b>
Investments at fair value:		
Money market mutual funds	4,923,457	1,316,124
U.S. treasury securities	23,355,230	23,270,830
U.S. agency securities	178,801	198,186
Government-sponsored enterprise obligations	15,554,495	13,995,206
Corporate bonds	78,102,949	49,398,271
Municipal bonds	5,576,752	3,749,608
Real estate investment trust mutual fund	9,461,977	11,595,495
International fixed income fund	24,730,613	56,054,742
Index fund—equities	108,343,557	103,720,748
International equity funds	111,459,738	117,001,103
International hedge fund	25,512,456	29,025,195
Real estate fund	17,261,726	17,411,267
Common collective trust	42,840,123	20,608,219
<b>Total investments</b>	<b>467,301,874</b>	<b>447,344,994</b>
Receivables:		
Public safety pension sales tax due from the City	5,345,728	5,472,527
Accrued interest and dividends	770,878	704,545
<b>Total receivables</b>	<b>6,116,606</b>	<b>6,177,072</b>
<b>Total assets</b>	<b>481,459,620</b>	<b>460,004,252</b>
<b>Liabilities and Net Position</b>		
Payables:		
Accounts payable	261,841	208,367
CID sales tax due to City	9,208	7,609
<b>Total payables</b>	<b>271,049</b>	<b>215,976</b>
Net position restricted for pensions	<b>\$ 481,188,571</b>	<b>\$ 459,788,276</b>

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, 2020 and 2019**

	2020	2019
Contributions:		
Employer—public safety pension sales tax	\$ 34,063,300	\$ 33,691,590
Employer	6,153,048	6,337,970
Members	3,031,778	2,874,030
<b>Total contributions</b>	<b>43,248,126</b>	<b>42,903,590</b>
Net investment income:		
Net appreciation of fair value of investments	10,295,523	19,612,284
Interest and dividends	77,469	92,138
	<b>10,372,992</b>	<b>19,704,422</b>
Less: Investment expenses	<b>(2,122,764)</b>	<b>(1,947,173)</b>
<b>Net investment income</b>	<b>8,250,228</b>	<b>17,757,249</b>
Other revenue	30,595	43,767
<b>Total additions</b>	<b>51,528,949</b>	<b>60,704,606</b>
Deductions:		
Benefit payments	27,662,135	26,313,732
Refunds of contributions	2,068,753	2,860,174
Administrative expenses	397,766	407,508
<b>Total deductions</b>	<b>30,128,654</b>	<b>29,581,414</b>
<b>Net increase</b>	<b>21,400,295</b>	<b>31,123,192</b>
Net position restricted for pensions:		
Beginning of year	459,788,276	428,665,084
End of year	<b>\$ 481,188,571</b>	<b>\$ 459,788,276</b>

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's 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, 2020 and 2019, is comprised of the following:

	June 30, 2020		
	Police Officers	Firefighters	Total
Retirees and beneficiaries currently receiving benefits	300	302	602
Terminated vested members	19	1	20
Fully vested active members	112	80	192
	<u>431</u>	<u>383</u>	<u>814</u>
	June 30, 2019		
	Police Officers	Firefighters	Total
Retirees and beneficiaries currently receiving benefits	287	304	591
Terminated vested members	18	1	19
Fully vested active members	128	87	215
	<u>433</u>	<u>392</u>	<u>825</u>

**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)**

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% 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% 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% 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% and a maximum of 50% 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% of average salary and a maximum benefit of 50% 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% 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 benefit equal to 50% of the member's average salary in effect at the date of death is payable to the surviving spouse, if death occurs as a direct result of an act of duty. An additional allowance of 10% 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% of the member's salary, with an offset for any amounts payable under workers' compensation. Survivor's pensions for nonduty connected deaths are 25% of average salary plus 1 and 1/8% of average salary for each year of service, provided the member had at least five years of service, subject to a maximum of 50% of average salary paid to the surviving spouse. An additional 10% of the member's salary is payable for each surviving child under the age of 18, subject to a maximum payment of 60% 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, the member's 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% 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% increase does not begin until the calendar year of the employee's 56<sup>th</sup> 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 \$397,766 and \$407,508 in 2020 and 2019, respectively, and are reported as administrative expenses in the accompanying statements 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 2. Summary of Significant Accounting Policies (Continued)**

**Reclassifications:** Certain items for the year ended June 30, 2019, have been reclassified with no effect on changes in net position, to be consistent with the classification adopted for the year ended June 30, 2020.

**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% rate plus an additional funding contribution of 11.5% for a total contribution rate to the Plan of 20.00% of their annual salary for the years ended June 30, 2020, and in 2019 the police contributed a flat rate of 8.50% and an additional 9.2% for a rate of 17.7%. Fire members entering the Plan prior to June 1, 2006, were required to contribute a flat 8.50% rate plus an additional funding contribution of 6.63% for a total contribution rate to the Plan of 15.13% of their annual salary for the years ended June 30, 2020 and 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, 2020 and 2019, the City's contribution rate to the Plan was 35% of member salaries.

During the years ended June 30, 2020 and 2019, contributions totaling \$43,248,126 and \$42,903,560, respectively, were made to the Plan. In 2020, the employer's actual contributions of \$6,153,048 and \$34,063,300 in public safety sales tax revenue exceeded the annual required employer's contributions of \$11,265,000 as determined by the Plan's actuary. In 2019, the employer's actual contributions of \$6,337,970 and \$33,691,590 in public safety sales tax revenue exceeded the annual required employer's contributions of \$12,862,864 as determined by the Plan's actuary. For the years ended June 30, 2020 and 2019, employer contributions represented 41.2% and 39.4%, respectively, and employee contributions represented 20.3% and 17.9%, respectively, of covered payroll.

The amount of contributions relating to the public safety sales tax due from the City of Springfield at June 30, 2020 and 2019, were \$5,345,728 and \$5,472,527, respectively. The public safety sales tax earned in May and June 2020 was \$2,854,890 and \$2,490,838, respectively, and those amounts are recorded as contributions receivable to the Plan at June 30, 2020. The public safety sales tax earned in May and June 2019 was \$3,262,654 and \$2,209,873, respectively, and those amounts are recorded as contributions receivable to the Plan at June 30, 2019.

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 target allocations at June 30, 2020 and 2019, were as follows:

Asset Type and Class	Approved Allocation Range	Target Allocations
Equities	25%–75%	
U.S. Equity (Large Cap)		13%–21%
U.S. Equity (Small Cap)		1.5%–7.5%
Developed Non-U.S. Equity		7%–15%
Developed Non-U.S. Equity (Small Cap)		2%–7%
Emerging Market Equity		8%–14%
Fixed Income	20%–50%	
Core Fixed Income		7%–13%
Long Duration Fixed Income		7%–13%
Developed Non-U.S. Fixed Income		1%–4%
Emerging Market Fixed Income		2%–8%
Alternatives	0%–35%	
Private Real Estate		0%–6%
Global REITS		0%–4%
Multi-Asset Class Solutions		0%–8%
Hedge Fund of Funds		2%–8%
Hedge Funds—Credit/Event		0%–8%
Infrastructure		0%–5%

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.

**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, 2020 and 2019, as measured by at least one credit rating service, with no more than 20% 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.

**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)**

The following tables provide information regarding Standard & Poor's credit ratings associated with the Plan's investments as of June 30, 2020 and 2019:

June 30, 2020		
Investment Type	Range of Ratings	Percentage of Total Portfolio
Domestic:		
Money market mutual funds	N/A	1.1%
U.S. treasury securities	AA+	5.0%
U.S. agency securities	AA+	0.0%
Government-sponsored enterprises obligations	AA+	3.3%
Corporate bonds	AAA to BB	16.7%
Municipal bonds	AAA to A-	1.2%
Real estate investment trust mutual fund	N/A	2.0%
International fixed income fund:		
Fidelity Emerging Markets Fixed Income Fund	N/A	5.3%
Index funds—equities:		
Russell 2000 Index Non-Lending Fund	N/A	4.3%
S&P 500 Flagship Non-Lending Fund	N/A	18.8%
International equity funds:		
Pictet International Equity Fund, LLC	N/A	10.0%
Wells Fargo Emerging Markets Equity Fund	N/A	11.2%
Brandes	N/A	2.7%
International hedge fund:		
EnTrust Capital Diversified Fund QP Ltd.	N/A	0.8%
Blackstone Alternative BPIF Nontax LP	N/A	4.7%
Real estate fund:		
Prudential—PRISA SA	N/A	3.7%
Common collective trust:		
Invesco	N/A	4.1%
EnTrust Blue Ocean Fund	N/A	1.8%
IFM Investors	N/A	3.3%

**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)**

June 30, 2019

Investment Type	Range of Ratings	Percentage of Total Portfolio
Domestic:		
Money market mutual funds	N/A	0.3%
U.S. treasury securities	AA+	5.2%
U.S. agency securities	AA+	0.0%
Government-sponsored enterprises obligations	AA+	3.1%
Corporate bonds	AAA to BB	11.0%
Municipal bonds	AAA to A-	0.8%
Real estate investment trust mutual fund	N/A	2.6%
International fixed income fund:		
Brandywine International Fixed Income Fund	N/A	6.8%
Fidelity Emerging Markets Fixed Income Fund	N/A	5.7%
Index funds—equities:		
Russell 2000 Index Non-Lending Fund	N/A	4.9%
S&P 500 Flagship Non-Lending Fund	N/A	18.3%
International equity funds:		
Pictet International Equity Fund, LLC	N/A	11.9%
Wells Fargo Emerging Markets Equity Fund	N/A	10.9%
Brandes	N/A	3.4%
International hedge fund:		
EnTrust Capital Diversified Fund QP Ltd.	N/A	1.6%
Blackstone Alternative BPIF Nontax LP	N/A	4.8%
Real estate fund:		
Prudential—PRISA SA	N/A	3.9%
Common collective trust:		
Invesco	N/A	4.6%

**Concentration of credit risk:** The Plan's investment policy at June 30, 2020 and 2019 mandates that no managed account may invest more than 5% 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, 2020 and 2019, the Plan was in compliance with this policy. Investments in mutual funds are not subject to concentration of credit risk disclosure.

**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)**

**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, 2020 and 2019, the bank balances of the Plan's deposits totaled \$8,041,140 and \$6,482,186, respectively. The City's policy is to pledge collateral of at least 102% 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, 2020 and 2019, the Plan's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities in excess of 102% 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.

**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.

**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)**

**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. 72.

At June 30, 2020, 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	\$ 4,923,457	\$ 4,923,457	\$ -	\$ -	\$ -	1
U.S. treasury securities	23,355,230	1,316,213	2,508,928	1,230,643	18,299,446	1
U.S. agency securities:						
Government National Mortgage Association	178,801	-	-	-	178,801	1
Government-sponsored enterprise obligations:						
Freddie Mac	1,136,402	-	-	-	1,136,402	2
Federal National Mortgage Association	13,885,617	15	783,521	1,160,990	11,941,091	2
Small Business Administration	291,049	-	-	291,049	-	2
Other Government	241,427	202,956	-	38,471	-	2
Corporate bonds	78,102,949	191,527	8,242,364	29,420,654	40,248,404	2
Municipal bonds	5,576,752	-	157,276	1,872,981	3,546,495	2
Real estate investment trust mutual fund	9,461,977	9,461,977	-	-	-	1
Investments measured at net asset value:						
International fixed income fund	24,730,613	24,730,613	-	-	-	
		<u>\$ 40,826,758</u>	<u>\$ 11,692,089</u>	<u>\$ 34,014,788</u>	<u>\$ 75,350,639</u>	
Index fund—equities	108,343,557					
International equity funds	111,459,738					
International hedge fund	25,512,456					
Real estate fund	17,261,726					
Common collective trust	42,840,123					
	<u>\$ 467,301,874</u>					

**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, 2019, 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	\$ 1,316,124	\$ 1,316,124	\$ -	\$ -	\$ -	1
U.S. treasury securities	23,270,830	-	2,873,150	969,813	19,427,867	1
U.S. agency securities:						
Government National Mortgage Association	198,186	-	-	-	198,186	1
Government-sponsored enterprise obligations:						
Freddie Mac	1,238,634	-	-	-	1,238,634	2
Federal National Mortgage Association	11,208,799	-	891,557	654,047	9,663,195	2
Small Business Administration	363,529	-	-	221,920	141,609	2
Other Government	1,184,244	-	198,492	-	985,752	2
Corporate bonds	49,398,271	451,870	7,695,782	10,383,280	30,867,339	2
Municipal bonds	3,749,608	-	431,363	1,117,610	2,200,635	2
Real estate investment trust mutual fund	11,595,495	11,595,495	-	-	-	1
Investments measured at net asset value:						
International fixed income fund	56,054,742	56,054,742	-	-	-	
		<u>\$ 69,418,231</u>	<u>\$ 12,090,344</u>	<u>\$ 13,346,670</u>	<u>\$ 64,723,217</u>	
Index fund—equities	103,720,748					
International equity funds	117,001,103					
International hedge fund	29,025,195					
Real estate fund	17,411,267					
Common collective trust	20,608,219					
	<u>\$ 447,344,994</u>					

There have been no significant changes in valuation techniques during fiscal years ended June 30, 2020 and 2019.

**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)**

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, 2020 and 2019:

Investment	Fair Value at June 30, 2020	Fair Value at June 30, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International fixed income fund (A):					
Brandywine International Fixed Income Fund	\$ -	\$ 30,455,390	\$ -	N/A	Ten business days
Fidelity Emerging Markets Fixed Income Fund	24,730,613	25,599,352	-	N/A	Five business days
Index fund—equities (B):					
Russell 2000 Index Non-Lending Fund	20,290,059	21,747,475	-	N/A	Two business days
S&P 500 Flagship Non-Lending Fund	88,053,498	81,973,273	-	N/A	Two business days
International equity funds (C):					
Pictet International Equity Fund, LLC	46,593,879	53,282,514	-	N/A	Three business days
Wells Fargo Emerging Markets Equity Fund	52,179,327	48,566,261	-	N/A	Ten business days
Brandes	12,686,532	15,152,328	-	Monthly	Ten business days
International hedge funds (D):					
EnTrust Capital Diversified Fund QP Ltd.	3,694,163	7,354,161	-	Quarterly	90 days
Blackstone Alternative BPIF Nontax LP	21,818,293	21,671,034	-	Semiannual	95 days
Real estate funds (E):					
Prudential—PRISA SA	17,261,726	17,411,267	-	Quarterly	90 days
Common collective trust (F):					
Invesco	19,210,632	20,608,219	-	N/A	Daily
EnTrust Blue Ocean Fund	8,226,094	-	22,156,516	N/A	None
IFM Investors	15,403,397	-	-	Quarterly	90 days
	<u>\$ 330,148,213</u>	<u>\$ 343,821,274</u>	<u>\$ 22,156,516</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 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.
- (C) These funds are organized with the objective of seeking long-term growth of capital by investing in large capitalization equity securities in international markets.
- (D) These funds are organized with the objective of developing and managing an investment portfolio of non-traditional, international private investment entities.
- (E) 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.
- (F) These funds are organized with the objective to provide exposure to stocks, bonds, and commodities, using a risk-balanced approach.

**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, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.79% and 4.13%, 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, 2020 and 2019, were as follows:

	2020	2019
Total pension liability	\$ 603,580,599	\$ 587,871,963
Plan fiduciary net position	(481,188,571)	(459,788,276)
Net pension liability	<u>\$ 122,392,028</u>	<u>\$ 128,083,687</u>
Fiduciary net position as a % of total pension liability	79.72%	78.21%

**Note 6. Actuarial Methods and Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2020 and 2019, using the following actuarial assumptions applied to all periods included in the measurement. There were no assumption changes from 2019 to 2020.

2020											
Actuarial cost method	Entry age normal cost										
Inflation	2.3%										
Salary increases	Range from 7.0% at hire to 2.5% at 13 years of service										
Investment rate of return	6.5%										
Cost of living adjustment	3%										
Retirement age	<table> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Percentage retiring in the next year</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">45-50</td> <td style="text-align: center;">35%</td> </tr> <tr> <td style="text-align: center;">51-54</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">55-59</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">60+</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Percentage retiring in the next year</u>	45-50	35%	51-54	25%	55-59	50%	60+	100%
<u>Age</u>	<u>Percentage retiring in the next year</u>										
45-50	35%										
51-54	25%										
55-59	50%										
60+	100%										
Turnover	Rates based on experience										
Mortality	Pub -2010 Safety Amount-Weighted Mortality Tables with generational projection from 2010 using 70% of Scale MP-2018										

The actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014—June 30, 2018.

**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 as of June 30, 2020.

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	5.00%	0.83%	0.76%
US Interm Bonds	Barclays IT Gvt/Credit	10.00	0.50	0.45
US Long Bonds	Barclays LT Gvt/Credit	10.00	1.90	1.53
Global Bonds	Citi WGB1	4.00	0.03	(0.20)
Emerging Markets Bonds	JPM EMBI Plus	5.00	3.88	3.06
US Large Caps	S&P 500	17.00	4.53	3.33
US Small Caps	Russell 2000	4.50	6.15	4.13
Global Equity	MSCI ACWI NR	3.00	5.58	4.22
Foreign Developed Equity	MSCI EAFE NR	11.00	6.34	4.77
Emerging Markets Equity	MSCI EM NR	11.00	8.38	5.56
Non-US Small Cap	S&P EPAC EMI	4.00	6.98	5.16
Global REITs	FTSE EPRA/NAREIT Developed	2.50	6.05	4.27
Private Real Estate Property	NCREIF Property	4.00	3.77	3.06
Infrastructure	S&P Global Infrastructure	3.50	5.28	4.20
Hedge FOF Conservative	HFRI FOF Conservative	5.00	1.59	1.45
Portfolio Arithmetic Mean Return				2.30
Portfolio Standard Deviation				1.65
Long-Term Expected Rate of Return				6.50

**Discount rate:** The discount rate used to measure the total pension liability at June 30, 2020 and 2019, was 6.50%. As of June 30, 2020 and 2019, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. The projection of cash flows used to determine the discount rate assumed (1) current active members contribute the required employee contribution amounts; (2) the employer contributes 35% of covered payroll; and (3) contributions from the sales tax are assumed to increase by 1% per year and cease at the end of the 5-year renewal period that was approved on November 5, 2019. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**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 6.50% as of June 30, 2020 and 2019, 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	June 30, 2020		
	1%	Current	1%
	Decrease 5.50%	Discount Rate 6.50%	Increase 7.50%
Total pension liability	\$ 686,617,842	\$ 603,580,599	\$ 536,323,048
Fiduciary net position	(481,188,571)	(481,188,571)	(481,188,571)
Net pension liability	<u>\$ 205,429,271</u>	<u>\$ 122,392,028</u>	<u>\$ 55,134,477</u>

  

	June 30, 2019		
	1%	Current	1%
	Decrease 5.50%	Discount Rate 6.50%	Increase 7.50%
Total pension liability	\$ 669,735,944	\$ 587,871,963	\$ 521,625,580
Fiduciary net position	(459,788,276)	(459,788,276)	(459,788,276)
Net pension liability	<u>\$ 209,947,668</u>	<u>\$ 128,083,687</u>	<u>\$ 61,837,304</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.

**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 8. Subsequent Event**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have a significant impact on the economies and financial markets of many countries, and all States of the United States of America.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be on the Plan. To date, the Plan, as with most local municipalities in the State and Country, is reviewing fiscal 2021 year-end revenue projections for possible negative variances to budget, and significant changes in the fair value of assets held by the Plan for investment purposes.

## **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, 2020, 2019, 2018, 2017, 2016, 2015 and 2014**  
*(Dollars in Thousands)*

	2020	2019	2018
<b>Total Pension Liability</b>			
Service cost	\$ 5,331	\$ 4,627	\$ 4,858
Interest on total pension liability	37,607	34,759	33,801
Effect of plan changes	-	(72)	-
Effect of economic/demographic gains or (losses)	2,502	10,516	3,534
Effect of assumption changes or inputs	-	60,951	-
Benefit payments	(29,731)	(29,174)	(27,430)
<b>Net Change in Total Pension Liability</b>	<b>15,709</b>	<b>81,607</b>	<b>14,763</b>
<b>Total Pension Liability—Beginning</b>	<b>587,872</b>	<b>506,265</b>	<b>491,502</b>
<b>Total Pension Liability—Ending (a)</b>	<b>603,581</b>	<b>587,872</b>	<b>506,265</b>
<b>Fiduciary Net Position</b>			
Employer—public safety pension sales tax	34,063	33,692	33,238
Employer contributions	6,153	6,338	6,578
Member contributions	3,032	2,874	2,979
Net investment income (loss)	8,250	17,757	18,966
Other revenue	31	44	15
Benefit payments	(27,662)	(26,313)	(24,921)
Refunds of contributions	(2,069)	(2,861)	(2,509)
Administrative expenses	(398)	(407)	(388)
<b>Net Change in Fiduciary Net Position</b>	<b>21,400</b>	<b>31,124</b>	<b>33,958</b>
<b>Fiduciary Net Position—Beginning</b>	<b>459,789</b>	<b>428,665</b>	<b>394,707</b>
<b>Fiduciary Net Position—Ending (b)</b>	<b>481,189</b>	<b>459,789</b>	<b>428,665</b>
<b>Net Pension Liability, Ending = (a) - (b)</b>	<b>\$ 122,392</b>	<b>\$ 128,083</b>	<b>\$ 77,600</b>
<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>79.72%</b>	<b>78.21%</b>	<b>84.67%</b>
<b>Covered Payroll</b>	<b>\$ 14,923</b>	<b>\$ 16,090</b>	<b>\$ 16,589</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>820.16%</b>	<b>796.05%</b>	<b>467.78%</b>

Information prior to 2014 is unavailable.

**Assumption changes:** In 2019, amounts reported as assumption changes resulted primarily from decrease in the discount rate and investment rate of return from 7.0% to 6.5%, change in the mortality table, decrease in the inflation rate from 2.5% to 2.3% and change in retirement rates.

	2017		2016		2015		2014
\$	5,124	\$	6,187	\$	6,421	\$	6,435
	32,753		31,690		30,102		28,173
	-		894		-		-
	(25,689)		12,967		9,560		3,961
	-		25,655		-		38,020
	(26,224)		(24,566)		(23,409)		(22,188)
	(14,036)		52,827		22,674		54,401
	505,538		452,711		430,037		375,636
	491,502		505,538		452,711		430,037
	32,265		31,993		30,772		29,315
	6,974		7,050		7,131		7,658
	3,172		2,946		2,983		3,201
	35,587		3,662		(4,345)		37,637
	24		37		83		26
	(23,459)		(22,180)		(20,823)		(19,228)
	(2,765)		(2,386)		(2,586)		(2,959)
	(378)		(369)		(335)		(354)
	51,420		20,753		12,880		55,296
	343,287		322,534		309,654		254,358
	394,707		343,287		322,534		309,654
\$	96,795	\$	162,251	\$	130,177	\$	120,383
	80.31%		67.91%		71.24%		72.01%
\$	17,337	\$	19,031	\$	18,844	\$	18,770
	558.31%		852.56%		690.80%		641.35%

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

**Schedule of Contributions  
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
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	39,239,372	(22,815,738)	17,337,474	226.33
2018	14,546,713	39,815,728	(25,269,015)	16,588,735	240.02
2019	12,862,864	40,029,560	(27,166,696)	16,089,920	248.79
2020	11,265,000	40,216,348	(28,951,348)	14,922,980	269.49

**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										
Inflation	2.3%										
Salary increases	Range from 7.0% at hire to 2.5% at 13 years of service, including inflation										
Investment rate of return	6.5%										
Cost of living adjustment	3%										
Retirement age	<table> <thead> <tr> <th><u>Age</u></th> <th><u>Percentage retiring in the next year</u></th> </tr> </thead> <tbody> <tr> <td>45-50</td> <td>35%</td> </tr> <tr> <td>51-54</td> <td>25%</td> </tr> <tr> <td>55-59</td> <td>50%</td> </tr> <tr> <td>60+</td> <td>100%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Percentage retiring in the next year</u>	45-50	35%	51-54	25%	55-59	50%	60+	100%
<u>Age</u>	<u>Percentage retiring in the next year</u>										
45-50	35%										
51-54	25%										
55-59	50%										
60+	100%										
Turnover	Rates based on experience										
Mortality	Pub -2010 Safety Amount-Weighted Mortality Tables with generational projection from 2010 using 70% of Scale MP-2018										

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

**Schedule of Investment Returns**  
**June 30, 2020**

	Money-Weighted Rate of Return, Net
<hr/>	
Fiscal year ending June 30:	
2014	14.49%
2015	(1.38)
2016	1.13
2017	10.26
2018	4.77
2019	4.13
2020	1.79

Information prior to 2014 is unavailable.

