

REPORT OF
COUNTY EMPLOYEES' RETIREMENT FUND
ON
SCHEDULES OF PENSION INFORMATION
FOR PARTICIPATING EMPLOYERS
DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors
County Employees' Retirement Fund

Report on Schedules

We have audited the accompanying schedule of employer allocations of the County Employees' Retirement Fund (CERF) for the year ended December 31, 2018, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of CERF as of and for the year ended December 31, 2018, and the related notes.

Management's Responsibility for the Schedules

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

Auditors' Responsibility

Our responsibility is to express opinions on the schedules of employer allocations and the specified column totals included in the schedules of pension amounts by employer based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CERF's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedules of pension amounts by employer 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 CERF'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 schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for CERF as of and for the year ended December 31, 2018, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with U.S. generally accepted auditing standards, the financial statements of CERF as of and for the year ended December 31, 2018, and our report thereon, dated June 6, 2019, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors, management, and CERF's participating employers and their auditors, and is not intended to be, and should not be, used by anyone other than these specified parties.

William K. Keiper UC

August 29, 2019

COUNTY EMPLOYEES' RETIREMENT FUND

**SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Employer	Employer Name	2018 Actual Employer Contributions	Employer Allocation Percentage
1	Adair County	\$ 148,166	0.51963%
2	Andrew County	148,835	0.52197%
3	Atchison County	153,786	0.53934%
4	Audrain County	161,804	0.56746%
5	Barry County	285,350	1.00074%
6	Barton County	102,592	0.35980%
7	Bates County	144,923	0.50825%
8	Benton County	192,458	0.67496%
9	Bollinger County	98,966	0.34708%
10	Boone County	1,062,760	3.72716%
11	Buchanan County	731,548	2.56558%
12	Butler County	351,668	1.23332%
13	Caldwell County	78,059	0.27376%
14	Callaway County	244,323	0.85686%
15	Camden County	624,006	2.18843%
16	Cape Girardeau County	502,262	1.76146%
17	Carroll County	69,957	0.24534%
18	Carter County	73,899	0.25917%
19	Cass County	807,480	2.83188%
20	Cedar County	98,910	0.34688%
21	Chariton County	54,709	0.19187%
22	Christian County	565,784	1.98424%
23	Clark County	60,320	0.21155%
24	Clay County	1,985,833	6.96444%
25	Clinton County	166,909	0.58536%
26	Cole County	474,260	1.66326%
27	Cooper County	135,321	0.47458%
28	Crawford County	195,909	0.68706%
29	Dade County	55,484	0.19459%
30	Dallas County	124,186	0.43553%
31	Daviess County	74,275	0.26049%
32	DeKalb County	77,258	0.27095%
33	Dent County	110,154	0.38632%
34	Douglas County	82,183	0.28822%
35	Dunklin County	266,841	0.93583%
36	Franklin County	886,695	3.10969%
37	Gasconade County	156,519	0.54892%
38	Gentry County	59,819	0.20979%
39	Greene County	1,803,312	6.32432%
40	Grundy County	78,743	0.27616%
41	Harrison County	75,697	0.26547%
42	Henry County	184,336	0.64648%
43	Hickory County	81,176	0.28469%
44	Holt County	53,927	0.18913%
45	Howard County	75,757	0.26568%
46	Howell County	308,932	1.08344%
47	Iron County	65,821	0.23084%
48	Jasper County	938,631	3.29184%
49	Jefferson County	1,833,698	6.43089%
50	Johnson County	354,989	1.24497%
51	Knox County	45,532	0.15968%
52	Laclede County	244,034	0.85584%
53	Lafayette County	276,839	0.97089%
54	Lawrence County	266,387	0.93424%
55	Lewis County	74,110	0.25991%
56	Lincoln County	479,935	1.68316%

The accompanying notes are an integral part of this schedule.

COUNTY EMPLOYEES' RETIREMENT FUND

**SCHEDULE OF EMPLOYER ALLOCATIONS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Employer	Employer Name	2018 Actual Employer Contributions	Employer Allocation Percentage
57	Linn County	\$ 86,259	0.30252%
58	Livingston County	99,537	0.34908%
59	Macon County	215,622	0.75620%
60	Madison County	106,663	0.37407%
61	Marion County	77,240	0.27089%
62	Marion County	63,760	0.22361%
63	McDonald County	182,034	0.63840%
64	Mercer County	41,712	0.14629%
65	Miller County	200,466	0.70305%
66	Mississippi County	105,639	0.37048%
67	Moniteau County	110,288	0.38679%
68	Monroe County	70,933	0.24877%
69	Montgomery County	118,091	0.41415%
70	Morgan County	221,929	0.77832%
71	New Madrid County	125,564	0.44036%
72	Newton County	414,792	1.45470%
73	Nodaway County	115,206	0.40403%
74	Oregon County	70,967	0.24889%
75	Osage County	76,843	0.26949%
76	Ozark County	75,625	0.26522%
77	Pemiscot County	163,842	0.57460%
78	Perry County	116,998	0.41032%
79	Pettis County	272,959	0.95728%
80	Phelps County	251,279	0.88125%
81	Pike County	115,749	0.40594%
82	Platte County	935,577	3.28113%
83	Polk County	215,038	0.75415%
84	Pulaski County	224,086	0.78588%
85	Putnam County	49,723	0.17438%
86	Ralls County	72,745	0.25512%
87	Randolph County	202,633	0.71065%
88	Ray County	245,776	0.86195%
89	Reynolds County	57,349	0.20113%
90	Ripley County	96,022	0.33675%
91	Saline County	70,415	0.24695%
92	Schuyler County	416,041	1.45908%
93	Scotland County	153,235	0.53740%
94	Scott County	193,587	0.67892%
95	Shannon County	37,139	0.13025%
96	Shelby County	33,802	0.11855%
97	St. Clair County	267,171	0.93698%
98	St. Francois County	63,861	0.22396%
99	Ste. Genevieve County	44,628	0.15651%
100	Stoddard County	285,410	1.00095%
101	Stone County	348,183	1.22110%
102	Sullivan County	48,331	0.16950%
103	Taney County	772,643	2.70971%
104	Texas County	133,800	0.46924%
105	Vernon County	166,474	0.58383%
106	Warren County	302,448	1.06070%
107	Washington County	239,369	0.83948%
108	Wayne County	105,372	0.36955%
109	Webster County	242,770	0.85141%
110	Worth County	13,872	0.04865%
111	Wright County	120,343	0.42205%
	Totals	\$ 28,513,907	100.00000%

The accompanying notes are an integral part of this schedule.

COUNTY EMPLOYEES' RETIREMENT FUND

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Table with columns: Employer, Employer Name, Net Pension Liability (Beginning/Ending), Deferred Outflows of Resources (Experience/Investments/Assumptions), Change in Proportionate Share of Contributions, Total Deferred Outflows of Resources, Deferred Inflows of Resources (Experience/Assumptions), Change in Proportionate Share of Contributions, Total Deferred Inflows of Resources, Pension Expense (excluding that attributable to employer-paid member contributions), Proportionate Share of Pension Expense, Proportionate Share of Contributions, Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Pension Expense, Total Pension Expense.

COUNTY EMPLOYEES' RETIREMENT FUND
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Employer	Employer Name	Net Pension Liability		Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense (excluding that attributable to employer-paid member contributions)		Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Pension Expense	Total Pension Expense
		Beginning	Ending	Difference between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan	Change in Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of	Total Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Change in Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense		
100	Stoddard County	\$ 1,863,235	\$ 2,495,656	\$ 18,157	\$ 357,603	\$ 177,308	\$ 111,049	\$ 664,117	\$ 77,400	\$ -	\$ 20,189	\$ 97,589	\$ 532,941	\$ 9,893	\$ 542,834
101	Stone County	2,419,746	3,044,554	22,150	436,254	216,306	257	674,967	94,423	-	220,433	314,856	650,156	(115,153)	535,003
102	Sullivan County	409,218	422,612	3,075	60,556	30,025	24,329	117,985	13,107	-	105,969	119,076	90,248	(24,430)	65,818
103	Taney County	5,861,511	6,756,087	49,153	968,081	479,998	45,461	1,542,693	209,531	-	835,911	1,045,442	1,442,744	(403,088)	1,039,656
104	Texas County	871,435	1,169,950	8,512	167,642	83,121	79,352	338,627	36,285	-	337	36,622	249,840	24,308	274,148
105	Vernon County	1,121,990	1,455,656	10,591	208,581	103,420	84,341	406,933	45,145	-	466	45,611	310,851	25,088	335,939
106	Warren County	2,107,633	2,644,630	19,241	378,949	187,892	717	586,799	82,020	-	61,769	143,789	564,754	(13,017)	551,737
107	Washington County	1,066,559	2,093,065	15,228	299,916	148,705	513,502	977,351	64,914	-	180,411	245,325	446,968	34,723	481,691
108	Wayne County	748,166	921,395	6,704	132,027	65,462	22,466	226,659	28,576	-	25,331	53,907	196,761	1,360	198,121
109	Webster County	1,738,900	2,122,810	15,444	304,178	150,819	83,035	553,476	65,836	-	46,231	112,067	453,320	19,933	472,713
110	Worth County	112,134	121,298	882	17,381	8,618	6,746	33,627	3,762	-	13,637	17,399	25,903	(1,186)	24,717
111	Wright County	869,493	1,052,292	7,656	150,783	74,762	105,164	338,365	32,636	-	56,403	89,039	224,714	17,259	241,973
	Totals	\$ 197,994,591	\$ 249,328,781	\$ 1,813,970	\$ 35,726,351	\$ 17,713,993	\$ 9,808,350	\$ 65,062,664	\$ 7,732,615	\$ -	\$ 9,808,350	\$ 17,540,965	\$ 53,243,483	\$ -	\$ 53,243,483

The accompanying notes are an integral part of this schedule.

COUNTY EMPLOYEES' RETIREMENT FUND

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

1. PLAN DESCRIPTION

The County Employees' Retirement Fund (CERF) was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee or retiree participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service and who terminated employment after December 31, 1999, may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions (other than those made by the county) are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees.

In addition, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of real estate and personal property tax declarations,
- Twenty dollars on each merchants and manufacturers license issued,
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded,
- Five-ninths of the fee on delinquent property taxes, and
- Interest earned on investment of the above collections prior to remittance to CERF.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information related to CERF is available as described in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

County employers participating in CERF are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The schedules of employer allocations and schedules of pension amounts by employer provide employers with the required information for financial reporting under that standard.

The underlying financial information used to prepare the pension allocation schedules is based on CERF's financial statements, accounting and payroll reporting systems. CERF's financial statements were prepared using the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing CERF. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis.

Employer contributions due for the year ended December 31, 2018, were used as the basis for determining each employer's proportionate share of the collective pension amounts reported on the schedules.

Employer contributions do not include member (employee) contributions paid by counties. Accordingly, the total pension expense reported in the schedule of pension amounts by employer excludes that attributable to employer-paid member contributions. Appropriate treatment of such amounts in employers' financial statements is the responsibility of the employers.

Employees of CERF do not participate in the plan.

The net pension liability is based on the Plan's fiduciary net position as reported in its financial statements, and the total pension liability is estimated by CERF's actuary as of each fiscal year-end. It is allocated as previously described.

Deferred inflows and outflows, except for the change in proportion, are allocated based on each employer's proportionate share of contributions for the fiscal year. The difference between expected and actual investment earnings on pension plan investments is amortized as a component of pension expense over 5 years on a straight-line basis, while the differences between expected and actual experience and changes in assumptions are amortized as a component of pension expense over the expected average remaining service lifetime (EARSLS) of all participants (4.542 years for the year ended December 31, 2018). Deferred inflows and outflows related to the change in proportion used for allocation purposes from one fiscal year to the next

are estimated by reallocating beginning balances using the ending allocation percentage and amortizing the difference over the EARSL as a component of pension expense. The remaining unamortized deferred inflows and outflows are reported in the schedule of pension amounts by employer.

Pension expense is based on the service cost earned by participants during the fiscal year, interest on the total pension liability, certain changes in plan fiduciary net position, and the current year amortization of deferred inflows and outflows. It is allocated based on each employer's proportionate share of collective plan amounts and its specific amortization of change in proportion deferred item.

The preparation of the schedules in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. ACTUARIAL ASSUMPTIONS AND METHODS

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

The components of the collective net pension liability of CERF's employers at December 31, 2018, were as follows:

Total pension liability	\$ 742,631,649
CERF fiduciary net position	<u>493,302,868</u>
Employers' net pension liability	<u>\$ 249,328,781</u>
Plan net position as a percentage of the total pension liability	66.43%
Covered payroll	\$ 414,454,785
Employers' net pension liability as a percentage of covered payroll	60.16%

The total pension liability as of December 31, 2018, was based on the most recent actuarial valuation by CERF's independent actuary as of December 31, 2017, projected forward to December 31, 2018, and financial information of the Plan as of December 31, 2018. The following actuarial assumptions were used:

Actuarial cost method	Entry age normal
Compensation increases	2.5%, plus merit
Discount rate	7.5%
Inflation	2.5%
Investment rate of return	7.5%
Mortality rates	RP-2000 Combined Mortality projected to 2022 using Scale BB

The current funding policy, if actuarial assumptions are met, results in the projected plan fiduciary net position being sufficient to pay benefits for all future years. Therefore, the current 7.5% discount rate is considered adequate, and the use of the municipal bond rate calculation is not necessary.

Actuarial valuations of CERF involve estimates of the reported amount and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted for the period January 1, 2008, through December 31, 2013. No independent actuarial review of the reasonableness and accuracy of actuarial assumptions, actuarial cost methods, and valuations has been conducted.

4. ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial and actuarial information supporting the preparation of the schedules of employer allocations and schedules of pension amounts by employer is included in CERF's Comprehensive Annual Financial Report for the year ended December 31, 2018. The Comprehensive Annual Financial Report can be obtained by submitting a request to the County Employees' Retirement Fund, 2121 Schotthill Woods Drive, Jefferson City, MO 65101.