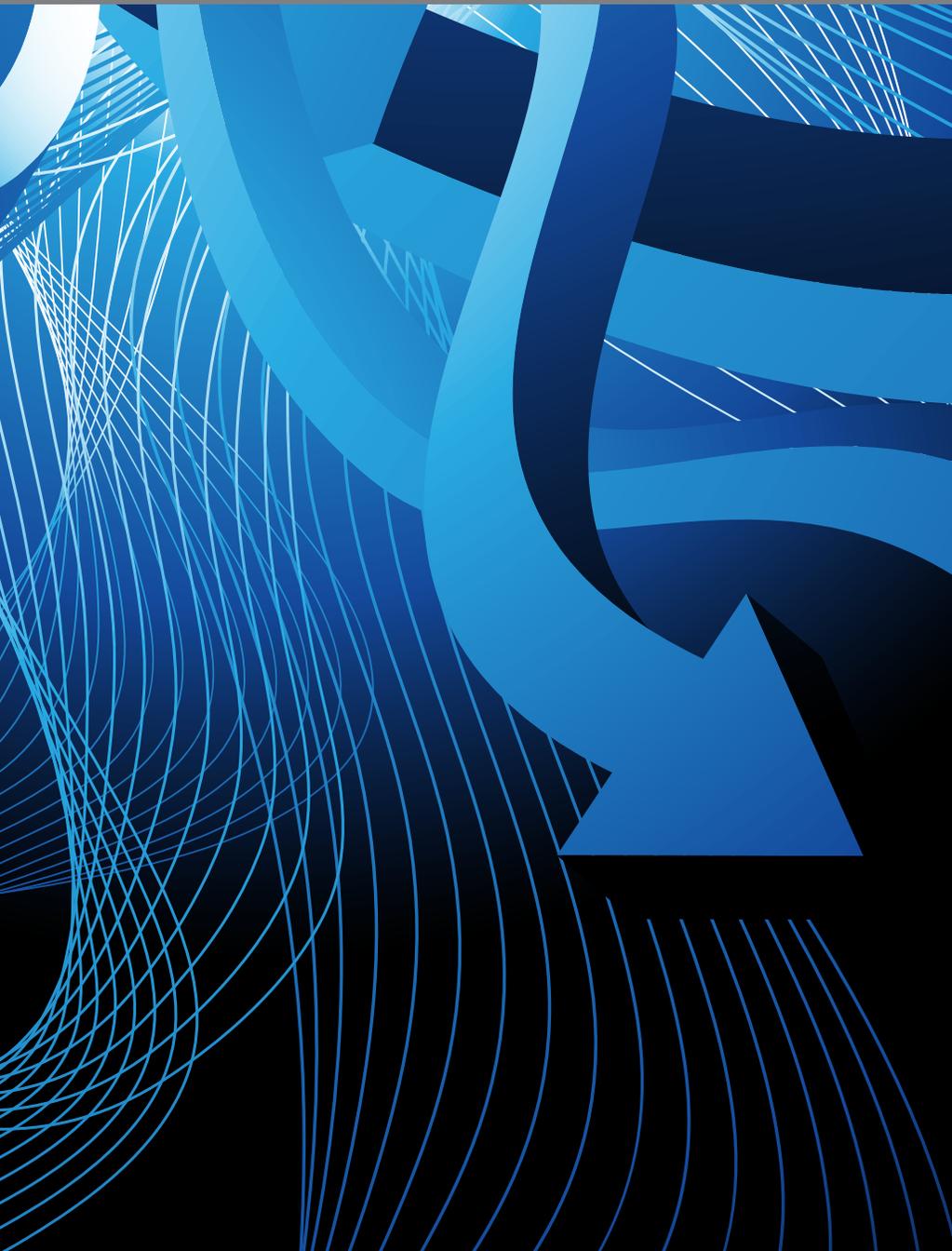




57TH  
ANNUAL  
REPORT

# Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri



Comprehensive  
Annual  
Financial  
Report

**KCPERS**  
Kansas City Police Employees' Retirement Systems

May 1, 2022 to  
April 30, 2023



# Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Comprehensive Annual Financial Report  
May 1, 2022 to April 30, 2023

57th Annual Report

Prepared by:  
Kansas City Police Employees'  
Retirement Systems  
9701 Marion Park Drive, B  
Kansas City, MO 64137  
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# Introductory Section

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# Retirement Board

Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri



**Chad Pickens**  
**Chairman**

Police Officer, Kansas City,  
Missouri Police Department



**Gregory (Scott) Hummel**  
**Vice-Chair**

Civilian Administrator, Kansas  
City, Missouri Police Department



**Robert Jones**  
**Treasurer**

(Ret.) Sergeant, Kansas City,  
Missouri Police Department



**DeJ'on Slaughter**  
Appointed Member



**Wayne Stewart**  
(Ret.) Major, Kansas City,  
Missouri Police Department



**Leslie Lewis**  
Appointed Member



**Nate Simecek**  
Captain, Kansas City,  
Missouri Police Department



**Patrick Trysla**  
Appointed Member



**Walter (Web) Bixby III**  
Appointed Member

## KCPERS Staff



**Jennifer Best**  
Benefits  
Coordinator



**Lori Vaca**  
Administrative  
Assistant



**Jason Hoy**  
Executive  
Director



**Kasey Hiltgen**  
Accountant



**Lisa Colclasure**  
Benefits  
Supervisor

# KCPERS

Kansas City Police Employees' Retirement Systems

9701 Marion Park Drive, B • Kansas City, MO 64137  
(816) 482-8138 • Toll Free (888) 813-8138 • Fax (816) 763-1190

**RETIREMENT BOARD MEMBERS**  
SERGEANT CHAD PICKENS • CHAIR  
GREGORY (SCOTT) HUMMEL • VICE-CHAIR  
(RET.) SERGEANT ROBERT JONES •  
TREASURER  
(RET.) MAJOR WAYNE STEWART  
DE'ON SLAUGHTER  
LESLIE LEWIS  
CAPTAIN NATE SIMECEK  
PATRICK TRYSLA  
WALTER BIXBY III

October 2, 2023

Retirement Systems Board  
Civilian Employees' Retirement System of the  
Police Department of Kansas City, Missouri  
9701 Marion Park Drive, B  
Kansas City, Missouri 64137

Dear Board Members:

I am pleased to submit the fiscal year 2023 Annual Comprehensive Financial Report (Annual Report) of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (Retirement System). The Annual Report intends to provide our members and other stakeholders with detailed information about the Retirement System's financial, actuarial, and investment operations.

The Retirement System was created in 1965 by the Missouri General Assembly to provide retirement and disability benefits for civilian members of the Kansas City, Missouri, Police Department and survivor benefits for their spouses. A nine-member Board of Trustees comprised of elected and appointed members governs the Retirement System.

## **Contents of the Annual Report and Structure**

This Annual Report is designed to comply with the reporting requirements of sections 86.1370 and 105.661 of the Revised Statutes of Missouri (RSMo), as amended. The ultimate responsibility for the Annual Report and financial statements rests with the Retirement Board. Retirement System staff support the board members in completing their fiduciary responsibilities. The staff is responsible for maintaining adequate internal accounting controls designed to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements and that assets are appropriately safeguarded. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefit to be derived, and the valuation of cost and benefit requires estimates and judgments by staff. The staff believes the internal controls support this purpose, and the financial statements and accompanying schedules are fairly presented in all material respects.

Allen, Gibbs & Houlik, L.C., the Retirement System's external auditor, conducted an independent audit of the financial statements in accordance with U.S. generally accepted auditing standards. This audit is described in the Independent Auditors' Report on pages 16 and 17 of the Financial Section. The Retirement Board has provided the external auditors full and unrestricted access to staff to discuss their audit and related findings.

The annual audit is conducted to ensure independent validation of the integrity of the Retirement System's financial reporting and the adequacy of internal controls.

The Financial Section also contains Management's Discussion and Analysis, which serves as an introduction to and overview of the financial statements. The Retirement System is a component unit of the City of Kansas City, Missouri, for financial reporting purposes. As such, the financial statements in this report are also included in the City of Kansas City, Missouri's Comprehensive Annual Financial Reports.

### **Actuarial and Investment Information**

Cavanaugh Macdonald, the Retirement System's consulting actuary, completed the actuarial valuation dated April 30, 2023. Several changes were made to the actuarial assumptions used in this valuation as a result of the experience study completed in the first half of 2023. The net impact of the changes to the actuarial assumptions increased the actuarial accrued liabilities for the year ended April 30, 2023. Compared to the previous year, the funded ratio of assets to liabilities decreased by 4%, from 78% to 74%.

The Retirement Board continued reducing the actuarially assumed investment return rate. On an actuarial basis, including five-year smoothing of assets, the investment returns totaled 4.6%, less than the 7.05% actuarially assumed rate of investment return. More information on the actuarial valuation is available in the Actuarial Section of this report, starting on page 61.

The investment portfolio produced a .29% (net of fees) annualized dollar-weighted rate of return, measured on the fair value of assets, against the policy benchmark return of 1.57%. Detailed investment performance and the professionals who provide services to the Retirement System start on page 54 of the Investment Section. The Schedule of Investment Results shows the historical investment performance of each outside investment manager.

### **Fiscal Year 2023 Projects**

The Retirement Board issued a request for a proposal in search of a qualified Actuary to provide pension fund actuarial consulting services. After a thorough process, the Retirement System received five responses and rehired Cavanaugh MacDonald as our Actuarial Consultant. The Retirement System staff continued to build on and expand our educational outreach through seminars and other engagement opportunities.

We bid farewell to James (Jim) Pyle, who devoted 22+ years of his professional life to assisting members, co-workers, and Board Members at the Retirement Systems. Jim's main goal was to aid members and guarantee equal treatment by establishing policies and diligently working for our members' benefit. Kasey Hiltgen joined us as our new Pension Systems Accountant. This year, Retirement Systems Staff rolled out new projects, including introducing new educational initiatives, refreshing Pre-Retirement Seminars, and Roll-call presentations for our members. In addition, Retirement Systems Staff have participated in educational opportunities to meet the changing demands of the Retirement Systems and further benefit its members.

## **Legislative Changes**

No legislative changes to the Revised Statutes of Missouri governed the Retirement System during the year.

## **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri, for its Annual Comprehensive Financial Report for the fiscal year ending April 30, 2022. This was the twenty-first consecutive year the Retirement System achieved this prestigious award. To receive a Certificate of Achievement, a government must publish an easily readable and well-organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

The fiscal year 2023 Annual Report results from work by Retirement Systems staff and outside advisors and the leadership the Retirement Systems Board provides us. The intention is to provide complete and reliable information, comply with the legislative and industry reporting requirements, and, most importantly, help our members learn more about the financial status of their retirement system.

The Retirement System staff wants to thank each of the board members, active and retired members, outside advisors, and the Kansas City, Missouri Police Department for all your contributions towards the successful operation of the Civilian Employees' Retirement System.

Respectfully submitted,



Jason Hoy  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Civilian Employees' Retirement System  
of the Police Department of Kansas City  
Missouri**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

April 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# KCPERS

Kansas City Police Employees' Retirement Systems

9701 Marion Park Drive, B • Kansas City, MO 64137  
(816) 482-8138 • Toll Free (888) 813-8138 • Fax (816) 763-1190

**RETIREMENT BOARD MEMBERS**  
SERGEANT CHAD PICKENS • CHAIR  
GREGORY (SCOTT) HUMMEL • VICE-CHAIR  
(RET.) SERGEANT ROBERT JONES • TREASURER  
(RET.) MAJOR WAYNE STEWART  
DE'ON SLAUGHTER  
LESLIE LEWIS  
CAPTAIN NATE SIMECEK  
PATRICK TRYSLA  
WALTER BIXBY III

October 2, 2023

Dear Members,

On behalf of the Retirement Systems Board, I am pleased to provide you with the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (Retirement System) Annual Comprehensive Financial Report for the fiscal year ending April 30, 2023. This annual report to our members provides financial information about your Retirement System and updates on changes during the past year.

We added 48 new active KCPD members during the past fiscal year and processed 15 service retirements. We also processed 35 resignations and assisted with death benefits for 4 new surviving spouses. Total membership in the Retirement System increased by 8 to 870, with active membership decreasing by 6 to 492, inactive vested members increasing by 3 to 54, and retirees and surviving spouses increasing by 11 to 324.

The Retirement Board's Investment Committee and staff continued to work with our investment consultants to monitor the performance and investment processes of our 13 asset managers. Investment returns for the fiscal year were .29% net of fees, 1.28% below our target allocation benchmark of 1.57%. The Retirement Board continued reducing the actuarially assumed investment return rate from 7.05% to 6.95% in FY2023.

This year, we said goodbye to (Ret.) Chief of Police Richard Smith, whose twelve years on the Retirement Board ended in June. We welcomed one new member to the Retirement Board. Captain Nathan Simecek was elected to the designated open seat of the Retirement System. On the staff side, Jim Pyle retired after 22+ years of helping active and retired members, the Retirement Board, and coworkers. Jim's tenure is highlighted by the significant increase in investable assets and benefit payments to plan members, and his faithful stewardship will have a lasting impact for decades. The Retirement Board appointed Jason Hoy as the new Executive Director of the Retirement Systems. We also welcomed Kasey Hiltgen as the new Pension Systems Accountant.

In closing, I want to thank our members for your support as we work to provide you with an affordable and sustainable retirement benefit. I also want to thank our Retirement System staff for their hard work in taking care of our members and implementing the plans and policies of the Retirement Board.

Sincerely,



Chad Pickens  
Retirement Board Chairman

# Outside Professional Services

## ACTUARY

**Cavanaugh Macdonald Consulting, LLC**  
Patrice Beckham  
Bellevue, Nebraska

## AUDITORS

**AGH, L.C.**  
Michael Lowry  
Wichita, Kansas

## INVESTMENT MANAGEMENT CONSULTANTS

**RVK, Inc**  
Ryan Sullivan, Marcia Beard  
Portland, Oregon

**Mariner Institutional Consulting, LLC**  
Robert Woodard  
Lawrence, Kansas

## LEGAL COUNSEL

**Swanson Bernard**  
Jonathan Dilly  
Kansas City, Missouri

## MASTER TRUSTEE/CUSTODIAN

**The Northern Trust Company**  
Karson Wattles  
Chicago, Illinois

## INVESTMENT ADVISORS

**Financial Counselors, Inc.**  
Peter Greig, Gary Cloud  
Kansas City, Missouri

**LSV Asset Management**  
Keith Bruch  
Chicago, Illinois

**Prudential Real Estate Investors**  
Darin Bright, Kevin Smith  
Madison, New Jersey

**Abbott Capital Management, LLC**  
Meredith Rerisi  
New York, New York

**JPMorgan Investment Management, Inc.**  
Meena Gandhi  
New York, New York

**Northern Trust Global Investments**  
Mike Nieves  
Chicago, Illinois

**White Oak Global Advisors**  
Alexandra Burke  
San Francisco, California

**Artisan Partners**  
Steven Butler  
Oaks, Pennsylvania

**Wellington Management Company**  
James Digiuseppe  
Boston, Massachusetts

**Grosvenor Capital Management**  
Mark Roman  
Chicago, Illinois

**PIMCO Investment Management**  
Bill Murphy  
Newport Beach, California

**Morgan Stanley Prime Property Fund**  
Scott Brown  
New York, New York

**GQG Partners**  
Laura Clement  
Fort Lauderdale, Florida

\*Please see pages 58 and 60 for information related to brokerage commissions and fees and commissions paid to investment managers.

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## Independent Auditors' Report

Retirement Board  
Civilian Employees' Retirement System  
of the Police Department of Kansas City, Missouri  
Kansas City, Missouri

### **Opinion**

We have audited the financial statements of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (Plan), a component unit of the City of Kansas City, Missouri (City), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of April 30, 2023, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, Kansas  
September 18, 2023

# **CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

This discussion and analysis of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (Civilian Employees' Retirement System or the Plan) financial statements provide an overview of its financial activities during the year ended April 30, 2023. Please read it in conjunction with the more detailed financial statements, notes, and required supplementary information, which follows this section.

The Civilian Employees' Retirement System is the defined benefit retirement plan for civilian members of the Kansas City, Missouri Police Department. Established by the Missouri General Assembly in 1965, the Retirement Board administers the Plan to provide its members with retirement, disability, and survivor benefits.

## **Overview of the Financial Statements and Accompanying Information**

- The financial statements presented in this report are the Statement of Fiduciary Net Position as of April 30, 2023, and the Statement of Changes in Fiduciary Net Position for the year ended April 30, 2023. These statements reflect resources available for the payment of benefits as of the year-end and the sources and use of those funds during the year.
- The notes to the financial statements are an integral part of the financial statements and provide facts and detailed information to assist the reader in understanding the statements. Information in the notes intends to provide financial statement users with a description of the Plan, a summary of significant accounting policies, the method used to value investments, a summary of Plan investments, and the methods and assumptions used to develop the actuarial valuation.
- Required Supplementary Information consists of schedules and related notes concerning significant actuarial information and assumptions. Beginning on page 42, these schedules and notes emphasize the long-term nature of the Plan and show the progress of the Plan in accumulating sufficient assets to pay future benefits.
- The Schedule of Changes in Net Pension Liability and Related Ratios presents detailed information about the pension liabilities for which the Plan's assets are held and managed. The schedule is intended to assist financial statement users in understanding the magnitude of the pension liability and the degree to which the net position restricted for pensions is sufficient to cover the liability for the Plan.
- The Schedule of Employer Contributions shows the amount of actuarially determined required contributions relative to the actual contributions made during the year. This schedule also presents covered payroll and contributions as a percentage of covered payroll to provide an economic context for the amount of contributions reported for the Plan.
- The Schedule of Investment Returns shows the money-weighted rate of return on investments and net investment expense. The money-weighted rate of return is a method for calculating investment performance on Plan investments that adjusts for the changing amounts invested.

**CIVILIAN EMPLOYEES’ RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

- The Supplementary Information includes the Schedule of Expenses and the Schedule of Additions by Source and Deductions by Type. The Schedule of Expenses includes the detail of the administrative and investment costs to operate the Plan. The Schedule of Additions by Source and Deductions by Type is a historical summary that shows how contributions and investments impact the additions to the Plan and how benefit payments and administrative expenses impact the deductions from the Plan.

## **Fiduciary Net Position**

The following is a summary comparative statement of Fiduciary Net Position for the System:

	<b>April 30, 2023</b>	<b>April 30, 2022</b>	<b>Amount Change</b>
Cash	\$41,610	\$53,942	\$(12,332)
Receivables	562,287	482,322	79,965
Investments	165,860,118	168,903,894	(3,043,776)
Securities lending collateral	18,697,698	15,258,352	3,439,346
<b>Total assets</b>	<b>185,161,713</b>	<b>184,698,510</b>	<b>463,203</b>
Accounts and refunds payable	670,172	656,988	13,184
Securities lending collateral	18,697,698	15,258,352	3,439,346
<b>Total liabilities</b>	<b>19,367,870</b>	<b>15,915,340</b>	<b>3,452,530</b>
<b>Net Position Restricted for Pensions</b>	<b>\$165,793,843</b>	<b>\$168,783,170</b>	<b>\$(2,989,327)</b>

### **Financial Analysis of Fiduciary Net Position**

The Statement of Fiduciary Net Position presents information on the Plan’s assets and liabilities, with the difference between the two reported as Net Position Restricted for Pensions. This statement reflects, at fair value, the contributions and investments available to pay benefits.

The Civilian Employees’ Retirement System’s benefits are funded through member contributions, City of Kansas City, Missouri (City) contributions, and investment income. The Plan’s net position decreased to \$165,793,843 as of April 30, 2023, from \$168,783,170 as of April 30, 2022. Plan income is generated by investing contributions in stocks, bonds, and alternative assets.

**Assets** – As of April 30, 2023, the Civilian Employees’ Retirement System had total assets worth \$185.2 million, comprising cash, investments, securities lending collateral, and receivables. The total assets increased by \$0.5 million or 0.3% compared to the previous year. However, investable assets decreased by \$3.0 million, while securities lending collateral increased by \$3.4 million. The decline in global stocks and bonds was attributable to a market environment where investors have been relatively cautious about future growth projections. Inflation has decreased but remained higher than historical values, leading to a decrease in investable assets. The Plan’s global equity and absolute return portfolio returned positive performances for the fiscal year. Securities lending collateral rose due to heightened borrower demand for greater exposure to securities.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Liabilities** – As of April 30, 2023, the Civilian Employees' Retirement System had total liabilities of \$19.4 million. This amount includes payables for money manager fees, refunds, and amounts due to brokers for investment purchases and securities lending collateral. Over the course of the year, the total liabilities increased by \$3.5 million, primarily due to the \$3.4 million rise in the offsetting liability for securities lending activity.

**Net Position** – As of April 30, 2023, the Civilian Employees' Retirement System had assets worth \$165.8 million more than its liabilities. However, it experienced a decrease of \$3.0 million or -1.8% in its Net Position from the previous year due to the underperformance of the stock and bond markets.

## Changes in Fiduciary Net Position

The following is a summary comparative statement of Changes in Fiduciary Net Position:

	April 30, 2023	April 30, 2022	Amount Change
Member contributions	\$1,526,083	\$1,510,871	\$15,212
City contributions	6,441,244	5,800,468	640,776
Total net investment income / (loss)	(277,958)	(2,332,986)	2,055,028
<b>Total additions</b>	<b>7,689,369</b>	<b>4,978,353</b>	<b>2,711,016</b>
Benefits paid to members	10,178,903	9,994,750	184,153
Refunds of contributions	335,144	244,534	90,610
Administrative expenses	164,649	143,652	20,997
<b>Total deductions</b>	<b>10,678,696</b>	<b>10,382,936</b>	<b>295,760</b>
<b>Net Increase / (Decrease) in Net Position</b>	<b>(2,989,327)</b>	<b>(5,404,583)</b>	<b>2,415,256</b>
<b>Net Position Restricted for Pensions, Beginning of Year</b>	<b>168,783,170</b>	<b>174,187,753</b>	<b>(5,404,583)</b>
<b>Net Position Restricted for Pensions, End of Year</b>	<b>\$165,793,843</b>	<b>\$168,783,170</b>	<b>\$(2,989,327)</b>

## Financial Analysis of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position presents information showing how the Plan's Net Position Restricted for Pensions changed during the year ended April 30, 2023. This statement reflects contributions made by members and the City. Investment activities during the fiscal year are also presented, including interest and dividends and the net appreciation or depreciation in the fair value of the investments. Benefits paid to members, refunds of contributions, and administrative expenses are also reported in the statement.

**CIVILIAN EMPLOYEES’ RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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**Revenues** – The Civilian Employees’ Retirement System receives revenue from member contributions, City contributions, and investment income. Member contributions amounted to \$1.5 million, equivalent to 5% of the covered payroll, while City contributions totaled \$6.4 million, or 21.22% of the projected covered payroll. City contributions increased to meet the required contributions as determined by the Plan’s actuary. Additionally, the net investment loss for the current year has decreased compared to the previous year. The portfolio’s investment rate of return, net of investment expenses, was .29%, with a net investment income of -\$0.3 million. Investment expenses, which include custodial bank fees, manager fees, and investment consultation, totaled \$1.0 million. The fiscal year saw gains in stocks, bonds, and hedge fund investments, while direct lending, real estate, and private equity investments experienced losses.

**Expenses** – Deductions from Fiduciary Net Position – The Civilian Employees’ Retirement System expenses come from benefits paid to members, refunds of member contributions, and administrative expenses. Benefit payments and refunds make up 98.5% of the total deductions. There was an increase in benefits and refunds paid to members compared to the prior year due to new retirements, members leaving the Police Department, and a 1.25% cost of living adjustment for retirees.

City contributions continued to equal the amount recommended by the Plan’s actuary. For the year beginning May 1, 2023, the Plan has budgeted City contributions to total the actuarial required contribution amount of \$6.6 million. The calculated contribution rate is 21.78% of the projected covered payroll.

The Retirement Board recently approved an asset allocation plan that is expected to yield a 7.05% long-term investment rate of return. Additionally, the Board has decided to gradually lower the actuarially assumed rate of return from 7.05% to 6.50% over a five-year period. To ensure optimal investment performance, the Board regularly reviews investment allocations monthly and adjusts the portfolio as needed with the help of an independent financial consulting firm.

**Requests for Information**

The design of this financial report is to provide members of the Civilian Employees’ Retirement System, citizens, investors, and creditors of the City of Kansas City, Missouri, a general overview of the Plan’s finances. It also demonstrates its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Kansas City Police Employees’ Retirement Systems, 9701 Marion Park Drive B, Kansas City, Missouri 64137.

There are no other currently known facts, conditions, or decisions expected to significantly affect the financial position or results of operations of the Civilian Employees’ Retirement System.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI**

**STATEMENT OF FIDUCIARY NET POSITION**

April 30, 2023

**Assets**

**Investments**

U.S. government securities	\$8,539,929
Corporate bonds and notes	22,845,693
Common and preferred stock	9,325,628
All country world index fund	25,918,379
Government-mortgage backed securities	293,867
Real estate funds	26,085,287
Partnerships – equity	609,193
Partnerships – fixed income	29,333,442
Short-term investment funds	3,802,198
Hedge fund of funds	16,860,212
Equity funds	11,569,304
Emerging markets equity funds	5,625,376
Foreign equities	5,051,610
<b>Total investments</b>	<b>165,860,118</b>

**Securities Lending Collateral**

18,697,698

**Receivables**

Accrued interest and dividends	562,287
<b>Total receivables</b>	<b>562,287</b>

Cash 41,610

**Total assets** 185,161,713

**Liabilities**

Accounts and refunds payable	670,172
Securities lending collateral	18,697,698
<b>Total liabilities</b>	<b>19,367,870</b>

**Net Position Restricted for Pensions**

**\$165,793,843**

See Notes to the Financial Statements.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended April 30, 2023

## Additions

### Investment Income

Net depreciation in fair value of investments	\$(3,433,320)
Interest and dividends	4,171,002
Investment expense	(1,047,967)
<b>Net investment income</b>	<b>(310,285)</b>

### Securities Lending Income

Securities lending gross income	545,331
Securities lending expenses	
Borrower rebates	(499,189)
Management fees	(13,815)
<b>Total securities lending expenses</b>	<b>(513,004)</b>
<b>Net securities lending income</b>	<b>32,327</b>
<b>Total net investment loss</b>	<b>(277,958)</b>

### Contributions

City	6,441,244
Members	1,526,083
<b>Total contributions</b>	<b>7,967,327</b>
<b>Total additions</b>	<b>7,689,369</b>

## Deductions

### Benefits Paid

Retired members	9,269,362
Spouses	431,620
Disabled members	104,751
Partial lump sum option	368,170
Death benefits	5,000
<b>Total benefits paid</b>	<b>10,178,903</b>

### Other Deductions

Refunds of contributions	335,144
Administrative expenses	164,649
<b>Total other deductions</b>	<b>499,793</b>
<b>Total deductions</b>	<b>10,678,696</b>

**Net Increase in Net Position** **(2,989,327)**

**Net Position Restricted for Pensions, Beginning of Year** **168,783,170**

**Net Position Restricted for Pensions, End of Year** **\$165,793,843**

See Notes to the Financial Statements.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 1: Summary of Significant Accounting Policies**

**Reporting Entity**

The Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (the Plan) is considered a component unit of the City of Kansas City, Missouri (City) financial reporting entity and is included in the City's financial reports as a pension trust fund due to the nature of the Plan's reliance on funding from the City of Kansas City, Missouri. Accounting principles generally accepted in the United States of America require that the financial reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, there are no other organizations or agencies whose financial statements should be combined and presented with these financial statements.

**Measurement Focus and Basis of Accounting**

The Plan uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Plan's fund is classified as a pension trust fund of fiduciary fund type. Pension trust funds account for assets held by the Plan in a trustee capacity or as an agent on behalf of others and are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to the Plan are recognized when due and the City has made a formal commitment to provide the contributions. Interest and dividend income are recorded when earned. Expenses are recorded when the corresponding liabilities are incurred. Realized gains and losses on security transactions are based on the difference between sales proceeds and carrying value of the securities, and are recognized on the transaction date. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Valuation of Investments and Income Recognition**

Marketable securities, including mutual funds, are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

For certain investments consisting of corporate bonds and notes, U.S. Treasury obligations, U.S. agency obligations and government mortgage-backed securities that do not have an established fair value, the Plan has established a fair value based on yields currently available on comparable securities of issuers with similar credit ratings and quotations that are obtained from brokerage firms or national pricing services.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

The private equity partnerships, equity funds, hedge fund of funds and real estate funds consist primarily of non-marketable investments in various venture capital, corporate finance funds and private partnerships (collectively referred to as "Portfolio Funds"). These funds are primarily invested in the technology, communications, energy, real estate markets, as well as U.S. fixed income instruments and alternative or non-traditional investments. A portion of these funds is also invested in foreign operations under certain partnership agreements. These investments are recorded at fair value based on financial data, which is generally at an amount equal to the net asset value per share on the Fund's proportionate interest in the net assets or net equity of the Portfolio Funds as determined by each Portfolio Fund's general partner or investment manager.

The Plan is obligated to pay certain capital commitments to the partnerships. There were no unfunded commitments at April 30, 2023.

Securities, which are not traded on a national security exchange, are valued by the respective investment manager or other third parties based on similar sales.

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.

**Administrative Expenses**

Actuarial, investment management and bank trustee fees and expenses are included in the Plan's expenses when incurred. These expenses are financed through investment income. The Kansas City, Missouri Police Department provides office space without any direct cost to the Plan.

**Use of Estimates**

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

**Plan Tax Status**

The Plan obtained its most recent determination letter on December 17, 2014, in which the Internal Revenue Service stated that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC) and, therefore, not subject to tax. The Plan's management believes that the Plan is designed and is being operated in compliance with the applicable requirements of the IRC exempting it from federal income taxes.

**Subsequent Events**

These financial statements considered subsequent events through September 18, 2023, the date the financial statements were available to be issued.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 2: Plan Description**

The following summary description of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri provides only general information. Participants should refer to the Plan Statutes (Sections 86.1310 to 86.1640 RSMo) for a more complete description of the Plan's provisions.

The Plan is a single-employer, contributory, defined benefit plan established by the State of Missouri's General Assembly and administered by the Retirement Board of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (Board). The Board is composed of nine members, two are appointed by the Board of Police Commissioners, two are appointed by the City Council and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees' Retirement System, one member retired from active service in the Police Retirement System and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually and Board members are elected to serve for three-year terms.

**Eligibility** – All regularly appointed full-time civilian employees of the Kansas City, Missouri Police Department who are not eligible to receive a pension from any other City-funded retirement system, shall become members as a condition of their employment.

**Tier I member** – A person who became a member prior to August 28, 2013 and remained a member on August 28, 2013.

**Tier II member** – A person who became a member on or after August 28, 2013.

At April 30, 2023, the Plan's membership consisted of the following:

	<b>Tier I</b>	<b>Tier II</b>	<b>Total</b>
Retirees and beneficiaries currently receiving benefits	321	3	324
Terminated members entitled to but not yet receiving benefits	48	6	54
Active members			
Vested	261	79	340
Non-vested	—	152	152
<b>Total</b>	<b>630</b>	<b>240</b>	<b>870</b>

**Contributions** – State statutes set out the funding requirements for the Plan which can only be amended by the Missouri General Assembly. The Retirement Board establishes a rate based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability.

The City is required to contribute the employer actuarially determined contribution rate. For the year ended April 30, 2023, active members contributed at a rate of 5% of base pay, and the City contributed at a rate of 21.22% of annual projected covered payroll.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2: Plan Description (Continued)**

**Benefits Provided** – Benefit terms for the Plan are established in Missouri Revised Statutes 86.1310 to 86.1640 and can only be amended by the Missouri General Assembly. The Plan provides retirement benefits, as well as pre-retirement death benefits, duty and non-duty related disability benefits and termination benefits to civilian employees of the Kansas City, Missouri Police Department.

**Service Retirement**

**Eligibility** –

**Tier I member** – Later of age 65 or member's 10th anniversary of employment.

**Tier II member** – Later of age 67 or member's 20th anniversary of employment.

**Amount of Pension** – Benefit equal to 2% of Final Compensation multiplied by years of creditable service.

**Final Compensation** –

**Tier I member** – Average annual compensation during the two years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than two years.

**Tier II member** – Average annual compensation during the three years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than three years.

**Early Retirement**

**Tier I member** – Eligible for early retirement as follows:

- a) Beginning at age 55, if member has at least 10 years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 60.
- b) Beginning at age 60, if member has at least five years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 65.
- c) Beginning at age 60, if member has at least 10 years of creditable service. Pension computed as service retirement without reduction.
- d) At any time after the member's age plus years of creditable service equals or exceeds 80 (Rule of 80). Pension computed as service retirement without reduction.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2: Plan Description (Continued)**

**Tier II member** – Eligible for early retirement as follows:

- a) Beginning at age 62, if member has at least five years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 67.
- b) Beginning at age 62, if member has at least 20 years of creditable service. Pension computed as service retirement without reduction.
- c) At any time after the member's age plus years of creditable service equals or exceeds 85 (Rule of 85). Pension computed as service retirement without reduction.

**Deferred Retirement (Vested Termination)**

**Eligibility** – Five or more years of creditable service.

**Amount of Pension** – Computed as service retirement but based upon service, Final Compensation and benefit formula in effect at termination of employment. Benefits may begin at early retirement age, adjusted by applicable reductions.

**Disability**

**Duty Disability Eligibility** – A member in active service who has a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of their life. The disability must be the direct result of performance of duties with the Police Department. No age or service requirement.

**Amount of Pension** – 50% of Final Compensation payable for the remainder of the member's life or as long as the permanent disability continues.

**Non-Duty Disability Eligibility** – A member in active service, with a minimum of 10 years of service, who has a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of their life. Disability is not the direct result of performance of duties with the Police Department.

**Amount of Pension** – 30% of Final Compensation but in no event less than the amount the member would have been entitled to as a pension if the member had retired on the same date with equivalent age and creditable service.

Disability benefits may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law. A disability retiree who is not age 60 may be required by the Retirement Board to undergo continuing eligibility reviews once every three years which may include a medical re-examination.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2: Plan Description (Continued)**

**Death in Service (less than 20 years of service)**

**Eligibility** – Death of an active member with at least five but less than 20 years of service.

**Amount of Pension** – 50% of the member's accrued pension payable to the surviving spouse for spouse's lifetime. The effective date shall be the later of the first day of the month after the member's death or what would have been the member's earliest retirement date.

**Funeral Benefit** – \$1,000 payable upon the death of an active member.

**Death in Service (20 or more years of service)**

**Eligibility** – Death of an active member with 20 or more years of service.

**Amount of Pension** – Surviving spouse may elect the greater of 50% of the member's accrued pension commencing as described above, or a monthly benefit determined on a joint and survivor's basis from the actuarial value of the member's accrued pension at date of death.

**Funeral Benefit** – \$1,000 payable upon the death of an active member.

**Death After Retirement**

**Eligibility** – Death of a retired member who was receiving a benefit.

**Amount of Pension** – Eligible surviving spouse receives a pension equal to 50% of the member's benefit at the time of actual retirement plus cost of living adjustments. Benefit is payable for the life of the surviving spouse.

In lieu of the 50% surviving spouse death benefit, a member may elect, at the time of retirement, a reduced actuarially equivalent 100% surviving spouse annuity. In such case, the surviving spouse shall receive the same amount as the benefit being paid to the member and such benefit is payable for the life of the surviving spouse.

If the total amount paid to a member and surviving spouse is less than the member's accumulated contributions, with interest, an amount equal to the difference shall be paid to the member's named beneficiary.

**Funeral Benefit** – \$1,000 payable upon the death of a retired member.

**Non-Vested Termination**

**Eligibility** – Termination of employment and no pension is or will become payable.

**Amount of Pension** – Refund of member's contributions with interest.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2: Plan Description (Continued)**

**Post-Retirement Benefit Increases**

**Eligibility** – Members and surviving spouses eligible if member's pension commenced by December 31 of prior calendar year.

**Amount of Benefit** – May receive an annual cost-of-living adjustment (COLA) an amount not to exceed 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to COLAs.

Statutes require that the Retirement Board must act upon the advice of a qualified actuary when granting cost of living adjustments.

**Supplemental Retirement Benefit**

**Retirement on or before August 28, 2007** – current retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month in addition to pension benefits.

**Retirements after August 28, 2007** – current and future retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month if the member had 15 years of creditable service.

**Optional Form of Benefit Payment**

Members retiring with at least one or more years of service beyond their eligible retirement date may elect to take a portion of their benefit as a lump-sum distribution (PLOP). Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

**Social Security and Medicare**

**Tier I member** – Members participate in Social Security and Medicare.

**Tier II member** – Members participate in Social Security and Medicare.

**CIVILIAN EMPLOYEES’ RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 3: Deposits, Investments and Investment Income**

**Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The Plan’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Missouri; bonds of any city, county, school district or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The Plan had no bank balances exposed to custodial credit risk at April 30, 2023.

**Investments**

For the year ended April 30, 2023, The Northern Trust Company (Northern Trust) was the master custodian for substantially all of the securities of the Plan. The investments held by the Plan are managed by 13 Board-appointed money managers. Each of the money managers has a different asset allocation based on Board-approved policy. The Plan may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, real estate, partnerships, corporate bonds, commodities and equity securities.

The asset type and classes, target asset allocation and ranges to be used in the Plan are shown below. All percentages are based on fair values. The Board has authorized Plan staff, with guidance from the investment consultant, to rebalance the portfolio in accordance with the strategy guidelines below:

<b>Asset Type and Class</b>	<b>Range</b>	<b>Target</b>
<b>Equities</b>		
Global Equity	33% – 43%	38%
Fixed Income	26% – 36%	31%
<b>Alternatives</b>		
Real Estate	9% – 17%	13%
Absolute Return	7% – 15%	11%
Direct Lending	4% – 10%	7%
Cash	0% – 5%	0%

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 3: Deposits, Investments and Investment Income (Continued)**

**Securities Lending Transactions**

State statutes and the Plan's Board policies permit the Plan to use investments of the Plan to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Plan has contracted with Northern Trust as its third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the fair value and international debt and equity securities of not less than 105% of the fair value. Contracts with the lending agent require it to indemnify the Plan if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent or if the borrowers fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan; therefore, non-cash collateral is not recorded as an asset or liability on the financial statements.

Fair value of securities loaned	<u>\$18,393,452</u>
Fair value of cash collateral received from borrowers	<u>18,697,698</u>
Total fair value of collateral	<u>\$18,697,698</u>

All securities loans can be terminated on demand by either the Plan or the borrower. The cash collateral received on each security loan was invested, in accordance with the Plan investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Plan is not permitted to pledge or sell collateral received unless the borrower defaults.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 3: Deposits, Investments and Investment Income (Continued)**

At April 30, 2023, the Plan had the following investments and maturities:

Type	Fair Value	Maturities in Years				Loaned Under Securities Lending Agreements
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury obligations	\$8,539,929	\$1,119,564	\$2,625,076	\$226,336	\$4,568,953	\$254,376
Corporate bonds and notes	22,845,693	524,785	8,754,006	10,974,392	2,592,510	11,809,960
Government mortgage-backed securities	293,867	—	—	—	293,867	3,116,648
Short term investment funds	3,802,198	3,802,198	—	—	—	3,212,468
		<u>\$5,446,547</u>	<u>\$11,379,082</u>	<u>\$11,200,728</u>	<u>\$7,455,330</u>	
Common and preferred stocks	9,325,628					—
All country world index fund	25,918,379					—
Real estate funds	26,085,287					—
Hedge fund of funds	16,860,212					—
Partnerships - equity	609,193					—
Partnerships - fixed income	29,333,442					—
Foreign equities	5,051,610					—
Equity funds	11,569,304					—
Emerging markets equity funds	5,625,376					—
<b>Total</b>	<b>\$165,860,118</b>					<b>\$18,393,452</b>

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The short term investment funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. The debt securities are presented in their respective category based on final maturity date. The Plan’s investment policy does not specifically address exposure to fair value losses arising from rising interest rates.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 3: Deposits, Investments and Investment Income (Continued)**

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Plan’s policy to invest in corporate bonds that are rated BBB or better by credit rating agencies. Core fixed income managers may hold bonds with a rating equal to or above BB. At April 30, 2023, the Plan’s investments in corporate bonds were rated BBB or better by *Standard & Poor’s*. At the same date, the Plan’s investments in U.S. agencies obligations not directly guaranteed by the U.S. government (including Federal National Mortgage Association, Federal Home Loan Banks & Federal Home Loan Mortgage Corporation) and in government mortgage-backed securities were rated AA+ or better by *Standard & Poor’s*. U.S. Treasury obligations were explicitly guaranteed by the U.S. government. The Plan’s investments in short term investment funds were not rated by *Standard & Poor’s*.

These bond rating requirements do not apply to the high yield portion of the fixed income portfolio. The following table summarizes the Plan’s fixed income portfolio exposure level and credit qualities at April 30, 2023:

<b>Fixed Income Security Type</b>	<b>Fair Value April 30, 2023</b>	<b>S&amp;P Weighted Average Credit Quality</b>
Corporate bonds and notes	2,333,912	AA
Corporate bonds and notes	9,254,068	A
Corporate bonds and notes	11,257,713	BBB
Government mortgage-backed securities	293,867	US Gov’t Guaranteed
Government bonds	8,539,929	US Gov’t Guaranteed
Short term investment funds	3,802,198	Not rated

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Consistent with the Plan’s securities lending policy, \$18,393,452 was held by the counterparty that was acting as the Plan’s agent in securities lending transactions.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 3: Deposits, Investments and Investment Income (Continued)**

**Investment Concentrations** – The following presents investments that represent 5% or more of the Plan's net position as of April 30, 2023:

<b>Investment</b>	<b>Fair Value</b>
FCI Core Fixed Income	\$31,679,490
PIMCO - Fixed Income Fund	18,710,237
Grosvenor FOB Fund, L.P.	16,860,212
Northern Trust Collective All Country World Investable Market Index Fund - Non Lending	15,796,886
LSV Global Value	14,377,238
Morgan Stanley - Prime Property Fund, LLC	13,087,759
Prudential PRISA II	12,997,528
Artisan Global Opportunities Trust Fund	11,569,304
White Oak Fixed Income Fund C, L.P.	10,623,205
Wellington Global Perspectives	10,121,493

**Foreign Currency Risk** – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Plan's investment policy permits investments in international equities, American Depository Receipts (ADRs), warrants, rights, 144A securities, convertible bonds and U.S. registered securities whose principal markets are outside of the United States. All foreign equities and emerging market equities held are denominated in U.S. dollars.

**Investment Income**

Investment income (loss) for the year ended April 30, 2023 consisted of:

Interest and dividend income	\$4,171,002
Net depreciation in fair value of investments	(3,433,320)
	737,682
Less investment expense	1,047,967
	<u>\$(310,285)</u>

**Annual Money-Weighted Rate of Return** – For the year ended April 30, 2023, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 0.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CIVILIAN EMPLOYEES’ RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 4: Net Pension Liability**

The components of the net pension liability of the City at April 30, 2023, were as follows:

Total pension liability	\$234,175,863
Plan fiduciary net position	(165,793,843)
City’s net pension liability	<u>\$68,382,020</u>
Fiduciary net position as a % of total pension liability	70.80%

**Note 5: Actuarial Methods and Assumptions**

An actuary from Cavanaugh Macdonald Consulting, LLC determines the total pension liability. The total pension liability as of April 30, 2023 was determined based on an actuarial valuation prepared as of April 30, 2022, rolled forward one year to April 30, 2023, using the following actuarial assumptions:

Inflation	2.50%
Salary increases, including inflation	3.25% to 6.00%
Long-term investment rate of return, net of plan investment expense, including inflation	6.95%

Post-retirement benefit increases Simple COLA of 2.5% per year

Pre-retirement mortality rates were based on the Pub-2010 General Members (Below Median) Employee Mortality Table with Future Mortality improvements projected generationally using Scale MP-2021.

Mortality rates for beneficiaries were based on the Pub-2010 (Below Median) Contingent Survivor Mortality Table with future mortality improvements projected generationally using Scale MP-2021.

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table with future mortality improvements projected generationally using Scale MP-2021.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending April 30, 2022. The experience study results were presented to the Board on June 8, 2023.

**CIVILIAN EMPLOYEES’ RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 5: Actuarial Methods and Assumptions (Continued)**

**Long-term Expected Rate of Return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of April 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	38%	5.35%
Fixed Income	31%	1.50%
Direct Lending	7%	4.50%
Real Estate	13%	3.25%
Hedge Funds	11%	2.50%

**Discount Rate** – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the employer actuarially determined contribution rate.

A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.44% on the measurement date.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the City, calculated using the discount rate of 6.95% as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage point higher (7.95%) than the current rate:

	<b>1% Decrease (5.95%)</b>	<b>Current Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
Net pension liability	\$101,315,590	\$68,382,020	\$41,097,449

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 6: 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 actuarial present value of accumulated plan benefits 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.

**Note 7: Litigation**

The Plan is subject to claims and lawsuits that arise primarily in the ordinary course of operating a retirement system. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the net position of the Plan.

**Note 8: Fair Value Measurements**

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 measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 8: Fair Value Measurements (Continued)**

**Recurring Measurements**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2023:

<b>Investments by fair value level</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
U.S. government securities	\$8,539,929	\$—	\$8,539,929	\$—
Corporate bonds and notes	22,845,693	—	22,845,693	—
Common and preferred stock	9,325,628	9,325,628	—	—
Government mortgage-backed securities	293,867	—	293,867	—
Short-term investment funds	3,802,198	3,802,198	—	—
All country world index fund	25,918,379	—	25,918,379	—
Foreign equities	5,051,610	5,051,610	—	—
Total Investments by fair value level	<u>75,777,304</u>	<u>\$18,179,436</u>	<u>\$57,597,868</u>	<u>\$—</u>

**Investments measured at the net asset value  
(NAV) (A)**

Real estate funds	26,085,287
Partnerships – equity	609,193
Partnerships – fixed income	29,333,442
Hedge fund of funds	16,860,212
Emerging markets equity funds	5,625,376
Equity funds	11,569,304
Total investments measured at the NAV	<u>90,082,814</u>
Total investments	<u>\$165,860,118</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

Equity and short-term investment funds classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate and Governmental debt securities classified as Level 2 of the fair value hierarchy are valued using third-party pricing services based on market observable information such as market quotes for similar assets, as well as normal market pricing considerations such as duration, interest rates and prepayment assumptions.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 8: Fair Value Measurements (Continued)**

The fair value estimates presented herein are based on pertinent information available to management as of April 30, 2023. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented below.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate funds (A)	26,085,287	–	Quarterly	90 Days
Partnerships – equity (B)	609,193	–	N/A	N/A
Partnerships – fixed income (C)	29,333,442	–	Monthly	10 Days
Hedge fund of funds (D)	16,860,212	–	Quarterly	70 Days
Emerging markets equity funds (E)	5,625,376	–	Monthly	10 Days
Equity funds (F)	11,569,304	–	Daily	1 Day
<b>Total investments measured at the NAV</b>	<b><u>\$90,082,814</u></b>			

- (A) This category includes two open-ended real estate funds that invest in U.S. commercial real estate. Periodic distributions from each fund are made as the underlying investments of the funds are liquidated. Redemptions can be made quarterly.
- (B) This category includes two private equity funds of funds that invest primarily in U.S. and International Corporate Finance and Venture Capital. Distributions from each fund are made as the underlying investments of the funds are liquidated. It is estimated the underlying assets of the funds will be liquidated over the next three to five years.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS**

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**Note 8: Fair Value Measurements (Continued)**

- (C) This category includes a commingled core fixed income fund and comingled private debt fund. The fixed income fund is a mutual fund that invests in core fixed income. The underlying bonds, and mutual fund, trade daily on public markets. The private debt fund focuses on lending to U.S. based middle market and small cap companies. The underlying loans have an average duration of 2-4 years. Periodic distributions from the fund are made as underlying loans are repaid. Redemptions can be made monthly.
- (D) This category includes a hedge fund of funds which invests in 27 hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this type includes investments in approximately 30% Equities, 12% Credit, 28% Relative Value, 12% Quantitative, 9% Macro and Commodities and 9% Multi-Strategy. Redemptions can be made quarterly.
- (E) This category includes a commingled emerging markets equity fund which trades monthly. The underlying emerging market stocks trade daily on public markets.
- (F) This category includes commingled equity funds which trade daily on public markets.

**Note 9: Retirement Plan**

The Plan has a 408(k) SEP retirement plan covering its employees that meet certain eligibility requirements. The Plan's contributions to its employees' SEP are determined by the Retirement Board. Contributions to the SEP were \$14,690 for fiscal year 2023.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Net Pension Liability and Related Ratios**

Year Ended April 30

<b>Total pension liability</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Service cost	\$4,500,035	\$4,247,669	\$4,173,342	\$4,071,855
Interest on total pension liability	15,233,812	14,865,769	14,365,113	13,812,626
Differences between expected and actual experience	(1,002,415)	(3,113,432)	(1,850,773)	(1,484,462)
Effect of assumption/SEIR changes	6,230,865	6,682,650	1,270,712	1,214,799
Benefit payments, including member refunds	(10,514,047)	(10,239,284)	(9,426,383)	(8,383,336)
<b>Net change in total pension liability</b>	<b>14,448,250</b>	<b>12,443,372</b>	<b>8,532,011</b>	<b>9,231,482</b>
<b>Total pension liability—beginning</b>	<b>219,727,613</b>	<b>207,284,241</b>	<b>198,752,230</b>	<b>189,520,748</b>
<b>Total pension liability—ending</b>	<b>234,175,863</b>	<b>219,727,613</b>	<b>207,284,241</b>	<b>198,752,230</b>
<b>Plan fiduciary net position</b>				
Net investment income	(310,285)	(2,359,229)	31,475,633	1,415,281
Net securities lending income	32,327	26,243	33,249	27,258
City contributions	6,441,244	5,800,468	5,358,552	4,849,708
Member contributions	1,526,083	1,510,871	1,514,076	1,416,742
Benefits paid	(10,178,903)	(9,994,750)	(9,199,657)	(8,209,456)
Refunds of contributions	(335,144)	(244,534)	(226,726)	(173,880)
Administrative expenses	(164,649)	(143,652)	(132,117)	(148,744)
<b>Net change in fiduciary net position</b>	<b>(2,989,327)</b>	<b>(5,404,583)</b>	<b>28,823,010</b>	<b>(823,091)</b>
<b>Plan fiduciary net position—beginning</b>	<b>168,783,170</b>	<b>174,187,753</b>	<b>145,364,743</b>	<b>146,187,834</b>
<b>Plan fiduciary net position—ending</b>	<b>165,793,843</b>	<b>168,783,170</b>	<b>174,187,753</b>	<b>145,364,743</b>
<b>Net pension liability, ending</b>	<b>\$68,382,020</b>	<b>\$50,944,443</b>	<b>\$33,096,488</b>	<b>\$53,387,487</b>
<b>Fiduciary net position as a percentage of total pension liability</b>	<b>70.80%</b>	<b>76.81%</b>	<b>84.03%</b>	<b>73.14%</b>
<b>Covered payroll</b>	<b>\$30,543,000</b>	<b>\$29,287,000</b>	<b>\$28,859,000</b>	<b>\$28,266,000</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>223.89%</b>	<b>173.95%</b>	<b>114.68%</b>	<b>188.88%</b>

Note to Schedule: This schedule is intended to show a ten-year trend.  
Additional years will be reported as they become available.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Net Pension Liability and Related Ratios, continued**

Year Ended April 30

<b>Total pension liability</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Service cost	\$4,091,838	\$3,914,244	\$4,598,304	\$4,630,006
Interest on total pension liability	13,152,701	12,742,742	12,509,148	12,015,197
Differences between expected and actual experience	(2,871,806)	(3,213,708)	(7,303,863)	(2,293,671)
Effect of assumption/SEIR changes	3,950,960	—	(9,116,555)	3,350,712
Benefit payments, including member refunds	(8,196,411)	(7,765,679)	(7,185,237)	(7,220,946)
<b>Net change in total pension liability</b>	<b>10,127,282</b>	<b>5,677,599</b>	<b>(6,498,203)</b>	<b>10,481,298</b>
<b>Total pension liability—beginning</b>	<b>179,393,466</b>	<b>173,715,867</b>	<b>180,214,070</b>	<b>169,732,772</b>
<b>Total pension liability—ending</b>	<b>189,520,748</b>	<b>179,393,466</b>	<b>173,715,867</b>	<b>180,214,070</b>
<b>Plan fiduciary net position</b>				
Net investment income	5,693,834	11,661,350	11,383,598	(815,408)
Net securities lending income	27,404	25,377	36,760	21,305
City contributions	4,778,854	4,994,191	5,063,240	5,048,167
Member contributions	1,415,677	1,271,683	1,253,047	1,287,388
Benefits paid	(7,974,964)	(7,424,849)	(6,888,499)	(6,887,482)
Refunds of contributions	(221,447)	(340,830)	(296,738)	(333,464)
Administrative expenses	(136,633)	(147,653)	(120,257)	(126,924)
<b>Net change in fiduciary net position</b>	<b>3,582,725</b>	<b>10,039,269</b>	<b>10,431,151</b>	<b>(1,806,418)</b>
<b>Plan fiduciary net position—beginning</b>	<b>142,605,109</b>	<b>132,565,840</b>	<b>122,134,689</b>	<b>123,941,107</b>
<b>Plan fiduciary net position—ending</b>	<b>146,187,834</b>	<b>142,605,109</b>	<b>132,565,840</b>	<b>122,134,689</b>
<b>Net pension liability, ending</b>	<b>\$43,332,914</b>	<b>\$36,788,357</b>	<b>\$41,150,027</b>	<b>\$58,079,381</b>
<b>Fiduciary net position as a percentage of total pension liability</b>	<b>77.14%</b>	<b>79.49%</b>	<b>76.31%</b>	<b>67.77%</b>
<b>Covered payroll</b>	<b>\$27,108,000</b>	<b>\$25,434,000</b>	<b>\$25,061,000</b>	<b>\$25,748,000</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>159.85%</b>	<b>144.64%</b>	<b>164.20%</b>	<b>225.57%</b>

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Net Pension Liability and Related Ratios, continued**

Year Ended April 30

<b>Total pension liability</b>	<b>2015</b>
Service cost	\$4,403,101
Interest on total pension liability	11,366,771
Differences between expected and actual experience	—
Effect of assumption/SEIR changes	2,318,394
Benefit payments, including member refunds	(6,320,353)
<b>Net change in total pension liability</b>	<b>11,767,913</b>
<b>Total pension liability—beginning</b>	<b>157,964,859</b>
<b>Total pension liability—ending</b>	<b>169,732,772</b>
<b>Plan fiduciary net position</b>	
Net investment income	6,756,442
Net securities lending income	23,157
City contributions	4,930,686
Member contributions	1,323,061
Benefits paid	(6,185,573)
Refunds of contributions	(134,780)
Administrative expenses	(112,924)
<b>Net change in fiduciary net position</b>	<b>6,600,069</b>
<b>Plan fiduciary net position—beginning</b>	<b>117,341,038</b>
<b>Plan fiduciary net position—ending</b>	<b>123,941,107</b>
<b>Net pension liability, ending</b>	<b>\$45,791,665</b>
<b>Fiduciary net position as a percentage of total pension liability</b>	<b>73.02%</b>
<b>Covered payroll</b>	<b>\$26,461,000</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>173.05%</b>

Note to Schedule: This schedule is intended to show a ten-year trend. Additional years will be reported as they become available.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Employer Contributions**

Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Actuarially determined employer contribution	\$6,441,000	\$5,800,000	\$5,359,000	\$4,850,000	\$4,779,000
Actual employer contributions	6,441,000	5,800,000	5,359,000	4,850,000	4,779,000
Annual contribution deficiency	\$ –	\$ –	\$ –	\$ –	\$ –
Covered payroll	\$30,543,000	\$29,287,000	\$28,859,000	\$28,266,000	\$27,108,000
Actual contributions as a percentage of covered payroll	21.09%	19.80%	18.57%	17.16%	17.63%

	2018	2017	2016	2015	2014
Actuarially determined employer contribution	\$4,994,000	\$5,063,000	\$5,048,000	\$4,931,000	\$5,658,000
Actual employer contributions	4,994,000	5,063,000	\$5,048,000	\$4,931,000	\$4,122,000
Annual contribution deficiency	\$ –	\$ –	\$ –	\$ –	\$1,536,000
Covered payroll	\$25,434,000	\$25,061,000	\$25,748,000	\$26,461,000	\$25,617,000
Actual contributions as a percentage of covered payroll	19.64%	20.20%	19.61%	18.63%	16.09%

Note: Effective with FY 2015, the actuarially determined employer contribution is developed as a dollar amount rather than a percent of covered payroll.

**Schedule of Investment Returns**

Fiscal Year Ending April 30	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expense	0.29%	-1.72%	22.67%	1.05%

Fiscal Year Ending April 30	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	4.15%	8.93%	9.47%	-0.64%	5.74%

Note to Schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION**

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**Changes of benefit and funding terms** – There were no changes to the plan provisions reflected in the valuation years presented in this report.

**Changes in actuarial assumptions and methods** – The following changes to the Plan provisions were reflected in the valuations as listed below:

**4/30/2023 Valuation**

- Reduction of the investment return assumption from 7.10% to 6.95%.
- Salary merit increases were adjusted to better reflect the actual, observed experience.
- Modification of retirement rates to better reflect the actual, observed experience.
- Modification of termination rates to better reflect the actual, observed experience.
- Elimination of the disability assumption.
- Changed the mortality assumption to the Pub-2010 General Members (Below Median) Mortality Tables projected generationally using Scale MP-2021.

**4/30/2022 Valuation:**

- Reduction of the investment return assumption from 7.35% to 7.10%.

**4/30/2021 Valuation:**

- Reduction of the investment return assumption from 7.40% to 7.35%..

**4/30/2020 Valuation:**

- Reduction of the investment return assumption from 7.45% to 7.40%

**4/30/2019 Valuation:**

- Reduction of the investment return assumption from 7.50% to 7.45%
- Reduction of the price inflation assumption from 3.00% to 2.50%.
- Reduction of the general wage increase assumption from 3.75% to 3.00%.
- Reduction of the payroll growth assumption from 3.75% to 3.00%.
- Increased the administrative expense assumption from 0.40% to 0.50%.
- Modification of both early and normal retirement assumptions to better reflect the actual, observed experience.
- Changed the mortality improvement scale prospectively from Scale AA to the ultimate projection scale of MP-2017.
- Modification of termination rates to better reflect the actual, observed experience.
- The merit salary assumption was modified to reflect the current pay scales.

**4/30/2017 Valuation:**

- The amortization of the unfunded actuarial accrued liability at April 30, 2017 is amortized over a closed 30-year period. Subsequent changes in the unfunded actuarial liability due to experience are amortized in a separate base with payments over a closed 20-year period.

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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The Actuarially Determined Contribution rates, as a percentage of pensionable payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of April 30, two years prior to the end of the year in which Actuarially Determined Contribution amounts are reported. The City contributes the full dollar amount of the Actuarial Determined Contribution.

The following actuarial methods and assumptions were used to determine the Actuarially Determined City Contribution reported in the most recent fiscal year (April 30, 2023), which was based on the results of the April 30, 2021 actuarial valuation:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years closed for Legacy UAAL (26 remaining as of April 30, 2021)
	20 years closed for experience bases
Asset valuation method	5-year smoothing of actual vs. expected return on fair (market) value
Price inflation	2.50%
Wage inflation	3.00%
Salary increases	3.60% to 6.50% per year, including wage inflation
Investment rate of return	7.10%, net of investment expenses and including price inflation 2.50%
Future cost-of-living adjustments	(simple)

**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI**

**SCHEDULE OF EXPENSES**

Year Ended April 30, 2023

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**Investment Expenses**

Bank custodial fees and expenses	\$36,447
Financial management expenses	983,962
Financial consultation	27,558

<b>Total</b>	<b>\$1,047,967</b>
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**Administrative Expenses**

Salaries and payroll taxes	\$93,568
Legal	2,009
Audit	4,800
Actuarial fees	41,875
Printing and office expense	2,083
Postage	1,284
Travel and education expense	5,452
Legislative consultation	4,580
Other	8,998

<b>Total</b>	<b>\$164,649</b>
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**CIVILIAN EMPLOYEES' RETIREMENT SYSTEM  
OF THE POLICE DEPARTMENT OF KANSAS CITY, MISSOURI  
SCHEDULE OF ADDITIONS BY SOURCE AND DEDUCTIONS BY TYPE**  
Years Ended April 30, 2014 through 2023

**ADDITIONS BY SOURCE**

<b>Fiscal Year Ended</b>	<b>Employee Contributions</b>	<b>City Contributions</b>	<b>Investment Income (Loss)</b>	<b>Total</b>
2014	\$1,313,816	\$4,122,375	\$9,764,444	\$15,200,635
2015	1,323,061	4,930,686	6,779,599	13,033,346
2016	1,287,388	5,048,167	(794,103)	5,541,452
2017	1,253,047	5,063,240	11,420,358	17,736,645
2018	1,271,683	4,994,191	11,686,727	17,952,601
2019	1,415,677	4,778,854	5,721,238	11,915,769
2020	1,416,742	4,849,708	1,442,539	7,708,989
2021	1,514,076	5,358,552	31,508,882	38,381,510
2022	1,510,871	5,800,468	(2,332,986)	4,978,353
2023	1,526,083	6,441,244	(277,958)	7,689,369

**DEDUCTIONS BY TYPE**

<b>Fiscal Year Ended</b>	<b>Benefits</b>	<b>Administrative Expenses</b>		<b>Total</b>
		<b>General</b>	<b>Refunds</b>	
2014	\$5,929,841	\$125,025	\$322,680	\$6,377,546
2015	6,185,573	112,924	134,780	6,433,277
2016	6,887,482	126,924	333,464	7,347,870
2017	6,888,499	120,257	296,738	7,305,494
2018	7,424,849	147,653	340,830	7,913,332
2019	7,974,964	136,633	221,447	8,333,044
2020	8,209,456	148,744	173,880	8,532,080
2021	9,199,657	132,117	226,726	9,558,500
2022	9,994,750	143,652	244,534	10,382,936
2023	10,178,903	164,649	335,144	10,678,696



# Investment Section

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October 10, 2023

Board of Trustees  
Civilian Employees' Retirement System of the Police Department  
of Kansas City, Missouri  
9701 Marion Park Drive  
Kansas City, MO 64137

Dear Board Members,

This letter serves to provide an overview of capital markets and the Civilian Employees' Retirement System of Kansas City (the "System") portfolio's positioning for the fiscal year ended April 30, 2023.

### **Economic Overview**

The 2023 fiscal year (May 1, 2022 to April 30, 2023) witnessed historically high inflation along with further economic uncertainty. Economic and inflation forecasts were impacted by tightening monetary policy, persistent inflation, and the ongoing war in Ukraine. The Federal Open Market Committee ("FOMC") continued to raise interest rates in hopes of controlling inflationary levels. Despite the economic slowdown to start 2023, the U.S. labor market remained strong ending the fiscal year with an unemployment rate of 3.4%, further adding to pricing pressure.

Inflation in the United States, as measured by the Consumer Price Index, increased 4.9% year over year in the fiscal year, down from 8.3% in April 2022. The inflationary trends continued to be problematic with the high interest rates combined with supply shocks and an energy crisis in Europe. The FOMC started off the fiscal year with four consecutive 0.75% rate increases and ended with a 0.25% increase in March 2023. The target federal funds rate increased from 0.75% – 1.00% at the start of the fiscal year to 4.75% – 5.00% as of April 30, 2023.

### **Capital Markets Overview**

Global equity markets, as measured by the MSCI All Country World Index, returned 2.1% during fiscal year ending April 30, 2023. U.S. equities slightly underperformed their non-U.S. counterparts but returned a positive 1.5% as measured by the Russell 3000 Index. Developed non-U.S. equity markets, as measured by the MSCI Europe Asia Far East (EAFE) Index, increased by 8.4%, while emerging markets returned -6.5%, as measured by the MSCI EM Index. Overall, all equity markets except emerging showed signs of improvement compared to their prior fiscal year returns.

After a year of persistent inflation and rising interest rates, the beginning of 2023 experienced lower interest rate and inflation levels. Capping off what was the most negative calendar year on record for the Bloomberg U.S. Aggregate Bond Index, the index only experienced a slight decline of -0.4% during fiscal year 2023. The Bloomberg Global Aggregate Bond Index returned a negative -2.3% due to interest rate hikes, and the Bloomberg Commodity Index recorded a -16.6% return, as oil and other commodity prices decreased significantly during the fiscal year.

## Plan Updates and Positioning

The total market value of the Civilian Employees' Retirement System investments decreased from \$168.1 million to \$164.5 million in the fiscal year ending April 30, 2023. Over the fiscal, the System maintained the actuarial assumed rate of return at 7.10%, before it was reduced to 6.95% in July 2023. The System's overall investment return over the past year was 0.9% and the System's three-year annualized return was 7.1%. The seven-year annualized return for the System was 6.7% and the System's ten-year annualized return was 6.2%.<sup>1</sup>

During the fiscal year, Staff, the Investment Committee (the "Committee"), and RVK, Inc. ("RVK") reviewed the System's asset allocation targets and alternative investment portfolios. While no significant changes were made to the portfolio, RVK began providing education on potential new asset classes for the Committee's future consideration. In the coming year, the Investment Committee and RVK will continue to review the System's asset allocation target and recommend changes aimed at improving potential return and/or diversification, based on the System's new actuarial assumed rate of return of 6.95%.

The System's investment policies, goals, and objectives, as well as the performance of its assets continue to be regularly monitored and evaluated by Staff, the Board, the Investment Committee, and RVK. These evaluations include analysis of the investment management firms and the custodial bank that serve the System.

The System's publicly traded assets managed through separate accounts are held in custody at Northern Trust Bank. Market values and returns referenced above are based upon statements prepared by Northern Trust Bank. Their statements are, to the best of our knowledge, reliable and accurate. Investment performance is calculated using a time-weighted rate of return methodology (gross of fees) based upon market values and cash flows.

We look forward to continuing to work with Staff, the Investment Committee, and the Board to monitor, review, and best position the System's portfolio to meet its long-term goals and objective.

Sincerely,



Rebecca Gratsinger, CFA  
Chief Executive Officer

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<sup>1</sup> All stated returns are gross of fees. The System's ten-year trailing performance includes historical returns provided by the prior consultant.

# Civilian Employees' Retirement System

## Summary of Investment Policies and Objectives

The Retirement System uses investment performance objectives to evaluate the investment return of the system's portfolio and individual managers. The system's overall annualized total net of fees return, as measured over a typical market cycle and a minimum period of five years, should exceed the return that would have been achieved if the system had been fully invested according to the approved asset allocation policy benchmark. The policy benchmark consists of 38% MSCI All Country World Investable Markets Index (Net), 31% Bloomberg US Aggregate Bond Index, 13% NCREIF ODCE Index (Net), 11% Absolute Return Custom Benchmark, and 7% ICE Bank of America Merrill Lynch 3 Month Treasury Bill Index plus 5%.

The portfolio underperformed the policy benchmark by -1.46%, with a .29% return (net of fees) for the fiscal year. The portfolio underperformed the policy benchmark by 0.48%, with a 4.86% return (net of fees) for the five years ending April 30, 2023. The portfolio outperformed the policy benchmark by 0.10%, with a 6.08% return (net of fees) for the seven years ending April 30, 2023.

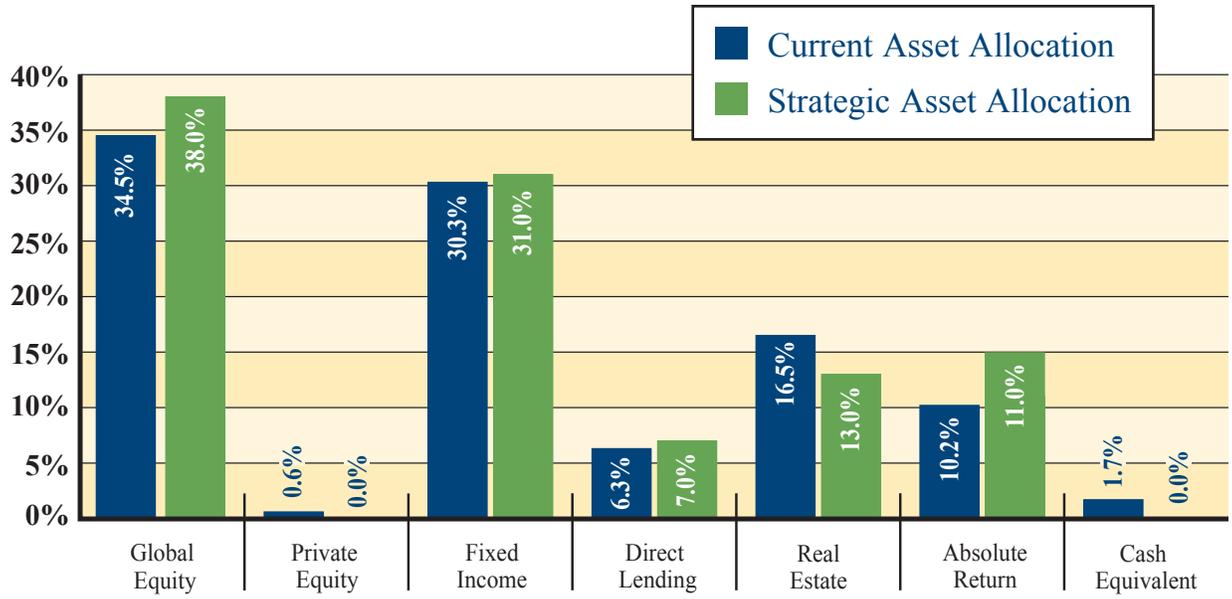
During the fiscal year, the Retirement Board monitored its strategic asset allocation policy using the portfolio's six broad and distinct asset classes. Each asset class has established return, risk, and diversification assumptions. Based on its determination of the appropriate risk tolerance and its long-term return expectations, the Retirement Board has implemented the following strategic asset allocation: Global Equity 38%, Fixed Income 31%, Real Estate 13%, Absolute Return 11%, Direct Lending 7%, and Cash 0%. Based on the RVK, Inc. capital market assumptions, the expected long-term return for the strategic asset allocation is 4.8%, and the expected standard deviation (risk) is 9.62%.

The current asset allocation is 35% equities, 32% bonds and cash, and 33% alternatives. Global stocks make up the entirety of the equity allocation. In contrast, core fixed income and cash divide the bond and fixed income allocation. The split of the alternative allocation is into core and value-added real estate, absolute return strategies, direct lending, and private equity. Differences between the year-end and strategic allocation are due to the market performance of the asset classes.

The Retirement Board met with staff from RVK, Inc. periodically to review the performance of each of the investment managers hired by the Retirement Systems. Performance is reviewed on an absolute basis (did the manager make or lose money) and on a relative basis (how did the manager perform compared to their designated benchmark). RVK also provides comparative statistical information about the source of the manager's performance against the benchmark and how their performance stacks against other asset class managers. The Retirement Board's Investment Committee continued to use video conferences to meet with the portfolio manager from our investment managers. Those meetings have included reviewing the manager's investment process, investment holdings and performance, and the manager's outlook for the asset class.

## Asset Allocation

Year Ending April 30, 2023



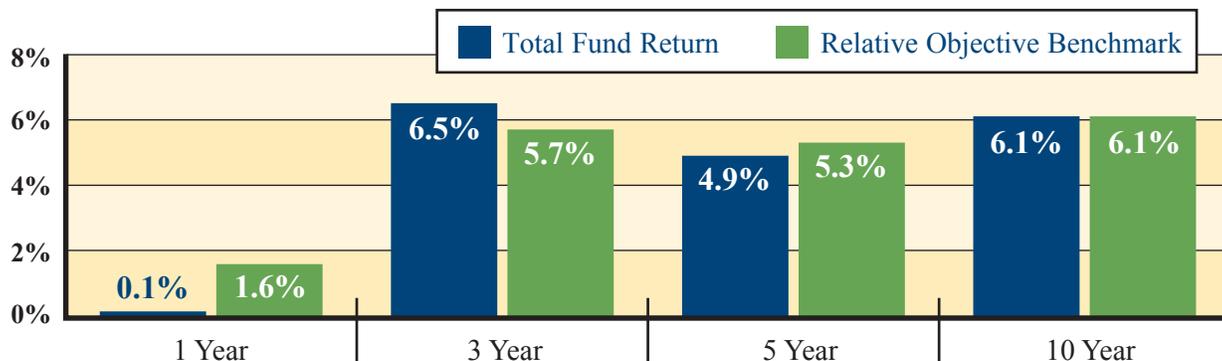
## Schedule of Investment Results

Comparative investment results are for the fiscal year ending April 30, 2023. Results for Real Estate and Private Equity managers are available for the quarter ending March 31, 2023 rather than for the fiscal year ending April 30, 2023.

### Annualized Manager Returns as of April 30, 2023

Investment Manager	Investment Class	One Year	Three Years	Five Years	Ten Years
FCI Advisors	Bonds & Fixed Income	0.1%	-3.1%	1.7%	1.8%
<i>Bloomberg US Govt/Credit</i>		<i>-0.3%</i>	<i>-3.1%</i>	<i>1.5%</i>	<i>1.4%</i>
PIMCO Income Fund	Bonds & Fixed Income	1.9%	3.0%	2.5%	
<i>Bloomberg US Bond Index</i>		<i>-0.4%</i>	<i>-3.2%</i>	<i>1.2%</i>	
White Oak Fixed Income Fund	Direct Lending	-3.5%	3.1%	4.0%	
<i>ICE Bank of America T Bill Index</i>		<i>4.8%</i>	<i>5.0%</i>	<i>5.9%</i>	
Artisan Partners	Global Equities	-1.0%	7.7%	7.6%	
LSV Global LC Value	Global Equities	2.3%	15.9%	5.9%	
<i>MSCI World</i>		<i>3.2%</i>	<i>13.1%</i>	<i>8.1%</i>	
Northern Trust Index	Global Equities	2.4%	12.5%	7.0%	
<i>MSCI ACW IMI</i>		<i>1.6%</i>	<i>12.2%</i>	<i>6.7%</i>	
GQG Partners	Global Equities	-2.0%			
<i>MSCI Emerging Mkts</i>		<i>-6.5%</i>			
Wellington Global Perspectives	Global Equities	3.1%			
<i>MSCI EM Small Cap</i>		<i>-2.3%</i>			
Morgan Stanley	Real Estate	-1.0%	9.8%	8.9%	
Prudential PRISA II	Real Estate	-2.7%	8.8%	8.3%	10.8%
<i>NCREIF ODCE</i>		<i>-3.1%</i>	<i>8.4%</i>	<i>7.5%</i>	<i>9.5%</i>
Grosvenor	Absolute Return	2.0%	6.4%	3.5%	
<i>HFN FOF Multi-Strat Index</i>		<i>-0.1%</i>	<i>6.5%</i>	<i>3.4%</i>	
Abbott Capital	Private Equity	-13.4%	12.3%	8.5%	
JP Morgan	Private Equity	-30.4%	5.4%	6.2%	
<i>Cambridge US Prvt Equ Index</i>		<i>-0.4%</i>	<i>24.6%</i>	<i>16.2%</i>	
<b>Total Fund</b>		<b>0.1%</b>	<b>6.5%</b>	<b>4.9%</b>	<b>6.1%</b>
<i>Relative Objective</i>		<i>1.6%</i>	<i>5.7%</i>	<i>5.3%</i>	<i>6.1%</i>

## Schedule of Investment Results (Continued)



Returns provided by R V Kuhns & Associates, Inc. to the Kansas City Police Employees' Retirement System.  
Note: Performance returns were calculated using a time weighted rate of return based on fair values.

## Schedule of Largest Assets Held

Ten Largest Equity Holdings April 30, 2023		Fair Value
1) Merck & Co		\$346,410
2) HCA Healthcare Inc		172,398
3) Cisco Systems Inc		170,100
4) Reliance Stl & Alum Co		159,583
5) Ameriprise Finl Inc		152,560
6) Volvo AB		152,080
7) Applied Materials Inc		146,939
8) Amgen Inc		143,844
9) HP Inc		142,608
10) Fedex Corp		136,668

Ten Largest Bond Holdings April 30, 2023				Fair Value
1) DTD	2.875%	Due 2025		\$856,847
2) US Treasury Bonds	4.25%	Due 2039		811,471
3) US Treasury Bonds	3.375%	Due 2042		751,211
4) US Treasury Bonds	3.875%	Due 2025		729,346
5) US Treasury Bonds	4.25%	Due 2024		597,563
6) US Treasury Bonds	2.375%	Due 2042		569,614
7) US Treasury Bonds	2.875%	Due 2046		561,928
8) US Treasury Bonds	1.25%	Due 2050		559,188
9) US Treasury Bonds	1.875%	Due 2041		534,402
10) US Treasury Bonds	2.25%	Due 2049		524,785

A complete list of portfolio holdings is available upon request.

# Schedule of Brokerage Commissions

Year Ending April 30, 2023

Brokerage Firms	Shares Traded	Dollar Volume of Trades	Commission	
			Dollar Amount	Value Per Share
UBS AG London Branch	17,009	\$233,146	\$116.57	\$0.0069
Morgan Stanley and Co., LLC	10,448	618,995	69.04	\$0.0066
JP Morgan Securities (Asia Pacific)	60,200	128,525	64.24	\$0.0011
Mizuho Securities USA Inc.	11,300	119,549	59.77	\$0.0053
Ubs Ag Stamford Branch	4,717	376,824	33.02	\$0.0070
Jefferies LLC	6,700	438,065	31.11	\$0.0046
Bank of America Corporation	5,642	342,584	28.22	\$0.0050
Citigroup Global Markets Limited	440	67,630	27.06	\$0.0615
Credit Suisse AG, New York Branch	3,729	243,910	26.10	\$0.0070
Exane S.A.	3,200	62,990	25.09	\$0.0078
Instinet Europe Limited	4,700	60,742	24.26	\$0.0052
Daiwa Capital Markets Singapore Ltd	7,000	47,168	23.57	\$0.0034
RBC Dominion Securities Inc.	480	46,181	18.47	\$0.0385
HSBC Bank PLC	18,050	60,744	18.14	\$0.0010
JP Morgan Securities Australia Ltd	14,800	35,348	17.67	\$0.0012
Liquidnet Europe Limited	6,284	21,227	14.80	\$0.0024
Sanford C. Bernstein and Co., LLC	1,906	137,436	14.31	\$0.0075
Parel	800	15,923	11.11	\$0.0139
Bank of America Merrill Lynch Secs	330	25,097	10.05	\$0.0305
Credit Suisse Securities (USA) LLC	3,890	19,759	9.87	\$0.0025
Pershing LLC	180	23,305	9.31	\$0.0517
J.P. Morgan Securities PLC	2,200	18,561	9.26	\$0.0042
Merrill Lynch International Limited	4,166	16,902	7.06	\$0.0017
J.P. Morgan Securities LLC	700	38,255	7.00	\$0.0100
Paris Agency Business (EX SGLB)	700	13,465	6.71	\$0.0096
Credit Suisse International	68	12,306	6.15	\$0.0904
BNP Paribas Secs SVS, (AU Branch)	420	6,016	6.02	\$0.0143
Macquarie Bank Limited	4,290	11,748	5.88	\$0.0014
Liquidnet Inc.	400	27,405	4.00	\$0.0100
Barclays Capital	2,000	11,774	3.54	\$0.0018
Investment Technology Group Ltd.	1,521	6,674	2.67	\$0.0018
BNP Paribas Securities Services SA	100	3,102	1.84	\$0.0184
Cabrera Capital Markets LLC	900	3,044	1.52	\$0.0017
Jefferies International Ltd	500	4,578	1.37	\$0.0027
Scotia Capital Inc.	310	39,435	0.96	\$0.0031
Cowen and Company, LLC	120	10,004	0.84	\$0.0070
Stifel Nicolaus & Co, Incorporated	100	8,477	0.70	\$0.0070
Others (Including 14 Brokerage Firms)	14,213,546	13,528,611		\$-
<b>Totals</b>	<b>14,413,846</b>	<b>\$16,885,503</b>	<b>\$717.30</b>	<b>\$0.000</b>
Zero Commission Trades Excluded From Above	25,995,700	\$32,452,876		

# Investment Summary

Year Ending April 30, 2023

Investment Manager	Date Hired	Investment Class	Portfolio Fair Value As of 4/30/23	% of Total Fair Value
FCI Advisors	Oct 1974	Fixed Income	\$31,679,490	19.1%
Prudential	Sep 2004	Real Estate	12,997,528	7.8%
Abbott Capital	Aug 2005	Private Equity	441,600	0.3%
JPMorgan	Jan 2006	Private Equity	167,593	0.1%
Northern Trust	Feb 2014	Global Equity Index	15,796,886	9.5%
Artisan	Apr 2014	Global Equity	11,569,304	7.0%
LSV	Apr 2014	Global Equity	14,377,238	8.7%
Grosvenor	Jul 2014	Absolute Return – Hedge Fund	16,860,212	10.2%
Morgan Stanley	Sep 2014	Real Estate	13,087,759	7.9%
PIMCO	Aug 2017	Fixed Income	18,710,237	11.3%
White Oak	Apr 2018	Direct Lending	10,623,205	6.4%
GQG	Oct 2020	Global Equity	5,625,376	3.4%
Wellington	Oct 2020	Global Equity	10,121,493	6.1%
Cash	Oct 2020	Global Equity	3,802,198	2.3%
<b>Total</b>			<b>\$165,860,119</b>	<b>100%</b>

# Fees and Commissions

Year Ending April 30, 2023

Investment Manager	Management Fee	Commission Expense	Commission per Share
Abbott	\$6,205	\$-	\$-
Artisan Global	92,400	-	-
FCI	47,700	-	-
GQG	37,787	-	-
Grosvenor	143,548	-	-
JP Morgan PE	4,328	-	-
LSV	87,800	717	0.001
Morgan Stanley	160,875	-	-
Northern Trust	11,600	-	-
PIMCO	78,800	-	-
PGIM	159,319	-	-
Wellington	90,400	-	-
White Oak	63,200	-	-
Closed Accounts	-	-	-
<b>Total</b>	<b>\$983,962</b>	<b>\$717</b>	<b>\$0.000</b>

# Actuarial Section

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October 5, 2023

The Retirement Board  
Civilian Employees' Retirement System of the  
Police Department of Kansas City, Missouri  
9701 Marion Park Drive, B  
Kansas City, MO 64137

Dear Members of the Board:

The basic financial objective of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri is to establish and receive contributions which:

- when expressed in terms of percentages of active member payroll will remain approximately level from generation to generation, and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri to present and future retirees and beneficiaries.

The financial objective is addressed within the annual actuarial funding valuation. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund the unfunded actuarial accrued liability (UAAL), as a level percent of active member payroll, over the amortization period defined in the System's Funding Policy. The most recent valuation was completed based upon population data, asset data, and plan provisions as of April 30, 2023.

The administrative staff of the System provides the actuary with census data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year to year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends. The plan's external auditor also audits the actuarial membership data annually.

For funding valuation purposes, an asset smoothing method is used to develop the actuarial value of assets. The smoothing method recognizes the difference between the dollar amount of the actual and expected return on the market value of assets over a five-year period.

Actuarial valuations for funding the System are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. An experience study covering the five-year period from May 1, 2017 to April 30, 2022 was performed and a new set of actuarial assumptions was adopted by the Board at their June 2023 meeting. The changes include a material reduction to the investment return assumption/discount rate that is being phased-in over a five-year period. The first reduction from 7.05% to 6.95% is reflected in the April 30, 2023 valuation, with the other assumption changes. Additional reductions of 0.10%





per year will occur each year until the ultimate investment return assumption is 6.50% is reached. In addition, the retirement and termination of employment assumptions were both lowered. The change to the set of actuarial assumptions in the 2023 valuation increased the unfunded actuarial accrued liability by \$5.2 million but decreased the employer contribution rate by 0.18% of payroll. In our opinion, the assumptions and the methods comply with the requirements of Actuarial Standards of Practice. Each actuarial valuation reflects all prior differences between actual and assumed experience in each risk area and adjusts the actuarial contribution rates as needed.

In addition to the increase due to the assumption change, the unfunded actuarial accrued liability was impacted by the actual experience for fiscal year 2023. There was an actuarial loss of \$4.3 million on actuarial assets and an actuarial liability loss of \$6.1 million from demographic experience. The liability loss was largely due to higher salary increases than expected. In total, the unfunded actuarial accrued liability increased by \$15.5 million from the prior valuation.

The 2013 session of the Missouri General Assembly passed legislation that modified the benefit provisions for members hired on or after August 28, 2013 (called Tier II). As a result, the normal cost rate for this group of members is lower than the normal cost rate for members hired before that date. As of April 30, 2023, there were 231 members in Tier II out of a total of 492 active members (about 47% of total actives). Although Tier II members are 47% of the total active membership, they represent a much smaller percentage of the active actuarial accrued liability due to their relatively shorter service and younger age. Over time, the normal cost rate is expected to decline as the members hired before August 28, 2013 retire or leave covered employment and are replaced by members covered by Tier II. However, it may take another 10 years before a noticeable difference is observed in the valuation results.

The System is 74% funded as of April 30, 2023, based on the actuarial value of assets. However, reflecting the City's statutory requirement to contribute the full actuarial contribution rate, the funded ratio of the System is expected to increase over the next thirty years assuming all actuarial assumptions are met.

Cavanaugh Macdonald also prepared actuarial computations as of April 30, 2023 for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards Board (GASB) Statement No. 67. The results are presented in a separate report dated July 3, 2023. The assumptions used in the funding valuation report were also used in the GASB 67 report. In addition, the entry age normal actuarial cost method, which is required to be used under GASB 67, is also used in the funding valuation report. The actuarial assumptions and methods used in both the funding and the GASB 67 valuation meet the parameters set by the Actuarial Standards of Practice (ASOPs), as issued by the Actuarial Standards Board, and generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by the Governmental Accounting Standards Board.



The actuary prepared, or assisted in preparing, the following supporting information for the Comprehensive Annual Financial Report:

### **Financial Section**

- Total Pension Liability
- Net Pension Liability
- Sensitivity Analysis
- Schedule of Changes in the Net Pension Liability
- Schedule of City Contributions

### **Actuarial Section**

- Summary of Assumptions
  - Funding Method, Asset Valuation Method, Interest Rate
  - Payroll Growth
  - Probabilities of Age & Service Retirement
  - Probabilities of Separation from Active Employment Before Age & Service Retirement
- Short-Term Solvency Test
- Membership Data
- Analysis of Financial Experience
- Schedule of Funding Progress
- Computed and Actual City Contributions

Respectfully submitted,  
CAVANAUGH MACDONALD CONSULTING, LLC

*Patrice Beckham*

Patrice A. Beckham, FSA, FCA, EA, MAAA  
Principal and Consulting Actuary



This work product was prepared solely for the Civilian Employees' Retirement System of the Police Department of Kansas City for the purposes described herein and may not be appropriate to use for other purposes. CMC does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Summary of Actuarial Assumptions and Methods

Actuarial assumptions are suggested by the retirement system actuary and approved by the Retirement Board.

The investment rate of return is 6.95% for the 4/30/23 valuation, stepping down 0.1% annually in 2024, 2025, and 2026, and 0.15% in 2027, net of investment expenses, compounded annually. (adopted 5/11/23)

The System uses a 5-year smoothing of actual vs. expected return on fair value approach to value plan assets for actuarial purposes. (adopted 9/20/11)

For healthy retirees, disabled retirees, surviving beneficiaries, and all active employees, the System uses the Pub-2010 Family of Tables with the MP-2021 projection scale. (adopted 6/8/23)

The rates to measure the probabilities of age and service retirements are included in the Rates of Retirement table on the following pages.

Tables for Rates of Separation from Active Membership and Rates of Disability are shown on the following pages.

The projected general wage growth is 3.00% (adopted 11/8/18); merit and longevity increases range from 0.25% to 3.0% (adopted 5/11/23) depending upon the sample ages. These increases include an underlying assumption of 2.5% for inflation (adopted 11/8/18). The table for Pay Increase Assumptions is shown on the following pages.

Normal cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using the entry age normal actuarial cost method. Unfunded actuarial accrued liabilities were amortized by level percent of payroll contributions (principal and interest combined) over a closed 30

year period, beginning with the April 30, 2017 valuation. Any new UAAL generated in subsequent years will be layered and amortized over a closed 20-year period. (adopted 11/8/16)

The System assumes the Retirement Board will grant a 2.5% cost of living adjustment, as allowed by state statute, in each year that statutory provisions are met. (adopted 7/9/13)

The System periodically prepares a study using actual experience in order to develop assumptions to be used in its actuarial valuations. The latest study was initially completed and presented to the Board in May 2023 for the period May 1, 2017 through April 30, 2022. The Retirement Board adopted the recommendations and economic assumptions at the May 11, 2023 board meeting and the recommendations and demographic assumptions at the June 8, 2023 board meeting to be used in the valuation for the fiscal year ending April 30, 2023. The experience study results were presented to the Board on June 8, 2023.

The most recent valuation was completed by Cavanaugh Macdonald Consulting, LLC and was based on members of the System as of April 30, 2023. All census data was supplied by the System and was subject to reasonable consistency checks. Cavanaugh Macdonald Consulting, LLC completed the valuations since 2011. Milliman, Inc. completed the 2007 through 2010 valuations. Gabriel, Roeder, Smith & Company completed the valuations from 2002 through 2006. William M. Mercer, Inc. completed all previous valuations.

# Summary of Actuarial Assumptions and Methods (Continued)

**Mortality Tables.** For active members, Pub-2010 General Members (Below Median) Employee Mortality Table projected generationally using Scale MP-2021. (adopted 6/8/23)

For healthy retirees, Pub-2010 General Members (Below Median) Healthy Retiree Mortality Table projected generationally using Scale MP-2021. (adopted 6/8/23)

For disabled retirees, Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using Scale MP-2021. (adopted 6/8/23)

For beneficiaries, Pub-2010 (Below Median) Contingent Survivor Mortality Table projected generationally using Scale MP-2021. (adopted 6/8/23)

**Rates of separation from active membership.** The rates do not apply to members eligible to retire and do not include separation on account of death or disability. This assumption measures the probabilities of members remaining in employment. (adopted 5/11/23)

Years of Service	% of Active Members Separating within Next Year
0	19.00%
1	18.50%
2	16.50%
3	15.00%
4	13.50%
5	12.00%
6	11.00%
7	9.50%
8	8.00%
9	6.50%
10	5.50%
11	4.50%
12–15	3.00%
16–18	2.00%
19	1.00%
20	0.50%
21–25	0.25%
26+	0.00%

**Rates of Disability.** None assumed. (adopted 5/11/23)

## Summary of Actuarial Assumptions and Methods (Continued)

**Rates of Retirement.** These rates are used to measure the probabilities of an eligible member retiring during the next year. (adopted 5/11/23) Inactive vested members are assumed to retire at the first unreduced retirement age.

Tier 1 Members			Tier 2 Members		
Ages	Reduced	Unreduced	Ages	Reduced	Unreduced
50–54		8%	51–60		10%
55–60	4%	8%	61		12%
61	15%	12%	62	10%	15%
62	15%	15%	63–64	20%	15%
63–64	20%	15%	65–66	20%	25%
65–67		25%	67		25%
68–69		30%	68–69		30%
70		100%	70		100%

**Pay increase assumptions** for individual active members are shown below. (Adopted 5/11/23)

Years of Service	Annual Rate of Pay Increase		
	General Wage Growth	Merit and Longevity	Total
0	3.00%	2.00%	5.00%
1	3.00%	2.25%	5.25%
2	3.00%	2.50%	5.50%
3	3.00%	2.75%	5.75%
4–11	3.00%	3.00%	6.00%
12	3.00%	2.75%	5.75%
13	3.00%	2.50%	5.50%
14–25	3.00%	2.25%	5.25%
26	3.00%	1.75%	4.75%
27	3.00%	1.25%	4.25%
28	3.00%	0.50%	3.50%
29+	3.00%	0.25%	3.25%

## Schedule of Active Member Valuation Data

Ten Years Ended April 30, 2023

Valuation Date April 30	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2014	552	25,512,281	46,218	3.5%
2015	551	26,284,560	47,703	3.2%
2016	526	25,622,781	48,713	2.1%
2017	492	24,196,734	49,180	1.0%
2018	511	25,760,424	50,412	2.5%
2019	543	27,327,897	50,328	-0.2%
2020	537	27,717,217	51,615	2.6%
2021	522	27,945,565	53,536	3.7%
2022	498	27,893,295	56,011	4.6%
2023	492	30,112,430	61,204	9.3%

## Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Ten Years Ended April 30, 2023

Year Ended Apr 30	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Annual Benefits	Average Annual Benefits
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2014	17	350,265	4	70,420	224	5,414,412	7.6	24,171
2015	16	380,423	5	116,695	235	5,786,256	6.9	24,622
2016	20	436,079	7	133,170	248	6,180,912	6.8	24,923
2017	23	623,410	9	95,963	262	6,831,852	10.5	26,076
2018	16	330,169	6	157,851	272	7,112,772	4.1	26,150
2019	14	461,971	4	54,604	282	7,577,136	6.5	26,869
2020	18	528,435	10	132,995	290	7,972,656	5.2	27,492
2021	20	560,634	7	188,597	303	8,344,692	4.7	27,540
2022	18	708,202	8	208,506	313	9,016,620	8.1	28,807
2023	20	635,491	9	183,354	324	9,562,692	6.1	29,514

Benefit amounts do not include \$160 supplemental benefit.

## Short-Term Solvency Test

ENTRY AGE ACTUARIAL ACCRUED LIABILITIES					Portion of Actuarial Accrued Liabilities Covered by Reported Assets		
Valuation Date April 30	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	Valuation Assets	(1)	(2)	(3)
2014	\$13,366,753	\$65,924,948	\$75,972,321	\$119,075,893	100%	100%	52%
2015	13,831,974	69,298,850	77,339,858	126,029,676	100	100	55
2016	14,009,918	73,396,064	77,675,950	130,604,532	100	100	56
2017	13,748,200	81,260,182	76,179,809	137,233,636	100	100	55
2018	13,993,612	83,042,411	80,080,976	144,206,976	100	100	59
2019	14,253,969	88,625,831	85,625,376	150,112,994	100	100	55
2020	14,626,343	93,349,361	89,423,325	154,613,128	100	100	52
2021	14,979,303	99,578,589	96,903,127	164,724,673	100	100	52
2022	14,883,865	107,279,455	98,388,680	172,673,298	100	100	51
2023	15,118,761	117,046,827	109,016,254	177,749,624	100	100	42

## Analysis of Financial Experience

Year Ended April 30, 2023

The actuarial gains or losses realized in the operation of the Retirement System provide an experience test. Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is expected that gains and losses will cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below.

	Millions
Unfunded Actuarial Liability, April 30, 2022	\$47.9
– effect of contributions less than actuarial rate	–
– expected change due to amortization method	0.3
– (gain)/loss from investment return on actuarial assets	4.3
– demographic experience <sup>1</sup>	6.1
– assumption changes	5.2
– all other experience	(0.4)
Unfunded Actuarial Liability, April 30, 2023	\$63.4

<sup>1</sup> Liability loss is about 2.54% of total actuarial liability.

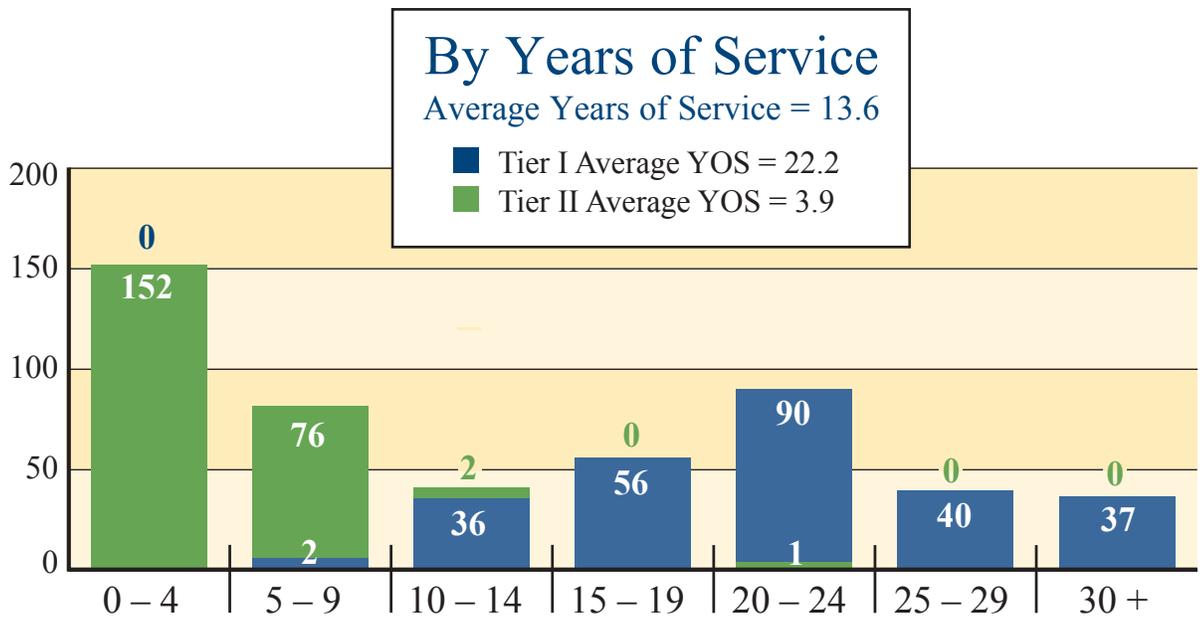
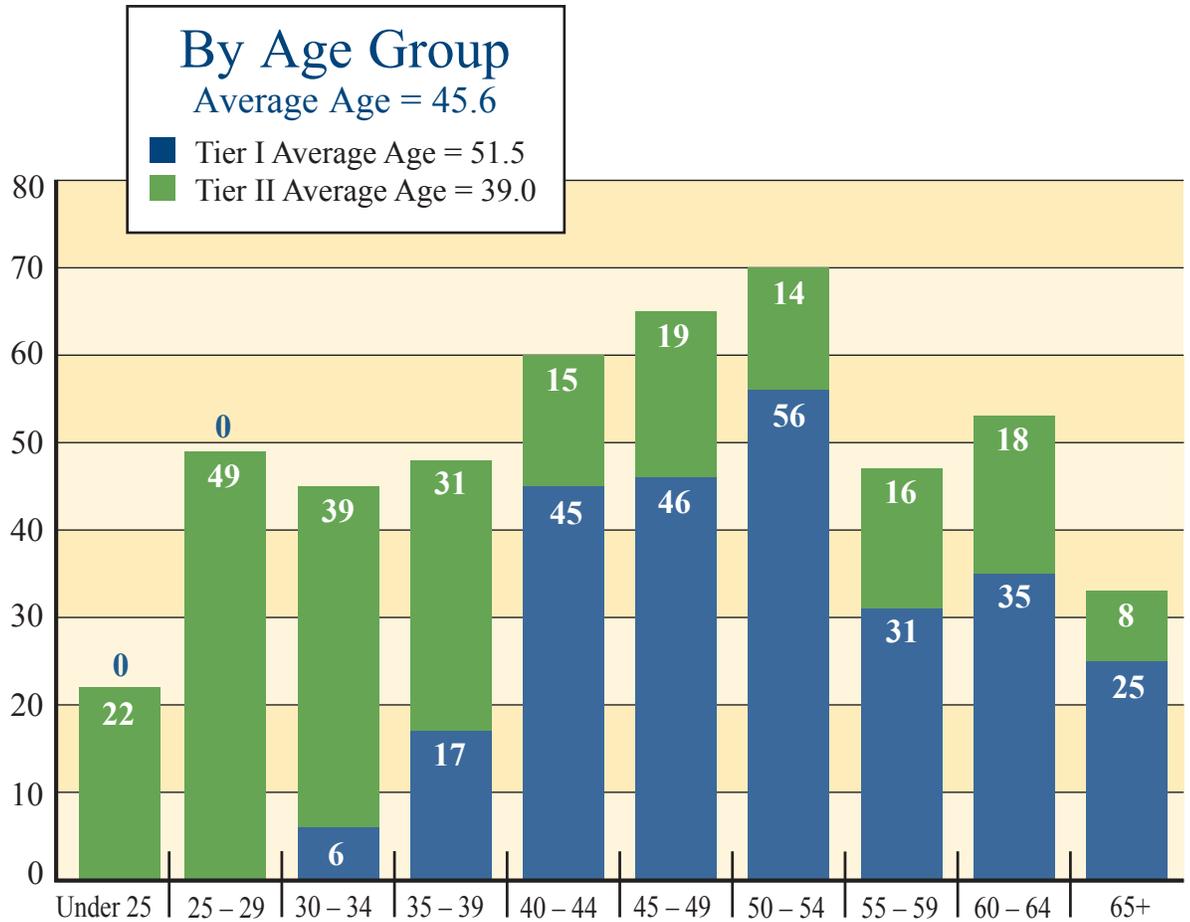
## Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Active Member Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
4/30/14	119,075,893	155,264,022	36,188,129	77%	27,076,814	134%
4/30/15	126,029,676	160,470,682	34,441,006	79%	27,887,038	124%
4/30/16	130,604,532	165,081,932	34,477,400	79%	27,165,226	127%
4/30/17	137,233,636	171,188,191	33,954,555	80%	25,618,042	133%
4/30/18	144,206,976	177,116,999	32,910,023	81%	27,256,079	121%
4/30/19	150,112,994	188,505,176	38,392,182	80%	28,822,590	133%
4/30/20	154,613,128	197,399,029	42,785,901	78%	29,224,300	146%
4/30/21	164,724,673	211,461,019	46,736,346	78%	29,470,477	159%
4/30/22	172,673,298	220,552,000	47,878,702	78%	29,414,952	163%
4/30/23	177,749,624	241,181,842	63,432,218	74%	31,663,693	200%

## Schedule of Computed and Actual City Contributions

Year Ended April 30	Actuarial Determined Contributions	Actual Contributions
2014	5,358,191	4,122,375
2015	4,930,686	4,930,686
2016	5,048,167	5,048,167
2017	5,063,240	5,063,240
2018	4,994,191	4,994,191
2019	4,778,854	4,778,854
2020	4,849,708	4,849,708
2021	5,358,552	5,358,552
2022	5,800,468	5,800,468
2023	6,441,244	6,441,244

# Active Membership



# Summary Plan Description at May 2022

## Membership

All regularly appointed full-time civilian employees of the Kansas City, Missouri Police Department, who are not eligible to receive a pension from any other City-funded retirement system, shall become members of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri, as a condition of their employment.

Tier I members include employees hired before August 28, 2013.

Tier II members include employees hired on or after August 28, 2013.

Any Tier I member who terminates their membership and later returns to membership on or after August 28, 2013, will become a Tier II member.

## Creditable Service

Membership service includes all service rendered as a civilian employee for compensation. Creditable service includes current membership service and may also include purchases of prior service, military service, and other qualifying public service.

### Service Interruptions

With certain exceptions, any time a member is on leave without compensation, the member will not receive creditable service in the Retirement System for such period of time. However, upon returning from unpaid leave to active service, the member may purchase creditable service for such time by paying the actuarial cost calculated at the time of the purchase. Under certain conditions, members who have been on a period of unpaid leave for military purposes may receive creditable service without being required to pay the actuarial cost. Creditable service does not include any time a member is suspended from service without pay.

### Prior Service

A member who terminates membership with three years or more of creditable service and later returns to membership may purchase credit toward retirement for that prior service. The cost shall be determined using the member's portion of actuarial rates.

### Prior Military Service

Members may elect to purchase creditable service in the Retirement System based upon any active duty time they served in the U.S. military prior to employment with the Kansas City, Missouri, Police Department. A member may purchase up to two years of qualifying military service. The cost shall be determined at the time of purchase using current actuarial rates and must be paid in full prior to retirement.

### Other Public Employment

Under Section 105.691 RSMo, a member who has been employed in nonfederal public employment in the State of Missouri prior to becoming a member of the Civilian Employees' Retirement System may purchase service up to the actual number of years of public service in an eligible position. A member becomes eligible under this section after they have been a member of the Civilian Employees' Retirement System for five years. The cost shall be determined using actuarial rates.

## Contributions

All members contribute a percentage of their base pay until they retire. The member's contribution rate is 5% of base pay. Member contributions are made through payroll deduction on a pre-tax basis and paid into the Retirement System by the Board of Police Commissioners each pay period.

As of May 1, 2022, the City of Kansas City, Missouri, will contribute the actuarial required amount of \$6.4 million based on a projected payroll of \$30.4 million using a contribution rate of 21.2% of members' base pay. Future contribution rates will be based on actuarial requirements.

## Retirement Benefits

A Tier I member's normal retirement date shall be the first day of the month following the later of the date the member attains the age of 65 years or of the member's tenth anniversary of employment.

A Tier II member's normal retirement date shall be the first day of the month following the later of the date the member attains the age of 67 years or of the member's twentieth anniversary of employment.

Pension benefits begin in the month following the member's effective retirement date.

### Age and Service Retirement

A member, who retires on or after the member's normal retirement date, shall receive a pension in a sum equal to 2% of the member's Final Compensation multiplied by the number of years of creditable service.

Final Compensation of a Tier I member is generally the member's average annual compensation over the 24 months of service for which the member received the highest base salary.

Final Compensation of a Tier II member is generally the member's average annual compensation over the 36 months of service for which the member received the highest base salary.

There is no reduction in social security benefits.

A member who is married at the time of retirement may, with their spouse's consent, select an optional annuity in lieu of a normal pension. An optional annuity provides a monthly pension to the member for life and an equal amount to the surviving spouse upon the death of the member. The value of the optional annuity will be the actuarial equivalent of the member's normal pension amount at the date of retirement, including the value of survivorship rights for the surviving spouse. The optional annuity will be paid to the member's surviving spouse for life without regard to remarriage.

### Early Retirement

Beginning at age 55, a Tier I member who has completed at least 10 years of creditable service may elect early retirement and receive a pension benefit which shall be reduced by one-half of one percent for each month the effective date is prior to the first day of the month after the member turns 60. For members electing early retirement at age 55, the reduction is 30%.

Beginning at age 60, a Tier I member who has completed at least 5 years but not more than 10 years of creditable service may elect early retirement and receive a pension benefit which shall be reduced by one-half of one percent for each month the effective date is prior to the first day of the month after the member turns 65.

Beginning at age 60, a Tier I member who has completed at least 10 years of creditable service, or at any time after a member's total of age and years of creditable service equals or exceeds 80, the member may elect early retirement without any reduction in benefits.

Beginning at age 62, a Tier II member who has completed at least 5 years of creditable service may elect early retirement and receive a pension benefit which shall be reduced by one-

half of one percent for each month the effective date is prior to the first day of the month after the member turns 67. For members electing early retirement at age 62, the reduction is 30%.

Beginning at age 62, a Tier II member who has completed at least 20 years of creditable service, or at any time after a member's total of age and years of creditable service equals or exceeds 85, the member may elect early retirement without any reduction in benefits.

### **Disability Benefits**

A member eligible for disability benefits must be in active service and have a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of the member's life. The disability must not be caused by the member's own negligence or willful self-infliction. A duty disability is directly due to and caused by the actual performance of employment with the Police Department. A non-duty disability arises from any other cause than a duty disability.

There is no age or service requirement for a duty disability pension. A member eligible for a duty disability pension, as determined by the Medical Board of the Retirement System and the Retirement Board, will receive a pension equal to 50% of the member's Final Compensation.

To be eligible for a non-duty disability pension, a member must have 10 or more years of creditable service. A member eligible for a non-duty disability pension, as determined by the Medical Board of the Retirement System and the Retirement Board, will receive a pension equal to 30% of the member's Final Compensation, but in no event shall the disability pension be less than the amount the member would be entitled to as a pension if they retired on the same date with equivalent age and creditable service.

A disability pension shall be paid to eligible members for so long as the total and permanent disability shall continue. The pension may be subject to offset or reduction by amounts paid

or payable under Workers' Compensation law. A disability retiree may be required by the Retirement Board to undergo periodic medical examinations.

### **Partial Lump-sum Option Payment (PLOP)**

A Partial Lump-sum Option Payment (PLOP) is available to members who have one or more years of creditable service beyond their eligible retirement date. A member with one or more years of creditable service beyond their eligible retirement date may elect a lump sum equal to 12 times the initial monthly base pension they would have received without making the PLOP election.

A member with two or more years of creditable service beyond their eligible retirement date may elect a lump sum equal to 24 times the initial monthly base pension they would have received without making the PLOP election.

A member with three or more years of creditable service beyond their eligible retirement date may elect a lump sum equal to 36 times the initial monthly base pension they would have received without making the PLOP election.

When a member makes an election to receive a PLOP, the member's base pension calculated at the time of retirement will be actuarially reduced to reflect the PLOP payment. The reduction in a member's retirement benefit with a PLOP is dependent upon the member's age, marital status, and the amount of the PLOP.

### **Survivor Benefits**

Upon the death of a member in service or of a member after retirement, there shall be paid the following:

If the member dies in service and has less than 5 years of creditable service, the member's surviving spouse shall be paid, in a lump sum, the amount of the member's contributions plus interest.

If the member dies in service and has at least 5 but less than 20 years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum return of contributions plus interest, a pension equal to 50% of the member's accrued pension as computed for normal retirement. The effective date of the election shall be the latter of the first day of the month after the member's death or the first day of the month following what would have been the member's early retirement date.

If the member dies in service and has at least 20 years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum return of contributions plus interest, the larger of the 50% pension as computed above or a pension determined on a joint and survivor's basis from the actuarial value of the member's accrued pension at the date of death.

If the member retired and did not elect an optional annuity in lieu of a normal pension, the surviving spouse shall receive a pension payable for life equaling 50% of the member's normal retirement benefit as of the member's actual retirement date plus cost of living adjustments.

If the member retired and elected an optional spousal annuity, the surviving spouse shall receive the same amount as the annuity being paid to the member and will be paid such amount for the lifetime of such surviving spouse.

A funeral benefit of \$1000.

When a surviving spouse receives Workers' Compensation benefits on account of the death of a member in service, the amounts of any payments under this section may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law.

Upon the death of a member, if there is no surviving spouse or if the total amount paid to the member and/or the member's

surviving spouse is less than the member's accumulated contributions, an amount equal to the difference shall be paid to the member's designated beneficiary or, if none, to the member's estate. A payment to a designated beneficiary shall constitute full and final payment of any and all claims for benefits from the Retirement System.

A surviving spouse shall not be entitled to benefits unless the spouse is married to the member at the time of retirement.

### **Cost of Living Adjustments**

Members, including surviving spouses, may receive an annual cost-of-living adjustment in an amount not to exceed 3% of their respective base pension. Statutes require that the Retirement System remain actuarially sound and that the Retirement Board must act upon the advice of a qualified actuary when granting cost of living adjustments. To be eligible for the cost of living increase, which is normally granted on the November 1 benefit check, the member's pension must have commenced by December 31 of the prior year.

### **Supplemental Retirement Benefits**

Retired members with 15 years of creditable service and eligible surviving spouses receive a supplemental retirement benefit, currently in the amount of \$160 monthly, in addition to pension benefits.

### **Resignation or Termination**

Upon resignation or termination of a member with less than 5 years of creditable service, the member will be paid the amount of the member's accumulated contributions plus interest, if any, and the return of contributions shall be in lieu of any and all benefits to which the member might be entitled.

With 5 or more years of creditable service, a member may choose to leave their accumulated contributions in the Retirement System fund and receive a pension upon the member's normal retirement date or upon the member's early retirement date, subject to any applicable adjustments.

Any member who receives a refund of their member contributions, thereby terminating their membership in the Retirement System, and who later returns to membership on or after August 28, 2013, due to re-employment, will become a Tier II member.

## Retirement Board

The Retirement Board is composed of nine members. Two are appointed by the Board of Police Commissioners, two are appointed by the City Council, and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees' Retirement System, one member retired from active service in the Police Retirement System, and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually, and board members are elected to serve for three-year terms.

The above summary is not intended to serve as a legal document or substitute for the law. In all circumstances, the language of the actual text of the law and the policies adopted by the Retirement System Board will take precedence. Copies of sections 86.1310 to 86.1640 of the Revised Statutes of Missouri, which govern the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri, are available on our website at [www.kcpers.org](http://www.kcpers.org) or upon request at the KCPERS office.

# Statistical Section

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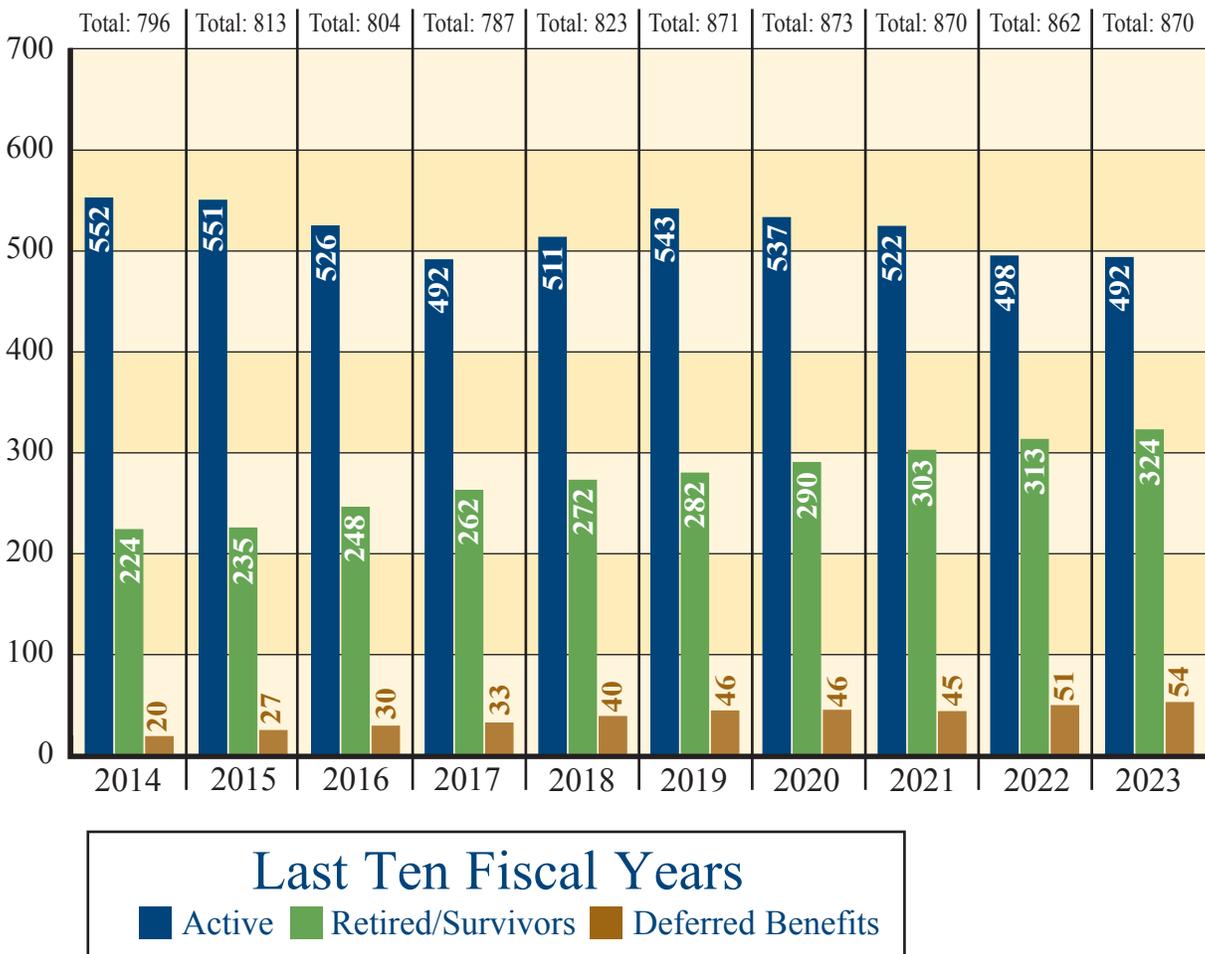
# Statistical Summary

The Civilian Employees’ Retirement System of the Police Department of Kansas City, Missouri has implemented the provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section. GASB Statement No. 44 established reporting requirements related to the supplementary information presented in this section.

Each of the schedules in the statistical section contain ten years of historical data to provide more comprehensive comparisons and track the progress of changes to member demographics and plan benefits.

All of the member demographic and benefit data used in the statistical section was obtained from internal sources. Participant data is separated into active, retired/survivor, and deferred categories where appropriate. Retirement benefit data is separated into service retirement, duty disability retirement, and non-duty disability retirement categories where appropriate.

## Membership in Retirement Plan



# Schedule of Changes in Plan Net Position

Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018
<b>Additions:</b>					
Member Contributions	\$1,313,816	\$1,323,061	\$1,287,388	\$1,253,047	\$1,271,683
City Contributions	4,122,375	4,930,686	5,048,167	5,063,240	4,994,191
Net Investment Income	9,764,444	6,779,599	(794,103)	11,420,358	11,686,727
<b>Total Additions to Plan Net Position</b>	<b>15,200,635</b>	<b>13,033,346</b>	<b>5,541,452</b>	<b>17,736,645</b>	<b>17,952,601</b>
<b>Deductions:</b>					
Benefits	5,929,841	6,185,573	6,887,482	6,888,499	7,424,849
Refunds	322,680	134,780	333,464	296,738	340,830
Administrative	125,025	112,924	126,924	120,257	147,653
<b>Total Deductions from Plan Net Position</b>	<b>6,377,546</b>	<b>6,433,277</b>	<b>7,347,870</b>	<b>7,305,494</b>	<b>7,913,332</b>
<b>Change in Net Position</b>	<b>\$8,823,089</b>	<b>\$6,600,069</b>	<b>\$(1,806,418)</b>	<b>\$10,431,151</b>	<b>\$10,039,269</b>

Fiscal Year	2019	2020	2021	2022	2023
<b>Additions:</b>					
Member Contributions	\$1,415,677	\$1,416,742	\$1,514,076	\$1,510,871	\$1,526,083
City Contributions	4,778,854	4,849,708	5,358,552	5,800,468	6,441,244
Net Investment Income	5,721,238	1,442,539	31,508,882	(2,332,986)	(277,958)
<b>Total Additions to Plan Net Position</b>	<b>11,915,769</b>	<b>7,708,989</b>	<b>38,381,510</b>	<b>4,978,353</b>	<b>7,689,369</b>
<b>Deductions:</b>					
Benefits	7,974,964	8,209,456	9,199,657	9,994,750	10,178,903
Refunds	221,447	173,880	226,726	244,534	335,144
Administrative	136,633	148,744	132,117	143,652	164,649
<b>Total Deductions from Plan Net Position</b>	<b>8,333,044</b>	<b>8,532,080</b>	<b>9,558,500</b>	<b>10,382,936</b>	<b>10,678,696</b>
<b>Change in Net Position</b>	<b>\$3,582,725</b>	<b>\$(823,091)</b>	<b>\$28,823,010</b>	<b>\$(5,404,583)</b>	<b>\$(2,989,327)</b>

# Schedule of Deductions from Plan Net Position for Benefits and Refunds by Type\*

Last Ten Fiscal Years

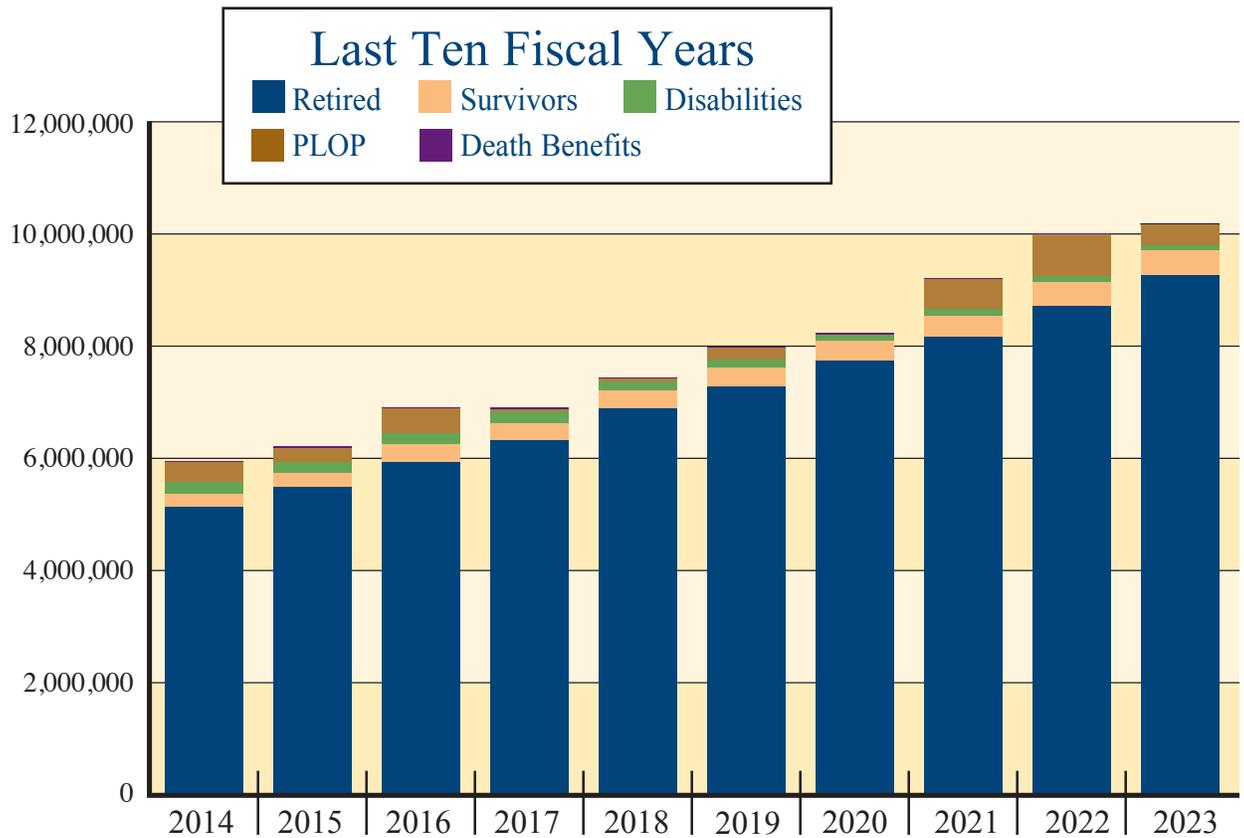
Fiscal Year	2014	2015	2016	2017	2018
<b>Type of Benefit:</b>					
Retired	\$5,134,903	\$5,482,025	\$5,935,608	\$6,316,121	\$6,885,723
Survivors	221,915	249,449	313,054	314,748	324,404
Disabilities	217,811	195,869	199,546	200,112	161,161
PLOP	351,212	253,230	431,847	50,518	47,561
Death Benefits	4,000	5,000	7,427	7,000	6,000
<b>Total Benefits</b>	<b>5,929,841</b>	<b>6,185,573</b>	<b>6,887,482</b>	<b>6,888,499</b>	<b>7,424,849</b>
<b>Type of Refund:</b>					
Separation	305,683	134,780	333,464	296,738	312,050
Death	16,997	–	–	–	28,780
<b>Total Refunds</b>	<b>322,680</b>	<b>134,780</b>	<b>333,464</b>	<b>296,738</b>	<b>340,830</b>

Fiscal Year	2019	2020	2021	2022	2023
<b>Type of Benefit:</b>					
Retired	\$7,268,058	\$7,730,824	\$8,156,040	\$8,711,612	\$9,269,362
Survivors	349,025	356,632	383,536	424,478	431,620
Disabilities	139,058	113,000	113,066	117,182	104,751
PLOP	214,822	–	540,014	731,478	368,170
Death Benefits	4,000	9,000	7,000	10,000	5,000
<b>Total Benefits</b>	<b>\$7,974,964</b>	<b>\$8,209,456</b>	<b>\$9,199,657</b>	<b>\$9,994,750</b>	<b>\$10,178,903</b>
<b>Type of Refund:</b>					
Separation	\$221,447	\$171,612	\$226,727	\$244,534	\$244,284
Death	–	2,268	–	–	90,860
<b>Total Refunds</b>	<b>\$221,447</b>	<b>\$173,880</b>	<b>\$226,727</b>	<b>\$244,534</b>	<b>\$335,144</b>

\*Benefit amounts include \$160 supplemental benefit.

\*Benefit amounts include cost of living adjustments.

## Schedule of Deductions from Plan Net Position for Benefits and Refunds by Type\* (Continued)



\* Benefit amounts include \$160 supplemental benefit.

\* Benefit amounts include cost of living adjustments.

# Schedule of Retired Members by Type of Benefit

April 30, 2023

Amount of Monthly Benefit*	Total Monthly Benefits*	Total Number of Recipients	Type of Benefit			
			Retired	Surviving Spouses	Duty Disability	Non-Duty Disability
\$0 to \$500	6,803	18	15	3	0	0
\$501 to \$750	14,983	23	16	7	0	0
\$751 to \$1,000	18,654	21	17	3	0	1
\$1,001 to \$1,500	38,683	31	26	4	0	1
\$1,501 to \$2,000	51,630	29	24	3	1	1
\$2,001 to \$2,500	85,500	38	35	2	0	1
\$2,501 to \$3,000	116,753	42	39	2	0	1
\$3,001 to \$3,500	115,033	35	35	0	0	0
\$3,501 to \$4,000	104,471	28	25	3	0	0
\$4,001 to \$4,500	98,425	23	23	0	0	0
\$4,501 to \$5,000	79,184	17	17	0	0	0
\$5,001 to \$5,500	41,181	8	8	0	0	0
\$5,501 to \$6,000	34,526	6	6	0	0	0
\$6,001 and Over	34,904	5	5	0	0	0
<b>Totals</b>	<b>840,730</b>	<b>324</b>	<b>291</b>	<b>27</b>	<b>1</b>	<b>5</b>

\*Benefit amounts include \$160 supplemental benefit.

\*Benefit amounts include cost of living adjustments.

# Schedule of Average Monthly Base Benefit Amounts\*

Ten Years Ended April 30, 2023

## Years Credited Service

Members Retiring During	5-10	10-15	15-20	20-25	25-30	30+	All Members
<b>Fiscal Year Ending 04/30/14</b>							
Average monthly benefit		\$762	1,006	1,770	2,422	2,283	1,593
Average final compensation		\$3,553	2,881	4,794	4,860	4,162	4,220
Number of retirees		5	1	5	3	2	16
<b>Fiscal Year Ending 04/30/15</b>							
Average monthly benefit	\$450	1,534		1,569	2,385	3,119	1,964
Average final compensation	\$2,593	5,441		3,817	4,249	5,043	4,286
Number of retirees	2	2		4	2	4	14
<b>Fiscal Year Ending 04/30/16</b>							
Average monthly benefit	\$336	575	1,062	2,129	2,212	3,979	1,847
Average final compensation	\$2,594	2,509	3,385	4,963	4,570	6,199	4,195
Number of retirees	2	2	4	3	4	3	18
<b>Fiscal Year Ending 04/30/17</b>							
Average monthly benefit	\$413	928	1,405	3,814	3,659	2,958	2,393
Average final compensation	\$2,763	4,352	4,190	8,569	7,048	4,576	5,411
Number of retirees	2	3	4	4	3	5	21
<b>Fiscal Year Ending 04/30/18</b>							
Average monthly benefit	\$572	676	927	2,017	2,513	4,796	1,726
Average final compensation	\$4,148	3,427	3,264	4,447	4,570	6,532	4,189
Number of retirees	2	2	3	2	4	1	14
<b>Fiscal Year Ending 04/30/19</b>							
Average monthly benefit		759	1,012	2,003	2,901	3,924	2,829
Average final compensation		3,037	2,990	4,088	6,575	5,836	5,223
Number of retirees		2	1	1	3	6	13
<b>Fiscal Year Ending 04/30/20</b>							
Average monthly benefit	\$297	1,125	2,155	3,684	2,926	4,363	2,538
Average final compensation	\$2,873	3,869	6,457	7,567	5,390	5,542	5,126
Number of retirees	4	1	2	2	4	4	17
<b>Fiscal Year Ending 04/30/21</b>							
Average monthly benefit	\$721	1,029	1,669	2,672	3,188	3,490	2,409
Average final compensation	\$4,638	4,469	4,937	8,044	6,015	5,422	5,389
Number of retirees	1	3	4	1	4	5	18
<b>Fiscal Year Ending 04/30/22</b>							
Average monthly benefit	\$-	0	1,050	1,684	3,146	4,184	3,572
Average final compensation	\$-	0	3,396	4,330	5,525	5,736	5,449
Number of retirees	0	0	1	1	4	10	16
<b>Fiscal Year Ending 04/30/23</b>							
Average monthly benefit	\$523	1,054	0	2,178	2,462	4,799	3,058
Average final compensation	\$4,261	3,544	0	4,943	5,223	6,836	5,593
Number of retirees	1	1	0	4	4	6	16

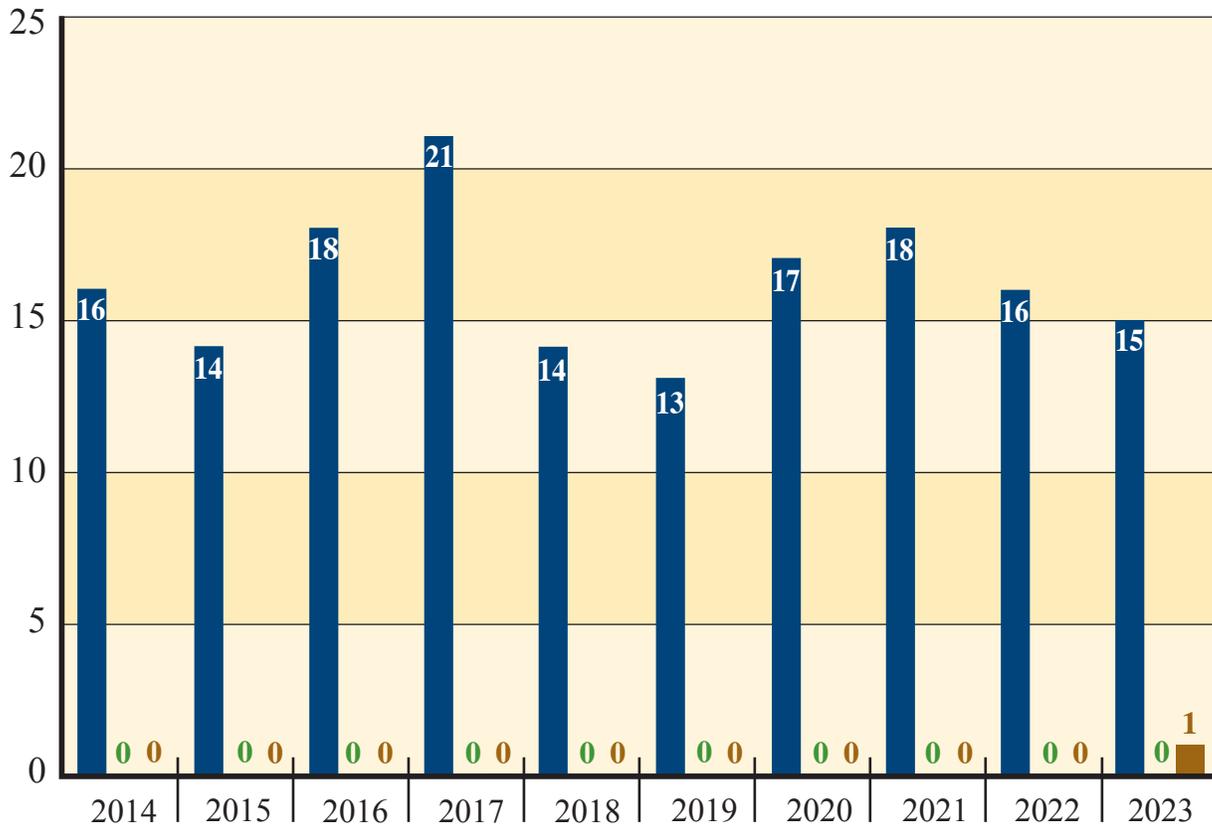
\*Benefit amounts do not include supplemental benefits or cost of living adjustments.

\*Benefit amounts are after reductions for optional benefits.

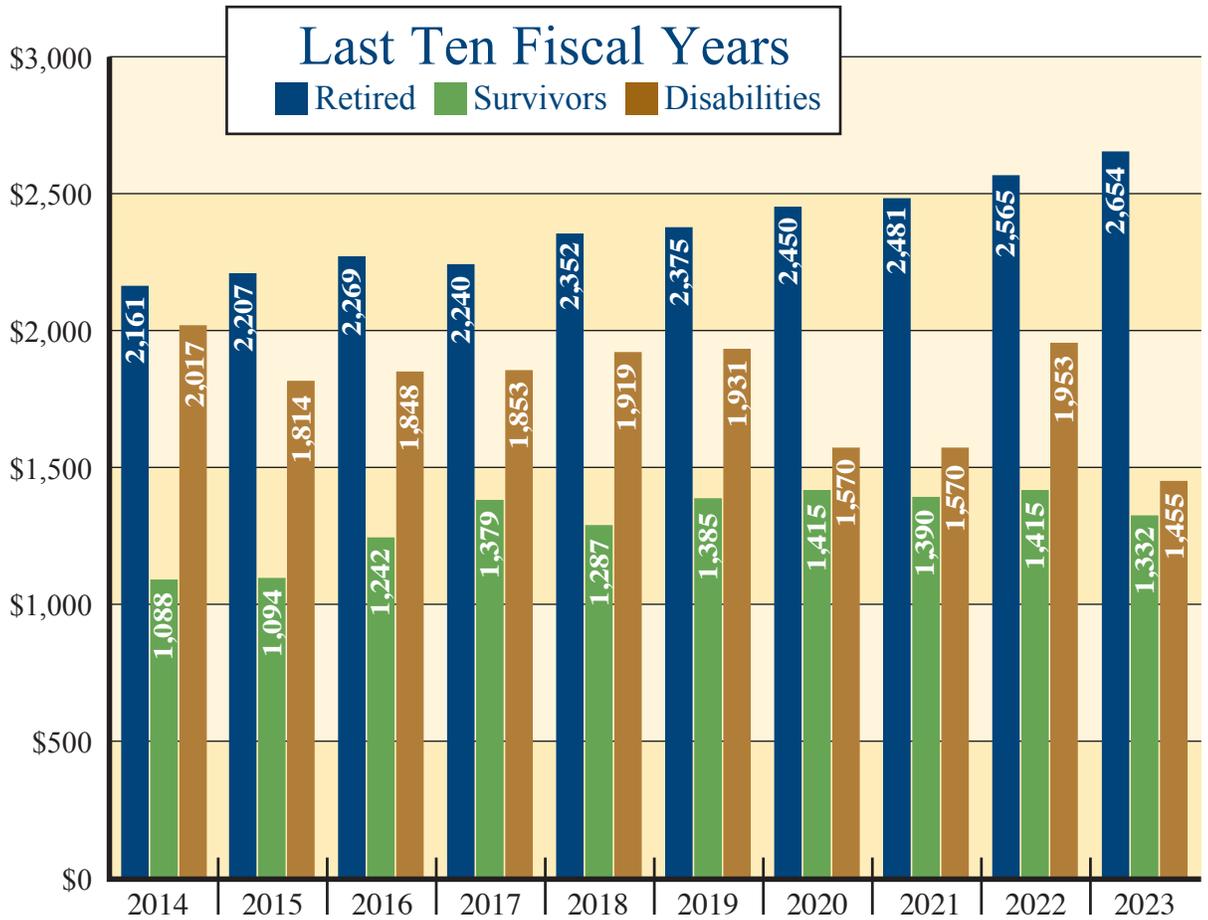
# New Pensions Started

## Last Ten Fiscal Years

■ Service ■ Duty ■ Non-Duty



# Average Monthly Benefit\*



\* Benefit amounts include \$160 supplemental benefit

\* Benefit amounts include cost of living adjustments

## Cost of Living Increases

Ten Year History

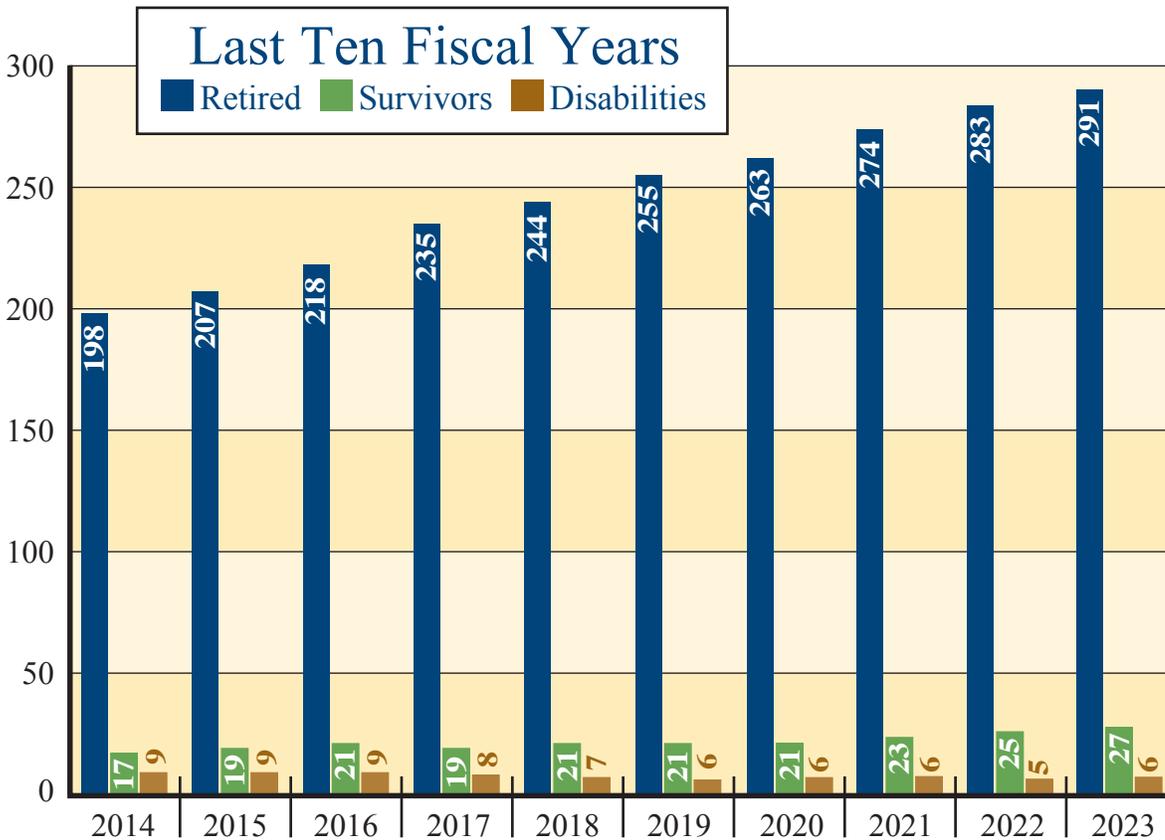
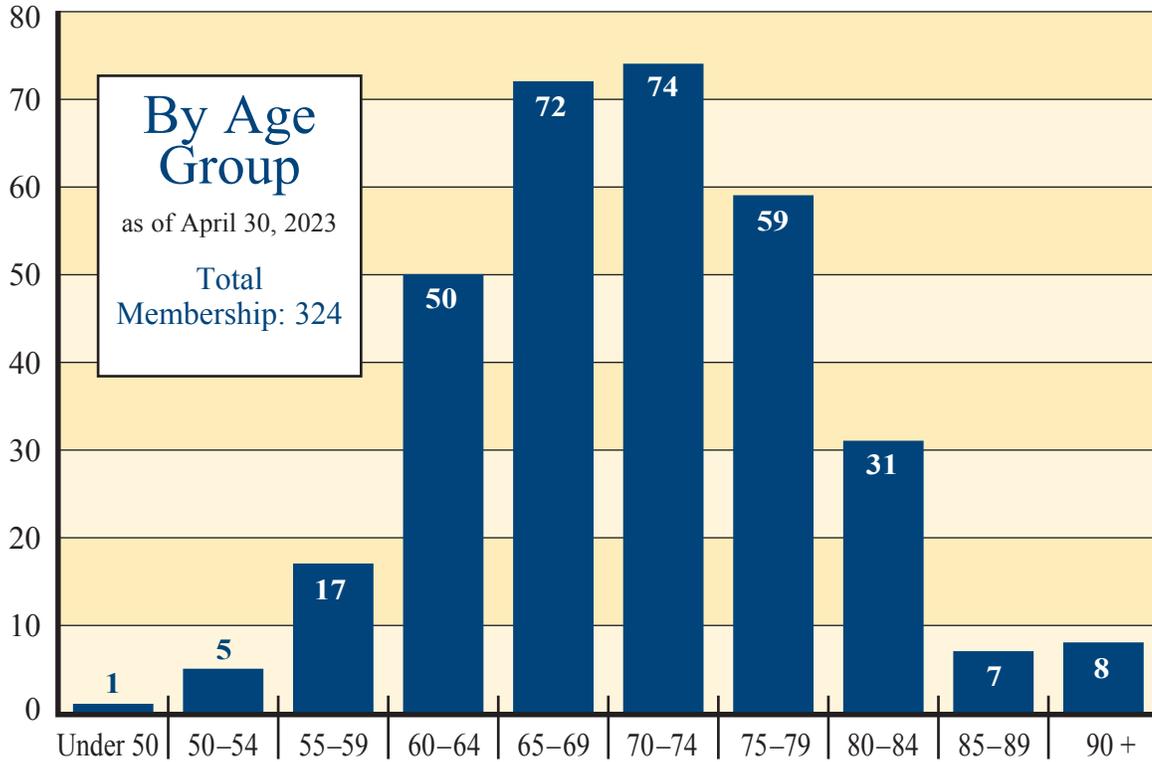
Fiscal Year	% Increase to Monthly Base Pension
2014	3.00%
2015	2.50%
2016	2.50%
2017	2.00%
2018	2.50%
2019	2.00%
2020	1.00%
2021	0.00%
2022	2.50%
2023	1.25%

## Supplemental Retirement Benefit

History of Increases

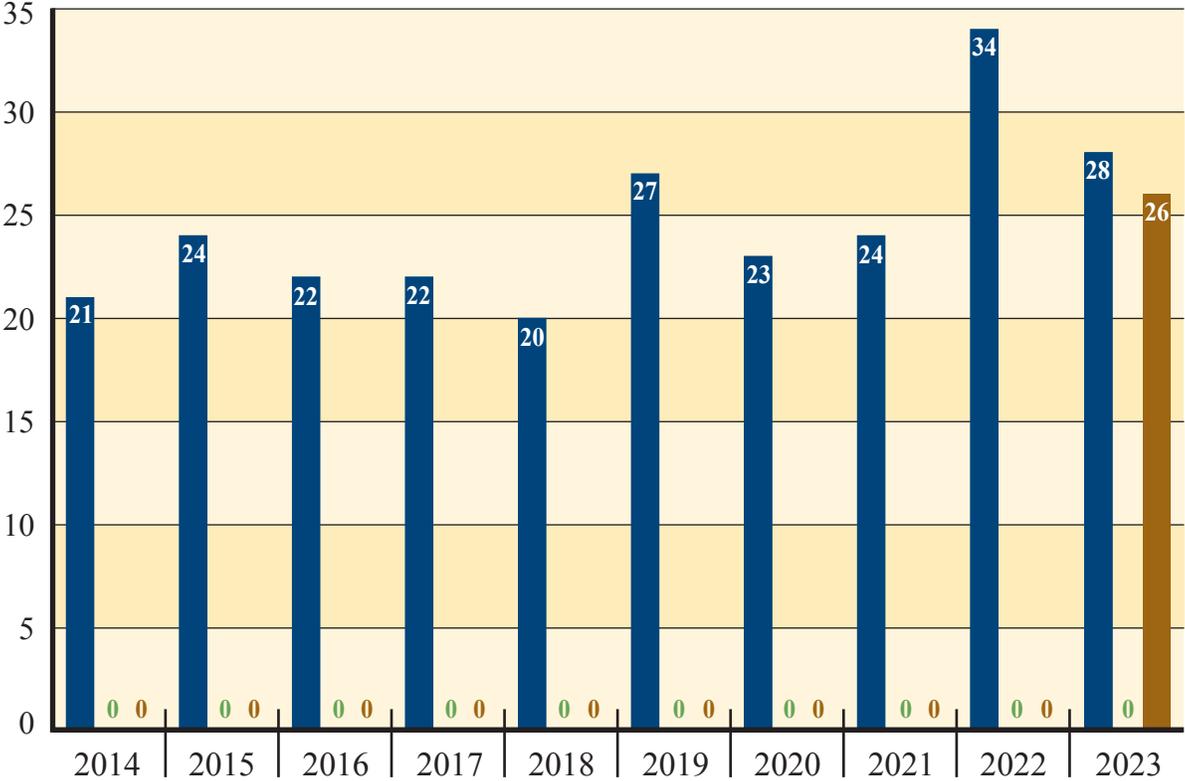
Fiscal Year	Monthly Benefit Amount	Annual Benefit Amount
1993	\$50.00	\$600.00
2000	120.00	1,440.00
2001	160.00	1,920.00

# Membership Receiving Benefits

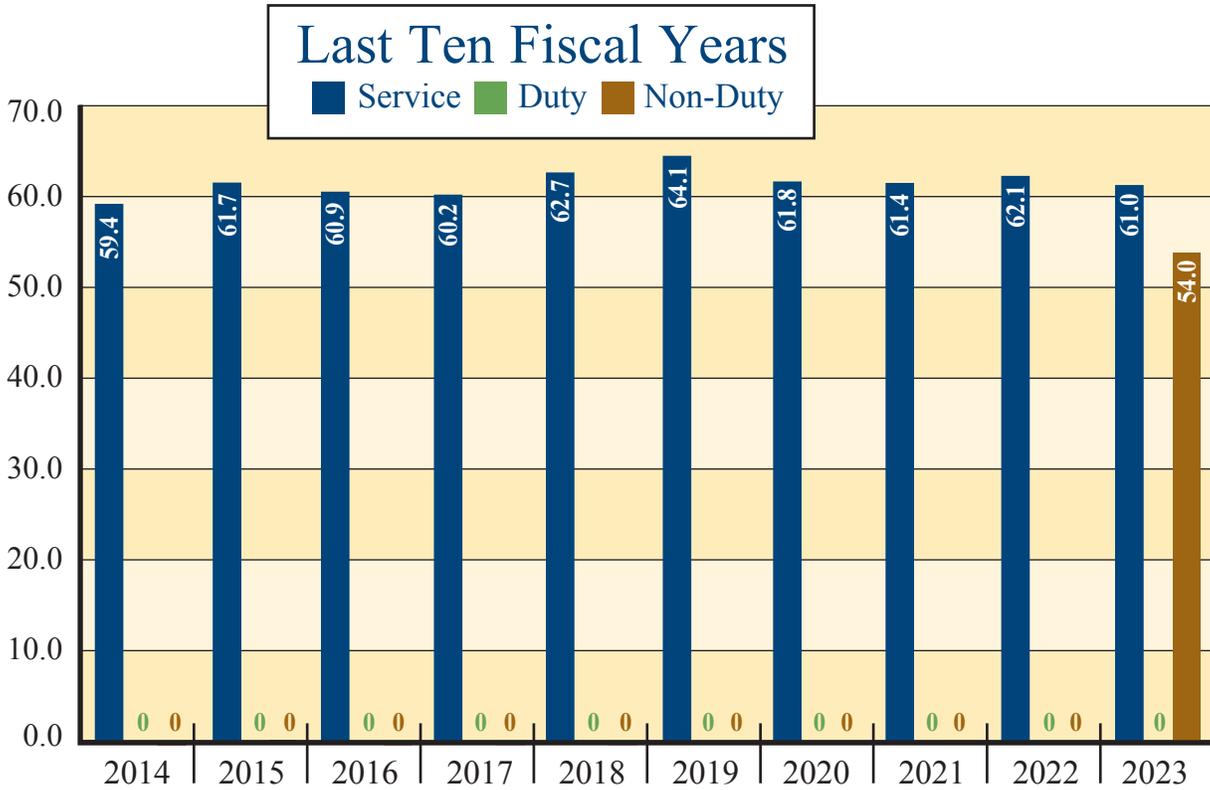


# Average Years of Service at Retirement

Last Ten Fiscal Years  
■ Service ■ Duty ■ Non-Duty



# Average Age at Retirement



## Average Age of Retirees as of April 30, 2023

**Service** **71.0**  
(291 retired members ranging in age from 52 to 95)

**Duty Disability** **63.0**  
(1 retired member age 63)

**Non-Duty Disability** **58.2**  
(5 retired members ranging in age from 48 to 67)





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# KCPERS

Kansas City Police Employees' Retirement Systems

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