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

A Component Unit of the City of Kansas City, Missouri

KCPERS
KANSAS CITY
Police Employees' Retirement System
Established 1946

58TH ANNUAL REPORT

Annual Comprehensive Financial Report

May 1, 2023 to April 30, 2024

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

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May 1, 2023 to April 30, 2024

57TH ANNUAL REPORT

Prepared by:
Kansas City Police Employees' Retirement Systems
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Kansas City, MO 64137
(816) 482-8138 or (888) 813-8138
Website: www.kcpers.org

Cover illustration credit: iStock, monsitj

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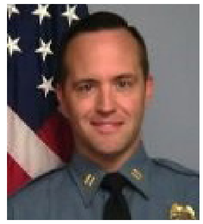
Retirement Board

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

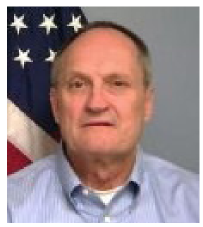
Gregory (Scott) Hummel
Chairman
Civilian Administrator, Kansas City, Missouri Police Department



Nate Simecek
Vice-Chair
Captain, 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

James Manley
Police Officer, Kansas City, Missouri Police Department

Patrick Trysla
Appointed Member

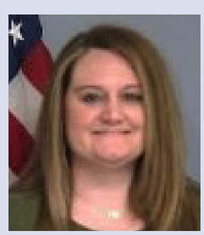
Walter (Web) Bixby III
Appointed Member

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 System

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

September 17, 2024

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 Members of the Board of Trustees, Members and Beneficiaries, and Stakeholders of the Kansas City, Missouri Police Department:

I am pleased to submit the fiscal year 2024 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 is a comprehensive document intended to provide our members and other stakeholders with detailed information about the Retirement System's financial, actuarial, and investment operations.

The Missouri General Assembly created the Retirement System in 1965 to provide retirement and disability benefits for civilian members of the Kansas City, Missouri Police Department, and survivor benefits for their spouses and children. 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. For financial reporting purposes, the Retirement System is a component unit of the City of Kansas City, Missouri. As such, the financial statements in this report are also included in the City of Kansas City, Missouri's Annual Comprehensive Financial Reports.

Actuarial and Investment Information

Cavanaugh Macdonald, the Retirement System's consulting actuary, completed the actuarial valuation dated April 30, 2024. Despite the favorable market performance, the system's funded ratio decreased slightly from 74% to 71%, primarily due to the long-term impact of the actuarial assumption changes incorporated from the 2023 experience study. The actuarial investment return for the year, incorporating the five-year smoothing of assets, returned 4.7%.

The Retirement Board continued its prudent approach to managing our long-term financial stability by lowering the assumed rate of return on investments from 6.95% to 6.85%. This adjustment reflects our commitment to maintaining a realistic outlook on future market performance while balancing the needs of our membership. The annualized dollar-weighted rate of return (net of fees) for the year was 6.98%, which exceeded our policy benchmark of 5.55% and surpassed our previous actuarially assumed rate of 6.95%. This positive performance underscores the strength of our diversified investment strategy.

Starting on page 61, the Actuarial Section of this report provides more information on the actuarial valuation. Detailed investment performance and the professionals who provide services to the Retirement System start on page 51 of the Investment Section. The Schedule of Investment Results shows the historical investment performance of each outside investment manager.

Fiscal Year 2024 Projects

In Fiscal Year 2024, we undertook several strategic initiatives to enhance communication, engagement, and transparency with our membership. One of our key accomplishments was the completion of an Economic Impact Report, which highlights the substantial contributions of our retirees to the local economy. This report demonstrates the vital role that our pension system plays, not only in securing financial futures for our members but also in supporting economic stability across the Kansas City metro area and the state of Missouri.

A YouTube page was launched to share video content with our membership to further our communication efforts. This platform enables us to deliver important updates and educational materials in a more accessible format, ensuring that all active or retired members stay informed and engaged. Additionally, we completed a series of Retiree Townhalls, offering a direct line of communication between the Board and our retirees. These sessions were instrumental in addressing concerns, providing updates, and reinforcing our commitment to transparency and dialogue.

We also took significant steps to refresh our visual identity, updating our branding with new logos, graphics, and stationary materials. These updates reflect a modern, professional image that aligns with our forward-looking objectives. This rebranding effort symbolizes our ongoing dedication to evolving and improving our services for the benefit of our members and stakeholders.

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, 2023. The Retirement System received this prestigious award for the twenty-second consecutive year. 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 2024 Annual Report results from the work of all Retirement Systems staff and outside advisors and the leadership provided by the Retirement Systems Board. 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 Police Retirement System.

Respectfully submitted,

Jason Hoy

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, 2023

Christopher P. Morrill

Executive Director/CEO

KCPERS
KANSAS CITY
Police Employees' Retirement System

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

September 17, 2024

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, 2024. This annual report to our members provides financial information about your Retirement System and updates on changes that occurred during the past year.

During the past fiscal year, we added 57 new active KCPD members and processed 13 service and no disability retirement. We also processed 40 resignations and assisted with death benefits for 2 new surviving spouses. Total membership in the Retirement System increased by 9 to 879, with active membership increasing by 6 to 498, inactive vested members decreasing by 1 to 53, and retirees and surviving spouses increasing by 4 to 328.

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 6.91% net of fees, 1.36% above our target allocation benchmark of 5.55%. The Retirement Board continued reducing the actuarially assumed investment return rate from 6.95% to 6.85% in FY2024.

This year has been an important one for the Retirement System. Notably, we held our Board election and are pleased to welcome Officer James Manley, who was elected to fill the seat previously held by Sergeant Chad Pickens. Chad dedicated six successful years to the Board, during which his leadership and guidance greatly benefited the system. As we move forward, KCPERS remains focused on diligently shaping the Retirement System to meet the demands of a new and modern era. We are continually evaluating our strategies and operations to ensure that we maintain the strength and integrity of the system and evolve to better serve our members for years to come.

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. Finally, I would like to thank my fellow Board members for their continued service and commitment to KCPERS, ensuring its long-term success and sustainability for our members.

Sincerely,

Scott Hummel
Retirement Board Chairman

Outside Professional Services

ACTUARY

Cavanaugh Macdonald Consulting, LLC
Patrice Beckham
Bellevue, Nebraska

AUDITORS

AGH, L.C.
Jonathan Nibarger
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
Ryan Lloyd
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
Maurice Torres
Newark, 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
Chermaine Fullinck
Chicago, Illinois

White Oak Global Advisors
Paul Aherns
San Francisco, California

Artisan Partners
Ting Rattananphasouk
San Francisco, California

Wellington Management Company
Greg Williams
Chicago, Illinois

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.

Financial Section

CPAs & ADVISORS

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, 2024, 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, 2024, 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 12 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.

Allen, Gibbs & Houllk, L.C.
aghlc.com • aghemployersolutions.com • aghuniversity.com • 913.730.8166 • 9401 Indian Creek Parkway, Suite 650 • Overland Park, KS 66210

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

Overland Park, Kansas
September 12, 2024

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, 2024. 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, 2024, and the Statement of Changes in Fiduciary Net Position for the year ended April 30, 2024. 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.

- 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:

	April 30, 2024	April 30, 2023	Amount Change
Cash	$39,282	$41,610	$(2,328)
Receivables	671,593	562,287	109,306
Investments	174,423,481	165,860,118	8,563,363
Securities lending collateral	16,750,880	18,697,698	(1,946,818)
Total assets	**191,885,236**	**185,161,713**	**6,723,523**
Accounts and refunds payable	644,032	670,172	(26,140)
Securities lending collateral	16,750,880	18,697,698	(1,946,818)
Total liabilites	**17,394,912**	**19,367,870**	**(1,972,958)**
Net Position Restricted for Pensions	**$174,490,324**	**$165,793,843**	**$8,696,481**

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 increased to $174,490,324 as of April 30, 2024, from $165,793,843 as of April 30, 2023. Plan income is generated by investing contributions in stocks, bonds, and alternative assets.

Assets – As of April 30, 2024, the Civilian Employees' Retirement System had total assets worth $191.9 million, comprising cash, investments, securities lending collateral, and receivables. The total assets increased by $6.7 million or 3.6% compared to the previous year. Investable assets increased by $8.6 million, while securities lending collateral decreased by $1.9 million. The increase in investable assets is due to the strong positive performance in the stock, bonds, and alternative assets. The plan's global stock portfolio returned 18.6% for the fiscal year, with GQG being the key contribution to overall strong investment performance. The decline in securities lending collateral can be attributed to the rising uncertainty in future monetary policy changes.

Liabilities – As of April 30, 2024, the Civilian Employees' Retirement System had total liabilities of $17.4 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 decreased by $2.0 million, primarily due to the decrease in the offsetting liability for securities lending activity.

Net Position – As of April 30, 2024, the Civilian Employees' Retirement System had assets worth $174.5 million more than its liabilities. It experienced an increase of $8.7 million or 5% in its Net Position from the previous year due to the strong performance of the stock and alternative markets.

Changes in Fiduciary Net Position

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

	April 30, 2024	April 30, 2023	Amount Change
Member contributions	$1,628,701	$1,526,083	$102,618
City contributions	6,598,774	6,441,244	157,530
Total net investment income / (loss)	11,757,162	(277,958)	12,035,120
Total additions	**19,984,637**	**7,689,369**	**12,295,268**
Benefits paid to members	10,856,058	10,178,903	677,155
Refunds of contributions	249,131	335,144	(86,013)
Administrative expenses	182,967	164,649	18,318
Total deductions	**11,288,156**	**10,678,696**	**609,460**
Net Increase / (Decrease) in Net Position	**8,696,481**	**(2,989,327)**	**11,685,808**
Net Position Restricted for Pensions, Beginning of Year	**165,793,843**	**168,783,170**	**(2,989,327)**
Net Position Restricted for Pensions, End of Year	**$174,490,324**	**$165,793,843**	**$8,696,481**

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, 2024. 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.

Revenues – The Civilian Employees' Retirement System receives revenue from member contributions, City contributions, and investment income. Member contributions amounted to $1.6 million, equivalent to 5% of the covered payroll, while City contributions totaled $6.6 million, or 21.78% of the projected covered payroll. City contributions increased to meet the required contributions as determined by the Plan's actuary. Additionally, the net investment income for the current year increased compared to the previous year. The portfolio's investment rate of return, net of investment expenses, was 6.91%, with a net investment income of $11.8 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, hedge funds, and direct lending investments, while real estate experienced investment losses. The two private equity managers are in their final stages of distributing capital and the performance of these managers is not relevant.

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 98.4% of the total deductions. There was an increase in benefits paid to members compared to the prior year due to new retirements.

City contributions continued to equal the amount recommended by the Plan's actuary. For the year beginning May 1, 2024, the Plan has budgeted City contributions to total the actuarial required contribution amount of $7.6 million. The calculated contribution rate is 23.33% of the projected covered payroll.

The Retirement Board approved an asset allocation plan that is expected to yield a 6.95% long-term investment rate of return. Fiscal year 2024 was the first of a five-year stepdown to lower the actuarial assumed rate of return to 6.50%. 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.

STATEMENT OF FIDUCIARY NET POSITION | April 30, 2024

Assets

Investments	
U.S. government securities	$9,492,578
Corporate bonds and notes	21,765,127
Common and preferred stock	10,953,444
All country world index fund	29,755,186
Government-mortgage backed securities	202,450
Real estate funds	20,473,429
Partnerships - equity	493,884
Partnerships - fixed income	31,082,563
Short-term investment funds	7,603,712
Hedge fund of funds	15,372,602
Equity funds	14,184,083
Emergining markets equity funds	7,514,801
Foreign equities	5,529,622
Total investments	**174,423,481**
Securities Lending Collateral	**16,750,880**
Receivables	
Accrued interest and dividends	607,975
Member contributions	63,618
Total receivables	**671,593**
Cash	**39,282**
Total assets	**191,885,236**

Liabilities

Accounts and refunds payable	644,032
Securities lending collateral	16,750,880
Total liabilities	**17,394,912**
Net Position Restricted for Pensions	**$174,490,324**

See Notes to the Financial Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION | Year Ended April 30, 2024

Additions

Investment Income	
Net appreciation in fair value of investments	$8,395,085
Interest and dividends	4,356,806
Investment expense	(1,039,996)
Net investment income	11,711,895
Securities Lending Income	
Securities lending gross income	971,107
Securities lending expenses	
Borrower rebates	(906,477)
Management fees	(19,363)
Total securities lending expenses	(925,840)
Net securities lending income	45,267
Total net investment income	11,757,162
Contributions	
City	6,598,774
Members	1,628,701
Total contributions	8,227,475
Total additions	19,984,637

Deductions

Benefits Paid	
Retired members	9,576,454
Spouses	492,305
Disabled members	136,393
Partial lump sum option	644,906
Death benefits	6,000
Total benefits paid	10,856,058
Other Deductions	
Refunds of contributions	249,131
Adminstrative expenses	182,967
Total other deductions	432,098
Total deductions	11,288,156
Net Increase in Net Position	**8,696,481**
Net Position Restricted for Pensions, Beginning of Year	**165,793,843**
Net Position Restricted for Pensions, End of Year	**$174,490,324**

See Notes to the Financial Statements.

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.

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, 2024.

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 12, 2024, the date the financial statements were available to be issued.

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, 2024, the Plan's membership consisted of the following:

	Tier I	Tier II	Total
Retirees and beneficiaries currently receiving benefits	325	3	328
Terminated members entitled to but not yet receiving benefits	46	7	53
Active members			
Vested	249	101	350
Non-vested	–	148	148
Total	**620**	**259**	**879**

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, 2024, active members contributed at a rate of 5% of base pay, and the City contributed at a rate of 21.78% of annual projected covered payroll.

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.

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.

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.

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.

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, 2024.

Investments

For the year ended April 30, 2024, 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:

Asset Type and Class	Range	Target
Equities		
Global Equity	33% – 43%	38%
Fixed Income	26% – 36%	31%
Alternatives		
Real Estate	9% – 17%	13%
Absolute Return	6% – 10%	8%
Direct Lending	7% – 13%	10%
Cash	0% – 5%	0%

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	$16,270,399
Fair value of cash collateral received from borrowers	16,750,880
Total fair value of collateral	$16,750,880

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.

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

At April 30, 2024, the Plan had the following investments and maturities:

Type	Fair Value	Maturities in Years: Less than 1	1 - 5	6 - 10	More than 10	Loaned Under Securities Lending Agreements
U.S. Treasury obligations	$9,492,578	$–	$2,374,469	$793,198	$6,324,911	$5,503,696
Corporate bonds and notes	21,765,127	298,406	11,400,304	8,424,415	1,642,002	10,144,103
Government mortgage-backed securities	202,450	–	–	–	202,450	–
Short term investment funds	7,603,712	7,603,712	–	–	–	–
		$7,902,118	$13,774,773	$9,217,613	$8,169,363	
Common and preferred stocks	10,953,444					413,227
All country world index fund	29,755,186					–
Real estate funds	20,473,429					–
Hedge fund of funds	15,372,602					–
Partnerships - equity	493,884					–
Partnerships - fixed income	31,082,563					–
Foreign equities	5,529,622					209,373
Equity funds	14,184,083					–
Emerging markets equity funds	7,514,801					–
Total	**$174,423,481**					**$16,270,399**

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.

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, 2024, 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 or not rated by *Standard & Poor's*. 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, 2024:

Fixed Income Security Type	Fair Value April 30, 2024	S&P Weighted Average Credit Quality
Corporate bonds and notes	$336,575	AAA
Corporate bonds and notes	2,081,236	AA
Corporate bonds and notes	7,956,290	A
Corporate bonds and notes	11,391,026	BBB
Government mortgage-backed securities	202,450	US Gov't Guaranteed
Government bonds	9,114,031	US Gov't Guaranteed
Government bonds	378,547	Not rated
Short term investment funds	7,603,712	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, $16,270,399 was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

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, 2024:

Investment	Fair Value
FCI Core Fixed Income	$31,460,156
PIMCO - Fixed Income Fund	19,443,654
Northern Trust Collective All Country World Investable Market Index Fund - Non Lending	18,490,890
LSV Global Value	16,483,066
Grosvenor FOB Fund, L.P.	15,372,602
Artisan Global Opportunities Trust Fund	14,184,083
White Oak Fixed Income Fund C, L.P.	11,638,909
Wellington Global Perspectives	11,264,296
Morgan Stanley - Prime Property Fund, LLC	10,980,408
Prudential PRISA II	9,493,021

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 for the year ended April 30, 2024 consisted of:

Interest and dividend income	$4,356,806
Net appreciation in fair value of investments	8,395,085
	12,751,891
Less investment expense	1,039,996
	$11,711,895

Annual Money-Weighted Rate of Return – For the year ended April 30, 2024, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 6.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 4: Net Pension Liability

The components of the net pension liability of the City at April 30, 2024, were as follows:

Total pension liability	$253,815,511
Plan fiduciary net position	(174,490,324)
City's net pension liability	$79,325,187
Fiduciary net position as a % of total pension liability	68.75%

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, 2024, was determined based on an actuarial valuation prepared as of April 30, 2023, rolled forward one year to April 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Wage inflation	3.00%
Salary Increases, including inflation	3.25% to 6.00%
Long-term investment rate of return, net of plan investment expense, including inflation	6.85%

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.

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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 6.85%. 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 3.83% 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 6.85% 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 (5.85%) or one percentage point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Net pension liability	$115,148,695	$79,325,187	$49,652,028

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

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, 2024:

Investments by fair value level	Fair Value	Level 1	Level 2	Level 3
U.S. government securities	$9,492,578	$–	$9,492,578	$–
Corporate bonds and notes	21,765,127	–	21,765,127	–
Common and preferred stock	10,953,444	10,953,444	–	–
Government mortgage-backed securities	202,450	–	202,450	–
Short-term investment funds	7,603,712	7,603,712	–	–
All country world index fund	29,755,186	–	29,755,186	–
Foreign equities	5,529,622	5,529,622	–	–
Total Investments by fair value level	85,302,119	$24,086,778	$61,215,341	$–

Investments measured at the net asset value (NAV) (A)	
Real estate funds	20,473,429
Partnerships - equity	493,884
Partnerships - fixed income	31,082,563
Hedge fund of funds	15,372,602
Emerging markets equity funds	7,514,801
Equity funds	14,184,083
Total investments measured at the NAV	89,121,362
Total investments	$174,423,481

(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.

Note 8: Fair Value Measurements (Continued)

The fair value estimates presented herein are based on pertinent information available to management as of April 30, 2024. 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)	20,473,429	–	Quarterly	90 Days
Partnerships – equity (B)	493,884	–	N/A	N/A
Partnerships – fixed income (C)	31,082,563	–	Monthly	10 Days
Hedge fund of funds (D)	15,372,602	–	Quarterly	70 Days
Emergining markets equity funds (E)	7,514,801	–	Monthly	10 Days
Equity funds (F)	14,184,083	–	Daily	1 Day
Total investments measured at the NAV	**$89,121,362**			

(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 fund 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.

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 36% Equities, 16% Credit, 28% Relative Value, 3%Quantitative, 2% Macro and Commodities, 12% Multi-Strategy, and 3% Other. 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 2024.

Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended April 30

Total pension liability	2024	2023	2022	2021
Service cost	$4,453,208	$4,500,035	$4,247,669	$4,173,342
Interest on total pension liability	15,895,799	15,233,812	14,865,769	14,365,113
Differences between expected and actual experience	7,119,325	(1,002,415)	(3,113,432)	(1,850,773)
Effect of assumption/SEIR changes	3,276,505	6,230,865	6,682,650	1,270,712
Benefit payments, including member refunds	(11,105,189)	(10,514,047)	(10,239,284)	(9,426,383)
Net change in total pension liability	19,639,648	14,448,250	12,443,372	8,532,011
Total pension liability—beginning	234,175,863	219,727,613	207,284,241	198,752,230
Total pension liability—ending	253,815,511	234,175,863	219,727,613	207,284,241
Plan fiduciary net position				
Net investment income	11,711,895	(310,285)	(2,359,229)	31,475,633
Net securities lending income	45,267	32,327	26,243	33,249
City contributions	6,598,774	6,441,244	5,800,468	5,358,552
Member contributions	1,628,701	1,526,083	1,510,871	1,514,076
Benefits paid	(10,856,058)	(10,178,903)	(9,994,750)	(9,199,657)
Refunds of contributions	(249,131)	(335,144)	(244,534)	(226,726)
Administrative expenses	(182,967)	(164,649)	(143,652)	(132,117)
Net change in fiduciary net position	8,696,481	(2,989,327)	(5,404,583)	28,823,010
Plan fiduciary net position—beginning	165,793,843	168,783,170	174,187,753	145,364,743
Plan fiduciary net position—ending	174,490,324	165,793,843	168,783,170	174,187,753
Net pension liability, ending	$79,325,187	$68,382,020	$50,944,443	$33,096,488
Fiduciary net position as a percentage of total pension liability	68.75%	70.80%	76.81%	84.03%
Covered payroll	$32,266,000	$30,543,000	$29,287,000	$28,859,000
Net pension liability as a percentage of covered payroll	245.85%	223.89%	173.95%	114.68%

Schedule of Changes in Net Pension Liability and Related Ratios (Continued)

Year Ended April 30

Total pension liability	2020	2019	2018	2017
Service cost	$4,071,855	$4,091,838	$3,914,244	$4,598,304
Interest on total pension liability	13,812,626	13,152,701	12,742,742	12,509,148
Differences between expected and actual experience	(1,484,462)	(2,871,806)	(3,213,708)	(7,303,863)
Effect of assumption/SEIR changes	1,214,799	3,950,960	–	(9,116,555)
Benefit payments, including member refunds	(8,383,336)	(8,196,411)	(7,765,679)	(7,185,237)
Net change in total pension liability	9,231,482	10,127,282	5,677,599	(6,498,203)
Total pension liability—beginning	189,520,748	179,393,466	173,715,867	180,214,070
Total pension liability—ending	198,752,230	189,520,748	179,393,466	173,715,867
Plan fiduciary net position				
Net investment income	1,415,281	5,693,834	11,661,350	11,383,598
Net securities lending income	27,258	27,404	25,377	36,760
City contributions	4,849,708	4,778,854	4,994,191	5,063,240
Member contributions	1,416,742	1,415,677	1,271,683	1,253,047
Benefits paid	(8,209,456)	(7,974,964)	(7,424,849)	(6,888,499)
Refunds of contributions	(173,880)	(221,447)	(340,830)	(296,738)
Administrative expenses	(148,744)	(136,633)	(147,653)	(120,257)
Net change in fiduciary net position	(823,091)	3,582,725	10,039,269	10,431,151
Plan fiduciary net position—beginning	146,187,834	142,605,109	132,565,840	122,134,689
Plan fiduciary net position—ending	145,364,743	146,187,834	142,605,109	132,565,840
Net pension liability, ending	$53,387,487	$43,332,914	$36,788,357	$41,150,027
Fiduciary net position as a percentage of total pension liability	73.14%	77.14%	79.49%	76.31%
Covered payroll	$28,266,000	$27,108,000	$25,434,000	$25,061,000
Net pension liability as a percentage of covered payroll	188.88%	159.85%	144.64%	164.20%

Schedule of Changes in Net Pension Liability and Related Ratios (Continued)

Year Ended April 30

Total pension liability	**2016**	**2015**
Service cost	$4,630,006	$4,403,101
Interest on total pension liability	12,015,197	11,366,771
Differences between expected and actual experience	(2,293,671)	–
Effect of assumption/SEIR changes	3,350,712	2,318,394
Benefit payments, including member refunds	(7,220,946)	(6,320,353)
Net change in total pension liability	10,481,298	11,767,913
Total pension liability—beginning	169,732,772	157,964,859
Total pension liability—ending	180,214,070	169,732,772
Plan fiduciary net position		
Net investment income	(815,408)	6,756,442
Net securities lending income	21,305	23,157
City contributions	5,048,167	4,930,686
Member contributions	1,287,388	1,323,061
Benefits paid	(6,887,482)	(6,185,573)
Refunds of contributions	(333,464)	(134,780)
Administrative expenses	(126,924)	(112,924)
Net change in fiduciary net position	(1,806,418)	6,600,069
Plan fiduciary net position—beginning	123,941,107	117,341,038
Plan fiduciary net position—ending	122,134,689	123,941,107
Net pension liability, ending	$58,079,381	$45,791,665
Fiduciary net position as a percentage of total pension liability	67.77%	73.02%
Covered payroll	$25,748,000	$26,461,000
Net pension liability as a percentage of covered payroll	225.57%	173.05%

Schedule of Employer Contributions

Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Actuarially determined employer contribution	$6,599,000	$6,441,000	$5,800,000	$5,359,000	$4,850,000
Actual employer contributions	6,599,000	6,441,000	5,800,000	5,359,000	4,850,000
Annual contribution deficiency	$ –	$ –	$ –	$ –	$ –
Covered payroll	$32,266,000	$30,543,000	$29,287,000	$28,859,000	$28,266,000
Actual contributions as a percentage of covered payroll	20.45%	21.09%	19.80%	18.57%	17.16%

	2019	2018	2017	2016	2015
Actuarially determined employer contribution	$4,779,000	$4,994,000	$5,063,000	$5,048,000	$4,931,000
Actual employer contributions	4,779,000	4,994,000	5,063,000	$5,048,000	$4,931,000
Annual contribution deficiency	$ –	$ –	$–	$–	$–
Covered payroll	$27,108,000	$25,434,000	$25,061,000	$25,748,000	$26,461,000
Actual contributions as a percentage of covered payroll	17.63%	19.64%	20.20%	19.61%	18.63%

Schedule of Investment Returns

Fiscal Year Ending April 30	2024	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expense	6.98%	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%

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:

4/30/2024 Valuation:

- Reduction of the investment return assumption from 6.95% to 6.85%.

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.

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, 2024), which was based on the results of the April 30, 2022, actuarial valuation:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years closed for Legacy UAAL (25 remaining as of April 30, 2022)
	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	3.6% to 6.5% per year, including wage inflation
Investment rate of return	7.05%, net of investment expenses and including price inflation
Future cost-of-living adjustments	2.50% (simple)

SCHEDULE OF EXPENSES | Year Ended April 30, 2024

Investment Expenses	
Bank custodial fees and expenses	$46,051
Financial management expenses	965,778
Financial consultation	28,167
Total	**$1,039,996**
Administrative Expenses	
Salaries and payroll taxes	$125,032
Legal	1,697
Audit	5,040
Actuarial fees	36,413
Printing and office expense	4,790
Postage	274
Travel and education expense	1,707
Legislative consultation	4,192
Other	3,822
Total	**$182,967**

SCHEDULE OF ADDITIONS BY SOURCE AND DEDUCTIONS BY TYPE | Year Ended April 30, 2024

ADDITIONS BY SOURCE

Fiscal Year Ended	Employee Contributions	City Contributions	Investment Income (Loss)	Total
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
2024	1,628,701	6,598,774	11,757,162	19,984,637

DEDUCTIONS BY TYPE

		Administrative Expenses		
Fiscal Year Ended	Benefits	General	Refunds	Total
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
2024	10,856,058	182,967	249,131	11,288,156

Investment Section

October 9, 2024

Board of Trustees
Civilian Employees' Retirement System
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, 2024.

Economic Overview

The 2024 fiscal year (May 1, 2023 to April 30, 2024) witnessed economic uncertainty amid moderating, however persistent, higher-than-expected inflation throughout the year. Economic forecasts were impacted by continued restrictive monetary policy, high energy prices, and the ongoing wars in Ukraine and the Middle East. Despite ongoing volatility throughout the year, risk asset returns were generally positive over the period, driven primarily by US equity markets, while investment grade fixed income returns remained challenged and ended the fiscal year with a loss.

Inflation in the United States, as measured by the Consumer Price Index, increased 3.4% year over year in the fiscal year, down from 4.9% in April 2023, though above the Federal Open Market Committee's ("FOMC") stated target of 2.0%. The inflationary trends continued to be problematic as market participants digested the realities of higher interest rates for longer than originally anticipated. The FOMC continued to raise interest rates with the goal of reducing inflationary levels during the first quarter of the fiscal year (0.25% in the months of May and July 2023), then maintained the target range of 5.25-5.50% for the remainder of the fiscal year.

Capital Markets Overview

Global Global equity markets, as measured by the MSCI All Country World Index, returned 17.5% during fiscal year ended April 30, 2024. U.S. equities outperformed their non-U.S. counterparts, returning 22.3% 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 9.3%, while emerging markets returned 9.9%, as measured by the MSCI Emerging Markets Index. Overall, all equity markets showed signs of improvement compared to their prior fiscal year returns.

The Bloomberg US Aggregate Bond Index delivered a positive return for the first half of the fiscal year as the FOMC slowed the rate of interest rate hikes, and eventually paused in August 2023. However, the benchmark rate was held constant through the rest of the fiscal year as inflation levels remained above the FOMC target, and fixed income returns turned negative in calendar year 2024. The index ended the fiscal year with a return of -1.7%. The Bloomberg Global Aggregate Bond Index returned -2.5% as global interest rates remained elevated.

Plan Updates and Positioning

The total market value of the Civilian Employees' Retirement System investments increased from \$164.5 million to \$174.8 million in the fiscal year ended April 30, 2024. The System reduced the actuarial assumed rate of return from 6.95% to 6.85% for fiscal year ended April 30, 2024. The System's overall investment return for the fiscal year was 7.4% and the System's three-year annualized return was 2.3%. The seven-year annualized return for the System was 6.3% and the System's ten-year annualized return was 6.0%.[1]

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. In August 2023, a new strategic target allocation was approved by the Board, which included an increase in the private credit target (from 7% to 10%) and a decrease in the absolute return target (from 11% to 8%). The Committee adopted a work plan and, with the assistance of RVK, will touch on best practices in institutional investment decision making in fiscal year 2025 and into the beginning of fiscal year 2026. The Committee will report to the Board progress through each step of the work plan, and make recommendations to the Board when appropriate..

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 Committee, and the Board, with the assistance of 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 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

[1] All stated returns are gross of fees.

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), 8% Absolute Return Custom Benchmark, and 10% Credit Suisse Leveraged Loan Index + 2%.

The portfolio overperformed the policy benchmark by 1.36%, with a 6.98 % return (net of fees) for the fiscal year. The portfolio overperformed the policy benchmark by .18%, with a 5.44% return (net of fees) for the five years ending April 30, 2024. The portfolio outperformed the policy benchmark by .10%, with a 5.75% return (net of fees) for the seven years ending April 30, 2024.

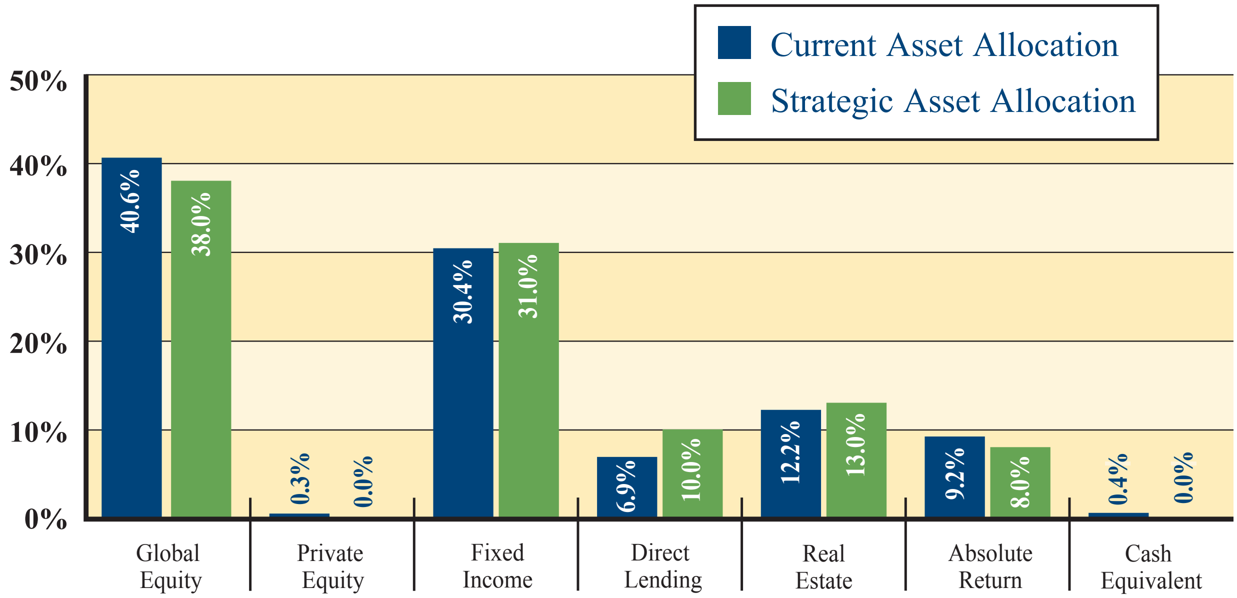
During the fiscal year, the Retirement Board monitored its strategic asset allocation policy using the portfolio's six broad and distinct asset classes. Each asset class has established return, risk, and diversification assumptions. Based on its determination of the appropriate risk tolerance and its 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 8%, Direct Lending 10%, and Cash 0%. Based on the RVK, Inc. capital market assumptions, the expected long-term return for the strategic asset allocation is 6.12%, and the expected standard deviation (risk) is 8.92%.

The current asset allocation is 40% equities, 33% bonds and cash, and 27% 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 Ended April 30, 2024



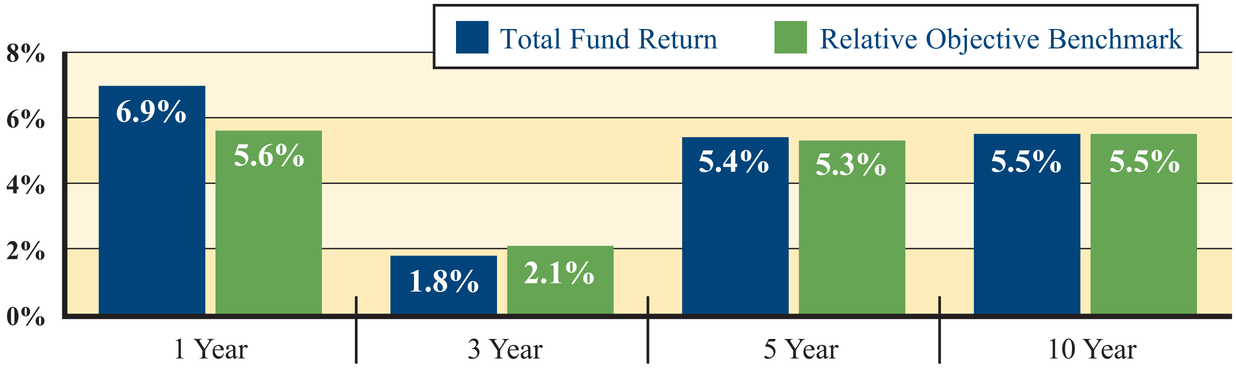
Schedule of Investment Results

Comparative investment results are for the fiscal year ending April 30, 2024. Results for Real Estate and Private Equity managers are available for the quarter ending March 31, 2024 rather than for the fiscal year ending April 30, 2024.

Annualized Manager Returns as of April 30, 2024

Investment Manager	Investment Class	One Year	Three Years	Five Years	Ten Years
FCI Advisors	Bonds & Fixed Income	-1.0%	-3.4%	0.4%	1.7%
Bloomberg US Govt/Credit		*-1.3%*	*-3.4%*	*0.1%*	*1.4%*
PIMCO Income Fund	Bonds & Fixed Income	5.6%	0.7%	2.5%	
Bloomberg US Bond Index		*-1.5%*	*-3.5%*	*-0.2%*	
White Oak Fixed Income Fund	Direct Lending	5.7%	2.7%	3.7%	
CS Lvg'd Loan Index		*10.1%*	*6.6%*	*6.4%*	
Artisan Partners	Global Equities	22.6%	0.6%	10.8%	12.1%
LSV Global LC Value	Global Equities	14.6%	4.8%	8.9%	7.8%
MSCI World		*18.4%*	*5.6%*	*10.5%*	*8.9%*
Northern Trust Index	Global Equities	16.8%	3.9%	9.3%	8.4%
MSCI ACW IMI		*16.8%*	*3.6%*	*9.1%*	*8.0%*
GQG Partners	Global Equities	33.6%	3.6%		
MSCI Emerging Mkts		*9.9%*	*-5.7%*		
Wellington Global Perspectives	Global Equities	11.3%	2.2%		
MSCI EM Small Cap		*11.6%*	*-1.2%*		
Morgan Stanley	Real Estate	-5.1%	6.7%	6.0%	
Prudential PRISA II	Real Estate	-12.3%	3.5%	3.8%	7.7%
NCREIF ODCE		*-11.3%*	*3.4%*	*3.5%*	*5.8%*
Grosvenor	Absolute Return	12.0%	4.0%	6.1%	
HFN FOF Multi-Strat Index		*6.4%*	*2.5%*	*4.7%*	
Abbott Capital	Private Equity	1.6%	-2.4%	6.2%	
JP Morgan	Private Equity	0.3%	-2.5%	5.8%	
Cambridge US Prvt Equ Index		*9.1%*	*14.6%*	*16.1%*	
Total Fund		**6.9%**	**1.8%**	**5.4%**	**5.5%**
Relative Objective		***5.6%***	***2.1%***	***5.3%***	***5.5%***

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 market values.

Schedule of Largest Assets Held

Ten Largest Equity Holdings April 30, 2024	Fair Value
1) Merck & Co Inc New Com	$335,972
2) Volvo AB SER'B'NPV	191,070
3) GSK PLC Ord Gbp0.3125	186,441
4) HCA Healthcare Inc Com	185,892
5) Qualcomm Inc Com	182,435
6) Cisco Systems Inc	169,128
7) State STR Corp Com	166,727
8) Wells Fargo & Co New Com STK	166,096
9) Novartis AG CHF0.49 (REGD)	165,060
10) Dell Technologies Inc Com USD0.01 CL C WI Common Stock	162,032

Ten Largest Bond Holdings April 30, 2024	Fair Value
1) US Treasury Bonds 3.625% Due 2026	$997,333
2) US Treasury Bonds 4.25% Due 2054	961,242
3) Capital One 1.878% Due 2027	891,587
4) US Treasury Bonds 3.625% Due 2053	837,777
5) US Treasury Bonds 2.875% Due 2046	687,154
6) US Treasury Bonds 1.875% Due 2041	657,227
7) US Treasury Bonds 4.75% Due 2043	613,086
8) WI Treasury SEC 3.375% Due 2033	587,438
9) US Treasury Bonds 2.625% Due 2025	561,012
10) Verizon Communications 4.125% Due 2027	556,495

A complete list of portfolio holdings is available upon request.

Schedule of Brokerage Commissions

Year Ended April 30, 2024

Brokerage Firms	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Value Per Share
Morgan Stanley And Co., LLC	24,933	$1,216,520	$174.53	$0.0070
UBS AG London Branch	4,410	222,461	111.22	$0.0252
Bank of America Corporation	14,560	873,945	72.83	$0.0050
UBS AG Stamford Branch	8,324	661,059	58.29	$0.0070
Mizuho Securities USA Inc.	5,500	94,727	47.34	$0.0086
Sanford C. Bernstein and Co., LLC	5,830	420,547	43.73	$0.0075
Bnp Paribas Arbitrage	1,711	107,130	42.79	$0.0250
Jefferies LLC	8,413	565,296	42.45	$0.0050
HSBC Bank PLC	23,047	132,776	39.68	$0.0017
Citigroup Global Markets Limited	3,050	96,160	38.47	$0.0126
J.P. Morgan Securities PLC	700	89,104	26.74	$0.0382
Citigroup Global Markets Inc	3,446	67,414	25.85	$0.0075
Stifel Nicolaus & Co., Incororated	3,116	87,891	25.71	$0.0083
Barclays Capital	3,935	65,838	19.75	$0.0050
Pershing Securities Limited	1,300	27,077	18.96	$0.0146
Societe Generale	600	26,812	18.75	$0.0313
JP Morgan Securities Australia Ltd	21,255	36,268	18.14	$0.0009
BNP Paribas Securities Services SA	800	19,757	15.81	$0.0198
Banque Paribas Paris	1,157	27,630	15.31	$0.0132
Instinet Europe Limited	4,600	35,816	14.31	$0.0031
Parel	130	19,464	13.58	$0.1045
J.P. Morgan Securities LLC	1,262	191,465	12.62	$0.0100
(Paris Agency Business (EX SGLB))	159	23,699	11.81	$0.0743
BNP Paribas Secs SVS, (AU Branch)	5,000	6,673	6.68	$0.0013
Macquarie Bank Limited	4,968	9,040	4.51	$0.0009
Barclays Capital Inc	700	13,567	4.06	$0.0058
Liquidnet Inc	375	31,288	3.75	$0.0100
UBS Securities Asia Limited	5,277	6,633	3.32	$0.0006
SG Americas Securities LLC	140	32,124	1.05	$0.0075
Merrill Lynch International Limited	8	265	0.10	$0.0125
Others (Including 14 Brokerage Firms)	15,525,195	15,130,068		$–
Totals	15,683,901	$20,338,514	$932.14	$0.000

Zero commission trades excluded from above	45,788,984	$50,290,082

KCPERS

Investment Summary

Year Ended April 30, 2024

Investment Manager	Date Hired	Investment Class	Portfolio Fair Value As of 4/30/24	% of Total Fair Value
FCI Advisors	Oct 1974	Fixed Income	$31,460,156	18.0%
Prudential	Sep 2004	Real Estate	9,493,020	5.4%
Abbott Capital	Aug 2005	Private Equity	361,691	0.2%
JPMorgan	Jan 2006	Private Equity	132,193	0.1%
Northern Trust	Feb 2014	Global Equity Index	18,490,890	10.6%
Artisan	Apr 2014	Global Equity	14,184,083	8.1%
LSV	Apr 2014	Global Equity	16,483,066	9.5%
Grosvenor	Jul 2014	Absolute Return – Hedge Fund	15,372,602	8.8%
Morgan Stanley	Sep 2014	Real Estate	10,980,408	6.3%
PIMCO	Aug 2017	Fixed Income	19,443,654	11.2%
White Oak	Apr 2018	Direct Lending	11,638,909	6.7%
GQG	Oct 2020	Global Equity	7,514,801	4.3%
Wellington	Oct 2020	Global Equity	11,264,296	6.5%
Cash	Oct 2020	Global Equity	7,603,712	4.4%
		Total	**$174,423,481**	**100%**

Fees and Commissions

Year Ended April 30, 2024

Investment Manager	Management Fee	Commission Expense	Commission per Share
Abbott	$4,352	$–	$–
Artisan Global	97,396	–	–
FCI	46,400	–	–
GQG	45,620	–	–
Grosvenor	143,037	–	–
JP Morgan PE	3,900	–	–
LSV	85,600	932	0.000
Morgan Stanley	115,936	–	–
Northern Trust	9,800	–	–
PIMCO	81,600	–	–
PGIM	144,937	–	–
Wellington	81,600	–	–
White Oak	105,600	–	–
Closed Accounts	–	–	–
Total	**$965,778**	**$932**	**$0.000**

Actuarial Section

October 8, 2024

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, 2024.

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 included 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% was reflected in the April 30, 2023 valuation, along with the other assumption changes. The investment return

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assumption was lowered from 6.95% to 6.85% in the April 30, 2024 valuation. Additional reductions are scheduled to occur each year until the ultimate investment return assumption of 6.50% is reached. The change to the investment return in the 2024 valuation increased the unfunded actuarial accrued liability by $3.3 million and increased the employer contribution rate by 1.00% 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 2024. There was an actuarial loss of $3.8 million on actuarial assets and an actuarial liability loss of $3.5 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 $11.4 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, 2024, there were 249 members in Tier II out of a total of 498 active members (about 50% of total actives). Although Tier II members are 50% 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 five to ten years before a material difference is observed in the valuation results.

The System is 71% funded as of April 30, 2024, 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, 2024 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 June 28, 2024. 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 Annual Comprehensive 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
Consulting Actuary

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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 market 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, 2024. 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		
Ages	Reduced	Unreduced
50–54		8%
55–60	4%	8%
61	15%	12%
62	15%	15%
63–64	20%	15%
65–67		25%
68–69		30%
70		100%

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

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

	Annual Rate of Pay Increase		
Years of Service	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, 2024

Valuation Date April 30	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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%
2024	498	32,558,071	65,378	6.8%

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Ten Years Ended April 30, 2024

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ended Apr 30	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	% Increase in Annual Benefits	Average Annual Benefits
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
2024	15	489,491	11	269,209	328	9,782,964	2.3	29,826

Benefit amounts do not include $160 supplemental benefit.

Short-Term Solvency Test

Valuation Date April 30	ENTRY AGE ACTUARIAL ACCRUED LIABILITIES (1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
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
2024	15,807,100	119,932,840	122,179,831	183,136,367	100	100	39

Analysis of Financial Experience

Ten Years Ended April 30, 2024

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, 2023	$63.4
– effect of contributions less than actuarial rate	–
– expected change due to amortization method	0.5
– (gain)/loss from investment return on actuarial assets	3.8
– demographic experience[1]	3.5
– assumption changes	3.3
– all other experience	0.3
Unfunded Actuarial Liability, April 30, 2024	$74.8

[1] Liability loss is 1.37% of total actuarial accrued liability

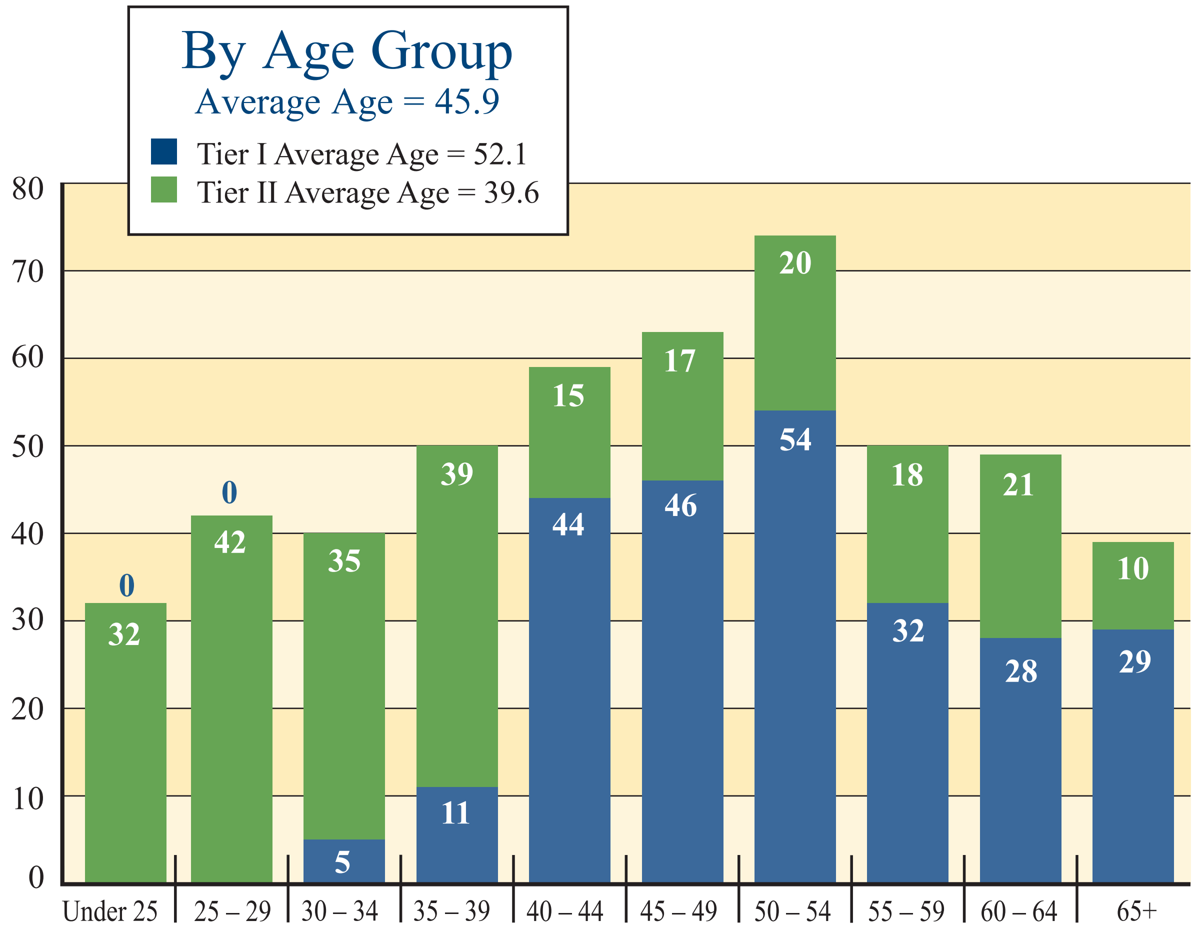
Schedule of Funding Progress

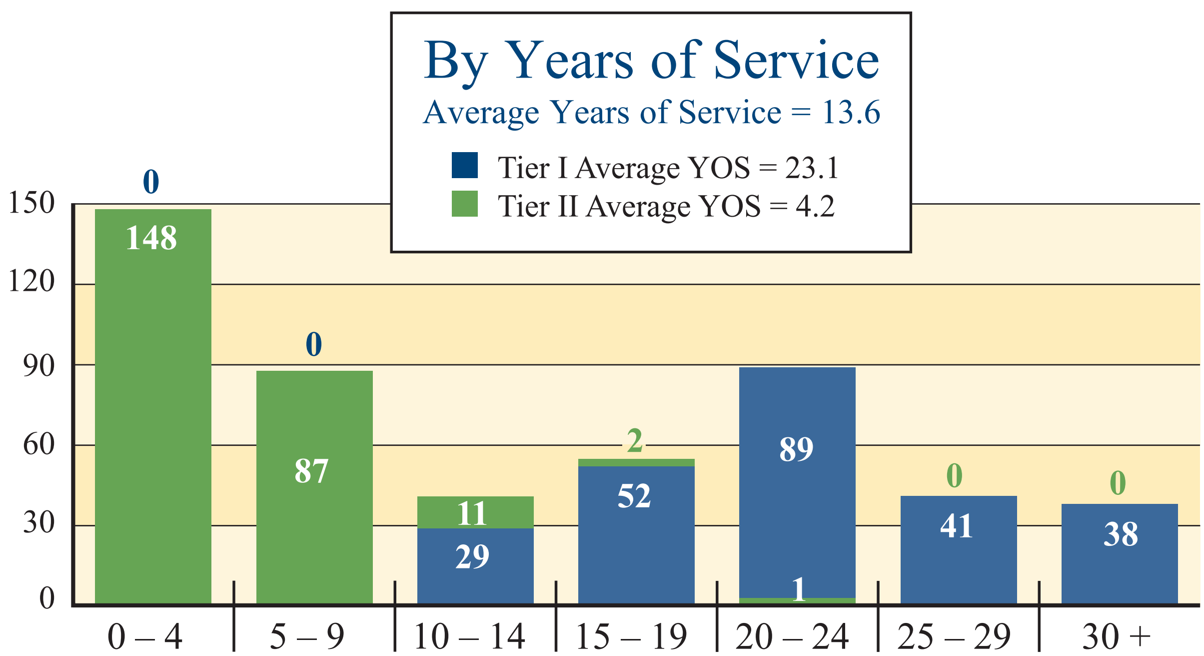
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b–a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Active Member Covered Payroll	[(b–a)/c] UAAL as a Percentage of Covered Payroll
4/30/15	126,029,676	160,470,682	34,441,006	79%	27,887,038	124%
4/30/16	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%
4/30/24	183,136,367	257,919,771	74,783,404	71%	34,228,566	218%

Schedule of Computed and Actual City Contributions

Year Ended April 30	Actuarial Determined Contributions	Actual Contributions
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
2024	6,598,774	6,598,774

Active Membership





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, 2023, the City of Kansas City, Missouri, will contribute the actuarial required amount of $6.6 million based on a projected payroll of $30.3 million using a contribution rate of 21.78% 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 or upon request at the KCPERS office.

Statistical Section

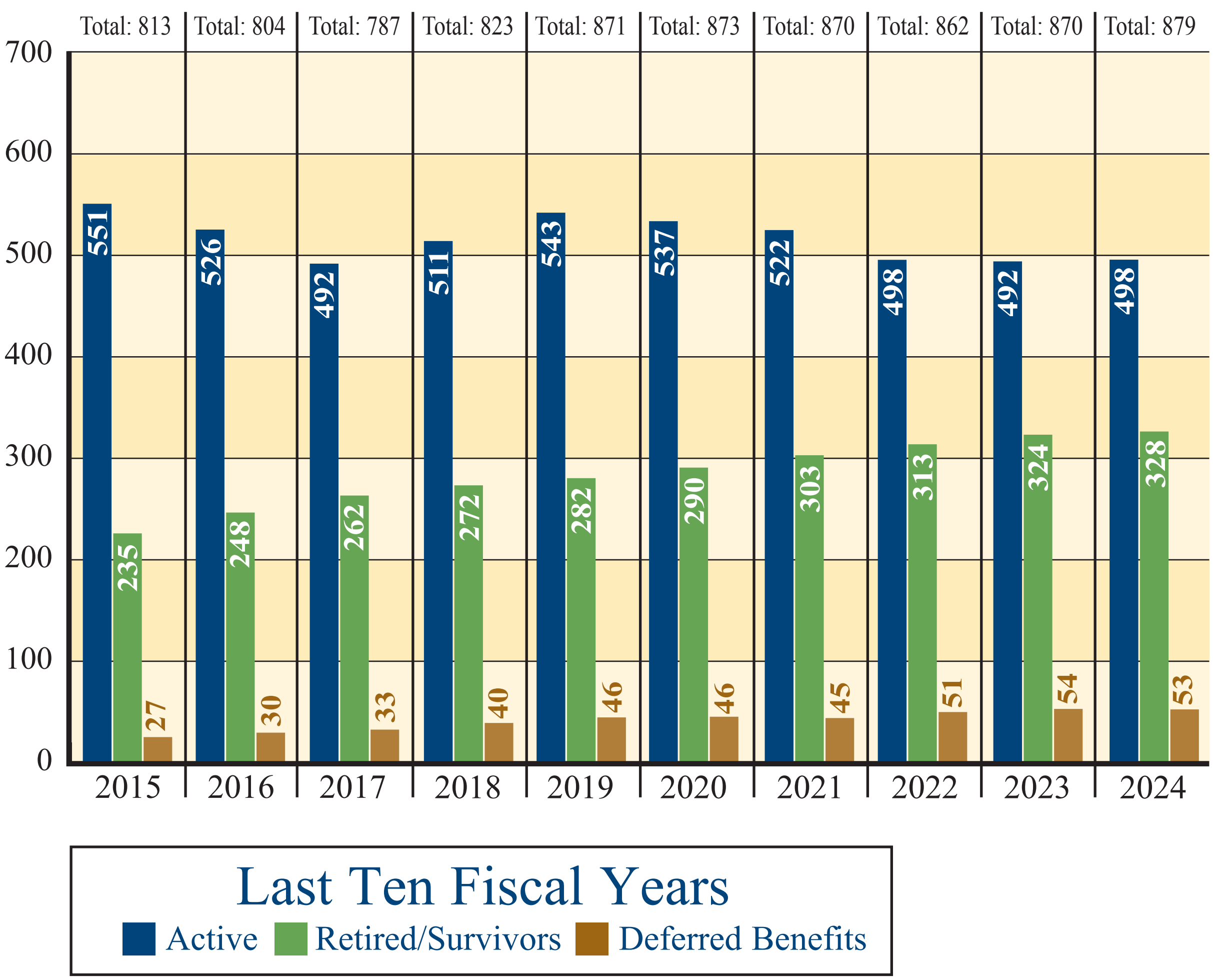
Statistical Summary

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	2015	2016	2017	2018	2019
Additions:					
Member Contributions	$1,323,061	$1,287,388	$1,253,047	$1,271,683	$1,415,677
City Contributions	4,930,686	5,048,167	5,063,240	4,994,191	4,778,854
Net Investment Income	6,779,599	(794,103)	11,420,358	11,686,727	5,721,238
Total Additions to Plan Net Position	13,033,346	5,541,452	17,736,645	17,952,601	11,915,769
Deductions:					
Benefits	6,185,573	6,887,482	6,888,499	7,424,849	7,974,964
Refunds	134,780	333,464	296,738	340,830	221,447
Administrative	112,924	126,924	120,257	147,653	136,633
Total Deductions from Plan Net Position	6,433,277	7,347,870	7,305,494	7,913,332	8,333,044
Change in Net Position	$6,600,069	$(1,806,418)	$10,431,151	$10,039,269	$3,582,725

Fiscal Year	2020	2021	2022	2023	2024
Additions:					
Member Contributions	$1,416,742	$1,514,076	$1,510,871	$1,526,083	$1,628,701
City Contributions	4,849,708	5,358,552	5,800,468	6,441,244	6,598,774
Net Investment Income	1,442,539	31,508,882	(2,332,986)	(277,958)	11,757,162
Total Additions to Plan Net Position	7,708,989	38,381,510	4,978,353	7,689,369	19,984,637
Deductions:					
Benefits	8,209,456	9,199,657	9,994,750	10,178,903	10,856,058
Refunds	173,880	226,726	244,534	335,144	249,131
Administrative	148,744	132,117	143,652	164,649	182,967
Total Deductions from Plan Net Position	8,532,080	9,558,500	10,382,936	10,678,696	11,288,156
Change in Net Position	$(823,091)	$28,823,010	$(5,404,583)	$(2,989,327)	$8,696,481

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

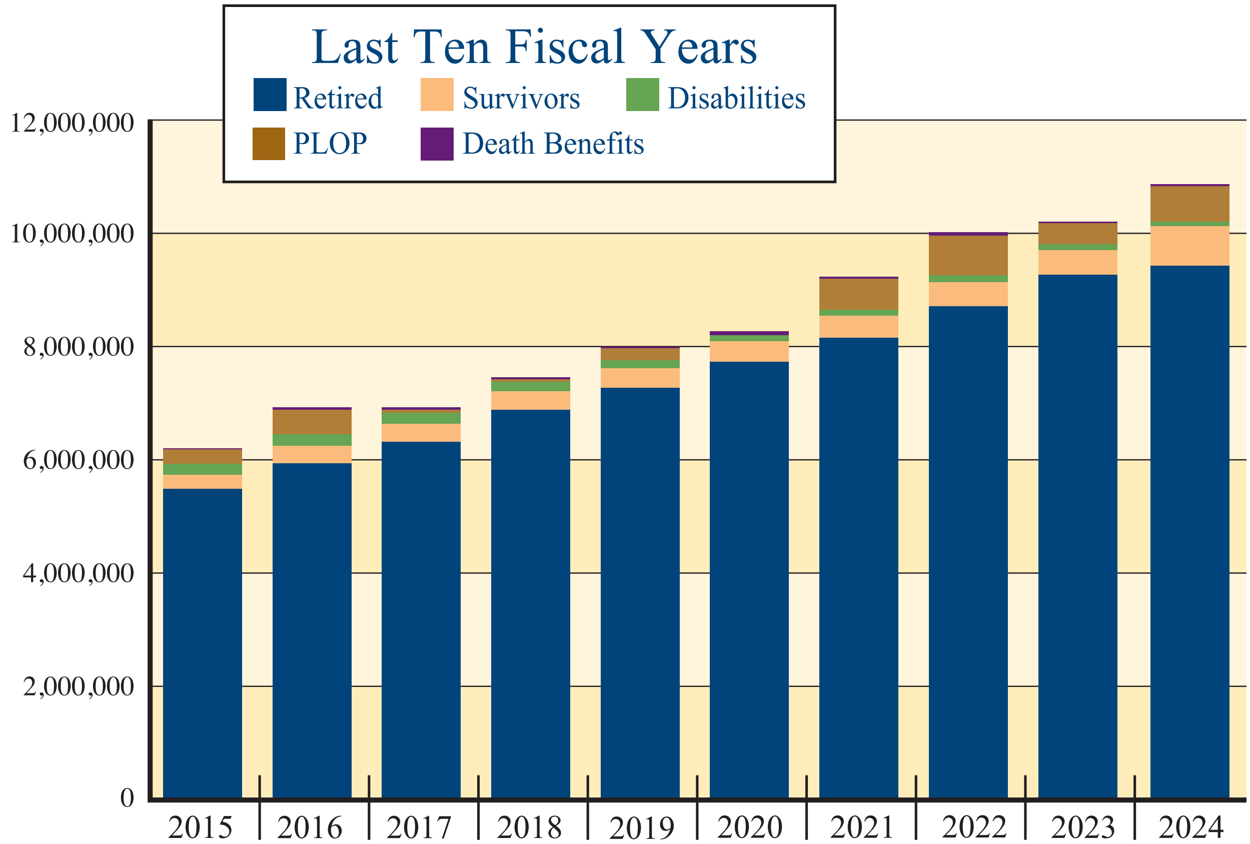
Last Ten Fiscal Years

Fiscal Year	2015	2016	2017	2018	2019
Type of Benefit:					
Retired	$5,482,025	$5,935,608	$6,316,121	$6,885,723	$7,268,058
Survivors	249,449	313,054	314,748	324,404	349,025
Disabilities	195,869	199,546	200,112	161,161	139,058
PLOP	253,230	431,847	50,518	47,561	214,822
Death Benefits	5,000	7,427	7,000	6,000	4,000
Total Benefits	6,185,573	6,887,482	6,888,499	7,424,849	$7,974,964
Type of Refund:					
Separation	134,780	333,464	296,738	312,050	$221,447
Death	–	–	–	28,780	–
Total Refunds	134,780	333,464	296,738	340,830	$221,447

Fiscal Year	2020	2021	2022	2023	2024
Type of Benefit:					
Retired	$7,730,824	$8,156,040	$8,711,612	$9,269,362	$9,576,454
Survivors	356,632	383,536	424,478	431,620	492,305
Disabilities	113,000	113,066	117,182	104,751	136,393
PLOP	–	540,014	731,478	368,170	644,906
Death Benefits	9,000	7,000	10,000	5,000	6,000
Total Benefits	$8,209,456	$9,199,657	$9,994,750	$10,178,903	$10,856,058
Type of Refund:					
Separation	$171,612	$226,727	$244,534	$244,284	$235,702
Death	2,268	–	–	90,860	13,429
Total Refunds	$173,880	$226,727	$244,534	$335,144	$249,131

*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, 2024

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	7,123	19	16	3	0	0
$501 to $750	13,850	21	16	5	0	0
$751 to $1,000	16,876	19	16	2	0	1
$1,001 to $1,500	42,577	34	29	4	0	1
$1,501 to $2,000	51,669	29	24	3	1	1
$2,001 to $2,500	87,573	39	35	3	0	1
$2,501 to $3,000	119,541	43	39	3	0	1
$3,001 to $3,500	118,524	36	36	0	0	0
$3,501 to $4,000	96,725	26	23	3	0	0
$4,001 to $4,500	98,634	23	23	0	0	0
$4,501 to $5,000	83,936	18	18	0	0	0
$5,001 to $5,500	41,181	8	8	0	0	0
$5,501 to $6,000	40,460	7	7	0	0	0
$6,001 and Over	41,220	6	6	0	0	0
Totals	**859,889**	**328**	**296**	**26**	**1**	**5**

*Benefit amounts include $160 supplemental benefit.
*Benefit amounts include cost of living adjustments.

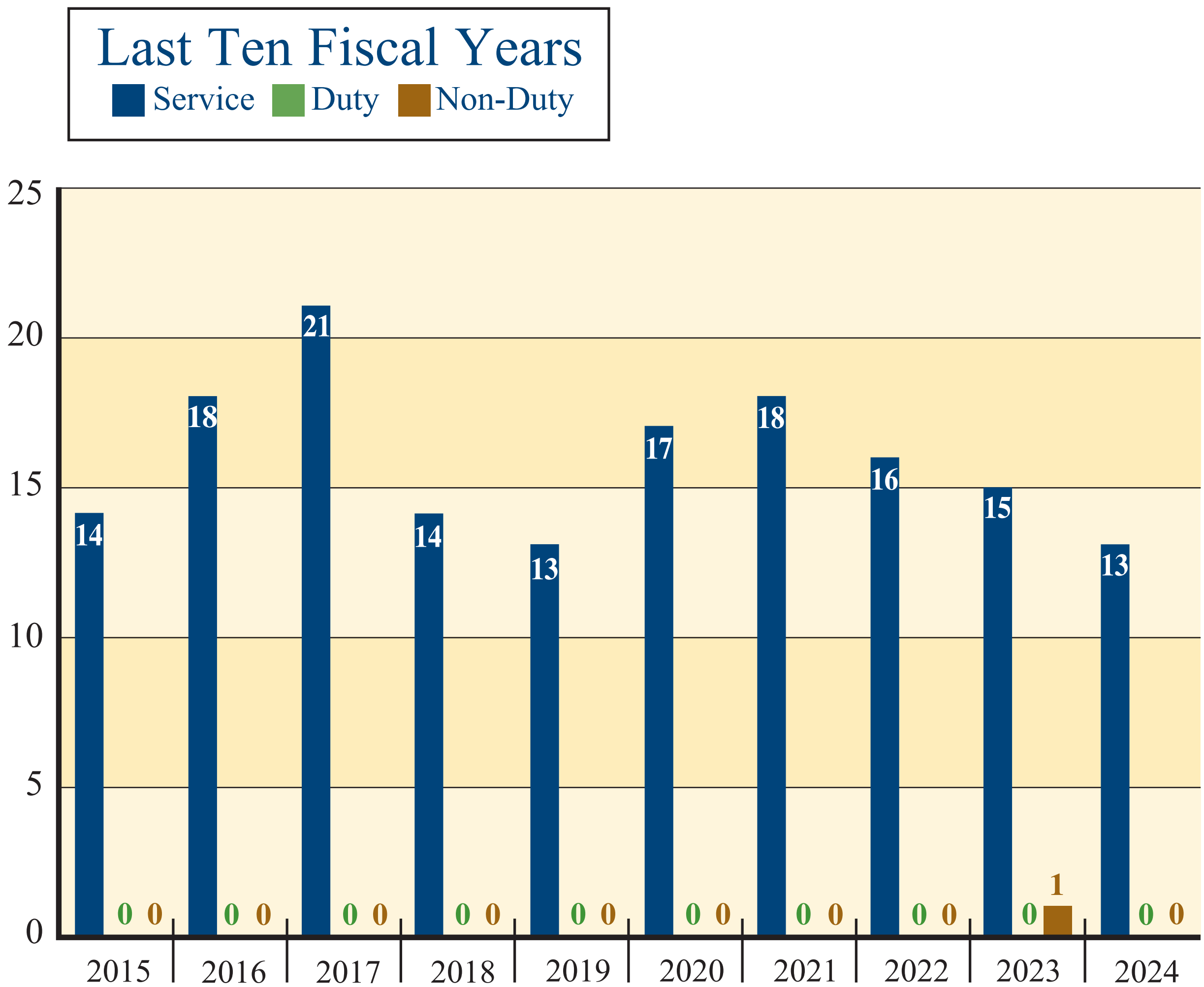
Schedule of Average Monthly Base Benefit Amounts*

Ten Years Ended April 30, 2024

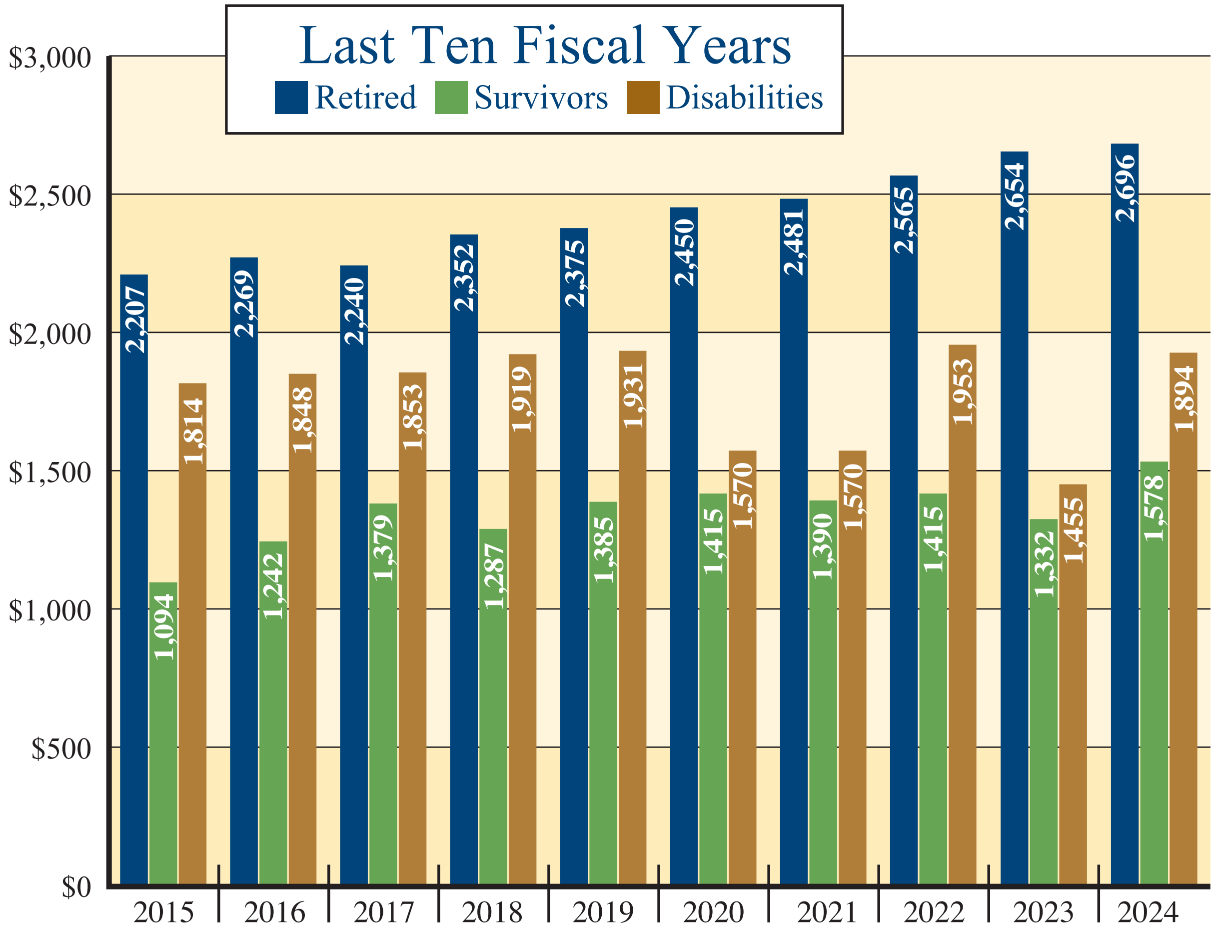
Members Retiring During	5–10	10–15	15–20	20–25	25–30	30+	All Members
				Years Credited Service			
Fiscal Year Ending 04/30/15							
Average monthly benefit	$450	1,534	–	1,569	2,385	3,119	1,964
Average final compensation	$2,593	5,441	–	3,817	4,249	5,043	4,286
Number of retirees	2	2	–	4	2	4	14
Fiscal Year Ending 04/30/16							
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
Fiscal Year Ending 04/30/17							
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
Fiscal Year Ending 04/30/18							
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
Fiscal Year Ending 04/30/19							
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
Fiscal Year Ending 04/30/20							
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
Fiscal Year Ending 04/30/21							
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
Fiscal Year Ending 04/30/22							
Average monthly benefit	$–	–	1,050	1,684	3,146	4,184	3,572
Average final compensation	$–	–	3,396	4,330	5,525	5,736	5,449
Number of retirees	–	–	1	1	4	10	16
Fiscal Year Ending 04/30/23							
Average monthly benefit	$523	1,054	–	2,178	2,462	4,799	3,058
Average final compensation	$4,261	3,544	–	4,943	5,223	6,836	5,593
Number of retirees	1	1	–	4	4	6	16
Fiscal Year Ending 04/30/24							
Average monthly benefit	$320	–	1,511	1,981	–	4,817	2,800
Average final compensation	$1,982	–	4,543	5,353	–	7,061	5,501
Number of retirees	1	–	4	3	–	5	13

*Benefit amounts do not include supplemental benefits or cost of living adjustments.
*Benefit amounts are after reductions for optional benefits.

New Pensions Started



Average Monthly Benefit*



* Benefit amounts include $160 supplemental benefit

* Benefit amounts include cost of living adjustments

Cost of Living Increases

Ten Year History

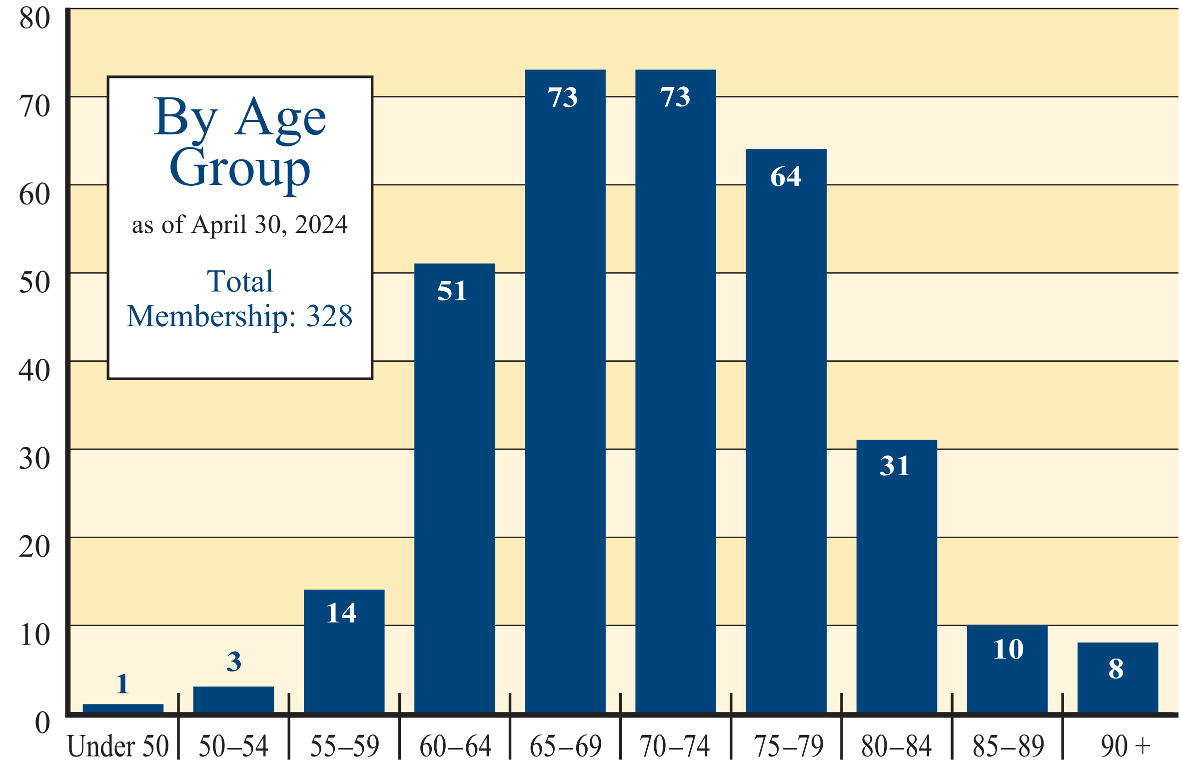
Fiscal Year	% Increase to Monthly Base Pension
2015	2.50%
2016	2.50%
2017	2.00%
2018	2.50%
2019	2.00%
2020	1.00%
2021	0.00%
2022	2.50%
2023	1.25%
2024	0.00%

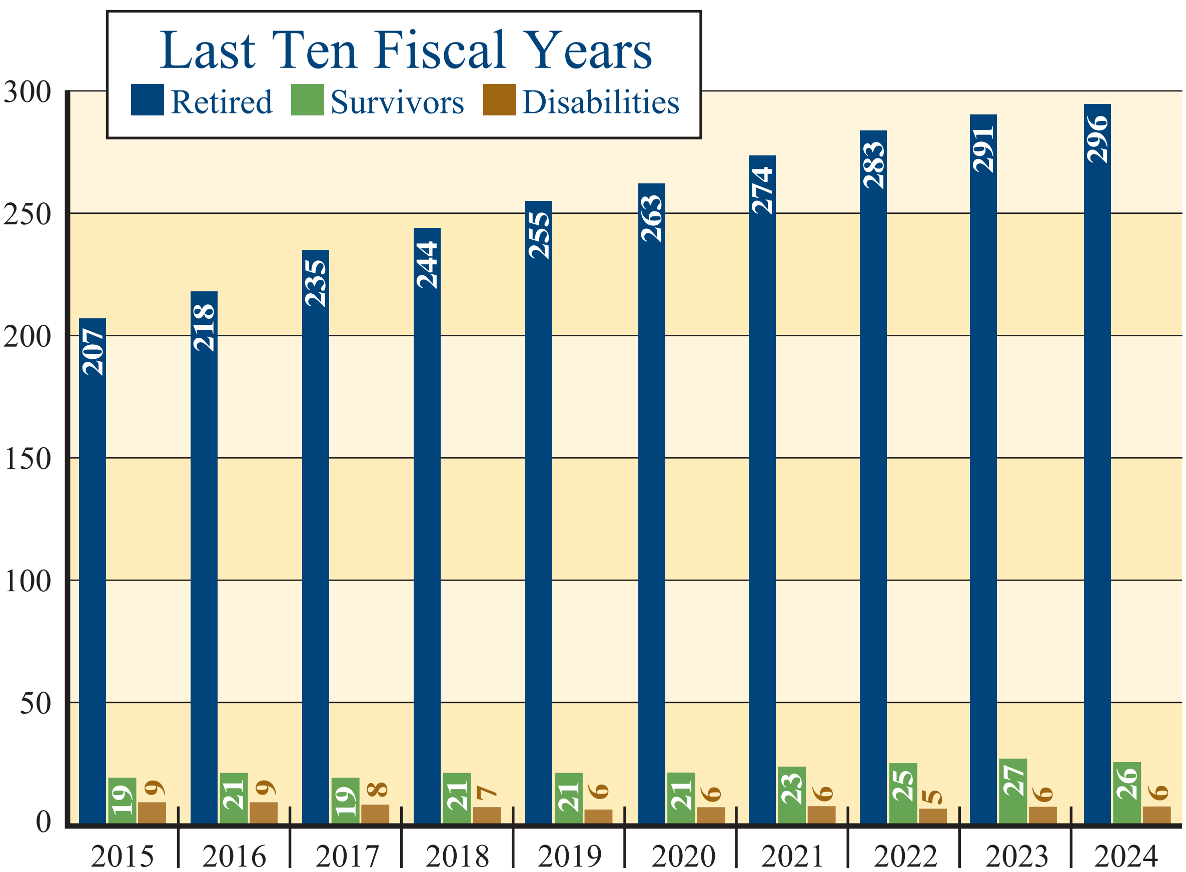
Supplemental Retirement Benefit

History of Increases

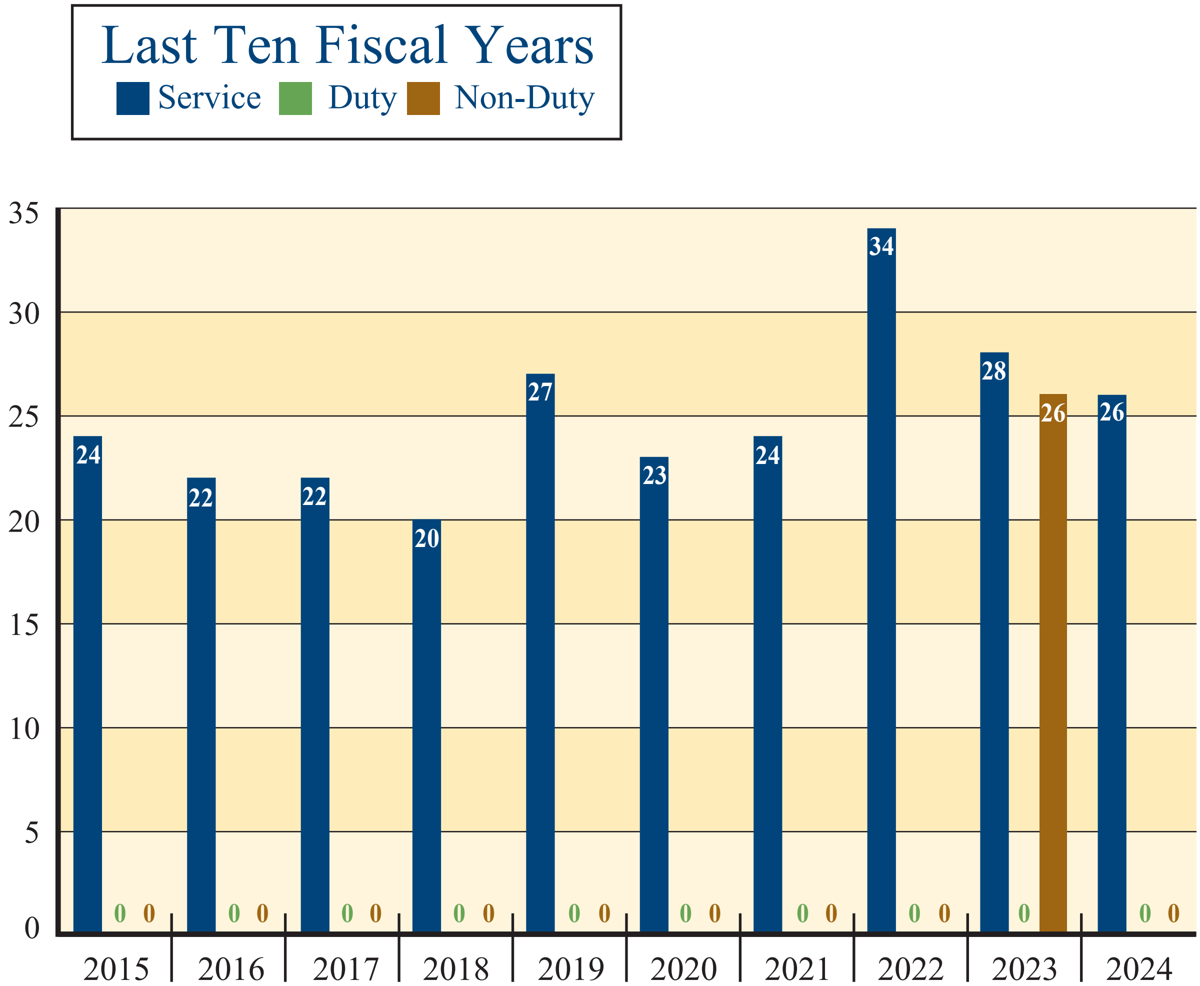
Fiscal Year	Monthly Benefit Amount	Annual Benefit Amount
1993	$50.00	$600.00
2000	120.00	1,440.00
2001	160.00	1,920.00

Membership Receiving Benefits

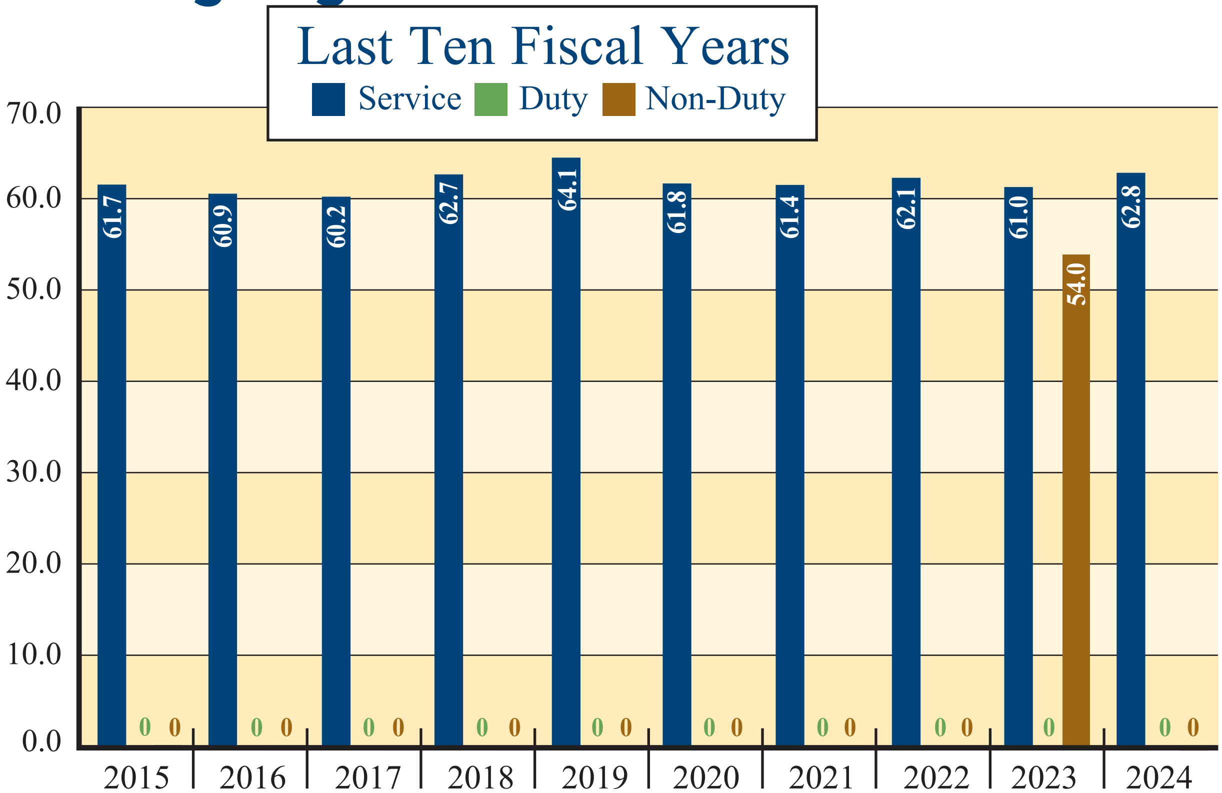




Average Years of Service at Retirement



Average Age at Retirement



Average Age of Retirees as of April 30, 2024

Service (296 retired members ranging in age from 53 to 96)	**71.4**
Duty Disability (1 retired member age 64)	**64.0**
Non-Duty Disability (5 retired members ranging in age from 49 to 68)	**59.2**

KCPERS
KANSAS CITY
Police Employees' Retirement System

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