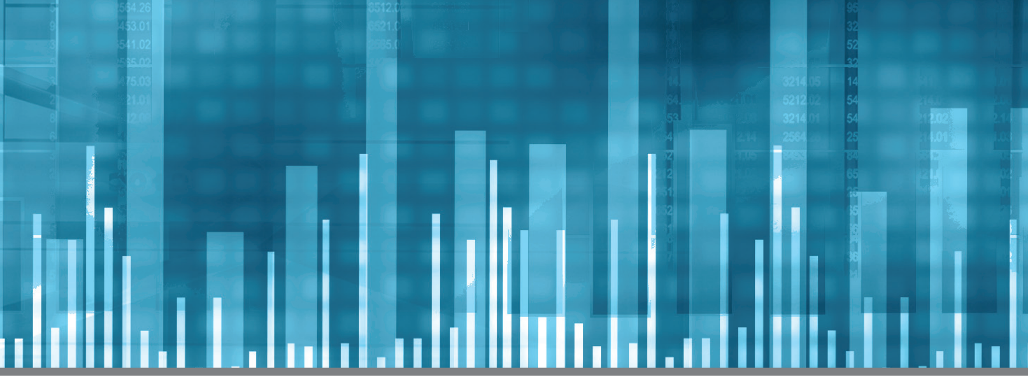

55TH
ANNUAL
REPORT

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

A Component Unit of the City of Kansas City, Missouri

Comprehensive Annual Financial Report

KCPERS

Kansas City Police Employees' Retirement Systems

May 1, 2020 to
April 30, 2021

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

A Component Unit of the City of Kansas City, Missouri

Comprehensive Annual Financial Report
May 1, 2020 to April 30, 2021

55th Annual Report

Prepared by:
Kansas City Police Employees' Retirement Systems
9701 Marion Park Drive, B
Kansas City, MO 64137
(816) 482-8138 or (888) 813-8138
Website: www.kcpers.org

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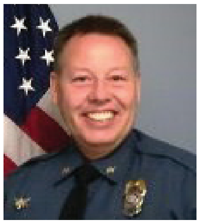
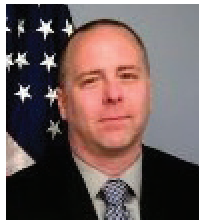
Introductory Section

Retirement Board

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



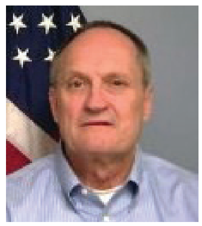
Richard Smith, Chairman
Chief of Police
Kansas City, Missouri
Police Department



Gregory (Scott) Hummel
Vice-Chair
Civilian Administrator, Kansas City, Missouri Police Department

Robert Jones
Treasurer
(Ret.) Sergeant, Kansas City, Missouri Police Department

DeJ'on Slaughter
Appointed Member



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

Leslie Lewis
Appointed Member

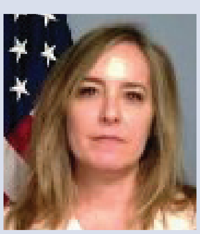
Chad Pickens
Police Officer, Kansas City, Missouri Police Department

Patrick Trysla
Appointed Member

Walter (Web) Bixby III
Appointed Member

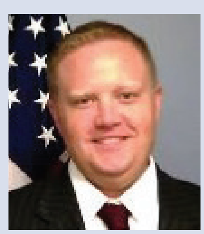
KCPERS Staff

Jennifer Best
Benefits Coordinator



Lori Vaca
Administrative Assistant

Lisa Colclasure
Benefits Supervisor



Jason Hoy
Accountant

James Pyle
Pension Systems Manager & Board Secretary

KCPERS
Kansas City Police Employees' Retirement Systems

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

September 30, 2021

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

Dear Board Members:

It is my pleasure to submit the fiscal year 2021 Comprehensive Annual Financial Report (Annual Report) of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (Retirement System). This report is intended to provide our members and other stakeholders with detailed information about the financial, actuarial, and investment operations of the Retirement System.

The Retirement System was created in 1965 by the Missouri General Assembly to provide retirement and disability benefits for civilian members of the Kansas City, Missouri Police Department and survivor benefits for their spouses. A nine member Board of Trustees, made up of elected and appointed members, governs the Civilian Employees' 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 provide support to the board members in completing their fiduciary responsibilities. Staff has prepared the financial statements of the Retirement System and, to the best of our knowledge, presented information that is accurate in all material respects and is reported in a manner designed to fairly represent the financial position of the fund. The accounting policies followed in preparing the financial statements comply with U.S. generally accepted accounting principles. Financial information presented throughout the Annual Report is consistent with information displayed in the financial statements.

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 with full and unrestricted access to staff to discuss their audit and related findings. The annual audit is conducted to assure 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 that serves as an introduction to and overview of the financial statements. The Retirement System is a component unit of the City of Kansas City, Missouri for financial reporting purposes and, as such, the financial statements in this report are also included in the City of Kansas City, Missouri's Comprehensive Annual Financial Reports.

Actuarial and Investment Information

Cavanaugh Macdonald, the Retirement System's consulting actuary, completed the actuarial valuation dated April 30, 2021. The funded ratio of the valuation assets to liabilities was unchanged from the prior year at 78%. The funded ratio is unchanged due to investment returns and actuarial demographic experience during the fiscal year. Those same factors allowed the Retirement Board to accelerate the reduction in the actuarial assumed rate of investment return. On an actuarial basis, which includes five year smoothing of assets, the investment returns totaled 8.4% which was greater than the 7.1% actuarial assumed rate of investment return for the fiscal year. More information on the actuarial valuation is available in the Actuarial Section of this report starting on page 59.

The investment portfolio produced a 22.7% (net of fees) annualized dollar weighted rate of return, measured on the market value of assets, against the policy benchmark return of 17.9%. More information regarding the investment performance and the professionals who provide services to the Retirement System can be found on page 54 of the Investment Section, in the Schedule of Investment Results, which shows the historical investment performance of each outside investment manager.

Fiscal Year 2021 Projects

Due to the COVID-19 pandemic the Retirement Board continued to hold meetings virtually. The Investment Committee scheduled virtual meetings with each investment manager to review portfolio holdings and investment performance. The portfolio manager, investment team, and frequently the firm's CEO also provided an economic outlook for both the fund and asset class. The Retirement Board worked with investment consultants from RVK and Mariner to streamline the small cap and emerging markets portfolios and to update the Investment Policy Statement. The Retirement Board also worked with actuaries from Cavanaugh Macdonald to review the impact that reduced staffing and payroll, at the Police Department, would have on plan contributions and liabilities.

Staff projects for the year included updating the KCPERS.org website; hiring and funding GQG Partners to manage the emerging markets equity assets and transitioning the small cap equity assets to Wellington's Global Perspectives fund; and recruiting a new member of the Medical Board of the Retirement System to complete independent psychiatric evaluations for disability evaluations.

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Legislative Changes

There were no legislative changes to the Revised Statutes of Missouri that govern 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 comprehensive annual financial report for the fiscal year ended April 30, 2020. This was the nineteenth consecutive year that the Retirement System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 comprehensive annual 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.

Acknowledgements

The fiscal year 2021 annual report is the result of work by both Retirement Systems staff and outside advisors and the leadership provided to us by the Retirement Systems Board. It is intended 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 our board members, our retirement system members, our outside advisors and the Kansas City, Missouri Police Department for all your contributions towards the successful operation of the Civilian Employees' Retirement System.

Respectfully submitted,

James Pyle

James J. Pyle
Pension Systems Manager

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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

April 30, 2020

Christopher P. Morrill

Executive Director/CEO

KCPERS
Kansas City Police Employees' Retirement Systems

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

October 1, 2021

Dear Members,

Employees' Retirement System of the Police Department of Kansas City, Missouri (Retirement System) Comprehensive Annual Financial Report for the fiscal year ending April 30, 2021. This annual report to our members provides financial information about your retirement system and an update on changes that occurred during the past year.

During the fiscal year we added 57 new active members who joined the KCPD, processed 18 service retirements, processed 55 resignations, and assisted with death benefits for 2 new surviving spouses. Total membership in the Retirement System decreased by 3 members to 870 total members, with active membership decreasing by 15 to 522, inactive vested members decreasing by one to 45, and retirees and surviving spouses increasing by 13 to 303.

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 22.7% net of fees, 5.5% above our target allocation benchmark of 17.2%. The Retirement Board worked with our actuary to monitor the process of lowering the actuarial assumed investment rate of return to 7.25% by FY2023. As a result of both positive investment returns and actuarial demographic experience, the Retirement Board was able to accelerate the process and lower the investment rate of return to 7.1% in FY2021.

This year we said goodbye to (Ret.) Lt. Col. Tom Mills whose three-year term on the Retirement Board ended in June. We welcomed two new members to the Retirement Board, DeJ'on Slaughter was appointed by the City Council and (Ret.) Major Wayne Stewart was elected to the seat designated for a retired member of the Retirement System. On the staff side, Sharon Blancett retired after 22 years of helping active and retired members, the Retirement Board, and her coworkers. Sharon's skill and knowledge shaped the two retirement systems into the well run, secure, and sustainable plans that they are today. We also welcomed Jennifer Best as the new Benefits Specialist.

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, especially in these unusual times, in taking care of our members and implementing the plans and policies of the Retirement Board.

Sincerely,

Richard Smith
Retirement Board Chairman

Outside Professional Services

ACTUARY

Cavanaugh Macdonald Consulting, LLC
Patrice Beckham
Bellevue, Nebraska

AUDITORS

AGH, L.C.
Michael Lowry
Wichita, Kansas

INVESTMENT MANAGEMENT CONSULTANTS

RVK, Inc
Ryan Sullivan, Marcia Beard
Portland, Oregon

Mariner Institutional Consulting, LLC
Robert Woodard
Lawrence, Kansas

LEGAL COUNSEL

Swanson Bernard
Jonathan Dilly
Kansas City, Missouri

MASTER TRUSTEE/CUSTODIAN

The Northern Trust Company
Claudiu Besoaga
Chicago, Illinois

INVESTMENT ADVISORS

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

LSV Asset Management
Keith Bruch
Chicago, Illinois

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

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

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

Northern Trust Global Investments
Mike Nieves
Chicago, Illinois

White Oak Global Advisors
Alexandra Burke
San Francisco, California

Artisan Partners
Steven Butler
Oaks, Pennsylvania

Wellington Management Company
James Digiuseppe
Boston, Massachusetts

Grosvenor Capital Management
Mark Roman
Chicago, Illinois

PIMCO Investment Management
Brant Gresham
Newport Beach, California

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

GQG Partners
Laura Clement
Fort Lauderdale, Florida

*Please see pages 56 and 58 for information related to brokerage commissions and fees and commissions paid to investment managers.

Financial Section

AGH CPAs & ADVISORS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying 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) which comprise the statement of fiduciary net position as of April 30, 2021, the related statement of changes in fiduciary net position for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Allen, Gibbs & Houlik, L.C. aghlc.com • aghemployersolutions.com • aghuniversity.com • 316.267.7231 • 301 N. Main, Suite 1700 • Wichita, KS 67202-4868

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri as of April 30, 2021, 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.

Other Matters

Prior Years Comparative Information

The financial statements as of and for the year ended 2016 and prior were audited by other auditors whose previous reports expressed an unmodified opinion on those statements.

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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

September 10, 2020
Wichita, Kansas

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 provides an overview of its financial activities during the year ended April 30, 2021. Please read it in conjunction with the more detailed financial statements, notes and required supplementary information which follow this section.

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

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, 2021, and the Statement of Changes in Fiduciary Net Position for the year ended April 30, 2021. 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 are intended to provide financial statement users with a description of the Plan, a summary of significant accounting policies, the method used to value investments and 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 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, net of investment expense. The money-weighted rate of return is a method for calculating investment performance on Plan investments that adjusts for the changing amounts actually 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 which 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, 2021	April 30, 2020	Amount Change
Cash	$45,153	$34,848	$10,305
Receivables	432,201	389,240	42,961
Investments	174,116,031	145,471,637	28,644,394
Securities lending collateral	18,528,775	13,845,501	4,683,274
Total assets	**193,122,160**	**159,741,226**	**33,380,934**
Accounts and refunds payable	405,632	530,982	(125,350)
Securities lending collateral	18,528,775	13,845,501	4,683,274
Total liabilites	**18,934,407**	**14,376,483**	**4,557,924**
Net Position Restricted for Pensions	**$174,187,753**	**$145,364,743**	**$28,823,010**

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 which are available to pay benefits.

The Civilian Employees' Retirement System's benefits are funded through member and City of Kansas City, Missouri (City) contributions, and investment income. Net position of the Plan increased to $174,187,753 as of April 30, 2021 from $145,364,743 as of April 30, 2020. Plan income is generated through the investment of contributions in stocks, bonds and alternative assets.

Assets—Total assets of the Civilian Employees' Retirement System were $193.1 million as of April 30, 2021 and included cash, receivables, investments and securities lending collateral. Total assets increased by $33.4 million or 20.9% from FY 2020. Investable assets increased during the year by $28.6 million while securities lending collateral increased by $4.7 million. The increase in investable assets is due to strong positive investment performance in the stock, bond and alternative asset portfolios as a result of the economic recovery. The recovery was spurred by continued fiscal support from the Federal Government, progress of vaccination distribution, and interest rates kept near zero by the Federal Reserve. The Plan's global stock portfolio returned 51.2% for the fiscal year and was the key contributor to an overall strong investment performance. The increase in securities lending collateral was due to volatility in the short selling markets which increased the demand for securities lending.

Liabilities—Total liabilities of the Civilian Employees' Retirement System were $18.9 million as of April 30, 2021 and included payables for money manager fees and refunds, and securities lending collateral. Total liabilities increased by $4.6 million during the year due to the $4.7 million increase in the offsetting liability for securities lending activity.

Net Position – Civilian Employees' Retirement System assets exceeded liabilities at April 30, 2021 by $174.2 million. The Net Position increased by $28.8 million or 19.8% from the prior year as a result of the strong market performance generated by the economic recovery.

Changes in Fiduciary Net Position

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

	April 30, 2021	April 30, 2020	Amount Change
Member contributions	$1,514,076	$1,416,742	$97,334
City contributions	5,358,552	4,849,708	508,844
Total Net Investment Income	31,508,882	1,442,539	30,066,343
Total additions	**38,381,510**	**7,708,989**	**30,672,521**
Benefits paid to members	9,199,657	8,209,456	990,201
Refunds of contributions	226,726	173,880	52,846
Administrative expenses	132,117	148,744	(16,627)
Total deductions	**9,558,500**	**8,532,080**	**1,026,420**
Net Increase/(Decrease) in Net Position	**28,823,010**	**(823,091)**	**29,646,101**
Net Position Restricted for Pensions, Beginning of Year	**145,364,743**	**146,187,834**	**(823,091)**
Net Position Restricted for Pensions, End of Year	**$174,187,753**	**$145,364,743**	**$28,823,010**

Financial Analysis of Changes in Fiduciary Net Position

The statement of Changes in Fiduciary Net Position shows how the Plan's Net Position Restricted for Pensions changed during the year ended April 30, 2021. This statement reflects contributions made by members and the City of Kansas City, Missouri. Investment activities during the fiscal year are also presented which include interest and dividends and the net appreciation or depreciation in fair value of the investments. Benefits paid to members, refunds of contributions and administrative expenses are also reported in the statement.

Revenues—Additions to Fiduciary Net Position – Member contributions, City contributions and investment income are the sources of revenue for the Civilian Employees' Retirement System. Member contributions totaled $1.5 million or 5% of covered payroll to the Plan while City contributions totaled $5.4 million or 18.05% of projected covered payroll. City Contributions increased and reflect the required contributions as determined by the Plan's actuary. Net investment income increased compared to the prior year. The portfolio's investment rate of return, net of investment expenses, was 22.67% with net investment income of $31.5 million. Investment expenses, including custodial bank fees, manager fees, and investment consultation totaled $0.8 million. Investments in global stock, bonds, direct lending, real estate, absolute return and private equity all posted gains for the year.

Expenses—Deductions from Fiduciary Net Position – Benefits paid to members, refunds of member contributions and administrative expenses are the sources of expenses for the Civilian Employees' Retirement System. Benefit payments and refunds represent 98.6% of the total deductions. Benefits paid to members increased over the prior year because of new retirements. The amount of refunds to members leaving the Police Department increased over the prior year by 30%. Administrative expenses decreased due to a decrease in actuarial fees.

City contributions continued to equal the amount recommended by the Plan's actuary. For the fiscal year beginning May 1, 2021, City contributions are budgeted to total the actuarial required contribution amount of $5.8 million. The contribution amount is calculated at 19.27% of projected covered payroll.

The Retirement Board has approved an asset allocation which over time is expected to realize a long-term investment rate of return of 7.35%. Fiscal year 2021 was the third year of a five year step down to lower the actuarial assumed rate of return to 7.25%. The Retirement Board continues to review investment allocations on a monthly basis and to rebalance the portfolio, as needed, with guidance from an independent financial consulting firm.

Requests for Information

This financial report is designed to provide members of the Civilian Employees' Retirement System, citizens, investors and creditors of the City of Kansas City, Missouri with a general overview of the Plan's finances and to demonstrate 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 that are expected to have a significant effect on the financial position or results of operations of the Civilian Employees' Retirement System.

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

STATEMENT OF FIDUCIARY NET POSITION
April 30, 2021

Assets

Investments	
U.S. government securities	$11,096,209
Corporate bonds and notes	23,024,760
Common and preferred stock	10,169,791
All country world index fund	33,446,591
Government-mortgage backed securities	490,491
Real estate funds	20,597,472
Partnerships—equity	1,080,785
Partnerships—fixed income	29,670,272
Short-term investment funds	2,043,234
Hedge fund of funds	16,767,825
Equity funds	13,935,752
Emergining markets equity funds	6,754,114
Foreign equities	5,038,735
Total investments	174,116,031
Securities Lending Collateral	18,528,775
Receivables	
Accrued interest and dividends	432,201
Total receivables	432,201
Cash	45,153
Total assets	193,122,160

Liabilities

Accounts and refunds payable	405,632
Securities lending collateral	18,528,775
Total liabilities	18,934,407
Net Position Restricted for Pensions	$174,187,753

See Notes to the Financial Statements.

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended April 30, 2021

Additions

Investment Income	
Net appreciation in fair value of investments	$29,166,393
Interest and dividends	3,153,021
Investment expense	(843,781)
Net investment income	31,475,633
Securities Lending Income	
Securities lending gross income	54,605
Securities lending expenses	
Borrower rebates	(7,132)
Management fees	(14,224)
Total securities lending expenses	(21,356)
Net securities lending income	33,249
Total net investment income	31,508,882
Contributions	
City	5,358,552
Members	1,514,076
Total contributions	6,872,628
Total additions	38,381,510

Deductions

Benefits Paid	
Retired members	8,156,040
Spouses	383,537
Disabled members	113,066
Partial lump sum option	540,014
Death benefits	7,000
Total benefits paid	9,199,657
Other Deductions	
Refunds of contributions	226,726
Adminstrative expenses	132,117
Total other deductions	358,843
Total deductions	9,558,500
Net Increase in Net Position	28,823,010
Net Position Restricted for Pensions, Beginning of Year	145,364,743
Net Position Restricted for Pensions, End of Year	$174,187,753

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 (Plan) is considered a component unit of the City of Kansas City, Missouri (City) financial reporting entity and 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. These unfunded commitments totaled approximately $72,519 at April 30, 2021.

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.

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, 2021, the Plan's membership consisted of the following:

	Tier I	Tier II	Total
Retirees and beneficiaries currently receiving benefits	301	2	303
Terminated members entitled to but not yet receiving benefits	43	2	45
Active members			
Vested	303	44	347
Non-vested	-	175	175
Total	**647**	**223**	**870**

Note 2: Plan Description (Continued)

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, 2021, active members contributed at a rate of 5% of base pay, and the City contributed at a rate of 18.05% of annual projected covered payroll.

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 Benefit—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. The COLA is normally effective with the June 1st benefit payment.

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, 2021.

Investments

For the year ended April 30, 2021, 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%
Private Equity	0% - 0%	0%
Fixed Income	26% - 36%	31%
Alternatives		
Real Estate	9% - 17%	13%
Absolute Return	7% - 15%	11%
Direct Lending	4% - 10%	7%
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	$18,027,376
Fair value of cash collateral received from borrowers	18,528,775
Total fair value of collateral	$18,528,775

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, 2021, 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	$11,096,209	$ –	$4,398,597	$2,529,867	$4,167,745	$9,279,481
Corporate bonds and notes	23,024,760	–	9,555,184	10,438,143	3,031,433	7,879,898
Government mortgage-backed securities	490,491	–	–	–	490,491	–
Short term investment funds	2,043,234	2,043,234	–	–	–	–
		$2,043,234	$13,953,781	$12,968,010	$7,689,669	
Common and preferred stocks	10,169,791					825,518
All country world index fund	33,446,591					–
Real estate funds	20,597,472					–
Hedge fund of funds	16,767,825					–
Partnerships—equity	1,080,785					–
Partnerships—fixed income	29,670,272					–
Foreign equities	5,038,735					42,479
Equity funds	13,935,752					–
Emerging markets equity funds	6,754,114					–
Total	**$174,116,031**					**$18,027,376**

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, 2021, the Plan's investments in corporate bonds were rated BBB or better by Standard & Poor's. At the same date, the Plan's investments in U.S. agencies obligations not directly guaranteed by the U.S. government (including Federal National Mortgage Association, Federal Home Loan Banks & Federal Home Loan Mortgage Corporation) and in government mortgage-backed securities were rated AA+ or better by Standard & Poor's. U.S. Treasury obligations were explicitly guaranteed by the U.S. government. The Plan's investments in short term investment funds were not rated by Standard & Poor's.

These bond rating requirements do not apply to the high yield portion of the fixed income portfolio. The following table summarizes the Plan's fixed income portfolio exposure level and credit qualities at April 30, 2021:

Fixed Income Security Type	Fair Value April 30, 2021	S&P Weighted Average Credit Quality
Corporate bonds and notes	$859,734	AAA
Corporate bonds and notes	1,591,361	AA
Corporate bonds and notes	7,884,617	A
Corporate bonds and notes	12,244,149	BBB
Corporate bonds and notes	444,899	Not rated
Government mortgage-backed securities	490,491	AA+
Short term investment funds	2,043,234	Not rated

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Consistent with the Plan's securities lending policy, $18,027,376 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, 2021:

Investment	Fair Value
FCI Core Fixed Income	$34,611,460
PIMCO—Fixed Income Fund	21,712,338
Northern Trust Collective All Country World Investable Market Index Fund—Non Lending	19,874,402
Grosvenor FOB Fund, L.P.	16,767,825
LSV Global Value	15,208,526
Artisan Global Opportunities Trust Fund	13,935,752
Wellington Global Perspectives	13,572,189
Prudential PRISA II	11,131,378
Morgan Stanley—Prime Property Fund, LLC	9,466,094

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

Investment Income

Investment income (loss) for the year ended April 30, 2021 consisted of:

Interest and dividend income	$3,153,021
Net appreciation in fair value of investments	29,166,393
	32,319,414
Less investment expense	843,781
	$31,475,633

Annual Money-Weighted Rate of Return—For the year ended April 30, 2021, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 22.67%. 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, 2021, were as follows:

Total pension liability	$207,284,241
Plan fiduciary net position	(174,187,753)
City's net pension liability	$33,096,488
Fiduciary net position as a % of total pension liability	84.03%

Subsequent to the completion of the actuary valuation report for the year ended April 30, 2021, the Board of Trustees voted to decrease the long-term investment rate of return from 7.35% to 7.10% as of the year ended April 30, 2021. This change resulted in an increase to the Total Pension Liability of approximately $6.5 million. Revised actuary reports were not completed prior to the issuance of the Plan's financial statements and therefore amounts were not adjusted in the footnotes or Required Supplementary Information schedules.

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, 2021 was determined based on an actuarial valuation prepared as of April 30, 2020, rolled forward one year to April 30, 2021, using the following actuarial assumptions:

Inflation	2.50%
Salary increases, including inflation	3.60% to 6.50%
Long-term investment rate of return, net of plan investment expense, including inflation	7.35%

For purposes of calculating the total pension liability, future ad hoc COLAs of 2.5% (simple COLA) were assumed to be granted in all future years.

Pre-retirement mortality rates were based on the RP-2000 Employee Table with a 1-year age set forward, projected to 2017 using Scale AA, also set forward 1 year. Future mortality improvement is projected generationally using the ultimate projection scale of MP-2017 and reflects the 1-year set forward.

Post-retirement mortality rates were based on the RP-2000 Healthy Annuitant Table, with a 1- year age set forward, projected to 2017 using Scale AA, also set forward 1 year. Future mortality improvement is projected generationally using the ultimate projection scale of MP- 2017 and reflects the 1-year set forward.

Disability mortality rates were based on the RP-2000 Healthy Annuitant Table, with a 5-year age set forward, projected to 2017 using Scale AA, also set forward 5 years. Future mortality improvement is projected generationally using the ultimate projection scale of MP-2017 and reflects the 5-year set forward.

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, 2017. The experience study report is dated December 11, 2018.

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38%	5.05%
Fixed Income	31%	0.00%
Absolute Return	11%	2.25%
Real Estate	13%	3.75%
Direct Lending	7%	3.75%
Private Equity	0%	6.75%

Discount Rate—The discount rate used to measure the total pension liability was 7.35% 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 2.29% 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 7.35% 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 (6.35%) or one percentage point higher (8.35%) than the current rate:

	1% Decrease (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
Net pension liability	$60,805,523	$33,096,488	$10,056,867

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, 2021:

Investments by fair value level	Fair Value	Level 1	Level 2	Level 3
U.S. government securities	$11,096,209	$ –	$11,096,209	$–
Corporate bonds and notes	23,024,760	–	23,024,760	–
Common and preferred stock	10,169,791	10,169,791	–	–
Government mortgage-backed securities	490,491	–	490,491	–
Short-term investment funds	2,043,234	2,043,234	–	–
All country world index fund	33,446,591	–	33,446,591	–
Foreign equities	5,038,735	5,038,735	–	–
Total Investments by fair value level	85,309,811	$17,251,760	$68,058,051	$–

Investments measured at the net asset value (NAV) (A)	
Real estate funds	20,597,472
Partnerships—equity	1,080,785
Partnerships—fixed income	29,670,272
Hedge fund of funds	16,767,825
Emerging markets equity funds	6,754,114
Equity funds	13,935,752
Total investments measured at the NAV	88,806,220
Total investments	$174,116,031

(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, 2021. 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)	20,597,472	–	Quarterly	90 Days
Partnerships—equity (B)	1,080,785	72,519	N/A	N/A
Partnerships—fixed income (C)	29,670,272	–	Monthly	10 Days
Hedge fund of funds (D)	16,767,825	–	Quarterly	70 Days
Emergining markets equity funds (E)	6,754,114	–	Monthly	10 Days
Equity funds (F)	13,935,752	–	Daily	1 Day
Total investments measured at the NAV	**$88,806,220**			

(A) This 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 30% Equities, 28% Credit, 13% Relative Value, 5% Quantitative, 13% Macro and Commodities and 11% Multi- Strategy. Redemptions can be made quarterly.

(E) This category includes a commingled emerging markets equity fund which trades monthly. The underlying emerging market stocks trade daily on public markets.

(F) This category includes commingled equity funds which trade daily on public markets.

Note 9: Retirement Plan

The Plan has a 408(k) SEP retirement plan covering its employees that meet certain eligibility requirements. The Plan's contributions to its employees' SEP are determined by the Retirement Board. Contributions to the SEP were $14,007 for fiscal year 2021.

Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended April 30

Total pension liability	**2021**	**2020**	**2019**	**2018**
Service cost	$4,173,342	$4,071,855	$4,091,838	$3,914,244
Interest on total pension liability	14,365,113	13,812,6 26	13,152,701	12,742,742
Differences between expected and actual experience	(1,850,773)	(1,484,462)	(2,871,806)	(3,213,708)
Effect of assumption/SEIR changes	1,270,712	1,214,799	3,950,960	–
Benefit payments, including member refunds	(9,426,383)	(8,383,336)	(8,196,411)	(7,765,679)
Net change in total pension liability	8,532,011	9,231,482	10,127,282	5,677,599
Total pension liability—beginning	198,752,230	189,520,748	179,393,466	173,715,867
Total pension liability—ending	207,284,241	198,752,230	189,520,748	179,393,466
Plan fiduciary net position				
Net investment income	31,475,633	1,415,281	5,693,834	11,661,350
Net securities lending income	33,249	27,258	27,404	25,377
City contributions	5,358,552	4,849,708	4,778,854	4,994,191
Member contributions	1,514,076	1,416,742	1,415,677	1,271,683
Benefits paid	(9,199,657)	(8,209,456)	(7,974,964)	(7,424,849)
Refunds of contributions	(226,726)	(173,880)	(221,447)	(340,830)
Administrative expenses	(132,117)	(148,744)	(136,633)	(147,653)
Net change in fiduciary net position	28,823,010	(823,091)	3,582,725	10,039,269
Plan fiduciary net position—beginning	145,364,743	146,187,834	142,605,109	132,565,840
Plan fiduciary net position—ending	174,187,753	145,364,743	146,187,834	142,605,109
Net pension liability, ending	$33,096,488	$53,387,487	$43,332,914	$36,788,357
Fiduciary net position as a percentage of total pension liability	84.03%	73.14%	77.14%	79.49%
Covered payroll	$28,859,000	$28,266,000	$27,108,000	$25,434,000
Net pension liability as a percentage of covered payroll	114.68%	188.88%	159.85%	144.64%

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

Year Ended April 30

Total pension liability	**2017**	**2016**	**2015**
Service cost	$4,598,304	$4,630,006	$4,403,101
Interest on total pension liability	12,509,148	12,015,197	11,366,771
Differences between expected and actual experience	(7,303,863)	(2,293,671)	–
Effect of assumption/SEIR changes	(9,116,555)	3,350,712	2,318,394
Benefit payments, including member refunds	(7,185,237)	(7,220,946)	(6,320,353)
Net change in total pension liability	(6,498,203)	10,481,298	11,767,913
Total pension liability—beginning	180,214,070	169,732,772	157,964,859
Total pension liability—ending	173,715,867	180,214,070	169,732,772
Plan fiduciary net position			
Net investment income	11,383,598	(815,408)	6,756,442
Net securities lending income	36,760	21,305	23,157
City contributions	5,063,240	5,048,167	4,930,686
Member contributions	1,253,047	1,287,388	1,323,061
Benefits paid	(6,888,499)	(6,887,482)	(6,185,573)
Refunds of contributions	(296,738)	(333,464)	(134,780)
Administrative expenses	(120,257)	(126,924)	(112,924)
Net change in fiduciary net position	10,431,151	(1,806,418)	6,600,069
Plan fiduciary net position—beginning	122,134,689	123,941,107	117,341,038
Plan fiduciary net position—ending	132,565,840	122,134,689	123,941,107
Net pension liability, ending	$41,150,027	$58,079,381	$45,791,665
Fiduciary net position as a percentage of total pension liability	76.31%	67.77%	73.02%
Covered payroll	$25,061,000	$25,748,000	$26,461,000
Net pension liability as a percentage of covered payroll	164.20%	225.57%	173.05%

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

Schedule of Employer Contributions

Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Actuarially determined employer contribution	$5,359,000	$4,850,000	$4,779,000	$4,994,000	$5,063,000
Actual employer contributions	5,359,000	4,850,000	4,779,000	4,994,000	5,063,000
Annual contribution deficiency	$ –	$ –	$ –	$ –	$ –
Covered payroll	$28,859,000	$28,266,000	$27,108,000	$25,434,000	$25,061,000
Actual contributions as a percentage of covered payroll	18.57%	17.16%	17.63%	19.64%	20.20%

	2016	2015	2014	2013	2012
Actuarially determined employer contribution	$5,048,000	$4,931,000	$5,658,000	$4,956,000	$4,361,000
Actual employer contributions	$5,048,000	$4,931,000	$4,122,000	$3,283,000	$3,146,000
Annual contribution deficiency	$–	$–	$1,536,000	$1,673,000	$1,215,000
Covered payroll	$25,748,000	$26,461,000	$25,617,000	$25,006,000	$23,976,000
Actual contributions as a percentage of covered payroll	19.61%	18.63%	16.09%	13.13%	13.12%

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

Schedule of Investment Returns

Fiscal Year Ending April 30	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	22.67%	1.05%	4.15%	8.93%	9.47%	-0.64%	5.74%

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

Changes of benefit and funding terms—The following changes to the plan provisions were reflected in the valuation performed as of April 30 listed below:

2013—The 2013 Missouri General Assembly passed Senate Bill 215/House Bill 418 which created a new benefit tier for members hired on or after August 28, 2013. The plan provisions changed were:

- Normal retirement changed from age 65 to age 67,
- Early retirement, without a reduction in benefit amount changed from Rule of 80 (age plus service equal or exceeds 80) or age 60 with 10 years of creditable service to Rule of 85 or age 62 with 20 years of creditable service,
- Final compensation changed from an average of the highest two years to the highest three years.

Changes in actuarial assumptions and methods—The following changes to the plan provisions were reflected in the valuations as listed below:

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.

4/30/2013 Valuation:

- Reduction of the investment return assumption from 7.75% to 7.50%.
- Reduction of the assumed cost of living adjustment from 3.00% to 2.50%.
- Reduction of the general wage increase assumption from 4.00% to 3.75%.
- Modification of both early and normal retirement assumptions to better reflect the actual, observed experience.
- Termination of employment assumption was changed to a pure service-based assumption with one set of rates applicable to both males and females.
- The assumption regarding vested members who terminated employment was modified to value the greater of the value of the deferred monthly benefit or the value payable as a refund.
- The merit salary assumption was modified to reflect the current pay scales.
- The amortization of the UAAL was changed to be a single base, recalculated each year and amortized as a level percentage of payroll over an open 30-year period.

4/30/2011 Valuation:

- The Board of Trustees adopted a change in the asset smoothing method and implemented it by resetting the actuarial value of assets equal to the fair value of assets as of April 30, 2011. The new smoothing method recognizes the difference between the actual and expected return on the fair value of assets evenly over a five-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. In the six years prior to FY 2014, the City contributed a fixed contribution rate (13.14%) of covered payroll, regardless of the amount of the actuarial determined contribution rate. Beginning September 1, 2013, the City began to contribute the full dollar amount of the Actuarially Determined Contribution.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Employer Contribution reported in the most recent fiscal year (April 30, 2021), which was based on the April 30, 2019 actuarial valuation:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years closed for Legacy UAAL (28 remaining as of April 30, 2019)
	20 years closed for experience bases
Asset valuation method	5-year smoothing of actual vs. expected return on fair value
Price inflation	2.50%
Wage inflation	3.00%
Salary increases	3.60% to 6.50% per year, including wage inflation
Investment rate of return	7.45%, net of investment expenses and including price inflation
Future cost-of-living adjustments	2.50% (simple)

SCHEDULE OF EXPENSES

Year Ended April 30, 2021

Investment Expenses	
Bank custodial fees and expenses	$39,910
Financial management expenses	779,388
Financial consultation	24,483
Total	**$843,781**

Administrative Expenses	
Salaries and payroll taxes	$89,227
Legal	1,166
Audit	4,530
Actuarial fees	27,000
Printing and office expense	3,769
Postage	1,002
Travel and education expense	–
Legislative consultation	4,125
Other	1,298
Total	**$132,117**

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

SCHEDULE OF ADDITIONS BY SOURCE AND DEDUCTIONS BY TYPE

Years Ended April 30, 2014 through 2021

ADDITIONS BY SOURCE

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

DEDUCTIONS BY TYPE

		Administrative Expenses		
Fiscal Year Ended	Benefits	General	Refunds	Total
2014	$5,929,841	$125,025	$322,680	$6,377,546
2015	6,185,573	112,924	134,780	6,433,277
2016	6,887,482	126,924	333,464	7,347,870
2017	6,888,499	120,257	296,738	7,305,494
2018	7,424,849	147,653	340,830	7,913,332
2019	7,974,964	136,633	221,447	8,333,044
2020	8,209,456	148,744	173,880	8,532,080
2021	9,199,657	132,117	226,726	9,558,500

Investment Section

October 14, 2021

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

Dear Board Members,

This letter serves to provide an overview of capital markets and the Civilian Employees' Retirement System of Kansas City (the "System") portfolio's positioning for the fiscal year ended April 30, 2021.

Economic Overview

The 2021 fiscal year (May 1, 2020 to April 30, 2021) was affected by the ongoing COVID-19 pandemic that triggered economic lockdowns across the world starting in March 2020. Though financial markets have rebounded from the sharp drawdown in early 2020, global economic activity remains well off its pre-pandemic peak. Within the U.S., the Federal Reserve Open Market Committee ("FOMC") indicated that it does not anticipate raising the federal funds rate until 2023 or later, and announced its intent to maintain current asset purchases of at least $120B per month until substantial progress is made toward full employment.

Two closely watched coronavirus vaccine trials from Pfizer/BioNTech and Moderna released promising efficacy results leading to emergency use authorizations from the FDA, which helped market participants to pull forward expectations for normalized economic activity for much of the developed world in 2021. Investors also appeared to react favorably to completed negotiations around new fiscal stimulus following the November U.S. elections. The newly elected Biden administration moved quickly to enact the $1.9 trillion American Rescue Plan, which included new supplemental unemployment benefits of $300 per week for the 6.7% of unemployed Americans, as well as another one-time round of stimulus checks for most individuals.

Despite the upward trend in lockdown measures and COVID-19 cases worldwide, there has been strong private sector activity and an improvement in labor market conditions, seemingly leading to market optimism and a positive economic outlook for the end of the 2021 fiscal year.

Capital Markets Overview

During the fiscal year 2021, global equity markets, as measured by the MSCI All Country World Index, returned 48.1%. U.S. equities outperformed their non-U.S. counterparts with the broad Russell 3000 stock index returning a positive 50.9% for FY 2021. Developed non-U.S. equity markets, as measured by the MSCI Europe Asia Far East (EAFE) Index, increased by 39.9%, while emerging markets, as measured by the MSCI EM Index, had a higher return of 48.7%. While international equity markets lagged the U.S. market, it still provided positive absolute returns over the fiscal year. In a reversal from the prior fiscal year, emerging markets outpaced developed during the year.

U.S. fixed income markets experienced negative returns amid historical low interest rates during this time period; however, global fixed income markets posted positive returns. The combination of low yields and rising rates created a challenging environment for fixed income. The Bloomberg U.S. Aggregate Bond Index declined -0.3%, while the Bloomberg Global Aggregate Bond Index increased by 4.0%. The Bloomberg Commodity Index increased during the fiscal year, recording a 48.5% return, as oil prices increased significantly during the fiscal year.

RVK

Plan Updates and Positioning

The total market value of the Civilian Employees' Retirement System investments increased from $144.2 million to $174.5 million in the year ending April 30, 2021. In 2019, the Board approved a gradual reduction in the System's actuarial assumed rate of return from 7.5% to 7.25% over a five-year period. As of fiscal year-end, the System's actuarial assumed rate of return, which represents the System's long-term return goal, was 7.40%. The System's overall investment return over the past year was 23.3% and the System's three-year annualized return was 9.4%. The seven-year annualized return for the System was 7.6% and the System's ten-year annualized return was 7.2%.[1]

During the fiscal year, Staff, the Investment Committee, and RVK, Inc. ("RVK") also reviewed the System's asset allocation targets and alternative investment portfolios. No significant changes were made to the portfolio. In the coming year, the Investment Committee and RVK will continue to review the System's asset allocation target, given the System's updated assumed rate of return, recommending changes aimed at improving potential return and/or diversification.

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

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

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

Sincerely,

Rebecca Gratsinger, CFA
Chief Executive Officer

[1] Returns are gross of fees.

Civilian Employees' Retirement System Summary of Investment Policies and Objectives

Investment performance objectives were established to give the Retirement System a method 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 the course of a typical market cycle and/or a minimum period of five years, should exceed the return that would have been achieved if the system had been fully invested according to the approved asset allocation policy benchmark. The policy benchmark consists of 38% MSCI All Country World Investable Markets Index (Net), 31% Bloomberg US Aggregate Bond Index, 13% NCREIF ODCE Index (Net), 11% Absolute Return Custom Benchmark, and 7% ICE Bank of America Merrill Lynch 3 Month Treasury Bill Index plus 5%.

The portfolio outperformed the policy benchmark by 5.5% with a 22.7% return (net of fees) for the fiscal year. The portfolio outperformed the policy benchmark by 0.65% with an 8.93% return (net of fees) for the five year period ending April 30, 2021. The portfolio outperformed the policy benchmark by 0.17% with a 7.07% return (net of fees) for the seven year period ending April 30, 2021.

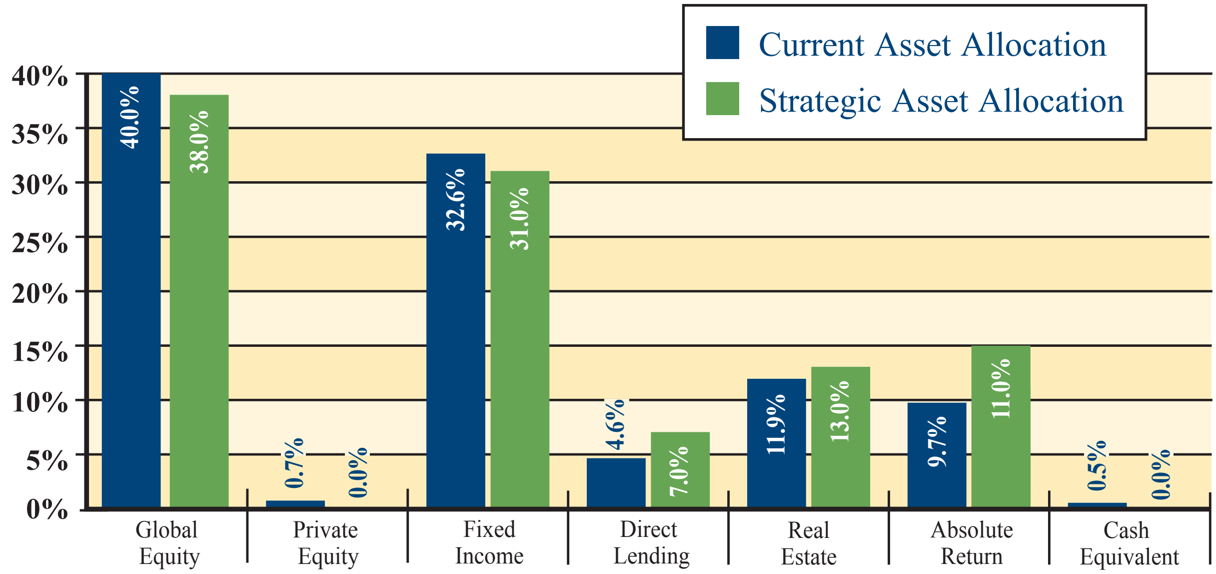
During the fiscal year, the Retirement Board monitored its strategic asset allocation policy using six broad and distinct asset classes in the portfolio. Return, risk, and diversification assumptions have been established for each asset class. Based on its determination of the appropriate risk tolerance and its long-term return expectations, the Retirement Board has implemented the following strategic asset allocation: Global Equity 38%, Fixed Income 31%, Real Estate 13%, Absolute Return 11%, Direct Lending 7%, and Cash 0%. Based on the RVK, Inc. capital market assumptions, the expected long term return for the strategic asset allocation is 4.6% and expected standard deviation (risk) is 8.2%.

The current asset allocation is 40% equities, 33% bonds and cash, and 27% alternatives. The equity allocation is made up entirely of global stocks. The bond and fixed income allocation is divided into core fixed income and cash. The alternative allocation is divided into core and value added real estate, absolute return strategies, direct lending, and private equity. The differences between the year-end allocation and the strategic allocation are due to 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 both 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 stacked up against other managers in their asset class. The Retirement Board's Investment Committee used video conferences to meet with the portfolio manager from each of the investment managers hired by the Retirement Systems. Those meetings have included a review of the manager's investment process, investment holdings and performance, and the manager's outlook for the asset class.

Asset Allocation

Year Ending April 30, 2021



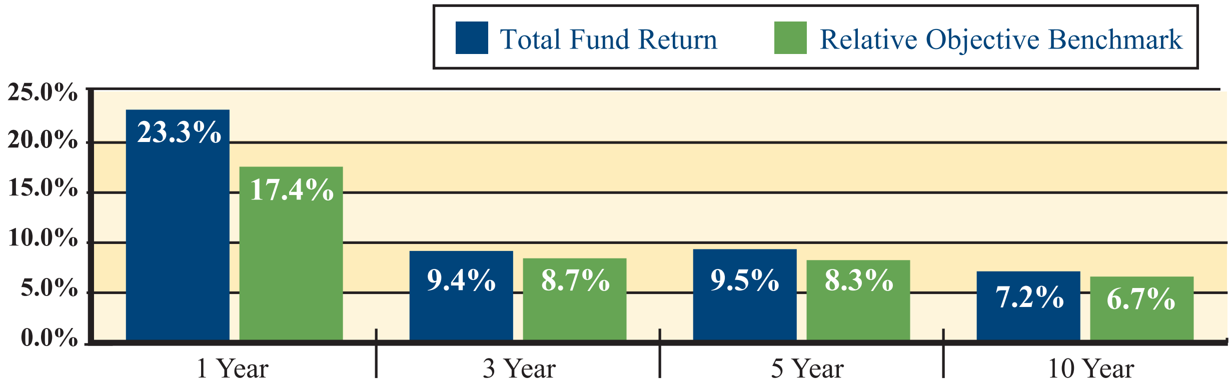
Schedule of Investment Results

Comparative investment results are for the fiscal year ending April 30, 2021. Results for Real Estate and Private Equity managers are available for the quarter ending March 31, 2021 rather than for the fiscal year ending April 30, 2021.

Annualized Manager Returns as of April 30, 2021

Investment Manager	Investment Class	One Year	Three Years	Five Years	Ten Years
FCI Advisors	Bonds & Fixed Income	0.0%	6.3%	3.8%	3.8%
Bloomberg US Govt/Credit		*-0.5%*	*5.6%*	*3.5%*	*3.7%*
PIMCO Income Fund	Bonds & Fixed Income	13.6%	5.9%		
Bloomberg US Bond Index		*-0.3%*	*5.2%*		
White Oak Fixed Income Fund	Direct Lending	12.2%	9.0%		
ICE Bank of America T Bill Index		*4.7%*	*6.4%*		
Artisan Partners	Global Equities	51.8%	21.2%	21.1%	
LSV Global LC Value	Global Equities	55.8%	10.5%	12.2%	
MSCI World		*45.3%*	*14.1%*	*14.0%*	
Northern Trust Index	Global Equities	48.7%	13.6%	14.3%	
MSCI ACW IMI		*48.1%*	*13.2%*	*13.8%*	
GQG Partners	Global Equities				
MSCI Emerging Mkts					
Wellington Global Perspectives	Global Equities				
MSCI EM Small Cap					
Morgan Stanley	Real Estate	3.6%	6.2%	7.8%	
Prudential PRISA II	Real Estate	1.7%	5.6%	7.2%	11.4%
NCREIF ODCE		*1.5%*	*4.0%*	*5.3%*	*8.7%*
Grosvenor	Absolute Return	19.7%	5.7%	6.2%	
HFN FOF Multi-Strat Index		*20.1%*	*5.6%*	*5.4%*	
Abbott Capital	Private Equity	36.0%	15.9%	15.4%	
JP Morgan	Private Equity	38.9%	12.7%	12.0%	
Cambridge US Prvt Equ Index		*48.1%*	*17.7%*	*17.5%*	
Total Fund		**23.3%**	**9.4%**	**9.5%**	**7.2%**
Relative Objective		***17.4%***	***8.7%***	***8.3%***	***6.7%***

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, 2021	Fair Value
1) Applied Materials	$238,878
2) Intel Corp	230,120
3) Pfizer Inc	181,655
4) Volvo AB	181,024
5) Merck & Co	171,350
6) Oracle Corp	166,738
7) Target Corp	165,808
8) HP Inc	163,728
9) Roche Holdings	163,149
10) Ameriprise Financial Inc	155,040

Ten Largest Bond Holdings April 30, 2021	Fair Value
1) US Treasury Bonds 4.25% Due 2039	$1,400,232
2) US Treasury Bonds 1.75% Due 2022	1,221,703
3) US Treasury Bonds 2.875% Due 2046	1,060,252
4) US Treasury Bonds .875% Due 2030	1,028,672
5) US Treasury Bonds 1.75% Due 2023	877,061
6) US Treasury Bonds 1.625% Due 2026	752,216
7) US Treasury Bonds 2.25% Due 2027	720,668
8) US Treasury Bonds 3.625% Due 2044	689,584
9) Verizon Communications Bond 4.125% Due 2027	655,751
10) Starbucks Corp Bond 3.8% Due 2025	639,307

A complete list of portfolio holdings is available upon request.

Schedule of Brokerage Commissions

Year Ending April 30, 2021

Brokerage Firms	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Value Per Share
Bank of America Corporation	13,018	$411,462	$65	$0.0050
Bank of America Merrill Lynch Secs	1,800	8,085	3	$0.0018
Barclays Capital	2,800	8,045	2	$0.0009
Bnp Paribas Securities Services SA	100	2,125	2	$0.0170
Bny Convergex Execution Solutions	700	14,800	6	$0.0085
Citigroup Global Markets Inc.	12,134	76,859	31	$0.0025
Citigroup Global Markets Limited	6,820	84,489	34	$0.0050
Cowen and Company, LLC	2,100	48,836	15	$0.0070
Credit Suisse AG, New York Branch	11,430	762,205	80	$0.0070
Credit Suisse Securities (USA) LLC	13,400	40,854	21	$0.0015
Credit Suisse Securities (Europe) Ltd	2,711	91,748	46	$0.0169
Exane S.A.	1,700	71,697	29	$0.0168
HSBC Bank PLC	34,277	147,587	44	$0.0013
Instinet Europe Limited	2,300	73,537	29	$0.0128
J.P. Morgan Securities LLC	400	72,001	4	$0.0100
J.P. Morgan Securities PLC	7,300	89,694	27	$0.0037
Jefferies Hong Kong Limited	3,000	23,846	12	$0.0040
Liquidnet Europe Limited	12,400	53,122	37	$0.0030
Liquidnet Inc.	150	14,430	2	$0.0100
Macquarie Securities Australia Ltd	4,000	32,725	16	$0.0041
Merrill Lynch International Limited	4,600	71,441	31	$0.0068
Mizuho Securities USA Inc.	800	22,671	11	$0.0141
Morgan Stanley and Co., LLC	13,975	375,056	76	$0.0055
Paris Agency Business	800	14,099	7	$0.0088
Pavilion Global Markets Ltd	8,200	39,982	12	$0.0015
RBC Dominion Securities Inc.	9,000	40,952	16	$0.0018
Sanford C. Bernstein and Co., LLC	2,352	139,044	18	$0.0075
Scotia Capital Inc.	200	11,257	1	$0.0031
UBS AG London Branch	1,800	19,094	10	$0.0053
UBS AG Stamford Branch	26,004	1,095,573	182	$0.0070
UBS Securities Asia Limited	3,000	24,817	12	$0.0041
Totals	203,271	$3,982,133	$881	$0.004

Zero Commission Trades Excluded from above	16,684,977	$71,474,830

Investment Summary

Year Ending April 30, 2021

Investment Manager	Date Hired	Investment Class	Portfolio Fair Value As of 4/30/21	% of Total Fair Value
FCI Advisors	Oct 1974	Fixed Income	$34,611,460	19.9%
Cash			2,043,233	1.2%
Prudential	Sep 2004	Real Estate	11,131,378	6.4%
Abbott Capital	Aug 2005	Private Equity	775,411	0.5%
JPMorgan	Jan 2006	Private Equity	305,374	0.2%
Northern Trust	Feb 2014	Global Equity Index	19,874,402	11.4%
Artisan	Apr 2014	Global Equity	13,935,752	8.0%
LSV	Apr 2014	Global Equity	15,208,526	8.7%
Grosvenor	Jul 2014	Absolute Return - Hedge Fund	16,767,825	9.6%
Morgan Stanley	Sep 2014	Real Estate	9,466,094	5.4%
PIMCO	Aug 2017	Fixed Income	21,712,338	12.5%
White Oak	Apr 2018	Direct Lending	7,957,934	4.6%
GQG	Oct 2020	Global Equity	6,754,114	3.9%
Wellington	Oct 2020	Global Equity	13,572,189	7.8%
		Total	**$174,116,031**	**100%**

Fees and Commissions

Year Ending April 30, 2021

Investment Manager	Management Fee	Commission Expense	Commission per Share
Abbott	$13,815	$–	$–
Artisan Global	93,600	–	–
FCI	35,293	–	–
GQG	23,894	–	–
Grosvenor	136,441	–	–
JP Morgan PE	5,736	–	–
LSV	78,406	881	0.004
Morgan Stanley	87,300	–	–
Northern Trust	14,441	–	–
PIMCO	72,000	–	–
PGIM	100,800	–	–
Wellington	46,311	–	–
White Oak	34,200	–	–
Closed Accounts	37,151	–	–
Total	**$779,388**	**$881**	**$0.000**

Actuarial Section

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

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Kennesaw, GA
Bellevue, NE

October 6, 2021

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, 2021.

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. In our opinion, the assumptions and the methods comply with the requirements of Actuarial Standards of Practice. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the actuarial contribution rates as needed. The April 30, 2021 actuarial valuation reflects the actuarial assumptions and methods included in the experience study covering the five-year period from May 1, 2012 to April 30, 2017, as adopted by the Board based on advice of the actuary. The change in the investment return assumption/discount rate was being phased in over a five-year period, but due to recent favorable investment experience, the Board chose to accelerate the scheduled step-down in the investment return. As a result, the investment return assumption was decreased from 7.40% to 7.10% in the April 30, 2021 valuation. The assumption change increased the unfunded actuarial liability by $7.8 million.

In addition to the increase due to the assumption change, the unfunded actuarial accrued liability was impacted by the actual experience for fiscal year 2021. There was an actuarial gain of $1.5 million on assets and an actuarial gain of $2.7 million on demographic experience. The liability gain was largely due to salary increases and cost of living increases that were lower than expected, based on the actuarial assumptions. In total, the unfunded actuarial accrued liability increased by $3.9 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 (referred to as Tier II). As a result, the normal cost for this group of members is lower than the normal cost for members hired before that date. As of April 30, 2021, there were 219 members in Tier II out of a total of 522 active members (about 42% of total actives). Although Tier II members are about 42% of the total active membership, they represent a much smaller percentage of the active actuarial liability due to their relatively shorter service and younger age. Over time, the normal cost rate is expected to decline as the members hired before August 28, 2013 retire or leave covered employment and are replaced by members covered by Tier II. However, it may take another 10 to 15 years before a noticeable difference is observed in the valuation results.

The System is 78% funded as of April 30, 2021, 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, 2021 for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards Board (GASB) Statement No. 67. The results are presented in a separate report dated July 22, 2021. The assumptions used in the funding valuation report were also used in the GASB 67 report, with the exception of the investment return assumption. The long-term rate of return, also used as the discount rate, was 7.35% based on the original plan to phase-in the reduction in the investment return assumption. In addition, the entry age normal actuarial cost method, which is required to be used under GASB 67, is also used in the funding valuation report. The actuarial assumptions and methods used in both the funding and the GASB 67 valuation meet the parameters set by the Actuarial Standards of Practice (ASOPs), as issued by the Actuarial Standards Board, and generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by the Governmental Accounting Standards Board.

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

Financial Section

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

Actuarial Section

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

Respectfully submitted,
CAVANAUGH MACDONALD CONSULTING, LLC

Patrice Beckham

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

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 7.10% for the 4/30/21 valuation, net of investment expenses, compounded annually (adopted 9/9/21).

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 and disabled retirees and surviving beneficiaries, and all active employees, the System uses the RP-2000 tables projected to 2017 using scale AA. Future mortality improvement is projected generationally using the ultimate projection scale MP-2017 for both males and females (adopted 11/8/18).

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 average salary increase attributable to inflation is 3.00% (adopted 11/8/18); merit and longevity increases range from 0.0% to 3.5% (adopted 11/8/18) 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 April 2018 for the period May 1, 2012 through April 30, 2017. Further analysis of the investment return assumption was required. That work was completed and the Retirement Board adopted the recommendations and assumptions at the November 8, 2018 board meeting to be used in the valuation for the fiscal year ending April 30, 2019. The experience study report is dated December 11, 2018.

The most recent valuation was completed by Cavanaugh Macdonald Consulting, LLC and was based on members of the System as of April 30, 2021. All census data was supplied by the System and was subject to reasonable consistency checks. Cavanaugh Macdonald Consulting, LLC completed the 2011 through 2021 valuations. 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, RP-2000 Employee Table, with a 1 year age set forward, projected to 2017 using Scale AA (also with a 1 year age set forward). Future Mortality improvement is projected generationally using the ultimate projection scale of MP-2017 and reflects the 1 year age set forward. (Adopted 11/8/18)

For healthy retirees, the RP-2000 Healthy Annuitant Table, with a 1 year age set forward, projected to 2017 using Scale AA (also with a 1 year age set forward). Future mortality improvement is projected generationally using the ultimate projection scale MP-2017 and reflects the 1 year age set forward. (Adopted 11/8/18)

For disabled retirees, the RP-2000 Healthy Annuitant Table set forward 5 years, projected to 2017, using Scale AA. Future mortality improvement is projected generationally using the ultimate projection scale of MP-2017 and reflects the 5-year age set-forward. (Adopted 11/8/18)

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 11/8/18)

Years of Service	% of Active Members Separating within Next Year
0	18.0%
1	16.5%
2	15.0%
3	13.5%
4	12.0%
5	10.5%
6	9.0%
7	7.5%
8	6.0%
9	5.0%
10	4.0%
11	3.0%
12 – 16	2.0%
17	1.5%
18	1.0%
19	0.5%
20+	0.0%

Rates of Disability. These assumptions represent the probabilities of active members becoming disabled. (Adopted 1984) It was assumed that one-third of disabilities would be duty related.

Sample Ages	% of Active Members Becoming Disabled within Next Year
25	0.023%
30	0.030%
35	0.038%
40	0.053%
45	0.075%
50	0.135%
55	0.270%
60	0.675%
65	3.200%

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 11/8/18) Inactive vested members are assumed to retire at the first unreduced retirement age.

Tier 1 Members		
Ages	Reduced	Unreduced
50		15%
51–54		12%
55–59	3%	12%
60–61	10%	12%
62–64	10%	25%
65		25%
66–69		30%
70		100%

Tier 2 Members		
Ages	Reduced	Unreduced
51–54		12%
55–59		12%
60–61	10%	12%
62–64	10%	25%
65	10%	25%
66	10%	30%
67–69		30%
70		100%

Pay increase assumptions for individual active members are shown below. (Adopted 11/8/18)

	Annual Rate of Pay Increase		
Years of Service	General Wage Growth	Merit and Longevity	Total
0–15	3.00%	3.50%	6.50%
16–30	3.00%	1.50%	4.50%
31+	3.00%	.60%	3.60%

Schedule of Active Member Valuation Data

Ten Years Ended April 30, 2021

Valuation Date April 30	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2012	549	23,934,913	43,597	-2.2%
2013	558	24,926,803	44,672	2.5%
2014	552	25,512,281	46,218	3.5%
2015	551	26,284,560	47,703	3.2%
2016	526	25,622,781	48,713	2.1%
2017	492	24,196,734	49,180	1.0%
2018	511	25,760,424	50,412	2.5%
2019	543	27,327,897	50,328	-0.2%
2020	537	27,717,217	51,615	2.6%
2021	522	27,945,565	53,536	3.7%

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Ten Years Ended April 30, 2021

	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
2012	11	161,674	5	72,224	199	4,581,012	5.1	23,020
2013	17	418,158	5	78,827	211	5,032,296	9.9	23,850
2014	17	350,265	4	70,420	224	5,414,412	7.6	24,171
2015	16	380,423	5	116,695	235	5,786,256	6.9	24,622
2016	20	436,079	7	133,170	248	6,180,912	6.8	24,923
2017	23	623,410	9	95,963	262	6,831,852	10.5	26,076
2018	16	330,169	6	157,851	272	7,112,772	4.1	26,150
2019	14	461,971	4	54,604	282	7,577,136	6.5	26,869
2020	18	528,435	10	132,995	290	7,972,656	5.2	27,492
2021	20	560,634	7	188,597	303	8,344,692	4.7	27,540

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)
2012	$12,623,138	$56,978,299	$73,306,093	$108,018,073	100%	100%	52%
2013	12,957,382	61,173,449	74,531,948	113,170,844	100	100	52
2014	13,366,753	65,924,948	75,972,321	119,075,893	100	100	52
2015	13,831,974	69,298,850	77,339,858	126,029,676	100	100	55
2016	14,009,918	73,396,064	77,675,950	130,604,532	100	100	56
2017	13,748,200	81,260,182	76,179,809	137,233,636	100	100	55
2018	13,993,612	83,042,411	80,080,976	144,206,976	100	100	59
2019	14,253,969	88,625,831	85,625,376	150,112,994	100	100	55
2020	14,626,343	93,349,361	89,423,325	154,613,128	100	100	52
2021	14,979,303	99,578,589	96,903,127	164,724,673	100	100	52

Analysis of Financial Experience

Year Ended April 30, 2021

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, 2020	$42.8
- effect of contributions less than actuarial rate	–
- expected change due to amortization method	0.7
- loss from investment return on actuarial assets	(1.5)
- demographic experience[1]	(2.7)
- assumption changes	7.8
- all other experience	(0.4)
Unfunded Actuarial Liability, April 30, 2021	$46.7

[1] Liability gain is 1.26% of total actuarial accrued liability

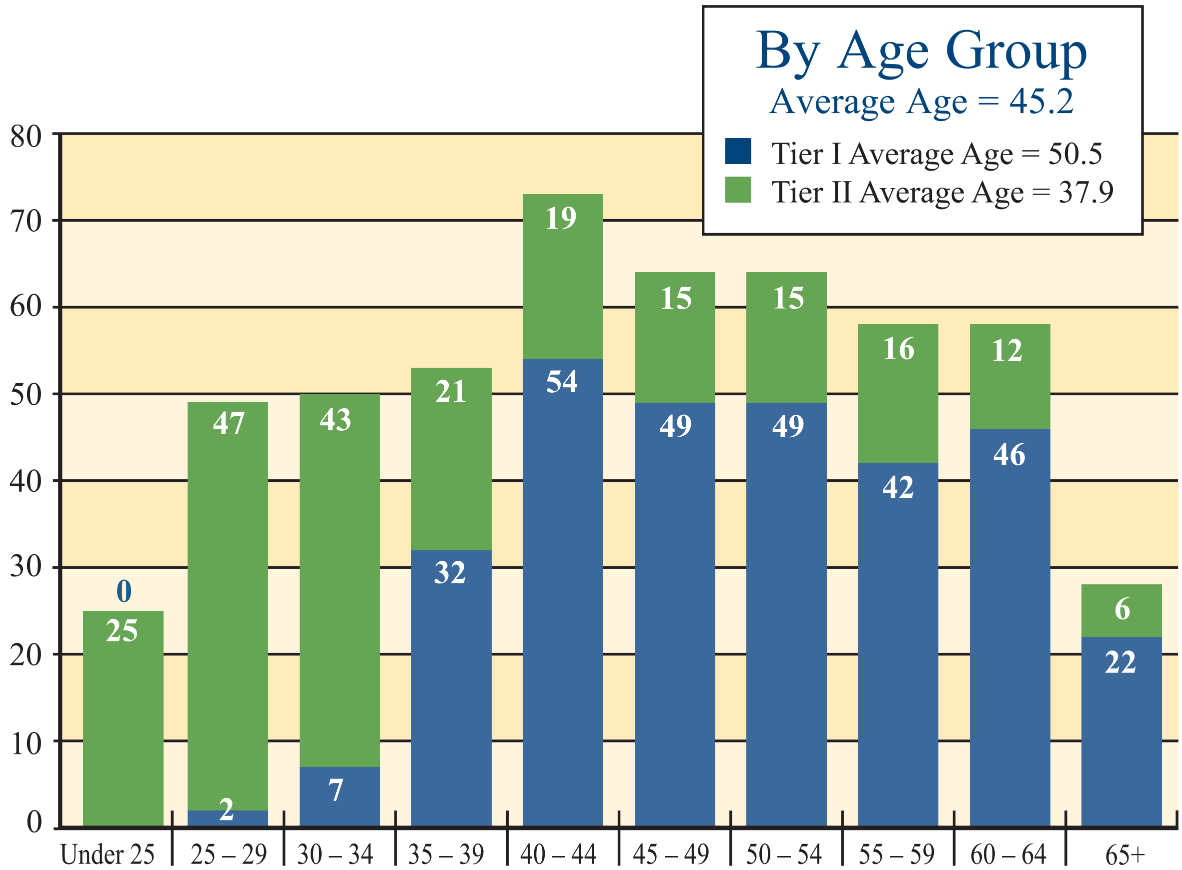
Schedule of Funding Progress

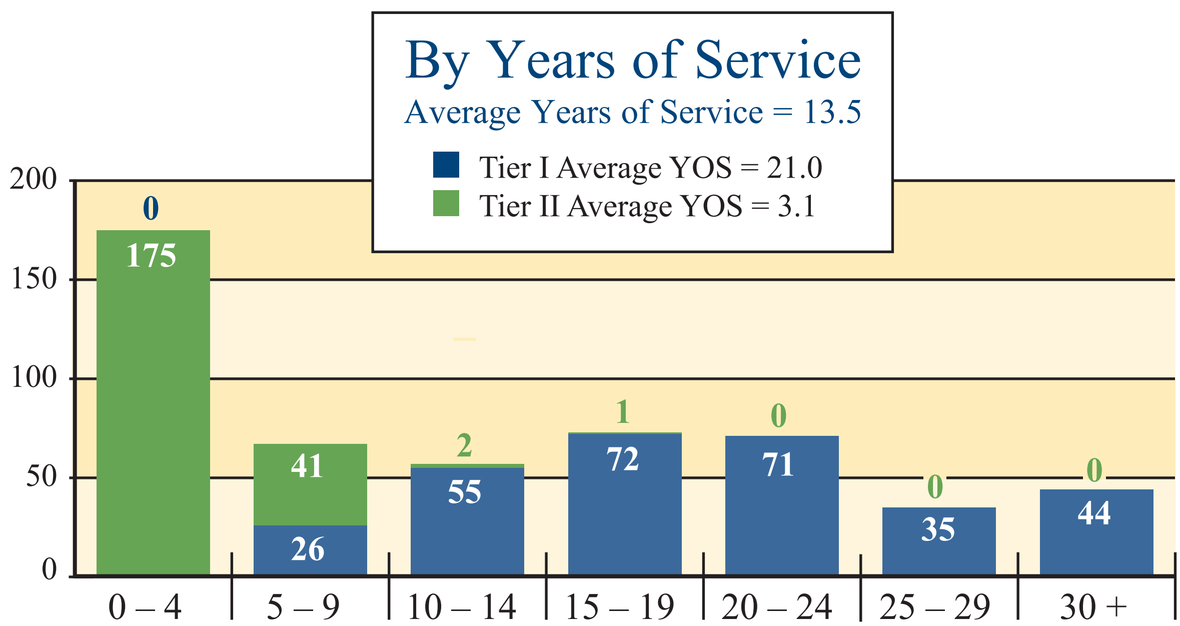
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b–a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Active Member Covered Payroll	[(b–a)/c] UAAL as a Percentage of Covered Payroll
4/30/12	$108,018,073	$142,907,530	$34,889,457	76%	$25,255,423	138%
4/30/13	113,170,844	148,662,779	35,491,935	76%	26,461,403	134%
4/30/14	119,075,893	155,264,022	36,188,129	77%	27,076,814	134%
4/30/15	126,029,676	160,470,682	34,441,006	79%	27,887,038	124%
4/30/16	130,604,532	165,081,932	34,477,400	79%	27,165,226	127%
4/30/17	137,233,636	171,188,191	33,954,555	80%	25,618,042	133%
4/30/18	144,206,976	177,116,999	32,910,023	81%	27,256,079	121%
4/30/19	150,112,994	188,505,176	38,392,182	80%	28,822,590	133%
4/30/20	154,613,128	197,399,029	42,785,901	78%	29,224,300	146%
4/30/21	164,724,673	211,461,019	46,736,346	78%	29,470,477	159%

Schedule of Computed and Actual City Contributions

Year Ended April 30	Actuarial Determined Contributions	Actual Contributions
2012	$4,944,371	$3,146,124
2013	5,202,401	3,283,458
2014	5,358,191	4,122,375
2015	4,930,686	4,930,686
2016	5,048,167	5,048,167
2017	5,063,240	5,063,240
2018	4,994,191	4,994,191
2019	4,778,854	4,778,854
2020	4,849,708	4,849,708
2021	5,358,552	5,358,552

Active Membership





Summary Plan Description at April 30, 2021

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, 2020, the City of Kansas City, Missouri will contribute the actuarial required amount of $5.4 million based on a projected payroll of $29.7 million using a contribution rate of 18.05% 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 for 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 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 $1,000.00.

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 was 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 June 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 $160.00 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 web site at www.kcpers.org or upon request at the KCPERS office.

Statistical Section

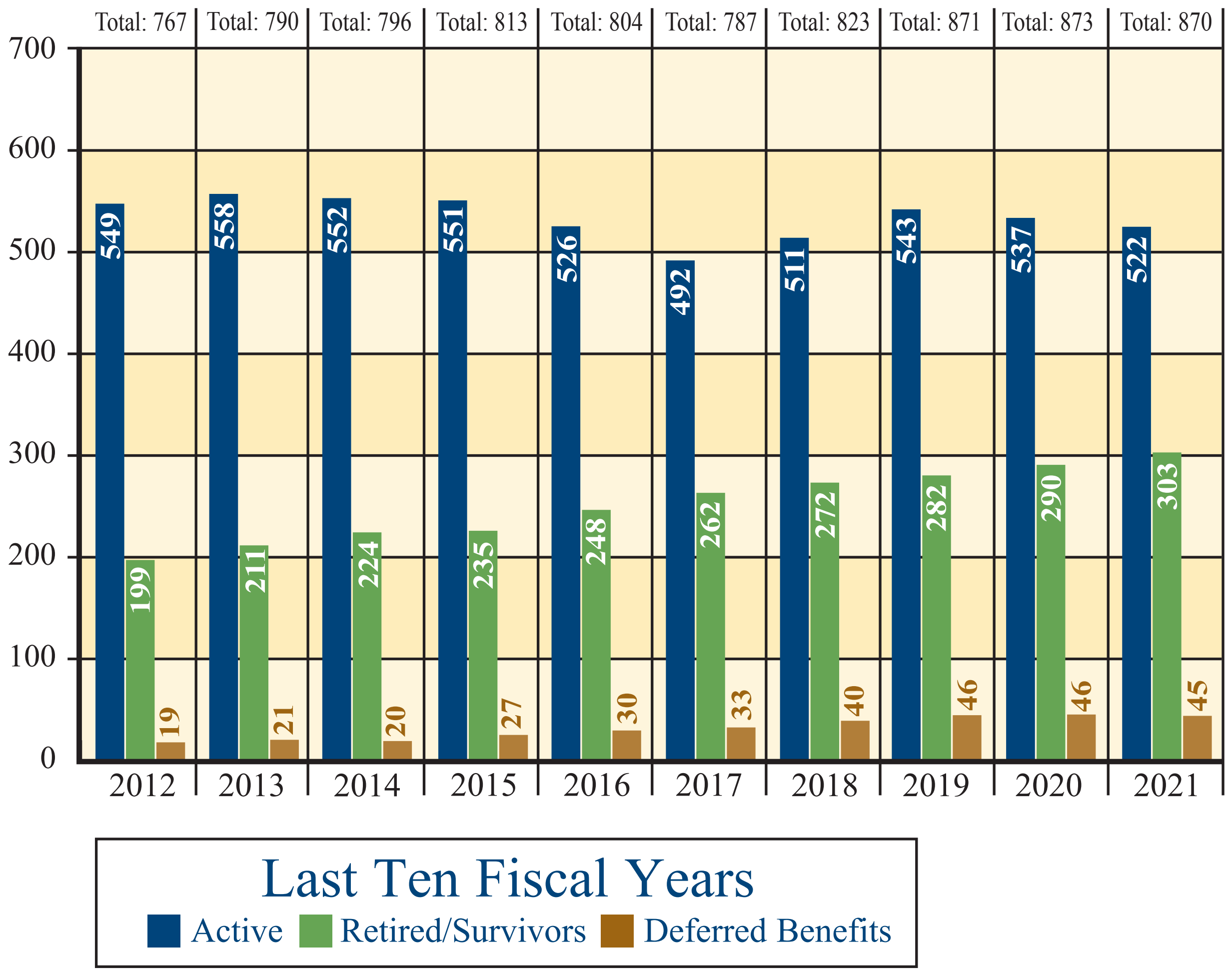
Statistical Summary

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	2012	2013	2014	2015	2016
Additions:					
Member Contributions	$1,224,736	$1,296,963	$1,313,816	$1,323,061	$1,287,388
City Contributions	3,146,124	3,283,458	4,122,375	4,930,686	5,048,167
Net Investment Income	(613,908)	8,385,124	9,764,444	6,779,599	(794,103)
Total Additions to Plan Net Position	3,756,952	12,965,545	15,200,635	13,033,346	5,541,452
Deductions:					
Benefits	4,786,286	5,249,218	5,929,841	6,185,573	6,887,482
Refunds	183,861	249,244	322,680	134,780	333,464
Administrative	117,078	141,472	125,025	112,924	126,924
Total Deductions from Plan Net Position	5,087,225	5,639,934	6,377,546	6,433,277	7,347,870
Change in Net Position	$(1,330,273)	$7,325,611	$8,823,089	$6,600,069	$(1,806,418)

Fiscal Year	2017	2018	2019	2020	2021
Additions:					
Member Contributions	$1,253,047	$1,271,683	$1,415,677	$1,416,742	$1,514,076
City Contributions	5,063,240	4,994,191	4,778,854	4,849,708	5,358,552
Net Investment Income	11,420,358	11,686,727	5,721,238	1,442,539	31,508,882
Total Additions to Plan Net Position	17,736,645	17,952,601	11,915,769	7,708,989	38,381,510
Deductions:					
Benefits	6,888,499	7,424,849	7,974,964	8,209,456	9,199,657
Refunds	296,738	340,830	221,447	173,880	226,726
Administrative	120,257	147,653	136,633	148,744	132,117
Total Deductions from Plan Net Position	7,305,494	7,913,332	8,333,044	8,532,080	9,558,500
Change in Net Position	$10,431,151	$10,039,269	$3,582,725	$(823,091)	$28,823,010

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

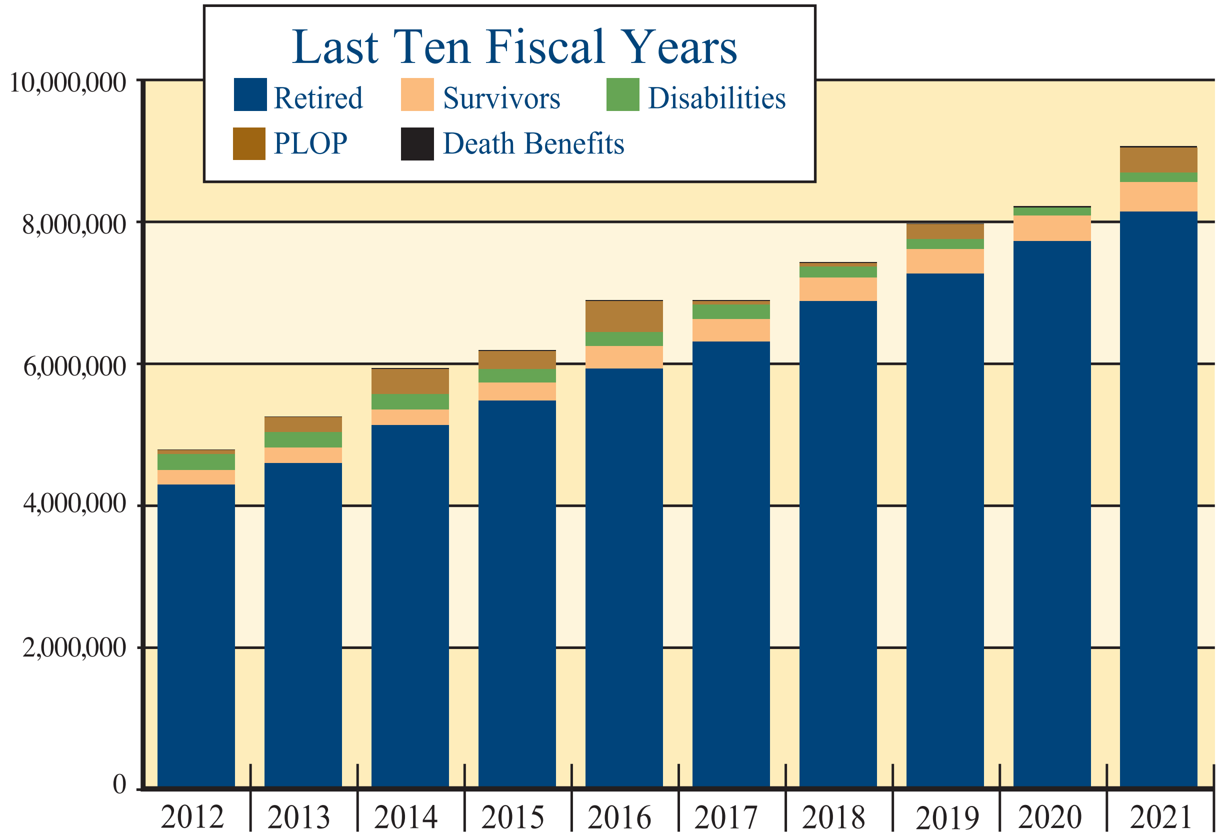
Last Ten Fiscal Years

Fiscal Year	2012	2013	2014	2015	2016
Type of Benefit:					
Retired	$4,296,304	$4,602,158	$5,134,903	$5,482,025	$5,935,608
Survivors	208,118	212,112	221,915	249,449	313,054
Disabilities	220,350	225,046	217,811	195,869	199,546
PLOP	56,514	205,902	351,212	253,230	431,847
Death Benefits	5,000	4,000	4,000	5,000	7,427
Total Benefits	4,786,286	5,249,218	5,929,841	6,185,573	6,887,482
Type of Refund:					
Separation	183,861	214,453	305,683	134,780	333,464
Death	–	34,791	16,997	–	–
Total Refunds	183,861	249,244	322,680	134,780	333,464

Fiscal Year	2017	2018	2019	2020	2021
Type of Benefit:					
Retired	$6,316,121	$6,885,723	$7,268,058	$7,730,824	$8,156,040
Survivors	314,748	324,404	349,025	356,632	383,536
Disabilities	200,112	161,161	139,058	113,000	113,066
PLOP	50,518	47,561	214,822	–	540,014
Death Benefits	7,000	6,000	4,000	9,000	7,000
Total Benefits	6,888,499	7,424,849	$7,974,964	$8,209,456	$9,199,657
Type of Refund:					
Separation	296,738	312,050	$221,447	$171,612	$226,727
Death	–	28,780	–	2,268	–
Total Refunds	296,738	340,830	$221,447	$173,880	$226,727

*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, 2021

Amount of Monthly Benefit*	Total Monthly Benefits*	Total Number of Recipients	Type of Benefit			
			Retired	Surviving Spouses	Duty Disability	Non-Duty Disability
$0 to $500	6,960	19	17	2	0	0
$501 to $750	13,446	21	15	6	0	0
$751 to $1,000	19,243	22	18	2	0	2
$1,001 to $1,500	41,227	33	27	5	0	1
$1,501 to $2,000	55,090	31	27	2	1	1
$2,001 to $2,500	77,059	34	33	1	0	0
$2,501 to $3,000	106,850	39	36	2	0	1
$3,001 to $3,500	118,063	36	34	2	0	0
$3,501 to $4,000	85,999	23	22	1	0	0
$4,001 to $4,500	93,520	22	22	0	0	0
$4,501 to $5,000	56,767	12	12	0	0	0
$5,001 to $5,500	20,805	4	4	0	0	0
$5,501 to $6,000	28,486	5	5	0	0	0
$6,001 and Over	12,830	2	2	0	0	0
Totals	**736,345**	**303**	**274**	**23**	**1**	**5**

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

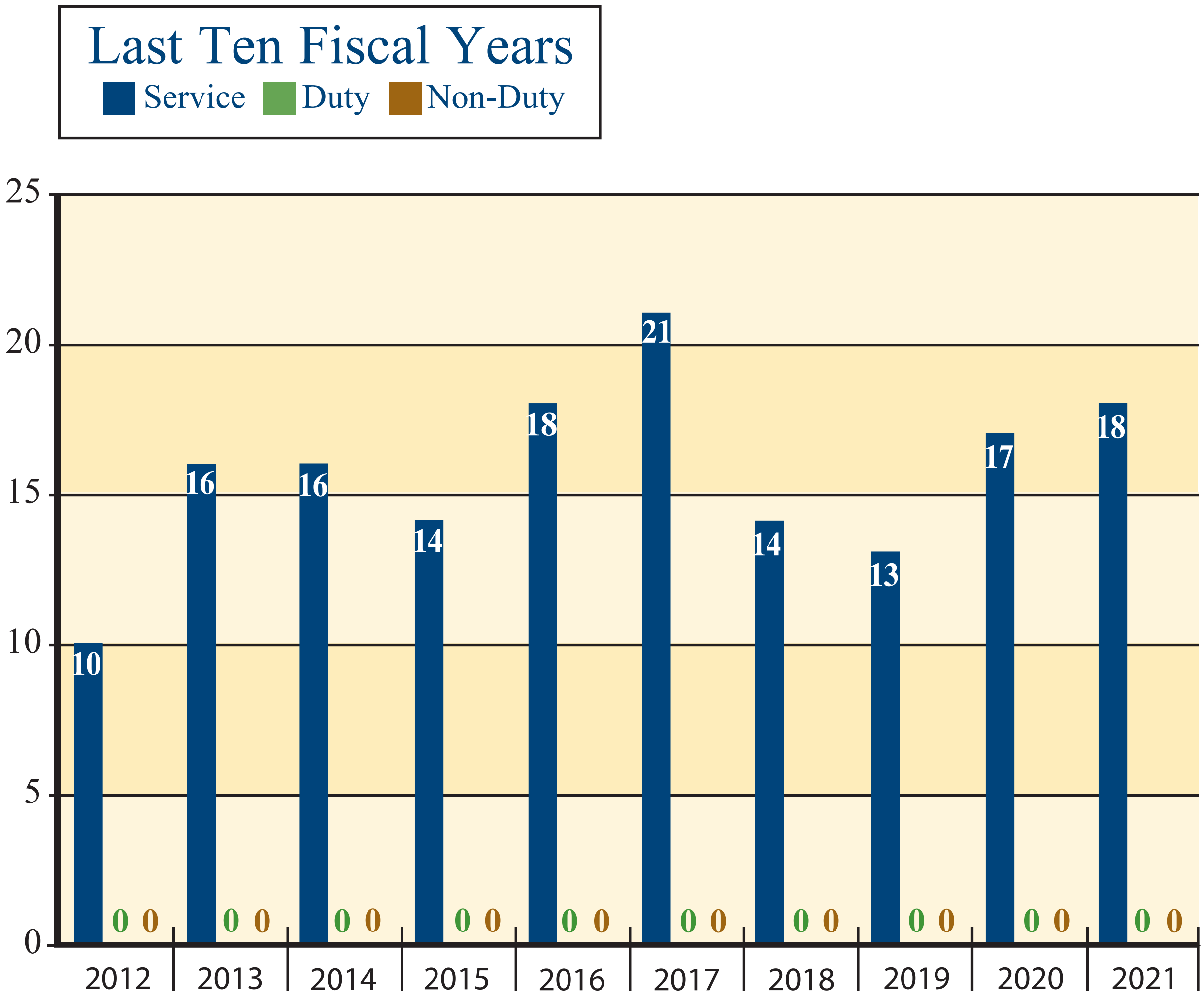
Schedule of Average Monthly Base Benefit Amounts*

Ten Years Ended April 30, 2021

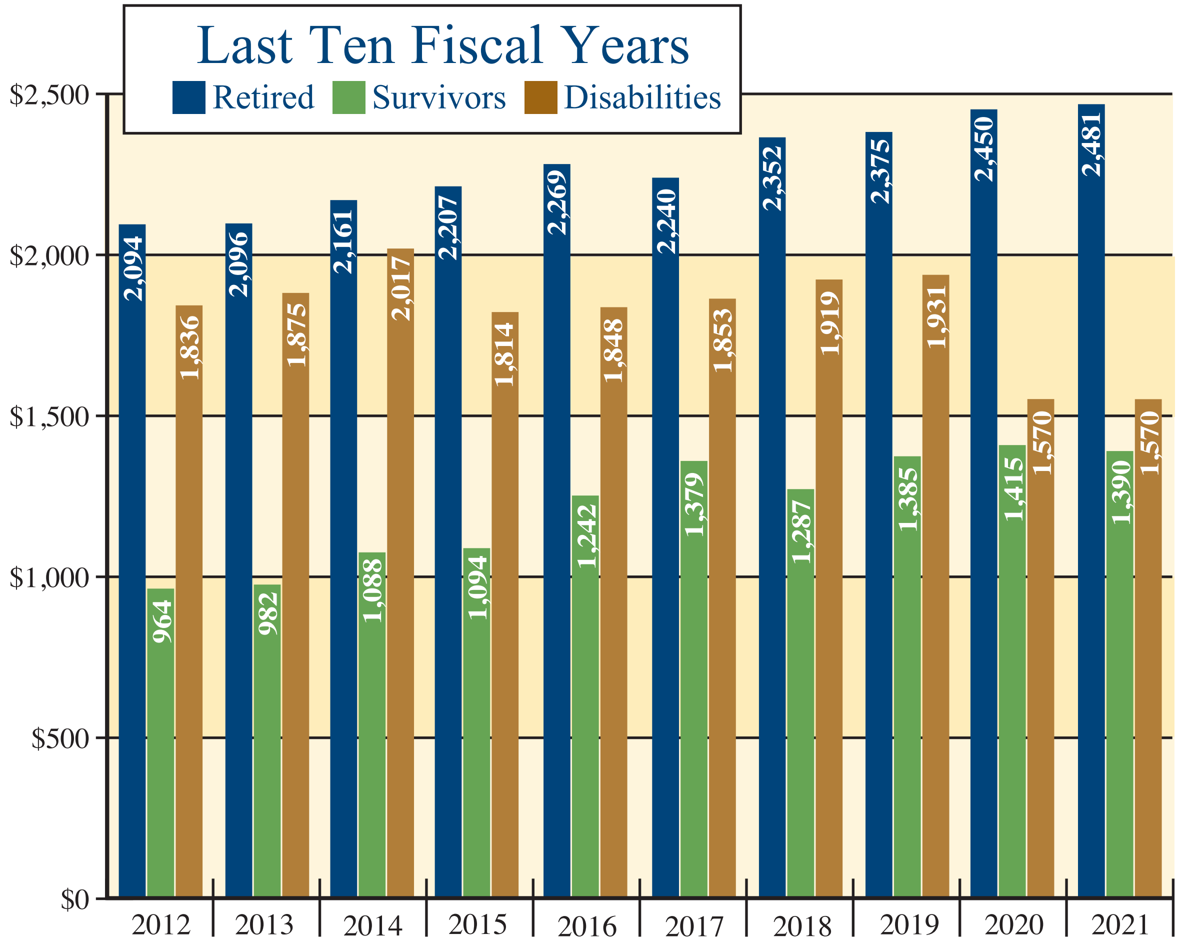
	Years Credited Service						
Members Retiring During	**5–10**	**10–15**	**15–20**	**20–25**	**25–30**	**30+**	**All Members**
Fiscal Year Ending 04/30/12							
Average monthly benefit	$570	511	1,095	3,208		2,762	1,307
Average final compensation	$4,214	2,542	3,135	7,024		4,794	4,002
Number of retirees	3	3	1	1		2	10
Fiscal Year Ending 04/30/13							
Average monthly benefit	$293	2,014	1,513	1,571	3,320	3,216	2,054
Average final compensation	$2,562	9,225	5,132	4,258	6,326	4,942	5,005
Number of retirees	2	1	4	3	2	4	16
Fiscal Year Ending 04/30/14							
Average monthly benefit		$762	1,006	1,770	2,422	2,283	1,593
Average final compensation		$3,553	2,881	4,794	4,860	4,162	4,220
Number of retirees		5	1	5	3	2	16
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

*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

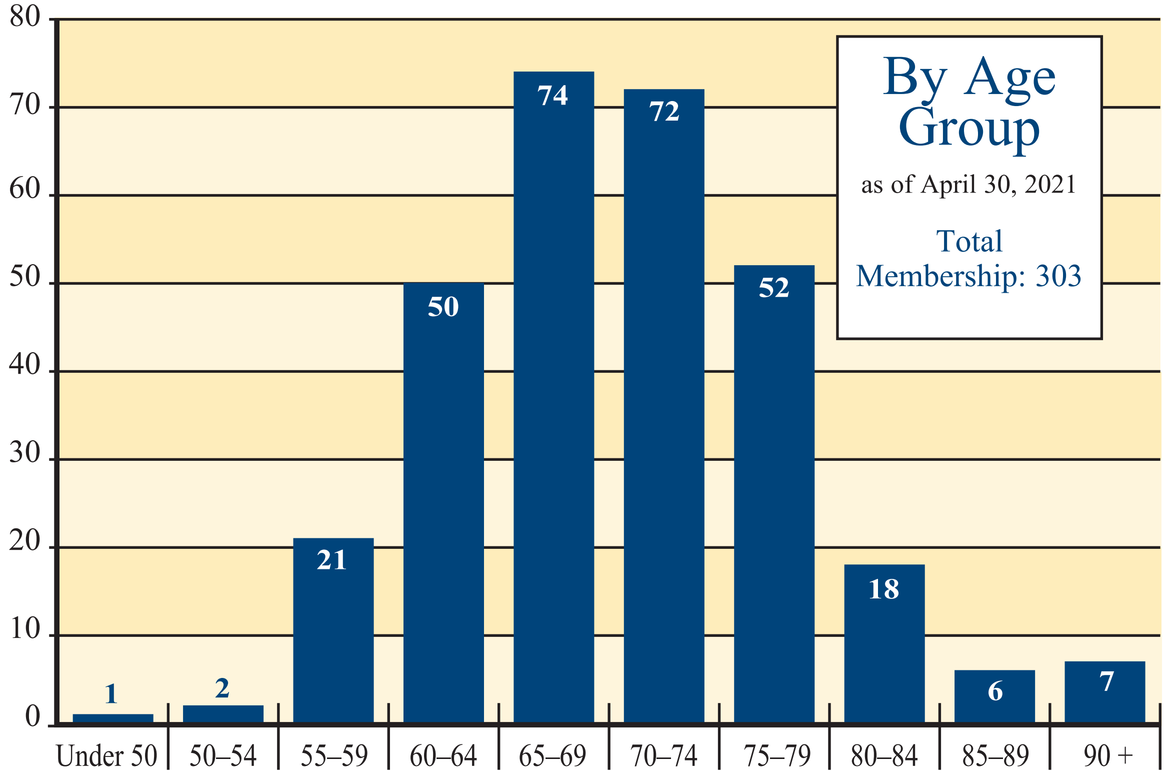
Fiscal Year	% Increase to Monthly Base Pension
2012	3.00%
2013	3.00%
2014	3.00%
2015	2.50%
2016	2.50%
2017	2.00%
2018	2.50%
2019	1.00%
2020	0.00%
2021	2.50%

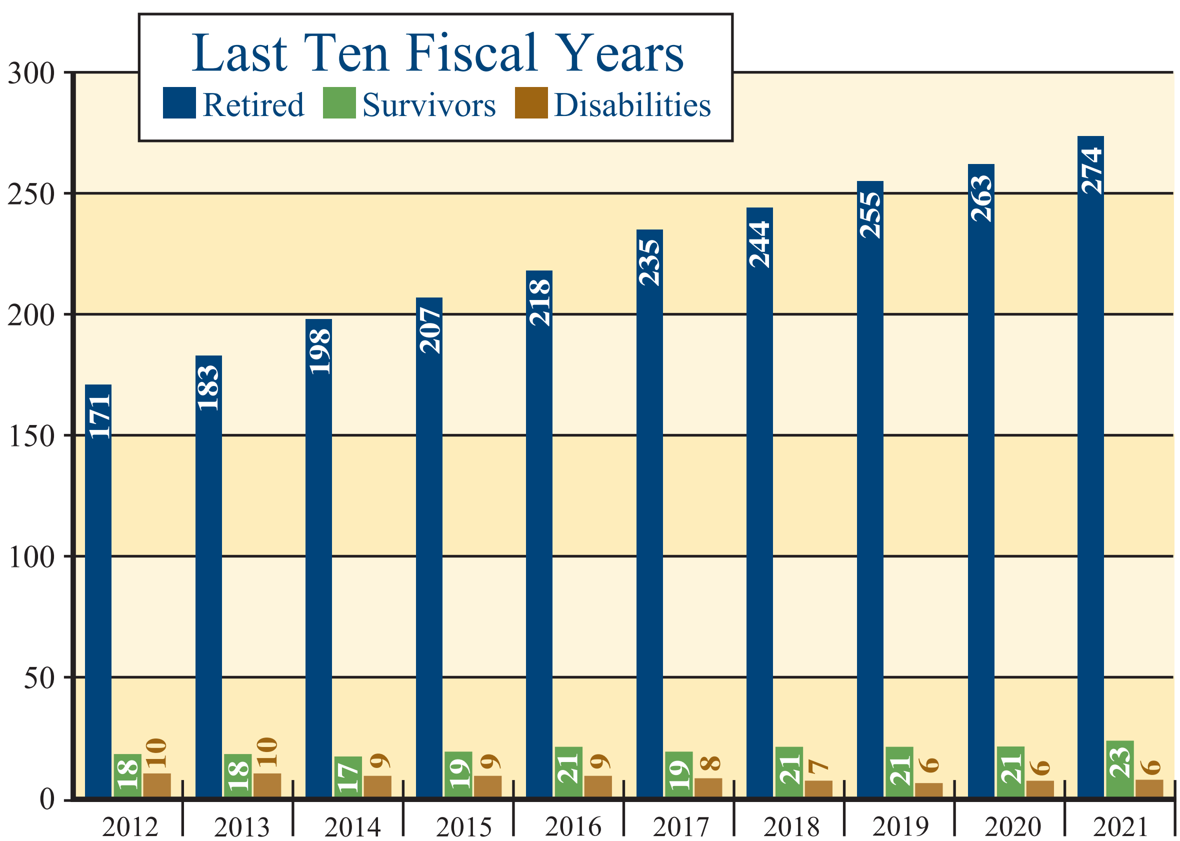
Supplemental Retirement Benefit

History of Increases

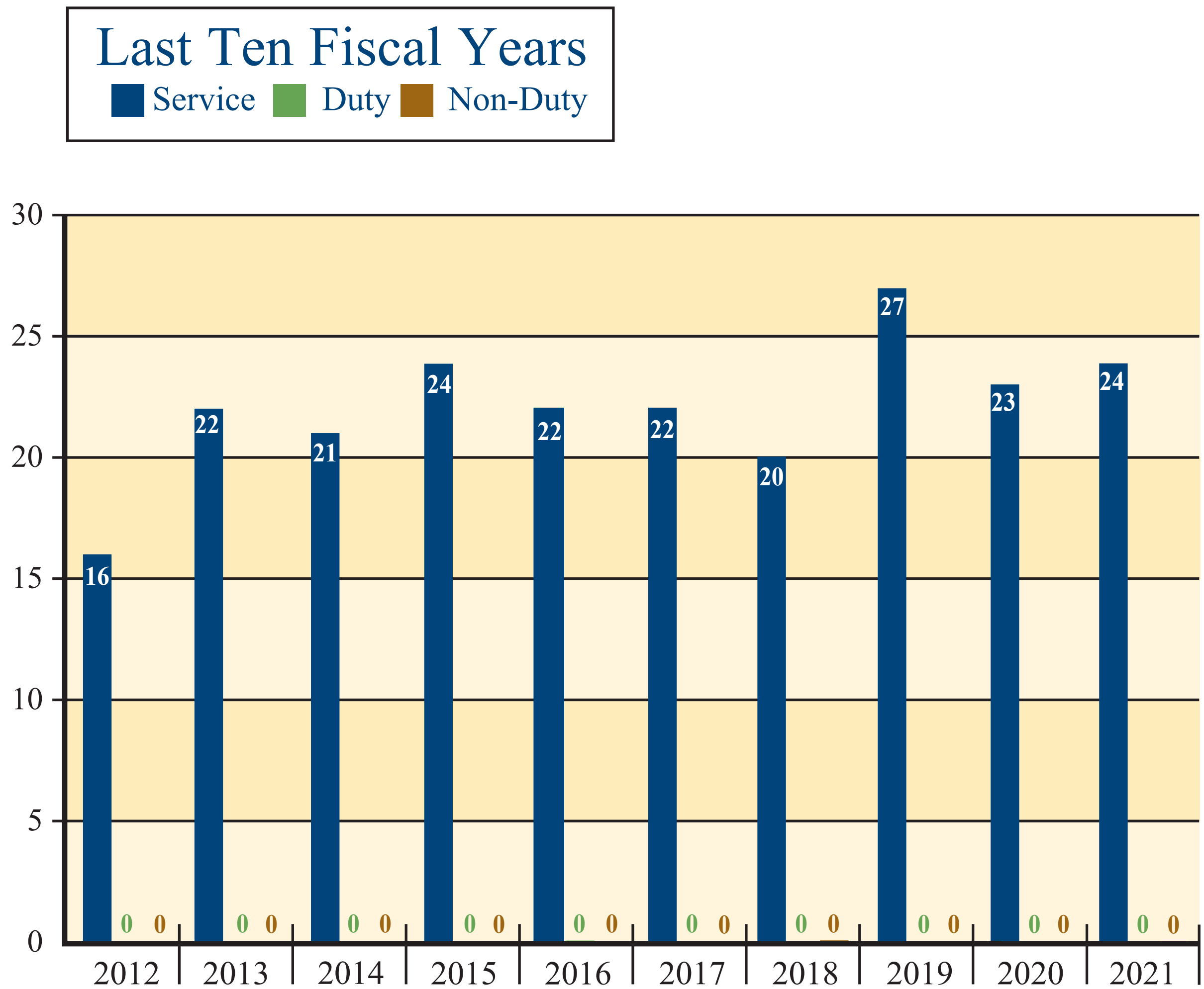
Fiscal Year	Monthly Benefit Amount	Annual Benefit Amount
1993	$50.00	$600.00
2000	120.00	1,440.00
2001	160.00	1,920.00

Membership Receiving Benefits

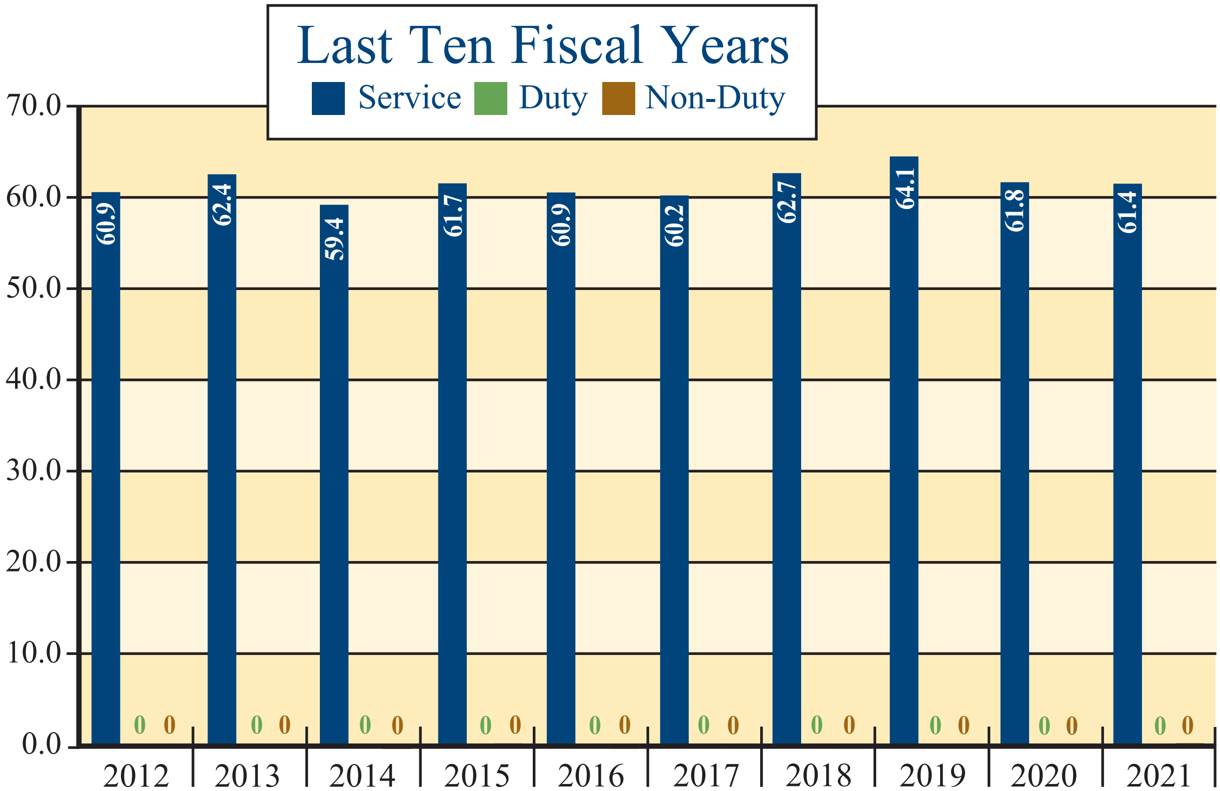




Average Years of Service at Retirement



Average Age at Retirement



Average Age of Retirees as of April 30, 2021

Service	**70.1**
(274 retired members ranging in age from 52 to 93)	
Duty Disability	**61.0**
(1 retired member age 61)	
Non-Duty Disability	**61.4**
(5 retired members ranging in age from 46 to 78)	

KCPERS

Kansas City Police Employees' Retirement Systems

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Kansas City, MO 64137