

Firefighters' Pension System

ANNUAL REPORT 2021





Human Resources Department

Retirement Division

The Firefighters' Pension System

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Kansas City, Missouri 64106

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Honorable Mayor
City Council
Board of Trustees
Members of the System

I am pleased to submit, on behalf of your Board of Trustees and staff, the 2021 Annual Report of the Firefighters' Pension System of the City of Kansas City, Missouri. The annual report covers the operations of the Pension System for fiscal year ended April 30, 2021. The System's fiscal year 2021 operating results and financial position are presented in conformity with generally accepted accounting principles.

This report is a product of the combined efforts of the Retirement Division staff and advisors functioning under the Board's leadership. The annual report is designed to provide you with complete and reliable information on the management and operations of the System.

The report consists of five sections: The Introductory Section includes a summary of plan provisions, Board information, and System Advisors and Advisory Relationships. The Actuarial Section details the System's funded status, plan liabilities and membership. The Investment Section includes the investment overview, summary and results. The Financial Section includes the Independent Auditor's Report and historical financial highlights. The Membership Section details pensions awarded and member deaths during the fiscal year.

The Board of Trustees and staff remain focused on our mission of paying promised benefits and prudently investing trust assets. We are also committed to delivering a high level of customer service to active and retired members of the System. The reports, charts and schedules contained in this publication summarize the results of our efforts for the fiscal year 2021. We trust you will find this annual report helpful in understanding your retirement system.

Very truly yours,

Barbara J. Davis
Executive Officer

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INTRODUCTORY SECTION

Board of Trustees

APRIL 30, 2021

Timothy J. Dupin
Chairman
Fire Captain
Term Expires June 30, 2023

Donna M. Lake
Fire Chief & Director
Ex-Officio

D. Matthew Black
Fire Captain
Term Expires June 30, 2021

Tammy Queen
Vice Chairperson
Director of Finance
Ex-Officio

Kim Carter
City Treasurer
Ex-Officio

Eric M. Rose
Firefighter
Term Expires June 30, 2022

Teri P. Casey
Director of Human Resources
Ex-Officio

Travis S. Williams
Battalion Chief
Term Expires June 30, 2022

Louie Wright
Retired Member
Non-Voting

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
ADVISORY RELATIONSHIPS
April 30, 2021**

The Board of Trustees is a policy making body and is responsible for the System's proper operation. The System is administered under its guidance and direction, subject to such rules, regulations and directives as adopted.

The Board consists of four ex-officio members, four elected members and a retired member. The ex-officio members hold office by virtue of their positions with the City. They are the Fire Chief, the Directors of Finance and Human Resources and the City Treasurer. The elected Trustees are voted into office from the active membership of the System for three-year terms, with terms staggered in one-year increments. As a result, an election is held annually for the expiring term. The retiree member is jointly appointed by Local 42 and Local 3808 of the International Association of Firefighters.

The Human Resources Department employs a full-time Executive Officer. The Executive Officer heads the Retirement Division of the City Human Resources Department, serves as Secretary to the Board of Trustees and, with Board approval, contracts for professional services. The City also provides office space and support services through the Human Resources Department and accounting services of the Finance Department. The Board of Trustees conducts monthly business meetings.

PROFESSIONAL CONSULTANTS

CUSTODY INSTITUTION
The Northern Trust Company
Chicago, IL

INVESTMENT CONSULTANT
Asset Consulting Group
St. Louis, MO

PROXY VOTING CONSULTANT
Segal Marco Advisors
Chicago, IL

GENERAL COUNSEL
Arnold, Newbold, Sollars & Hollins, P.C.
Kansas City, MO

ACTUARY
Cheiron
Washington, DC

INDEPENDENT AUDITOR
Allen, Gibbs & Houlik, L.C.
Wichita, KS

INVESTMENT ADVISORS

DOMESTIC EQUITY ADVISORS
American Century Investments
Kansas City, MO

Eagle Capital Management
New York, NY

Northern Trust Quantitative Advisors, Inc.
Chicago, IL

Polen Capital Management, LLC
Boca Raton, FL

William Blair & Company
Chicago, IL

INTERNATIONAL EQUITY ADVISORS
Marathon Asset Management, LLP
London, United Kingdom

Mondrian Investment Partners, LTD
London, United Kingdom

Morgan Stanley Investment Management
New York, NY

GLOBAL EQUITY ADVISORS
Acadian Asset Management
Boston, MA

K2 Mauna Kea, LLC
Dublin, Ireland

FIXED INCOME ADVISORS
Amundi Pioneer
Boston, MA

BlackRock
San Francisco, CA

Commerce Trust Company
St. Louis, MO

REAL ASSETS ADVISORS
J.P. Morgan Asset Management
New York, NY

Principal Global Investors
Des Moines, IA

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
SUMMARY OF PLAN PROVISIONS
April 30, 2021**

The following summarizes provisions of the Firefighters' Pension System of the City of Kansas City, Missouri Trust (System) as amended by City Ordinance through February 2016.

The System was established July 1, 1953, by Ordinance No. 16643. It is a contributory defined benefit plan as referenced in Section 414 of the IRS Code. The System's mandate is to provide retirement, survivor and disability benefits. Management of the System's investment portfolio facilitates this mandate, with a current net position of \$674 million.

Members of the System do not participate in Social Security. Effective March 1, 2001, the benefits provided are not subject to an offset or reduction for Workers' Compensation benefit payments received.

Eligibility:

Membership is required upon employment for all employees of the Fire Department with firefighting duties who are not simultaneously accumulating pension benefits or creditable service under another pension system. Employees hired prior to April 20, 2014, are Tier 1 members. Employees hired on or after April 20, 2014, are Tier 2 members.

Contributions:

Effective May 1, 2014, all members contribute 10.55% of base salary. Contributions are excluded from Missouri and Federal Income Tax under employer pick-up provisions of the IRS Code Section 414(h)(2). The City pays the remaining cost of the System.

The employer contribution rate paid by the City for the fiscal year 2021 was 35.14% of covered payroll as of May 1, 2020.

Effective December 31, 1999, 1% of additional member and 2% of additional employer contributions fund the Firefighters' Health Insurance Subsidy Fund within the Trust.

City contributions are not identifiable by individual members and are only received by members as part of a monthly retirement benefit.

Voluntary Retirement:

Tier 1: A member is eligible for voluntary retirement upon completion of 25 years of creditable service, regardless of age.

Tier 2: A member is eligible for voluntary retirement upon completion of 27 years of creditable service, regardless of age.

Creditable Service:

Creditable service is used in the calculation of the member's benefit and is the total years and months of service the member has accumulated in the System.

At retirement, a member may elect to convert accrued sick leave or vacation leave to creditable service up to the maximum number of hours allowed for conversion, but not to exceed 25 years of creditable service for Tier 1 members, or 27 years of creditable service for Tier 2 members.

The conversion rate is 215 hours to one month of creditable service. Hours converted to creditable service are not payable in cash to the member upon retirement.

Repurchase of Creditable Service:

Members who terminate service and later return to service may receive credit for such prior service after they have been reemployed for at least two, but not more than three, consecutive years, and have repaid withdrawn contributions plus interest at the rate then assumed for actuarial calculations.

Portability of Creditable Service:

Members with at least 10 years creditable service may transfer or purchase creditable service from a previous Missouri public employer.

A purchase of service may be requested for any portion of the previous service. The member must accept the valuation of service as determined by the System's actuary. The valuation is based upon the member's current salary and age.

The member is responsible for depositing with the System (from previous Pension Plan or member savings) the total value of service credited, including employee and employer contributions. After the transfer is finalized, the member's creditable service with the transferring organization is eliminated.

The value of creditable service purchased will be added to the member's creditable service with this System.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
SUMMARY OF PLAN PROVISIONS
April 30, 2021**

Benefits:

The base benefit formula for members of the System is 2.5% of average final compensation multiplied by creditable service.

Average final compensation is represented by the highest 24 months of base salary in the last 10 years prior to retirement. The maximum benefit is 80% of average final compensation.

A minimum of 25 years creditable service for Tier 1 members and 27 years creditable service for Tier 2 members is required. Retirement benefits are paid according to options elected by the member with spousal approval prior to retirement. The options available include the following:

a) Members may withdraw all or a portion of their accumulated contributions and interest and receive an actuarially reduced lifetime pension. The member's annual cost-of-living adjustment and surviving spouse annuity are not reduced by election of this option.

b) Members may elect a 100%, 75% or 66 2/3% surviving spouse annuity option. If one of these options is chosen, the member's base benefit is actuarially reduced, and upon the member's death, the surviving spouse receives 100%, 75% or 66 2/3% of the member's reduced base benefit. The member's annual cost-of-living adjustment is not reduced by election of this option.

Minimum Benefits:

Effective August 1, 1986, minimum monthly benefits were instituted for voluntary, disability and surviving spouse benefits. The minimum benefit is \$600 for members, calculated prior to any reductions for either withdrawal of member contributions or election one of the three optional surviving spouse annuities, and \$275 for surviving spouses. Any cost-of-living adjustments are calculated based on the original base benefit, without regard to these minimums.

Disability Retirement:

Disability is defined as a state or condition that prevents the member from performing the duties of a firefighter for the rest of the member's life. Two doctors approved by the System's Board of Trustees must confirm the disability in writing. Retirement is effective on the first day of the month following Board approval of the disability.

a) **Duty Disability** is a disability directly due to and caused by actual performance of duty as a firefighter. The pension is 62.5% of average final compensation, but not less than 62.5% of the then current maximum salary payable to the rank of a firefighter.

b) **Non-Duty Disability** is a disability not caused by actual performance of firefighting duties. No benefit is payable if the disability is caused while engaging in any occupation or performing any work for another employer or in self-employment. Members must be under the age of 65 and have 10 or more years of creditable service. The pension is equal to 25% of the average final compensation plus 2.5% per year of average final compensation for the number of years and months of creditable service in excess of 10 years, not to exceed a maximum monthly pension equal to 80% of the member's average final compensation.

Cost-of-Living Adjustments:

An annual adjustment for retirement, disability and survivor benefits is paid under these conditions:

Tier 1: A 3% non-compounded cost-of-living adjustment is paid to all System beneficiaries who retired on or after June 28, 1970.

Tier 2: A non-compounded, cost-of-living adjustment will be paid to all System beneficiaries following the 27th anniversary of the Tier 2 member's employment if the funding ratio of the pension fund, as shown by the System's most recent actuarial report, is equal to or greater than 80%.

The increase will be equal to the percentage increase in the prior 12 months of the final national Consumer Price Index for All-Urban Consumers published prior to December 31 in advance of the next year's adjustment but shall not exceed 2.5%.

a) The adjustment is applied to the annuity as calculated upon retirement date prior to any reduction for withdrawal and/or election of a joint survivor optional annuity.

b) The adjustment is paid on all annuities effective on or before the preceding January 1. Effective for retirements after January 1, 2021, the adjustment is paid on all annuities effective on or before the preceding February 1.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
SUMMARY OF PLAN PROVISIONS
April 30, 2021**

c) The adjustment is made on annuity payments dated May 1, and the adjusted annuity remains unchanged until the next May 1.

Health Insurance Subsidy:

The Board of Trustees annually determines the monthly health insurance subsidy. This subsidy is payable for life to eligible members.

To qualify for a subsidy, members must have at least 25 years of creditable service if a Tier 1 member, or 27 years of creditable service if a Tier 2 member or receive a duty disability annuity.

If a member dies in the line of duty, one subsidy is payable to the member's eligible surviving spouse or eligible surviving children. The monthly subsidy is \$485, as of May 1, 2020.

Death Benefits:

The System provides the following benefits upon a member's death:

a) A funeral benefit of \$2,000 is paid to the surviving spouse or named beneficiary.

b) A pension equal to 50% of the accrued pension, but not less than 25% of the member's average final compensation, is payable to the surviving spouse, unless the member elected a 100%, 75% or 66 2/3% surviving spouse option, provided the marriage occurred on or before retirement.

If the member dies before retirement and the death is duty related, the surviving spouse's benefit is the member's accrued pension, but not less than 62.5% of the member's average final compensation or 62.5% of the then current maximum salary payable to the rank of a firefighter, whichever is greater.

The surviving spouse's pension of an active member who dies before retirement with at least 25 years of creditable service, Tier 1, or 27 years of creditable service, Tier 2, is calculated at the date of death as if the member elected the 100% joint survivor option.

c) A monthly child's allowance of \$100 is payable to each eligible child until age 18. The allowance may continue after age 18 if the child is unmarried and physically or mentally incapacitated from earning a livelihood.

A child also remains eligible until age 21 if enrolled as a full-time student at an accredited institution of higher learning. In the absence of a surviving spouse, the surviving spouse's pension is divided equally and payable to any eligible children.

Resignation from Service:

Upon termination of employment, members with less than 10 years of creditable service must withdraw their accumulated contributions and interest from the System. If a member has less than six years of service, a service charge ranging from 2% of contributions (five years of service) to 10% (less than one year of service) is applied.

Members with 10 or more years of service may elect a deferred pension and waive the option to withdraw their contributions and interest at the time of separation.

In situations of divorce, no Domestic Relations Order (DRO) distributions are paid to the ex-spouse until the member separates employment or retires. Payment is only made if there is an approved DRO on file with the Retirement Division.

Deferred Annuity:

Deferred annuities are calculated based upon the benefit formula described earlier. The annuity cannot exceed 62.5% of the member's average final compensation.

Deferred annuities are payable at age 50.

Members may withdraw their contributions and interest and forfeit the deferred annuity at any time before benefit payments commence.

Members also may accumulate additional creditable service if re-employed by the City's Fire Department with firefighting duties before benefit payments commence.

If a member elects a deferred pension and dies before age 50, the member's contributions and interest are paid to the beneficiary. If death occurs after age 50, survivor benefits are payable, but are pro-rated based upon actual years of creditable service in relation to 25 years for Tier 1 members or 27 years for Tier 2 members.

ACTUARIAL SECTION

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
ACTUARIAL OVERVIEW
April 30, 2021**

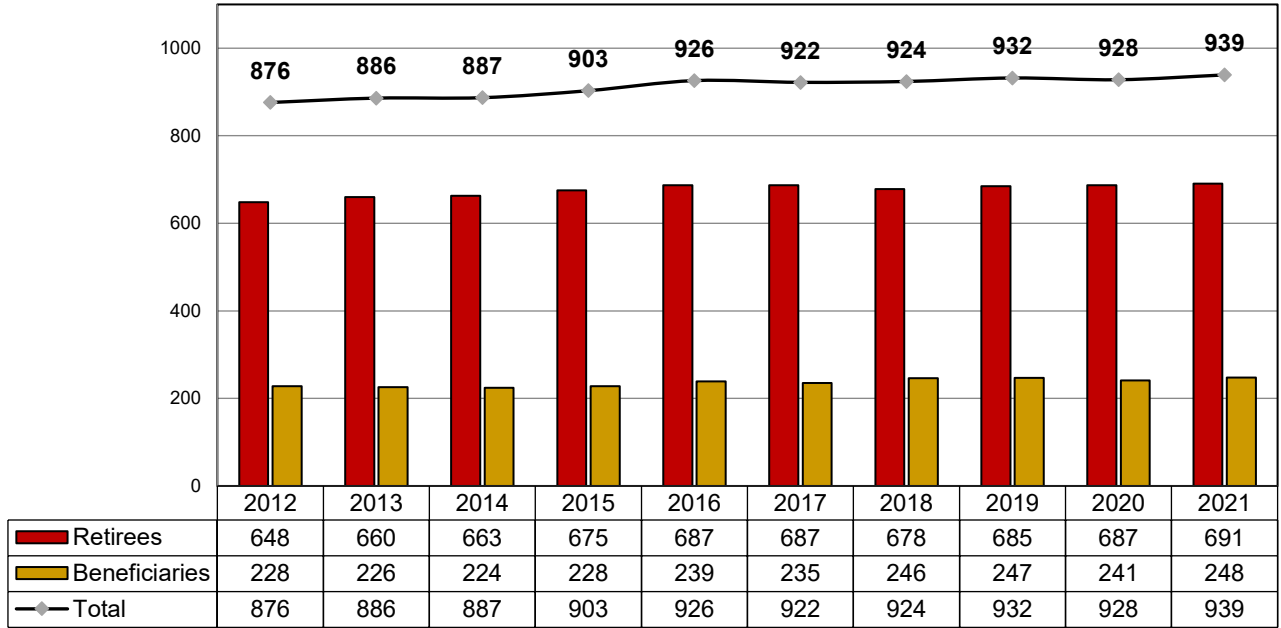
This section summarizes the results of the actuarial valuation of the Firefighters' Pension System of the City of Kansas City, Missouri Trust as of May 1, 2021. The purpose of the valuation is to determine the System's financial condition and the City's required contributions.

The experience over the past year is summarized as follows:

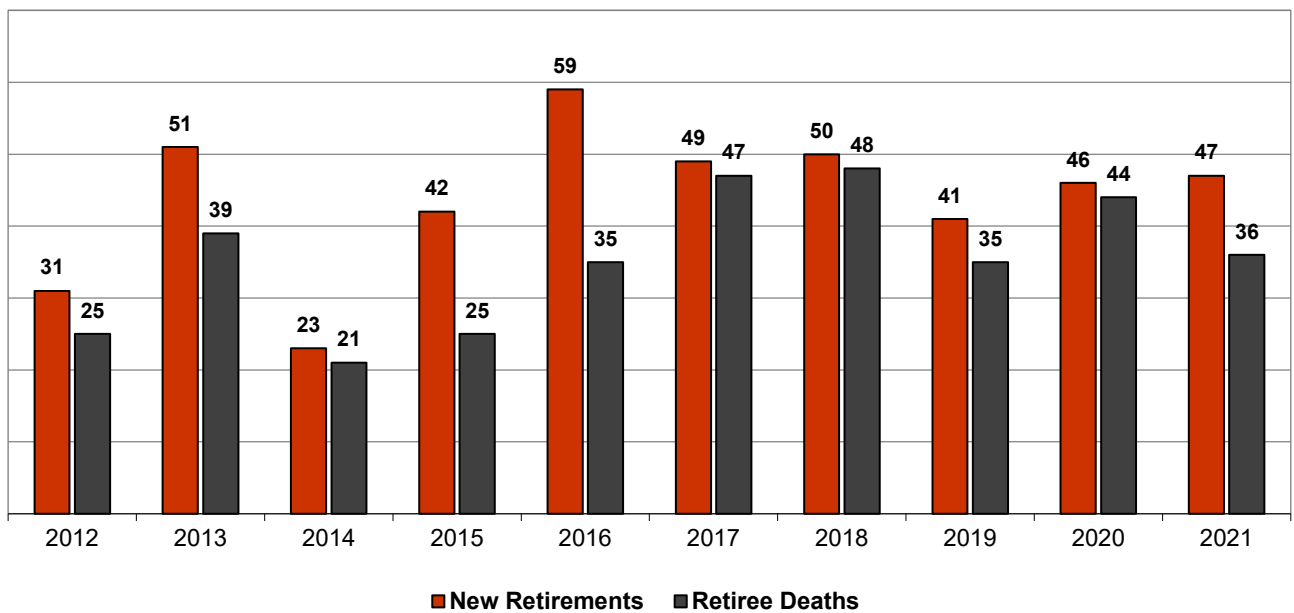
- The number of members who were active as of May 1, 2021, increased from 1,011 to 1,016. The average age of members increased from 40.18 to 40.24, the average service increased from 13.93 to 14.04 years and the average annual salaries decreased from \$68,917 to \$68,902.
- During the past year, 47 new pensions were awarded to 21 voluntary pensions, 2 deferred pensions, 5 disability pensions, 16 widows and children of deceased firefighters, and 3 Qualified Domestic Relations Orders (QDROs). As of May 1, 2021, average pensions of \$3,789,379 per month were paid to 691 retired members and 248 beneficiaries and QDROs. The previous year, pensions totaling an average of \$3,637,461 per month were being paid to 687 retired members and 241 beneficiaries and QDROs.
- City contributions for the fiscal year 2021 totaled \$24.3 million and employee contributions totaled \$7.4 million. Benefit payments totaled \$45.5 million, and refunds of employee contributions totaled \$2.6 million.
- The actuarial value of assets increased by \$43.6 million to \$610.5 million. The market value of assets increased by \$144.8 million to \$669.5 million.
- The Fund achieved a rate of return on the actuarial value of assets of 10.24% for fiscal year 2021. On a market value basis, the rate of return was 30.62%. The Fund's actuarial assumed rate of return was 7.25%
- The System's funded ratio is 72.2% on an actuarial basis.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**

Pensions in Force

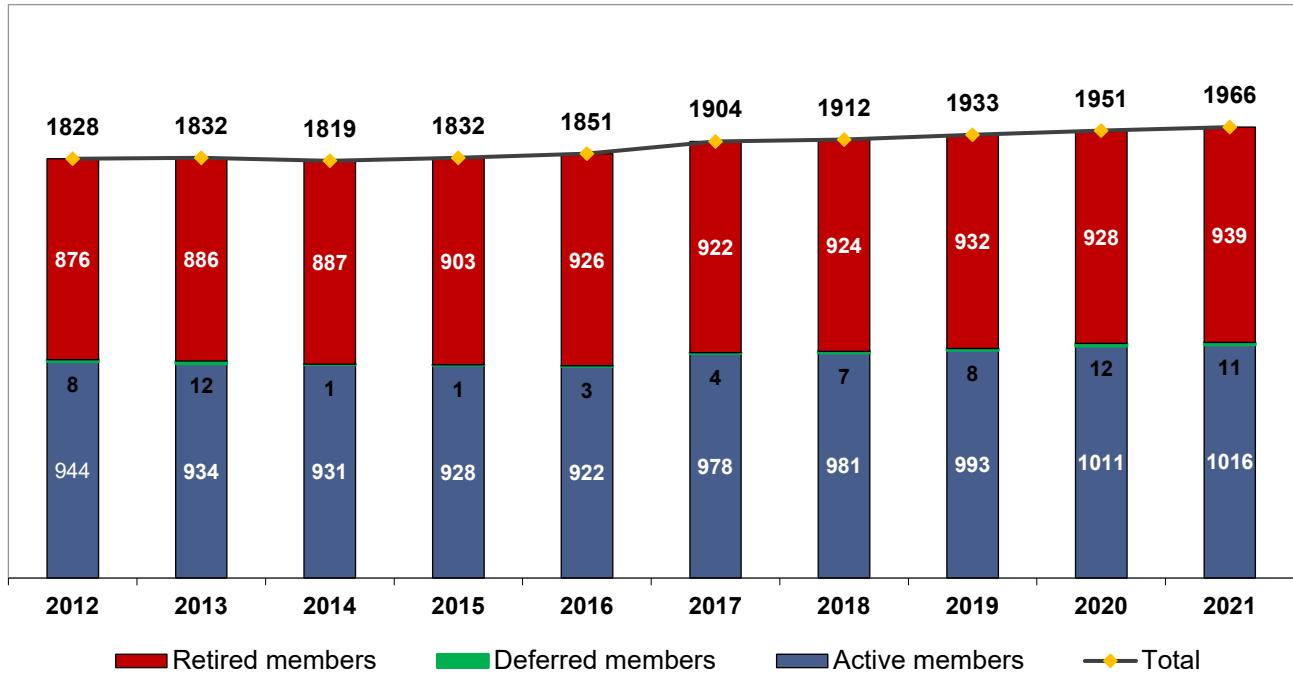


New Retirements vs. Retiree Deaths

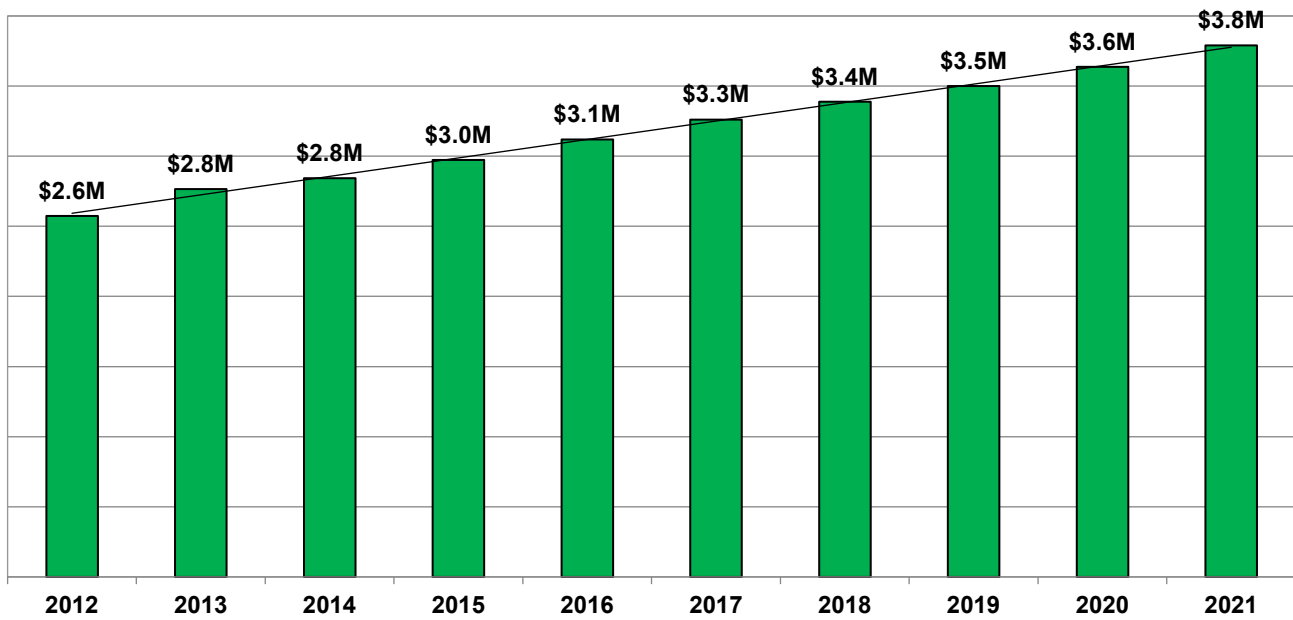


**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**

Plan Membership



Average Total Monthly Benefits

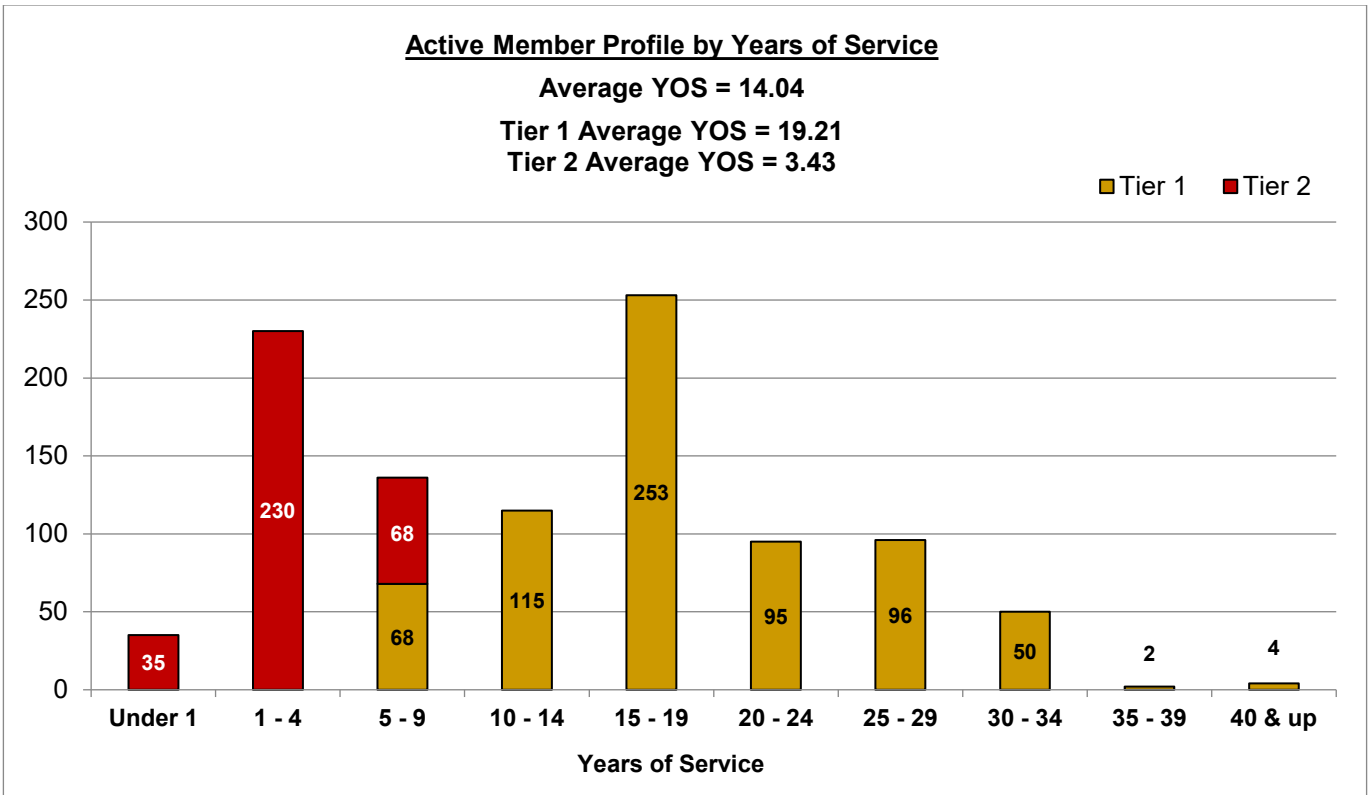
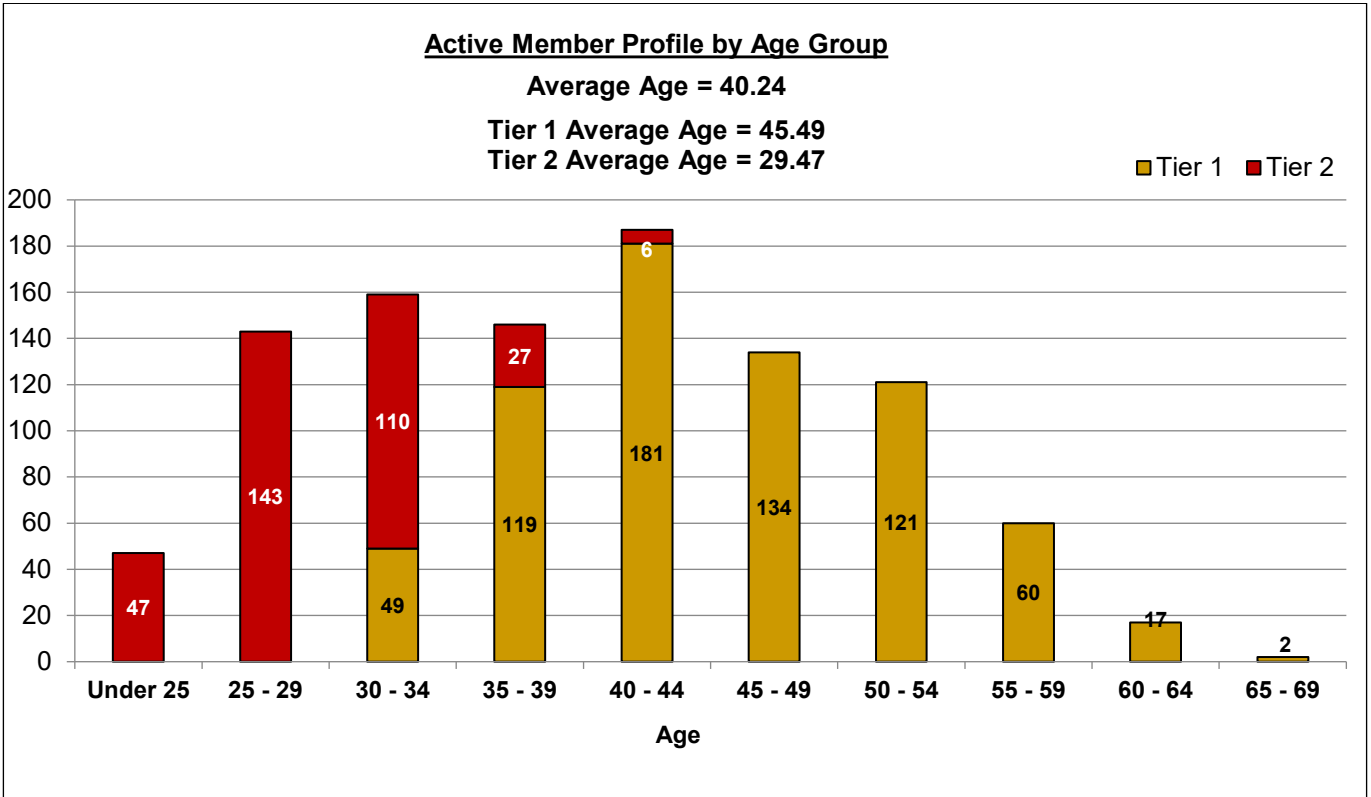


**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**

Pensions in Payment Status by Type and Monthly Amount as of May 1, 2021						
Monthly Amount	Total	Voluntary	Deferred	Disability	Widows & Children	QDROs
Under \$500	22	0	2	0	12	8
\$500-\$1,000	52	1	3	2	38	8
\$1,000-\$1,500	51	1	0	3	44	3
\$1,500-\$2,000	63	7	1	11	41	3
\$2,000-\$2,500	50	8	4	4	33	1
\$2,500-\$3,000	49	24	5	2	18	0
\$3,000-\$3,500	54	37	1	4	12	0
\$3,500-\$4,000	89	77	1	3	6	2
\$4,000-\$4,500	201	121	2	71	7	0
\$4,500-\$5,000	111	94	0	15	2	0
\$5,000-\$5,500	59	53	0	2	4	0
\$5,500-\$6,000	62	58	0	0	4	0
\$6,000-\$6,500	33	29	1	1	2	0
\$6,500-\$7,000	6	6	0	0	0	0
\$7,000 & over	37	37	0	0	0	0
Total	939	553	20	118	223	25

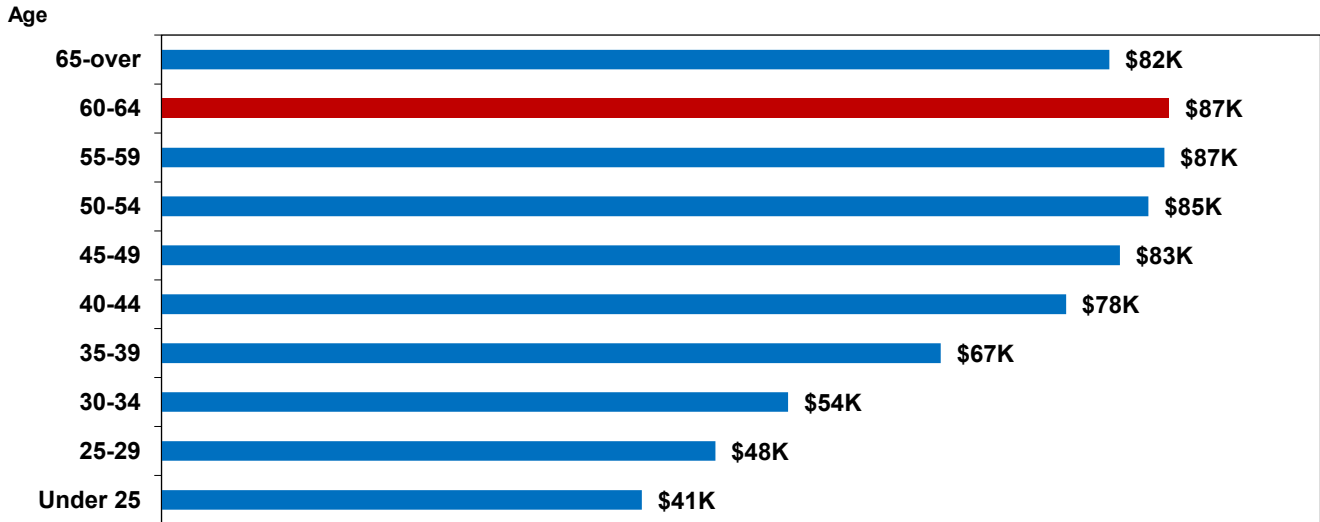
During the year ended April 30, 2021 there were 47 new pensions awarded (21 Voluntary, 2 Vested, 5 Disabled, 16 Widows and Children, and 3 QDROs)

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**



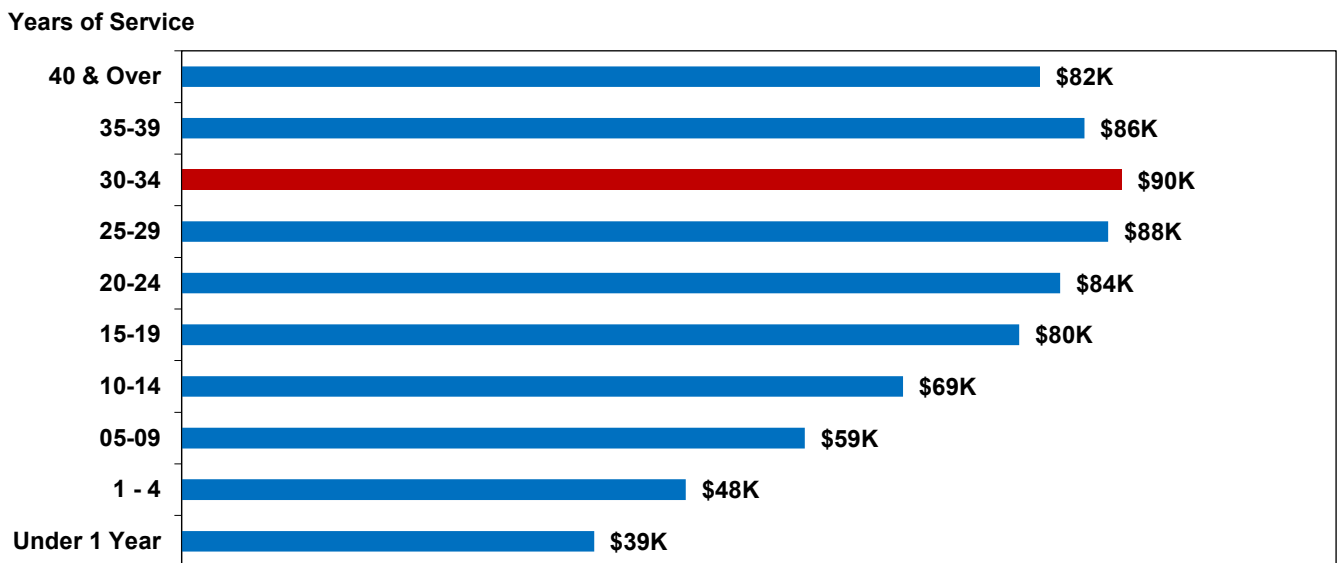
**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**

**Active Member Profile - Average Annual Salary
by Age Group**



Average Annual Salary
■ Highest average salary

**Active Member Profile - Average Annual Salary
by Years of Service**



Average Annual Salary
■ Highest average salary

INVESTMENT SECTION

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
INVESTMENT OVERVIEW
April 30, 2021**

The investments of the System are based primarily on an investment authority known as the “prudent person rule”. The prudent person rule establishes a standard for fiduciaries, which includes anyone that has authority with respect to the System. This standard states that fiduciaries will discharge their duties solely in the interest of fund participants and beneficiaries with the degree of diligence, care and skill which prudent men and women would ordinarily exercise under similar circumstances in a like position.

The prudent person rule permits the Fund to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment advisors. The Board’s adopted Statement of Investment Policy outlines the responsibility for the investment of the Fund and the degree of risk that is deemed appropriate for the System. Investment advisors are retained to execute the investment strategy in accordance with the Board’s Policy.

The Board of Trustees, with input from staff and consultants, evaluates risk and return factors of potential investment strategies and opportunities and approves appropriate alternatives.

Proper funding and healthy investment returns are very important to the financial soundness of the System. The ratio of investment earnings to total revenue is evidence of the System’s solid financial management.

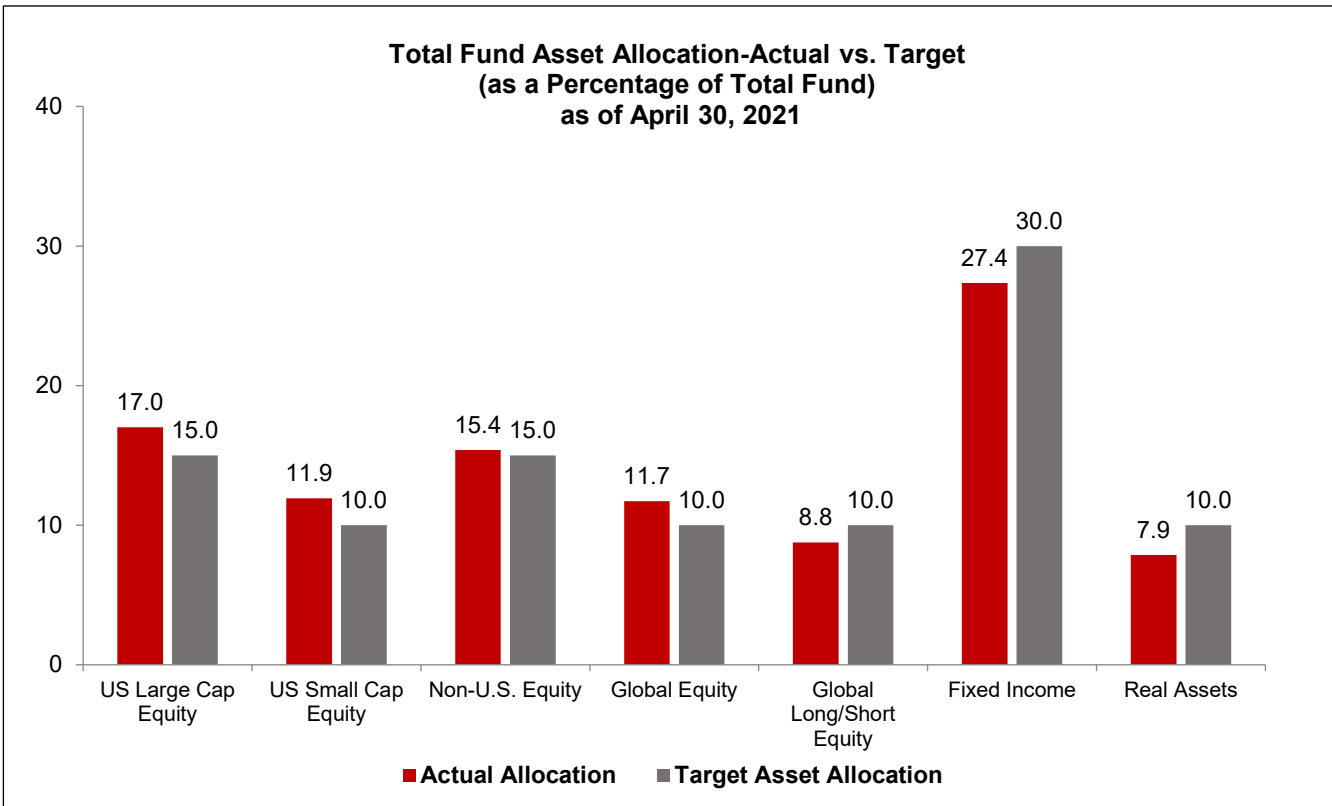
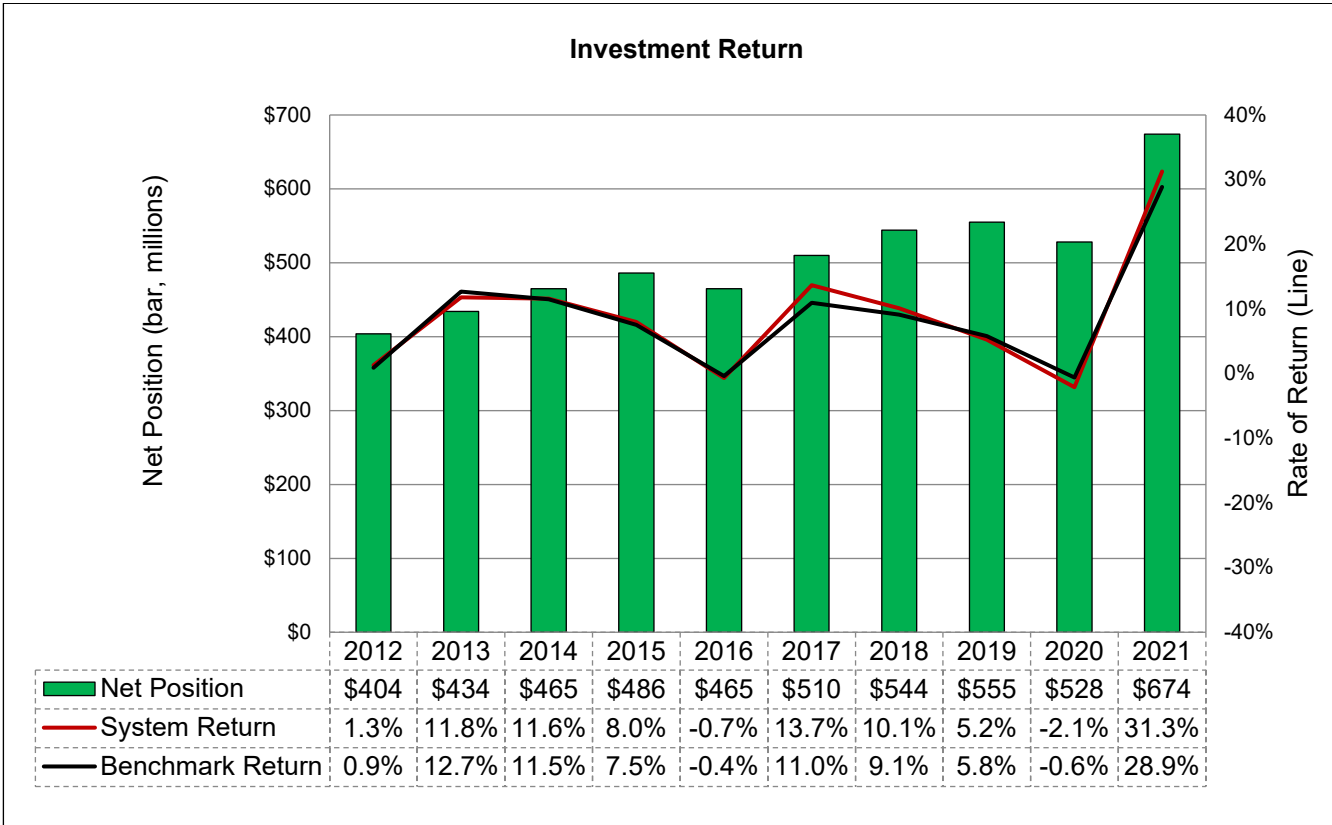
An integral part of the overall investment policy is the strategic asset allocation policy. This allocation mix is designed to provide an optimal mix of asset categories. This emphasizes a maximum diversification of the portfolio that protects the System from declines that a particular asset class may experience in any given period.

Investment decisions are made based on expected return for a given level of risk. The goal is to optimize the return of the portfolio, as opposed to maximizing the rate of return. The optimal portfolio mix is one that carefully equates expected rate of return, with expected risk of all investment categories utilized by the System. In setting the optimal mix of assets for the portfolio, the Board has developed a strategic (long-term) asset allocation policy, which incorporates a diversified mix.

The System invests in traditional assets (domestic stocks, government and corporate bonds, mortgages, and cash) and non-traditional assets (international stocks and international bonds). A modest amount of System assets has also been diversified into real estate and hedge funds.

During the fiscal year 2021, the System remained well diversified.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**



**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**

Investment Summary

Year Ending April 30, 2021

Investment Manager	Date Hired	Asset Class	Portfolio Fair Value	% of Total Fair Value
Cash			\$ 9,702,222	1.4%
Eagle Capital Management	April 2012	U.S. Equity	\$ 18,207,508	2.7%
Polen Capital Management	July 2017	U.S. Equity	\$ 16,365,380	2.4%
Northern Trust Company	November 2011	U.S. Equity	\$ 80,081,597	11.9%
American Century Investments	November 2004	U.S. Equity	\$ 41,418,923	6.1%
William Blair & Company	June 2011	U.S. Equity	\$ 38,890,300	5.8%
Marathon Asset Management	October 2015	Non-U.S. Equity	\$ 58,656,406	8.7%
Mondrian Investment Partners	March 2016	Non-U.S. Equity	\$ 18,364,506	2.7%
Morgan Stanley	April 1997	Emerging Markets Equity	\$ 26,395,652	3.9%
Acadian Asset Management	September 2007	Global Equity	\$ 79,067,310	11.7%
K2 Mauna Kea	June 2020	Global Long/Short Equity	\$ 54,243,698	8.1%
Rock Creek	January 2011	Global Long/Short Equity	\$ 4,815,088	0.7%
Amundi Pioneer Investments	February 2014	Fixed Income	\$ 57,732,809	8.6%
Commerce Trust Company	January 2020	Fixed Income	\$ 59,346,244	8.8%
BlackRock	July 2017	Fixed Income	\$ 57,553,445	8.5%
Principal Global Investors	May 2003	Real Assets	\$ 21,606,562	3.2%
J.P. Morgan Asset Management	July 2012	Real Assets	\$ 31,363,717	4.7%
Total			\$673,811,367	100.0%

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
April 30, 2021**

Schedule of Investment Results (Gross of Fees)

Annualized Manager Returns as of April 30, 2021

Investment Manager	Asset Class	One Year	Three Years	Five Years	Ten Years	Since Inception
U.S. EQUITY						
Eagle Capital Management	Large Cap Value Equity	59.8%	18.4%	18.5%	--	15.9%
<i>Russell 1000 Value Index</i>		45.9%	12.3%	12.2%	11.1%	12.1%
Polen Capital Management	Large Cap Growth Equity	48.7%	28.7%	--	--	26.3%
<i>Russell 1000 Growth Index</i>		51.4%	25.4%	22.9%	17.0%	24.1%
Northern Trust Company	Large Cap Core Equity	46.0%	18.7%	17.4%	14.2%	15.1%
<i>S&P 500 Index</i>		46.0%	18.7%	17.4%	14.2%	15.1%
American Century Investments	Small Cap Value Equity	95.2%	18.2%	18.0%	13.3%	12.1%
<i>Russell 2000 Value Index</i>		79.0%	11.7%	13.5%	10.1%	8.7%
William Blair & Company	Small Cap Growth Equity	60.6%	21.8%	21.9%	--	16.6%
<i>Russell 2500 Growth Index</i>		67.3%	21.6%	20.5%	14.2%	14.5%
NON-U.S. EQUITY						
Marathon Asset Management	Non-U.S. Equity	47.4%	8.3%	9.7%	--	9.6%
<i>MSCI EAFE Index</i>		40.5%	6.8%	9.4%	5.7%	9.3%
Mondrian International Partners	Non-U.S. Equity	49.7%	8.9%	11.0%	--	12.4%
<i>MSCI World ex U.S. SC Index</i>		54.5%	8.2%	11.2%	7.5%	13.3%
Morgan Stanley	Emerging Market Equity	52.8%	7.6%	11.6%	4.6%	8.2%
<i>MSCI Emerging Markets Index</i>		49.2%	7.9%	12.9%	4.0%	6.8%
GLOBAL EQUITY						
Acadian Asset Management	Global Equity	49.7%	14.3%	16.4%	11.2%	6.7%
<i>MSCI ACWI Index</i>		46.4%	13.9%	14.5%	9.8%	7.1%
K2 Mauna Kea, LLC	Global Long/Short Equity	--	--	--	--	27.1%
<i>MSCI ACWI Index</i>		46.4%	13.9%	14.5%	9.8%	7.1%
<i>HFRI FOF: Strategic</i>		30.2%	7.3%	7.5%	4.2%	26.6%
FIXED INCOME						
Amundi Pioneer Investments	Core Plus Fixed Income	14.6%	6.4%	5.3%	--	4.6%
<i>BloomBar Universal Index</i>		1.8%	5.4%	3.6%	3.7%	3.7%
Commerce Trust Company	Core Fixed Income	2.2%	--	--	--	5.9%
<i>BloomBar U.S. Aggregate Index</i>		-0.3%	5.2%	3.2%	3.4%	3.5%
Blackrock	Absolute Return	12.4%	5.6%	--	--	5.2%
<i>U.S. T-Bills 90 day + 3%</i>		3.1%	4.5%	4.2%	3.7%	4.4%
<i>BloomBar U.S. Aggregate Index</i>		-0.3%	5.2%	3.2%	3.4%	3.8%
REAL ASSETS						
Principal Global Investors	Core Real Estate	3.9%	5.9%	7.4%	10.8%	7.5%
<i>NFI ODCE Index</i>		2.3%	4.9%	6.2%	9.7%	7.6%
J.P. Morgan Asset Management	Value Add Real Estate	3.9%	6.9%	8.0%	--	12.0%
<i>NFI ODCE Index</i>		2.3%	4.9%	6.2%	9.7%	9.0%
TOTAL FUND						
Total Fund		31.3%	10.6%	11.1%	8.7%	9.6%
<i>Policy Index</i>		28.9%	10.7%	10.4%	8.3%	--

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Kansas City, Missouri
Firefighters' Pension System
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Kansas City, Missouri Firefighters' Pension System (Plan), which comprise the statements of fiduciary net position as of April 30, 2021 and 2020, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of April 30, 2021 and 2020, and the changes in fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information included in the required supplementary information section listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Allen, Gibbs & Houlik, L.C

CERTIFIED PUBLIC ACCOUNTANTS

October 12, 2021
Overland Park, Kansas

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Firefighters' Pension System of the City of Kansas City, Missouri (Plan) is the defined benefit retirement plan for firefighters of Kansas City, Missouri (City). The Firefighters' Pension System was established by City ordinance in 1953 and is administered by the Retirement System Board of Trustees to provide retirement, disability, survivor and benefits to its members and beneficiaries.

This discussion and analysis of the Firefighters' Pension System's financial statements provides an overview of the Firefighters' Pension System's operations and investment performance for the fiscal years ended April 30, 2021 and 2020, with selected comparative information for the year ended April 30, 2019, and should be read in conjunction with the financial statements and notes to the financial statements, which follow this section.

Overview of the Financial Statements and Accompanying Information

- The financial statements presented in this report are the statements of fiduciary net position as of April 30, 2021 and 2020 and the statements of changes in fiduciary net position for the years ended April 30, 2021 and 2020. These statements reflect resources available for the payment of benefits as of the year-end, and the sources and uses 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 includes a description of the Plan, a summary of significant accounting policies, the method used to value investments and a summary of investments.
- Required supplementary information presents schedules related to employer contributions and the funding of the Plan.

2021 and 2020 Comparative Summary of Fiduciary Net Position

	April 30, 2021	April 30, 2020	Amount Change	Percentage Change
Receivables	\$ 1,715,476	\$ 50,769,080	\$ (49,053,604)	-96.62%
Investments at fair value	673,811,367	479,042,442	194,768,925	40.66%
Securities lending collateral	31,820,609	35,702,433	(3,881,824)	-10.87%
Total assets	<u>707,347,452</u>	<u>565,513,955</u>	<u>141,833,497</u>	25.08%
Due to broker for purchases of investments	627,787	1,142,428	(514,641)	-45.05%
Administrative and investment expenses payable	744,059	518,912	225,147	43.39%
Securities lending collateral	31,820,609	35,702,433	(3,881,824)	-10.87%
Total liabilities	<u>33,192,455</u>	<u>37,363,773</u>	<u>(4,171,318)</u>	-11.16%
Net position	<u>\$ 674,154,997</u>	<u>\$ 528,150,182</u>	<u>\$ 146,004,815</u>	27.64%

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

MANAGEMENT'S DISCUSSION AND ANALYSIS

2021 and 2020 Comparative Summary of Changes in Fiduciary Net Position

	April 30, 2021	April 30, 2020	Amount Change	Percentage Change
Member contributions	\$ 8,118,095	\$ 8,082,064	\$ 36,031	0.45%
City contributions	27,283,214	24,724,212	2,559,002	10.35%
Net investment income (loss)	<u>158,993,249</u>	<u>(14,510,911)</u>	<u>173,504,160</u>	1,195.68%
Total additions	<u>194,394,558</u>	<u>18,295,365</u>	<u>176,099,193</u>	962.53%
Benefits paid to members	45,516,551	43,699,528	1,817,023	4.16%
Refunds of contributions	2,592,773	1,914,858	677,915	35.40%
Administrative expenses	<u>280,419</u>	<u>400,399</u>	<u>(119,980)</u>	-29.97%
Total deductions	<u>48,389,743</u>	<u>46,014,785</u>	<u>2,374,958</u>	5.16%
Net change	146,004,815	(27,719,420)	173,724,235	626.72%
Net position, Beginning of year	<u>528,150,182</u>	<u>555,869,602</u>	<u>(27,719,420)</u>	-4.99%
Net position, End of year	<u>\$ 674,154,997</u>	<u>\$ 528,150,182</u>	<u>\$ 146,004,815</u>	27.64%

2021 Financial Highlights

The Plan's net position increased by 27.6%, as seen in the statement of fiduciary net position. Global markets continued their remarkable recovery from the swiftest market correction in history that occurred in March 2020, due to the spread of COVID-19. Amid periodic market volatility, this tremendous recovery was aided by the development and distribution of three vaccines, the reopening of economies around the world and the vast amount of monetary and fiscal stimulus that was funneled into the markets through stimulus payments and the Federal Reserve's actions to keep interest rates low and continue their quantitative easing program. The Plan's investment portfolio returned 30.6% for the year, which outperformed the return of the Policy Portfolio benchmark. All segments of the Plan posted positive returns and performed extremely well on a relative basis. U.S. small-cap equity was the best performing asset class, while real estate had the lowest returns on an absolute basis.

Total additions, as shown on the statement of changes in fiduciary net position, were positive \$176.1 million, a 962.5% increase from the prior year. Contributions grew \$2.6 million, due to an increase in the actuarial required contribution rate, and net investment income increased by \$173.5 million, due to strong performance. Benefits paid to members increased by 4.2%, due in large part to cost-of-living adjustments, while refunds of contributions increased 35.4%, mostly related to retirements. The 30% reduction in administrative expenses was mainly due to decreased legal fees and travel expenses.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

MANAGEMENT'S DISCUSSION AND ANALYSIS

2021 Operational Highlights

A global fixed income manager was terminated due to performance issues. Proceeds from the manager were reallocated to the Plan's existing fixed income managers. Ongoing cash needs were met primarily through the sale of appreciating equity securities.

2020 and 2019 Comparative Summary of Fiduciary Net Position

	April 30, 2020	April 30, 2019	Amount Change	Percentage Change
Receivables	\$ 50,769,080	\$ 2,989,885	\$ 47,779,195	1,598.03%
Investments at fair value	479,042,442	554,386,371	(75,343,929)	-13.59%
Securities lending collateral	35,702,433	23,834,490	11,867,943	49.79%
Total assets	565,513,955	581,210,746	(15,696,791)	-2.70%
Due to broker for purchases of investments	1,142,428	834,809	307,619	36.85%
Administrative and investment expenses payable	518,912	671,845	(152,933)	-22.76%
Securities lending collateral	35,702,433	23,834,490	11,867,943	49.79%
Total liabilities	37,363,773	25,341,144	12,022,629	47.44%
Net position	\$ 528,150,182	\$ 555,869,602	\$ (27,719,420)	-4.99%

2020 and 2019 Comparative Summary of Changes in Fiduciary Net Position

	April 30, 2020	April 30, 2019	Amount Change	Percentage Change
Member contributions	\$ 8,082,064	\$ 7,785,106	\$ 296,958	3.81%
Employer contributions	24,724,212	22,954,283	1,769,929	7.71%
Net investment income	(14,510,911)	24,387,613	(38,898,524)	-159.50%
Total additions	18,295,365	55,127,002	(36,831,637)	-66.81%
Benefits paid to members	43,699,528	42,035,175	1,664,353	3.96%
Refunds of contributions	1,914,858	863,232	1,051,626	121.82%
Administrative expenses	400,399	415,090	(14,691)	-3.54%
Total deductions	46,014,785	43,313,497	2,701,288	6.24%
Net increase	(27,719,420)	11,813,505	(39,532,925)	-334.64%
Net position, Beginning of year	555,869,602	544,056,097	11,813,505	2.17%
Net position, End of year	\$ 528,150,182	\$ 555,869,602	\$ (27,719,420)	-4.99%

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

MANAGEMENT'S DISCUSSION AND ANALYSIS

2020 Financial Highlights

The Plan's net position contracted by 5.0%, as seen in the statement of fiduciary net position. Global financial markets posted strong positive returns during the first three quarters despite volatility caused by headwinds from a weak global economy, trade disputes between the U.S. and China and geopolitical tensions. The Federal Reserve also cut rates for the first time since 2008. Then, in the fourth quarter, global equity markets experienced the swiftest market correction in history as the spread of COVID-19 halted economies around the world, and the longest bull market in history officially came to an end in mid-March. In response, the Federal Reserve took several emergency actions which included cutting rates twice and began a new round of quantitative easing to stabilize financial markets and support the flow of credit. Additionally, in the U.S., a \$2.2 trillion stimulus plan was announced. These measures led to a reduction in volatility and a strong comeback in the markets, with U.S. equities leading the way. The Plan's investment portfolio returned -2.1% for the year, which underperformed the return of the Policy Portfolio benchmark. The U.S. equity segments of the Plan posted negative returns but performed extremely well on a relative basis. Real assets was the best performing asset class, while Non-U.S. equities performed the worst.

Total additions, as shown on the statement of changes in fiduciary net position, were down \$36.8 million from the prior year, a 159.5% decline from the prior year. Although contributions grew \$2.1 million, due to normal payroll growth and an increase in the actuarial required contribution rate, net investment income dropped by \$38.9 million. Benefits paid to members increased by 4.0%, due in large part to cost-of-living adjustments, while refunds of contributions increased 121.8%, mostly related to retirements.

2020 Operational Highlights

No investment manager or other service provider changes occurred in the period, although a decision was made to replace the Plan's global long/short equity manager. The manager termination was effective at the end of the first calendar quarter; however, proceeds from the investment will not be available until the second quarter of 2020. Ongoing cash needs were met primarily through the sale of appreciating equity and fixed income securities.

Request for Information

This financial report is designed to provide members of the Firefighters' Pension System, citizens, investors and creditors of the City of Kansas City, Missouri with a general overview of the Firefighters' Pension System'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 Firefighters' Pension System, City Hall, 414 East 12th Street, 10th Floor, Kansas City, Missouri 64106-2705. 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 Firefighters' Pension System.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

STATEMENTS OF FIDUCIARY NET POSITION

April 30, 2021 and 2020

	2021	2020
Assets		
Investments, at Fair Value		
Short-term investment funds	\$ 18,073,385	\$ 10,913,500
U.S. Treasuries	7,282,834	11,628,396
U.S. government-backed mortgages	3,058,243	4,352,715
Municipal bonds	1,880,886	1,848,263
Asset-backed securities	6,535,263	4,425,328
Corporate bonds - domestic	33,750,329	28,695,159
Corporate bonds - foreign	999,773	621,424
Domestic debt obligations	4,171,927	6,184,151
Domestic common stock	107,957,321	69,260,704
Foreign equities	2,456,801	1,725,842
Partnerships	19,277,395	12,927,657
Collective trusts - equities	244,431,464	167,007,656
Collective trusts - fixed income	115,286,255	105,414,358
Collective trusts - hedge funds	54,243,698	--
Collective trusts - real estate	54,405,793	54,037,289
	673,811,367	479,042,442
Securities Lending Collateral	31,820,609	35,702,433
Receivables		
Contributions	696,716	1,670,798
Investment income	463,552	269,271
Due from broker for sales of investments	555,208	48,829,011
	1,715,476	50,769,080
Total assets	707,347,452	565,513,955
Liabilities		
Due to broker for purchases of investments	627,787	1,142,428
Administrative and investment expenses payable	744,059	518,912
Securities lending collateral	31,820,609	35,702,433
	33,192,455	37,363,773
Net Position Restricted for Pensions	669,546,458	524,724,671
Net Position Restricted for Health Care Subsidy	4,608,539	3,425,511
Total Net Position	\$ 674,154,997	\$ 528,150,182

The accompanying notes are an integral part of these financial statements.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years Ended April 30, 2021 and 2020

	2021	2020
Additions		
Investment Income		
Interest income	\$ 3,711,474	\$ 2,880,206
Dividend income	1,939,454	1,986,102
Net change in fair value of investments	156,103,805	(16,955,795)
Less investment expense	(2,841,796)	(2,504,430)
	158,912,937	(14,593,917)
Securities Lending Income		
Securities lending gross income	120,992	614,686
Securities lending expenses		
Borrower fees	(6,320)	(496,194)
Management fees	(34,360)	(35,486)
Total securities lending expenses	(40,680)	(531,680)
Net securities lending income	80,312	83,006
Total net investment income (loss)	158,993,249	(14,510,911)
Contributions		
Contributions from the City of Kansas City, Missouri		
Pension	24,258,707	21,728,336
Health subsidy	1,408,307	1,401,876
Health supplemental	1,616,200	1,594,000
Contributions from members	8,118,095	8,082,064
Total contributions	35,401,309	32,806,276
Total additions	194,394,558	18,295,365
Deductions		
Benefits Paid		
Retirement benefits	45,472,551	43,649,528
Funeral benefits	44,000	50,000
Total benefits paid	45,516,551	43,699,528
Refunds		
Termination	227,945	237,103
Retirement	2,364,828	1,677,755
Administrative Expenses	280,419	400,399
Total deductions	48,389,743	46,014,785
Net Increase (Decrease) in Net Position	146,004,815	(27,719,420)
Net Position, Beginning of Year	528,150,182	555,869,602
Net Position, End of Year	\$ 674,154,997	\$ 528,150,182

The accompanying notes are an
integral part of these financial statements.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The City of Kansas City, Missouri Firefighters' Pension System (Plan) is a contributory, single-employer, defined benefit pension plan covering all employees of the Firefighting Division of the City of Kansas City, Missouri (City). The Plan is considered part of the City's financial reporting entity and is included in the City's comprehensive annual financial report as a pension trust fund. Employees should refer to the Plan Agreement for more complete information.

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when they are due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid in accordance with the terms of the Plan.

Investments - Investments are valued at fair value as follows:

Government securities, asset-backed securities, corporate bonds and domestic debt obligations are valued at fair value based on prices quoted by a major dealer in such securities.

Common stock and foreign equities are valued at fair value based on closing prices reported on the composite summary of national securities exchanges or on over-the-counter or bid prices.

Collective trusts, partnerships and short-term investment funds consist primarily of non-marketable investments in various venture capital, corporate finance funds and private partnerships (collectively, Portfolio Funds). These funds are primarily invested in a diversified portfolio of equities, fixed income, real estate and alternative or non-traditional investments. 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 or the Portfolio 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 estimated value of such investments is subject to uncertainty and, therefore, may differ from the value that would have been used had a market for such investments existed.

Investment transactions are accounted for on a trade-date basis, and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. Realized gains and losses from investments are determined on an average cost basis.

Tax Status - The Retirement Board believes that the Plan is designed in accordance with section 401(a) of the Internal Revenue Code (Code) and is currently being operated in compliance with the applicable requirements of the Code.

Administrative Expenses - Plan administrative salaries, duplicating, telecommunications and travel expenses are included in the Plan's administrative expenses when incurred. The City provides office space, a portion of administrative and clerical services of the Human Resources Department and accounting services of the Finance Department without any direct charge to the Plan.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Subsequent Events - These financial statements considered subsequent events through October 12, 2021, the date the financial statements were available to be issued.

2. PLAN DESCRIPTION

The Plan is established by City ordinances enacted by the City Council. The Plan is administered by the Board of Trustees (Board) of the City of Kansas City, Missouri Firefighters' Pension System (Board). The Board is composed of nine members, four of whom are the Director of the Fire Department, the City's Director of Human Resources, the City's Director of Finance, and the City Treasurer. One is an appointed retired member and the remaining four are elected by the members of the Firefighters' Pension System.

Tier I Member - Those employees hired before April 20, 2014.

Tier II Member - Those employees hired on or after April 20, 2014.

At April 30, 2021 and 2020, the Plan's membership consists of the following:

	2021		Total
	Tier I Members	Tier II Members	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	949	1	950
Current employees			
Vested	615	--	615
Nonvested	68	333	401
Inactive	4	21	25
Total	1,636	355	1,991

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

2. PLAN DESCRIPTION (CONTINUED)

	2020		Total
	Tier I Members	Tier II Members	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	938	2	940
Current employees			
Vested	607	--	607
Nonvested	108	296	404
Inactive	--	13	13
Total	<u>1,653</u>	<u>311</u>	<u>1,964</u>

Contributions - Funding is provided by contributions from the Plan's members, the City and earnings on investments. Firefighters contribute 10.55 percent of their base salary and an additional 1 percent to fund the health insurance subsidy. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary.

Based upon the May 1, 2019 and 2018 valuations, the actuary recommended City contribution rates of 35.14 percent and 32.54 percent, respectively, of covered payroll. For the years ended April 30, 2021 and 2020, the City contributed at rates of 34.82 percent and 31.84 percent, respectively, of annual covered payroll. The City Council also contributed 2 percent toward the health insurance subsidiary for 2021 and 2020.

Retirement Benefits - Benefit terms for the Plan are established in the City administrative code and can only be amended by the City Council. The Plan provides retirement, survivor, disability and pre-retirement death benefits as noted below:

Tier I Members - Members become vested for retirement benefits after 10 years of service. Members who retire with 25 years or more of creditable service are entitled to an annual pension of 2.5 percent of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 80 percent of final compensation as defined in the Plan.

If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated Plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service.

An automatic annual cost-of-living adjustment of 3.0 percent non-compounded is provided in the Plan. The Plan also provides for a minimum monthly payment of \$600 to all current and future service and disability retirees.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

2. PLAN DESCRIPTION (CONTINUED)

Tier II Members - Members become vested for retirement benefits after 10 years of service. Members who retire with 27 years or more of creditable service are entitled to an annual pension of 2.5 percent of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 80 percent of final compensation as defined in the Plan.

If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated Plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service.

An annual cost-of-living adjustment, not to exceed 2.5 percent non-compounded is provided in the Plan if the prior year funding ratio is equal to or greater than 80 percent and will be equal to the percentage increase in the prior 12 months of the final national consumer price index. The Plan also provides for a minimum monthly payment of \$600 to all current and future service and disability retirees.

Death Benefits - If an active member dies, the following benefits are paid:

A funeral benefit of \$2,000 to the spouse or named beneficiary.

To the member's spouse until death, a pension equal to one-half of the member's accrued pension, but not less than 25 percent of the member's average final compensation. The minimum monthly benefit is \$275 to all spouses. Certain benefit provisions have been established for deaths sustained in the performance of a member's duties, or deaths of active members prior to retirement who have achieved 25 years or more of creditable service.

To the member's children, an allowance of \$100 a month each until the attainment of age 18, unless certain conditions are met whereby benefits may continue.

To the member's designated beneficiary or estate, if there is no surviving spouse or qualifying child, any remaining member contributions and interest.

If a retired member dies, the following benefits are paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit.

To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest.

Disability Benefits - Disability benefits are available for members and are based on an average final compensation. The Plan provides for a minimum monthly payment of \$600 to all current and future disability retirees.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

2. PLAN DESCRIPTION (CONTINUED)

Health Care Subsidy - Effective May 1, 1991, the Plan established a subsidy fund (subsidy). The City and active firefighters contribute 2 percent and 1 percent of salary, respectively. Prior to April 1 of each year, the Board of Trustees of the Plan establishes the dollar value of the monthly subsidy. The monthly subsidy for the years ended April 30, 2021 and 2020 was \$485 and \$480, respectively.

The subsidy is invested in both fixed income and equity securities and is stated at fair value. Investments totaled \$4,608,539 and \$3,425,511 at April 30, 2021 and 2020, respectively.

The actuarial valuations do not consider the subsidy's fiduciary net position, which at April 30, 2021 and 2020 was \$4,608,539 and \$3,425,511, respectively. According to the City ordinance that established the subsidy, if the fiduciary net position available for the subsidy is zero, the subsidy will no longer be available. For the years ended April 30, 2021 and 2020, City contributions for the subsidy were \$3,024,507 and \$2,995,876, respectively, and employee contributions were \$704,154 and \$700,938, respectively.

3. DEPOSITS AND INVESTMENTS

The City administrative code and ordinances passed by the City Council provide that Plan investments may include, but are not limited to, obligations of the U.S. government, state of Missouri and municipal corporations, including school districts, corporate bonds, real estate mortgages and common and preferred stocks. The Plan purchases investments from Securities and Exchange Commission registered securities broker-dealers and banks through its investment managers. Investments in U.S. Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

Investment Policy - The asset type and classes, target allocation and ranges that have been approved by the Board are shown below. All percentages are based on fair values. The Board has authorized Plan staff, with the guidance from the investment consultant, to rebalance the portfolio in accordance with the current strategy guidelines below.

Asset Type and Class	Range	Target
Large Cap Equity	10% - 20%	15%
Small Cap Equity	5% - 15%	10%
Non-U.S. Equity	10% - 20%	15%
Long/Short Equity	5% - 15%	10%
Global Equity	5% - 15%	10%
Fixed Income	25% - 35%	30%
Real Estate	5% - 15%	10%

Securities Lending Transactions - City ordinances and the Plan's Board policies permit the Plan to use investments of the Plan to enter into securities lending transactions, which are 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.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The Plan has contracted with The Northern Trust Company as its third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102 percent of the fair value and international debt and equity securities of not less than 105 percent of the fair value. At April 30, 2021 and 2020, management believes the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. 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.

	2021	2020
Fair value of securities loaned	\$ 30,823,886	\$ 34,007,074
Fair value of cash collateral received from borrowers	\$ 31,820,609	\$ 35,702,433

All security 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.

At April 30, 2021, the Plan had the following investments and maturities:

Type	Fair Value	Maturities in Years				Loaned Under Securities Lending Agreements
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasuries	\$ 7,282,834	\$ 4,063,750	\$ 825,480	\$ --	\$ 2,393,604	\$ 7,352,142
U.S. government-backed mortgages	3,058,243	--	--	793,032	2,265,211	--
Municipal bonds	1,880,886	--	1,273,248	607,638	--	--
Asset-backed securities	6,535,263	--	1,129,861	509,581	4,895,821	--
Corporate bonds - domestic	33,750,329	1,252,318	18,688,617	7,684,052	6,125,342	7,915,106
Corporate bonds - foreign	999,773	--	346,756	653,017	--	432,615
Domestic debt obligations	4,171,927	--	1,190,412	348,989	2,632,526	--
Short-term investment funds	18,073,385	18,073,385	--	--	--	--
	75,752,640	\$ 23,389,453	\$ 23,454,374	\$ 10,596,309	\$ 18,312,504	
Domestic common stock	107,957,321					13,760,202
Foreign equities	2,456,801					1,196,419
Partnerships	19,277,395					--
Collective trusts - equities	244,431,464					--
Collective trusts - fixed income	115,286,255					--
Collective trusts - hedge funds	54,243,698					--
Collective trusts - real estate	54,405,793					167,402
	\$ 673,811,367					\$ 30,823,886

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

At April 30, 2020, the Plan had the following investments and maturities:

Type	Fair Value	Maturities in Years				Loaned Under Securities Lending Agreements
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasuries	\$ 11,628,396	\$ --	\$ 8,111,285	\$ 531,601	\$ 2,985,510	\$ 7,353,430
U.S. government-backed mortgages	4,352,715	--	--	1,108,515	3,244,200	--
Municipal bonds	1,848,263	--	1,848,263	--	--	--
Asset-backed securities	4,425,328	--	--	1,028,959	3,396,369	--
Corporate bonds - domestic	28,695,159	--	11,020,794	11,947,029	5,727,336	5,817,182
Corporate bonds - foreign	621,424	--	--	621,424	--	--
Domestic debt obligations	6,184,151	--	585,448	584,094	5,014,609	--
Short-term investment funds	10,913,500	10,913,500	--	--	--	--
	<u>68,668,936</u>	<u>\$ 10,913,500</u>	<u>\$ 21,565,790</u>	<u>\$ 15,821,622</u>	<u>\$ 20,368,024</u>	
Domestic common stock	69,260,704					20,836,462
Foreign equities	1,725,842					--
Partnerships	12,927,657					--
Collective trusts - equities	167,007,656					--
Collective trusts - fixed income	105,414,358					--
Collective trusts - real estate	54,037,289					--
	<u>\$ 479,042,442</u>					<u>\$ 34,007,074</u>

Custodial Credit Risk - 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 investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's securities lending policy, \$30,823,886 and \$34,007,074 was held by the counterparty that was acting as the Plan's agent in securities lending transactions at April 30, 2021 and 2020, respectively.

Investment Concentrations - The following presents investments that represent 5 percent or more of the fiduciary net position of the Plan, as of April 30, 2021:

Investment	Fair Value
NT Collective S&P 500 Index Fund - Non-Lending	\$ 80,081,597
Acadian Global Equity Fund	79,067,310
Marathon-London International Fund	58,886,905
Pioneer Multi-Sector Fixed Income Trust	57,732,809
Blackrock Strategic Income Opportunities Portfolio	57,553,445

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The following presents investments that represent 5 percent or more of the fiduciary net position of the Plan, as of April 30, 2020:

Investment	Fair Value
NT Collective S&P 500 Index Fund - Non-Lending	\$ 56,353,940
Acadian Global Equity Fund	53,112,167
Blackrock Strategic Income Opportunities Portfolio	40,852,998
Marathon-London International Fund	40,089,888
Pioneer Multi-Sector Fixed Income Trust	39,968,383
JPMCB Special Situation Property Fund	31,427,119

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. As of April 30, 2021 and 2020, the Plan's fixed income assets that are not government guaranteed represented 95 percent and 91 percent, respectively, of the fixed income portfolio. The Plan has not established a policy with regard to credit risk. The following tables summarize the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2021 and 2020:

Average Credit Quality and Exposure Levels of Nongovernment Guaranteed Securities

<u>Fixed Income Security Type</u>	<u>Fair Value April 30, 2021</u>	<u>Percentage of all Fixed Income Assets</u>	<u>Weighted Average Credit Quality</u>
Short-term investment funds	\$ 18,073,385	9.5%	Not rated
Municipal bonds	1,880,886	1.0%	Aa2
Asset-backed securities	6,535,263	3.4%	Aaa
Corporate bonds - domestic	33,750,329	17.7%	A3
Corporate bonds - foreign	999,773	0.5%	Baa1
Domestic debt obligations	4,171,927	2.2%	Aaa
Collective trusts - fixed income	115,286,255	60.3%	Not rated
	<u>\$ 180,697,818</u>	<u>94.6%</u>	

<u>Fixed Income Security Type</u>	<u>Fair Value April 30, 2020</u>	<u>Percentage of all Fixed Income Assets</u>	<u>Weighted Average Credit Quality</u>
Short-term investment funds	\$ 10,913,500	6.3%	Not rated
Municipal bonds	1,848,263	1.1%	Aa2
Asset-backed securities	4,425,328	2.5%	Aaa
Corporate bonds - domestic	28,695,159	16.5%	A2
Corporate bonds - foreign	621,424	0.4%	A2
Domestic debt obligations	6,184,151	3.5%	Aaa
Collective trusts - fixed income	105,414,358	60.5%	Not rated
	<u>\$ 158,102,183</u>	<u>90.8%</u>	

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has not established a policy with regard to interest rate risk. The Plan actually owns an interest in the underlying assets of the collective trusts and the money market funds and the unit values are based on the fair value of their underlying assets.

Effective Duration of Fixed Income by Security Type

<u>Fixed Income Security Type</u>	<u>Fair Value April 30, 2021</u>	<u>Percentage of all Fixed Income Assets</u>	<u>Weighted Average Effective Duration (Years)</u>
Short-term investment funds**	\$ 18,073,385	9.5%	**
U.S. Treasuries	7,282,834	3.8%	7.91
U.S. government-backed mortgages	3,058,243	1.6%	2.45
Municipal bonds	1,880,886	1.0%	3.55
Asset-backed securities	6,535,263	3.4%	3.31
Corporate bonds - domestic	33,750,329	17.7%	6.39
Corporate bonds - foreign	999,773	0.5%	5.55
Domestic debt obligations	4,171,927	2.2%	3.37
Collective trusts - fixed income	115,286,255	60.3%	2.59
	<u>\$ 191,038,895</u>	<u>100%</u>	

<u>Fixed Income Security Type</u>	<u>Fair Value April 30, 2020</u>	<u>Percentage of all Fixed Income Assets</u>	<u>Weighted Average Effective Duration (Years)</u>
Short-term investment funds**	\$ 10,913,500	6.3%	**
U.S. Treasuries	11,628,396	6.7%	7.40
U.S. government-backed mortgages	4,352,715	2.5%	1.76
Municipal bonds	1,848,263	1.1%	4.44
Asset-backed securities	4,425,328	2.5%	4.22
Corporate bonds - domestic	28,695,159	16.5%	6.77
Corporate bonds - foreign	621,424	0.4%	7.45
Domestic debt obligations	6,184,151	3.5%	3.37
Collective trusts - fixed income	105,414,358	60.5%	4.17
	<u>\$ 174,083,294</u>	<u>100%</u>	

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

**The Plan owns an interest in the underlying assets of the short-term investment funds and the unit values are based on the fair value of their underlying assets. The short-term investment funds do not have a maturity date, even though their underlying assets do have maturity dates of less than one year.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan's currency risk exposure, or exchange rate risk, primarily reside within the Plan's foreign debt obligations and foreign equity holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers.

Annual Money-Weighted Rate of Return - For the years ended April 30, 2021 and 2020, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 30.32 percent and -2.35 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. NET PENSION LIABILITY

The components of the net pension liability of the City at April 30, 2021 and 2020 were as follows:

	2021	2020
Total pension liability	\$ 852,725,328	\$ 821,693,244
Plan fiduciary net position	(669,546,458)	(524,724,671)
City's net pension liability	\$ 183,178,870	\$ 296,968,573
Fiduciary net position as a % of total pension liability	78.52%	63.86%

5. ACTUARIAL METHODS AND ASSUMPTIONS

An actuary from Cheiron determines the total pension liability. The total pension liability as of April 30, 2021 and 2020 was determined based on an actuarial valuation prepared as of May 1, 2020 and 2019, respectively, rolled forward one year, using the following actuarial assumptions:

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

5. ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Price inflation	2.50%
Salary increases, including wage inflation	3.0% to 8.0%
Long-term investment rate of return, net of plan investment expense, including inflation	7.25%
Mortality tables:	
Healthy	RP-2000 Combined Healthy Mortality Table set forward one year for males and females, projected using a modified Scale MP-2015 on a generational basis
Disabled	RP-2000 Combined Disabled Mortality Table projected using a modified Scale MP-2015 on a generational basis

The actuarial assumptions used in the May 1, 2020 and 2019 valuations were based on the results of the most recent actuarial expense study for the period of May 1, 2011 to April 30, 2016. The actuarial experience study is dated February 9, 2017.

For purposes of calculating the total pension liability, future ad hoc cost of living adjustments (COLAs) of 3.0 percent (simple COLA) were assumed to be granted in all future years for Tier I Members. For Tier II Members, COLA will only be payable if the prior year's funding ratio is greater than or equal to 80 percent and will be equal to the percentage increase in the consumer price index, up to a maximum of 2.50 percent, payable at the 27th anniversary date of hire.

Long-Term Expected Real 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 and 2020 are summarized in the following table:

Asset Class	April 30, 2021		April 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	15%	7.2%	15%	7.1%
Small Cap Equity	10%	8.4%	10%	8.4%
Non-U.S. Equity	15%	8.2%	15%	8.4%
Long/Short Equity	10%	5.7%	10%	5.5%
Global Equity	10%	7.8%	10%	7.9%
Fixed Income	30%	2.9%	30%	3.0%
Real Estate	10%	7.4%	10%	7.5%

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

5. ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent as of April 30, 2021 and 2020. In the professional judgment of the Plan's actuary, the funding policy of the Plan will result in the pension plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments.

Sensitivity Analysis - The following sensitivity analysis presents the net pension liability of the City, calculated using the discount rate 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 or one percentage point higher than the current rate as of April 30, 2021 and 2020:

	2021		
	1% Decrease	Current Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
Total pension liability	\$ 965,326,497	\$ 852,725,328	\$ 759,892,048
Fiduciary net position	(669,546,458)	(669,546,458)	(669,546,458)
Net pension liability	\$ 295,780,039	\$ 183,178,870	\$ 90,345,590
	2020		
	1% Decrease	Current Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
Total pension liability	\$ 930,585,720	\$ 821,693,244	\$ 731,946,462
Fiduciary net position	(524,724,671)	(524,724,671)	(524,724,671)
Net pension liability	\$ 405,861,049	\$ 296,968,573	\$ 207,221,791

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 that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Plan contributions are made and the total pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

7. 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

The following tables present 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 and 2020:

	Total Fair Value	April 30, 2021		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasuries	\$ 7,282,834	\$ --	\$ 7,282,834	\$ --
U.S. government-backed mortgages	3,058,243	--	3,058,243	--
Municipal bonds	1,880,886	--	1,880,886	--
Asset-backed securities	6,535,263	--	6,535,263	--
Corporate bonds - domestic	33,750,329	--	33,750,329	--
Corporate bonds - foreign	999,773	--	999,773	--
Domestic debt obligations	4,171,927	--	3,822,938	348,989
Domestic common stock	107,957,321	107,957,321	--	--
Foreign equities	2,456,801	2,456,801	--	--
Short-term investment funds	18,073,385	18,073,385	--	--
Total investments measured at fair value	<u>186,166,762</u>	<u>\$ 128,487,507</u>	<u>\$ 57,330,266</u>	<u>\$ 348,989</u>
Investments measured at net asset value (NAV) (A)				
Partnerships	19,277,395			
Collective trusts - equities	244,431,464			
Collective trusts - fixed income	115,286,255			
Collective trusts - hedge funds	54,243,698			
Collective trusts - real estate	<u>54,405,793</u>			
Total investments measured at net asset value (NAV)	<u>487,644,605</u>			
Total investments measured at fair value	<u>\$ 673,811,367</u>			

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS (CONTINUED)

	April 30, 2020			
	Total Fair Value	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasuries	\$ 11,628,396	\$ --	\$ 11,628,396	\$ --
U.S. government-backed mortgages	4,352,715	--	3,762,792	589,923
Municipal bonds	1,848,263	--	1,848,263	--
Asset-backed securities	4,425,328	--	4,425,328	--
Corporate bonds - domestic	28,695,159	--	28,695,159	--
Corporate bonds - foreign	621,424	--	621,424	--
Domestic debt obligations	6,184,151	--	5,566,424	617,727
Domestic common stock	69,260,704	69,260,704	--	--
Foreign equities	1,725,842	1,725,842	--	--
Collective trusts - equities	56,353,940	--	56,353,940	--
Short-term investment funds	10,913,500	10,913,500	--	--
Total investments measured at fair value	<u>196,009,422</u>	<u>\$ 81,900,046</u>	<u>\$ 112,901,726</u>	<u>\$ 1,207,650</u>
Investments measured at net asset value (NAV) (A)				
Partnerships	12,927,657			
Collective trusts - equities	110,653,716			
Collective trusts - fixed income	105,414,358			
Collective trusts - real estate	<u>54,037,289</u>			
Total investments measured at net asset value (NAV)	<u>283,033,020</u>			
Total investments measured at fair value	<u>\$ 479,042,442</u>			

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

The fair value estimates presented herein are based on pertinent information available to management as of April 30, 2021 and 2020. 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.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

	April 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Notice Period
Partnerships (A)	\$ 19,277,395	\$ --	Monthly	15 Days
Collective trusts - equities (B)	244,431,464	--	Daily/Monthly	3-30 Days
Collective trusts - fixed income (C)	115,286,255	--	Daily	1 Business Day
			Once per	45 days prior to
Collective trusts - real estate (D)	31,363,717	--	Quarter	quarter end
Collective trusts - real estate (D)	23,042,076	--	Daily	1 Business Day
Collective trusts - hedge funds (E)	54,243,698	--	Quarterly	90 Days
Total investments measured at NAV	<u>\$ 487,644,605</u>	<u>\$ --</u>		

	April 30, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Notice Period
Partnerships (A)	\$ 12,927,657	\$ --	Monthly	15 Days
Collective trusts - equities (B)	110,653,716	--	Daily/Monthly	3-30 Days
Collective trusts - fixed income (C)	105,414,358	--	Daily	1 Business Day
			Once per	45 days prior to
Collective trusts - real estate (D)	31,427,119	--	Quarter	quarter end
Collective trusts - real estate (D)	22,610,170	--	Daily	1 Business Day
Total investments measured at NAV	<u>\$ 283,033,020</u>	<u>\$ --</u>		

(A) This category is a limited partnership. Investments are open-ended Global Core/Core Plus infrastructure investments.

(B) This category includes collective trust funds. Each invests in equity securities both on the national and international markets listed on public market exchanges.

(C) This category is a fixed income fund that is traded daily. The fund includes U.S. and non-U.S. government, securitized and corporate bonds, and currencies across the entire quality spectrum.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS (CONTINUED)

(D) This category is a common collective trust redeemable quarterly with a 45 day and 1 day notice period, respectively. Investments are open-ended U.S. Commercial real estate.

(E) This category is a limited partnership domiciled in the Cayman Islands. Investments provide exposure to more than 60 "hedge fund risk premiums" across nine broad strategy groups (event driven, convertible arbitrage, equity market neutral, dedicated short bias, long/short equity, emerging markets, global macro, managed futures and fixed income relative value) with a dynamic and disciplined investment process that aims to provide risk-balanced, long-term exposure to the underlying strategies. The result is a high risk-adjusted expected return stream with low correlation to traditional asset classes.

8. RELATED PARTY TRANSACTIONS

The Plan reimburses the City for the cost of providing financial and other services. Amounts charged are expensed during the period incurred.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 16,249,751	\$ 15,915,926	\$ 15,499,462	\$ 15,135,242	\$ 12,886,414	\$ 13,124,510	\$ 13,137,551
Interest on total pension liability	59,196,090	57,027,647	54,607,607	52,444,755	46,425,259	44,922,139	43,442,934
Difference between expected and actual experience	733,452	3,952,169	78,742	6,556,970	(1,411,774)	(1,569,538)	-
Effect of assumption changes or inputs	-	-	-	-	73,346,941	-	-
Benefit payments, including member refunds	(45,147,209)	(43,091,346)	(39,168,957)	(37,245,710)	(36,922,344)	(35,808,161)	(34,761,116)
Net change in total pension liability	<u>31,032,084</u>	<u>33,804,396</u>	<u>31,016,854</u>	<u>36,891,257</u>	<u>94,324,496</u>	<u>20,668,950</u>	<u>21,819,369</u>
Total pension liability - beginning	821,693,244	787,888,848	756,871,994	719,980,737	625,656,241	604,987,291	583,167,922
Total pension liability - ending	<u>852,725,328</u>	<u>821,693,244</u>	<u>787,888,848</u>	<u>756,871,994</u>	<u>719,980,737</u>	<u>625,656,241</u>	<u>604,987,291</u>
Plan fiduciary net position							
Net investment income	158,576,766	(13,158,656)	24,331,965	47,009,524	58,651,918	(7,690,067)	32,672,401
Contributions - employer	24,258,707	21,728,336	20,015,327	17,435,993	16,754,798	16,631,844	16,258,533
Contributions - member	7,413,942	7,381,126	7,109,128	6,882,375	6,534,349	6,173,154	6,258,482
Benefits paid	(42,554,436)	(41,176,488)	(38,305,725)	(36,713,962)	(35,905,329)	(33,876,851)	(32,536,750)
Refunds of contributions	(2,592,773)	(1,914,858)	(863,232)	(531,748)	(1,017,015)	(1,931,310)	(1,956,321)
Administrative expenses	(280,419)	(400,399)	(415,090)	(386,608)	(345,060)	(300,479)	(264,100)
Net change in fiduciary net position	<u>144,821,787</u>	<u>(27,540,939)</u>	<u>11,872,373</u>	<u>33,695,574</u>	<u>44,673,661</u>	<u>(20,993,709)</u>	<u>20,432,245</u>
Plan fiduciary net position - beginning	524,724,671	552,265,610	540,393,237	506,697,663	462,024,002	483,017,711	462,585,466
Plan fiduciary net position - ending	<u>669,546,458</u>	<u>524,724,671</u>	<u>552,265,610</u>	<u>540,393,237</u>	<u>506,697,663</u>	<u>462,024,002</u>	<u>483,017,711</u>
Net pension liability, ending	<u>\$ 183,178,870</u>	<u>\$ 296,968,573</u>	<u>\$ 235,623,238</u>	<u>\$ 216,478,757</u>	<u>\$ 213,283,074</u>	<u>\$ 163,632,239</u>	<u>\$ 121,969,580</u>
Fiduciary net position as a percentage of total pension liability	78.52%	63.86%	70.09%	71.40%	70.38%	73.85%	79.84%
Covered-employee payroll	\$ 69,674,827	\$ 68,246,790	\$ 66,264,508	\$ 64,492,241	\$ 57,625,619	\$ 59,294,555	\$ 59,410,476
Net pension liability as a percentage of covered-employee payroll	262.91%	435.14%	355.58%	335.67%	370.12%	275.97%	205.30%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. As discussed in Note 2, the activity related to the health care subsidy is excluded from the above information.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

SCHEDULE OF CITY CONTRIBUTIONS

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 23,981,922	\$ 21,562,471	\$ 19,747,524	\$ 17,316,499	\$ 16,726,994	\$ 16,581,464	\$ 16,162,139	\$ 16,182,139	\$ 15,400,040	\$ 14,045,886
Actual City contributions	24,258,707	21,728,336	20,015,327	17,435,993	16,754,798	16,631,844	16,258,533	11,795,883	13,120,169	11,603,818
Annual contribution deficiency (excess)	\$ (276,785)	\$ (165,865)	\$ (267,803)	\$ (119,494)	\$ (27,804)	\$ (50,380)	\$ (96,394)	\$ 4,386,256	\$ 2,279,871	\$ 2,442,068
Covered payroll	\$ 69,674,827	\$ 68,246,790	\$ 66,264,508	\$ 64,492,241	\$ 57,625,619	\$ 59,294,555	\$ 59,410,476	\$ 58,356,072	\$ 60,062,558	\$ 51,983,293
Actual contributions as a percentage of covered payroll	34.82%	31.84%	30.21%	27.04%	29.08%	28.05%	27.37%	20.21%	21.84%	22.32%

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

Fiscal Year Ending April 30	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	30.32%	-2.35%	4.62%	9.53%	12.89%	-1.50%	7.19%	10.85%

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

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

5/01/2020 Valuation

- No changes to benefit or funding terms.

5/01/2019 Valuation

- No changes to benefit or funding terms.

5/01/2018 Valuation

- No changes to benefit or funding terms.

5/01/2017 Valuation

- No changes to benefit or funding terms.

5/01/2016 Valuation

- No changes to benefit or funding terms.

5/01/2015 Valuation

- No changes to benefit or funding terms.

5/01/2014 Valuation

- Effective April 20, 2014, member contribution rates increased by 1.00 percent and Tier II have been added to the Plan.

5/01/2011 Valuation

- According to Ordinance No. 100606, members can now designate at retirement that a qualified domestic partner receive death benefits.

CITY OF KANSAS CITY, MISSOURI FIREFIGHTERS' PENSION SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

5/01/2020 Valuation

- No changes in actuarial assumptions or methods.

5/01/2019 Valuation

- No changes in actuarial assumptions or methods.

5/01/2018 Valuation

- No changes in actuarial assumptions or methods.

5/01/2017 Valuation

- All assumptions have been revised based on the results of the experience study conducted for the period May 1, 2011 to April 30, 2016.
- Administrative expense assumption was increased from 0.35 percent of payroll to 0.37 percent of payroll.

5/01/2016 Valuation

- No changes in actuarial assumptions or methods.

5/01/2015 Valuation

- An administrative expense assumption of 0.35 percent of payroll was added. Retirement rates added for Tier II.

5/01/2014 Valuation

- The investment return assumption decreased from 7.75 percent to 7.50 percent.

5/01/2012 Valuation

- An actuarial experience study was conducted and resulted to changes in the following assumptions:
 - Inflation
 - Real wage growth
 - Termination rates
 - Retirement rates
 - Disability rates
 - Duty related disability percentage
 - Spouse age difference
 - Marriage assumption
 - Health mortality
 - Disabled mortality

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent fiscal year, which was based on the May 1, 2019 actuarial valuation:

Valuation Date	May 1, 2019
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the Plan year.

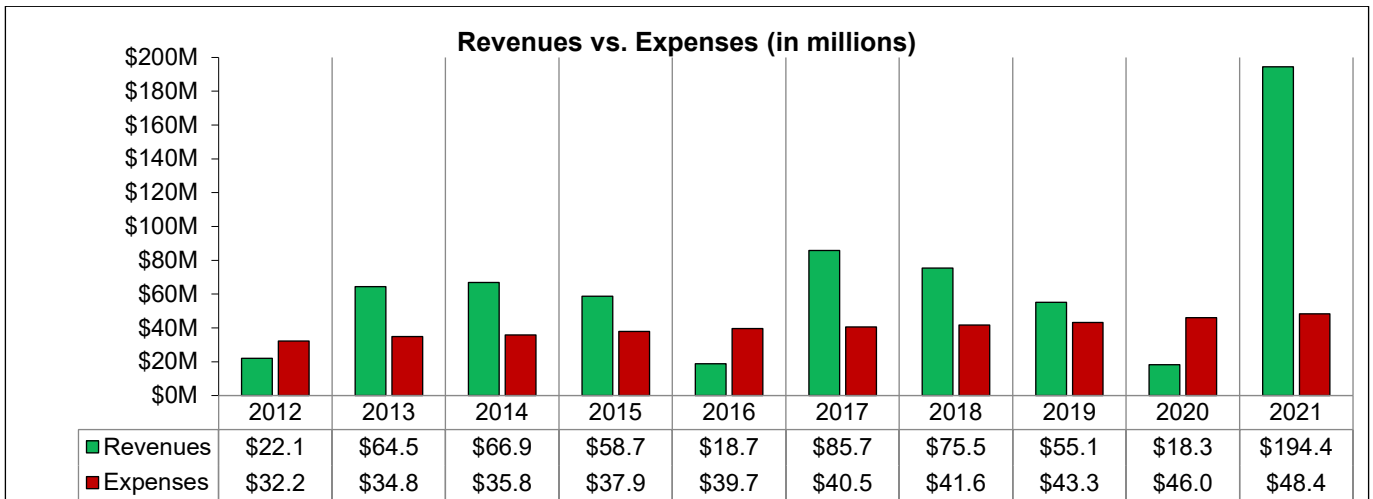
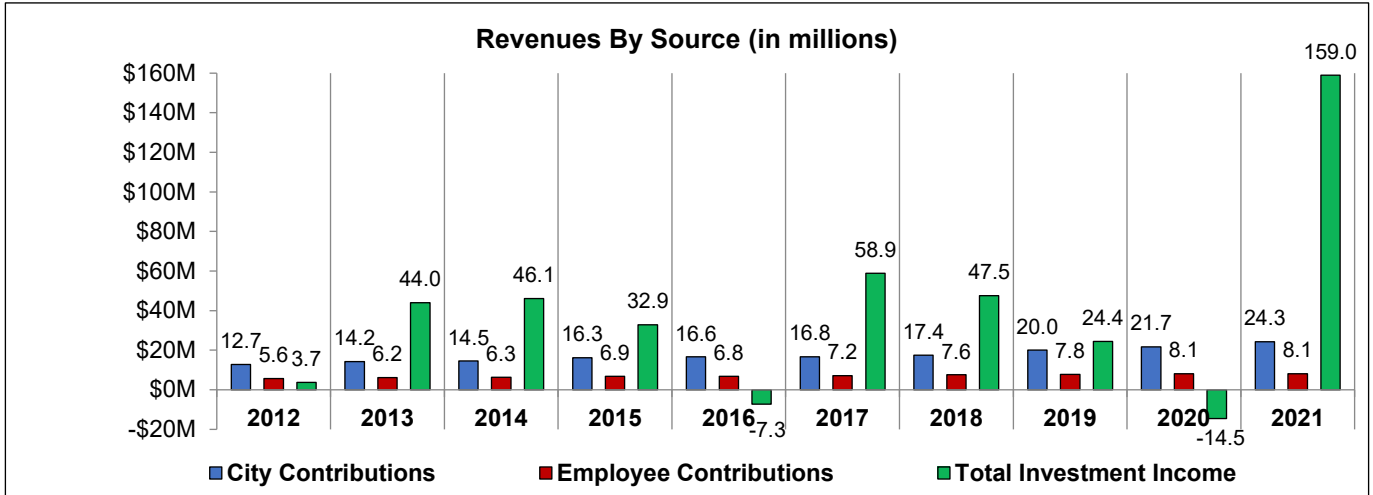
Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market. 80% / 120% corridor around market value
Amortization method	30-year layered amortization as a level percent of pay for changes to the unfunded actuarial liability on or after 5/1/2008.
Discount rate	7.25%
Amortization growth rate	3.00%
Price inflation	2.50%
Salary increases	Ranges from 8.0% to 3.0%
Cost-of-living adjustments	Tier I: 3.00% simple Tier II: 2.50% simple payable at 27th anniversary of date of hire if the prior year's funding ratio is greater than or equal to 80%
Mortality	Healthy: RP-2000 Combined Healthy Mortality Table set forward one year for males and females, projected using a modified Scale MP-2015 on a generational basis Disabled: RP-2000 Combined Disabled Mortality Table projected using a modified Scale MP-2015 on a generational basis.

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
HISTORICAL REVIEW
April 30, 2021**

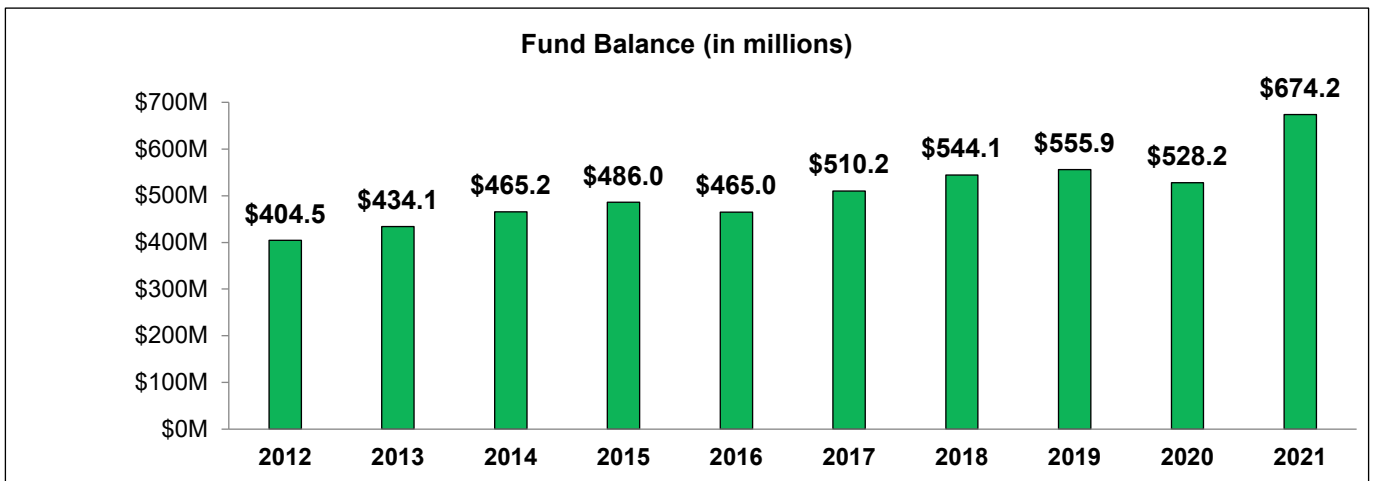
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions										
Contributions										
Employer Contributions	\$27,283,214	\$24,724,212	\$22,954,283	\$20,392,560	\$19,650,554	\$19,270,269	\$18,998,552	\$14,526,088	\$14,244,943	\$12,748,990
Member Contributions	8,118,095	8,082,064	7,785,106	7,562,958	7,150,987	6,769,093	6,851,791	6,283,355	6,206,339	5,648,528
Total Contributions	35,401,309	32,806,276	30,739,389	27,955,518	26,801,541	26,039,362	25,850,343	20,809,443	20,451,282	18,397,518
Investment Income										
Realized Gain (Loss)	161,835,045	(12,006,481)	26,975,210	50,013,651	61,300,906	(4,313,126)	35,698,532	48,656,883	46,137,618	5,552,313
Less Investment Expense	(2,841,796)	(2,504,430)	(2,587,597)	(2,501,269)	(2,363,443)	(3,016,135)	(2,848,171)	(2,606,116)	(2,116,513)	(1,853,940)
Total Net Investment Income	158,993,249	(14,510,911)	24,387,613	47,512,382	58,937,463	(7,329,261)	32,850,361	46,050,767	44,021,105	3,698,373
Total Additions	194,394,558	18,295,365	55,127,002	75,467,900	85,739,004	18,710,101	58,700,704	66,860,210	64,472,387	22,095,891
Deductions										
Benefit Payments										
Annuities	45,472,551	43,649,528	41,992,175	40,648,098	39,134,674	37,420,441	35,680,785	34,109,649	33,193,766	30,888,511
Funeral	44,000	50,000	43,000	80,000	34,000	28,000	19,000	32,000	39,000	34,000
Refunds										
Termination	227,945	237,103	110,691	110,342	41,992	136,626	21,215	268,548	44,567	124,955
Retirement	2,364,828	1,677,755	752,541	421,406	975,023	1,794,684	1,935,106	1,155,167	1,421,776	988,302
Total Benefit Payments	48,109,324	45,614,386	42,898,407	41,259,846	40,185,689	39,379,751	37,656,106	35,565,364	34,699,109	32,035,768
Administrative Expenses	280,419	400,399	415,090	386,608	345,060	300,479	264,100	221,351	135,984	159,709
Total Deductions	48,389,743	46,014,785	43,313,497	41,646,454	40,530,749	39,680,230	37,920,206	35,786,715	34,835,093	32,195,477
Net Increase (Decrease) in Net Position	146,004,815	(27,719,420)	11,813,505	33,821,446	45,208,255	(20,970,129)	20,780,498	31,073,495	29,637,294	(10,099,586)
Net Position - Beginning of Year	528,150,182	555,869,602	544,056,097	510,234,651	465,026,396	485,996,525	465,216,027	434,142,532	404,505,238	414,604,824
Net Position - End of Year	\$674,154,997	\$528,150,182	\$555,869,602	\$544,056,097	\$510,234,651	\$465,026,396	\$485,996,525	\$465,216,027	\$434,142,532	\$404,505,238
Contributions - % of Payroll										
Employer	35.14%	32.54%	30.62%	30.05%	28.21%	27.91%	27.73%	19.60%	19.60%	19.60%
Member	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%	9.55%	9.55%	9.55%

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
FINANCIAL REVIEW
April 30, 2021**



Allocation of Expenses

Expenses by type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Expenses	\$159,709	\$135,984	\$221,351	\$264,100	\$300,479	\$345,060	\$386,608	\$415,090	\$400,399	\$280,419
Refund of Employee Contributions	\$1,113,257	\$1,466,343	\$1,423,715	\$1,956,321	\$1,931,310	\$1,017,015	\$531,748	\$863,232	\$1,914,858	\$2,592,773
Retirement Benefits	\$30,922,511	\$33,232,766	\$34,141,649	\$35,699,785	\$37,448,441	\$39,168,674	\$40,728,098	\$42,035,175	\$43,699,528	\$45,516,551
Total	\$32,195,477	\$34,835,093	\$35,786,715	\$37,920,206	\$39,680,230	\$40,530,749	\$41,646,454	\$43,313,497	\$46,014,785	\$48,389,743



**MEMBERSHIP
SECTION**

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
MEMBERSHIP ACTIVITY
April 30, 2021**

VOLUNTARY RETIREMENTS

NAME	RETIREMENT DATE	NAME	RETIREMENT DATE
LAMBERT, MICHAEL I.	10/15/2020	VANHORN, MICHAEL G.	12/21/2020

VOLUNTARY RETIREMENTS DUE TO DISABILITY

NAME	RETIREMENT DATE	NAME	RETIREMENT DATE
ALVAREZ, JOSEPH M.	11/01/2020	LOAR, AMY L.	01/30/2021
BARTSHE, JON M.	01/31/2021	MARTIN, SHARON A.	08/29/2020
BOWLING, TERRY L.	03/01/2021	MCKIDDY, SCOTT P.	06/29/2020
DALTON, GARTH J.	12/31/2020	MOBLEY, JENNIFER L.	05/10/2020
DEAN, JOSEPH F.	04/01/2021	SIRNA, JOHN A.	01/31/2021
DONNELLY, JR., JOHN R.	11/01/2020	SMITH, BRYAN D.	11/17/2020
GARCIA, DANIEL T.	06/27/2020	STARKEY, JOSHUA L.	12/13/2020
GERMANN, JOHN E.	07/18/2020	TRICKEY, BRIAN E.	01/06/2021
GRIMES, STEVEN R.	05/03/2020	VASALINDA, KEVIN M.	11/20/2020
KINGSBURY, ROBERT R.	08/29/2020	WEGENER, STEPHEN M.	01/06/2021
KNAEBEL, DAVID J.	04/01/2021		

DUTY DISABILITY RETIREMENTS

NAME	RETIREMENT DATE	NAME	RETIREMENT DATE
LYNCH, BRIAN R.	12/01/2020	SILVEY, MATTHEW D.	05/01/2021

DEFERRED RETIREMENTS

NAME	RETIREMENT DATE	NAME	RETIREMENT DATE
HAND, AMY L.	04/01/2021	BODENHAMER, KEITH W.	10/01/2019

**IN MEMORIAM
MEMBER DEATHS – ACTIVE**

NAME	DATE OF DEATH	NAME	DATE OF DEATH
ROCHA, ROBERT J.	11/21/2020	TVEDTEN, THOMAS B.	05/06/2020

**CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM
MEMBERSHIP ACTIVITY
April 30, 2021**

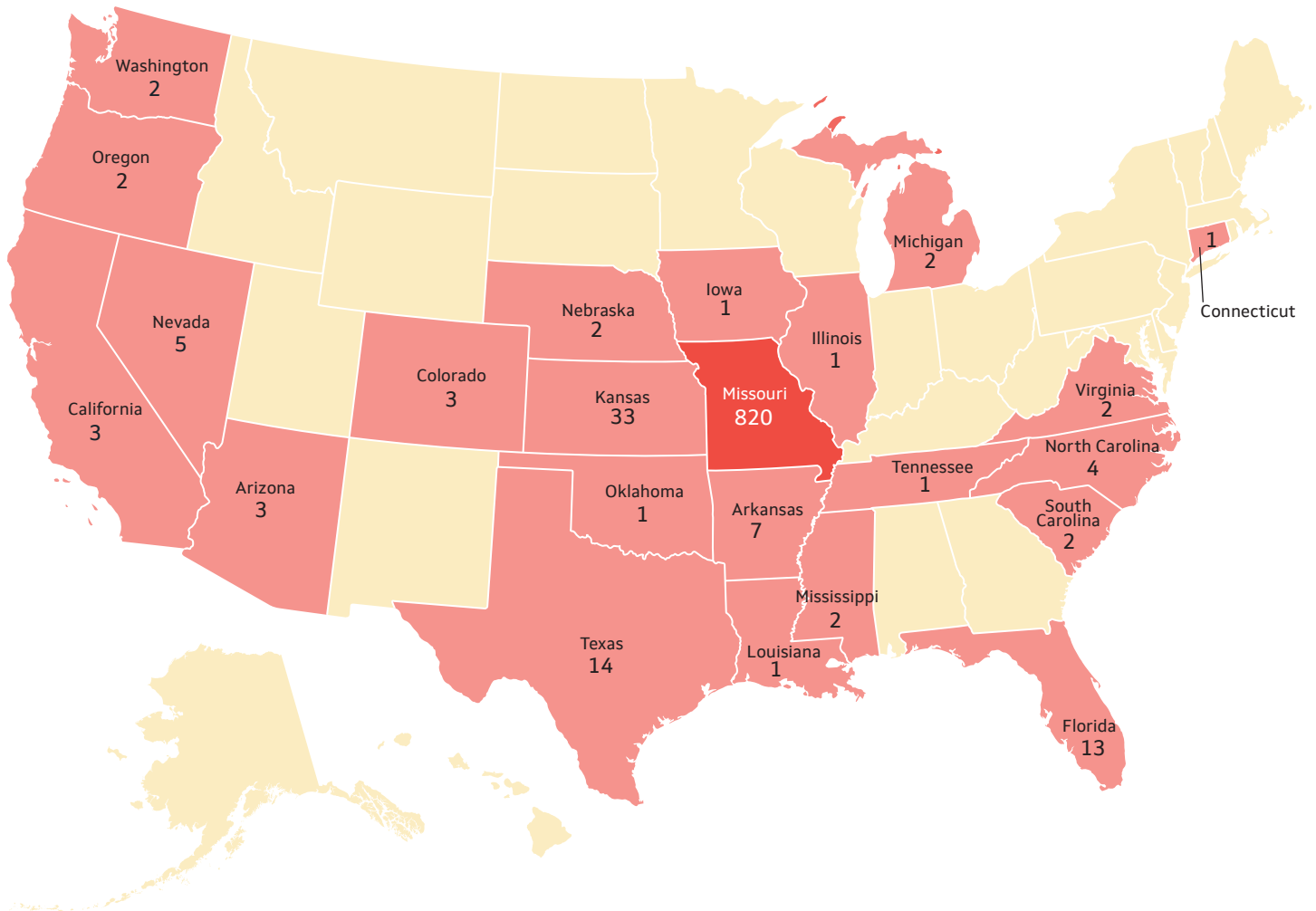
**IN MEMORIAM
MEMBER DEATHS – RETIREES**

NAME	DATE OF DEATH	NAME	DATE OF DEATH
BALDUS, ALBERT	11/02/2020	MAYBEE, RONALD	10/30/2020
DAILEY, JR., ROBERT V.	04/09/2021	MOWREY, CONRAD R.	10/19/2020
DEMOSS, ROBERT L.	10/20/2020	PALMAY, RICHARD E.	12/05/2020
ESTEVEZ, ARMAND G.	02/27/2021	ROBERTS, KENNETH L.	01/24/2021
FALDER, MICHAEL G.	12/16/2020	SHELTON, PHILLIP B.	10/15/2020
GERMANN, JOHN L.	01/15/2021	SIMON, DONALD G.	07/22/2020
GROTE, LOGAN A.	01/15/2021	STEVENS, CLARENCE N.	08/02/2020
HAMILTON, JOHN F.	10/10/2020	TATE, EDWARD	03/12/2021
HEWITT, JOHN A.	08/09/2020	TRYON, WARREN A.	05/31/2020
HUDSON, CHARLES C.	11/18/2020	WILCOX, KENNETH R.	09/27/2020
HUTCHISON, FRANCIS M.	11/04/2020	WYNN, RAYMOND M.	03/27/2021
LYONS, JERRY N.	11/29/2020		

SURVIVING SPOUSE ANNUITIES

NAME	RETIREMENT DATE	NAME	RETIREMENT DATE
DEMOSS, ETTA F.	11/01/2020	ROCHA, KIMBERLY A.	12/01/2020
ESTEVEZ, HELEN A.	03/01/2021	SHELTON, VIOLET	11/01/2020
FALDER, CAROL J.	01/01/2021	SIMON, ALBERTA C.	08/01/2020
GERMANN, BARBARA A.	02/01/2021	TRYON, MARY L.	06/01/2020
HAMILTON, HELEN L.	11/01/2020	TVEDTEN, LUCY	06/01/2020
MOWREY, DELORES J.	11/01/2020	WYNN, JEAN A.	04/01/2021
PALMAY, MARY B.	01/01/2021		

WHERE FPS RETIREES AND BENEFICIARIES LIVE 2021



*89% OF RETIREES AND BENEFICIARIES RECEIVING PENSIONS LIVE IN MISSOURI.



City of Kansas City, Missouri
Firefighters' Pension System

City Hall, 10th Floor
414 East 12th Street
Kansas City, Missouri 64106

816-513-1928 • kcmo.retirement@kcmo.org • www.kcmo.org/retirement