

# Employees' Retirement System **ANNUAL REPORT 2023**





**Human Resources Department**

Retirement Division

The Employees' Retirement 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 2023 Annual Report of the Employees' Retirement System of the City of Kansas City, Missouri. The annual report covers the operations of the Retirement System for fiscal year ended April 30, 2023. The System's fiscal year 2023 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.

This 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 2023. We trust that you will find this annual report helpful in understanding your retirement system.

Very truly yours,

Barbara J. Davis  
Executive Officer

# Table of Contents

## I. Introductory Section

|                                  |   |
|----------------------------------|---|
| Letter of Transmittal .....      | 1 |
| Board of Trustees .....          | 2 |
| Advisory Relationships.....      | 3 |
| Summary of Plan Provisions ..... | 4 |

## II. Actuarial Section

|  |    |
|--|----|
| Actuarial Overview .....                           | 9  |
| Pensions in Force and Rolls .....                  | 10 |
| Plan Membership and Average Monthly Benefits ..... | 11 |
| Pensions in Payment Status .....                   | 12 |
| Active Member Profile .....                        | 13 |
| Active Member Average Annual Salary .....          | 14 |

## III. Investment Section

|                                     |    |
|-------------------------------------|----|
| Investment Overview .....           | 15 |
| Investment Return.....              | 16 |
| Asset Allocation .....              | 16 |
| Investment Summary .....            | 17 |
| Schedule of Investment Results..... | 18 |

## IV. Financial Section

|  |    |
|--|----|
| Independent Auditor's Report .....               | 19 |
| Management's Discussion and Analysis .....       | 21 |
| Statements of Fiduciary Net Position .....       | 25 |
| Notes to Financial Statements .....              | 27 |
| Required Supplementary Information.....          | 44 |
| Notes to Required Supplementary Information..... | 47 |
| Historical Review .....                          | 50 |
| Financial Review.....                            | 51 |

## V. Membership Section

|                          |    |
|--------------------------|----|
| Membership Activity..... | 52 |
|--------------------------|----|

# **INTRODUCTORY SECTION**

# Board of Trustees

April 30, 2023

**Councilman Billy G. Skaggs**

Chairman  
Retired Representative

**Terry Basurto**

IAFF Local 42 Representative

**Allison L. Bergman**

General Business

**Erika J. Brice**

General Business

**Cecelia M. Carter**

General Business

**Teri Casey**

Director of Human Resources  
Ex-Officio

**Charles A. Hull**

Vice Chairman  
Retired Employee Union Representative

**Eduardo Martinez**

Active Employee Union Representative

**Reginald Silver**

Active Employee Union Representative

**Tammy Queen**

Director of Finance  
Ex-Officio

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
ADVISORY RELATIONSHIPS  
April 30, 2023**

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*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.*

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The Board consists of two ex-officio members, the Directors of Finance and Human Resources and nine members appointed by the Mayor. The mayoral appointments consist of four recognized business leaders with a background in investments or employee benefits, one retired member, two active employees and one non-voting retiree who are members of the retirement system as recommended by Local 500 of the American Federation of State, County and Municipal Employees and one representative of the Local 42 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 and, with their approval, contracts for professional services. The City also provides office space and support services through the Human Resources Department and accounting services through the Finance Department. The Board of Trustees conducts monthly business meetings.

**PROFESSIONAL CONSULTANTS**

**CUSTODY INSTITUTION**

The Northern Trust Company  
Chicago, IL

**INVESTMENT CONSULTANT**

RVK, Inc.  
Chicago, IL

**INDEPENDENT AUDITOR**

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

**GENERAL COUNSEL**

Philip A. Klawuhn & Associates, P.C.  
Kansas City, MO

**ACTUARY**

Cheiron  
Washington, DC

**INVESTMENT ADVISORS**

**DOMESTIC EQUITY ADVISORS**

LSV Asset Management  
Chicago, IL

Northern Trust Quantitative Advisors, Inc.  
Chicago, IL

Riverbridge Partners  
Minneapolis, MN

Smith, Graham & Company Investment  
Advisors  
New York, NY

Westfield Capital Management  
Boston, MA

**GLOBAL EQUITY ADVISORS**

American Century Investments  
Kansas City, MO

Grantham, Mayo, Van Otterloo & Co.  
Boston, MA

**INTERNATIONAL EQUITY ADVISORS**

BlackRock  
San Francisco, CA

Franklin Templeton  
Fort Lauderdale, FL

Lazard Asset Management  
New York, NY

LSV Asset Management  
Chicago, IL

**FIXED INCOME ADVISORS**

Amundi Pioneer  
Boston, MA

Dodge & Cox  
San Francisco, CA

Fidelity Institutional Asset Management  
Smithfield, RI

Prudential  
Newark, NJ

**RISK PARITY ADVISOR**

BlackRock  
San Francisco, CA

**TACTICAL ASSET ALLOCATION  
ADVISOR**

Newton Investment Management  
Boston, MA

**REAL ASSETS ADVISORS**

Harrison Street  
Chicago, IL

J.P. Morgan Asset Management  
New York, NY

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
SUMMARY OF PLAN PROVISIONS  
April 30, 2023**

The following summarizes provisions of the Employees' Retirement System of the City of Kansas City, Missouri Trust (System) as amended by City Ordinance through December 2020.

The System was established December 1, 1962. It is a contributory defined benefit plan as referenced in Section 414 of the IRS code. The System's mandate is to provide retirement and survivor benefits. Management of the System's investment portfolio facilitates this mandate, with a current market value of \$1.2 billion.

***Eligibility:***

Membership is required for all full-time, permanent employees of the City (except firefighters and police) on date of employment. Employees hired prior to April 20, 2014, are Tier 1 members. Additionally, employees who terminated employment prior to April 20, 2014, were vested and did not withdraw their contributions and are re-employed by the City after April 20, 2014, are members of Tier 1. Employees hired on or after April 20, 2014, are Tier 2 members.

**Contributions**

Effective May 1, 2014, all members contribute 5.0% 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 fiscal year 2023 was 17.72% of covered payroll as of May 1, 2022.

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

***Normal Retirement:***

Tier 1: Members are eligible for normal retirement upon attainment of age of 65 with at least five years of creditable service. 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 the surviving spouse's annuity are not reduced by election of this option. If married, the member may choose the 2.22% option, forfeiting the surviving spouse's annuity. The spouse must consent to this in writing. If married, a

member may elect to receive an actuarially equivalent annuity, which provides an equal annuity for the surviving spouse upon the member's death.

Tier 2: Members are eligible for a normal retirement upon attainment of age 67 with at least 10 years of creditable service. 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 the surviving spouse's annuity are not reduced by election of this option. If married, a member may elect to receive an actuarially equivalent annuity, which provides an equal annuity for the surviving spouse upon the member's death.

***Optional Retirement:***

Tier 1: Members are eligible for optional retirement when the total of a member's age and years of service equal or exceed 80 or at age 60 with at least 10 years creditable service.

Tier 2: Members are eligible for optional retirement when the total of a member's age and years of service equal or exceed 85 or at age 62 with at least 10 years of creditable service.

Annuities are not reduced due to age or service. Withdrawal and equivalent survivor annuity options are the same as those for a normal retirement.

***Early Retirement:***

Tier 1 members are eligible for early retirement upon:

a) Attainment of age 55 with at least 10 years of creditable service. The benefit is reduced by 0.5% per month prior to age 60; or

b) Attainment of age 60 with at least five, but less than 10 years of creditable service. The benefit is reduced by 0.5% per month prior to age 65.

c) Additionally, members may withdraw all or a portion of their accumulated contributions and interest and receive a further actuarially reduced lifetime pension.

Tier 2 members are eligible for early retirement upon:

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
SUMMARY OF PLAN PROVISIONS  
April 30, 2023**

a) Attainment of age 57 with at least 10 years of creditable service. The benefit is reduced by 0.5% per month prior to age 62.

b) Additionally, members may withdraw all or a portion of their accumulated contributions and interest and receive a further actuarially reduced lifetime pension.

***Disability Retirement:***

Effective May 1, 1996, disability benefits were removed from the System and outsourced through an insurance carrier. Members are covered under the City-sponsored Long-Term Disability Plan and retain their accrued retirement benefit.

***Creditable Service:***

Creditable service is used in the calculation of the member's benefit and is the total years and full months of service the member has accumulated as a full-time, permanent employee.

At retirement, a member may elect to convert accrued sick leave or vacation leave to creditable service.

The conversion rate is 160 hours to one month of creditable service, except the conversion rate is 215 hours to one month of creditable service for all EMS personnel assigned to 24-hour static shifts. 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:***

Tier 1 members with at least five years creditable service and Tier 2 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.

***Benefits:***

Tier 1: The base benefit formula for married members of the System is 2.0% of final average compensation multiplied by creditable service. The base benefit formula for single members of the System is 2.22% of final average compensation multiplied by creditable service.

Final average compensation is calculated using the highest 24 months of base salary in the last 10 years prior to retirement. The maximum benefit payable is 70% of final average compensation.

Tier 2: The base benefit formula for all members of the System is 1.75% of final average compensation multiplied by creditable service.

Final average compensation is calculated using the highest 36 months of base salary in the 10 years prior to retirement. The maximum benefit payable is 70% of final average compensation.

***Minimum Benefits:***

Effective July 1, 1999, minimum monthly benefits were instituted for members and their surviving spouses if the member completed at least ten years of creditable service. The minimum benefit is \$400 for members, calculated prior to any reductions for either withdrawal of contributions or election of an actuarially equivalent surviving spouse annuity, and \$200 for surviving spouses. Any cost-of-living adjustments are calculated based on the original base benefit without regard to these minimums.

***Cost-of-Living Adjustments:***

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

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
SUMMARY OF PLAN PROVISIONS  
April 30, 2023**

Tier 1: A 3% non-compounded cost-of-living adjustment is paid to all System beneficiaries.

Tier 2: A non-compounded, cost-of-living adjustment will be paid to all System beneficiaries following the Tier 2 member's 62<sup>nd</sup> birthday 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 an actuarial equivalent 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.

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:***

Effective November 1, 2000, a \$200 monthly health insurance subsidy is payable to all retired members. If a member dies in the line of duty, the subsidy is payable to the member's surviving spouse, if the surviving spouse receives an annuity.

***Death Benefits:***

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

a) If the Tier 1 member had less than five years of creditable service or the Tier 2 member had less than 10 years of creditable service, the member's surviving spouse receives a refund of the member's accumulated contributions and interest. If no surviving spouse, payment is made to the member's designated beneficiary or executor of the member's estate.

b) If the Tier 1 member had at least five, but less than 20, years of creditable service or the Tier 2 member had at least 10, but less than 20, years of

creditable service, the member's surviving spouse may elect, in lieu of the refund above, an annuity. Such annuity is 50% of the member's accrued annuity at date of death. The effective date is the later of the first day of the month following the member's death or attainment of what would have been the member's early retirement date. The annuity is reduced for early retirement if paid at the member's early retirement date.

c) If the member had 20 or more years of creditable service, the member's surviving spouse may elect, in lieu of the refund above, the larger of the annuity computed above or an annuity determined on a joint and survivor's basis from the actuarial value of the member's accrued annuity at date of death.

d) Any death of a retired member occurring before the date of first payment of the retirement annuity is deemed a death before retirement.

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

a) The member's surviving spouse, providing the marriage occurred on or before the date of retirement, receives an annuity equal to 50% of the member's accrued annuity.

b) If the member elected the actuarial equivalent annuity, the same base annuity is continued for the surviving spouse.

c) The City currently provides a \$2,000 group term life insurance benefit to the member's named beneficiary. This benefit applies to retirements on or after May 1, 1993. Beneficiaries of members with an effective retirement date between May 1, 1989, and April 30, 1993, are eligible for a \$1,000 benefit. There are no life insurance benefits for members retired prior to May 1, 1989.

***Resignation from Service:***

Upon termination of employment, Tier 1 members with less than five years of service or Tier 2 members with less than 10 years of service must withdraw their accumulated contributions and interest from the System.

Tier 1 members with five or more years of service or Tier 2 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.

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
SUMMARY OF PLAN PROVISIONS  
April 30, 2023**

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. Deferred annuity benefits may begin at normal retirement age, Tier 1 age 65 or Tier 2 age 67, under optional retirement provisions, Tier 1 age 60 with 10 or more years of service or Tier 2 age 62 with 10 or more years of service, or at early retirement age, Tier 1 age 60 or 55, depending upon the member's years of creditable service or age 57 for Tier 2.

At the time the deferred annuity payment is scheduled to begin members may withdraw all or a portion of their accumulated contributions and interest and receive an actuarially reduced lifetime pension.

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 before benefit payments commence.

**JUDGES AND ELECTED OFFICIALS PROVISIONS**

The Employees' Retirement System includes the Retirement System for Elected Officials (EO).

***Eligibility:***

All elected officials and municipal judges assuming office prior to May 1, 2011, are members of the EO System. No elected officials or municipal judges assuming office on or after May 1, 2011, shall participate in this plan, but instead are members of the Kansas City Elected Officials Money Purchase Plan.

***Contributions:***

Effective May 1, 2014, all members contribute 5.0% of their base rate of compensation. 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 fiscal year 2023 was 17.72% of covered payroll as of May 1, 2022.

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

***Normal Retirement:***

Elected officials who complete one or more elective terms are eligible to receive an annuity beginning the first day of the month following attainment of age 60 or the expiration of their last term of office, whichever occurs later.

Municipal judges are eligible for normal retirement upon attainment of age 60 with at least 10 years of creditable service.

***Early Retirement:***

Members may elect early retirement beginning at the later of age 55 or completion of 10 years creditable service. The benefit is reduced by 0.5% per month prior to age 60.

***Rule of 80:***

Members may elect to retire when the total of a member's age and years of creditable service equal or exceed 80. Annuities are not reduced due to age or service.

***Benefits:***

Beginning November 1, 2000, the base benefit formula is 2.22% of final average compensation multiplied by creditable service.

Final average compensation for elected officials is the average monthly compensation received by the then serving elected official of the same office during the 24 months preceding the beginning of the annuity.

Final average compensation for municipal judges is calculated using the highest 24 months of base salary in the 10 years prior to retirement. The maximum base benefit is 70% of final average compensation.

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

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
SUMMARY OF PLAN PROVISIONS  
April 30, 2023**

surviving spouse's annuity are not reduced by election of this option.

***Disability Retirement:***

Effective May 1, 1996, disability benefits were removed from the EO System and outsourced through an insurance carrier. Members are covered under the City-sponsored Long-Term Disability Plan and retain their accrued retirement benefit.

***Cost-of-Living Adjustments:***

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

A 3% non-compounded cost-of-living adjustment is paid to all System beneficiaries.

- a) The adjustment is applied to the annuity as calculated upon retirement date prior to any reduction for withdrawal.
- b) The adjustment is paid on all annuities effective on or before the preceding January 1.
- 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:***

Effective November 1, 2000, a \$200 monthly health insurance subsidy is payable to all retired members.

***Removal from Office:***

Any elected official who vacates office as defined in Section 6 of the Charter, or is expelled pursuant to Section 9, is recalled Pursuant to Article XVII or resigns pursuant to Section 440 of the Charter receives only a refund of accumulated member contributions and interest.

***Death Benefits:***

The EO System provides the following benefits upon a member's death prior to retirement:

- a) If the member had less than four years of creditable service, the member's surviving spouse receives a refund of the member's accumulated contributions and interest. If no surviving spouse,

payment is made to the member's designated beneficiary or executor of the member's estate.

- b) If the member had four, but less than 20, years of creditable service, the surviving spouse may elect in lieu of the refund above, an annuity. Such annuity is 50% of the member's accrued annuity at date of death. The effective date is the later of the first day of the month following the member's death or attainment of what would have been the member's early retirement date. The annuity is reduced for early retirement if paid at the member's early retirement date.

- c) If the member had 20 or more years of creditable service, the surviving spouse may elect, in lieu of the refund above, the larger of the annuity computed above or an annuity determined on a joint and survivor's basis from the actuarial value of the member's accrued annuity at date of death.

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

- a) The member's surviving spouse, providing the marriage occurred on or before date of retirement, receives an annuity equal to 50% of the member's accrued annuity.
- b) If the total amount paid to a member and surviving spouse is less than the member's accumulated contributions and interest, the remainder is paid to the beneficiary as final payment of all claims for benefits under the EO System. If no beneficiary is designated, payment is made according to the law of descent or to the executor of the member's estate.

***Deferred Annuity:***

Upon termination of office for any lawful reason other than death, elected officials who complete one or more elective terms may elect to receive a deferred annuity payable at normal retirement age, age 60, or at early retirement age, age 55.

At the time the deferred annuity is scheduled to begin, members may withdraw all or a portion of their accumulated contributions and interest and receive an actuarially reduced lifetime pension.

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

# **ACTUARIAL SECTION**

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL OVERVIEW  
April 30, 2023**

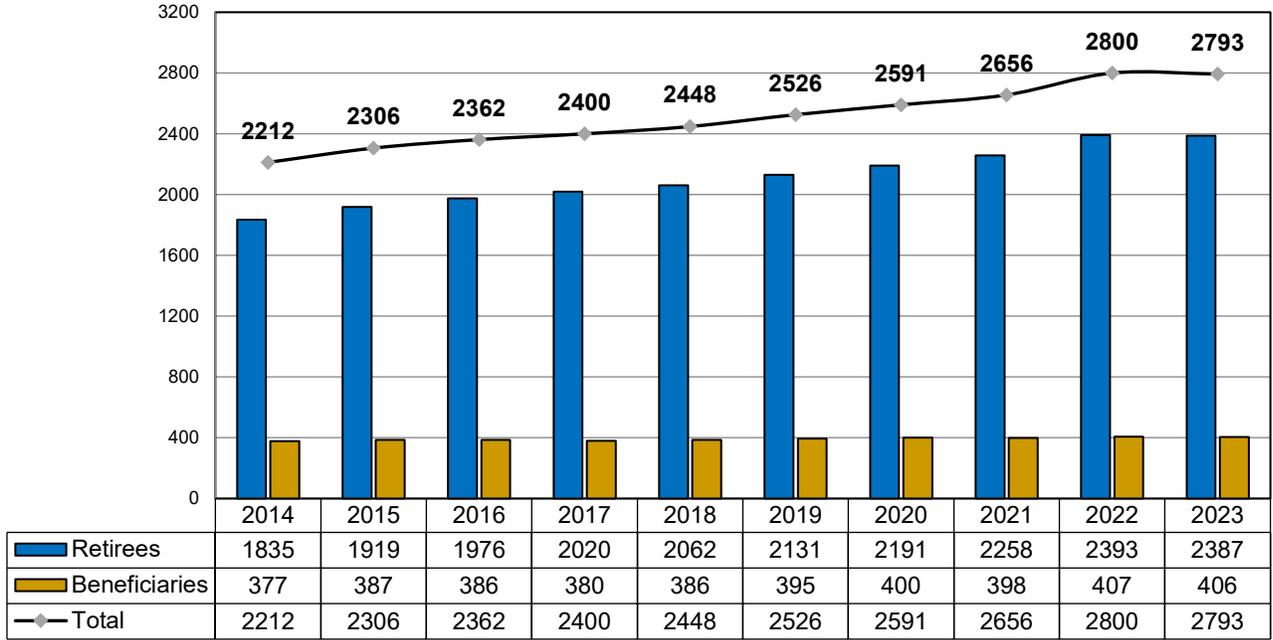
This section summarizes the results of the actuarial valuation of the Employees' Retirement System of the City of Kansas City, Missouri Trust as of May 1, 2023. The purpose of the valuation is to determine the System's financial condition and the City's required contributions.

The experience over the past year is summarized as follows:

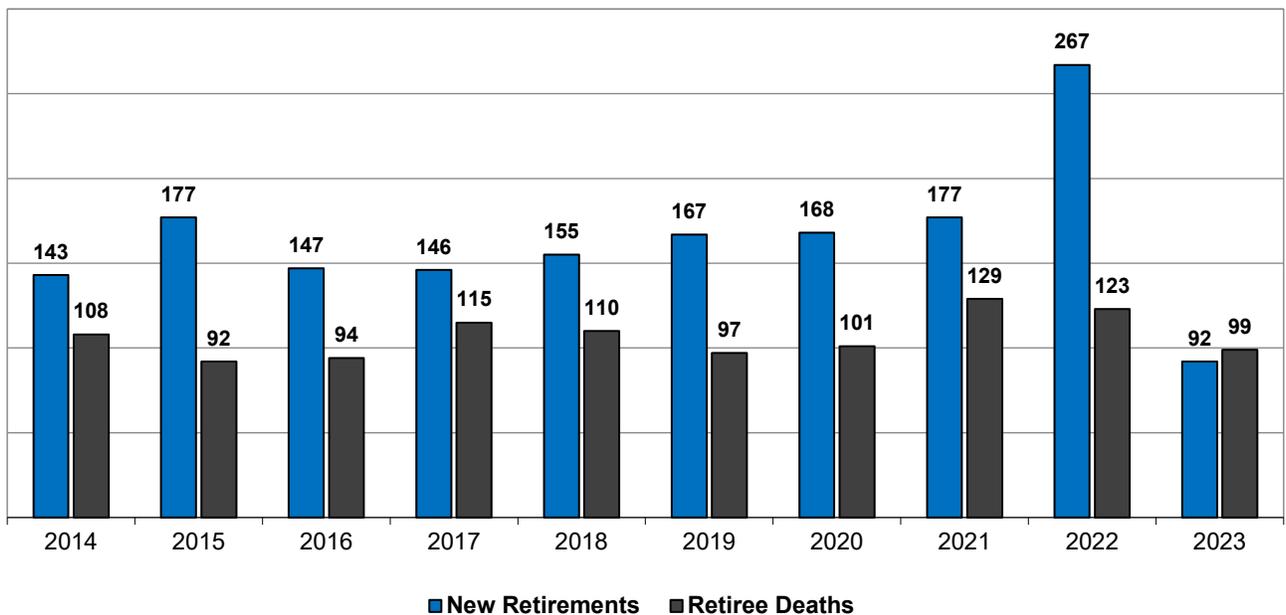
- The number of active members as of May 1, 2023, increased from 2,775 to 3,016. The average age of active members decreased from 47.07 years to 46.52, the average service decreased from 11.30 years to 10.56 years, and the average annual salaries increased from \$55,451 to \$61,676.
- During the past year, 92 new pensions were awarded to 6 early pensions, 9 normal pensions, 39 optional pensions, 13 deferred pensions, 4 Qualified Domestic Relations Orders (QDROs) and 21 widows. As of May 1, 2023, average pensions of \$7,502,208 per month were paid to 2,387 retired members and 406 beneficiaries and QDROs. The previous year, average pensions of \$7,234,111 per month were paid to 2,393 retired members and 407 beneficiaries and QDROs.
- City contributions for the fiscal year 2023 totaled \$29.3 million and employee contributions totaled \$8.6 million. Benefit payments totaled \$90.0 million, and refunds of employee contributions totaled \$4.6 million.
- The actuarial value of assets decreased by \$4.1 million to \$1.26 billion. The market value of assets decreased by \$51 million to \$1.16 billion.
- The Fund achieved a rate of return on the actuarial value of assets of 4.32% for fiscal year 2023. On a market value basis, the rate of return was 0.53%. The Fund's actuarial assumed rate of return was 7.00%.
- The vesting period for Tier 2 members decreased from 10 years to 5 years, effective August 1, 2023, which increased the actuarial liability by \$1.1 million.
- The System's funded ratio is 80.9% on an actuarial basis.

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**

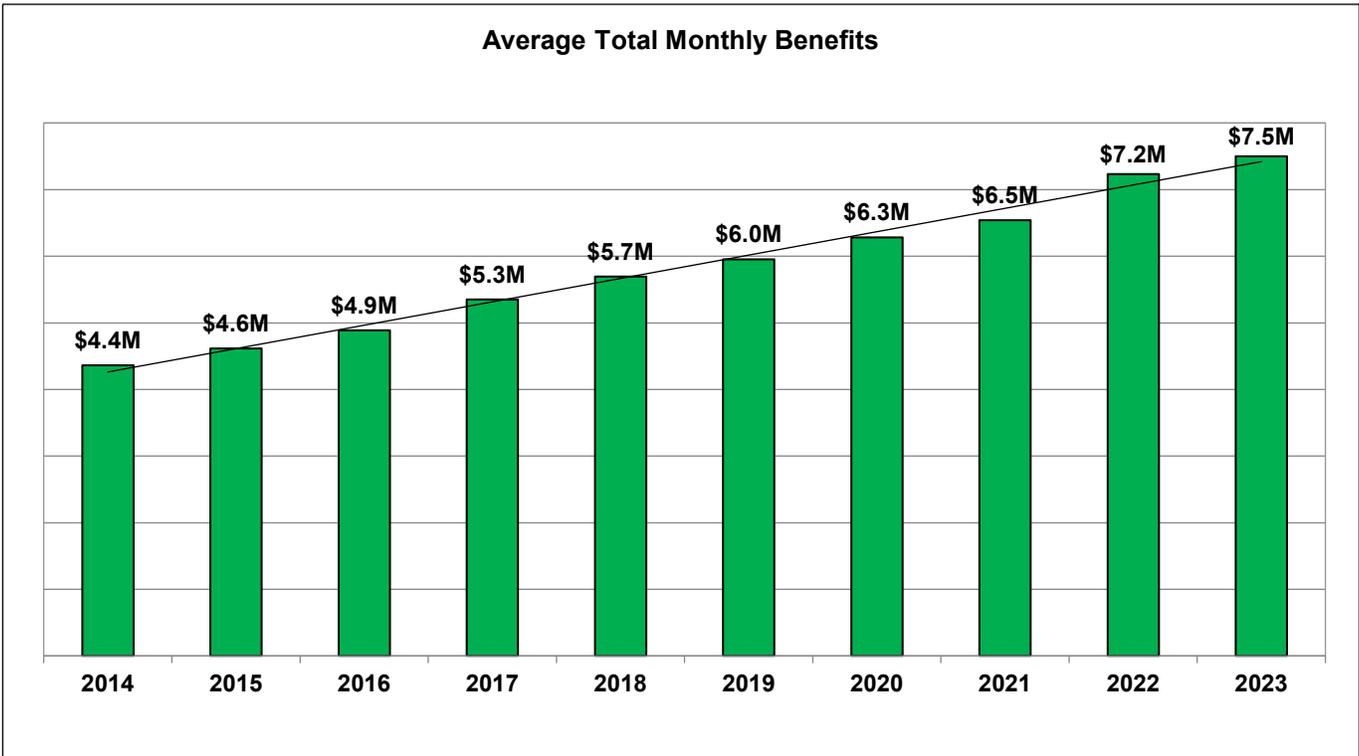
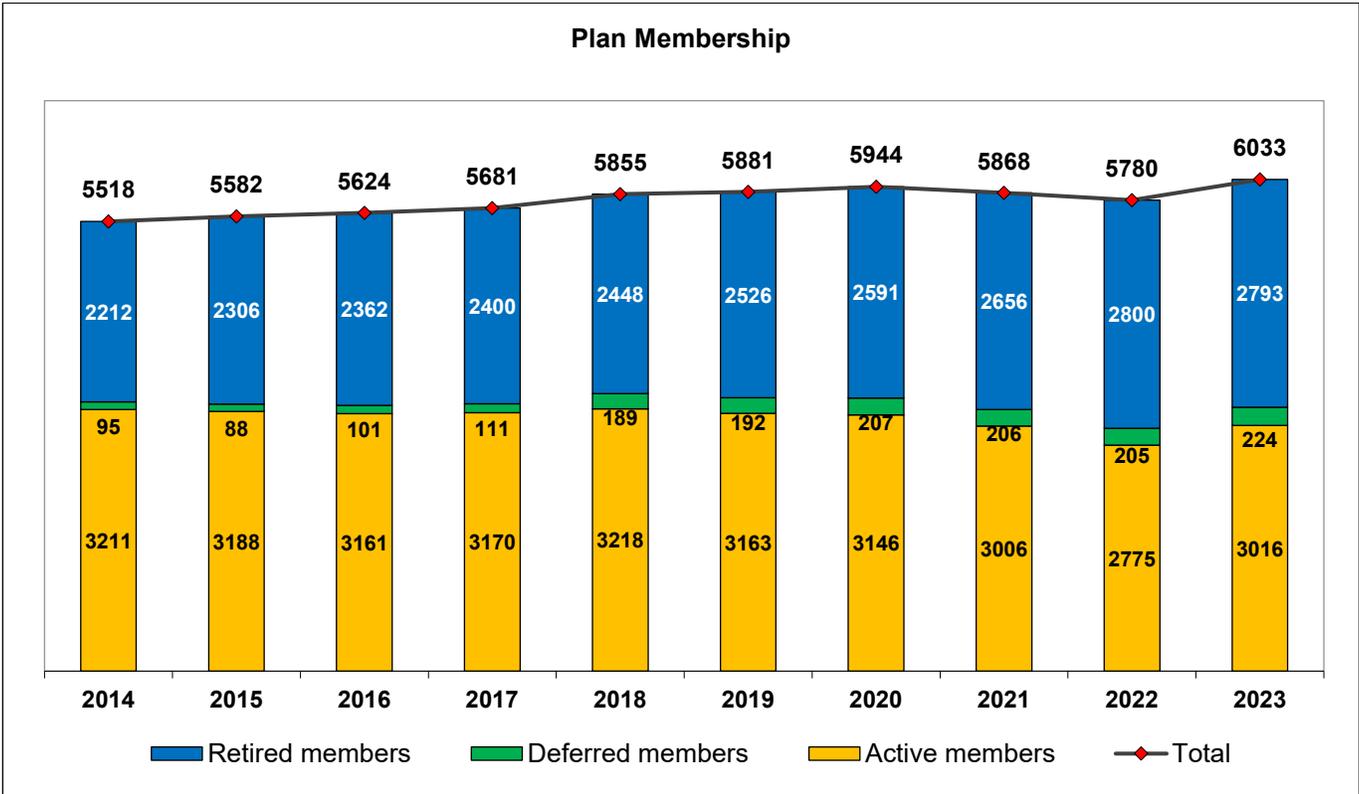
**Pensions in Force**



**New Retirements vs. Retiree Deaths**



**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**

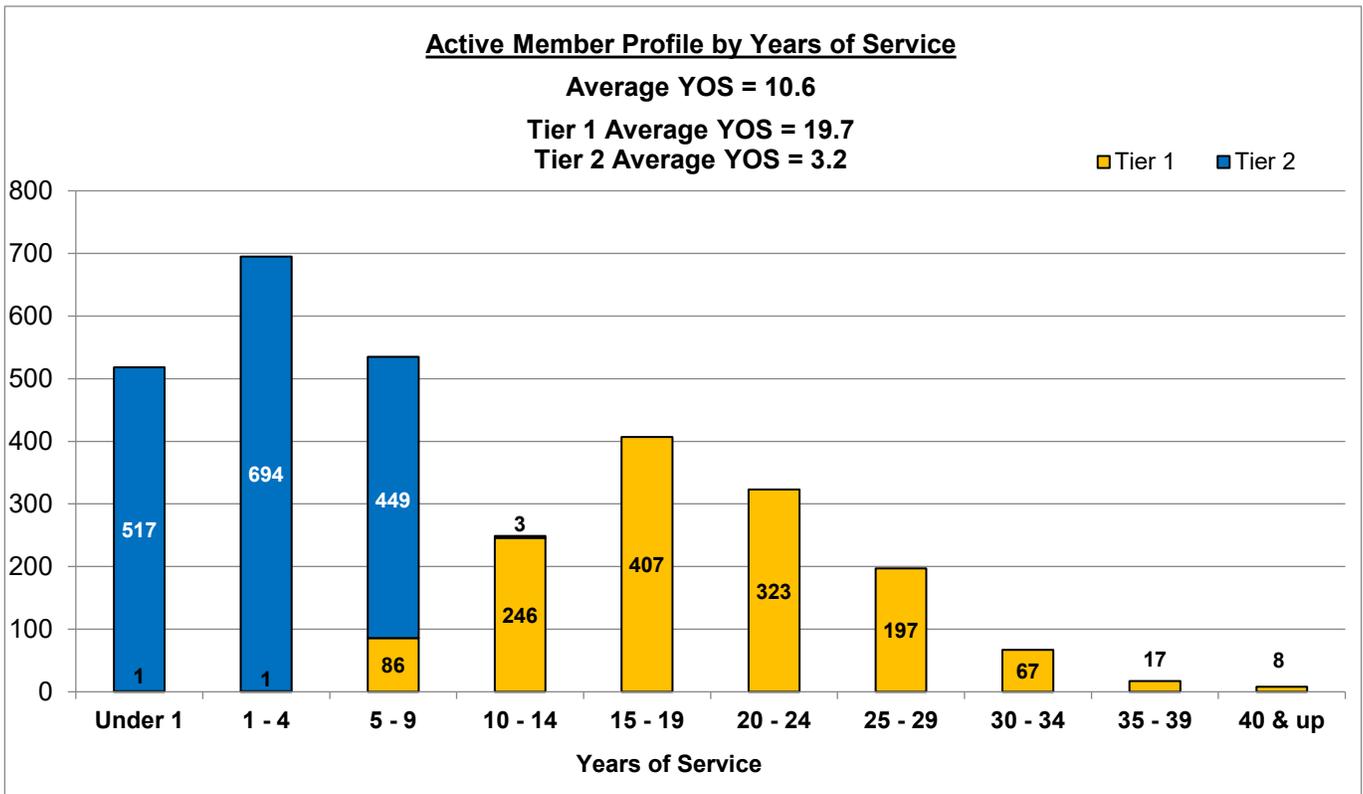
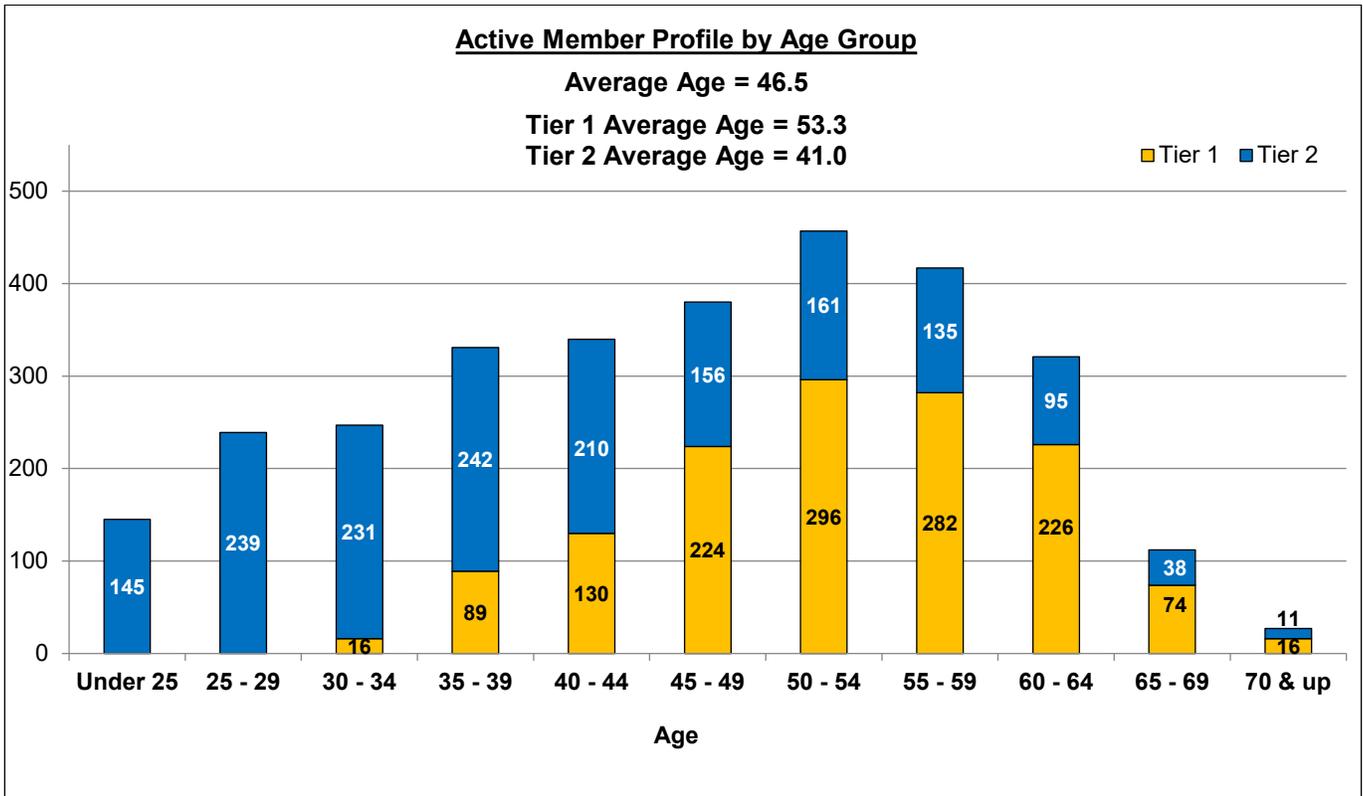


**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**

| <b>Pensions in Payment Status by Type and Monthly Amount<br/>as of May 1, 2023</b> |              |               |              |                 |                 |                   |              |               |
|--|--------------|---------------|--------------|-----------------|-----------------|-------------------|--------------|---------------|
| <b>Monthly<br/>Amount</b>  | <b>Total</b> | <b>Normal</b> | <b>Early</b> | <b>Optional</b> | <b>Deferred</b> | <b>Disability</b> | <b>QDROs</b> | <b>Widows</b> |
| Under \$500  | 184          | 19            | 37           | 0               | 38              | 0                 | 16           | 74            |
| \$500-\$1,000  | 384          | 60            | 69           | 53              | 101             | 0                 | 8            | 93            |
| \$1,000-\$1,500  | 345          | 61            | 46           | 115             | 61              | 2                 | 3            | 57            |
| \$1,500-\$2,000  | 323          | 43            | 36           | 157             | 41              | 2                 | 4            | 40            |
| \$2,000-\$2,500  | 329          | 47            | 12           | 214             | 18              | 0                 | 4            | 34            |
| \$2,500-\$3,000  | 298          | 37            | 6            | 220             | 9               | 0                 | 2            | 24            |
| \$3,000-\$3,500  | 259          | 24            | 1            | 208             | 6               | 0                 | 0            | 20            |
| \$3,500-\$4,000  | 165          | 14            | 2            | 137             | 2               | 0                 | 0            | 10            |
| \$4,000-\$4,500  | 130          | 22            | 1            | 101             | 1               | 0                 | 0            | 5             |
| \$4,500-\$5,000  | 117          | 16            | 1            | 97              | 0               | 0                 | 0            | 3             |
| \$5,000-\$5,500  | 81           | 8             | 1            | 69              | 0               | 0                 | 0            | 3             |
| \$5,500-\$6,000  | 48           | 10            | 0            | 37              | 0               | 0                 | 0            | 1             |
| \$6,000-\$6,500  | 32           | 5             | 0            | 25              | 0               | 0                 | 0            | 2             |
| \$6,500-\$7,000  | 21           | 0             | 0            | 20              | 0               | 0                 | 0            | 1             |
| \$7,000 & over   | 77           | 10            | 0            | 65              | 0               | 0                 | 0            | 2             |
| <b>Total</b>   | <b>2,793</b> | <b>376</b>    | <b>212</b>   | <b>1,518</b>    | <b>277</b>      | <b>4</b>          | <b>37</b>    | <b>369</b>    |

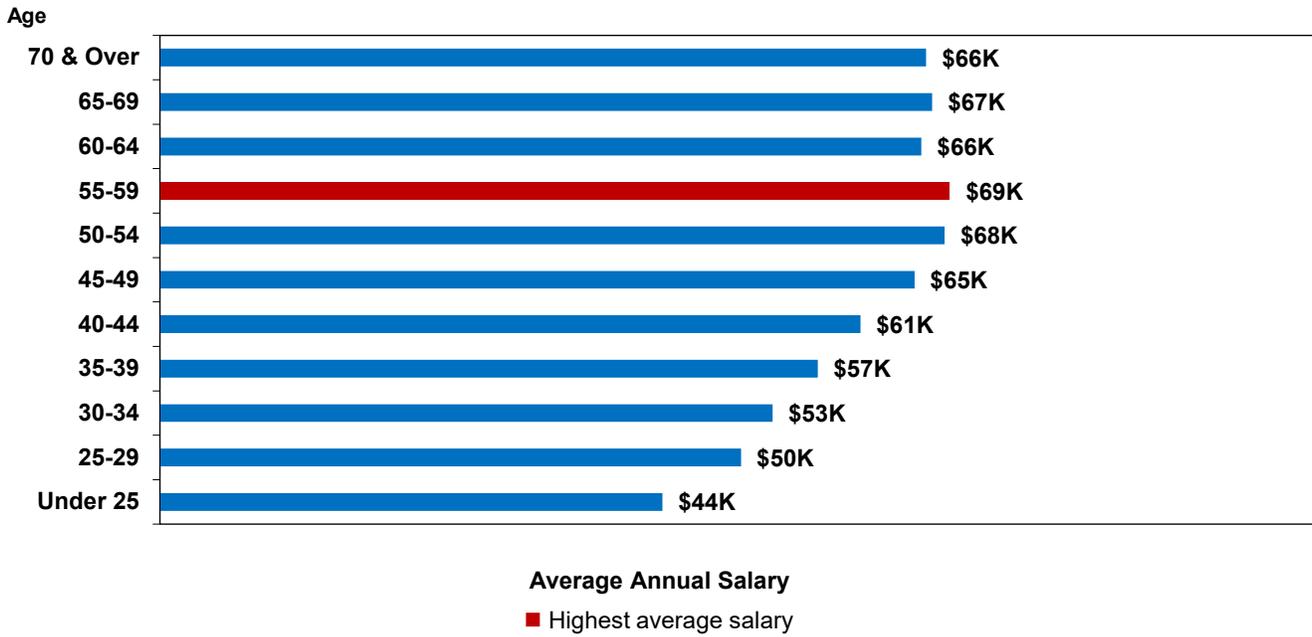
*During the year ended April 30, 2023 there were 92 new pensions awarded (9 Normal, 6 Early, 39 Optional, 13 Vested, 0 Disability, 4 QDROs, and 21 Widows)*

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**

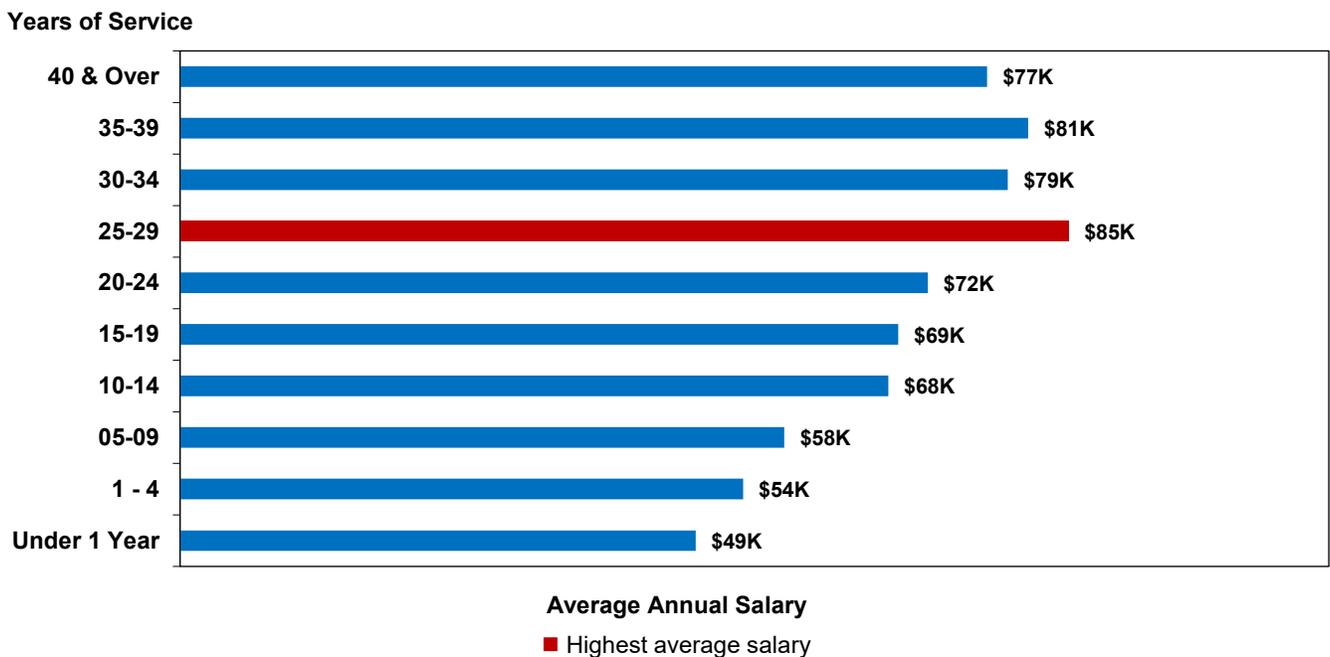


**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**

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



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



# **INVESTMENT SECTION**

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT OVERVIEW  
April 30, 2023**

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 to all 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 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 Board 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.

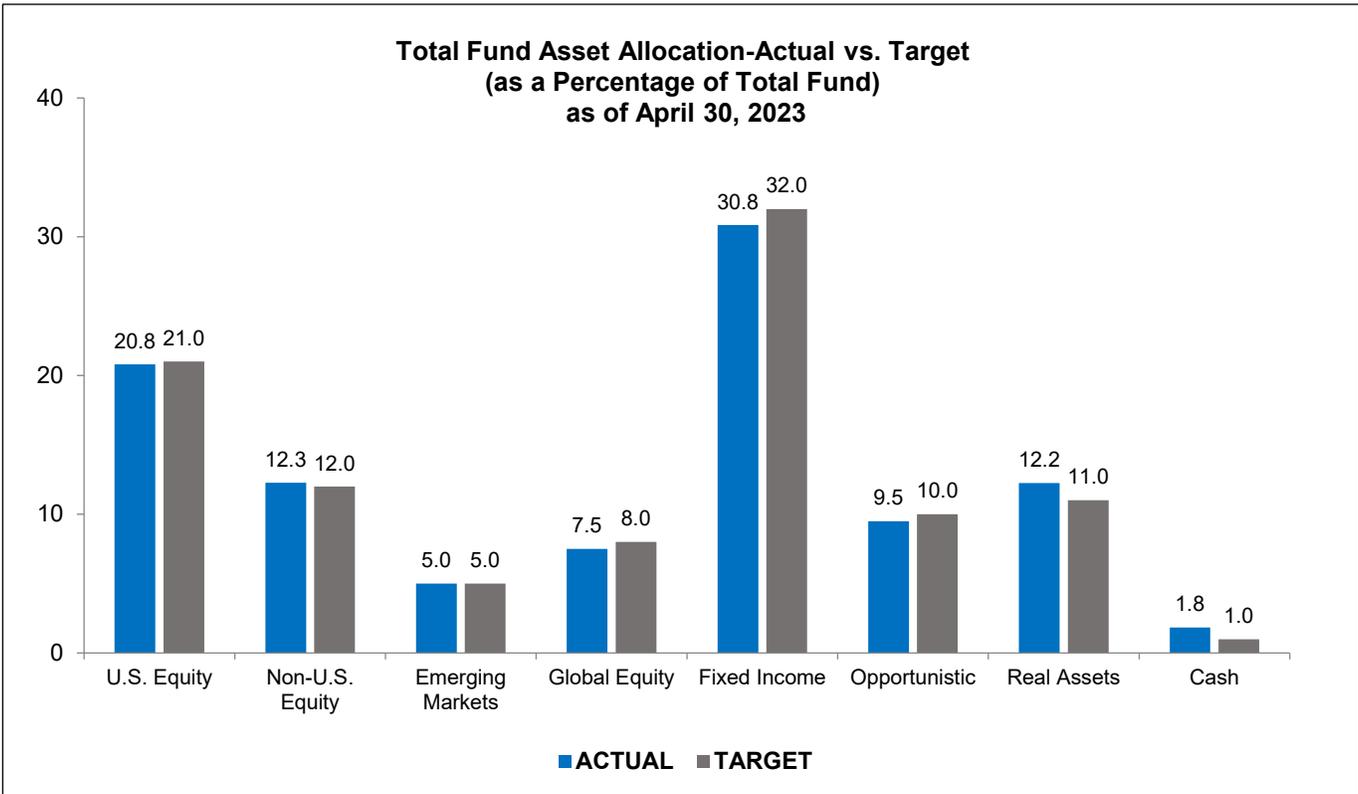
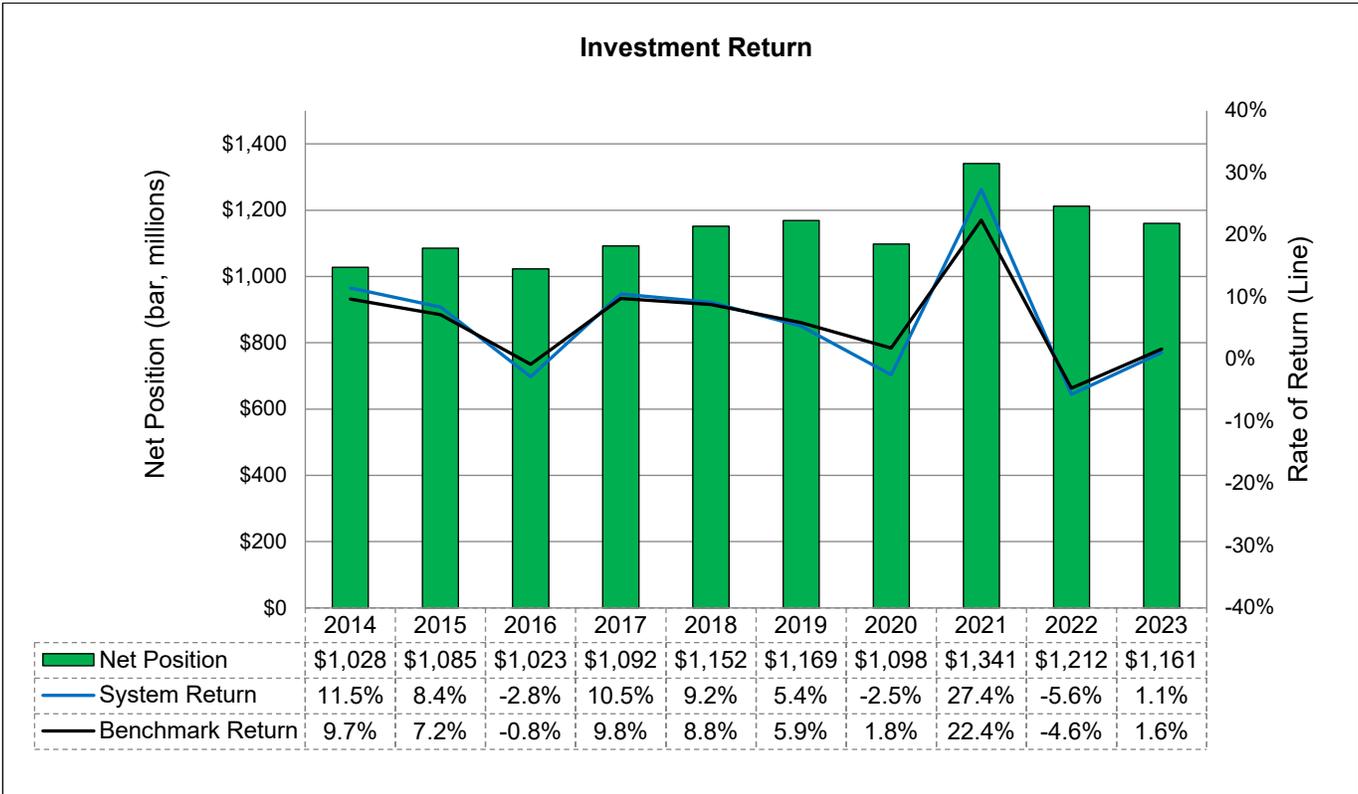
An integral part of the overall investment policy is the strategic asset allocation policy. This allocation mix is designed to provide an optimal mix of asset categories. This emphasizes a maximum diversification of the portfolio that protects the System from declines that a particular asset class may experience in a 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 (global and international stocks and international bonds). A modest amount of System assets have also been diversified into real estate, global tactical asset allocation, risk parity and infrastructure funds.

During the fiscal year 2023, the System remained well diversified.

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**



**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**

| <b>Investment Summary</b>                              |                   |                         |                             |                              |
|--|-------------------|-------------------------|-----------------------------|------------------------------|
| Year Ending April 30, 2023                             |                   |                         |                             |                              |
| <b>Investment Manager</b>                              | <b>Date Hired</b> | <b>Asset Class</b>      | <b>Portfolio Fair Value</b> | <b>% of Total Fair Value</b> |
| <b>Cash</b>  |                   |                         | \$ 14,402,787               | 1.2%                         |
| <b>LSV Asset Management</b>                            | October 1998      | U.S. Equity             | \$ 36,609,622               | 3.2%                         |
| <b>Northern Trust Company</b>                          | April 2016        | U.S. Equity             | \$ 56,766,467               | 4.9%                         |
| <b>Westfield Capital Management</b>                    | June 2011         | U.S. Equity             | \$ 39,406,382               | 3.4%                         |
| <b>Riverbridge Partners</b>                            | April 2013        | U.S. Equity             | \$ 30,356,715               | 2.6%                         |
| <b>Smith, Graham &amp; Company Investment Advisors</b> | October 1998      | U.S. Equity             | \$ 32,926,454               | 2.8%                         |
| <b>Northern Trust Company Emerging Manager Program</b> | April 2005        | U.S. Equity             | \$ 45,601,109               | 3.9%                         |
| <b>BlackRock</b>                                       | October 2007      | Non-U.S. Equity         | \$ 58,264,272               | 5.0%                         |
| <b>Lazard Asset Management</b>                         | November 2018     | Non-U.S. Equity         | \$ 57,407,797               | 4.9%                         |
| <b>Franklin Templeton</b>                              | April 2012        | Non-U.S. Equity         | \$ 26,949,030               | 2.3%                         |
| <b>LSV Asset Management</b>                            | March 2006        | Emerging Markets Equity | \$ 58,071,156               | 5.0%                         |
| <b>American Century Investments</b>                    | April 2013        | Global Equity           | \$ 45,693,048               | 3.9%                         |
| <b>Grantham, Mayo, Van Otterloo &amp; Company</b>      | November 2004     | Global Equity           | \$ 48,535,151               | 4.2%                         |
| <b>Dodge &amp; Cox</b>                                 | October 2014      | Fixed Income            | \$ 97,851,304               | 8.4%                         |
| <b>Prudential</b>                                      | May 2018          | Fixed Income            | \$ 93,941,261               | 8.1%                         |
| <b>Fidelity Institutional Asset Management</b>         | October 2018      | Fixed Income            | \$ 80,783,815               | 7.0%                         |
| <b>Amundi Pioneer</b>                                  | September 2019    | Fixed Income            | \$ 85,728,200               | 7.4%                         |
| <b>Western Asset Management</b>                        | October 2014      | Fixed Income            | \$ 4,440                    | 0.0%                         |
| <b>BlackRock</b>                                       | June 2013         | Opportunistic           | \$ 34,409,055               | 3.0%                         |
| <b>Newton Investment Management</b>                    | January 2011      | Opportunistic           | \$ 75,912,885               | 6.5%                         |
| <b>Harrison Street</b>                                 | February 2021     | Real Assets             | \$ 45,392,673               | 3.9%                         |
| <b>J.P. Morgan Asset Management</b>                    | August 2000       | Real Assets             | \$ 95,012,136               | 8.2%                         |
| <b>Total</b>   |                   |                         | <b>\$ 1,160,025,758</b>     | <b>100.0%</b>                |

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
April 30, 2023**

| <b>Schedule of Investment Results (Gross of Fees)</b> |  |              |              |              |              |                 |
|---|--|--------------|--------------|--------------|--------------|-----------------|
| Annualized Manager Returns as of April 30, 2023       |  |              |              |              |              |                 |
| Investment Manager                                    | Asset Class                                | One Year     | Three Years  | Five Years   | Ten Years    | Since Inception |
| <b>U.S. EQUITY</b>                                    |  |              |              |              |              |                 |
| <b>LSV Asset Management</b>                           | <b>Large Cap Value Equity</b>              | <b>-0.5%</b> | <b>16.9%</b> | <b>6.0%</b>  | <b>9.4%</b>  | <b>8.6%</b>     |
| <i>Russell 1000 Value Index</i>                       |  | 1.2%         | 14.4%        | 7.8%         | 9.1%         | 7.5%            |
| <b>Northern Trust Company</b>                         | <b>Large Cap Core Equity</b>               | <b>1.9%</b>  | <b>14.2%</b> | <b>11.1%</b> | <b>--</b>    | <b>12.3%</b>    |
| <i>Russell 1000 Index</i>                             |  | 1.8%         | 14.2%        | 11.1%        | 12.0%        | 12.3%           |
| <b>Westfield Capital Management</b>                   | <b>Large Cap Growth Equity</b>             | <b>0.1%</b>  | <b>11.8%</b> | <b>12.3%</b> | <b>13.8%</b> | <b>12.6%</b>    |
| <i>Russell 1000 Growth Index</i>                      |  | 2.3%         | 13.6%        | 13.8%        | 14.5%        | 13.9%           |
| <b>Riverbridge Partners</b>                           | <b>Small Cap Growth Equity</b>             | <b>-2.5%</b> | <b>5.2%</b>  | <b>8.4%</b>  | <b>10.0%</b> | <b>9.6%</b>     |
| <i>Russell 2500 Growth Index</i>                      |  | -0.1%        | 8.7%         | 6.7%         | 9.9%         | 9.8%            |
| <b>Smith Graham &amp; Company Investment Advisors</b> | <b>Small Cap Value Equity</b>              | <b>-7.8%</b> | <b>15.6%</b> | <b>4.1%</b>  | <b>7.9%</b>  | <b>10.3%</b>    |
| <i>Russell 2000 Value Index</i>                       |  | -8.0%        | 15.4%        | 3.7%         | 7.0%         | 8.4%            |
| <b>Northern Trust Emerging Manager Program</b>        | <b>Emerging Manager of Managers Equity</b> | <b>0.9%</b>  | <b>12.5%</b> | <b>8.9%</b>  | <b>10.2%</b> | <b>8.2%</b>     |
| <i>Russell 3000 Index</i>                             |  | 1.5%         | 14.1%        | 10.6%        | 11.7%        | 9.3%            |
| <b>NON-U.S. EQUITY</b>                                |  |              |              |              |              |                 |
| <b>BlackRock</b>                                      | <b>Non-U.S. Equity</b>                     | <b>12.8%</b> | <b>13.6%</b> | <b>4.1%</b>  | <b>6.6%</b>  | <b>3.4%</b>     |
| <i>MSCI EAFE Index (Net)</i>                          |  | 8.4%         | 11.7%        | 3.6%         | 4.8%         | 2.3%            |
| <b>Lazard International Equity</b>                    | <b>Non-U.S. Equity</b>                     | <b>6.4%</b>  | <b>9.8%</b>  | <b>--</b>    | <b>--</b>    | <b>5.0%</b>     |
| <i>MSCI EAFE Index (Net)</i>                          |  | 8.4%         | 11.7%        | 3.6%         | 4.8%         | 6.5%            |
| <b>Franklin Templeton</b>                             | <b>Non-U.S. Small Cap Equity</b>           | <b>2.7%</b>  | <b>9.9%</b>  | <b>0.1%</b>  | <b>4.2%</b>  | <b>5.2%</b>     |
| <i>MSCI AC World ex USA Small Cap Index (Net)</i>     |  | -2.8%        | 11.3%        | 1.7%         | 4.9%         | 5.6%            |
| <b>LSV Asset Management</b>                           | <b>Emerging Markets Equity</b>             | <b>-0.2%</b> | <b>11.0%</b> | <b>0.4%</b>  | <b>2.1%</b>  | <b>5.5%</b>     |
| <i>MSCI Emerging Markets Index (Net)</i>              |  | -6.5%        | 4.3%         | -1.1%        | 1.8%         | 3.7%            |
| <b>GLOBAL EQUITY</b>                                  |  |              |              |              |              |                 |
| <b>American Century Investments</b>                   | <b>Global Equity</b>                       | <b>0.9%</b>  | <b>9.5%</b>  | <b>8.1%</b>  | <b>9.3%</b>  | <b>9.5%</b>     |
| <i>MSCI AC World Index (Net)</i>                      |  | 2.1%         | 12.0%        | 7.0%         | 7.9%         | 8.1%            |
| <b>Grantham, Mayo, Van Otterloo &amp; Company</b>     | <b>Global Equity</b>                       | <b>3.9%</b>  | <b>10.7%</b> | <b>4.5%</b>  | <b>5.6%</b>  | <b>6.5%</b>     |
| <i>MSCI AC World Index (Net)</i>                      |  | 2.1%         | 12.0%        | 7.0%         | 7.9%         | 7.2%            |
| <b>FIXED INCOME</b>                                   |  |              |              |              |              |                 |
| <b>Dodge &amp; Cox</b>                                | <b>Core Fixed Income</b>                   | <b>1.1%</b>  | <b>-0.4%</b> | <b>2.5%</b>  | <b>--</b>    | <b>2.5%</b>     |
| <i>Bloomberg U.S. Aggregate Index</i>                 |  | -0.4%        | -3.2%        | 1.2%         | 1.3%         | 1.4%            |
| <b>Prudential</b>                                     | <b>Core Plus Fixed Income</b>              | <b>-0.9%</b> | <b>-1.4%</b> | <b>1.8%</b>  | <b>--</b>    | <b>1.8%</b>     |
| <i>Bloomberg U.S. Aggregate Index</i>                 |  | -0.4%        | -3.2%        | 1.2%         | 1.3%         | 1.2%            |
| <b>Fidelity Institutional Asset Management</b>        | <b>Non-Core Fixed Income</b>               | <b>-0.3%</b> | <b>1.8%</b>  | <b>--</b>    | <b>--</b>    | <b>3.1%</b>     |
| <i>Bloomberg U.S. Aggregate Index</i>                 |  | -0.4%        | -3.2%        | 1.2%         | 1.3%         | 1.2%            |
| <b>Amundi Pioneer</b>                                 | <b>Non-Core Fixed Income</b>               | <b>-0.7%</b> | <b>2.2%</b>  | <b>--</b>    | <b>--</b>    | <b>0.8%</b>     |
| <i>Bloomberg U.S. Aggregate Index</i>                 |  | -0.4%        | -3.2%        | 1.2%         | 1.3%         | -1.4%           |
| <b>OPPORTUNISTIC</b>                                  |  |              |              |              |              |                 |
| <b>BlackRock</b>                                      | <b>Risk Parity</b>                         | <b>-3.1%</b> | <b>2.0%</b>  | <b>2.0%</b>  | <b>--</b>    | <b>3.5%</b>     |
| <i>3 month T-Bill Index plus 5%</i>                   |  | 8.1%         | 6.1%         | 6.5%         | 5.9%         | 5.9%            |
| <i>60% MSCI Wrld USD Hedged/40% Bbrg U.S. Agg</i>     |  | 2.5%         | 7.1%         | 6.5%         | 6.8%         | 6.8%            |
| <b>Newton Investment Management</b>                   | <b>Global Tactical Asset Allocation</b>    | <b>1.3%</b>  | <b>5.4%</b>  | <b>4.0%</b>  | <b>4.4%</b>  | <b>4.9%</b>     |
| <i>Mellon GTAA Custom Index</i>                       |  | 0.3%         | 5.4%         | 3.8%         | 4.5%         | 4.9%            |
| <b>REAL ASSETS</b>                                    |  |              |              |              |              |                 |
| <b>Harrison Street</b>                                | <b>Core Real Estate</b>                    | <b>7.0%</b>  | <b>--</b>    | <b>--</b>    | <b>--</b>    | <b>8.6%</b>     |
| <i>NCREIF Property Index</i>                          |  | -3.9%        | 7.5%         | 6.6%         | 8.5%         | 10.3%           |
| <b>J.P. Morgan Asset Management</b>                   | <b>Core Real Estate</b>                    | <b>-6.9%</b> | <b>5.9%</b>  | <b>5.5%</b>  | <b>7.7%</b>  | <b>7.3%</b>     |
| <i>NCREIF Property Index</i>                          |  | -1.6%        | 7.2%         | 6.7%         | 8.3%         | 8.4%            |
| <b>J.P. Morgan Asset Management</b>                   | <b>Infrastructure</b>                      | <b>10.4%</b> | <b>8.2%</b>  | <b>7.4%</b>  | <b>--</b>    | <b>7.5%</b>     |
| <i>Consumer Price Index (Seasonally Adj)+4%</i>       |  | 8.4%         | 9.7%         | 7.9%         | --           | 7.3%            |
| <b>Total Fund</b>                                     |  | <b>1.1%</b>  | <b>6.6%</b>  | <b>4.5%</b>  | <b>5.9%</b>  | <b>7.4%</b>     |
| <i>Policy Index</i>                                   |  | 1.6%         | 5.9%         | 5.1%         | 6.0%         | 7.5%            |

# **FINANCIAL SECTION**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
**City of Kansas City, Missouri**  
**The Employees' Retirement System**

**Opinion**

We have audited the financial statements of the City of Kansas City, Missouri The Employees' Retirement System (the Plan), as of and for the years ended April 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of April 30, 2023 and 2022, 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.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

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

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

Overland Park, KS  
October 20, 2023

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Kansas City, Missouri The Employees' Retirement System (ERS or the Plan) is a single-employer defined benefit plan covering general municipal employees and elected officials of the City of Kansas City, Missouri (the City). ERS was established by City ordinance in 1962 and is administered by the Retirement System's Board of Trustees (the Board) to provide retirement, survivor, and death benefits to members and beneficiaries. This discussion and analysis of the Plan's financial statements provides an overview of the Plan's operations and investment performance for the fiscal years ended April 30, 2023 and 2022, with selected comparative information for the fiscal year ended April 30, 2021, and should be read in conjunction with the financial statements and notes to the financial statements.

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

- The financial statements presented by ERS consist of the: (1) statements of fiduciary net position, which reflect resources available for the payment of benefits as of year-end, and (2) statements of changes in fiduciary net position, which reflect 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 include information not necessarily discernible in the statements themselves. Following the notes are required supplemental information and other schedules that may be helpful in evaluating the financial condition of the Plan.
- Required supplementary information presents schedules related to employer contributions and the funding of the Plan.

**2023 and 2022 Comparative Summary of Fiduciary Net Position**

|  | <u>April 30,<br/>2023</u> | <u>April 30,<br/>2022</u> | <u>Amount<br/>Change</u> | <u>Percentage<br/>Change</u> |
|--|---------------------------|---------------------------|--------------------------|------------------------------|
| Receivables                                    | \$ 3,296,055              | \$ 3,517,946              | \$ (221,891)             | -6.31%                       |
| Investments at fair value                      | 1,160,025,758             | 1,225,768,153             | (65,742,395)             | -5.36%                       |
| Securities lending collateral                  | 48,740,377                | 59,047,534                | (10,307,157)             | -17.46%                      |
| <b>Total assets</b>                            | <u>1,212,062,190</u>      | <u>1,288,333,633</u>      | <u>(76,271,443)</u>      | -5.92%                       |
| Due to broker for purchases of investments     | 1,543,074                 | 16,433,928                | (14,890,854)             | -90.60%                      |
| Administrative and investment expenses payable | 1,122,887                 | 1,173,445                 | (50,558)                 | -4.31%                       |
| Securities lending collateral                  | 48,740,377                | 59,047,534                | (10,307,157)             | -17.46%                      |
| <b>Total liabilities</b>                       | <u>51,406,338</u>         | <u>76,654,907</u>         | <u>(25,248,569)</u>      | -32.94%                      |
| <b>Net position</b>                            | <u>\$1,160,655,852</u>    | <u>\$1,211,678,726</u>    | <u>\$ (51,022,874)</u>   | -4.21%                       |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**2023 and 2022 Comparative Summary of Changes in Fiduciary Net Position**

|                                 | <b>April 30,<br/>2023</b> | <b>April 30,<br/>2022</b> | <b>Amount<br/>Change</b> | <b>Percentage<br/>Change</b> |
|---------------------------------|---------------------------|---------------------------|--------------------------|------------------------------|
| Member contributions            | \$ 8,593,455              | \$ 7,708,274              | \$ 885,181               | 11.48%                       |
| Employer contributions          | 29,311,691                | 30,638,396                | (1,326,705)              | -4.33%                       |
| Net investment income (loss)    | 6,241,341                 | (68,177,598)              | 74,418,939               | -109.15%                     |
| <b>Total additions</b>          | <b>44,146,487</b>         | <b>(29,830,928)</b>       | <b>73,977,415</b>        | <b>-247.99%</b>              |
| Benefits paid to members        | 90,026,491                | 86,809,330                | 3,217,161                | 3.71%                        |
| Refunds of contributions        | 4,633,925                 | 11,878,816                | (7,244,891)              | -60.99%                      |
| Administrative expenses         | 508,945                   | 464,610                   | 44,335                   | 9.54%                        |
| <b>Total deductions</b>         | <b>95,169,361</b>         | <b>99,152,756</b>         | <b>(3,983,395)</b>       | <b>-4.02%</b>                |
| Net change                      | (51,022,874)              | (128,983,684)             | 77,960,810               | -60.44%                      |
| Net position, beginning of year | 1,211,678,726             | 1,340,662,410             | (128,983,684)            | -9.62%                       |
| Net position, end of year       | <u>\$1,160,655,852</u>    | <u>\$1,211,678,726</u>    | <u>\$ (51,022,874)</u>   | -4.21%                       |

**2023 Financial Highlights**

The Plan's net position decreased by 4.2% as seen in the statement of fiduciary net position. Global markets were volatile at the beginning of the fiscal year due to inflation, fears of recession and the Federal Open Market Committee's (FOMC's) actions to continue to increase the federal funds rates to slow down demand. In October, there was a strong rebound in U.S. equity markets due to higher than expected corporate earnings reports, and GDP was up 2.6% following two straight quarters of decline but volatility continued, as the FOMC continued to raise rates, which resulted in bank failures. The Plan's investment portfolio returned 1.1% for the year, which underperformed the return of the Policy Portfolio benchmark. The Plan's non-U.S. equity, global equity and real assets segments posted positive returns, while all other segments posted negative returns. Although negative, the Plan's emerging markets equity segment performed extremely well on a relative basis. Non-U.S. equity was the best performing asset class on an absolute basis, while U.S. equity had the lowest return.

Total additions, as shown on the statement of changes in fiduciary net position, were \$44.1 million, a 248% increase from the prior year. Much of this increase was due to the Plan achieving a \$6.2 million investment gain, compared to a \$68.2 million investment loss in the prior year. Employer contributions decreased \$1.3 million due to a decrease in the actuarial required contribution rate, while member contributions increased \$885,181 due mainly to increased salaries. Benefits paid to members increased 3.7% mainly due to cost-of-living adjustments, and refunds of contributions decreased 61.0%, as fewer members retired and exercised their option to withdraw some or all of their employee contributions and interest. The 9.5% increase in administrative expenses was mainly due to an increase in salaries.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**2023 Operational Highlights**

There were no manager changes in the portfolio. On-going cash needs were met primarily from liquidation of U.S. equity and fixed income securities.

**2022 and 2021 Comparative Summary of Fiduciary Net Position**

|   | <u>April 30, 2022</u>   | <u>April 30, 2021</u>   | <u>Amount<br/>Change</u> | <u>Percentage<br/>Change</u> |
|---|-------------------------|-------------------------|--------------------------|------------------------------|
| Receivables                                       | \$ 3,517,946            | \$ 32,878,430           | \$ (29,360,484)          | -89.30%                      |
| Investments at fair value                         | 1,225,768,153           | 1,348,011,794           | (122,243,641)            | -9.07%                       |
| Securities lending collateral                     | <u>59,047,534</u>       | <u>53,183,754</u>       | <u>5,863,780</u>         | 11.03%                       |
| Total assets                                      | <u>1,288,333,633</u>    | <u>1,434,073,978</u>    | <u>(145,740,345)</u>     | -10.16%                      |
| Due to broker for purchases<br>of investments     | 16,433,928              | 38,981,552              | (22,547,624)             | -57.84%                      |
| Administrative and investment<br>expenses payable | 1,173,445               | 1,246,262               | (72,817)                 | -5.84%                       |
| Securities lending collateral                     | <u>59,047,534</u>       | <u>53,183,754</u>       | <u>5,863,780</u>         | 11.03%                       |
| Total liabilities                                 | <u>76,654,907</u>       | <u>93,411,568</u>       | <u>(16,756,661)</u>      | -17.94%                      |
| Net position                                      | <u>\$ 1,211,678,726</u> | <u>\$ 1,340,662,410</u> | <u>\$ (128,983,684)</u>  | -9.62%                       |

**2022 and 2021 Comparative Summary of Changes in Fiduciary Net Position**

|                                 | <u>April 30, 2022</u>   | <u>April 30, 2021</u>   | <u>Amount<br/>Change</u> | <u>Percentage<br/>Change</u> |
|---------------------------------|-------------------------|-------------------------|--------------------------|------------------------------|
| Member contributions            | \$ 7,708,274            | \$ 8,500,926            | \$ (792,652)             | -9.32%                       |
| Employer contributions          | 30,638,396              | 27,524,702              | 3,113,694                | 11.31%                       |
| Net investment income           | <u>(68,177,598)</u>     | <u>291,460,205</u>      | <u>(359,637,803)</u>     | -123.39%                     |
| Total additions                 | <u>(29,830,928)</u>     | <u>327,485,833</u>      | <u>(357,316,761)</u>     | -109.11%                     |
| Benefits paid to members        | 86,809,330              | 78,466,913              | 8,342,417                | 10.63%                       |
| Refunds of contributions        | 11,878,816              | 5,693,126               | 6,185,690                | 108.65%                      |
| Administrative expenses         | <u>464,610</u>          | <u>496,870</u>          | <u>(32,260)</u>          | -6.49%                       |
| Total deductions                | <u>99,152,756</u>       | <u>84,656,909</u>       | <u>14,495,847</u>        | 17.12%                       |
| Net increase                    | (128,983,684)           | 242,828,924             | (371,812,608)            | -153.12%                     |
| Net position, Beginning of Year | <u>1,340,662,410</u>    | <u>1,097,533,486</u>    | <u>243,128,924</u>       | 22.15%                       |
| Net position, End of Year       | <u>\$ 1,211,678,726</u> | <u>\$ 1,340,362,410</u> | <u>\$ (128,683,684)</u>  | -9.60%                       |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**2022 Financial Highlights**

The Plan's net position decreased by 9.6%, as seen in the statement of fiduciary net position. Global markets started out strong but turned in September, due to the spread of the Coronavirus Delta variant, persistent high inflation, and supply chain bottlenecks. Then in December, the Federal Open Market Committee (FOMC) confirmed it would end its bond-buying program earlier than anticipated to reduce inflationary pressures on the economy. Additionally, projections indicated that the FOMC would increase the federal funds rates as many as three times in 2022, to stem inflationary pressures. In February, markets continued to contract, as geopolitical tensions in Ukraine and Russia led to Russia's invasion, and the U.S., along with many other countries, implemented economic sanctions against Russia. Then in March, the FOMC instituted its first increase in the federal funds rate since 2018. Finally, in April, as CPI reached 8.5%, the FOMC signaled it would evaluate all options to tame inflation, both through an aggressive wind down of balance sheet assets and additional increases in the federal funds rate. The U.S. GDP also unexpectedly contracted in the first quarter of 2022, at an annualized rate of 1.4%, due to several factors including the widening trade deficit, a deceleration in the pace of inventory accumulation and decreasing government spending. The Plan's investment portfolio returned -5.2% for the year, which underperformed the return of the Policy Portfolio benchmark. All segments of the Fund posted negative returns except for real assets. Although negative, the Plan's emerging markets equity and fixed income managers performed extremely well on a relative basis. Real assets was the best performing asset class, while global equity had the lowest returns on an absolute basis.

Total additions, as shown on the statement of changes in fiduciary net position, were negative \$29.8 million, a 109.1% decrease from the prior year. Employer contributions grew \$3.1 million mainly due to an increase in the actuarial required contribution rate, while member contributions decreased due to the reduced number of employees contributing due to the City's retirement incentive program. Net investment income decreased by \$359.6 million, compared to the prior year, due to negative performance. Benefits paid to members increased 10.6% due in large part to new retirements added during the City's retirement incentive program and cost-of-living adjustments, and refunds of contributions increased 108.7% due to elections made by retiring employees during the City's retirement incentive program to withdrawal some or all of their employee contributions and interest. The 6.5% decrease in administrative expenses was mainly due to a decrease in actuarial fees and printing costs.

**2022 Operational Highlights**

There were no manager changes in the portfolio. On-going cash needs were met primarily from liquidation of U.S. equities and fixed income securities.

**Requests for Information**

This financial report is designed to provide members of the Plan, citizens, investors and creditors of the City of Kansas City, Missouri with a general overview of the Plan's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Kansas City, Missouri The Employees' Retirement System, City Hall, 414 East 12<sup>th</sup> Street, 10<sup>th</sup> 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 Plan.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

STATEMENTS OF FIDUCIARY NET POSITION

April 30, 2023 and 2022

| <b>Assets</b>                                  | <u>2023</u>             | <u>2022</u>             |
|--|-------------------------|-------------------------|
| <b>Investments, at Fair Value</b>              |                         |                         |
| Short-term investment funds                    | \$ 27,997,304           | \$ 29,416,051           |
| U.S. Treasuries                                | 5,144,887               | 16,107,212              |
| U.S. government-backed mortgages               | 38,651,146              | 45,426,228              |
| Municipal bonds                                | 2,038,410               | 2,003,050               |
| Asset-backed securities                        | 4,851,860               | 5,889,322               |
| Foreign debt obligations                       | 2,309,804               | 2,329,399               |
| Corporate bonds - domestic                     | 21,173,667              | 22,527,675              |
| Corporate bonds - foreign                      | 19,163,640              | 20,268,984              |
| Domestic preferred equities                    | 1,124,227               | 1,234,620               |
| Domestic common equities                       | 173,735,032             | 190,362,808             |
| Foreign equities                               | 3,948,805               | 5,314,322               |
| Partnerships                                   | 58,071,156              | 58,177,409              |
| Collective trusts - equities                   | 396,933,925             | 443,458,732             |
| Collective trusts - fixed income               | 260,453,277             | 257,610,634             |
| Collective trusts - real estate                | 144,428,618             | 125,641,707             |
|  | <u>1,160,025,758</u>    | <u>1,225,768,153</u>    |
| <b>Securities Lending Collateral</b>           | <u>48,740,377</u>       | <u>59,047,534</u>       |
| <b>Receivables</b>                             |                         |                         |
| Contributions                                  | 761,215                 | 709,858                 |
| Investment income                              | 1,095,507               | 826,430                 |
| Due from broker for sales of investments       | 1,439,333               | 1,981,658               |
|  | <u>3,296,055</u>        | <u>3,517,946</u>        |
| Total receivables                              | <u>3,296,055</u>        | <u>3,517,946</u>        |
| Total assets                                   | <u>1,212,062,190</u>    | <u>1,288,333,633</u>    |
| <b>Liabilities</b>                             |                         |                         |
| Due to broker for purchases of investments     | 1,543,074               | 16,433,928              |
| Administrative and investment expenses payable | 1,122,887               | 1,173,445               |
| Securities lending collateral                  | 48,740,377              | 59,047,534              |
|  | <u>51,406,338</u>       | <u>76,654,907</u>       |
| Total liabilities                              | <u>51,406,338</u>       | <u>76,654,907</u>       |
| <b>Net Position Restricted for Pensions</b>    | <u>\$ 1,160,655,852</u> | <u>\$ 1,211,678,726</u> |

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

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years Ended April 30, 2023 and April 30, 2022

|  | 2023             | 2022             |
|--|------------------|------------------|
| <b>Additions</b>   |                  |                  |
| <b>Investment Income</b>                                       |                  |                  |
| Interest income  | \$ 13,359,467    | \$ 12,280,084    |
| Dividend income  | 8,094,765        | 9,356,478        |
| Net change in fair value of investments                        | (10,935,234)     | (85,188,168)     |
| Less investment expense  | (4,388,212)      | (4,739,057)      |
|  | 6,130,786        | (68,290,663)     |
| <b>Securities Lending Income</b>                               |                  |                  |
| Securities lending gross income                                | 1,598,350        | 147,781          |
| Securities lending expenses                                    |                  |                  |
| Borrower (fees) rebates  | (1,440,525)      | 13,646           |
| Management fees  | (47,270)         | (48,362)         |
| Total securities lending expenses                              | (1,487,795)      | (34,716)         |
| Net securities lending income                                  | 110,555          | 113,065          |
| Total net investment income (loss)                             | 6,241,341        | (68,177,598)     |
| <b>Contributions</b>   |                  |                  |
| Contributions from the City of Kansas City, Missouri           | 29,311,691       | 30,638,396       |
| Contributions from members                                     | 8,593,455        | 7,708,274        |
| Total contributions  | 37,905,146       | 38,346,670       |
| Total additions  | 44,146,487       | (29,830,928)     |
| <b>Deductions</b>  |                  |                  |
| <b>Benefits Paid to Members</b>                                | 90,026,491       | 86,809,330       |
| <b>Refunds</b>   |                  |                  |
| Termination  | 1,667,357        | 2,320,927        |
| Retirement   | 2,966,568        | 9,557,889        |
| <b>Administrative Expenses</b>                                 | 508,945          | 464,610          |
| Total deductions   | 95,169,361       | 99,152,756       |
| <b>Net Change in Net Position</b>                              | (51,022,874)     | (128,983,684)    |
| <b>Net Position Restricted for Pensions, Beginning of Year</b> | 1,211,678,726    | 1,340,662,410    |
| <b>Net Position Restricted for Pensions, End of Year</b>       | \$ 1,160,655,852 | \$ 1,211,678,726 |

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

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity - The City of Kansas City, Missouri The Employees' Retirement System (ERS or the Plan) is a contributory, single-employer, defined benefit pension plan covering employees and elected officials of the City of Kansas City, Missouri (the City). Members of the Police and Fire Departments' pension systems are excluded. The Plan is considered part of the City's financial reporting entity and is included in the City's annual comprehensive financial report as a pension trust fund. Employees should refer to the Plan Document 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 due and 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, and corporate bonds are valued at fair value based on prices quoted by a major dealer in such securities.

Common stock, preferred stock, foreign common stock, and indexed notes and bonds are listed at fair value based on either listed prices (closing prices as 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 funds, corporate finance funds, and private partnerships (collectively, Portfolio Funds). These funds are primarily invested in a diversified portfolio of equities, real estate, U.S. fixed income instruments, 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 Plan'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.

The Plan is obligated to pay certain capital commitments to the partnerships. There were no outstanding commitments as of April 30, 2023 or 2022.

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 Board of Trustees (Board) believes that the Plan is designed in accordance with section 401(a) of the Internal Revenue Code (Code), and is therefore tax exempt, and is currently being operated in compliance with the applicable requirements of the Code.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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 20, 2023, the date the financial statements were available to be issued.

Subsequent to year end, the Plan was amended to change the time requirement to vest from ten to five years for Tier 2 employees. This change was effective August 1, 2023 and increased the actuarially determined City contribution rate as of May 1, 2023, to be used for fiscal year 2025, to 20.30% (from 20.13% if there had been no changes to the Plan). This change in the vesting period also increased the actuarial liability by approximately \$1.1 million as of May 1, 2023.

**2. PLAN DESCRIPTION**

The Plan is established by City ordinances enacted by the City Council. The Plan is administered by the Board of Trustees of the City of Kansas City, Missouri The Employees' Retirement System. The Board is composed of ten members, two of whom are the Director of Human Resources and the Director of Finance of the City, two are active employees and members of ERS, one is a retired member of ERS and one is designated by Firefighters' IAFF Local 42. The remaining members are prominent Kansas City business or civic leaders appointed by the mayor.

Eligibility - All full-time, permanent employees in the classified and unclassified services become members of the Plan as a condition of their employment. Employees of any administrative board or board of control as organized and existing under the general laws of the State of Missouri and as defined in RSMo § 95.540, whose governing body has elected membership, shall also be members. Members of the police, firemen's, or municipal judges' pension system (or any other pension system involving City funds) receiving or entitled to receive a future pension from those systems are ineligible for membership.

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

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

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**2. PLAN DESCRIPTION (CONTINUED)**

At April 30, 2023 and 2022, the Plan's membership consisted of the following:

|   | 2023         |              |              |
|---|--------------|--------------|--------------|
|   | Tier I       | Tier II      | Total        |
| Retirees and beneficiaries currently receiving benefits,<br>and terminated employees entitled to benefits but<br>not yet receiving them | 3,017        | --           | 3,017        |
| Current employees   |              |              |              |
| Vested  | 1,347        | 452          | 1,799        |
| Nonvested   | 6            | 1,211        | 1,217        |
| Inactive  | 88           | 915          | 1,003        |
| <br>Total   | <u>4,458</u> | <u>2,578</u> | <u>7,036</u> |
|   |              |              |              |
|   | 2022         |              |              |
|   | Tier I       | Tier II      | Total        |
| Retirees and beneficiaries currently receiving benefits,<br>and terminated employees entitled to benefits but<br>not yet receiving them | 3,005        | --           | 3,005        |
| Current employees   |              |              |              |
| Vested  | 1,437        | 1            | 1,438        |
| Nonvested   | --           | 1,337        | 1,337        |
| Inactive  | 90           | 785          | 875          |
| <br>Total   | <u>4,532</u> | <u>2,123</u> | <u>6,655</u> |

Contributions - Funding is provided by contributions from Plan members and the City, and earnings on investments. Members contribute 5 percent of their base salary. The City's contribution is set by the City Council in conjunction with its approval of the annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary. For the years ended April 30, 2023 and 2022, the City contributed at rates of 19.05 percent and 18.54 percent, respectively, of annual covered payroll.

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 benefits as well as pre-retirement death benefits as noted below:

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. PLAN DESCRIPTION (CONTINUED)**

Tier I Members - Employees become vested for retirement benefits after five years of service. Members who retire with total age and creditable service equal to 80, or the later of age 60 and 10 years of creditable service, are entitled to an annual pension based on a percentage of final average compensation multiplied by years and months of creditable service. If married at the time of retirement, the percentages of final average compensation are 2.0 percent for general employees and 2.2 percent for elected officials, and if unmarried at the date of retirement, the percentage is 2.22 percent up to a maximum of 70 percent of final average compensation as defined in the Plan. If the employee has at least 10 years of creditable service, the minimum benefit is \$400 per month.

If members terminate prior to retirement and before rendering five 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. Members terminating prior to retirement with five or more years of service may elect to receive a refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An automatic cost-of-living adjustment of 3 percent, non-compounded, is provided annually.

Tier II Members - Employees become vested for retirement benefits after ten years of service. Members who retire with total age and creditable service equal to 85, or the later of age 62 and 10 years of creditable service, are entitled to an annual pension of 1.75 percent of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 70 percent of final average compensation as defined in the Plan. If the employee has at least 10 years of creditable service, the minimum benefit is \$400 per month.

If employees terminate prior to retirement and before rendering ten 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.

An automatic cost-of-living adjustment, not to exceed 2.5 percent, non-compounded, is provided annually to pensioners age 62 and older 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.

Health Insurance Subsidy - All retirees are eligible to receive a \$200 monthly health insurance subsidy. If a member dies as a direct result of an accident sustained in the performance of their assigned duties, their surviving spouse is eligible to receive the health insurance subsidy.

Death Benefits - If a retired member dies, the following benefits shall be 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.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**2. PLAN DESCRIPTION (CONTINUED)**

If an active member dies, the member's contributions and interest are distributed to the surviving spouse or, if none, to the designated beneficiary. The surviving spouse, however, may elect to receive monthly benefit payments instead of the lump-sum distribution if the member had five or more years of creditable service.

**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, common and preferred stocks, partnerships, collective trusts and derivatives. 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 |
|------------------------------|-----------|--------|
| Global Equity                |           |        |
| U.S. Equity                  | 2% - 22%  | 17%    |
| Emerging Manager of Managers | 2% - 7%   | 4%     |
| Non-U.S. Equity              | 7% - 17%  | 12%    |
| Emerging Markets Equity      | 3% - 7%   | 5%     |
| Global Equity                | 5% - 11%  | 8%     |
| Global Fixed Income          |           |        |
| Core Fixed Income            | 12% - 22% | 17%    |
| Non-Core Fixed Income        | 10% - 20% | 15%    |
| Real Assets                  |           |        |
| Real Estate                  | 3% - 13%  | 8%     |
| Infrastructure               | 1% - 5%   | 3%     |
| Opportunistic                | 5% - 15%  | 10%    |
| Cash                         | 0% - 5%   | 1%     |

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  
THE EMPLOYEES' RETIREMENT 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, 2023 and 2022, 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.

|   | 2023          | 2022          |
|---|---------------|---------------|
| Fair value of securities loaned                       | \$ 47,832,373 | \$ 56,604,265 |
| Fair value of cash collateral received from borrowers | \$ 48,740,377 | \$ 59,047,534 |

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, 2023, the Plan had the following investments and maturities:

| Type                             | Fair Value       | Maturities in Years |               |              |               | Loaned Under Securities Lending Agreements |
|----------------------------------|------------------|---------------------|---------------|--------------|---------------|--|
|                                  |                  | Less than 1         | 1 - 5         | 6 - 10       | More than 10  |  |
| U.S. Treasuries                  | \$ 5,144,887     | \$ 1,456,244        | \$ --         | \$ --        | \$ 3,688,643  | \$ 3,659,933                               |
| U.S. government-backed mortgages | 38,651,146       | --                  | --            | 267,464      | 38,383,682    | --   |
| Municipal bonds                  | 2,038,410        | --                  | --            | --           | 2,038,410     | --   |
| Asset-backed securities          | 4,851,860        | --                  | --            | --           | 4,851,860     | --   |
| Foreign debt obligations         | 2,309,804        | --                  | --            | 542,690      | 1,767,114     | --   |
| Corporate bonds - domestic       | 21,173,667       | 996,471             | 7,593,790     | 4,351,525    | 8,231,881     | 4,415,307                                  |
| Corporate bonds - foreign        | 19,163,640       | 1,065,571           | 7,125,773     | 3,252,378    | 7,719,918     | 3,693,743                                  |
| Short-term investment funds      | 27,997,304       | 27,997,304          | --            | --           | --            | --   |
|                                  | 121,330,718      | \$ 31,515,590       | \$ 14,719,563 | \$ 8,414,057 | \$ 66,681,508 |  |
| Domestic preferred equities      | 1,124,227        |                     |               |              |               | --   |
| Domestic common equities         | 173,735,032      |                     |               |              |               | 32,300,436                                 |
| Foreign equities                 | 3,948,805        |                     |               |              |               | 2,257,790                                  |
| Partnerships                     | 58,071,156       |                     |               |              |               | --   |
| Collective trusts - equities     | 396,933,925      |                     |               |              |               | --   |
| Collective trusts - fixed income | 260,453,277      |                     |               |              |               | --   |
| Collective trusts - real estate  | 144,428,618      |                     |               |              |               | 1,505,164                                  |
|                                  | \$ 1,160,025,758 |                     |               |              |               | \$ 47,832,373                              |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

At April 30, 2022, 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                  | \$ 16,107,212           | \$ --                | \$ 7,162,054         | \$ 8,945,158         | \$ --                | \$ 13,893,747                              |
| U.S. government-backed mortgages | 45,426,228              | --                   | --                   | 352,928              | 45,073,300           | --   |
| Municipal bonds                  | 2,003,050               | --                   | --                   | --                   | 2,003,050            | --   |
| Asset-backed securities          | 5,889,322               | --                   | --                   | 31,229               | 5,858,093            | --   |
| Foreign debt obligations         | 2,329,399               | --                   | --                   | 607,484              | 1,721,915            | 772,892                                    |
| Corporate bonds - domestic       | 22,527,675              | 802,532              | 7,865,324            | 4,391,879            | 9,467,940            | 3,881,233                                  |
| Corporate bonds - foreign        | 20,268,984              | 610,517              | 8,511,228            | 3,466,748            | 7,680,491            | 2,684,634                                  |
| Short-term investment funds      | 29,416,051              | 29,416,051           | --                   | --                   | --                   | --   |
|                                  | 143,967,921             | <u>\$ 30,829,100</u> | <u>\$ 23,538,606</u> | <u>\$ 17,795,426</u> | <u>\$ 71,804,789</u> |  |
| Domestic preferred equities      | 1,234,620               |                      |                      |                      |                      | 1,165,622                                  |
| Domestic common equities         | 190,362,808             |                      |                      |                      |                      | 30,312,483                                 |
| Foreign equities                 | 5,314,322               |                      |                      |                      |                      | 3,036,000                                  |
| Partnerships                     | 58,177,409              |                      |                      |                      |                      | --   |
| Collective trusts - equities     | 443,458,732             |                      |                      |                      |                      | --   |
| Collective trusts - fixed income | 257,610,634             |                      |                      |                      |                      | --   |
| Collective trusts - real estate  | 125,641,707             |                      |                      |                      |                      | 857,654                                    |
|                                  | <u>\$ 1,225,768,153</u> |                      |                      |                      |                      | <u>\$ 56,604,265</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, \$47,832,373 and \$56,604,265 was held by the counterparty that was acting as the Plan's agent in securities lending transactions at April 30, 2023 and 2022, respectively.

**Investment Concentrations** - The following presents investments that represent five percent or more of the fiduciary net position of the Plan as of April 30, 2023:

| Investment                                   |               |
|--|---------------|
| Prudential Core Plus Bond Fund               | \$ 93,941,261 |
| Pioneer Multi Sector Fixed Income Portfolio  | 85,728,200    |
| FIAM Tactical Bond Pool                      | 80,783,815    |
| Mellon EB DV Global Exp Alpha I Fund         | 75,912,885    |
| Blackrock Alpha Advantage International Fund | 58,264,270    |
| LSV Emerging Markets Equity Fund             | 58,071,156    |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

The following presents investments that represent five percent or more of the fiduciary net position of the Plan as of April 30, 2022:

| Investment                                       |                |
|--|----------------|
| Prudential Core Plus Bond Fund                   | \$ 116,381,155 |
| Mellon EB DV Global Exp Alpha I Fund             | 82,645,779     |
| Lazard Wilmington International Equity Portfolio | 79,554,751     |
| Blackrock Alpha Advantage International Fund     | 76,943,579     |
| FIAM Tactical Bond Pool                          | 70,890,024     |
| Pioneer Multi Sector Fixed Income Portfolio      | 70,339,456     |

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan's policy is that fixed income securities must have a minimum investment quality of "B" at the time of purchase. The weighted average credit rating of the portfolio must have a minimum investment quality of "A." As of April 30, 2023 and 2022, the Plan's fixed income assets that are not explicitly government guaranteed represented 88.5 percent and 84.7 percent of the fixed income portfolio, respectively. The following tables summarize the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2023 and 2022:

| Fixed Income Security Type       | Fair Value<br>April 30, 2023 | Percentage<br>of all Fixed<br>Income<br>Assets | S&P<br>Weighted<br>Average<br>Credit<br>Quality |
|----------------------------------|------------------------------|--|---|
| Municipal bonds                  | \$ 2,038,410                 | 0.5%   | A+  |
| Asset-backed securities          | 4,851,860                    | 1.3%   | AA-   |
| Foreign debt obligations         | 2,309,804                    | 0.6%   | BB-   |
| Corporate bonds - domestic       | 21,173,667                   | 5.6%   | BBB   |
| Corporate bonds - foreign        | 19,163,640                   | 5.0%   | BBB   |
| Short-term investment funds      | 27,997,304                   | 7.3%   | Not rated                                       |
| Collective trusts - fixed income | 260,453,277                  | 68.2%  | A   |
|                                  | \$ 337,987,962               | 88.5%  |   |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| Fixed Income Security Type       | Fair Value<br>April 30, 2022 | Percentage<br>of all Fixed<br>Income<br>Assets | S&P<br>Weighted<br>Average<br>Credit<br>Quality |
|----------------------------------|------------------------------|--|---|
| Municipal bonds                  | \$ 2,003,050                 | 0.5%   | A   |
| Asset-backed securities          | 5,889,322                    | 1.5%   | AAA   |
| Foreign debt obligations         | 2,329,399                    | 0.6%   | BB  |
| Corporate bonds - domestic       | 22,527,675                   | 5.6%   | BBB   |
| Corporate bonds - foreign        | 20,268,984                   | 5.1%   | BBB   |
| Short-term investment funds      | 29,416,051                   | 7.3%   | Not rated                                       |
| Collective trusts - fixed income | 257,610,634                  | 64.1%  | A   |
|                                  | <u>\$ 340,045,115</u>        | <u>84.7%</u>                                   |   |

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. This risk is managed within the portfolio using the effective duration of option-adjusted methodology. The Plan's policy is to manage duration to a maximum 25 percent of underweighting/overweighting relative to the Barclays Aggregate Bond Index.

Effective Duration of Fixed Income Assets by Security Type

| Fixed Income Security Type       | Fair Value<br>April 30, 2023 | Percentage<br>of all<br>Fixed Income<br>Assets | Weighted<br>Average Effective<br>Duration (Years) |
|----------------------------------|------------------------------|--|---|
| U.S. Treasuries                  | \$ 5,144,887                 | 1.4%   | 12.36   |
| U.S. government-backed mortgages | 38,651,146                   | 10.1%  | 4.64  |
| Municipal bonds                  | 2,038,410                    | 0.5%   | 8.42  |
| Asset-backed securities          | 4,851,860                    | 1.3%   | 0.25  |
| Foreign debt obligations         | 2,309,804                    | 0.6%   | 8.43  |
| Corporate bonds - domestic       | 21,173,667                   | 5.6%   | 6.05  |
| Corporate bonds - foreign        | 19,163,640                   | 5.0%   | 4.85  |
| Short-term investment funds**    | 27,997,304                   | 7.3%   | **  |
| Collective trusts - fixed income | 260,453,277                  | 68.2%  | 6.53  |
|                                  | <u>\$ 381,783,995</u>        | <u>100.0%</u>                                  |   |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

| Fixed Income Security Type       | Fair Value<br>April 30, 2022 | Percentage<br>of all<br>Fixed Income<br>Assets | Weighted<br>Average Effective<br>Duration (Years) |
|----------------------------------|------------------------------|--|---|
| U.S. Treasuries                  | \$ 16,107,212                | 4.0%   | 5.11  |
| U.S. government-backed mortgages | 45,426,228                   | 11.3%  | 9.02  |
| Municipal bonds                  | 2,003,050                    | 0.5%   | 9.01  |
| Asset-backed securities          | 5,889,322                    | 1.5%   | 3.92  |
| Foreign debt obligations         | 2,329,399                    | 0.6%   | 8.95  |
| Corporate bonds - domestic       | 22,527,675                   | 5.6%   | 6.71  |
| Corporate bonds - foreign        | 20,268,984                   | 5.1%   | 5.19  |
| Short-term investment funds**    | 29,416,051                   | 7.3%   | **  |
| Collective trusts - fixed income | 257,610,634                  | 64.1%  | 5.87  |
|                                  | <u>\$ 401,578,555</u>        | <u>100.0%</u>                                  |   |

\*\*The Plan actually owns an interest in the underlying assets of these money market funds, and the unit values are based on the fair value of their underlying assets. The money market 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 foreign currency risk exposure, or exchange rate risk, primarily resides 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, 2023 and 2022, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 0.43 percent and -5.20 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, 2023 and 2022 were as follows:

|   | 2023                   | 2022                   |
|---|------------------------|------------------------|
| Total pension liability                                     | \$ 1,517,217,266       | \$ 1,483,512,854       |
| Plan fiduciary net position                                 | <u>(1,160,655,852)</u> | <u>(1,211,678,726)</u> |
| City's net pension liability                                | <u>\$ 356,561,414</u>  | <u>\$ 271,834,128</u>  |
| Fiduciary net position as a % of<br>total pension liability | 76.50%                 | 81.68%                 |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**5. ACTUARIAL METHODS AND ASSUMPTIONS**

The Plan's actuary, Cheiron, determines the total pension liability. The total pension liability as of April 30, 2023 and 2022 was determined based on actuarial valuations prepared as of May 1, 2022 and 2021, respectively, rolled forward one year, using the following actuarial assumptions:

|  |  |
|--|--|
| Price inflation  | 2.50%  |
| Salary increases, including wage inflation   | 2.75% to 5.00%   |
| Long-term investment rate of return, net of plan investment expense, including inflation | 7.00%  |
| Mortality tables:  |  |
| Non-annuitant  | 2010 Public General Amount-Weighted Mortality Table for Healthy Employees projected using Scale MP-2020 on a generational basis  |
| Healthy  | 2010 Public General Amount-Weighted Below-Median Mortality Table for Healthy Retirees (multiplied by 1.051 for males and 1.131 for females), projected using Scale MP-2020 on a generational basis |
| Disabled   | 2010 Public General Amount-Weighted Mortality Table for Disabled Retirees, projected using Scale MP-2020 on a generational basis   |

The actuarial assumptions used in the May 1, 2022 and 2021 valuations were based on the results of the actuarial experience study for the period May 1, 2015 through April 30, 2020. The actuarial experience study is dated March 23, 2021.

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 employees. Tier II employees' 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 age 62.

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

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**5. ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

real rates of return for each major asset class included in the Plan's target asset allocation as of April 30, 2023 and 2022 are summarized below:

April 30, 2023:

| Asset Class                  | Target Allocation | Long-Term<br>Expected<br>Real Rate of<br>Return |
|------------------------------|-------------------|---|
| U.S. Equity                  | 17.0%             | 4.3%  |
| Emerging Manager of Managers | 4.0%              | 4.3%  |
| Non-U.S. Equity              | 12.0%             | 6.0%  |
| Emerging Markets Equity      | 5.0%              | 8.8%  |
| Global Equity                | 8.0%              | 5.4%  |
| Core Fixed Income            | 17.0%             | 1.5%  |
| Non-Core Fixed Income        | 15.0%             | 4.3%  |
| Real Estate                  | 8.0%              | 3.3%  |
| Infrastructure               | 3.0%              | 4.8%  |
| Opportunistic                | 10.0%             | 3.6%  |
| Cash                         | 1.0%              | 0.0%  |

April 30, 2022:

| Asset Class                  | Target Allocation | Long-Term<br>Expected<br>Real Rate of<br>Return |
|------------------------------|-------------------|---|
| U.S. Equity                  | 17.0%             | 3.3%  |
| Emerging Manager of Managers | 4.0%              | 3.3%  |
| Non-U.S. Equity              | 12.0%             | 5.0%  |
| Emerging Markets Equity      | 5.0%              | 7.8%  |
| Global Equity                | 8.0%              | 4.3%  |
| Core Fixed Income            | 17.0%             | 0.0%  |
| Non-Core Fixed Income        | 15.0%             | 2.9%  |
| Real Estate                  | 8.0%              | 3.5%  |
| Infrastructure               | 3.0%              | 4.5%  |
| Opportunistic                | 10.0%             | 2.4%  |
| Cash                         | 1.0%              | 1.0%  |

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. In the professional judgment of the Plan's actuary, the funding policy of the Plan will result in the 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.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**5. ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

Sensitivity Analysis - The following sensitivity analysis presents the net pension liability of the City, calculated using the discount rate of 7.00 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate as of April 30, 2023 and 2022:

|                         | 2023                     |                                    |                          |
|-------------------------|--------------------------|------------------------------------|--------------------------|
|                         | 1%<br>Decrease<br>(6.0%) | Current<br>Discount Rate<br>(7.0%) | 1%<br>Increase<br>(8.0%) |
| Total pension liability | \$ 1,686,871,694         | \$ 1,517,217,266                   | \$ 1,374,123,229         |
| Fiduciary net position  | <u>(1,160,655,852)</u>   | <u>(1,160,655,852)</u>             | <u>(1,160,655,852)</u>   |
| Net pension liability   | <u>\$ 526,215,842</u>    | <u>\$ 356,561,414</u>              | <u>\$ 213,467,377</u>    |
|                         | 2022                     |                                    |                          |
|                         | 1%<br>Decrease<br>(6.0%) | Current<br>Discount Rate<br>(7.0%) | 1%<br>Increase<br>(8.0%) |
| Total pension liability | \$ 1,653,925,828         | \$ 1,483,512,854                   | \$ 1,339,935,164         |
| Fiduciary net position  | <u>(1,211,678,726)</u>   | <u>(1,211,678,726)</u>             | <u>(1,211,678,726)</u>   |
| Net pension liability   | <u>\$ 442,247,102</u>    | <u>\$ 271,834,128</u>              | <u>\$ 128,256,438</u>    |

**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. Market risks include global events which could impact the value of investment securities, such as pandemic or international conflict. 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  
THE EMPLOYEES' RETIREMENT 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

Recurring Measurements - The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2023 and 2022:

|   | April 30, 2023   |                |                |              |
|---|------------------|----------------|----------------|--------------|
|   | Total            |                |                |              |
|   | Fair Value       | Level 1        | Level 2        | Level 3      |
| <b>Investments by fair value level</b>                                  |                  |                |                |              |
| Short-term investment funds   | \$ 27,997,304    | \$ 27,997,304  | \$ --          | \$ --        |
| U.S. Treasuries   | 5,144,887        | --             | 5,144,887      | --           |
| U.S. government-backed mortgages  | 38,651,146       | --             | 32,624,191     | 6,026,955    |
| Municipal bonds   | 2,038,410        | --             | 2,038,410      | --           |
| Asset-backed securities   | 4,851,860        | --             | 4,851,860      | --           |
| Foreign debt obligations  | 2,309,804        | --             | 2,309,804      | --           |
| Corporate bonds - domestic  | 21,173,667       | --             | 21,173,667     | --           |
| Corporate bonds - foreign   | 19,163,640       | --             | 19,163,640     | --           |
| Domestic preferred equities   | 1,124,227        | 1,124,227      | --             | --           |
| Domestic common equities  | 173,735,032      | 173,735,032    | --             | --           |
| Foreign equities  | 3,948,805        | 3,948,805      | --             | --           |
| Collective trusts - equities  | 56,766,467       | --             | 56,766,467     | --           |
| Total investments   | 356,905,249      | \$ 206,805,368 | \$ 144,072,926 | \$ 6,026,955 |
| <br><b>Investments measured at net asset value (NAV) <sup>(A)</sup></b> |                  |                |                |              |
| Partnerships  | 58,071,156       |                |                |              |
| Collective trusts - equities  | 340,167,458      |                |                |              |
| Collective trusts - fixed income  | 260,453,277      |                |                |              |
| Collective trusts - real estate   | 144,428,618      |                |                |              |
| Total investments measured at NAV                                       | 803,120,509      |                |                |              |
| Total investments   | \$ 1,160,025,758 |                |                |              |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

NOTES TO THE FINANCIAL STATEMENTS

**7. FAIR VALUE MEASUREMENTS (CONTINUED)**

|  | April 30, 2022 |                |                |              |
|--|----------------|----------------|----------------|--------------|
|  | Total          |                |                |              |
|  | Fair Value     | Level 1        | Level 2        | Level 3      |
| <b>Investments by fair value level</b> |                |                |                |              |
| Short-term investment funds            | \$ 29,416,051  | \$ 29,416,051  | \$ --          | \$ --        |
| U.S. Treasuries                        | 16,107,212     | --             | 16,107,212     | --           |
| U.S. government-backed mortgages       | 45,426,228     | --             | 38,806,516     | 6,619,712    |
| Municipal bonds                        | 2,003,050      | --             | 2,003,050      | --           |
| Asset-backed securities                | 5,889,322      | --             | 5,889,322      | --           |
| Foreign debt obligations               | 2,329,399      | --             | 2,329,399      | --           |
| Corporate bonds - domestic             | 22,527,675     | --             | 22,527,675     | --           |
| Corporate bonds - foreign              | 20,268,984     | --             | 20,268,984     | --           |
| Domestic preferred equities            | 1,234,620      | 1,234,620      | --             | --           |
| Domestic common equities               | 190,362,808    | 190,362,808    | --             | --           |
| Foreign equities                       | 5,314,322      | 5,314,322      | --             | --           |
| Collective trusts - equities           | 59,101,691     | --             | 59,101,691     | --           |
| Total investments                      | 399,981,362    | \$ 226,327,801 | \$ 167,033,849 | \$ 6,619,712 |

**Investments measured at net asset value (NAV) <sup>(A)</sup>**

|                                   |                  |
|-----------------------------------|------------------|
| Partnerships                      | 58,177,409       |
| Collective trusts - equities      | 384,357,041      |
| Collective trusts - fixed income  | 257,610,634      |
| Collective trusts - real estate   | 125,641,707      |
| Total investments measured at NAV | 825,786,791      |
| Total investments                 | \$ 1,225,768,153 |

(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 as well as 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.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. FAIR VALUE MEASUREMENTS (CONTINUED)**

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

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

Fair value determinations for Level 3 measurements of securities are the responsibility of the Pension Administrator's office. The Pension Administrator's office contracts with the respective money manager to engage a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The Pension Administrator's office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

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

|   | April 30, 2023 |                         |   |               |
|---|----------------|-------------------------|---|---------------|
|   | Fair Value     | Unfunded<br>Commitments | Redemption<br>Frequency<br>(If Currently<br>Eligible) | Notice Period |
| Partnerships <sup>(A)</sup>                     | \$ 58,071,156  | \$ --                   | Semi-Annual   | 2 Months      |
| Collective trusts - equities <sup>(B)</sup>     | 340,167,458    | --                      | Daily/Monthly   | 1-7 Days      |
| Collective trusts - fixed income <sup>(C)</sup> | 260,453,277    | --                      | Daily   | 1 Day         |
| Collective trusts - real estate <sup>(D)</sup>  | 144,428,618    | --                      | Quarterly   | 45 Days       |
| Total investments measured at NAV               | \$ 803,120,509 | \$ --                   |   |               |

|   | April 30, 2022 |                         |   |               |
|---|----------------|-------------------------|---|---------------|
|   | Fair Value     | Unfunded<br>Commitments | Redemption<br>Frequency<br>(If Currently<br>Eligible) | Notice Period |
| Partnerships <sup>(A)</sup>                     | \$ 58,177,409  | \$ --                   | Semi-Annual   | 2 Months      |
| Collective trusts - equities <sup>(B)</sup>     | 384,357,041    | --                      | Daily/Monthly   | 1-7 Days      |
| Collective trusts - fixed income <sup>(C)</sup> | 257,610,634    | --                      | Daily   | 1 Day         |
| Collective trusts - real estate <sup>(D)</sup>  | 125,641,707    | --                      | Quarterly   | 45 Days       |
| Total investments measured at NAV               | \$ 825,786,791 | \$ --                   |   |               |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. FAIR VALUE MEASUREMENTS (CONTINUED)**

- (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. The fund includes U.S. and Non-U.S. government, securitized and corporate bonds, and currencies across the entire quality spectrum.
- (D) This category is a common collective trust redeemable quarterly with a 45 day notice period. Investments are open-ended U.S. Commercial real estate.

**8. RELATED PARTY TRANSACTIONS**

The Plan reimburses the City for the cost of providing certain financial and other services. Amounts charged are expensed during the period incurred. Expenses reimbursable to the City totaled \$385,810 and \$332,452 for the years ended April 30, 2023 and 2022, respectively.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

**Last Ten Fiscal Years**

|  | <b>2023</b>           | <b>2022</b>           | <b>2021</b>           | <b>2020</b>           | <b>2019</b>           | <b>2018</b>           | <b>2017</b>           | <b>2016</b>           | <b>2015</b>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total pension liability</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Service cost   | \$ 17,063,735         | \$ 18,404,268         | \$ 19,599,485         | \$ 19,922,994         | \$ 20,312,736         | \$ 20,085,682         | \$ 20,048,780         | \$ 19,485,402         | \$ 19,694,295         |
| Interest on total pension liability                                      | 102,405,942           | 100,334,957           | 104,889,664           | 102,057,580           | 100,099,386           | 97,267,046            | 94,116,208            | 87,902,877            | 85,393,038            |
| Difference between expected and actual experience                        | 8,895,151             | (3,543,905)           | (1,147,543)           | (15,368,078)          | (5,950,247)           | (2,291,715)           | (431,574)             | (6,077,385)           | -                     |
| Change of assumptions  | -                     | -                     | 6,427,915             | -                     | -                     | -                     | -                     | 43,062,525            | -                     |
| Benefit payments, including member refunds                               | (94,660,416)          | (98,688,146)          | (84,160,039)          | (81,386,896)          | (75,804,145)          | (71,994,704)          | (67,877,732)          | (67,603,613)          | (63,149,987)          |
| <b>Net change in total pension liability</b>                             | <b>33,704,412</b>     | <b>16,507,174</b>     | <b>45,609,482</b>     | <b>25,225,600</b>     | <b>38,657,730</b>     | <b>43,066,309</b>     | <b>45,855,682</b>     | <b>76,769,806</b>     | <b>41,937,346</b>     |
| <b>Total pension liability - beginning</b>                               | <b>1,483,512,854</b>  | <b>1,467,005,680</b>  | <b>1,421,396,198</b>  | <b>1,396,170,598</b>  | <b>1,357,512,868</b>  | <b>1,314,446,559</b>  | <b>1,268,590,877</b>  | <b>1,191,821,071</b>  | <b>1,149,883,725</b>  |
| <b>Total pension liability - ending</b>                                  | <b>1,517,217,266</b>  | <b>1,483,512,854</b>  | <b>1,467,005,680</b>  | <b>1,421,396,198</b>  | <b>1,396,170,598</b>  | <b>1,357,512,868</b>  | <b>1,314,446,559</b>  | <b>1,268,590,877</b>  | <b>1,191,821,071</b>  |
| <b>Plan fiduciary net position</b>                                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment income  | 6,241,341             | (68,177,598)          | 291,460,205           | (25,371,609)          | 59,453,267            | 98,766,580            | 105,285,874           | (26,366,931)          | 84,827,952            |
| Contributions - employer   | 29,311,691            | 30,638,396            | 27,524,702            | 27,256,034            | 26,032,072            | 24,530,445            | 23,701,217            | 24,577,647            | 27,569,434            |
| Contributions - member   | 8,593,455             | 7,708,274             | 8,500,926             | 8,552,954             | 8,514,325             | 8,622,835             | 7,966,105             | 8,235,363             | 8,610,268             |
| Benefits paid  | (90,026,491)          | (86,809,330)          | (78,466,913)          | (75,387,320)          | (71,410,862)          | (71,994,704)          | (67,877,732)          | (67,603,613)          | (63,149,987)          |
| Refunds of contributions   | (4,633,925)           | (11,878,816)          | (5,693,126)           | (5,999,576)           | (4,393,283)           | -                     | -                     | -                     | -                     |
| Administrative expenses  | (508,945)             | (464,610)             | (496,870)             | (488,582)             | (584,912)             | (563,030)             | (386,784)             | (365,571)             | (379,424)             |
| <b>Net change in fiduciary net position</b>                              | <b>(51,022,874)</b>   | <b>(128,983,684)</b>  | <b>242,828,924</b>    | <b>(71,438,099)</b>   | <b>17,610,607</b>     | <b>59,362,126</b>     | <b>68,688,680</b>     | <b>(61,523,105)</b>   | <b>57,478,243</b>     |
| <b>Plan fiduciary net position - beginning</b>                           | <b>1,211,678,726</b>  | <b>1,340,662,410</b>  | <b>1,097,833,486</b>  | <b>1,169,271,585</b>  | <b>1,151,660,978</b>  | <b>1,092,298,852</b>  | <b>1,023,610,172</b>  | <b>1,085,133,277</b>  | <b>1,027,655,034</b>  |
| <b>Plan fiduciary net position - ending</b>                              | <b>1,160,655,852</b>  | <b>1,211,678,726</b>  | <b>1,340,662,410</b>  | <b>1,097,833,486</b>  | <b>1,169,271,585</b>  | <b>1,151,660,978</b>  | <b>1,092,298,852</b>  | <b>1,023,610,172</b>  | <b>1,085,133,277</b>  |
| <b>Net pension liability, ending</b>                                     | <b>\$ 356,561,414</b> | <b>\$ 271,834,128</b> | <b>\$ 126,343,270</b> | <b>\$ 323,562,712</b> | <b>\$ 226,899,013</b> | <b>\$ 205,851,890</b> | <b>\$ 222,147,707</b> | <b>\$ 244,980,705</b> | <b>\$ 106,687,794</b> |
| <b>Fiduciary net position as a percentage of total pension liability</b> | <b>76.50%</b>         | <b>81.68%</b>         | <b>91.39%</b>         | <b>77.24%</b>         | <b>83.75%</b>         | <b>84.84%</b>         | <b>83.10%</b>         | <b>80.69%</b>         | <b>91.05%</b>         |
| <b>Covered-employee payroll</b>  | <b>\$ 153,876,546</b> | <b>\$ 165,299,880</b> | <b>\$ 170,834,611</b> | <b>\$ 171,476,103</b> | <b>\$ 171,688,301</b> | <b>\$ 167,811,028</b> | <b>\$ 164,248,048</b> | <b>\$ 166,853,097</b> | <b>\$ 167,629,048</b> |
| <b>Net pension liability as a percentage of covered-employee payroll</b> | <b>231.72%</b>        | <b>164.45%</b>        | <b>73.96%</b>         | <b>188.69%</b>        | <b>132.16%</b>        | <b>122.67%</b>        | <b>135.25%</b>        | <b>146.82%</b>        | <b>63.65%</b>         |

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

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**SCHEDULE OF CITY CONTRIBUTIONS**

Last Ten Fiscal Years

|  | <u>2023</u>        | <u>2022</u>       | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>        | <u>2015</u>       | <u>2014</u>         |
|--|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|-------------------|---------------------|
| Actuarially determined employer contribution               | \$ 29,291,139      | \$ 30,664,813     | \$ 27,333,291       | \$ 26,920,726       | \$ 25,842,898       | \$ 24,390,835       | \$ 23,042,413       | \$ 24,540,893      | \$ 27,568,194     | \$ 27,568,194       |
| Actual City contributions                                  | <u>29,311,691</u>  | <u>30,638,396</u> | <u>27,524,702</u>   | <u>27,256,034</u>   | <u>26,032,072</u>   | <u>24,530,445</u>   | <u>23,701,217</u>   | <u>24,577,647</u>  | <u>27,569,434</u> | <u>25,987,662</u>   |
| Annual contribution deficiency (excess)                    | <u>\$ (20,552)</u> | <u>\$ 26,417</u>  | <u>\$ (191,411)</u> | <u>\$ (335,308)</u> | <u>\$ (189,174)</u> | <u>\$ (139,610)</u> | <u>\$ (658,804)</u> | <u>\$ (36,754)</u> | <u>\$ (1,240)</u> | <u>\$ 1,580,532</u> |
| Covered payroll  | \$ 153,876,546     | \$ 165,299,880    | \$ 170,834,611      | \$ 171,476,103      | \$ 171,688,301      | \$ 167,811,028      | \$ 164,248,048      | \$ 166,853,097     | \$ 167,629,048    | \$ 167,629,049      |
| Actual contributions as a percentage<br>of covered payroll | 19.05%             | 18.54%            | 16.11%              | 15.89%              | 15.16%              | 14.62%              | 14.43%              | 14.73%             | 16.45%            | 15.50%              |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**SCHEDULE OF INVESTMENT RETURNS**

Last Ten Fiscal Years

| <b>Fiscal Year Ending April 30</b>                              | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 0.43%       | -5.20%      | 27.14%      | -2.16%      | 5.32%       | 9.28%       | 10.46%      | -2.50%      | 8.36%       | 11.50%      |

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Changes of benefit and funding terms - The following changes to the Plan provisions for the last ten fiscal years were reflected in the valuations as listed below:

5/01/2022 Valuation

- No changes in benefit or funding terms.

5/01/2021 Valuation

- No changes in benefit or funding terms.

5/01/2020 Valuation

- No changes in benefit or funding terms.

5/01/2019 Valuation

- No changes in benefit or funding terms.

5/01/2018 Valuation

- No changes in benefit or funding terms.

5/01/2017 Valuation

- No changes in 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, Tier I member contribution rates increased by 1.00 percent and the interest credited to employee account balances decreased to 5.00 percent.
- Tier II members were added.

5/01/2013 Valuation

- The City contribution rate changed from 9.50 percent of payroll for General Employees and 19.50 percent of payroll for Judges and Elected Officials to the prior year's actuarially determined contribution rate.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT SYSTEM**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Changes in actuarial assumptions and methods - The following changes for the last ten fiscal years were reflected in the valuations as listed below:

5/01/2022 Valuation

- No changes in actuarial assumptions or methods.

5/01/2021 Valuation

- No changes in actuarial assumptions or methods.

5/01/2020 Valuation

- All assumptions have been revised based on the results of the experience study conducted for the period May 1, 2015 to April 30, 2020. These assumptions were incorporated into the GASB 67 disclosures and net pension liability for the Plan's 2022 fiscal year-end. Changes included changes to inflation rate, salary increases including wage growth, mortality tables, discount rate, and expected rate of return.

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

- No changes in actuarial assumptions or methods.

5/01/2016 Valuation

- No changes in actuarial assumptions or methods.

5/01/2015 Valuation

- No changes in actuarial assumptions or methods.

5/01/2014 Valuation

- All assumptions have been revised based on the results of the experience study conducted for the period May 1, 2010 to April 30, 2015. These assumptions were incorporated into the GASB 67 disclosures and net pension liability calculation for the Plan's 2016 fiscal year-end which is based on the 4/30/2014 Valuation.

5/01/2013 Valuation

- No changes in actuarial assumptions or methods.

**CITY OF KANSAS CITY, MISSOURI  
THE EMPLOYEES' RETIREMENT 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, 2021 actuarial valuation:

|                |  |
|----------------|--|
| Valuation Date | May 1, 2021  |
| Timing         | Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the Plan year |

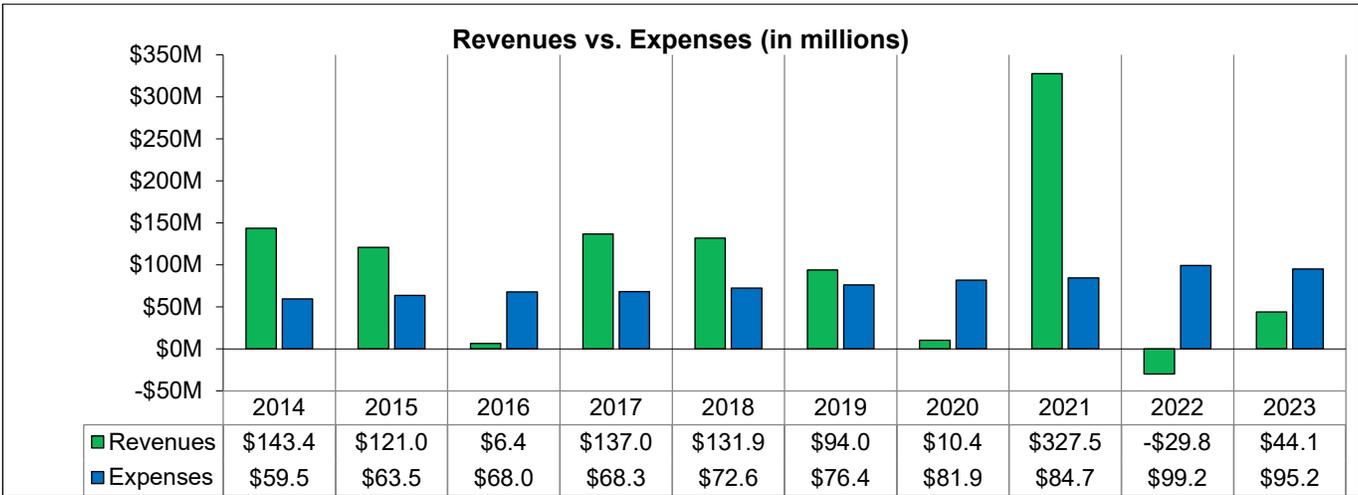
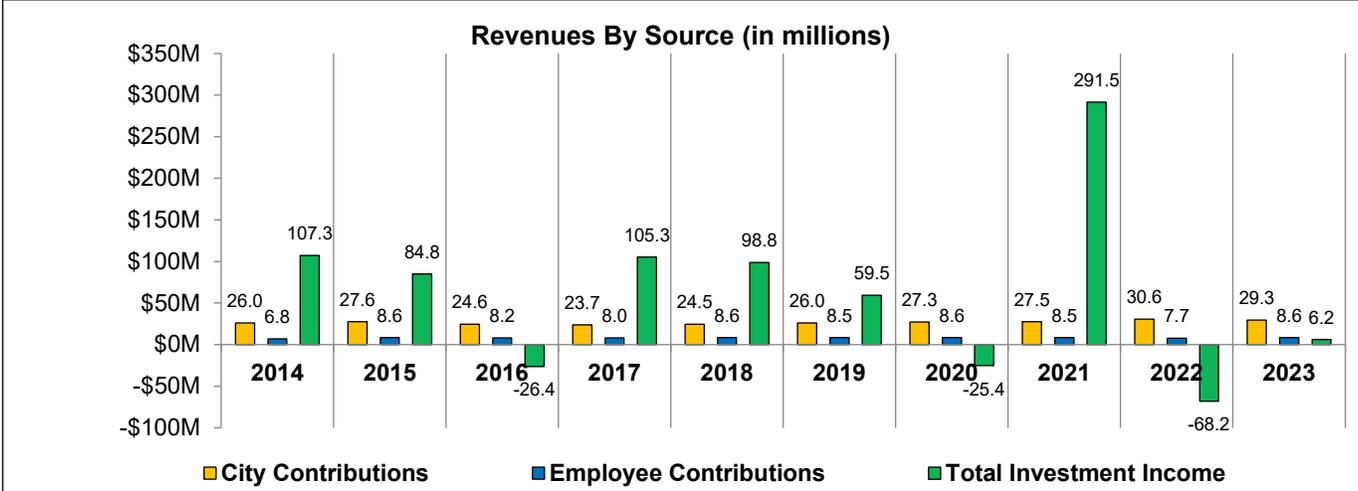
Key Methods and Assumptions Used to Determine Contribution Rates:

|                            |  |
|----------------------------|--|
| Actuarial cost method      | Entry Age  |
| Asset valuation method     | 4-year smoothing using Expected Value Method   |
| Amortization method        | 20-year layered amortization as a level percent of pay. Changes to the 5/1/2009 unfunded actuarial liability were amortized over 30 years  |
| Discount rate              | 7.00%  |
| Amortization growth rate   | 2.75%  |
| Price inflation            | 2.50%  |
| Salary increases           | Ranges from 5.0% to 2.75%  |
| Cost-of-living adjustments | 3.00% simple for Tier 1 Members; 1.90% simple payable at 27th anniversary of date at hire if the prior year's funding ratio is greater than or equal to 80% for Tier II Members  |
| Mortality                  | <p>Non-Annuitants: 2010 Public General Amount-Weighted Mortality Table for Healthy Employees projected using Scale MP-2020 on a generational basis</p> <p>Healthy Annuitants: 2010 Public General Amount-Weighted Below-Median Mortality Table for Healthy Retirees (multiplied by 1.051 for males and 1.131 for females), projected using Scale MP-2020 on a generational basis</p> <p>Disabled: 2010 Public General Amount-Weighted Mortality Table for Disabled Retirees, projected using Scale MP-2020 on a generational basis</p> |

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
HISTORICAL REVIEW  
April 30, 2023**

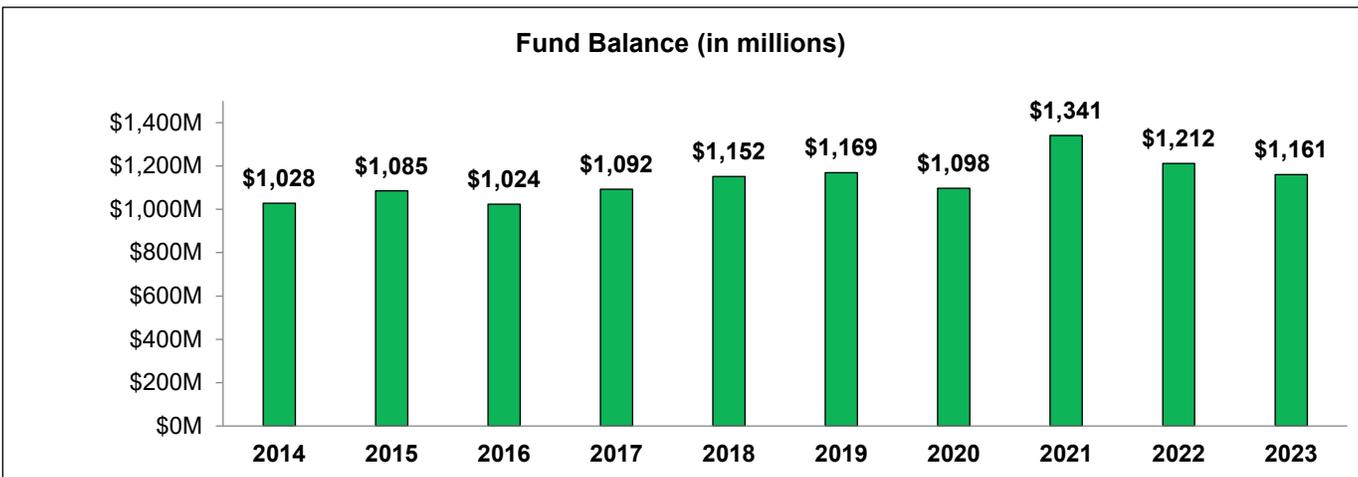
|   | 2023                   | 2022                   | 2021                   | 2020                   | 2019                   | 2018                   | 2017                   | 2016                   | 2015                   | 2014                   |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Additions</b>                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Contributions                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Employer Contributions                  | \$29,311,691           | \$30,638,396           | \$27,524,702           | \$27,256,034           | \$26,032,072           | \$24,530,445           | \$23,701,217           | \$24,577,647           | \$27,569,434           | \$25,987,662           |
| Member Contributions                    | \$8,593,455            | \$7,708,274            | 8,500,926              | 8,552,954              | 8,514,325              | 8,622,835              | 7,966,105              | 8,235,363              | 8,610,268              | 6,849,988              |
| Total Contributions                     | 37,905,146             | 38,346,670             | 36,025,628             | 35,808,988             | 34,546,397             | 33,153,280             | 31,667,322             | 32,813,010             | 36,179,702             | 32,837,650             |
| Investment Income                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Realized Gain (Loss)                    | 10,629,553             | (63,438,541)           | 296,309,241            | (20,515,445)           | 63,306,180             | 102,920,686            | 109,056,496            | -22,009,888            | 89,027,653             | 110,769,191            |
| Less Investment Expense                 | (4,388,212)            | (4,739,057)            | (4,849,036)            | (4,856,164)            | (3,852,913)            | (4,154,106)            | (3,770,622)            | (4,357,043)            | (4,199,701)            | (3,501,332)            |
| Total Net Investment Income             | 6,241,341              | (68,177,598)           | 291,460,205            | (25,371,609)           | 59,453,267             | 98,766,580             | 105,285,874            | (26,366,931)           | 84,827,952             | 107,267,859            |
| <b>Total Additions</b>                  | <b>44,146,487</b>      | <b>(29,830,928)</b>    | <b>327,485,833</b>     | <b>10,437,379</b>      | <b>93,999,664</b>      | <b>131,919,860</b>     | <b>136,953,196</b>     | <b>6,446,079</b>       | <b>121,007,654</b>     | <b>140,105,509</b>     |
| <b>Deductions</b>                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Benefit Payments                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Annuities                               | 90,026,491             | 86,809,330             | 78,466,913             | 75,387,320             | 71,410,862             | 68,328,453             | 64,197,401             | 63,007,354             | 58,650,593             | 55,374,392             |
| Refunds                                 |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Termination                             | 1,667,357              | 2,320,927              | 1,649,175              | 1,502,400              | 1,762,170              | 1,428,989              | 1,441,455              | 1,467,712              | 1,057,184              | 1,315,059              |
| Retirement                              | 2,966,568              | 9,557,889              | 4,043,951              | 4,497,176              | 2,631,113              | 2,237,262              | 2,238,876              | 3,128,547              | 3,442,210              | 2,428,948              |
| Total Benefit Payments                  | 94,660,416             | 98,688,146             | 84,160,039             | 81,386,896             | 75,804,145             | 71,994,704             | 67,877,732             | 67,603,613             | 63,149,987             | 59,118,399             |
| Administrative Expenses                 | 508,945                | 464,610                | 496,870                | 488,582                | 584,912                | 563,030                | 386,784                | 365,571                | 379,424                | 401,702                |
| <b>Total Deductions</b>                 | <b>95,169,361</b>      | <b>99,152,756</b>      | <b>84,656,909</b>      | <b>81,875,478</b>      | <b>76,389,057</b>      | <b>72,557,734</b>      | <b>68,264,516</b>      | <b>67,969,184</b>      | <b>63,529,411</b>      | <b>59,520,101</b>      |
| Net Increase (Decrease) in Net Position | (51,022,874)           | (128,983,684)          | 242,828,924            | (71,438,099)           | 17,610,607             | 59,362,126             | 68,688,680             | (61,523,105)           | 57,478,243             | 80,585,408             |
| <b>Net Position - Beginning of Year</b> | <b>1,211,678,726</b>   | <b>1,340,662,410</b>   | <b>1,097,833,486</b>   | <b>1,169,271,585</b>   | <b>1,151,660,978</b>   | <b>1,092,298,852</b>   | <b>1,023,610,172</b>   | <b>1,085,133,277</b>   | <b>1,027,655,034</b>   | <b>947,069,626</b>     |
| <b>Net Position - End of Year</b>       | <b>\$1,160,655,852</b> | <b>\$1,211,678,726</b> | <b>\$1,340,662,410</b> | <b>\$1,097,833,486</b> | <b>\$1,169,271,585</b> | <b>\$1,151,660,978</b> | <b>\$1,092,298,852</b> | <b>\$1,023,610,172</b> | <b>\$1,085,133,277</b> | <b>\$1,027,655,034</b> |
| <b>Contributions - % of Payroll</b>     |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Employer                                | 17.72%                 | 17.95%                 | 15.94%                 | 15.68%                 | 15.40%                 | 14.85%                 | 13.81%                 | 14.64%                 | 16.52%                 | 17.18%                 |
| Member                                  | 5.00%                  | 5.00%                  | 5.00%                  | 5.00%                  | 5.00%                  | 5.00%                  | 5.00%                  | 5.00%                  | 5.00%                  | 4.00%                  |

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
FINANCIAL REVIEW  
April 30, 2023**



**Allocation of Expenses**

| Expenses by type                 | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Administrative Expenses          | \$401,702           | \$379,424           | \$365,571           | \$386,784           | \$563,030           | \$584,912           | \$488,582           | \$496,870           | \$464,610           | \$508,945           |
| Refund of Employee Contributions | \$3,744,007         | \$4,499,394         | \$4,596,259         | \$3,680,331         | \$3,666,251         | \$4,393,283         | \$5,999,576         | \$5,693,126         | \$11,878,816        | \$4,633,925         |
| Retirement Benefits              | \$55,374,392        | \$58,650,593        | \$63,007,354        | \$64,197,401        | \$68,328,453        | \$71,410,862        | \$75,387,320        | \$78,466,913        | \$86,809,330        | \$90,026,491        |
| <b>Total</b>                     | <b>\$59,520,101</b> | <b>\$63,529,411</b> | <b>\$67,969,184</b> | <b>\$68,264,516</b> | <b>\$72,557,734</b> | <b>\$76,389,057</b> | <b>\$81,875,478</b> | <b>\$84,656,909</b> | <b>\$99,152,756</b> | <b>\$95,169,361</b> |



# **MEMBERSHIP SECTION**

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
MEMBERSHIP ACTIVITY  
April 30, 2023**

**OPTIONAL RETIREMENTS**

| <b>NAME</b>              | <b>RETIREMENT DATE</b> | <b>NAME</b>                  | <b>RETIREMENT DATE</b> |
|--------------------------|------------------------|------------------------------|------------------------|
| BAKEMAN, PATRICK L.      | 09/01/2022             | MCCARTY, DONNA M.            | 04/01/2023             |
| BERMEJO, FAYLON T.       | 10/01/2022             | MCCLENTON-JOHNSON, NICOLE C. | 02/01/2023             |
| BOUCHARD, CHRISTOPHER A. | 01/01/2023             | PATRICK, JOY E.              | 01/01/2023             |
| BROWN, DELWAN E.         | 10/01/2022             | PATRICK, ROBERT A.           | 06/01/2022             |
| BROWN, WINSTON W.        | 04/01/2023             | PIERCE, PAUL C.              | 01/01/2023             |
| BURTON, HA V.            | 09/01/2022             | PRICE, TERRELL E.            | 10/01/2022             |
| CALANDRA, LORRI A.       | 01/01/2023             | PU, JOAN Y.                  | 02/01/2023             |
| CREIGHTON, KEVIN M.      | 04/01/2023             | ROGERS, DAVID C.             | 10/01/2022             |
| CUNNINGHAM, DONNA L.     | 02/01/2023             | SHIELDS, JR., OLLIE J.       | 01/01/2023             |
| DAVIS, DONNA J.          | 04/01/2023             | SMITH, MICHAEL J.            | 03/01/2023             |
| DAVIS, JERRY R.          | 10/01/2022             | THOMPSON, FRANK E.           | 09/01/2022             |
| DAVIS, TONYA C.          | 05/01/2023             | TUGGLE, SR., VICTOR L.       | 02/01/2023             |
| EVANS, DAVID W.          | 02/01/2023             | WALSH, TIMOTHY A.            | 09/01/2022             |
| FOGLE, JOHN E.           | 11/01/2022             | WARMAN, JERRY C.             | 07/01/2022             |
| HUDSON, ROCKY L.         | 04/01/2023             | WEBSTER, DARIN L.            | 06/01/2022             |
| HUGHES, PATRICK SHAWN    | 09/01/2022             | WELDON, JADA R.              | 03/01/2023             |
| JOHNSON, III., JIMMY     | 10/01/2022             | WILKINSON, TIFFANY H.        | 02/01/2023             |
| JONES, FREDERICK         | 05/01/2023             | WILSON, KIM M.               | 08/01/2022             |
| LARGEN, MARY S.          | 05/01/2023             | ZANG, SHERMAN C.             | 01/01/2023             |
| LATIMORE, ARTHUR W.      | 03/01/2023             |                              |                        |

**NORMAL RETIREMENTS**

| <b>NAME</b>        | <b>RETIREMENT DATE</b> | <b>NAME</b>            | <b>RETIREMENT DATE</b> |
|--------------------|------------------------|------------------------|------------------------|
| BUSBEA, RANDALL D. | 01/01/2023             | NOLAN, CATHY D.        | 01/01/2023             |
| COOK, FREDRICK     | 04/01/2023             | SEARS, LYLE D.         | 04/01/2023             |
| DORITY, KAREN A.   | 04/01/2023             | SHIPLEY, BARBARA L.    | 10/01/2022             |
| EDIGER, BENSON R.  | 12/01/2022             | VANAUSDALL, WILLIAM D. | 02/01/2023             |
| LATTA, MICHAEL D.  | 04/01/2023             |                        |                        |

**EARLY RETIREMENTS**

| <b>NAME</b>         | <b>RETIREMENT DATE</b> | <b>NAME</b>           | <b>RETIREMENT DATE</b> |
|---------------------|------------------------|-----------------------|------------------------|
| BROOKS, AVAMARIE F. | 01/01/2023             | JOHNSON, BRUCE T.     | 10/01/2022             |
| CLAY, JOHN P.       | 11/01/2022             | MARTIN, SEAN D.       | 07/01/2022             |
| HETLE, LINDA M.     | 01/01/2023             | RANDOLPH, KIMBERLY M. | 10/01/2022             |

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
MEMBERSHIP ACTIVITY  
April 30, 2023**

**DEFERRED RETIREMENTS**

| <b>NAME</b>          | <b>RETIREMENT DATE</b> | <b>NAME</b>            | <b>RETIREMENT DATE</b> |
|----------------------|------------------------|------------------------|------------------------|
| ALI, INTEZ J.        | 08/01/2022             | HOWARD, ROY L.         | 10/01/2022             |
| BRILL, MELISSA J.    | 09/01/2022             | HUTTON, GERALDINE      | 03/01/2022             |
| CAMPBELL, BRUCE E.   | 11/01/2022             | MCCLAIN, EVALIN E.     | 01/01/2023             |
| DUNN, DOYLE J.       | 11/01/2021             | ROBERSON, CARLA L.     | 09/01/2022             |
| ELMER, TERRY L.      | 07/01/2022             | WEBSTER, JR., FLOYD S. | 11/01/2022             |
| GERRICK, PATRICIA J. | 03/01/2018             | WHITLEY, KEISHA L.     | 11/01/2022             |
| HESS, KIMBERLY K.    | 08/01/2022             |                        |                        |

**IN MEMORIAM**

**MEMBER DEATHS - ACTIVE EMPLOYEES**

| <b>NAME</b>              | <b>DATE OF DEATH</b> | <b>NAME</b>           | <b>DATE OF DEATH</b> |
|--------------------------|----------------------|-----------------------|----------------------|
| BAUER, JULIE             | 09/05/2022           | SCHLUETER, MICHAEL K. | 12/28/2022           |
| BROWN, KENNETH           | 10/03/2022           | STOKES, JR., JESSIE   | 09/19/2022           |
| CANGELOSI, CONCETTA RENE | 08/05/2022           | THOMAS, PATRICK T.    | 09/16/2022           |

**IN MEMORIAM**

**MEMBER DEATHS - RETIREES**

| <b>NAME</b>          | <b>DATE OF DEATH</b> | <b>NAME</b>             | <b>DATE OF DEATH</b> |
|----------------------|----------------------|-------------------------|----------------------|
| ADWELL, ERNEST C.    | 02/10/2023           | HAYES, JOYCE M.         | 06/03/2022           |
| ALBERT, CALVIN D.    | 02/20/2023           | HILL, ALAN K.           | 12/14/2022           |
| ALMAI, MOHAMMAD      | 05/01/2022           | HININGER, CARL A.       | 10/03/2022           |
| BEATTY, EDWARD       | 06/29/2022           | HOWELL, LARRY L.        | 09/09/2022           |
| BISWELL, JOHN J.     | 08/12/2022           | JENNINGS, EVERETT P.    | 01/29/2023           |
| BOWMAN, ELIZABETH A. | 04/14/2023           | JEWETT, NORMA L.        | 03/22/2023           |
| BROADWAY, CHARLES    | 08/16/2022           | JOHNSON, SALLY L.       | 12/30/2022           |
| BROWN, FRANCES M.    | 01/19/2023           | JOHNSON, SR., RODNEY L. | 08/30/2022           |
| BROWN, FRANK W.      | 10/27/2022           | KILGORE, GLEN D.        | 01/04/2023           |
| BURTON, DORIS        | 09/25/2022           | KLEGSETH, STEVEN J.     | 12/24/2022           |
| BUSS, ERWIN W.       | 07/24/2022           | KNAEBEL, ARTHUR         | 07/13/2022           |
| CALDWELL, MARCELINE  | 01/04/2023           | LOCKE, DENNIS L.        | 08/16/2022           |
| CANIGLIA, JUDITH L.  | 07/22/2022           | MCLAIN, BRIAN           | 02/17/2023           |
| CAPERS, WILLIE L.    | 08/07/2022           | MCPEEK, MICHAEL A.      | 12/08/2022           |
| CLARK, KEITH         | 08/10/2022           | NIXON, GEORGIA A.       | 11/19/2022           |
| CLAY, VERNON L.      | 04/28/2023           | NOLTING, ANTHONY D.     | 10/04/2022           |
| CLUTTER, RONALD D.   | 01/04/2023           | NORWOOD, MAE V.         | 04/09/2023           |
| COX, MERLE I.        | 07/23/2022           | OTTE, MARY K.           | 12/07/2022           |
| DULL, GARY L.        | 08/12/2022           | PAIGE, TERRY D.         | 09/30/2022           |
| GONZALEZ, FRANK      | 04/28/2022           | PITTS, LOLA J.          | 02/01/2023           |
| GUERRA, ROBERT O.    | 12/14/2022           | POPPA, MARY C.          | 03/31/2023           |
| HARRISON, WILLIAM E. | 12/18/2022           | PORTER, JAMES E.        | 12/30/2022           |

**CITY OF KANSAS CITY, MISSOURI  
EMPLOYEES' RETIREMENT SYSTEM  
MEMBERSHIP ACTIVITY  
April 30, 2023**

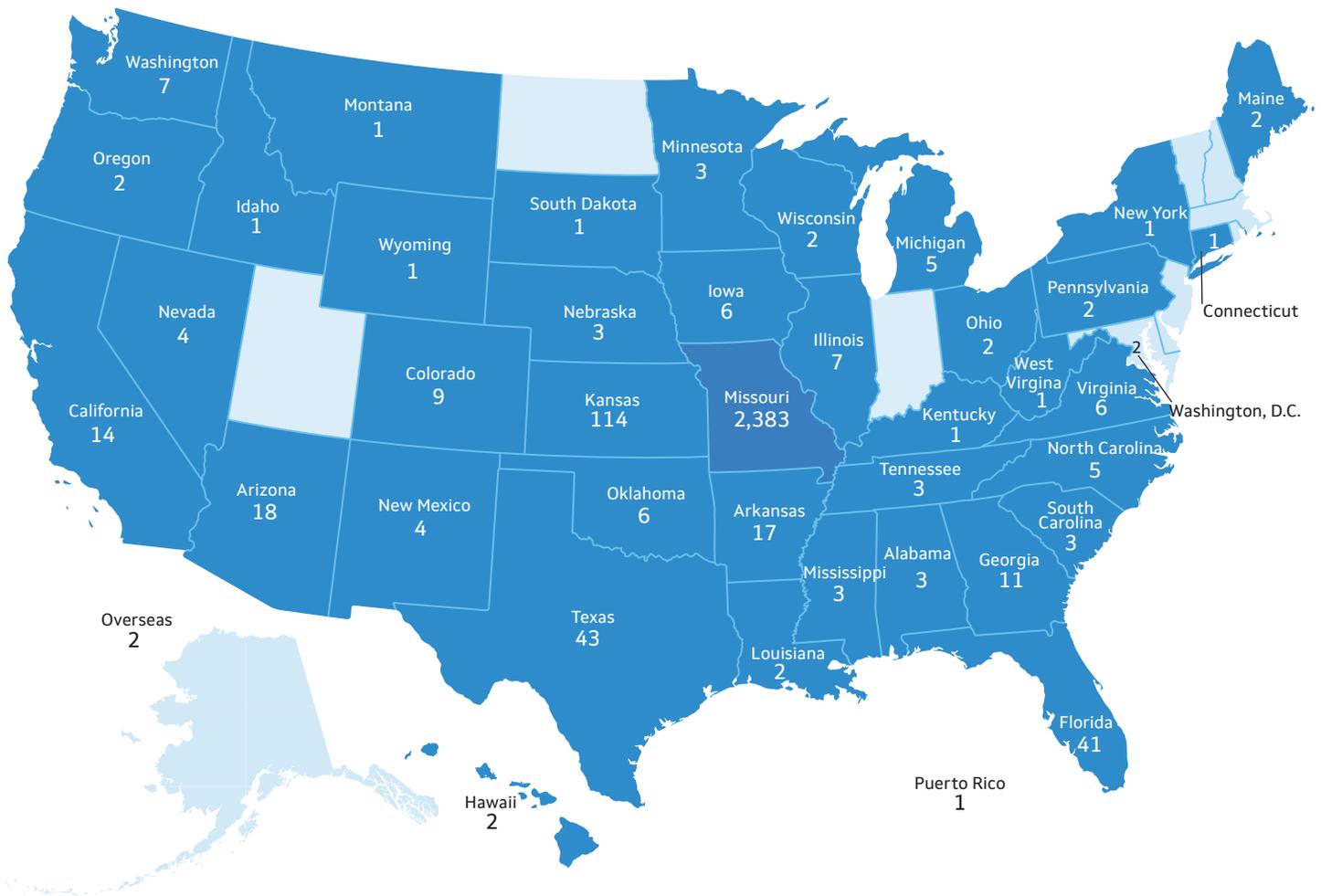
**IN MEMORIAM  
MEMBER DEATHS - RETIREES CONT.**

| <b>NAME</b>           | <b>DATE OF DEATH</b> | <b>NAME</b>              | <b>DATE OF DEATH</b> |
|-----------------------|----------------------|--------------------------|----------------------|
| POUNCIL, JR., AVANA   | 10/07/2022           | SMITH, SR., RUDOLPH K.   | 07/15/2022           |
| PROCTOR, DONALD E.    | 04/06/2023           | STAPLES, CHARLES E.      | 12/07/2022           |
| RASP, CHARLEY B.      | 08/24/2022           | STONER, STANLEY          | 11/08/2022           |
| REFFITT, JOSEPH P.    | 03/20/2023           | TEDFORD, DENNIS          | 07/03/2022           |
| RICE, CHARLES J.      | 09/09/2022           | THOMPSON, EDWIN A.       | 08/23/2022           |
| ROESCH, SANDRA K.     | 01/05/2023           | TOWNER, CLIFFORD         | 08/28/2022           |
| RUKGABER, CHARLES     | 09/07/2022           | TURNER, WILLIAM D.       | 11/05/2022           |
| SAFADY, ALFRED J.     | 06/04/2022           | VENTO, WILLIAM E.        | 01/10/2023           |
| SCHLEY, JEFFREY K.    | 03/25/2023           | WASHINGTON, HARDY R.     | 05/13/2022           |
| SCHWARTZE, FRANCIS L. | 10/03/2022           | WATTS, DARLENE           | 09/10/2022           |
| SIFFERMAN, MILFORD    | 03/22/2023           | WEEKLY, HENRY            | 12/30/2022           |
| SIMON, CHARLOTTE L.   | 07/13/2022           | WHEELER, JR., CHARLES B. | 10/26/2022           |
| SIMPSON, CURTIS L.    | 05/29/2022           | WILLIAMS-NEAL, MARY LEE  | 04/02/2023           |
| SMITH, LEWIS A.       | 01/08/2023           | YOUNG, SR., LEON         | 12/19/2022           |

**SURVIVING SPOUSE ANNUITIES**

| <b>NAME</b>           | <b>RETIREMENT DATE</b> | <b>NAME</b>               | <b>RETIREMENT DATE</b> |
|-----------------------|------------------------|---------------------------|------------------------|
| BROWN, GWENDOLYN Y.   | 11/01/2022             | KNAEBEL, GENEVIEVE P.     | 08/01/2022             |
| CANIGLIA, JR., ALFRED | 08/01/2022             | MCLAIN, MARILYN K.        | 03/01/2023             |
| CLARK, SHERYL D.      | 09/01/2022             | MCPEEK, VIRGINIA D.       | 01/01/2023             |
| CLUTTER, JANICE K.    | 02/01/2023             | NOLTING, JOAN E.          | 11/01/2022             |
| DULL, PATRICIA A.     | 09/01/2022             | RICE, CATHERINE           | 10/01/2022             |
| GONZALEZ, SHIRLEY M.  | 05/01/2022             | SAFADY, ANNETTE M.        | 07/01/2022             |
| HARRISON, BEVERLY A.  | 01/01/2023             | SCHWARTZE, TERESA M.      | 11/01/2022             |
| HAYES, JIMMY M.       | 07/01/2022             | THOMAS-BUCKMAN, TERESA M. | 04/01/2023             |
| HININGER, CYNTHIA L.  | 11/01/2022             | TOWNER, HATTIE M.         | 09/01/2022             |
| KLEGSETH, LORI A.     | 01/01/2023             | WATTS, RICHARD D.         | 10/01/2022             |

## WHERE ERS RETIREES AND BENEFICIARIES LIVE 2023



\*87% OF RETIREES AND BENEFICIARIES RECEIVING PENSIONS LIVE IN MISSOURI.



**City of Kansas City, Missouri**  
***Employees' Retirement System***

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

816-513-1928 • [kcmo.retirement@kcmo.org](mailto:kcmo.retirement@kcmo.org) • [www.kcmo.gov/retirement](http://www.kcmo.gov/retirement)