



EMPLOYEES' RETIREMENT SYSTEM
ANNUAL REPORT 2019



CITY OF
KANSAS CITY,
MISSOURI

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

Human Resources Department

Retirement Division

The Employees' Retirement System

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

(816) 513-1928
Fax: (816) 513-1280

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 2019 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, 2019. The System's fiscal year 2019 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 four 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 Financial Section includes the investment overview, Independent Auditor's Report and historical financial highlights. The Membership Section details pensions awarded and member deaths during the fiscal year. Also included in this section are forms to request information for active and retired members of the System.

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 2019. We trust that you will find this annual report helpful in understanding your retirement system.

Very truly yours,

Barbara J. Davis
Executive Officer

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INTRODUCTORY SECTION

Board of Trustees

Councilman Billy G. Skaggs
Chairman
Retired Representative
Term Expires 10/27/2021

Allison L. Bergman
General Business
Term Expires 11/08/2022

Erika J. Brice
General Business
Term Expires 10/27/2021

Michael A. Cambiano
IAFF Local 42 Representative
Term Expires 07/20/2015

Cecelia M. Carter
General Business
Term Expires 06/04/2022

Cassandra Y. Coffee
Active Employee Union Representative
Term Expires 03/28/2021

Charles A. Hull
Retired Employee Union Representative
Term Expires 11/02/2020
Non - Voting

Randall J. Landes
Director of Finance
Ex - Officio

Gary M. O'Bannon
Director of Human Resources
Ex - Officio

Robert A. Patrick
Active Employee Union Representative
Term Expires 01/05/2022

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
April 30, 2019**

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

The Board consists of two ex-officio members, the Directors of Finance and Human Resources, and eight 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 who are members of the retirement system as recommended by the Union and one representative of the International Association of Firefighters' Local No. 42.

The law firm of Philip A. Klawuhn & Associates, P.C. serves as the System's legal advisor. The Human Resources Department employs a full-time Executive Officer. The Executive Officer heads the Retirement Division of the City Human Resources Department, serves as Secretary to the Board of Trustees and, with Board approval, contracts for professional services. The City also provides office space and support services through the Human Resources Department and accounting services through the Finance Department. The Board of Trustees conducts monthly business meetings.

ADVISORY RELATIONSHIPS

Custodian

The Northern Trust Company
Chicago, IL

Franklin Templeton
Fort Lauderdale, FL

Independent Auditor

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

Domestic Equity Advisors

Smith, Graham & Company Investment Advisors
New York, NY

Actuary

Cheiron
Washington, DC

Northern Trust Quantitative Advisors, Inc
Chicago, IL

LSV Asset Management
Chicago, IL

General Counsel

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

Riverbridge Partners
Minneapolis, MN

Westfield Capital Management
Boston, MA

Investment Consultant

RVK, Inc.
Chicago, IL

Global Equity Advisors

Grantham, Mayo, Van Otterloo & Company
Boston, MA

Hedge Fund Advisor

AQR Capital Management
Greenwich, CT

American Century Investments
Kansas City, MO

Tactical Asset Allocation Advisor

Mellon Investments Corporation
Boston, MA

Fixed Income Advisors

Dodge & Cox
San Francisco, CA

Real Estate Advisor

J. P. Morgan Asset Management
New York, NY

PGIM, Inc.
Newark, NJ

Fidelity Institutional Asset Management
Smithfield, RI

International Equity Advisors

BlackRock
San Francisco, CA

Risk Parity Advisor

BlackRock
San Francisco, CA

LSV Asset Management
Chicago, IL

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

The following summarizes provisions of the Employees' Retirement System of the City of Kansas City, Missouri Trust (System) as amended by City Ordinance through September 2015.

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 \$1.17 billion.

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 2019 was 15.40% of covered payroll as of May 1, 2018.

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

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.

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

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

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 equal pension benefits 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:

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-

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

Term Disability Plan and retain their accrued retirement benefit.

Creditable Service:

Creditable service is used in the calculation of the member's benefit.

Creditable service 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

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

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:

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 62nd 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.

c) The adjustment is made on annuity payments dated May 1, and the

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

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.

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

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.

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, 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.

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

Member also may accumulate additional creditable service if re-employed by the City before benefit payments commence.

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

**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 2019 was 15.40% of covered payroll as of May 1, 2018.

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

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

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 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

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
SUMMARY of PLAN PROVISIONS
April 30, 2019**

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

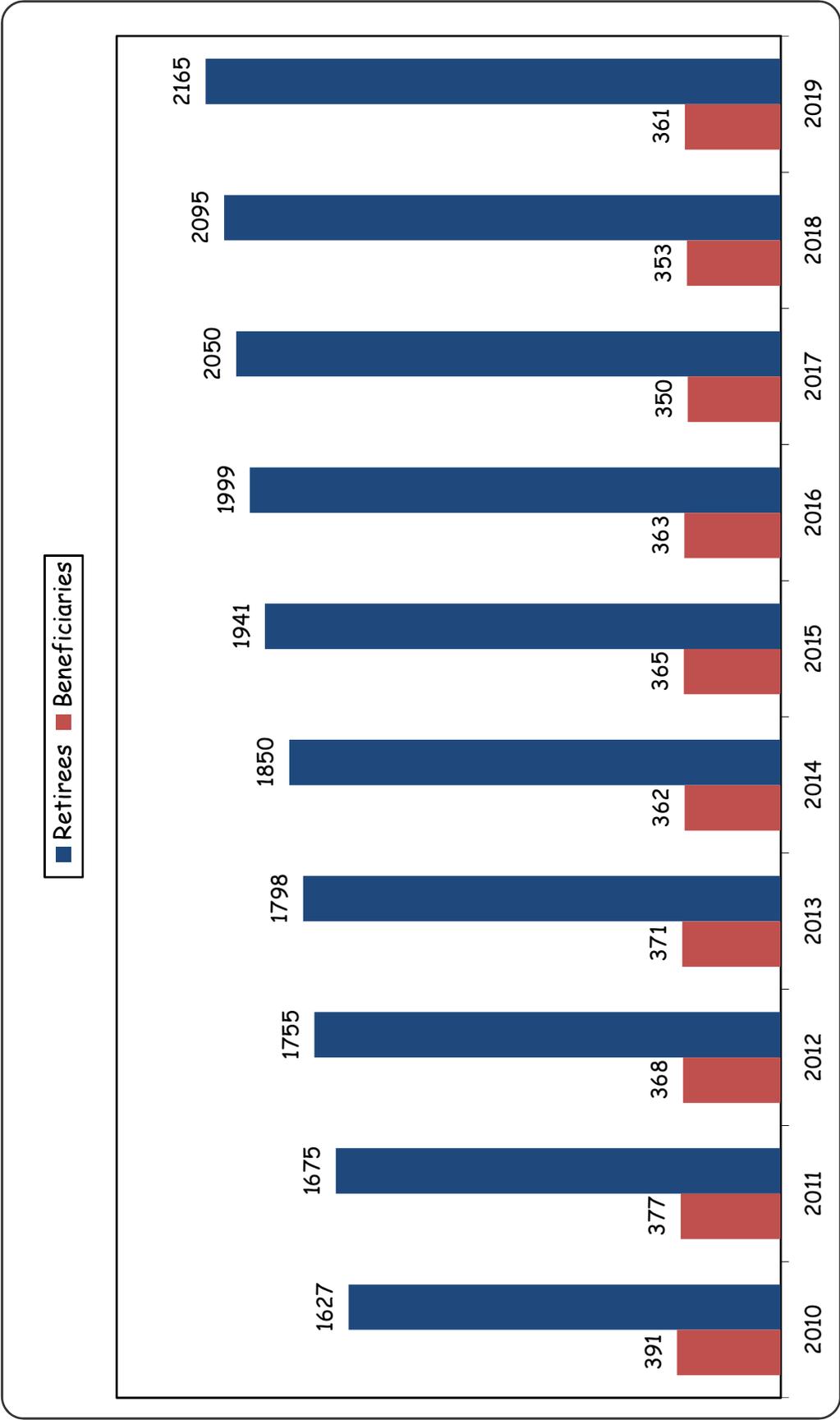
**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
ACTUARIAL OVERVIEW
April 30, 2019**

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, 2019. The purpose of the valuation is to determine the System's financial condition and the City's required contributions.

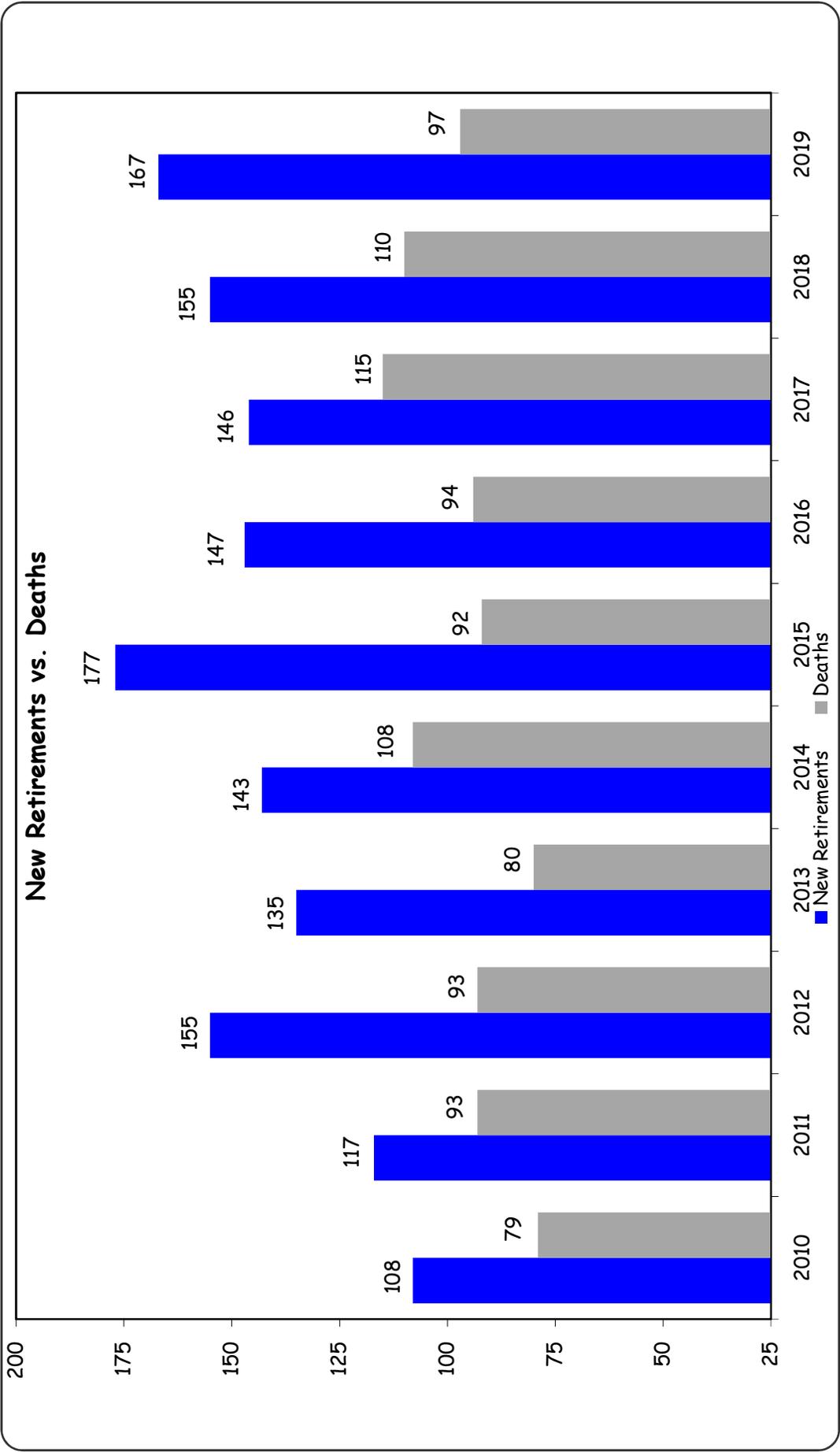
The experience over the past year is summarized as follows:

- * The number of active members as of May 1, 2019, decreased from 3,218 to 3,163. The average age of active members increased from 46.93 years to 47.18, the average service increased from 11.85 years to 11.93 years, and the average annual salaries increased from \$53,352 to \$54,213.
- * During the past year, 167 new pensions were awarded to 7 Early pensions, 23 Normal pensions, 76 Optional pensions, 28 Deferred annuities and 33 widows and QDRO's. As of May 1, 2019, pensions totaling \$5,950,905 per month were being paid to 2,165 retired members and 361 beneficiaries. The previous year, pensions totaling \$5,694,038 were being paid to 2,095 retired members and 353 beneficiaries.
- * City contributions for the fiscal year 2019 totaled \$26 million and employee contributions totals \$8.5 million. Benefit payments totaled \$71.4 million and refunds of employee contributions totaled \$4.4 million.
- * The actuarial value of assets increased by \$38.7 million to \$1.18 billion. The market value of assets increased by \$17.6 million to \$1.17 billion.
- * The Fund achieved a rate of return on the actuarial value of assets of 7.20% for fiscal year 2019. On a market value basis the rate of return was 5.26%.
- * The System's funded ratio is 85.4% on an actuarial basis.

**CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 PROGRESS of PENSIONS IN FORCE
 April 30, 2019**

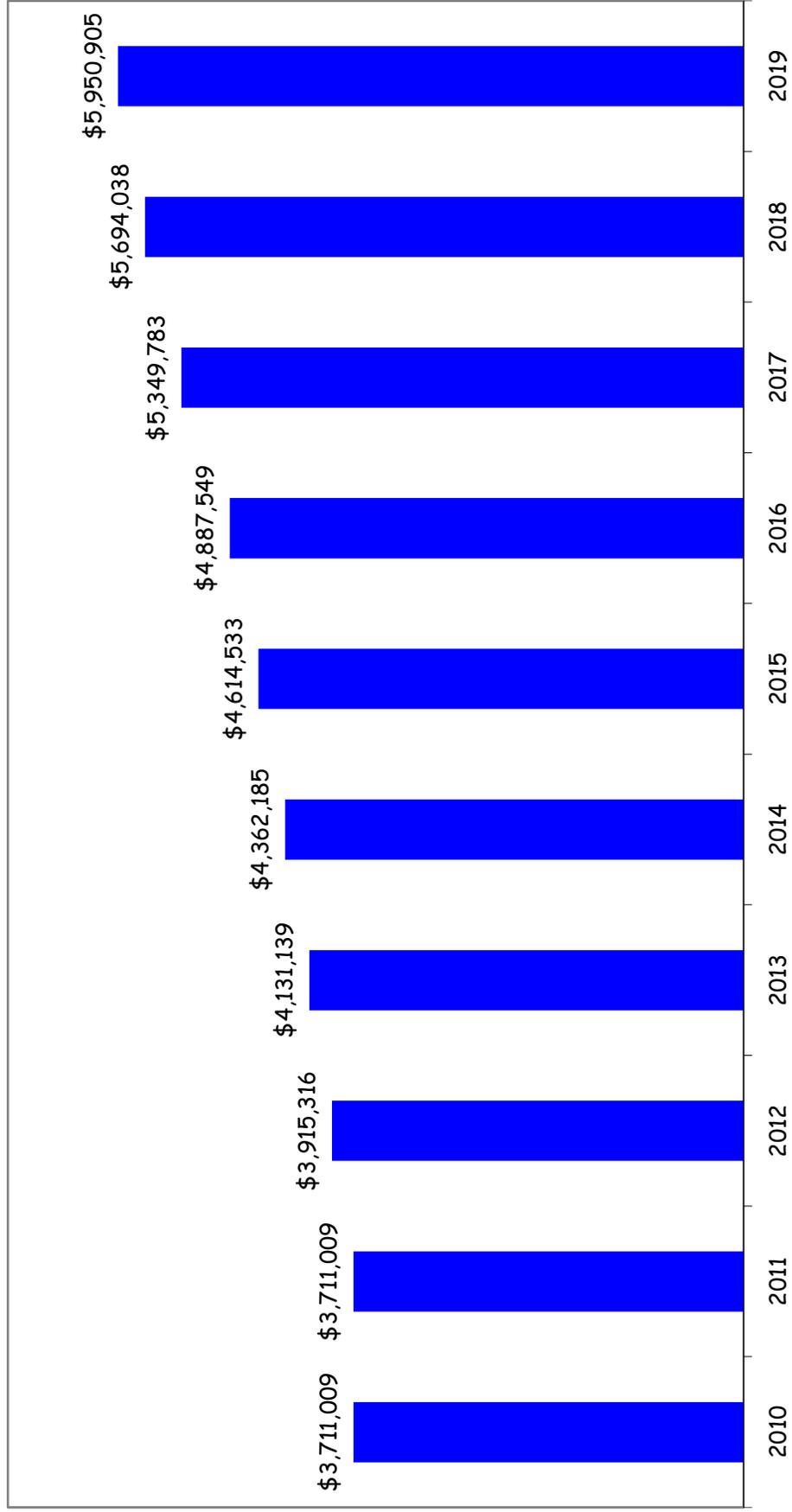


**CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 PROGRESS of PENSION ROLLS
 April 30, 2019**



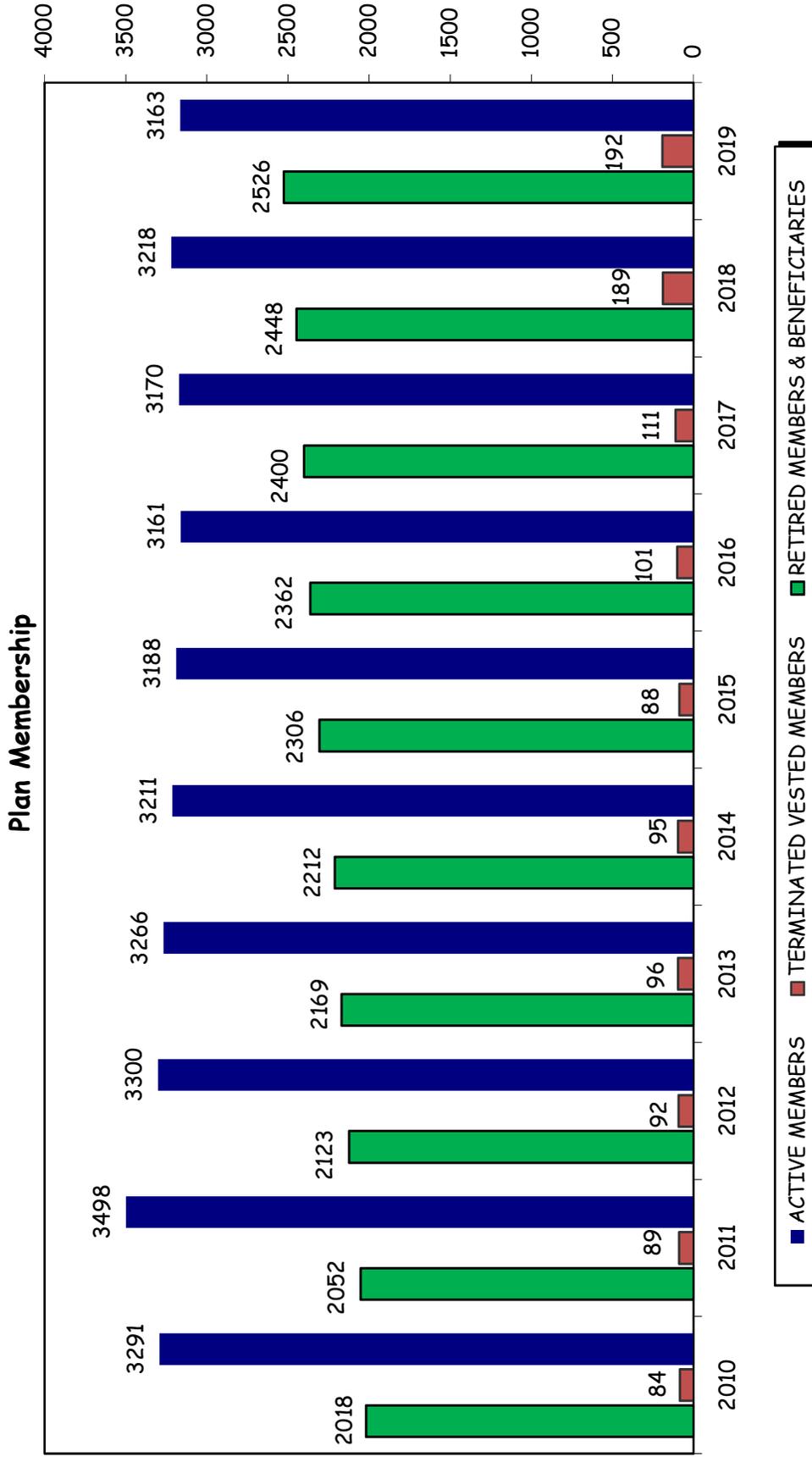
**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
PROGRESS of PENSION ROLLS
April 30, 2019**

Average Total Monthly Benefits



CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 PROGRESS of PLAN MEMBERSHIP

April 30, 2019

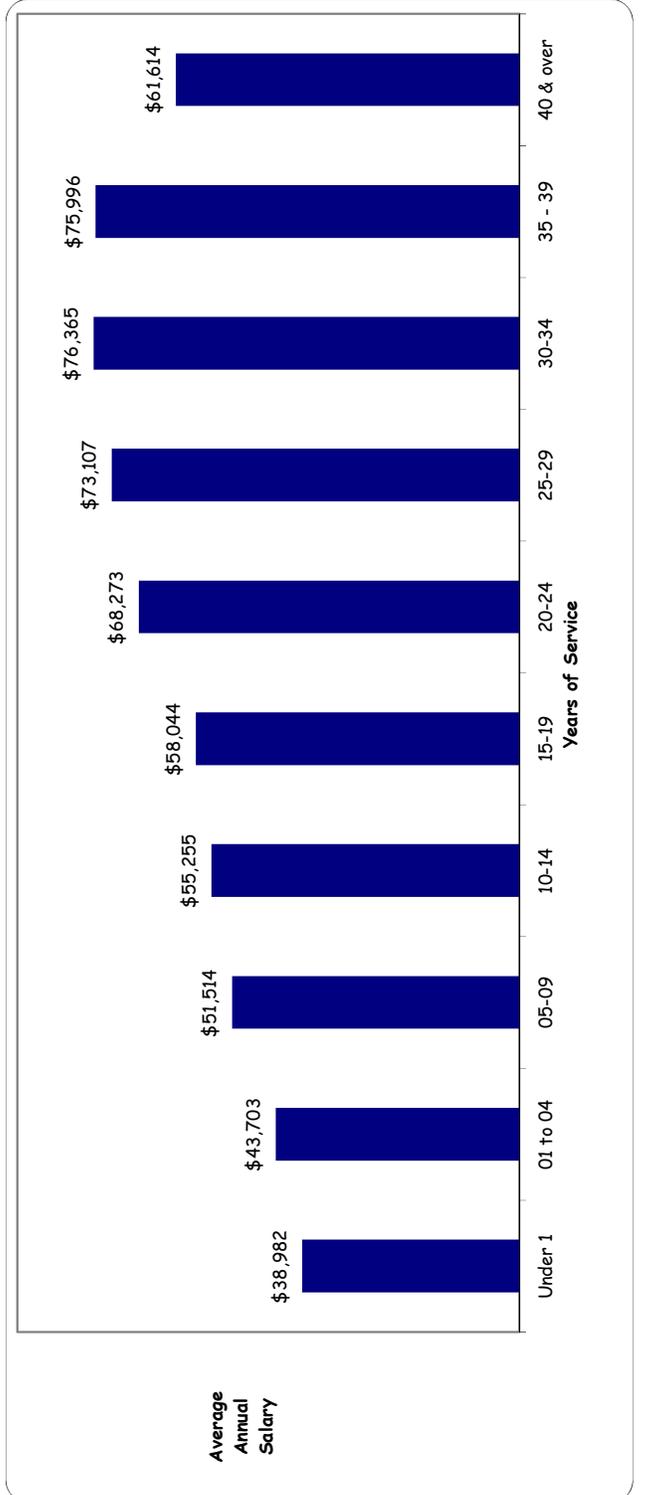
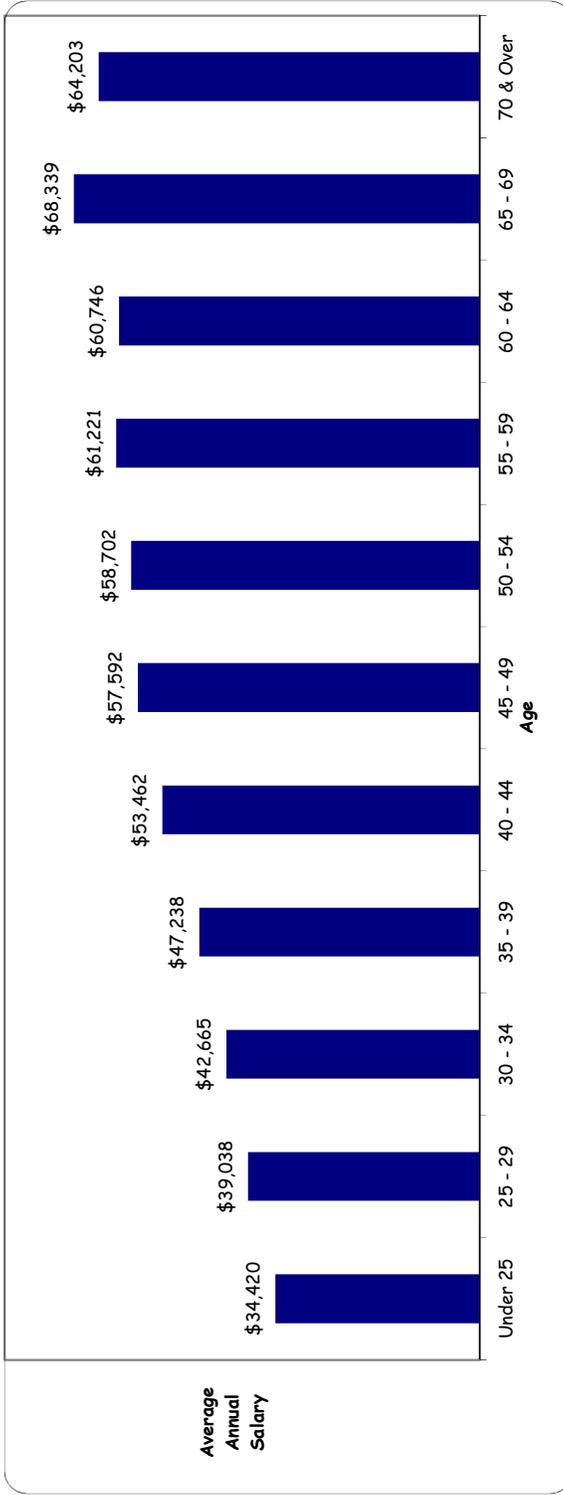


Kansas City Employees' Retirement System
Pensions in Payment Status by Type and Monthly Amount
as of May 1, 2019

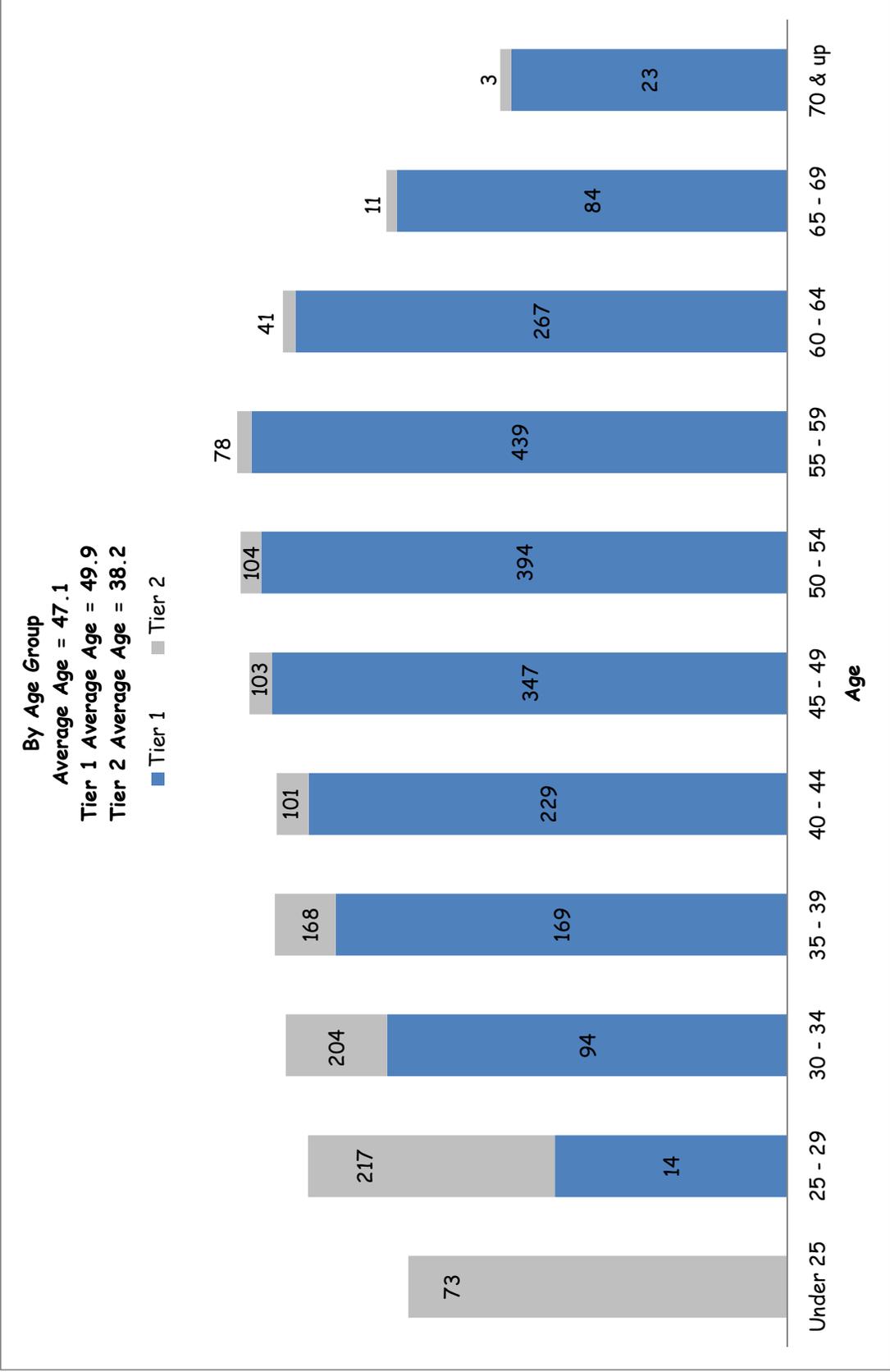
Monthly Amount	Total	Normal	Early	Optional	Deferred	Disability	QDROs	Widows
Under \$500	229	22	44	2	45	0	16	100
\$500-\$1,000	400	66	78	64	90	0	7	95
\$1,000-\$1,500	338	50	42	122	57	7	3	57
\$1,500-\$2,000	323	34	26	190	31	0	3	39
\$2,000-\$2,500	294	37	12	212	10	0	2	21
\$2,500-\$3,000	266	24	1	213	6	0	2	20
\$3,000-\$3,500	209	12	3	176	2	0	0	16
\$3,500-\$4,000	132	16	0	111	0	0	0	5
\$4,000-\$4,500	105	13	1	88	1	0	1	1
\$4,500-\$5,000	76	10	1	64	0	0	0	1
\$5,000-\$5,500	43	7	0	36	0	0	0	0
\$5,500-\$6,000	29	1	0	26	0	0	0	2
\$6,000-\$6,500	21	0	0	19	0	0	0	2
\$6,500-\$7,000	14	2	0	12	0	0	0	0
\$7,000 & over	47	5	0	40	0	0	0	2
Total	2,526	299	208	1,375	242	7	34	361

During the year ended April 30, 2019, there were 167 new pensions awarded (23 Normal, 7 Early, 76 Optional, 28 Deferred and 33 Widows and QDROs)

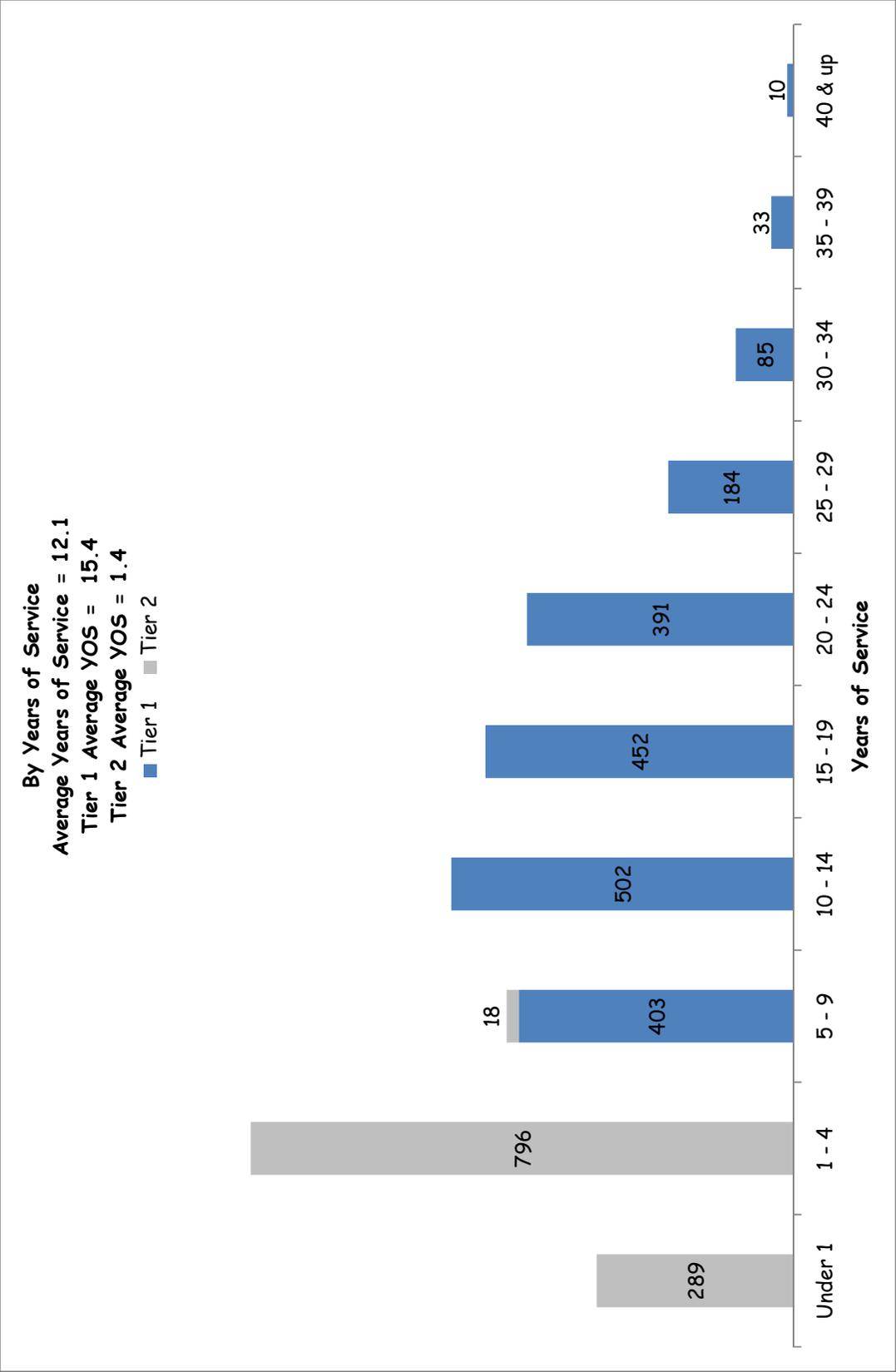
**CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 ACTIVE MEMBER PROFILE
 April 30, 2019**



**CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 ACTIVE MEMBER PROFILE
 April 30, 2019**



**CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 ACTIVE MEMBER PROFILE
 April 30, 2019**



FINANCIAL SECTION

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT OVERVIEW
April 30, 2019**

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.

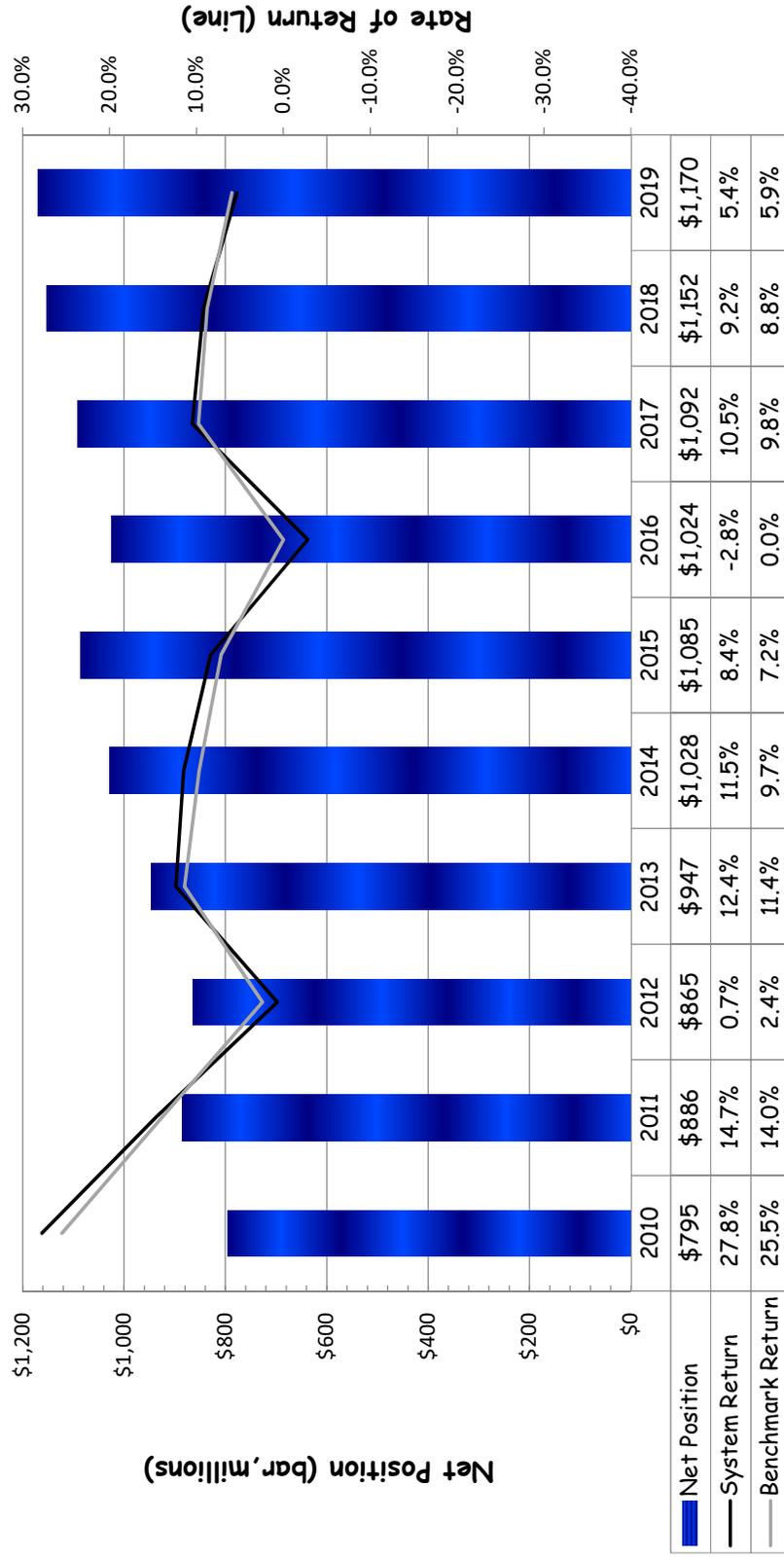
Investment decisions are made based on expected return for a given level of risk. The goal is to optimize the return of the portfolio, as opposed to maximizing the rate of return. The optimal portfolio mix is one that carefully equates expected rate of return, with expected risk of all investment categories 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 hedge funds.

During fiscal 2019 the System remained well diversified.

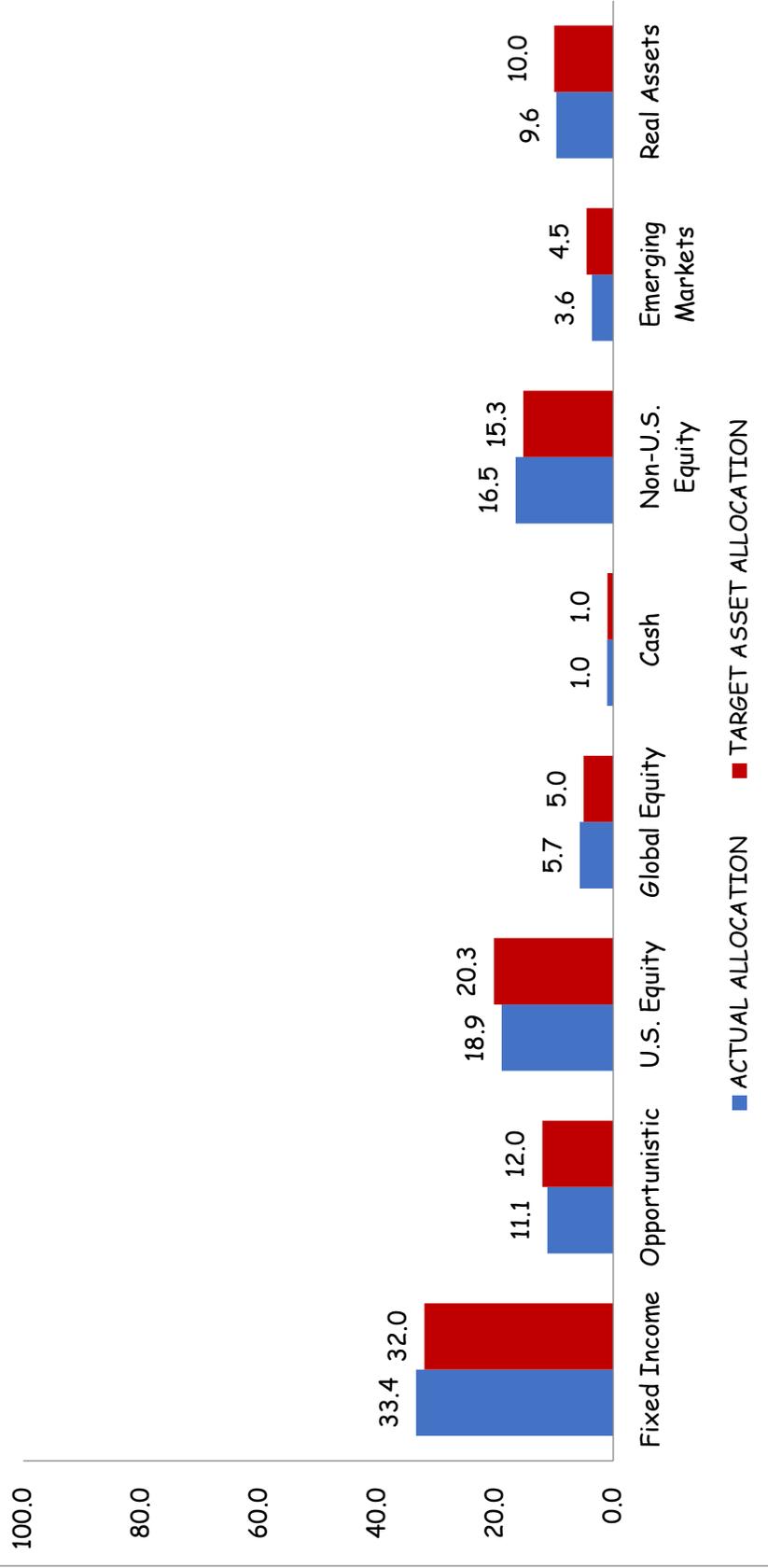
CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 INVESTMENT RETURN
 April 30, 2019

Investment Return



**CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 ASSET ALLOCATION
 April 30, 2019**

**Total Fund Asset Allocation - Actual vs. Target
 (As a Percentage of Total Fund)
 as of April 30, 2019**



Investment Summary

Year Ending April 30, 2019

Investment Manager	Date Hired	Asset Class	Portfolio Fair Value As of April 30, 2019	% of Total Fair Value
Cash			\$ 12,064,440.17	1.0%
LSV Asset Management	October 1998	U.S. Equity	\$ 34,143,612.17	2.9%
Northern Trust Company	January 2016	U.S. Equity	\$ 38,085,949.65	3.3%
Westfield Capital Management	June 2011	U.S. Equity	\$ 36,713,880.00	3.1%
Riverbridge Partners	April 2013	U.S. Equity	\$ 29,808,901.60	2.6%
Smith, Graham & Company Investment Advisors	October 1998	U.S. Equity	\$ 27,420,048.66	2.3%
Northern Trust Company Emerging Manager Program	April 2005	U.S. Equity	\$ 55,145,259.73	4.7%
BlackRock	October 2007	Non-U.S. Equity	\$ 75,437,998.07	6.5%
Lazard Asset Management	November 2018	Non-U.S. Equity	\$ 80,453,914.73	6.9%
Franklin Templeton	April 2012	Non-U.S. Equity	\$ 37,735,478.66	3.2%
LSV Asset Management	June 2013	Emerging Markets	\$ 42,514,100.25	3.6%
American Century Investments	April 2013	Global Equity	\$ 36,645,589.32	3.1%
Grantham, Mayo, Van Otterloo & Company	November 2004	Global Equity	\$ 30,142,009.61	2.6%
Dodge & Cox	October 2014	Fixed Income	\$ 152,547,288.54	13.1%
Prudential	May 2018	Fixed Income	\$ 152,962,028.26	13.1%
Fidelity Institutional Asset Management	October 2018	Fixed Income	\$ 85,499,999.99	7.3%
Western Asset Management	October 2015	Fixed Income	\$ 3,078.41	0.0%
AQR Capital Management	April 2015	Opportunistic	\$ 23,206,749.00	2.0%
BlackRock	June 2013	Opportunistic	\$ 33,661,209.01	2.9%
Mellon Investments Corporation	January 2011	Opportunistic	\$ 73,535,086.60	6.3%
J.P. Morgan Asset Management	August 2000	Real Assets	\$ 44,997,201.42	3.9%
J.P. Morgan Asset Management	August 2000	Real Assets	\$ 41,927,430.43	3.6%
J.P. Morgan Asset Management	August 2000	Real Assets	\$ 23,851,761.93	2.0%
Total			\$ 1,168,503,016.21	100.0%

Schedule of Investment Results (Net of Fees)

Annualized Manager Returns as of April 30, 2019

Investment Manager	Asset Class	One Year	Three Years	Five Years	Ten Years	Since Inception
U.S. EQUITY						
LSV Asset Management	Large-cap Value Equity	2.8%	11.4%	8.1%	14.5%	8.9%
<i>Russell 1000 Value Index</i>		9.1%	11.0%	8.3%	13.8%	7.5%
Northern Trust Company	Large-cap Core Equity	13.4%	14.9%	--	--	14.7%
<i>Russell 1000 Index</i>		13.3%	14.8%	11.4%	15.4%	14.6%
Westfield Capital Management	Large-cap Growth Equity	17.5%	19.1%	13.9%	--	13.4%
<i>Russell 1000 Growth Index</i>		17.4%	18.6%	14.5%	17.0%	14.4%
Riverbridge Partners	Small-cap Growth Equity	22.0%	19.5%	12.6%	--	12.5%
<i>Russell 2500 Growth Index</i>		12.0%	16.6%	11.3%	16.3%	12.8%
Smith Graham & Company Investment Advisors	Small-cap Value Equity	-1.6%	6.8%	6.3%	13.7%	11.2%
<i>Russell 2000 Value Index</i>		2.2%	11.5%	6.9%	12.9%	9.2%
Northern Trust Emerging Manager Program	Emerging Manager of Managers Equity	10.2%	13.8%	9.4%	13.6%	8.1%
<i>Russell 3000 Index</i>		12.7%	14.7%	11.2%	15.3%	9.1%
NON-U.S. EQUITY						
BlackRock	Non-U.S. Equity	-3.8%	8.6%	4.4%	9.8%	2.5%
<i>MSCI EAFE Index (Net)</i>		-3.2%	7.2%	2.6%	8.0%	1.3%
Lazard International Equity	Non-U.S. Equity	--	--	--	--	7.7%
<i>MSCI EAFE Index (Net)</i>		-3.2%	7.2%	2.6%	8.0%	7.5%
Franklin Templeton	Non-U.S. Small-cap Equity	-7.0%	8.1%	4.2%	--	7.1%
<i>MSCI AC World ex USA Small Cap Index (Net)</i>		-8.5%	6.8%	3.8%	10.4%	6.3%
LSV Asset Management	Emerging Markets Equity	-6.8%	10.7%	2.8%	8.7%	6.6%
<i>MSCI Emerging Markets Index (Net)</i>		-5.0%	11.3%	4.0%	7.5%	4.9%
GLOBAL EQUITY						
American Century Investments	Global Equity	11.2%	14.6%	9.3%	--	10.9%
<i>MSCI AC World Index (Net)</i>		5.1%	11.4%	7.0%	11.1%	8.6%
Grantham, Mayo, Van Otterloo & Company	Global Equity	0.4%	9.6%	4.0%	9.5%	6.7%
<i>MSCI AC World Index (Net)</i>		5.1%	11.4%	7.0%	11.1%	7.1%
FIXED INCOME						
Dodge & Cox	Core Fixed Income	5.6%	3.5%	--	--	3.3%
<i>Bloomberg Barclays U.S. Aggregate Index</i>		5.3%	1.9%	2.6%	3.7%	2.5%
Prudential	Core Plus Fixed Income	6.1%	--	--	--	6.1%
<i>Bloomberg U.S. Aggregate Index</i>		5.3%	1.9%	2.6%	3.7%	5.3%
Fidelity Institutional Asset Management	Non-Core Fixed Income	--	--	--	--	5.0%
<i>Bloomberg U.S. Aggregate Index</i>		5.3%	1.9%	2.6%	3.7%	4.7%
OPPORTUNISTIC						
AQR Capital Management	Alternative Beta	-14.3%	-3.5%	--	--	-1.8%
<i>HFRI Fund of Funds Composite Index</i>		0.9%	4.1%	2.5%	3.5%	1.7%
BlackRock	Risk Parity	8.3%	8.9%	6.2%	--	5.6%
<i>3 month T-Bill Index plus 5%</i>		7.3%	6.3%	5.8%	5.4%	5.7%
Mellon Investments Corporation	Global Tactical Asset Allocation	6.4%	5.2%	5.9%	8.6%	5.6%
<i>Mellon GTAA Custom Index</i>		3.1%	7.0%	4.5%	--	5.4%
REAL ASSETS						
J.P. Morgan Asset Management	Core Real Estate	4.9%	6.2%	8.3%	8.0%	7.6%
<i>NCREIF Property Index</i>		6.8%	7.1%	9.1%	8.5%	8.8%
J.P. Morgan Asset Management	Core Plus Real Estate	4.0%	6.0%	8.3%	7.2%	2.6%
<i>NCREIF Property Index</i>		6.8%	7.1%	9.1%	8.5%	6.9%
J.P. Morgan Asset Management	Infrastructure	5.0%	7.0%	--	--	6.9%
<i>Consumer Price Index (Seasonally Adj)+4%</i>		5.4%	6.1%	--	--	5.9%
Total Fund		5.4%	8.3%	6.0%	9.5%	7.8%
<i>Policy Index</i>		5.9%	8.2%	6.1%	9.3%	7.8%

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Kansas City, Missouri The Employees' Retirement System (Plan), which comprise the statement of fiduciary net position as of April 30, 2019, the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of April 30, 2019, and the changes in its fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Years Comparative Information

The financial statements of the Plan as of and for the year ended April 30, 2018 were audited by other auditors, whose previous report, dated October 3, 2018, expressed an unmodified opinion on those statements.

Required Supplementary Information

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

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

October 18, 2019
Wichita, Kansas

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Employees' Retirement System of the City of Kansas City, Missouri (ERS or Plan) is a single-employer defined benefit plan covering general municipal employees and elected officials of the City of Kansas City, Missouri (City). ERS was established by City ordinance in 1962 and is administered by a ten-person Board of Trustees (Board) to provide retirement, death and survivor benefits to members and beneficiaries. This discussion and analysis of the financial performance of ERS provides an overview of financial activities for the fiscal years ended April 30, 2019 and 2018, with selected comparative information for the fiscal year ended April 30, 2017, and should be read along 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.

2019 and 2018 Summary Comparative Information of Fiduciary Net Position

	<u>April 30, 2019</u>	<u>April 30, 2018</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Receivables	\$ 4,283,448	\$ 3,775,240	\$ 508,208	13.46%
Investments at fair value	1,168,503,016	1,150,183,828	18,319,188	1.59%
Securities lending collateral	60,724,175	91,205,944	(30,481,769)	-33.42%
Total assets	<u>1,233,510,639</u>	<u>1,245,165,012</u>	<u>(11,654,373)</u>	-0.94%
Due to broker for purchases of investments	2,570,730	1,322,518	1,248,212	94.38%
Administrative and investment expenses payable	944,149	975,572	(31,423)	-3.22%
Securities lending collateral	60,724,175	91,205,944	(30,481,769)	-33.42%
Total liabilities	<u>64,239,054</u>	<u>93,504,034</u>	<u>(29,264,980)</u>	-31.30%
Net position	<u>\$ 1,169,271,585</u>	<u>\$ 1,151,660,978</u>	<u>\$ 17,610,607</u>	1.53%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 and 2018 Summary Comparative Information of Changes in Fiduciary Net Position

	April 30, 2019	April 30, 2018	Amount Change	Percentage Change
Member contributions	\$ 8,514,325	\$ 8,622,835	\$ (108,510)	-1.26%
Employer contributions	26,032,072	24,530,445	1,501,627	6.12%
Net investment income	59,453,267	98,766,580	(39,313,313)	-39.80%
Total additions	93,999,664	131,919,860	(37,920,196)	-28.74%
Benefits paid to members	71,410,862	68,328,453	3,082,409	4.51%
Refunds of contributions	4,393,283	3,666,251	727,032	19.83%
Administrative expenses	584,912	563,030	21,882	3.89%
Total deductions	76,389,057	72,557,734	3,831,323	5.28%
Net increase	17,610,607	59,362,126	(41,751,519)	-70.33%
Net position, Beginning of Year	1,151,660,978	1,092,298,852	59,362,126	5.43%
Net position, End of Year	<u>\$ 1,169,271,585</u>	<u>\$ 1,151,660,978</u>	<u>\$ 17,610,607</u>	1.53%

2019 Financial Highlights

The global financial markets were volatile throughout the year due to trade tensions between the U.S. and China, Brexit issues in the United Kingdom, the Federal Reserve's actions of raising interest rates through December and then unexpectedly decreasing rates in March, and fears of a possible recession. The investment portfolio posted a positive net return of 5.4 percent, which underperformed the 5.9 percent return of the Policy Portfolio benchmark. The Non-U.S. equity, global equity and fixed income segments of the fund performed relatively well compared to benchmarks, while all other segments underperformed. U.S. equity was the best performing asset class on an absolute return basis, followed by fixed income. Non-U.S. equity was the only asset class with negative performance, with emerging markets equity posting the worst return.

Plan net position increased 1.5 percent to \$1.169 billion, fueled by \$59 million of investment income. Member contributions declined due to a decrease in the number of active employees, while employer contributions rose \$1.5 million due to an increase in the actuarial required contribution rate. Refunds of employee contributions increased \$727,000, with much of the increase attributable to distribution elections made by retiring employees, while benefits paid to members increased at an expected pace. Administrative expenses increased \$22,000, primarily due to custodial bank and legal fees.

2019 Operational Highlights

The Plan's allocations to non-core fixed income and Non-U.S. equity were increased as the result of an asset allocation study. Due to this change, an additional non-core fixed income manager and a developed international equity manager were added, and the portfolio was rebalanced. Additionally, a Request for Proposal was issued for securities monitoring and litigation services. Four firms were hired, two of which were incumbents. On-going cash needs were met primarily through rebalancing and the sale of appreciating equity securities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

2018 and 2017 Summary Comparative Information of Plan Net Position

	April 30, 2018	April 30, 2017	Amount Change	Percentage Change
Receivables	\$ 3,775,240	\$ 5,292,171	\$ (1,516,931)	-28.66%
Investments at fair value	1,150,183,828	1,091,442,174	58,741,654	5.38%
Securities lending collateral	91,205,944	71,134,948	20,070,996	28.22%
Total assets	<u>1,245,165,012</u>	<u>1,167,869,293</u>	<u>77,295,719</u>	6.62%
investments	1,322,518	3,016,930	(1,694,412)	-56.16%
Administrative and investment expenses payable	975,572	1,418,563	(442,991)	-31.23%
Securities lending collateral	91,205,944	71,134,948	20,070,996	28.22%
Total liabilities	<u>93,504,034</u>	<u>75,570,441</u>	<u>17,933,593</u>	23.73%
Net position	<u>\$ 1,151,660,978</u>	<u>\$ 1,092,298,852</u>	<u>\$ 59,362,126</u>	5.43%

2018 and 2017 Summary Comparative Information of Changes in Plan Net Position

	April 30, 2018	April 30, 2017	Amount Change	Percentage Change
Member contributions	\$ 8,622,835	\$ 7,966,105	\$ 656,730	8.24%
Employer contributions	24,530,445	23,701,217	829,228	3.50%
Net investment income	98,766,580	105,285,874	(6,519,294)	-6.19%
Total additions	<u>131,919,860</u>	<u>136,953,196</u>	<u>(5,033,336)</u>	-3.68%
Benefits paid to members	68,328,453	64,197,401	4,131,052	6.43%
Refunds of contributions	3,666,251	3,680,331	(14,080)	-0.38%
Administrative expenses	563,030	386,784	176,246	45.57%
Total deductions	<u>72,557,734</u>	<u>68,264,516</u>	<u>4,293,218</u>	6.29%
Net increase (Decrease)	59,362,126	68,688,680	(9,326,554)	-13.58%
Net position, Beginning of Year	1,092,298,852	1,023,610,172	68,688,680	6.71%
Net position, End of Year	<u>\$ 1,151,660,978</u>	<u>\$ 1,092,298,852</u>	<u>\$ 59,362,126</u>	5.43%

2018 Financial Highlights

Global financial markets soared during the first three quarters of the year due to U.S. fiscal policy stimulus and expectations of continued global growth. Then in the fourth quarter, volatility was reintroduced in the markets due to expectations of inflation, a repricing of the yield curve and headlines related to global trade negotiations, which somewhat muted the overall positive equity returns and caused slightly negative returns in fixed income. Albeit, the investment portfolio had a

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

strong net return of 9.28 percent which compared favorably to the 8.75 percent rise in the Policy Portfolio benchmark. All segments of the fund performed relatively well, with the exceptions being the emerging market and opportunistic allocations. Non-U.S. equities were the best performing asset class, followed by global equities.

Plan net position climbed by 5.43 percent to \$1.152 billion, fueled by \$99 million of investment income. Contributions and benefits paid to members increased at an expected pace, while refunds of contributions decreased slightly. Administrative expenses rose significantly, primarily due to staffing costs and legal fees.

2018 Operational Highlights

The only significant change to the investment portfolio was the restructuring of the fixed income allocation. The global fixed income and passive allocations were removed while a core-plus fixed income allocation was added. Ongoing cash needs were met primarily through the sale of appreciating equity securities.

Requests for Information

This financial report is designed to provide members of the City of Kansas City, Missouri The Employees' Retirement System, citizens, investors and creditors of the City of Kansas City, Missouri with a general overview of the Employees' Retirement System's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Kansas City, Missouri The Employees' Retirement System, City Hall, 414 East 12th Street, 10th Floor, Kansas City, Missouri 64106-2705.

There are no other currently known facts, conditions or decisions that are expected to have a significant effect on the financial position or results of operations of the Plan.

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

STATEMENTS OF FIDUCIARY NET POSITION

April 30, 2019 and 2018

Assets	2019	2018
Investments, at Fair Value		
Short-term investment funds	\$ 19,631,100	\$ 22,785,127
U.S. Treasuries	14,645,298	25,817,600
U.S. government-backed mortgages	53,683,512	46,605,106
Municipal bonds	2,972,036	3,568,615
Asset-backed securities	8,050,597	5,376,639
Foreign debt obligations	2,609,685	2,279,269
Corporate bonds - domestic	36,251,398	29,960,341
Corporate bonds - foreign	28,335,866	20,261,196
Domestic preferred equities	1,232,768	1,220,017
Domestic common equities	173,827,795	196,131,355
Foreign equities	2,200,066	1,855,055
Partnerships	42,514,100	42,449,275
Hedge funds	23,206,749	27,082,692
Collective trusts - equities	405,087,413	524,171,575
Collective trusts - fixed income	238,882,585	131,000,000
Collective trusts - real estate	115,372,048	69,619,966
	<u>1,168,503,016</u>	<u>1,150,183,828</u>
Securities Lending Collateral	<u>60,724,175</u>	<u>91,205,944</u>
Receivables		
Contributions	1,634,734	1,453,333
Investment income	1,163,525	1,979,378
Due from broker for sales of investments	1,485,189	342,529
	<u>4,283,448</u>	<u>3,775,240</u>
Total assets	<u>1,233,510,639</u>	<u>1,245,165,012</u>
Liabilities		
Due to broker for purchases of investments	2,570,730	1,322,518
Administrative and investment expenses payable	944,149	975,572
Securities lending collateral	60,724,175	91,205,944
	<u>64,239,054</u>	<u>93,504,034</u>
Net Position Restricted for Pensions	<u>\$ 1,169,271,585</u>	<u>\$ 1,151,660,978</u>

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

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended April 30, 2019

Additions	<u>2019</u>	<u>2018</u>
Investment Income		
Interest income	\$ 15,678,897	\$ 11,095,910
Dividend income	5,579,410	6,959,514
Net increase in fair value of investments	41,854,716	84,644,419
Less investment expense	<u>(3,852,913)</u>	<u>(4,154,106)</u>
Net investment income	<u>59,260,110</u>	<u>98,545,737</u>
Securities Lending Income		
Securities lending gross income	1,688,850	1,306,402
Securities lending expenses		
Borrower fees	(1,413,141)	(991,169)
Management fees	<u>(82,552)</u>	<u>(94,390)</u>
Total securities lending expenses	<u>(1,495,693)</u>	<u>(1,085,559)</u>
Net securities lending income	<u>193,157</u>	<u>220,843</u>
Total net investment income	<u>59,453,267</u>	<u>98,766,580</u>
Contributions		
Contributions from the City of Kansas City, Missouri	26,032,072	24,530,445
Contributions from members	<u>8,514,325</u>	<u>8,622,835</u>
Total contributions	<u>34,546,397</u>	<u>33,153,280</u>
Total additions	<u>93,999,664</u>	<u>131,919,860</u>
Deductions		
Benefits Paid to Members	71,410,862	68,328,453
Refunds		
Termination	1,762,170	1,428,989
Retirement	2,631,113	2,237,262
Administrative Expenses	<u>584,912</u>	<u>563,030</u>
Total deductions	<u>76,389,057</u>	<u>72,557,734</u>
Net Increase in Net Position	17,610,607	59,362,126
Net Position Restricted for Pensions, Beginning of Year	<u>1,151,660,978</u>	<u>1,092,298,852</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 1,169,271,585</u>	<u>\$ 1,151,660,978</u>

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 (Plan) is a contributory, single-employer, defined benefit pension plan, covering employees and elected officials of the City of Kansas City, Missouri (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 comprehensive annual financial report as a pension trust fund. Employees should refer to the Plan agreement for more complete information.

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when 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.

Valuation of Investments - 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, real estate funds, and hedge funds consist primarily of non-marketable investments in various venture capital, corporate finance funds, and private partnerships (collectively, Portfolio Funds). These funds are primarily invested in a diversified portfolio of equities, 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, 2019 or 2018.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsequent Events - These financial statements considered subsequent events through October 18, 2019, the date the financial statements were available to be issued.

2. PLAN DESCRIPTION

The Plan is established by City ordinances enacted by the City Council. The Plan is administered by the Board of Trustees of The Employees' Retirement System of Kansas City, Missouri (Board). The Board is composed of ten members, two of which are the Director of Human Resources and the Director of Finance, two shall be active employees and members of the retirement system, one retired member of the ERS and one member 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 shall 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' 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.

At April 30, 2019 and 2018, the Plan's membership consisted of the following:

	2019		
	Tier I	Tier II	Total
Retirees and beneficiaries currently receiving benefits	2,718	--	2,718
Current employees			
Vested	2,060	--	2,060
Nonvested	--	1,103	1,103
Inactive	58	276	334
Total	4,836	1,379	6,215

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

NOTES TO THE FINANCIAL STATEMENTS

2. PLAN DESCRIPTION (CONTINUED)

	2018		
	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	2,637	--	2,637
Current employees			
Vested	2,097	--	2,097
Nonvested	137	984	1,121
Inactive	68	189	257
Total	4,939	1,173	6,112

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 year ended April 30, 2019, the City contributed at a rate of 15.16 percent of annual covered payroll. For the year ended April 30, 2018, the City contributed at a rate of 14.85 percent 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:

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 is 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 annual cost-of-living adjustment of 3 percent, non-compounded, is provided annually.

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

NOTES TO THE FINANCIAL STATEMENTS

2. PLAN DESCRIPTION (CONTINUED)

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 annual cost-of-living adjustment, not to exceed 2.5 percent, non-compounded, per year is provided 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 in the line of duty, 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.

If an active member dies, the member 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.

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

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

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 strategy guidelines below:

Asset Type and Class	Range	Target
Global Equity		
U.S. Equity	6.5% - 16.5%	11.5%
Emerging Manager of Managers	2% - 7%	4.0%
Non-U.S. Equity	11% - 21%	16.0%
Emerging Markets Equity	2% - 5%	3.5%
Global Equity	2% - 8%	5.0%
Long/Short Equity	2% - 8%	5.0%
Global Fixed Income		
Core Fixed Income	20.% - 30.%	25.0%
Non-Core Fixed Income	2% - 12%	7.0%
Real Assets		
Real Estate	2.5% - 12.5%	7.5%
Infrastructure	1% - 4%	2.5%
Opportunistic	7% - 17%	12.0%
Cash	0% - 5%	1.0%

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 - loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Plan has contracted with 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, 2019 and 2018, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

	2019	2018
Fair value of securities loaned	\$ 59,218,527	\$ 88,923,982
Fair value of cash collateral received from borrowers	\$ 60,724,175	\$ 91,205,944

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, 2019, 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	\$ 14,645,298	\$ --	\$ 5,776,485	\$ 8,868,813	\$ --	\$ 9,545,724
U.S. government-backed mortgages	53,683,512	--	69,204	396,249	53,218,059	--
Municipal bonds	2,972,036	--	--	--	2,972,036	226,991
Asset-backed securities	8,050,597	--	273,056	169,845	7,607,696	--
Foreign debt obligations	2,609,685	--	223,852	848,943	1,536,890	--
Corporate bonds - domestic	36,251,398	2,133,914	16,469,203	5,839,224	11,809,057	7,224,712
Corporate bonds - foreign	28,335,866	978,900	9,434,755	10,672,583	7,249,628	--
Short-term investment funds	19,631,100	19,631,100	--	--	--	--
	\$ 166,179,492	\$ 22,743,914	\$ 32,246,555	\$ 26,795,657	\$ 84,393,366	
Domestic preferred equities	1,232,768					--
Domestic common equities	173,827,795					42,221,100
Foreign equities	2,200,066					--
Partnerships	42,514,100					--
Collective trusts - equities	405,087,413					--
Collective trusts - fixed income	238,882,585					--
Collective trusts - real estate	115,372,048					--
Hedge funds	23,206,749					--
	\$ 1,168,503,016					\$ 59,218,527

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

NOTES TO THE FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

At April 30, 2018, 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	\$ 25,817,600	\$ 11,371,793	\$ 14,445,807	\$ --	\$ --	\$ 18,514,557
U.S. government-backed mortgages	46,605,106	--	86,457	796,346	45,722,303	--
Municipal bonds	3,568,615	--	676,133	--	2,892,482	--
Asset-backed securities	5,376,639	--	269,515	1,350,738	3,756,386	--
Foreign debt obligations	2,279,269	--	--	1,094,389	1,184,880	54,321
Corporate bonds - domestic	29,960,341	--	7,328,974	10,667,142	11,964,225	2,412,129
Corporate bonds - foreign	20,261,196	103,925	3,932,424	11,536,463	4,688,384	571,771
Short-term investment funds	22,785,127	22,785,127	--	--	--	--
Collective trusts - fixed income	131,000,000	131,000,000	--	--	--	--
	<u>\$ 287,653,893</u>	<u>\$ 165,260,845</u>	<u>\$ 26,739,310</u>	<u>\$ 25,445,078</u>	<u>\$ 70,208,660</u>	
Domestic preferred equities	1,220,017					--
Domestic common equities	196,131,355					65,516,149
Foreign equities	1,855,055					1,855,055
Partnerships	42,449,275					--
Collective trusts - equities	524,171,575					--
Collective trusts - real estate	69,619,966					--
Hedge funds	27,082,692					--
	<u>\$ 1,150,183,828</u>					<u>\$ 88,923,982</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, \$59,218,527 and \$88,923,982 was held by the counterparty that was acting as the Plan's agent in securities lending transactions at April 30, 2019 and 2018, respectively.

Investment Concentrations - The following presents investments that represent 5 percent or more of the fiduciary net position of the Plan as of April 30, 2019:

Investment	
Prudential Core Plus Bond Fund	\$ 153,382,586
FIAM Tactical Bond Pool	85,500,000
Lazard Wilmington International Equity Portfolio	80,453,915
Blackrock Alpha Advantage International Fund	75,437,659
Mellon EB DV Global Exp Alpha I Fund	73,387,327

**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 5 percent or more of the fiduciary net position of the Plan as of April 30, 2018:

Investment	
Investments managed by Prudential, Inc.	\$ 131,540,105
American Century Global Growth Equity Trust - Tier 2	121,782,475
Investments managed by GMO	113,849,077
Investments managed by JP Morgan	112,059,758
Investments managed by Blackrock	109,541,417
Mellon EB DV Global Exp Alpha I Fund	68,906,366
Investments managed by Northern Trust	59,169,924

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, 2019 and 2018, the Plan's fixed income assets that are not explicitly government guaranteed represented 74.60 percent and 74.70 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, 2019 and 2018:

Fixed Income Security Type	Fair Value April 30, 2019	Percentage of all Fixed Income Assets	S&P Weighted Average Credit Quality
Municipal bonds	\$ 2,972,036	0.7%	A+
Asset-backed securities	8,050,597	2.0%	AA+
Foreign debt obligations	2,609,685	0.6%	BBB
Corporate bonds - domestic	36,251,398	9.0%	BBB
Corporate bonds - foreign	28,335,866	7.0%	BBB
Money market funds	19,631,100	4.8%	Not rated
Collective trusts - fixed income	238,882,585	59.0%	Not rated
	\$ 336,733,267	83.1%	

**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 April 30, 2018	Percentage of all Fixed Income Assets	S&P Weighted Average Credit Quality
Municipal bonds	\$ 3,568,615	1.2%	A
Asset-backed securities	5,376,639	1.9%	AAA
Foreign debt obligations	2,279,269	0.8%	BBB
Corporate bonds - domestic	29,960,341	10.4%	BBB
Corporate bonds - foreign	20,261,196	7.0%	BBB
Money market funds	22,785,127	7.9%	Not rated
Collective trusts - fixed income	131,000,000	45.5%	Not rated
	<u>\$ 215,231,187</u>	<u>74.7%</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 April 30, 2019	Percentage of all Fixed Income Assets	Weighted Average Effective Duration (Years)
U.S. Treasuries	\$ 14,645,298	3.6%	5.19
U.S. government-backed mortgages	53,683,512	13.3%	2.38
Municipal bonds	2,972,036	0.7%	9.42
Asset-backed securities	8,050,597	2.0%	6.32
Foreign debt obligations	2,609,685	0.6%	5.79
Corporate bonds - domestic	36,251,398	9.0%	6.68
Corporate bonds - foreign	28,335,866	7.0%	5.79
Money market funds**	19,631,100	4.8%	**
Collective trusts - fixed income	238,882,585	59.0%	5.93
	<u>\$ 405,062,077</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 April 30, 2018	Percentage of all Fixed Income Assets	Weighted Average Effective Duration (Years)
U.S. Treasuries	\$ 25,817,600	9.0%	2.5
U.S. government-backed mortgages	46,605,106	16.3%	24.1
Municipal bonds	3,568,615	1.2%	16.5
Asset-backed securities	5,376,639	1.9%	11.9
Foreign debt obligations	2,279,269	0.8%	15.8
Corporate bonds - domestic	29,960,341	10.4%	12.4
Corporate bonds - foreign	20,261,196	7.0%	11.5
Money market funds**	22,785,127	7.9%	**
Collective trusts - fixed income	131,000,000	45.5%	8.2
	<u>\$ 287,653,893</u>	<u>100.0%</u>	

**The Plan actually owns an interest in the underlying assets of the 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 currency risk exposure, or exchange rate risk, primarily reside within the Plan's foreign debt obligations and foreign equity holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers.

Annual Money-Weighted Rate of Return - For the years ended April 30, 2019 and 2018, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 5.32 percent and 9.28 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, 2019 and 2018 were as follows:

	2019	2018
Total pension liability	\$ 1,396,170,598	\$ 1,357,512,868
Plan fiduciary net position	<u>(1,169,271,585)</u>	<u>(1,151,660,978)</u>
City's net pension liability	<u>\$ 226,899,013</u>	<u>\$ 205,851,890</u>
Fiduciary net position as a % of total pension liability	83.75%	84.84%

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

NOTES TO THE FINANCIAL STATEMENTS

5. ACTUARIAL METHODS AND ASSUMPTIONS

An actuary from Cheiron determines the total pension liability. The total pension liability as of April 30, 2019 and 2018 was determined based on an actuarial valuation prepared as of May 1, 2018 and 2017, respectively, rolled forward one year, using the following actuarial assumptions:

Price inflation	3.00%
Salary increases, including wage inflation	3.75% to 5.00%
Long-term investment rate of return, net of plan investment expense, including inflation	7.50%
Mortality tables:	
Healthy	RP-2000 Combined Healthy Annuitant Mortality Table (multiplied by 1.078 for males and 1.065 for females), projected using a modified Scale MP-2015 on a generational basis
Disabled	RP-2000 Combined Healthy Annuitant Mortality Table (multiplied by 1.300 for males and 1.500 for females), projected using a modified Scale MP-2015 on a generational basis

The actuarial assumptions used in the May 1, 2018 and 2017 valuations were based on the results of the actuarial experience study for the period May 1, 2010 through April 30, 2015. The actuarial experience study is dated February 23, 2016.

For purposes of calculating the total pension liability, future ad hoc 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 real rates of return for each major asset class included in the Plan's target asset allocation as of April 30, 2019 and 2018 are summarized below:

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

NOTES TO THE FINANCIAL STATEMENTS

5. ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return April 30, 2019
U.S. Equity	16.25%	3.8%
Emerging Manager of Managers	4.0%	3.8%
Non-U.S. Equity	15.25%	5.0%
Emerging Markets Equity	4.5%	7.3%
Global Equity	5.0%	4.7%
Core Fixed Income	20.0%	0.5%
Non-core Fixed Income	12.0%	2.5%
Real Estate	7.5%	3.3%
Infrastructure	2.5%	3.0%
Opportunistic	12.0%	4.1%
Cash	1.0%	-0.5%

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return April 30, 2018
U.S. Equity	11.5%	3.8%
Emerging Manager of Managers	4.0%	3.8%
Non-U.S. Equity	16.0%	5.0%
Emerging Markets Equity	3.5%	7.3%
Global Equity	5.0%	4.7%
Long/Short Equity	5.0%	4.0%
Core Fixed Income	25.0%	0.5%
Non-core Fixed Income	7.0%	2.5%
Real Estate	7.5%	3.3%
Infrastructure	2.5%	3.0%
Opportunistic	12.0%	4.1%
Cash	1.0%	-0.5%

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. In the professional judgment of the Plan's actuary, the funding policy of the Plan will result in the pension Plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments.

**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 7.50 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 (6.50 percent) or one percentage point higher (8.50 percent) than the current rate as of April 30, 2019 and 2018:

	1% Decrease (6.50%)	2019 Current Discount Rate (7.5%)	1% Increase (8.50%)
Total pension liability	\$ 1,561,849,484	\$ 1,396,170,598	\$ 1,257,200,457
Fiduciary net position	(1,169,271,585)	(1,169,271,585)	(1,169,271,585)
Net pension liability	<u>\$ 392,577,899</u>	<u>\$ 226,899,013</u>	<u>\$ 87,928,872</u>

	1% Decrease (6.50%)	2018 Current Discount Rate (7.5%)	1% Increase (8.50%)
Total pension liability	\$ 1,520,065,911	\$ 1,357,512,868	\$ 1,221,260,929
Fiduciary net position	(1,151,660,978)	(1,151,660,978)	(1,151,660,978)
Net pension liability	<u>\$ 368,404,933</u>	<u>\$ 205,851,890</u>	<u>\$ 69,599,951</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. 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 are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

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:

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

NOTES TO THE FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS (CONTINUED)

- 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, 2019 and 2018:

	April 30, 2019			
	Total Fair Value	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasuries	\$ 14,645,298	\$ --	\$ 14,645,298	\$ --
U.S. government-backed mortgages	53,683,512	--	49,523,356	4,160,156
Municipal bonds	2,972,036	--	2,972,036	--
Asset-backed securities	8,050,597	--	8,050,597	--
Foreign debt obligations	2,609,685	--	2,609,685	--
Corporate bonds - domestic	36,251,398	--	36,251,398	--
Corporate bonds - foreign	28,335,866	--	28,335,866	--
Short-term investment funds	19,631,100	19,631,100	--	--
Domestic preferred equities	1,232,768	1,232,768	--	--
Domestic common equities	173,827,795	173,827,795	--	--
Foreign equities	2,200,066	2,200,066	--	--
Collective trusts - equities	38,082,013	--	38,082,013	--
Total investments	<u>\$ 381,522,134</u>	<u>\$ 196,891,729</u>	<u>\$ 180,470,249</u>	<u>\$ 4,160,156</u>

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

Collective trusts - equities	367,005,400
Collective trusts - fixed income	238,882,585
Partnerships	42,514,100
Collective trusts - real estate	115,372,048
Hedge funds	23,206,749
Total investments measured at the NAV	<u>786,980,882</u>
Total investments	<u>\$ 1,168,503,016</u>

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

NOTES TO THE FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS (CONTINUED)

	April 30, 2018			
	Total			
	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasuries	\$ 25,817,600	\$ --	\$ 25,817,600	\$ --
U.S. government-backed mortgages	46,605,106	--	44,769,376	1,835,730
Municipal bonds	3,568,615	--	3,568,615	--
Asset-backed securities	5,376,639	--	5,376,639	--
Foreign debt obligations	2,279,269	--	2,279,269	--
Corporate bonds - domestic	29,960,341	--	29,960,341	--
Corporate bonds - foreign	20,261,196	--	20,261,196	--
Short-term investment funds	22,785,127	22,785,127	--	--
Domestic preferred equities	1,220,017	1,220,017	--	--
Domestic common equities	196,131,355	196,131,355	--	--
Foreign equities	1,855,055	1,855,055	--	--
Collective trusts - equities	59,169,924	--	59,169,924	--
Total investments	415,030,244	\$ 221,991,554	\$ 191,202,960	\$ 1,835,730

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

Collective trusts - equities	465,001,651
Collective trusts - fixed income	131,000,000
Partnerships	42,449,275
Collective trusts - real estate	69,619,966
Hedge funds	27,082,692
Total investments measured at the NAV	735,153,584
Total investments	\$ 1,150,183,828

(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, 2019. 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 the net asset value (NAV) per share (or its equivalent) is presented below.

		April 30, 2019			
		Redemption			
		Frequency			
		(If Currently			
		Eligible)			
		Notice Period			
	Fair Value	Unfunded			
		Commitments			
Collective trusts - equities (A)	\$ 367,005,400	\$ --		Daily/Monthly	1-7 Days
Collective trusts - fixed income (B)	238,882,585	--		Daily	1 Day
Partnerships (C)	42,514,100	--		Semi-Annual	2 Months
Collective trusts - real estate (D)	115,372,048	--		Quarterly	45 Days
Hedge funds (E)	23,206,749	--		Bi-Monthly	75 Days
Total investments measured at NAV	<u>\$ 786,980,882</u>				

		April 30, 2018			
		Redemption			
		Frequency			
		(If Currently			
		Eligible)			
		Notice Period			
	Fair Value	Unfunded			
		Commitments			
Collective trusts - equities (A)	\$ 465,001,651	\$ --		Daily/Monthly	1-7 Days
Collective trusts - fixed income (B)	131,000,000	--		Daily	1 Day
Partnerships (C)	42,449,275	--		Semi-Annual	2 Months
Collective trusts - real estate (D)	69,619,966	--		Quarterly	45 Days
Hedge funds (E)	27,082,692	--		Bi-Monthly	75 Days
Total investments measured at NAV	<u>\$ 735,153,584</u>				

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

NOTES TO THE FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS (CONTINUED)

- (A) This category includes collective trust funds. Each invests in equity securities both on the national and international markets listed on public market exchanges.
- (B) 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.
- (C) This category is a limited partnership. Investments are open-ended Global Core/Core Plus infrastructure investments.
- (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.
- (E) This category is a limited partnership domiciled in the Cayman Islands. Investments provide exposure to more than sixty "hedge fund risk premiums" across nine broad strategy groups (event driven, convertible arbitrage, equity market neutral, dedicated short bias, long/short equity, emerging markets, global macro, managed futures and fixed income relative value) with a dynamic and disciplined investment process that aims to provide risk-balanced, long-term exposure to the underlying strategies. The result is a high risk-adjusted expected return stream with low correlation to traditional asset classes.

8. RELATED PARTY TRANSACTIONS

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

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Service cost	\$ 20,312,736	\$ 20,085,682	\$ 20,048,780	\$ 19,485,402	\$ 19,694,295
Interest on total pension liability	100,099,386	97,267,046	94,116,208	87,902,877	85,393,038
Differences between expected and actual experience	(5,950,247)	(2,291,715)	(431,574)	(6,077,385)	--
Change of assumptions	--	--	--	43,062,525	--
Benefit payments, including member refunds	(75,804,145)	(71,994,704)	(67,877,732)	(67,603,613)	(63,149,987)
Net change in total pension liability	38,657,730	43,066,309	45,855,682	76,769,806	41,937,346
Total pension liability - beginning	1,357,512,868	1,314,446,559	1,268,590,877	1,191,821,071	1,149,883,725
Total pension liability - ending	1,396,170,598	1,357,512,868	1,314,446,559	1,268,590,877	1,191,821,071
Fiduciary net position					
Net investment income (loss)	59,453,267	98,766,580	105,285,874	(26,366,931)	84,827,952
City contributions	26,032,072	24,530,445	23,701,217	24,577,647	27,569,434
Member contributions	8,514,325	8,622,835	7,966,105	8,235,363	8,610,268
Benefits paid	(71,410,862)	(68,328,453)	(64,197,401)	(63,007,354)	(58,650,593)
Refunds of contributions	(4,393,283)	(3,666,251)	(3,680,331)	(4,596,259)	(4,499,394)
Administrative expenses	(584,912)	(563,030)	(386,784)	(365,571)	(379,424)
Net change in fiduciary net position	17,610,607	59,362,126	68,688,680	(61,523,105)	57,478,243
Fiduciary net position - beginning	1,151,660,978	1,092,298,852	1,023,610,172	1,085,133,277	1,027,655,034
Fiduciary net position - ending	1,169,271,585	1,151,660,978	1,092,298,852	1,023,610,172	1,085,133,277
Net pension liability, ending	226,899,013	\$205,851,890	\$222,147,707	\$244,980,705	\$106,687,794
Fiduciary net position as a percentage of total pension liability	83.75%	84.84%	83.10%	80.69%	91.05%
Covered payroll	\$ 171,688,301	\$ 167,811,028	\$ 164,248,048	\$ 166,853,097	\$ 167,629,048
Net pension liability as a percentage of covered payroll	132.16%	122.67%	135.25%	146.82%	63.65%

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined employer contribution	\$ 25,842,898	\$ 24,390,835	\$ 23,042,413	\$ 24,540,893	\$ 27,568,194	\$ 27,568,194	\$ 27,682,872	\$ 26,326,555	\$ 27,772,227	\$ 29,589,060
Actual City contributions	26,032,072	24,530,445	23,701,217	24,577,647	27,569,434	25,987,662	23,744,372	20,543,487	18,822,709	19,186,317
Annual contribution deficiency (excess)	<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>	<u>\$ 3,938,500</u>	<u>\$ 5,783,068</u>	<u>\$ 8,949,518</u>	<u>\$ 10,402,743</u>
Covered payroll	\$ 171,688,301	\$ 167,811,028	\$ 164,248,048	\$ 166,853,097	\$ 167,629,048	\$ 167,629,049	\$ 166,877,689	\$ 161,134,295	\$ 163,113,722	\$ 153,948,044
Actual contributions as a percentage of covered payroll	15.16%	14.62%	14.43%	14.73%	16.45%	15.50%	14.23%	12.75%	11.54%	12.46%

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

SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years

Fiscal Year Ending April 30	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	5.32%	9.28%	10.46%	-2.50%	8.36%	11.50%

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**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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.

5/01/2012 Valuation

- The Plan was amended to provide MAST employees with service prior to April 25, 2010 and to implement a special benefit schedule for these employees.

5/01/2011 Valuation

- The Plan was amended according to Ordinance No. 110218, so that unless otherwise provided, no members of the Council, including the Mayor, who commence a term of office after April 30, 2011 shall participate in this plan for any service after April 30, 2011. However, members of the Council, including the Mayor, elected on March 27, 2007 for a term beginning May 1, 2007 and also elected on March 22, 2011 for a term beginning on May 1, 2011 are members of this plan as long as they are continuously a member of the Council, including the Mayor.

Changes in actuarial assumptions and methods - The following changes were reflected in the valuations as listed below:

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.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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.

5/01/2011 Valuation

- Actuarial assumptions were changed based on recommendations from the May 1, 2006 through April 30, 2010 actuarial experience study that was adopted by the Board. The changes affected withdrawal rates, retirement rates, age of spouse assumptions, salary increases and J&S election assumptions.

5/01/2009 Valuation

- The Amortization of UAL changed from a 20-year level percent of pay amortization method to a 30-year layered level percent of pay amortization method for the 5/1/2009 change to the unfunded actuarial liability.

5/01/2008 Valuation

- The Asset Smoothing Method switched from the prior method of using preliminary asset value plus 20 percent of the difference between the market value and the preliminary asset value to the new method of using 100 percent of expected returns plus 25 percent of actual returns above or below the expected return. The minimum asset corridor also changed from 90 percent to 85 percent.
- The Amortization of UAL changed from a 30-year rolling level dollar amortization method to a 20-year layered level percent of pay amortization method.
- The Investment Return Assumption changed from 7.75 percent to 7.50 percent.

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, 2017 actuarial valuation:

Valuation Date	May 1, 2017
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	7.50%
Amortization growth rate	3.75%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Price inflation	3.00%
Salary increases	Ranges from 5.0% to 3.75%
Cost-of-living adjustments	3.00% simple for Tier 1 Members; 2.50% 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: RP-2000 Combined Healthy Non-Annuitant Mortality Table (multiplied by 0.956 for males and 0.960 for females), projected using a modified Scale MP-2015 on a generational basis.</p> <p>Healthy Annuitants: RP-2000 Combined Healthy Annuitant Mortality Table (multiplied by 1.078 for males and 1.065 for females), projected using a modified Scale MP-2015 on a generational basis.</p> <p>Disabled: RP-2000 Combined Healthy Annuitant Mortality Table (multiplied by 1.300 for males and 1.500 for females) projected using a modified Scale MP-2015 on a generational basis.</p>

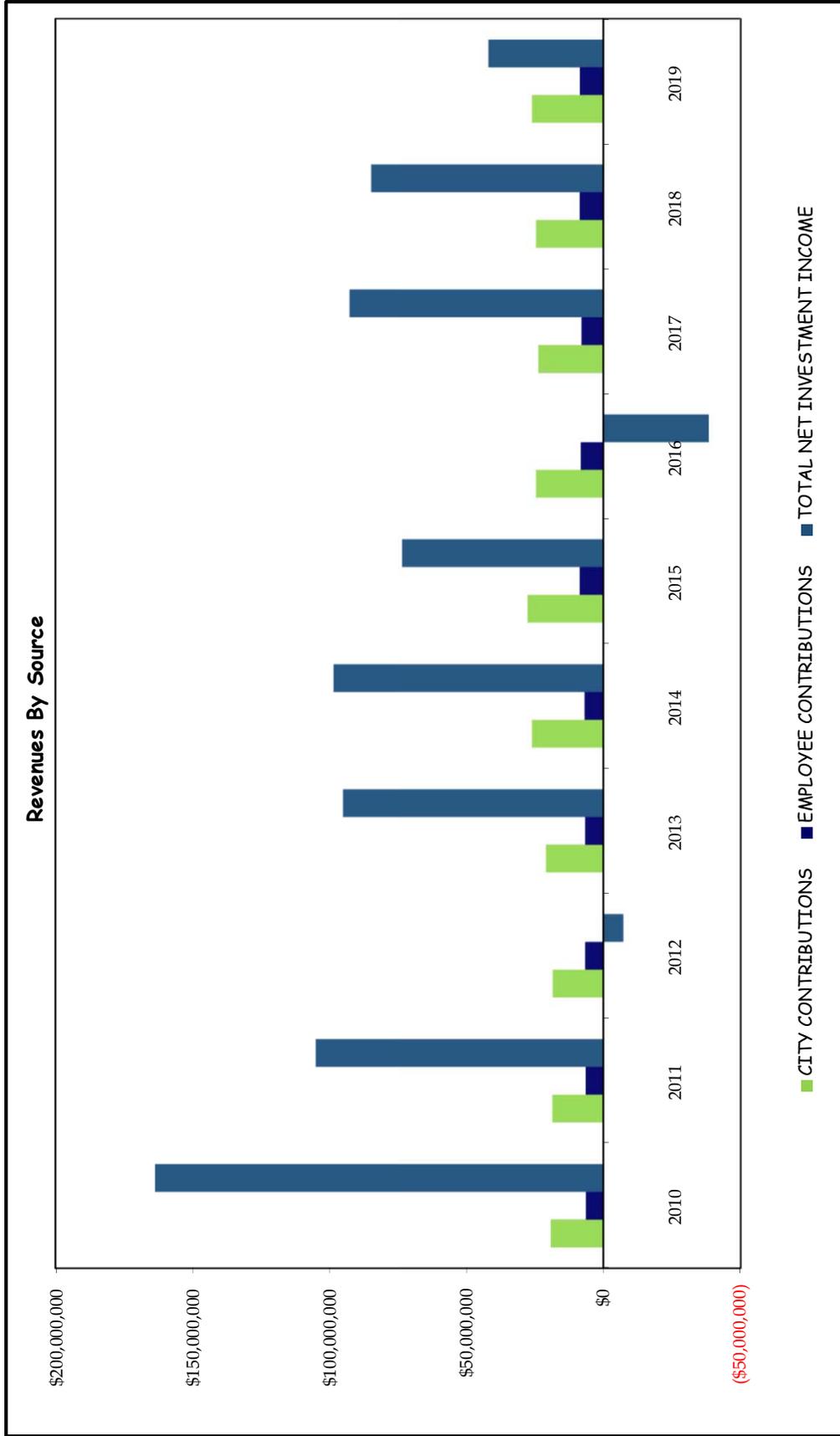
CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
HISTORICAL REVIEW
REVENUE - EXPENSES - NET POSITION
April 30, 2019

	2019	2018	2017	2016	2015
Additions					
Contributions					
Employer Contributions	\$26,032,072	\$24,530,445	\$23,701,217	\$24,577,647	\$27,569,434
Member Contributions	8,514,325	8,622,835	7,966,105	8,235,363	8,610,268
Total Contributions	<u>34,546,397</u>	<u>33,153,280</u>	<u>31,667,322</u>	<u>32,813,010</u>	<u>36,179,702</u>
Investment Income					
Realized Gain (Loss)	63,306,180	102,920,686	109,056,496	(22,009,888)	89,027,653
Less Investment Expense	(3,852,913)	(4,154,106)	(3,770,622)	(4,357,043)	(4,199,701)
Total Net Investment Income	<u>59,453,267</u>	<u>98,766,580</u>	<u>105,285,874</u>	<u>(26,366,931)</u>	<u>84,827,952</u>
Total Additions	<u>93,999,664</u>	<u>131,919,860</u>	<u>136,953,196</u>	<u>6,446,079</u>	<u>121,007,654</u>
Deductions					
Benefit Payments					
Annuities	71,410,862	68,328,453	64,197,401	63,007,354	58,650,593
Refunds					
Termination	1,762,170	1,428,989	1,441,455	1,467,712	1,057,184
Retirement	2,631,113	2,237,262	2,238,876	3,128,547	3,442,210
Total Benefit Payments	<u>75,804,145</u>	<u>71,994,704</u>	<u>67,877,732</u>	<u>67,603,613</u>	<u>63,149,987</u>
Administrative Expenses	584,912	563,030	386,784	365,571	379,424
Total Deductions	<u>76,389,057</u>	<u>72,557,734</u>	<u>68,264,516</u>	<u>67,969,184</u>	<u>63,529,411</u>
Net Increase (Decrease) in Net Position	17,610,607	59,362,126	68,688,680	(61,523,105)	57,478,243
Net Position - Beginning of Year	<u>1,151,660,978</u>	<u>1,092,298,852</u>	<u>1,023,610,172</u>	<u>1,085,133,277</u>	<u>1,027,655,034</u>
Net Position - End of Year	<u>\$1,169,271,585</u>	<u>\$1,151,660,978</u>	<u>\$1,092,298,852</u>	<u>\$1,023,610,172</u>	<u>\$1,085,133,277</u>
Contributions - % of Payroll					
Employer	15.40%	14.85%	13.81%	14.64%	16.52%
Member	5.00%	5.00%	5.00%	5.00%	5.00%

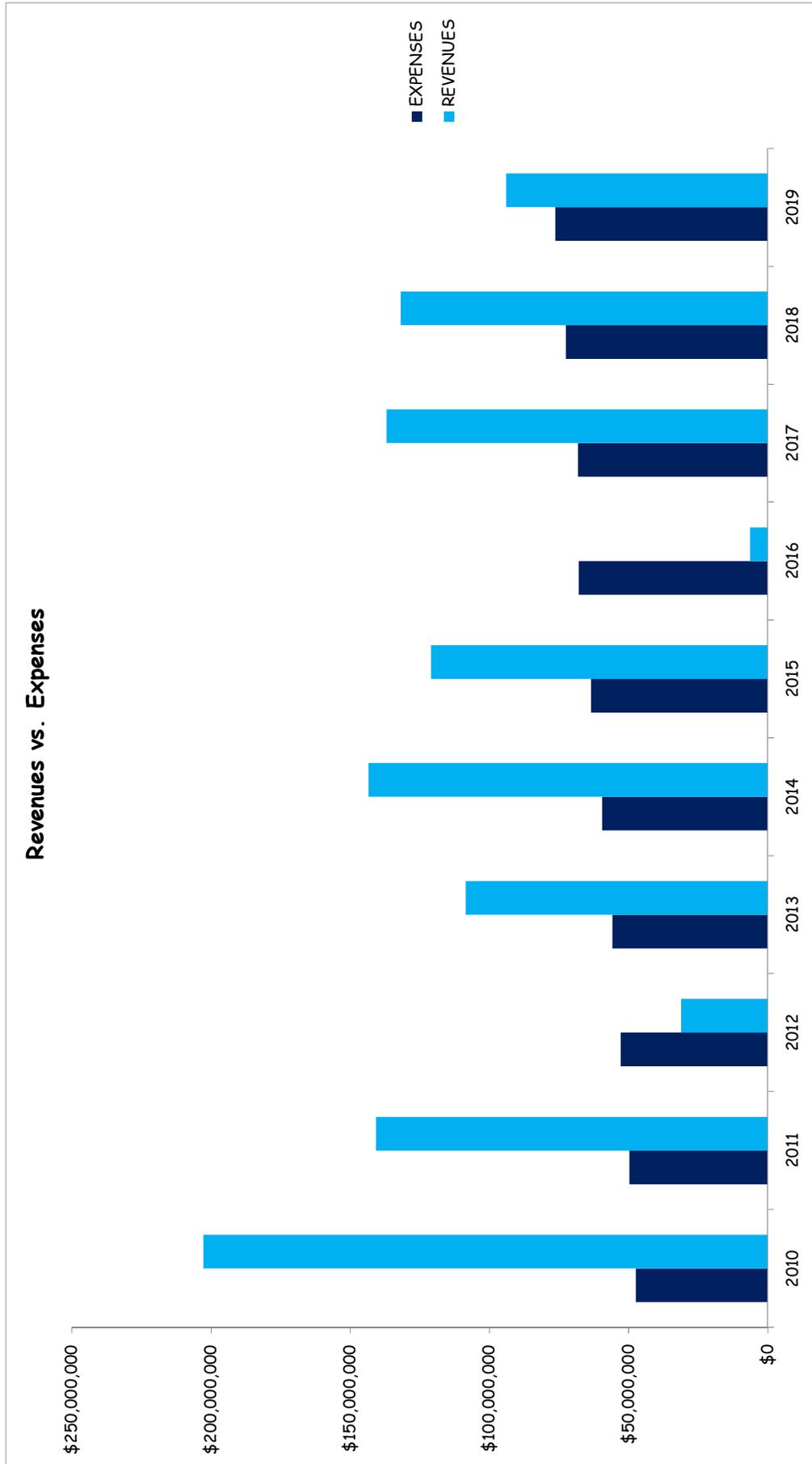
CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
HISTORICAL REVIEW
REVENUE - EXPENSES - NET POSITION
April 30, 2019

	2014	2013	2012	2011	2010
Additions					
Contributions					
Employer Contributions	\$25,987,662	\$20,919,438	\$18,421,668	\$18,588,723	\$19,186,317
Member Contributions	6,849,988	11,407,725	6,612,397	6,430,830	6,331,891
Total Contributions	<u>32,837,650</u>	<u>32,327,163</u>	<u>25,034,065</u>	<u>25,019,553</u>	<u>25,518,208</u>
Investment Income					
Realized Gain (Loss)	110,769,191	108,841,737	9,139,469	118,957,726	180,132,771
Less Investment Expense	<u>(3,501,332)</u>	<u>(2,845,027)</u>	<u>(3,017,196)</u>	<u>(3,235,946)</u>	<u>(2,936,883)</u>
Total Net Investment Income	<u>107,267,859</u>	<u>105,996,710</u>	<u>6,122,273</u>	<u>115,721,780</u>	<u>177,195,888</u>
Total Additions	<u>140,105,509</u>	<u>138,323,873</u>	<u>31,156,338</u>	<u>140,741,333</u>	<u>202,714,096</u>
Deductions					
Benefit Payments					
Annuities	55,374,392	52,346,221	49,573,667	46,983,788	44,532,106
Refunds					
Termination	1,315,059	1,318,251	1,242,438	1,287,002	1,332,574
Retirement	2,428,948	2,029,952	1,895,151	1,330,873	1,433,494
Total Benefit Payments	<u>59,118,399</u>	<u>55,694,424</u>	<u>52,711,256</u>	<u>49,601,663</u>	<u>47,298,174</u>
Administrative Expenses	401,702	166,153	166,888	140,068	150,505
Total Deductions	<u>59,520,101</u>	<u>55,860,577</u>	<u>52,878,144</u>	<u>49,741,731</u>	<u>47,448,679</u>
Net Increase (Decrease) in Net Position	80,585,408	82,463,296	(21,721,806)	90,999,602	155,265,417
Net Position - Beginning of Year	<u>947,069,626</u>	<u>864,606,330</u>	<u>886,328,136</u>	<u>795,328,534</u>	<u>640,063,117</u>
Net Position - End of Year	<u><u>\$1,027,655,034</u></u>	<u><u>\$947,069,626</u></u>	<u><u>\$864,606,330</u></u>	<u><u>\$886,328,136</u></u>	<u><u>\$795,328,534</u></u>
Contributions - % of Payroll					
Employer	17.18%	12.03%	12.03%	12.03%	12.03%
Member	4.00%	4.00%	4.00%	4.00%	4.00%

CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 FINANCIAL REVIEW
 April 30, 2019



CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 FINANCIAL REVIEW
 April 30, 2019



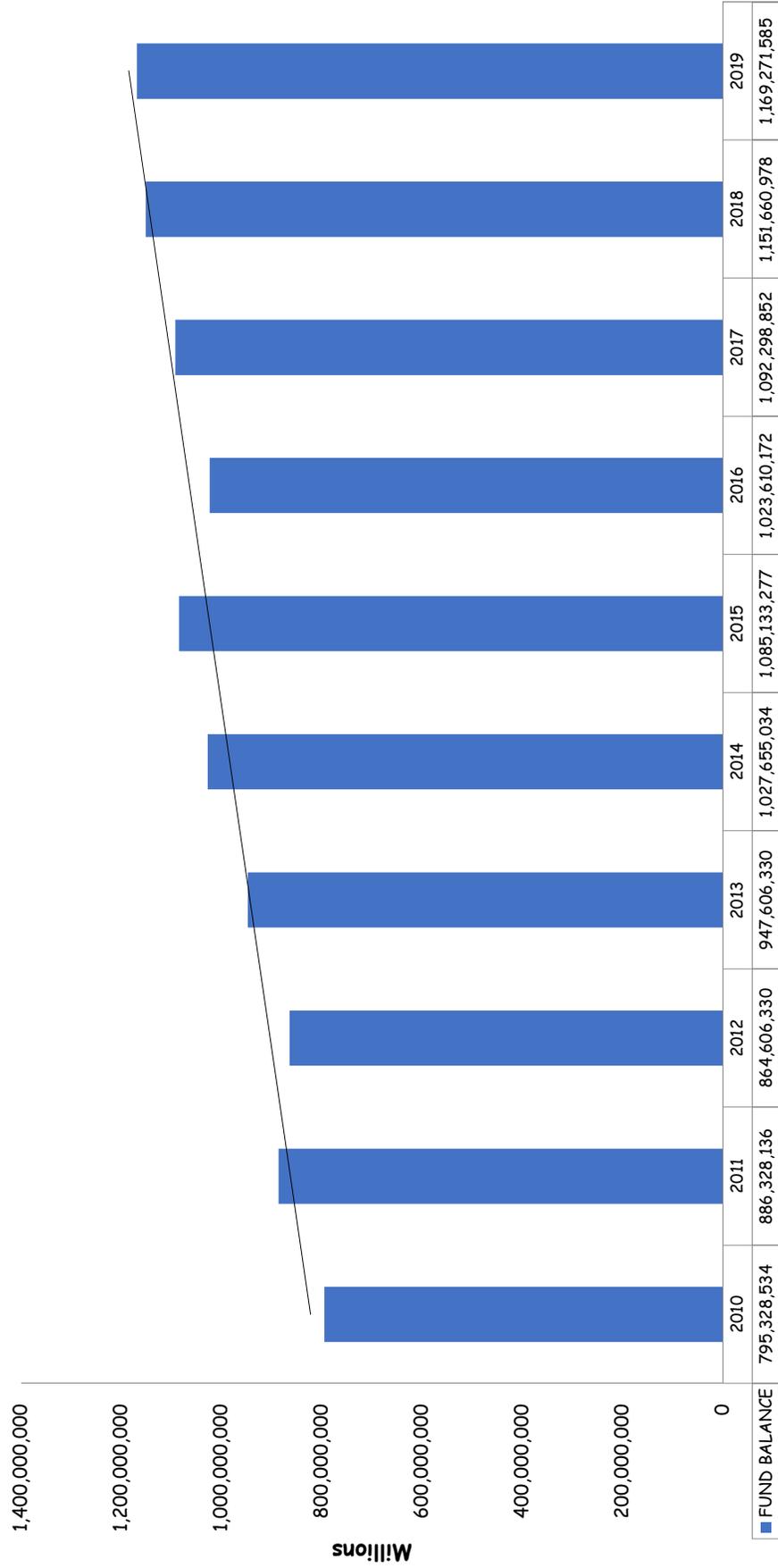
CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 FINANCIAL REVIEW
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Allocation of Expenses

EXPENSES BY TYPE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ADMINISTRATIVE EXPENSES	\$150,505	\$140,068	\$166,888	\$166,153	\$401,702	\$379,424	\$365,571	\$386,784	\$563,030	\$584,912
REFUNDS OF EMPLOYEE CONTRIBUTIONS	\$2,766,068	\$2,617,875	\$3,348,203	\$3,137,586	\$3,744,007	\$4,499,394	\$4,596,259	\$3,680,331	\$3,666,251	\$4,393,283
RETIREMENT BENEFITS	\$44,532,106	\$46,983,788	\$52,346,221	\$49,573,667	\$55,374,392	\$58,650,593	\$63,007,354	\$64,197,401	\$68,328,453	\$71,410,862
GRAND TOTAL	\$47,448,679	\$49,741,731	\$55,861,312	\$52,877,406	\$59,520,101	\$63,529,411	\$67,969,184	\$68,264,516	\$72,557,734	\$76,389,057

CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 FINANCIAL REVIEW
 April 30, 2019

FUND BALANCE



MEMBERSHIP SECTION

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
MEMBERSHIP ACTIVITY
Year Ended April 30, 2019**

OPTIONAL RETIREMENTS

Name	Date of Annuity
ABERNATHY, CURTIS E.	12/01/2018
ARNOTE, RANDY L.	04/01/2019
BAILEY, JR., PERCY D.	08/01/2018
BANES, LEROY D.	01/01/2019
BILLINGS, GREGORY L.	10/01/2018
BOND, TIMOTHY W.	04/01/2019
BOWMAN, ELIZABETH A.	05/01/2018
BROWN, JANET D.	02/01/2019
BROWN, MICHAEL A.	10/01/2018
BURKETT, DENISE R.	01/01/2019
CAMPBELL, SHEILA A.	05/01/2018
CARLOK, RITA H.	02/01/2019
COLEMAN, KAREN G.	10/01/2018
COMBS, MARVA J.	12/01/2018
COURTNEY, ERIC C.	06/01/2018
DAVIDSON, WILLIE	06/01/2018
DAWKINS, ALFRED T.	03/01/2019
DAWKINS, DEBORAH A.	12/01/2018
DAYBERRY, MICHAEL L.	09/01/2018
DUCKWORTH, MICHAEL C.	10/01/2018
EARNEST, JAMES P.	01/01/2019
EDSON, RANDALL G.	01/01/2019
ENGBRECHT, DWAYNE L.	01/01/2019
EVANS, STEVEN L.	07/01/2018
GRAHAM, GLENN A.	12/01/2018
GREENE, DAVID W.	09/01/2018
HARPER, RYCKEY A.	01/01/2019
HINKLE, LEE F.	08/01/2018
KHOSRAVIAN, CYNTHIA M.	08/01/2018
KILGORE, VICKI D.	08/01/2018
LEACH, SR., RICHARD L.	04/01/2019
LEWIS, SHEILA R.	01/01/2019
LEWIS, SHERRI LYNN	10/01/2018
LOCHNER, SCOTT A.	08/01/2018
LOCKETT, CARL E.	09/01/2018
LOGAN, JR., BUFORD	10/01/2018

McNAMARA, PATRICK S.	10/01/2018
MILLER, MARY J.	05/01/2018
MYLES, LINDA S.	12/01/2018
OLADIPO, YUSEFF O.	04/01/2019
PEARSON, SANRA D.	01/01/2019
REESE, SR., CHARLES E.	07/01/2018
REW, ROXANNE R.	01/01/2019
ROSS, KEITH M.	08/01/2018
ROSS, RONALD G.	07/01/2018
SANDIN-SNELL, MICHELLE M.	04/01/2019
SCHMELZLE, ALAN F.	01/01/2019
SCOTT, BARBARA A.	01/01/2019
SIEFKAS, RICKEY J.	07/01/2018
SLUSHER, ROBERT A.	11/01/2018
STRICKLAND, MARC R.	12/01/2018
TARWATER, FLAVIA M.	11/01/2018
TWITTY, DAVID E.	11/01/2018
VITTENGL, GARY J.	03/01/2019
WATKINS, KIM R.	03/01/2019
WHEELER, KATHIE S.	01/01/2019
WIGFALL, JR., SAMUEL	09/01/2018
WILLIAMS, CASSANDRA J.	06/01/2018
WILLIAMS, RANDOLPH	05/01/2018
WILLS, GRETA J.	11/01/2018
WINN, SHIRLEY H.	01/01/2019
WINTERS, ROGER	02/01/2019
WOOD, JAMES A.	09/01/2018
WRENCH, TERRY R.	09/01/2018
WRIGHT, SR., MIKEWELL J.	04/01/2019

NORMAL RETIREMENTS

Name	Date of Annuity
ASKREN, KENNETH A.	12/01/2018
BEITLING, HOWARD L.	07/01/2019
BULLINGTON, STUART W.	01/01/2019
CANTRELL, BARBARA A.	06/01/2018

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
MEMBERSHIP ACTIVITY
Year Ended April 30, 2019**

CLARK, DANIEL O.	04/01/2019
DAIGLE, RONALD E.	03/01/2019
DANIEL, ALMA R.	10/01/2018
DAUGHERTY, GENE R.	11/01/2018
DEY, KEVIN J.	05/01/2018
GALLAGHER, PATRICIA L.	05/01/2018
HOFFMAN, LAWRENCE E.	03/01/2019
HUMPHREY, LYLE E.	09/01/2018
INGELS, HARRY W.	06/01/2018
KLINE, EDWARD F.	02/01/2019
KWEH, JOSEPH W.	01/01/2019
LYONS, EARNEST C.	06/01/2018
McHENRY, MARK L.	01/01/2019
MEINERS, ROBERT J.	09/01/2019
MURPHY, SCOTT O.	10/01/2019
PARTRIDGE, KATHLEEN D.	05/01/2018
POWELL, MICHAEL G.	01/01/2019
RECKMAN, WANDA L.	01/01/2019
SMITH, JR., WALLACE L.	07/01/2018
TURNER, LESLIE G.	07/01/2019
VANGEGRIFF, MARILYN E.	01/01/2019
VITATOE, JR., JAMES L.	01/01/2019
WEBSTER, JANICE C.	07/01/2018

EARLY RETIREMENTS

Name	Date of Annuity
ANDERSON, THEODORE T.	10/01/2018
COX, CHARLES E.	06/01/2018
EASON, A. DENICE	11/01/2018
HENDERSON, ANTHONY E.	10/01/2018
ROBERTS, JULIA A.	07/01/2018
SCOTT, KEVIN L.	09/01/2018

ELECTED OFFICIALS' RETIREMENTS

Name	Date of Annuity
NACE, REBECCA R.	03/01/2019

DEFERRED ANNUITIES

Name	Date of Annuity
ABBOTT, LYNDA J.	01/01/2019
ANDERSON, SHERICE Y.	03/01/2019
BAGBY, JACQUELYN C.	06/01/2018
BAYLESS, JR., RONALD F.	01/01/2019
BROWN, GREGORY D.	06/01/2018
CHOY, CHEONG KOK	10/01/2018
CLARK, STEPHEN M.	12/01/2018
CRAFT-ROWLAND, CLAUDETTE C.	02/01/2019
DONLEY, CECILIA D.	03/01/2018
DORAN, DIANE K.	12/01/2018
DUFFIN, BRUCE C.	01/01/2019
FUENTES, HILDA	04/01/2019
HOBBS, DANNY R.	09/01/2018
JACKSON, DONALD W.	08/01/2018
JOHNSON, SR., RODNEY L.	11/01/2018
LAX, BRENDA K.	01/01/2019
MOORE, KATHLEEN J.	01/01/2019
NACHBAR, RUSSELL F.	09/01/2018
RICHARDSON-OMAN, MICHELLE A.	09/01/2018
THIEL, JR., JOHN E.	06/01/2018
WEBER, DANIEL H.	07/01/2018

CITY of KANSAS CITY, MISSOURI
 EMPLOYEES' RETIREMENT SYSTEM
 MEMBERSHIP ACTIVITY
 Year Ended April 30, 2019

**IN MEMORIAM
 MEMBER DEATHS
 ACTIVE EMPLOYEES**

Name	Date of Death
EAGLEBURGER, BILLY J.	12/21/2018
HARDIMAN, MICHAEL T.	03/01/2019
KEITH, WARREN N.	12/05/2018
LEEDS, CAMERON A.	09/26/2018
PRESCOTT, SR., TOMMIE L.	11/23/2018
WILEY, BRYANT K.	01/28/2019

**IN MEMORIAM
 MEMBER DEATHS
 RETIREES**

Name	Date of Death
ANDERSON, LOLA	02/09/2019
BASKA, JOHN L.	04/11/2019
BATES, MICHAEL	06/29/2018
BEAVERS, LUTHER	07/25/2018
BRIDGES, ROBERT A.	06/05/2018
CHAVIS, OPAL M.	12/24/2018
COLLINSWORTH, HENRY L.	04/20/2019
DAVIS, VICTOR	02/03/2019
DENISON, REX	08/27/2018
DIBAL, LAVINIA	08/17/2018
DUNCAN, PATRICA	01/23/2019
EIB, GEORGE L.	12/14/2018
FALCON, FARAON	09/02/2018
GOODMAN, WILSON	01/10/2019
HALEY, JOHN	02/03/2019
HARRIS, KAREN	01/23/2019
HAUSER, DOROTHY	07/31/2018
HAYNER, KEITH	06/26/2018
HOFF, GERALD	04/07/2019

HOLSTE, TERRY	01/11/2019
INLOW, CONNIE	04/12/2019
JOHNSON, CHARLES	06/14/2018
JOHNSON, EDITH	12/23/2018
JOHNSON, EVERETT L.	12/10/2018
JONES, MARCELLA F.	12/15/2018
KERSHAW, MARK	05/24/2018
KIMBLE, SAMPSON	11/22/2018
KJELSHUS, BJARNE	11/09/2018
KLOEPFEL, KRISTIE	03/13/2019
LEIKER, VERLYN	06/14/2018
LILLIS, MARY EDITH	10/19/2018
MACK, JAMES	10/23/2018
MAGIEROWSKI, ZENON	02/18/2019
MALIK, MADAN	02/19/219
MANGRUM, DWIGHT	11/21/2018
McMINN, JIMMIE	10/04/2018
MOORMAN, III, CURTIS	10/15/2018
NEAL, GRACIE M.	04/15/2019
NICKELL, KATHRYN	05/28/2018
NOLD, JOHN R.	12/14/2018
NORTON, JR., BENJAMIN F.	10/27/2018
ORR, DANIEL	03/20/2019
PECORARO, MARY A.	11/11/2018
PHILPOTT, SHARON	05/22/2018
PORTER, ALBERT	06/14/2018
POUNCIL, BRENDA K	12/21/2018
POWELL-JACKSON, PAULETTE	08/24/2018
RAAB, CHARLES	11/14/2018
RIGGS, D. JACK	01/16/2019
RUSSELL, JR., WILLIAM E.	04/03/2019
SHADWICK, FRANK	11/23/2018
SHOLL, SUSAN	01/21/2019
SMITH, EDWARD E.	12/10/2018
SNYDER, DAVID	10/25/2018
SNYDER, HAROLD	06/01/2018
SUITER, EVERETT	09/03/2018
THOMAS, BEULAH	10/13/2018
VACCA, WILLIAM E.	11/08/2018
VANCE, ALLEN	01/09/2019
WHITE, DAVID	02/20/2019

CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
MEMBERSHIP ACTIVITY
Year Ended April 30, 2019

WILKES, BILLY E.	11/11/2018
WOODS, MELVIN	07/07/2018
WRIGHT, JOHNNIE	04/30/2019

SURVIVING SPOUSE ANNUITIES

Name	Date of Annuity
ANDERSON, GEORGE M.	03/01/2019
BATES, RUTH A.	07/01/2018
DENISON, ANNA J.	09/01/2018
EIB, LOIS L.	01/01/2019
GILLESPIE, NORA J.	05/01/2018
HAYNER, JANET D.	07/01/2018
HIGHSMITH-WILEY, TONYA L.	02/01/2019
HOLSTE, ALANA M.	02/01/2019
JOHNSON, BARBARA J.	01/01/2019
JOHNSON, ETHEL M.	01/01/2019
JOHNSON, SALLY A.	07/01/2018
KERSHAW, ESTHER M.	06/01/2018
KJELSHUS, D. CAROL	12/01/2018
KLOEPFEL, LAWRENCE J.	04/01/2019
LEIKER, JANET M.	07/01/2018
MACK, ERMA L.	11/01/2018
MAGIEROWSKI, CAROLYN L.	03/01/2019
MANGRUM, THURLEY V.	12/01/2018
ORR, ANNE B.	04/01/2019
PORTER, DEBRA A.	07/01/2018
PRESCOTT, SHERRY L.	12/01/2018
SNYDER, DORIS J.	11/01/2018
VACCA, CAROL L.	12/01/2018

**CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
CURRENT EMPLOYEE
REQUEST FOR INFORMATION**

A. DATE SUBMITTED: _____

NAME: _____ EMPLID: _____

INTERDEPARTMENTAL MAILING ADDRESS/PHONE #: _____

_____ Check if you wish to pick up information in the Retirement Division, 10th floor of City Hall.

CHECK EACH CATEGORY of INFORMATION REQUESTED

B. _____ Retirement Estimate _____ Single _____ Married

Employee's Birthdate: _____ Spouse's Birthdate: _____

Estimated/Actual Retirement Date: _____ (Must be 1st day of month)

C. **GENERAL RETIREMENT INFORMATION**

_____ Deferred Pension (SEPARATING WITH MORE THAN 5 YEARS of SERVICE)

Scheduled Date of Separation: _____ (Also complete Section B above)

_____ Actual Retirement (Call 816-513-1928 to make an appointment at least one month prior to your retirement date; also complete Section B above)

_____ Retirement System Overview

_____ Current Amount of Employee Contributions

_____ Repurchase of Creditable Service (Period to be Repurchased _____)

_____ Other _____

D. _____ Refund/Rollover of Employee Contributions

Birthdate: _____ Phone #: _____

Scheduled Date of Separation: _____

Mailing Address: _____

Signature: _____

Return this form to the Retirement Division by:

Mail: 414 East 12th St, 10th Floor, Kansas City, MO 64106

Fax: 816-513-1280

Email: KCMO.Retirement@kcmo.org

CITY of KANSAS CITY, MISSOURI
EMPLOYEES' RETIREMENT SYSTEM
RETIRED EMPLOYEE
CHANGE of INFORMATION

DATE SUBMITTED: _____	
NAME: _____	SSN: _____ - _____ - _____
PHONE #: _____	

CHANGE of ADDRESS and/or PHONE NUMBER

Old Phone #: _____	New Phone #: _____
Old Address: _____	New Address: _____

CHANGE of BENEFICIARY (BENEFICIARY MUST BE AT LEAST 18 YEARS OF AGE)

From: _____	To: _____
SSN: _____	SSN: _____
Address: _____	Address: _____

CHANGE of INSURANCE COVERAGE

COMPANY: _____	
_____ Medicare (Enclose Copy of Medicare Card)	
_____ Retiree	_____ Spouse
_____ Cancel Coverage	
_____ Retiree	_____ Spouse
	_____ Dependent
Effective Date: _____	

REQUEST for VERIFICATION of PENSION BENEFIT

SEND TO: _____

Signature: _____

Return this form to the Retirement Division by:

Mail: 414 East 12th St, 10th Floor, Kansas City, MO 64106
Fax: 816-513-1280
Email: KCMO.Retirement@kcmo.org