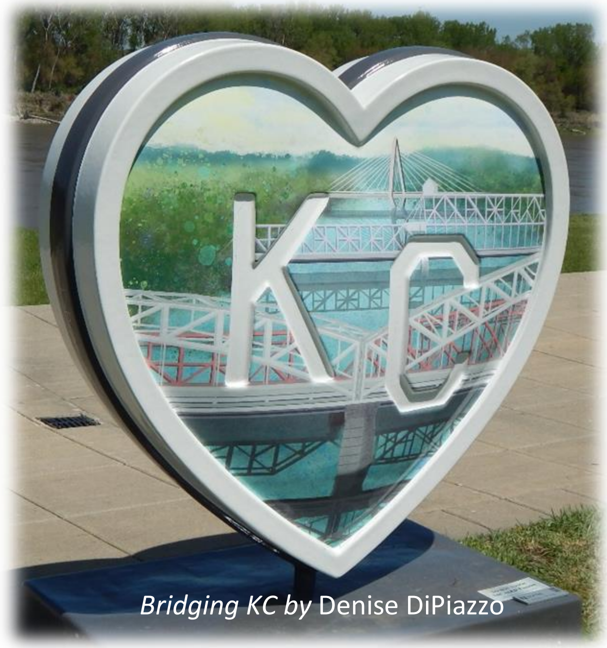
KCPSRS



Bridging KC by Denise DiPiazzo

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2021

Prepared by the joint effort of the KCSPRS staff
3100 Broadway, Suite 1211, Kansas City, MO 64111
816.472.5800 • www.kcpsrs.org

PARADE OF HEARTS™

Kansas City has been known as America's Heartland for over a century. During Spring 2022, Kansas City communities demonstrated their hearts by displaying 154 heart sculptures. These hearts have been designed by many Kansas City artists. Each artist chose their own theme for their heart.

https://theparadeofhearts.com/

Heart Deco by Kathleen Murray

Heart Artists

Bridging KC
Denise DiPiazzo

KC Hearts the Plaza
Charlie Podrebarac

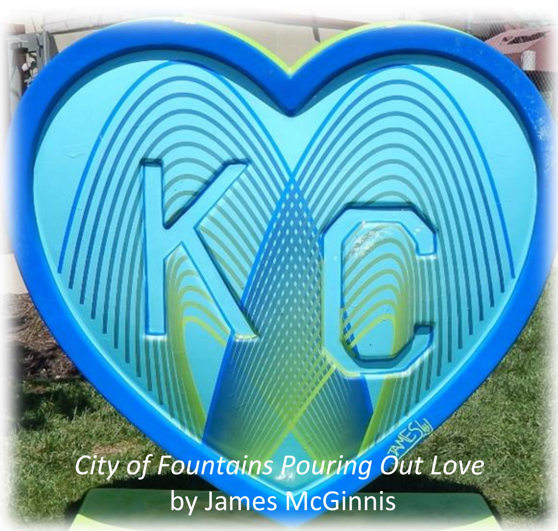
City of Fountains Pouring Out Love
James McGinnis

Culture and Time are Non-Linear
Chico Sierra

Heart Deco
Kathleen Murray

Heart of Kansas City
Katheryn Krouse

KC Heart Awakening
Eugenia Ortiz



City of Fountains Pouring Out Love by James McGinnis

KC Hive Heart
Eugenia Ortiz

Lost and Found
Jeremy Collins

Ma'Homes Town
Charlie Hustle

Mending Hearts
Center Academy for Success & Jay Colhour

Refined in the Fire
Benjamin McClish

What Do You Do If You Don't Have Lemons
Ivey Zoellers

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Refined in the Fire
by Benjamin McClish

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Culture and Time are Non-Linear by Chico Sierra

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KCPSRS
KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

3100 Broadway, Suite 1211
Kansas City, MO 64111
816.472.5800
Fax: 816.472.5909
Email: kcpsrs@kcpsrs.org
Website: www.kcpsrs.org

June 13, 2022

Dear Members of the Kansas City Public School Retirement System,

We are pleased to submit the *Annual Comprehensive Financial Report* for the Fiscal Year Ended December 31, 2021 (Annual Report) of the Kansas City Public School Retirement System (KCPSRS). This Annual Report is a presentation of the financial results for KCPSRS within the specific time frame of the last fiscal year.

This Annual Report is designed to provide an overview of the financial condition of KCPRS and a chronicle of plan status from one year to another. This Annual Report also meets the reporting requirements of state law as stipulated in Section 105.661 of the Revised Statutes of Missouri (RSMo). In addition to the *Introductory Section*, KCPSRS' Annual Report also contains a *Financial Section, Investment Section, Actuarial Section* and *Statistical Section*. The Annual Report is posted on our website, www.kcpsrs.org and printed copies are available upon request.

Financial Statements and Management Responsibility

The financial statements were prepared in accordance with accounting principles generally accepted in the United States and established by the Governmental Accounting Standards Board (GASB). Management is responsible for the preparation of this Annual Report and the fairness and completion of the presentation, and the integrity of the information presented therein.

Management is responsible for maintaining adequate internal accounting controls, which are designed to provide reasonable, but not absolute, assurance the financial statements are free of any material misstatements and assets are properly safeguarded. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefit to be derived and the valuation of cost and benefit requires estimates and judgements by management. Management believes the internal controls currently in place support this purpose and the financial statements and accompanying schedules are fairly presented in all material respects.

Management's Discussion and Analysis found in the *Financial Section* page 21 of this Annual Report serves as an introduction to and overview of the financial statements.

Mayer Hoffman McCann, P.C., the independent external auditors, selected by the KCPSRS Board of Trustees, have conducted an audit of the basic financial statements in accordance with U.S.

generally accepted auditing standards. KCPSRS received an unmodified opinion from our independent auditor on the financial statements included in this Annual Report. This audit and the financial statements and related notes are presented on pages 17 - 45 in the *Financial Section* of this Annual Report.

Investments

For the fiscal year 2021, KCPSRS' investments generated a time-weighted return of 12.90%, net of investment fees. The total fund returned 5.65% more than the January 1, 2021 actuarial long-term investment return assumption of 7.25%. The net return of 12.90% beat the policy benchmark for the year by 1.10%. The 3- and 5-year net returns also exceeded the policy benchmarks by 60 basis points, respectively. Additional information regarding the investments, investment performance, and the asset allocation can be found in the *Investment Section* of this Annual Report on pages 47 - 60.

Funding Status and Valuation Results

The Board hires an external actuarial consultant to perform an actuarial valuation each year. The valuations use economic and demographic assumptions adopted by the Board based on experience studies conducted at least every five years.

Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides an indication of the System's funded status on an on-going basis. KCPSRS adopted this as the appropriate measure of the System's funded status for purposes of RSMo section 169.324.3(1)(a) in determining the potential for cost-of-living adjustments (COLAs). To allow for predictable and stable contribution rates, KCPSRS' funding is based on the actuarial value of assets which smooths asset gains and losses over a five-year period. As of January 1, 2022, KCPSRS actuarial funded status is 69.36%, reflecting an increase from the January 1, 2021 actuarial funded status of 66.50%. The improvement in funded status is due to the favorable investment experience in 2021 of $31 million net deferred investment gain in the January 1, 2021 valuation increased to a net deferred investment gain of $61.2 million in the January 1, 2022 valuation. To the extent there is not unfavorable investment experience to offset the net deferred investment gain of $61.2 million, it will be recognized in future years and KCPSRS' funded status will continue to improve. Also, the change to determine the employer contribution rate based on the actuarial contribution rate continues to improve the funded status along a sustainable path toward full funding. Additional information on actuarial assumptions and funding can be found in the *Actuarial Section* of this Annual Report on pages 61 - 78.

Award for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to KCPSRS for its *Annual Comprehensive Financial Report* for the fiscal year ended December 31, 2020. It is the fifth consecutive year KCPSRS has been recognized by GFOA for this prestigious award. To be awarded a Certificate of Achievement, a public entity must publish an easily readable and efficiently organized financial report. This Annual Report must satisfy both generally accepted accounting principles and applicable legal requirements. This prestigious award recognizes KCPSRS for financial standards of excellence and is extremely gratifying to staff who work diligently throughout the year to carry out excellence and integrity in their work.

The Certificate of Achievement is valid for a period of one year only. Management believes this Annual Report continues to meet the Certificate of Achievement Program's requirements and will be submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

This Annual Report is a product of the combined efforts of staff and our advisors functioning under the Board of Trustees' leadership. It is intended to provide complete and reliable information, to comply with the legislative reporting requirements, and most importantly, help our members learn more about the financial status of their Retirement System.

I would like to thank our Board of Trustees, staff, our trusted advisors, and other service providers who have tirelessly given their time and expertise to support and advance the financial security of the assets contributed by our members and their employers.

In closing, the Board of Trustees and staff look forward to serving your future needs, if you have any questions regarding this Annual Report or any aspect of KCPSRS, contact us at KCPSRS 3100 Broadway, Suite 1211, Kansas City, Missouri 64111 or call 819-472-5800 or visit our website www.kcpsrs.org.

Respectfully submitted,

Jim Roehner

Jim Roehner, Executive Director

Laura Oswald

Laura Oswald, Associate Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kansas City Public School Retirement System
Missouri

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

3100 Broadway, Suite 1211
Kansas City, MO 64111
816.472.5800
Fax: 816.472.5909
Email: kcpsrs@kcpsrs.org
Website: www.kcpsrs.org

June 13, 2022

Dear Members,

On behalf of the Board of Trustees (Board), I am pleased to present the *Annual Comprehensive Financial Report* for the fiscal year ending December 31, 2021 (Annual Report) of the Kansas City Public School Retirement System (KCPSRS). While the focus of this Annual Report is on information related to the financial status of your Retirement System, it also highlights other occurrences during the last fiscal year. The *Financial Section* is prepared in accordance with generally accepted accounting principles and includes financial statements, as attested to by the System's independent auditor. The auditor's letter is also found in this section.

KCPSRS total return on investments for the period ending December 31, 2021 was 12.9%, net after all investment fees and expenses. The total fund market value increased by 6.60% to $749 million. The strong net investment return outpaced the System's actuarial assumed investment rate of return of 7.25% by +5.65%. We also met KCPSRS' investment performance objectives net of fees over both the 3-years and 5-years periods exceeding (1) the required rate of return – (5.00% + current inflation, as measured by the Consumer Price Index (CPI) unadjusted returns at 12/31/2021) by +6.37% & +3.08%, respectively; (2) the System's actuarial assumed investment rate of return of 7.25%; and (3) the Policy index that measures the value added through active management. We are incredibly pleased with our 2021 investment experience; however, the Board of Trustees fully recognizes that financial markets are volatile and continuously focuses its investment policies on the long-term.

While this report provides information on the financial status of your Retirement System, I would like to highlight several initiatives and successes that occurred during the year:

- Hosted two pre-retirement virtual seminars via Zoom.
- Processed over 140 retirement applications (107 in 2020) and 600 refund requests (550 in 2020).
- Completed a request for proposal (RFP) for professional auditing services resulting in the Board rehiring Mayer Hoffman McCann P.C. for five more years.
- Completed a request for information (RFI) to provide network vulnerability, penetration testing, and social engineering cybersecurity assessment with Eagle Technologies. Staff worked with Eagle's project team to complete all the items listed in the remediation plan.

As 2021 ended, the Retirement System experienced significant turnover: The Board hired a new executive director and general counsel and welcomed four new Trustees. On behalf of the Board and staff, I would like to recognize both Board of Education appointees' Joanne Collins and Carl Evans for their hard work and dedication to the Board. Ms. Collins' term ended December 2021 after 28 consecutive years – our most tenured member of the Board of Trustees. Cecelia Carter was appointed by the Board of Education to replace Ms. Collins. Ms. Carter began her term effective January 2022. Mr. Evans served on the Board since 2015 until his passing in November 2021. Eddie L. Smith, Ph.D., was appointed by the Board of

Education in December 2021 to complete Mr. Evans' term through December 2023. Jamekia Kendrix and Lauren Amicone were elected by active membership and began their terms effective January 2022, respectively. On behalf of the Board, we are pleased to welcome aboard our newest members.

I wish to take this opportunity to thank the entire Board and staff for their tireless pursuit of our mission and financial prudence with retirement plan assets. I also wish to express my appreciation to you, our members, for your public service and commitment to serving our Kansas City children and community. We look forward to serving your future needs.

Sincerely,

Horace Coleman

Horace Coleman, Board of Trustees Chairperson

Our Mission

The Kansas City Public School Retirement System works to fulfill the expectation of a secure retirement for employees of Kansas City's School District, charter schools and Public Library.

KC Hive Heart
by Eugenia Ortiz

Our Core Values

In pursuit of our mission, our work is guided and informed by four core values.

FIDUCIARY STEWARDSHIP
We are legally and ethically responsible to our members to safeguard the assets that provide for their future financial security.

ACCOUNTABILITY
Our principle obligation and concern is the security of member assets through efficient operations and prudent investment decisions.

TRANSPARENCY
We ensure openness in all aspects of governance and operations for our members and community.

MEMBER FOCUSED
We strive to make all decisions in the best interests of our members. All of our work begins with the question, ***"Is it good for our members?"***

KCPSRS Board of Trustees

As of December 31, 2021

Horace Coleman, Jr.
Board Chairperson
Appointed by School Board

Curtis Rogers
Vice-Chairperson
Elected by retired members

Debbie Siragusa
Treasurer
Appointed by Library District

Mark Bedell, Ed.D.
District Superintendent
Ex-Officio

Ben Bullington
Elected by active members

Jennifer Gwinner
Elected by active members

Anthony Madry
Elected by active members

Roger Offield
Elected by active members

Joanne Collins
Appointed by School Board

Eddie Smith
Appointed by School Board

Brian Welch
Appointed by School Board

Beverly Pratt
Elected by retired members

Lost and Found by Jeremy Collins

KCPSRS Staff

Jim Roehner, Executive Director and Board Secretary

Mary Myers, Executive Assistant

Erica Hill, Retirement Education Specialist

Jim Lewallen, Administrative Manager

Jill Chaloupka, Administrative Manager (in training)

Shannon McClain, Retiree Services Coordinator

Laura J. Oswald, Associate Director

Joe Schaefer, IT Manager

Outside Professional Services

ACTUARY
Cavanaugh Macdonald Consulting, LLC

AUDITOR
Mayer Hoffman McCann PC

INVESTMENT ASSET CONSULTANT
Segal Marco Advisors

LEGAL COUNSEL
Swanson Bernard

MASTER CUSTODIAN
Bank of New York Mellon

BANKING RELATIONSHIP
Bank of America

INSURANCE
Lockton Companies, Inc.

TECHNOLOGY CONSULTANTS
Sagitec
GFI

LEGISLATIVE CONSULTANT
The Giddens Group

MEDICAL ADVISORS
Clay Platte Family Medicine Clinic

INVESTMENT ADVISORS

Allspring Global Investments (formerly Wells Capital Management)

Ares Management, LLC

BlackRock

Brandywine Global
Investment Management, LLC

Brookfield Asset Management Inc

Corbin Capital Partners, L.P.

Earnest Partners

Fisher Investments

HarbourVest Partners, LLC

JP Morgan Investment Management

Kayne Anderson Capital Advisors, L.P.

Landmark Partners

Loomis Sayles & Company, L.P.

Mesirow Financial Investment Management

Neuberger Berman Crossroads

Pantheon Ventures Inc

Pugh Capital Management

RhumbLine Advisers, L.P.

The Green Cities Company

The Rock Creek Group, L.P.

Schroder Investment Management

Wellington Trust Co.

Westfield Capital Management Company, L.P.

Westport Capital Partners, LLC

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FINANCIAL SECTION

Mending Hearts by Center Academy for Success & Jay Colhour

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Mayer Hoffman McCann P.C.
700 W 47th St Ste 1100 ▪ Kansas City, MO 64112
Main: 816.945.5600 ▪ Fax: 816.897.1280 ▪ www.mhmcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Public School Retirement System of the School District of Kansas City, Missouri
Kansas City, Missouri

Opinion

We have audited the financial statements of the Public School Retirement System of the School District of Kansas City, Missouri (the "Retirement System"), an employee benefit plan, which comprise the statements of fiduciary net position as of December 31, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Retirement System as of December 31, 2021 and 2020, and the changes in its fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement System's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Retirement System, and determining that the Retirement System's transactions that are presented and disclosed in the financial statements are in conformity with the Retirement System's provisions, including maintaining sufficient records with respect to each of the member, to determine the benefits due or which may become due to such members.

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Retirement System's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly states, in all material respects, in relation to the basic financial statements as a whole.

The Introductory, Investment, Actuarial and Statistical sections, as listed in the table of contents, have not be subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
June 13, 2022

Management's Discussion and Analysis

The discussion and analysis of the Kansas City Public School Retirement System financial statements provides an overview of its financial activities during the years ended December 31, 2021. Please read it in conjunction with the Transmittal letter and more detailed financial statements, notes, and required supplementary information on pages 25 - 45 of this report.

KCPSRS is the defined benefit plan for all regular, full-time employees of the Kansas City School District, the Kansas City Public Library, the charter schools located within the boundaries of the Kansas City School District and the Retirement System. The Plan was established by the Missouri General Assembly, commenced in 1944, and is administered by the KCPSRS Board of Trustees to provide retirement, disability, and survivor benefits to its members.

Overview of Financial Statements and Accompanying Information

- The financial statements presented in this report are the Statements of Fiduciary Net Position as of December 31, 2021, and the Statements of Changes in Fiduciary Net Positions for the years ended December 31, 2021. These statements reflect resources available for the payment of benefits as of the year-end, and the sources and uses of those funds during the year.

- The notes to the financial statements are an integral part of the financial statements and provide facts and detailed information to assist the reader in understanding the statements. Information in the notes includes a description of the Plan, a summary of significant accounting policies, the method used to value investments, a summary of investments, and actuarial methods and assumptions.

- Schedules related to employer contributions and the funding of the Plan are included in the section entitled Required Supplementary Information.

- Other supplementary schedules consist of detailed information supporting administrative and investment expenses.

Fiduciary Net Position

	December 31, 2021	December 31, 2020	December 31, 2019	Percentage Change From 2020 to 2021	Percentage Change From 2019 to 2020
Receivables	$ 3,099,182	$ 3,454,463	$ 3,268,216	-10.28%	5.70%
Investments	749,576,162	690,839,707	658,275,646	8.50%	4.95%
Cash	1,581,584	1,270,156	1,324,695	24.52%	-4.12%
Prepaid and other assets	82,972	68,747	65,706	20.69%	4.63%
Property and equipment, net of accumulated depreciation	1,295	6,857	16,687	-81.11%	-58.91%
Total assets	754,341,195	695,639,930	662,950,950	8.44%	4.93%
Securities purchased	91,318	689,003	208,162	-86.75%	230.99%
Accounts payable	613,303	575,230	546,467	6.62%	5.26%
Accrued expenses	139,184	137,957	110,481	.89%	24.87%
Total liabilities	843,805	1,402,190	865,110	-39.82%	62.08%
Net position restricted for pensions	$ 753,497,390	$ 694,237,740	$ 662,085,840	8.54%	4.86%

Financial Analysis of Fiduciary Net Position

As of December 31, 2021, KCPSRS held $753.5 million in trust on behalf of about 11,372 active, inactive, and retired members. This represented a $59.3 million increase in net position from the previous fiscal year-end. In fiscal 2020, KCPSRS experienced a $32.2 million increase in net position from the previous fiscal year-end.

Assets - Total assets of KCPSRS were $754.3 million as of December 31, 2021 and $695.6 million as of December 31, 2020 and included receivables, investments, and cash. A large percentage of total assets, 99.3% for both fiscal 2021 and fiscal 2020 is represented by investments held to provide retirement, disability, and survivor benefits to its members. Other assets, including cash, receivables from employee and employer contributions, receivables from investment-related transactions, prepaid assets, and property and equipment make up .7% for both fiscal 2021 and fiscal 2020 of total assets. Total assets increased $58.7 million (8.4%) from the previous fiscal year-end primarily attributable to favorable investment market conditions as evidenced by the increase in investable assets of $58.7 million (8.5%). In fiscal 2020, total assets increased $32.7 million (4.9%) from the previous fiscal year-end largely attributable to favorable investment market conditions as evidenced by the increase in investable assets of $32.6 million (5.0%).

Liabilities – Total liabilities of KCPSRS were $0.8 million as of December 31, 2021 and $1.4 million as of December 31, 2020 and included payables for investment manager fees, payables from investment-related transactions, and accrued expenses. Total liabilities decreased $0.6 million from previous fiscal year-end due to the decrease in amounts due brokers for purchase of investments. In fiscal 2020, total liabilities increased $0.5 million from the previous fiscal year-end due to the increase in amounts due brokers for purchase of investments.

Net Position – The fiduciary net position restricted for pensions increased 8.54% from prior fiscal year, ending at $753.5 million as of December 31, 2021. The fiduciary net position restricted for pensions increased 4.86% during fiscal 2020, ending at $694.2 million as of December 31, 2020.

Changes in Fiduciary Net Position

	Years Ended December 31,			Percentage Change From	Percentage Change From
	2021	2020	2019	2020 to 2021	2019 to 2020
Contributions	$ 46,858,578	$ 45,303,195	$ 40,013,495	3.43%	13.22%
Net investment income (loss)	99,639,235	73,263,968	106,033,717	36.00%	-30.91%
Total additions	146,497,813	118,567,163	146,047,212	23.56%	-18.82%
Benefits paid	80,337,163	80,473,732	80,228,574	-0.17%	0.31%
Refunds of contributions	5,250,026	4,316,797	4,937,877	21.62%	-12.58%
Depreciation expense	5,562	9,830	11,020	-43.42%	-10.80%
Administrative expenses	1,645,412	1,614,904	1,546,380	1.89%	4.43%
Total deductions	82,238,163	86,415,263	86,723,851	0.95%	-0.36%
Net increase (decrease)	59,259,650	32,151,900	59,323,361	84.31%	-45.80%
Net position restricted for pensions, beginning of year	694,237,740	662,085,840	602,762,479	4.86%	9.84%
Net position restricted for pensions, end of year	$ 753,497,390	$ 694,237,740	$ 662,085,840	8.54%	4.86%

Financial Analysis of Changes in Fiduciary Net Position

Member contributions, employer contributions, and investment income are additions to fiduciary net position. During 2018 legislation was passed that increased the contribution rate of the employers by 1.5% on January 1, 2019 and again on January 1, 2020 and thereafter the legislation established guidelines to keep the System's contribution rate at the actuarial required contribution (ARC) rate. The increases of 3% through 2020 support the System in becoming financially stronger as continued payment of the ARC is one of the most important factors of funding a defined benefit plan. The employer contribution rate held steady at 12% for year 2021 and 2020 in contrast to 2019 when the employer contribution rate was 10.5%. For years 2021, 2020 and 2019, members contributed at 9.0% of covered salary. Total contributions for fiscal 2021 shows an increase of $1.6 million (3.4%) due to the growth of payroll compared to previous year-end. Total contributions for fiscal 2020 shows an increase of $5.3 million (13.2%) due to the 1.5% increase in employer contribution compared to fiscal 2019.

The portfolio's investment rate of return gross of fees for the current and preceding two fiscal years were 13.5%, 12.5%, and 18.89%, respectively. Investment income for fiscal 2021 of $109.6 million and investment expenses of $9.9 million, 2020 of $79.4 million and investment expenses of $6.1 million, investment income for fiscal 2019 of $112.5 million and investment expenses of $6.5 million, are primarily the result of these market returns. Investment related expenses include investment manager fees, investment advisor and custodial fees.

Total additions to fiduciary net position as of December 31, 2021 increased $27.9 million from previous fiscal year-end and as of December 31, 2020 decreased $27.5 million from previous fiscal year-end primarily attributable to investment market returns during those periods, showing positive investment return in both 2021 and 2020 although not as strong as in 2019.

Benefits paid to members, refunds of member contributions, and administrative expenses are the deductions fiduciary net position. Benefits paid out exceeded contributions received by $33.5 million for fiscal year 2021 and by $35.2 million for fiscal year 2020. This excess of benefits paid relative to contributions received is characteristic of a mature pension plan such as KCPSRS. The administrative expenses for fiscal year 2021 was .22% of assets compared to 2020 of .23% of assets.

Total deductions from fiduciary net position as of December 31, 2021 increased $.8 million (.95%) from previous fiscal year-end due to a increase in refunds of contributions and for fiscal year 2020 deductions from fiduciary net position showed a decrease of $.3 million (.36%) from previous fiscal year-end due to decrease in refunds of contributions.

Request for information

This report is intended to provide the Board of Trustees, the System's membership, and other interested parties a general overview of the System's financial matters. Questions about this report or requests for additional financial information should be directed to KCPSRS at 3100 Broadway, Suite 1211, Kansas City, MO 64111, or by email to kcpsrs@kcpsrs.org.

Statements of Fiduciary Net Position

December 31, 2021 and 2020

ASSETS	2021	2020
Receivables:		
Plan member contributions	$ 832,191	$ 785,395
Employers' contributions	1,815,528	1,675,278
Due from brokers for securities sold	0	569,636
Accrued interest and dividends	451,463	424,154
	3,099,182	3,454,463
Investments, at fair value:		
Cash and short term investments	10,861,862	5,996,442
Commingled domestic fixed income	73,227,604	63,360,801
High yield fixed income	18,383,331	14,691,378
Global fixed income	35,795,370	34,550,614
Domestic equity	176,019,874	169,976,420
International equity	161,523,563	180,158,282
Pooled real estate funds	68,591,401	63,003,840
Alternative equity funds	136,946,907	114,891,293
Private equity funds	68,226,250	44,210,657
	749,576,162	690,839,707
Other:		
Cash	1,581,584	1,270,156
Prepaid and other assets	82,972	68,747
Property and equipment, at cost, less accumulated depreciation	1,295	6,857
	1,665,851	1,345,760
TOTAL ASSETS	754,341,195	695,639,930
LIABILITIES		
Due to broker for securities purchased	91,318	689,003
Accounts payable	613,303	575,230
Accrued payroll expenses	139,184	137,957
TOTAL LIABILITIES	843,805	1,402,190
NET POSITION RESTRICTED FOR PENSIONS	$ 753,497,390	$ 694,237,740

See Notes to the Financial Statements

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2021 and 2010

	2021	2020
ADDITIONS		
Contributions:		
Plan members	$ 20,141,089	$ 19,531,341
Employers	26,717,489	25,771,854
Total contributions	46,858,578	45,303,195
Investment Income:		
Net realized and unrealized appreciation in fair value of investments	104,109,711	73,874,683
Interest	1,451,674	1,971,911
Dividends	4,048,992	3,552,668
	109,610,377	79,399,262
Less: Investment expenses	9,971,142	6,135,294
Net investment income (loss)	99,639,235	73,263,968
TOTAL ADDITIONS	146,497,813	118,567,163
DEDUCTIONS		
Benefits paid	80,337,163	80,473,732
Refunds of contributions	5,250,026	4,316,797
Depreciation expense	5,562	9,830
Administrative expenses	1,645,412	1,614,904
TOTAL DEDUCTIONS	87,238,163	86,415,263
NET INCREASE IN NET POSITION	59,259,650	32,151,900
NET POSITION RESTRICTED FOR PENSION		
Beginning of year	694,237,740	662,085,840
End of year	$ 753,497,390	$ 694,237,740

See Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan

The following description of the Public School Retirement System of the School District of Kansas City, Missouri (the "Retirement System") provides only general information. Participants should refer to the Missouri Revised Statutes regarding the Retirement System or the Summary Plan Description for a more complete description of the Retirement System's provisions, which are available from the Retirement System's administrator.

General - The Retirement System is a cost-sharing multiple-employer defined benefit pension plan (the "Plan"), which was established by the General Assembly of the State of Missouri and is exempt from the provisions of the Employee Retirement Income Security Act of 1974. The Board of Trustees of the Retirement System (the "Board") administers and operates the Plan in accordance with the statutes of the State of Missouri. During the year ended December 31, 2021, participating employers consisted of the School District of Kansas City, Missouri; the Kansas City, Missouri Public Library District; the Retirement System; and the following charter schools: Académie LaFayette, Academy for Integrated Arts, Allen Village Charter School, Brookside Charter School, Citizens of the World Kansas City, Crossroads Charter Schools, DeLaSalle Charter School, Ewing Marion Kauffman School, Frontier Schools, Genesis School, Inc., Gordon Parks Elementary, Guadalupe Center Schools, Hogan Preparatory Academy, Hope Leadership Academy, KC International Academy, Kansas City Girl's Preparatory Academy, KIPP Endeavor Academy, Lee A. Tolbert Community Academy, Scuola Vita Nuova, and University Academy.

Eligibility - All regular, full-time employees of the participating employers become members of the Plan as a condition of employment if they are in a position requiring at least 25 hours of work per week and nine calendar months per year. Employees who retire after June 30, 1999 and were hired prior to January 1, 2014 are members of Plan B. Employees hired on or after January 1, 2014 are members of Plan C. At January 1, 2021 and 2020, respectively, the Plan's membership consisted of:

	2021	2020
Active plan members	4,108	4,074
Retirees and beneficiaries receiving benefits	4,099	4,145
Terminated plan members, vested entitled to but not yet receiving benefits	521	529
Terminated plan members, nonvested entitled to a refund of contributions plus accrued interest	2,590	2,631
Total plan membership	11,318	11,379

Contributions – Members were required to contribute 9% of their annual covered salary. During 2018, the Missouri General Assembly passed legislation that increased the employer contribution rate to 10.50% of annual covered salary effective January 1, 2019, and then to 12.00% of annual covered salary effective January 1, 2020. Beginning July 1, 2021, the employer contribution rate will be the greater of (1) the actuarial required contribution rate less the member contribution rate, or (2) 12.00% of annual covered salary, until the Retirement System is fully funded. Once the Retirement System is fully funded, the employer contribution rate may increase or decrease, in subsequent years, depending on valuation results and the employee contribution rate may decrease from 9% depending on valuation results. However, such changes are subject to statutory limitations.

(1) Description of plan (continued)

Contributions (continued) - The contribution rate is set each year by the Board of Trustees of the Kansas City Public School Retirement System upon the recommendation of the Retirement System's actuary within the contribution restrictions of RSMo Section 169.350 subsections 5 and 6.

Service - Creditable service is membership service. This is service for which required contributions have been made. Members of Plan B are effectively limited to 30 years of creditable service, regardless of the number of years actually worked, unless the member earned more than 30 years prior to August 28, 1993. Members of Plan C are effectively limited to 34.25 years of creditable service, regardless of the number of years actually worked.

Compensation
Annual compensation - Compensation in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code will be disregarded for purposes of determining contributions and benefits for members of Plan B and C. A member's annual compensation is the member's regular compensation.

Average final compensation - For members of Plan B and C, the average final compensation is the highest average compensation paid during any four consecutive years of creditable service.

Normal retirement
Eligibility - A member of Plan B may retire (a) after the completion of five years of creditable service, provided such member has attained at least the age of 60 or (b) after the member has accumulated a minimum of 75 credits (effective August 28, 1998), where each year of creditable service plus a member's age equals 75 credits. A member of Plan C may retire (a) after the completion of five years of creditable service, provided such member has attained at least the age of 62 or (b) after the member has accumulated a minimum of 80 credits, where each year of creditable service plus a member's age equals 80 credits.

Benefit - For a member of Plan B, the normal monthly retirement benefit equals the product of one-twelfth of 2.00% (1.75% for members who retired prior to June 30, 1999) of the member's average final compensation and years of creditable service, subject to a maximum of 60% of their average final compensation. The normal monthly retirement benefit for a member of Plan B whose years of creditable service exceeded 34.25 years on August 28, 1993, shall equal the product of 1.75% and the member's years of creditable service on August 28, 1993. For a member of Plan C, the normal monthly retirement benefit equals the product of one-twelfth of 1.75% of the member's average final compensation and years of creditable service, subject to a maximum of 60% of their average final compensation.

Minimum benefit - Effective January 1, 1996, any member with at least ten years of service, but less than twenty years, is entitled to a minimum monthly retirement benefit equal to the sum of $150 and $15 for each full year of creditable service in excess of ten years or the actuarial equivalent if an option is elected. Any member with at least twenty years of creditable service at retirement is entitled to a minimum monthly retirement benefit of $300 or the actuarial equivalent of $300 if an option is elected. Beneficiaries of deceased members who retired with at least ten years of creditable service and elected one of the optional plans for payment of benefits may receive the actuarial equivalent of the minimum monthly retirement benefit available for the option chosen.

(1) Description of plan (continued)

Early retirement
Eligibility - A member with at least five years of creditable service and a minimum age of fifty-five is eligible for early retirement.

Benefit - A member eligible for early retirement will receive a reduced benefit, calculated as for normal retirement, which recognizes service and compensation to the actual retirement date. The reduction in benefit will provide a benefit which is actuarially equivalent to the normal retirement benefit that would be payable at the member's normal retirement date.

Disability retirement
Eligibility - A member with at least five years of creditable service who is certified to be totally incapacitated for performance of duty by the Medical Board (as designated by the Board) is eligible for disability retirement.

Benefit - A disabled member will receive a benefit calculated as for normal retirement, based on credible service and average final compensation at the actual disability retirement date, or the minimum disability benefit whichever is greater. The minimum disability retirement benefit shall be the lesser of:

1. 25% of the member's average final compensation; or

2. The member's service retirement benefit calculated on the member's average final compensation and the maximum number of years of creditable service the member would have earned had the member remained an employee until age 60.

Termination benefits - vested
Eligibility - A member who has at least five years of creditable service earns a vested interest in their accrued benefit, provided the member leaves their contributions in the Plan.

Benefit - The vested benefit is calculated as a normal retirement benefit based on a member's creditable service and average final compensation on the termination date. The benefit is payable, at minimum, on the member's normal retirement date.

Termination benefits - non-vested
If the member's termination is for reasons other than death or retirement, and if the member has not met the vesting or retirement requirements, the member's contributions with interest will be refunded.

Death benefit
Prior to retirement - For a member who passes away while actively employed, the member's accumulated contributions with interest will be paid to the member's beneficiary. Certain beneficiaries of a member of Plan B or C have the option to receive a monthly retirement benefit or a refund of the member's contributions with interest. All beneficiaries are guaranteed to receive at least the member's accumulated contributions at retirement, if a member passes away before electing an option.

(1) Description of plan (continued)

Death benefit (continued)
Post retirement - The optional form of benefit payment selected under either Plan B or Plan C will determine what, if any, benefits are payable upon death after retirement.

Option 1 - The retiree's designated survivor will receive, for life, the same level of monthly retirement benefit. In the event that the retiree's designated survivor predeceases the retiree, the retiree's monthly retirement benefit will be adjusted to the amount it would have been, had the retiree not elected Option 1.

Option 2 - The retiree's designated survivor will receive, for life, a monthly retirement benefit equal to one-half the retiree's benefit. In the event the retiree's designated survivor predeceases the retiree, the retiree's monthly benefit will be adjusted to the amount it would have been, had the retiree not elected Option 2.

Option 3 - No benefits are payable to the retiree's estate or any beneficiary. Retirement benefits payable under this option will be actuarially increased from the normal formula.

If the death of any retiree who has not elected an option occurs before they have received total benefits at least as large as their accumulated contributions and interest, the difference shall be paid to the deceased's beneficiary, if living, or to their estate.

Benefit increase adjustments - The Board shall determine annually whether or not the Retirement System can provide an increase in benefits for those retirees who, as of January 1 preceding the date of such increase, have been retired at least one year (three years prior to January 1, 2002). Any increase also applies to optional retirement allowances paid to a retiree's beneficiary. Before any increases are made, the following requirements must be satisfied:

1. The Retirement System funded ratio as of January 1st of the preceding year of the proposed increase must be at least 100% after adjusting for the effect of the proposed increase. The funded ratio is the ratio of assets to the pension benefit obligation.

2. The actuarially required contribution rate, after adjusting for the effect of the proposed increase, may not exceed the statutory contribution rate.

3. The actuary must certify that the proposed increase will not impair the actuarial soundness of the Retirement System.

In accordance with the Benefit Increase Adjustments Policy, if an increase is permissible, the amount of the increase will be equal to the lesser of 3% or the percentage increase in the CPI for the preceding year, subject to a cumulative increase of 100% subsequent to December 31, 2000.

The Board reserves the right, at its sole discretion, not to award any Benefit Increase Adjustment or other supplements for any year, even if the statutory requirements for an increase are satisfied, or to provide increases in greater or lesser amounts than prescribed by this policy. For the years ended December 31, 2021 and 20 there was no Benefit Increase Adjustment or an extra check issued to eligible retirees.

Administration of the Retirement System - The Board is responsible for the general administration and proper operation of the Retirement System. The Board consists of twelve members: four members appointed by the Kansas City Public Schools Board of Directors, one member appointed by the Board of Trustees of the Library District, four members elected by and from the members of the Retirement System, two members elected by and from the retirees of the Retirement System, and the Superintendent of Schools of the School District of Kansas City, Missouri. The Board hires an Executive Director to manage the day-to-day operations and implement policies as set by the Board.

(1) Description of plan (continued)

Administrative expenses - All expenses of the Retirement System are paid by the Plan. Fees related to the administration of Plan are included in administrative expenses. Investment related expenses are included in net appreciation (depreciation) of fair value of investments.

(2) Summary of significant accounting policies

Basis of accounting - The financial statements of the Retirement System are prepared on the accrual method of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Retirement System's financial statements, notes to the financial statements, and required supplementary information were prepared in conformity with Governmental Accounting Standards Board ("GASB") Statement No.67, *Financial Reporting for Pension Plans*, as amended. GASB No. 67 addresses accounting and financial reporting requirements for pension plans. Significant requirements include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosures regarding the pension liability, the sensitivity of the net pension liability to the discount rate and extensive investment activity disclosures.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Property and equipment - Property and equipment are carried at cost. Purchases are depreciated over their estimated useful lives by use of the straight-line method. The useful lives for the purpose of computing depreciation are:

Equipment	7 years
Software	5 years

Investment valuation and income recognition - The net unrealized appreciation (depreciation) in the fair value of investments for the period reflects the net increase in the fair value of the investments, on an aggregate basis, between the beginning and the end of the reporting period. The net realized gain or loss on sale of investments is the difference between the proceeds received and the cost of the investment sold. The net realized gains and losses have been combined with the net unrealized appreciation and depreciation for purposes of this report.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Rate of return - For the years ended December 31, 2021 and 2020, the annual time-weighted return on the Retirement System's investments, net of investment expense was 12.90% and 11.90%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(2) Summary of significant accounting policies (continued)

The Retirement System's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. In 2017, an asset liability study was completed at the request of the Board. This study identified new optimal portfolio mixes with new asset classes for the Board's consideration. The Board chose a new asset allocation mix that is expected to increase their long-term return slightly while lowering the overall risk of the portfolio. The table below illustrates the Retirement System's Board of Trustees approved asset allocation as of December 31, 2021.

Asset Class	2021 Target Allocation	
US Equity	22.50	%
Multi-Asset Class	13.50	%
Real Estate	12.00	%
International Developed Equity	12.00	%
Emerging Market Equity	10.00	%
Core Fixed Income	10.00	%
Private Equity	7.50	%
Hedge Funds of Funds	5.00	%
Global Fixed Income	5.00	%
High Yield Bonds	2.50	%
Total	100.00	%

Concentration risk - As of December 31, 2021 and 2020, the Retirement System has the following concentrations defined as investments (other than those issued or guaranteed by the U.S. government in any one organization) that represent 5% or more of the Retirement System's net position.

	December 31	
	2021	2020
Rhumbline S&P 500 Pooled Index Fund	$ 78,933,352	$ 75,641,938
Schroder Diversified Growth Collective Investment Trust	50,652,735	39,179,291
Wellington Opportunistic Investment	48,959,377	43,076,066
Rhumbline S&P Mid-Cap 400 Index Fund	48,839,495	46,723,876
Wells Capital Management Emerging Market Fund	*	48,157,685
Earnest Partners Emerging Market Fund	*	41,573,922

*Not applicable, investment amount is below 5%.

(2) Summary of significant accounting policies (continued)

Custodial credit risk - Custodial credit risk is when, in the event a financial institution or counterparty fails, the Retirement System would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. All investments are held in the Retirement System's name and are not subject to creditors of the custodial financial institution.

Currency risk - Currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. All investments held by the Retirement System at December 31, 2021 and 2020 were in United States currency.

Credit risk - Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The Retirement System's investment policies require that any investment manager have at least 90% of holdings in issues rated BBB or higher by both Standard & Poor's Corporation and Moody's Investors Service or their equivalents. Each portfolio is required to maintain a reasonable risk level relative to its benchmark. The Retirement System's assets as of December 31, 2021 and 2020 subject to credit risk are shown with current credit ratings below:

	December 31, 2021		Quality Rating					
	Fair Value	%	TSY	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba
U.S. Treasuries	$ 21,735,164	29.7%	$ 21,735,164	$ -	$ -	$ -	$ -	$ -
U.S. Government Agencies and Collateralized Mortgage-Backed Securities	16,790,049	22.9%	-	16,790,049	-	-	-	-
Corporate Bonds, Corporate Asset-Backed Securities, and Non-Agency Collateralized Mortgage Obligations	34,702,391	47.4%	-	6,183,032	2,767,827	3,651,256	22,100,276	-
	$ 73,227,604	100%	$ 21,735,164	$ 22,973,081	$ 2,767,827	$ 3,651,256	$ 22,100,276	$ -

	December 31, 2020		Quality Rating					
	Fair Value	%	TSY	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba
U.S. Treasuries	$ 10,217,632	16.1%	$ 10,217,632	$ -	$ -	$ -	$ -	$ -
U.S. Government Agencies	16,740,385	26.4%	-	16,740,385	-	-	-	-
Corporate Bonds, Corporate Asset-Backed Securities, and Non-Agency Collateralized Mortgage Obligations	35,636,203	56.2%	-	8,085,960	827,265	5,637,342	21,011,166	74,470
Municipals	766,581	1.2%	-	429,234	337,347	-	-	-
	$ 63,360,801	100%	$ 10,217,632	$ 25,255,579	$ 1,164,612	$ 5,637,342	$ 21,011,166	$ 74,470

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Retirement System's assets as of December 31, 2021 and 2020 subject to interest rate risk are shown below grouped by effective duration ranges:

	December 31,	Investment Maturities (in years)			
Security Description	2021 Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Treasury & Government Agencies	$ 38,525,214	$ -	$ 10,122,591	$ 6,888,275	$ 21,514,348
Corporate Bonds – United States	34,702,390	177,823	12,114,503	7,230,537	15,179,527
	73,227,604	$ 177,823	$ 22,237,094	$ 14,118,812	$ 36,693,875

Security Description	December 31, 2020 Fair Value	Investment Maturities (in years) Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Treasury & Government Agencies	$ 26,958,017	$ 2,600,797	$ 2,865,055	$ 4,339,331	$ 17,152,834
Municipals	766,581	-	143,207	337,347	286,027
Corporate Bonds – United States	35,636,203	119,528	13,335,681	9,252,451	12,928,543
	$ 63,360,801	$ 2,720,325	$ 16,343,943	$ 13,929,129	$ 30,367,404

(3) Fair value measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 — Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest-level input that is significant to the valuation.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 2 debt securities have nonproprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

(3) Fair value measurements (continued)

Investment Type	Fair Value Measurements as of December 31, 2021 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level3)	Total Fair Value
Common stocks	$ 138,078,554	$ -	$ -	$ 138,078,554
Total equity investments	138,078,554	-	-	138,078,554
U.S. Treasuries	21,735,164	-	-	21,735,164
U.S. Government Agencies	-	15,258,591	-	15,258,591
Collateralized mortgage-backed securities	-	1,531,458	-	1,531,458
Corporate bonds	-	25,804,406	-	25,804,406
Corporate asset-backed securities	-	4,120,117	-	4,120,117
Non-agency collateralized mortgage obligations	-	4,777,868		4,777,868
Total fixed income investments	21,735,164	51,492,440	-	73,227,604
Total investments by fair value level	$ 159,813,718	$ 51,492,440	$ -	$ 211,306,158
Investments measured at NAV practical expedient[(a)]				527,408,141
Investments measured at amortized cost[(b)]				10,861,862
Total investments measured at fair value				$ 749,576,161

Investment Type	Fair Value Measurements as of December 31, 2020 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Common stocks	$ 138,037,213	$ -	$ -	$ 138,037,213
Total equity investments	138,037,213	-	-	138,037,213
U.S. Treasuries	10,217,632	-	-	10,217,632
U.S. Government Agencies	-	16,740,385	-	16,740,385
Collateralized mortgage-backed securities	-	3,459,112	-	3,459,112
Corporate bonds	-	24,649,597	-	24,649,597
Corporate asset-backed securities	-	5,454,115	-	5,454,115
Non-agency collateralized mortgage obligations	-	2,073,379	-	2,073,379
Municipals		766,581		766,581
Total fixed income investments	10,217,632	53,143,169	-	63,360,801
Total investments by fair value level	$ 148,254,845	$ 53,143,169	$ -	$ 201,398,014
Investments measured at NAV practical expedient[(a)]				483,445,271
Investments measured at amortized cost[(b)]				5,996,422
Total investments measured at fair value				$ 690,839,707

(a) Certain investments that were measured at net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

(3) <u>Fair value measurements</u> (continued)

(b) The EB Temporary Investment Fund of The Bank of New York Mellon (the "Fund) values its investments on the basis of amortized cost which approximates fair value for the Fund as a whole. The amortized cost method involves valuing a security at cost on the date of purchase and thereafter at a constant dollar amortization to maturity of the difference between the principal amount due at maturity and the initial cost of the security. The use of amortized cost is subject to compliance with the Fund's amortized cost procedures as specified under The Bank of New York Mellon Employee Benefit Collective Investment Fund Plan.

The valuation method for investments measured at the net asset value per share, or equivalent, as of December 31, 2021 and 2020 are presented in the tables below.

	December 31, 2021 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investment Type				
Equity commingled funds				
Developed markets (1)	127,772,848	-	Daily	2 days
Emerging markets (1)	71,692,034	-	Daily/Weekly	2 days
Fixed-income comingled funds				
High yield fixed income (1)	18,383,331	-	Daily	2 days
International fixed income (1)	35,795,370	-	Daily	10 days
Hedge fund of funds commingled funds (1)	37,334,795	-	Quarterly	90 - 100 days
Private equity funds (2)	68,226,250	41,622,821	Not Eligible	N/A
Multi-asset class commingled funds (1)	99,612,112	-	Daily/Monthly	15 – 30 days
Real estate commingled fund (3)	22,358,769	-	Quarterly	45 - 60 days
Real estate (3)	46,232,632	27,242,498	Not Eligible	N/A
Investments measured at the NAV practical expedient	**$ 527,408,141**			

	December 31, 2020 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investment Type				
Equity commingled funds				
Developed markets (1)	122,365,813	-	Daily	2 days
Emerging markets (1)	89,731,676	-	Daily/Weekly	2 days
Fixed-income comingled funds				
High yield fixed income (1)	14,691,379	-	Daily	2 days
International fixed income (1)	34,550,614	-	Daily	10 days
Hedge fund of funds commingled funds (1)	32,635,936	-	Quarterly	90 - 100 days
Private equity funds (2)	44,210,657	48,367,753	Not Eligible	N/A
Multi-asset class commingled funds (1)	82,255,357	-	Daily/Monthly	15 - 30 days
Real estate commingled fund (3)	22,429,201	-	Quarterly	45 - 60 days
Real estate (3)	40,574,638	22,561,742	Not Eligible	N/A
Investments measured at the NAV practical expedient	**$ 483,445,271**			

(1) Consists of two domestic equity funds, two international emerging market equity funds, two fixed income funds and two hedge fund of funds, two multi-asset class funds that are considered commingled in nature. Each are valued at the net asset value of the units held at the end of the period based upon the fair value of the underlying investments.

(3) Fair value measurements (continued)

(2) At December 31, 2021 and 2020, respectively, the Retirement System's private equity portfolio consists of 402 and 391 active partnerships with the funds-of-funds investments, which invests primarily in buyout funds, with exposure to venture capital, special situations, growth equity and supplemented by secondary and co-investment opportunities. The fair values of the fund-to-funds have been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of the next 1 to 7 years.

(3) For real estate and real estate commingled funds, investments generally valued using one or a contribution of the following accepted valuation approaches: market, cost or income. For five of the real estate funds, generally annual appraisals are performed by an independent third-party each year, minimum every three years. For five of the real estate funds, the inputs and assumptions utilized to estimate future cash flows are based upon the manger's evaluation of the economy, capital markets, market trends, operating results, and other factors, including judgments regarding occupancy rates, rental rates, inflation rates, and capitalization rates utilized to estimate the projected cash flows at disposition and discount rates. All portfolios have audited financials completed at fiscal year-end.

(4) Property and equipment

Property and equipment consisted of the following at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Cost		
Equipment	$ 42,675	$ 42,675
Software	2,230,382	2,230,382
Total cost	2,273,057	2,273,057
Less: accumulated depreciation	(2,271,762)	(2,266,200)
Net property and equipment	$ 1,295	$ 6,857

Depreciation expense for the years ended December 31, 2021 and 2020 was $5,562 and $9,830, respectively.

(5) Funding policy

The Missouri Revised Statutes Sections 169.350.4 and 169.291.16 specify that for 2014 and each subsequent year, the employee contribution rate and the employer contribution rate shall be the same percentage of compensation, each not less than 7.5% of compensation not more than 9% compensation. Effective July 1, 2021, the employee contribution rate shall be the lesser of (1) 9.00% of covered compensation, or (2) half of the actuarial required contribution rate, as determined in the valuation prepared for the prior calendar year. Within this permitted range, the rate may be changed (increased or decreased) in increments of 0.5% each year. The objective is that the combined employee and employer contribution will be the amount actuarially required to cover the normal cost and amortize the unfunded accrued actuarial liability over a period that does not exceed 30 years from the date of valuation. The rate for each calendar year shall be certified by the Board to the employers at least six months prior to the date such rate is to be effective. Effective January 1, 2018, the 2018 Missouri General Assembly passed a bill that increased the employer contribution rate (see Note 1).

(6) Net pension liability

The components of the net pension liability of participating entities at December 31, 2021 and 2020, were as follows:

	2021	2020
Total pension liability	$ 1,002,176,461	$ 1,003,281,489
Less: plan fiduciary net position	753,497,390	694,237,740
Net pension liability	$ 248,679,071	$ 309,043,749
Plan fiduciary net position as a percentage of total pension liability	75.19%	69.20%

Actuarial information – The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation to estimate liabilities for future benefits expected to be paid by the Retirement System and to determine the actuarial contribution rates based on the Board's funding policy and evaluate the sufficiency of the current contribution rates. The total pension liability was determined by an actuarial valuation as of January 1, 2021, which was rolled forward to December 31, 2021. The actuarial assumptions used for the most recent valuations are as follows:

Valuation Date	January 1, 2021 and 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed (2021), Layered (2020)
Remaining Amortization Period	26 years (2021), 27 years (2020)
Asset Valuation Method	5-year Smoothed Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7.25% (2021), 7.5% (2020), including inflation
Projected Salary Increases	3.85% to 9.50%, (2021), 5.00%, including inflation (2020)
Inflation	2.25% (2021), 2.75% (2020)
Mortality:	Pre-retirement mortality rates were based on Pub-2010 General Members (Below Median) Employee Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 15 years from the valuation date using Scale MP-2020. Post-retirement mortality rates were based on Pub-2010 General Members (Below Median) Retiree Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 7 years from valuation date using Scale MP-2020. Disability mortality rates were based on Pub-2010 General Members (Below Median) Disabled Retiree Mortality Table with a one-year age setback for males and a one-year set-forward for females. Beneficiary mortality rates were based on Pub-2010 General Members (Below Median) Contingent Survivor Mortality Table with a one-year age setback for males and a one-year age set-forward for females projected 7 years from valuation date using Scale MP-2020.

(6) <u>Net pension liability</u> (continued)

The actuarial assumptions used in the January 1, 2021 and 2020 valuation were adopted by the Board from the results of an actuarial experience study covering the five-year period ended December 31, 2019 (dated February 1, 2021).

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared by the Retirement System. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Retirement System’s investment consultant. These ranges are combined to produce the 20-year 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 of arithmetic real rates of return for each major asset class included in the Retirement System’s target asset allocation as of December 31, 2021 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

Asset Class	20-Year Long-term Expected Real Rate of Return
US Large Cap Equity	6.2 %
US Mid Cap Equity	6.8 %
US Small Cap Equity	7.2 %
International Developed Equity	7.1 %
Emerging Market Equity	9.0 %
Core Fixed Income	1.2 %
Global Fixed Income	1.2 %
High Yield Bonds	3.7 %
Multi-Asset Class	4.7 %
Hedge Fund of Funds	3.3 %
Private Equity	10.4 %
Real Estate – Core	4.5 %
Real Estate – Value Add	7.0 %
Real Estate – Opportunistic	9.1 %

(6) Net pension liability (continued)

Discount Rate - The discount rate used to measure the total pension liability as of December 31, 2021 and 2020 was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from the Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following represents the net pension liability of participating entities as of December 31, 2021 and 2020, calculated using the discount rate assumption, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current assumption

	1% Decrease	Current Assumption	1% Increase
December 31, 2021	6.25%	7.25%	8.25%
	$ 348,022,417	$ 248,679,069	$ 164,581,064
December 31, 2020	6.25%	7.25%	8.25%
	$ 407,607,785	$ 309,043,749	$ 225,504,370

(7) Operating lease

The Retirement System entered into an office lease agreement commencing on April of 2016 and expiring on February 2026. Minimum rent payments under non-cancellable operating leases which extend for periods greater than one year are as follows:

Years Ending December 31,	
2022	77,801
2023	77,825
2024	79,337
2025	79,639
Total	$ 314,602

During 2021 and 2020, the Retirement System recognized rent expense associated with the lease as follows:

	2021	2020
Operating lease cost:		
Annual rent expense	$ 67,623	$ 65,808
Common area maintenance fees and other ancillary charges	4,507	13,773
	$ 72,130	$ 79,581

(8) Tax status

The Retirement System is exempt from federal income tax under Section 501 of the Internal Revenue Code.

(9) <u>Risks and uncertainties</u>

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

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

Changes in the discount rate and investment returns can have a significant effect on the funded status of the Plan. Management continues to monitor these changes and the potential impact on the future pension plan funding requirements and related expenses.

(10) <u>Subsequent events</u>

The Retirement System has evaluated subsequent events through June 13, 2022, which is the date the financial statements were available to be issued and noted the following item for disclosure. No significant matters were identified for disclosure during this evaluation.

Heart of Kansas City
by Katheryn Krouse

Schedules of Changes in Net Pension Liability

($ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$ 20,892	$ 18,724	$ 18,024	$ 16,983	$ 18,683	$ 17,413	$ 16,690	$ 15,418
Interest	69,690	73,812	72,760	73,517	68,868	68,599	67,219	66,956
Benefit term changes	-	-	-	-	-	(64)	-	-
Differences between expected and actual experience	(6,131)	944	(258)	(11,652)	4,918	(2,897)	12,010	-
Assumption Changes	32	570	(14,307)	18,004	77,882	1,268	1,224	-
Benefit Payments, including member refunds	(85,587)	(84,791)	(85,166)	(83,419)	(81,763)	(80,169)	(79,634)	(78,536)
Net change in total pension liability	(1,105)	9,259	(8,947)	13,433	88,588	4,150	17,509	3,838
Total pension liability - beginning	1,003,281	994,022	1,002,969	989,536	900,948	896,798	879,289	875,451
Total pension liability - ending	1,002,176	1,003,281	$ 994,022	$ 1,002,969	$ 989,536	$ 900,948	$ 896,798	$ 879,289
Plan Fiduciary Net Position								
Contributions								
Employer	$ 26,717	$ 25,772	$ 21,489	$ 17,528	$ 16,927	$ 16,280	$ 14,499	$ 13,288
Employee	20,141	19,531	18,524	17,619	16,964	16,528	14,646	13,358
Net investment income (loss)	99,639	73,264	106,034	(33,251)	103,768	44,338	(10,025)	25,937
Benefit Payments, including member refunds	(85,587)	(84,791)	(85,167)	(83,419)	(81,763)	(80,169)	(79,634)	(78,536)
Administrative expenses	(1,645)	(1,615)	(1,546)	(1,500)	(1,521)	(1,552)	(1,648)	(1,548)
Other	(6)	(10)	(11)	(17)	(16)	(92)	(251)	(529)
Net change in plan fiduciary net position	59,260	32,151	59,323	(83,040)	54,359	(4,667)	(62,413)	(28,030)
Plan fiduciary net position - beginning	694,236	662,085	602,762	685,802	631,443	636,110	698,523	726,553
Plan fiduciary net position - ending	753,496	624,236	662,085	602,762	685,802	631,443	636,110	698,523
Plan pension liability - ending	$ 248,680	$ 309,045	$ 331,937	$ 400,207	$ 303,734	$ 269,505	$ 260,688	$ 180,766
Plan fiduciary net position as a percentage of the total pension liability	75.19%	69.20%	66.61%	60.10%	69.31%	70.09%	70.93%	79.44%
Covered payroll	$ 222,646	$ 214,765	$ 204,656	$ 194,754	$ 188,073	$ 180,893	$ 170,580	$ 166,102
Employers' Net Pension Liability as a percentage of covered payroll	111.69%	143.90%	162.19%	205.49%	161.50%	148.99%	152.82%	108.83%

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

Schedules of Net Pension Liability
($ in thousands)

Year Ended	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (NPL) (a-b)	Plan Fiduciary Net Position as a % of TPL (b/a)	Covered Employee Payroll (c)	Employer's NPL as a % of Covered Payroll ((b-a)/c)
12/31/2021	$ 1,002,176	$ 753,496	$ 248,680	75.19%	$ 222,646	111.69%
12/31/2020	$ 1,003,281	$ 694,236	$ 309,045	69.20%	$ 214,765	143.90%
12/31/2019	$ 994,022	$ 662,085	$ 331,937	66.61%	$ 204,656	162.19%
12/31/2018	$ 1,002,969	$ 602,762	$ 400,207	60.10%	$ 194,754	205.49%
12/31/2017	$ 989,536	$ 685,802	$ 303,734	69.31%	$ 188,073	161.50%
12/31/2016	$ 900,948	$ 631,443	$ 269,505	70.09%	$ 180,893	148.99%
12/31/2015	$ 896,798	$ 636,110	$ 260,688	70.93%	$ 170,580	152.82%
12/31/2014	$ 879,289	$ 698,523	$ 180,766	79.44%	$ 166,102	108.83%

Schedules of Employers' Contributions
($ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	$ 23,356	$ 25,342	$ 21,144	$ 19,125	18,074	$ 20,224	$ 18,886	$ 19,401	$ 20,995	$ 16,373
Annual employer contributions	26,717	25,772	21,489	17,528	16,927	16,280	14,499	13,288	12,094	11,370
Annual contribution deficiency (excess)	$ (3,361)	$ (430)	$ 655	$ 1,597	$ 1,147	$ 3,944	$ 4,387	$ 6,113	$ 8,901	$ 5,003
Covered-employee payroll*	$ 222,646	$ 214,765	$ 204,656	$ 194,754	$ 188,073	$ 180,893	$ 170,492	$ 166,102	$ 161,253	$ 151,603
Actual contributions as a percentage of covered-employee payroll	12.00%	12.00%	10.50%	9.00%	9.00%	9.00%	8.50%	8.00%	7.50%	7.50%

*Covered-employee payroll based upon the pensionable payroll reported to the Retirement System and excludes additional compensation amounts that may need to be reported by the employer.

Schedules of Investment Returns

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Annual time-weighted rate of return, net of investment expense	12.90%	11.90%	18.22%	(5.40%)	17.29%	8.07%	(1.45%)	3.64%	12.43%	12.96%

Notes to Required Supplementary Information
For the Year Ended December 31, 2021

Changes of actuarial methods. The following change to the plan provisions was reflected in the valuation performed as of January 1, 2021:

There is an 18-month lag between the valuation data in which the actuarial contribution rates are determined and the effective date of those contribution rates. A change was made in determining the amortization payment on the unfunded actuarial liability (UAAL) by projecting the UAAL to July 1 of the following year.

Changes of assumptions.

- The investment return assumption was lowered from 7.50% to 7.25%.
- The inflation assumption was lowered from 2.75% to 2.25%.
- The assumed interest rate credited on employee account balances was lowered from 3.25% to 2.50%.
- The general wage increase assumption was lowered from 3.50% to 2.85%.
- The payroll growth assumption was lowered from 3.00% to 2.85%.
- An explicit administrative expense load assumption based on actual prior year expenses is included in the Actuarially Determined Contributions.
- The mortality assumption was changed to the Pub-2010 General Members (Below Median) Mortality Tables, with a one-year age setback for males and a one-year age set-forward for females. Mortality improvements are projected 7 years from the valuation date for retirees and beneficiaries and 15 years for actives, using Scale MP-2019.
- Retirement rates were modified to partially reflect observed experience.
- Termination rates were changed to partially reflect observed experience.
- The salary scale was changed from 5.00% at all ages to service-based rates.
- The disability assumption was eliminated.

Method and assumptions used in calculations of actuarially determined contributions. The Retirement System is funded with fixed contribution rates for members and employers. The actuarially determined contributions in the Schedule of Employer Contributions are calculated as of the beginning of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the employer Actuarially Determined Contribution reported in the most recent actuarial valuation as reported in the January 1, 2021 actuarial valuation:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	Legacy base: 30 Years beginning January 1, 2017, Experience bases: 20 years
Asset Valuation Method	5-year Smoothed Fair Value
Investment Rate of Return	7.25%, including inflation
Projected Salary Increases	3.85% - 9.50%, including inflation
Inflation	2.25%

Schedule of Expenses

For the Period Ending December 31, 2021 and 2020

Investment Expenses	2021	2020
Bank custodial fees and expenses	$ 106,394	$ 96,402
Financial consultation	205,000	205,000
Financial management expenses	9,659,748	5,833,893
Total	**9,971,142**	**6,135,294**

Administrative Expenses	2021	2020
Salaries and payroll taxes	670,445	642,893
Fringe Benefits	141,724	134,701
Legal fees	21,882	26,460
Audit fees	44,746	43,789
Actuarial fees	48,708	67,200
Legislative consultation	45,000	45,000
Other professional services	52,606	40,967
Board meetings	248	200
Board election	8,703	9,931
Travel and education expense	4,921	13,024
Membership dues	5,515	6,540
Printing and office expense	36,699	31,195
Postage and equipment	11,342	11,182
Payroll processing	2,851	2,698
Bank fees	22,316	21,919
Computer software support	325,500	325,500
Computer expense	50,110	43,056
Insurance	79,967	69,066
Lease space rental	72,130	79,581
Total	**1,645,412**	**1,614,905**

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INVESTMENT SECTION

KC Heart Awakening by Eugenia Ortiz

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Segal Marco Advisors

Rosemary Guillette
Vice President
T 931.359.8143
M 617.447.1082
rguillette@segaladvisors.com

400 Galleria Parkway
Suite 1470
Atlanta, GA 30339-1700
segalmarco.com

June 6, 2022

Board of Trustees
Kansas City Public School Retirement System
3100 Broadway, Suite 1211
Kansas City, MO 64111

Dear Trustees:

2021 was another unprecedented year for the financial markets. Following the outsized volatility of 2020, risk assets continued to climb in the second year of the COVID-19 pandemic, supported by historic corporate earnings growth and robust economic activity. The year was not without uncertainty, however, as a confluence of concerns arose in tandem with the upbeat equity performance. The emergence of the retail investor helped buoy U.S. equities, but also gave rise to the controversial meme stock craze. Robust consumer demand remained a bastion of support for the economy, but also contributed to supply chain bottlenecks as prices for everything from commodities and food to automobiles climbed at the fastest pace in decades.

World equity markets ended the 2021-year solidly positive with U.S. equities having an amazing year with returns in excess of 26% and outpacing their global counterparts by the widest margin in two decades. All asset classes, apart from emerging markets, U.S. and Non-U.S. fixed income, were positive in 2021. Stocks capped off a banner year in spite of the new variants of the COVID-19 virus, higher levels of inflation, brewing global conflicts and looming interest rate hikes, which proved to be merely speed bumps for stocks. Within U.S. Equities, the S&P 500 Index climbed 28.7% for the year, and all ten sectors in the S&P 500 Index had posted double-digit positive returns. Energy, Real Estate, Financials and IT were the top performers for the year, returning 55%, 46%, 35% and 35%, respectively. Once again, large cap growth stocks bested value stocks for the year, and large cap stocks nearly doubled the performance of small caps. Within small cap, value beat growth.

Overseas, the developed international markets rose with optimism about continued growth despite Omicron's onset, while emerging markets equity declined due to geopolitical tensions between Russia and much of the western world regarding military buildup near Ukraine. Developed international markets as represented by the MSCI EAFE Index, and emerging markets stocks as represented by the MSCI EM Index, lagged the U.S. market materially for the year, returning +11.3% and -2.5%, respectively.

The yield curve steepened at the front end of the curve and flattened at the tail end of the curve, with rate increases at the front end and decreases at the tail end of the curve. With the Federal Reserve accelerating the tapering of its bond purchases and telegraphing its intent to begin hiking interest rates sooner in 2022, most sectors of the bond market were unsurprisingly weak for 2021. The Bloomberg U.S. Aggregate Index returned -1.5% for the year, while the investment grade corporate bonds finished the year with a -1.1% return. U.S. Corporate High Yield experienced the strongest sector performance at 5.3% for the year. Non-U.S. fixed income fell -9.7% for the year ended 2021, as Central banks grew more hawkish since inflation seemed to be less transitory than originally thought.

Hedge funds rose in 2021 and event driven strategies were the strongest performers. Although less positive than equity markets, hedge fund of funds also produced gains in 2021 returning 6.0% (as measured by HFRI FOF Composite) for the year. The potential for heightened volatility creates an environment where nimble long/short managers can add value. Both private equity and real estate markets posted positive results for 2021. Private equity posted positive returns of over 53.0% (Cambridge Associates Private Equity as of 3rd Qtr. due to later quarters not being available) with real estate posting 22.2% (NFI-ODCE index) for 2021. Private equity was the best performing asset class in 2021.

KCPSRS was valued at $749.8 million as of December 31, 2021. The total portfolio (Fund) asset allocation was developed to provide a diversified, optimal portfolio to achieve the System's long-term investment and risk objectives. The asset allocation includes investments in U.S. equities, international equities, fixed income, international fixed income, real estate, hedge fund of funds, MACS (multi-asset class strategies), and private equity. As of the end of December, the Fund's trailing 1-year gross return was 13.5% which outpaced the Policy Index of the Total Fund by 1.7%. The 2021 returns were helped significantly by investments in U.S. Equity, International Developed Equity and Open-Ended Real Estate which provided returns of over 17%. The Pension Fund was also helped by their Private Equity investments which were the best performing asset class in 2021 performing over 37% for the 2021 period. The trailing 3-year gross Total Fund return, for the period ending December 31, 2021, outpaced its benchmark returning 15.5% vs. the 14.3% for the policy index. The trailing 5-year gross return, for the period ending December 31, 2021, also outperformed its benchmark returning 11.6% vs. the 10.4% for the policy index.

KCPSRS' investment program continues to change and evolve. During 2021, Segal Marco Advisors, working with the KCPSRS Board, completed a RE manager search towards further implementation and optimization of their asset allocation mix. Segal Marco also completed an updated asset allocation review for KCPSRS in 2021 along with a Private Markets cash flow review and Pacing Study. Segal Marco also conducted due diligence meeting with all KCPSRS money managers throughout the year. In 2021, we provided various educational presentations to the Board most specifically on understanding asset allocation and asset liability modeling.

Segal Marco Advisors, working closely with the KCPSRS Board conducted a Value-Add / Opportunistic Real Estate search in September of 2021. Segal Marco provided finalists, representing top talent in the real estate area, to the KCPSRS Board. The Board interviewed the real estate candidates for the search and hired two new investment managers, one Value-Add RE manager and one follow-on investment with an existing Opportunistic RE manager. For every search KCPSRS conducts Segal searches for the best managers and also for the possibility of MBE/WBE managers and impact type funds. One of the managers hired in 2021 in the real estate portfolio is an impact fund.

Over the years, KCPSRS has revised its asset allocation mix, added new managers and new asset classes, and made investment manager changes to continue to enhance the Fund's risk return profile. This direct approach has allowed the Fund to change over time with the markets and achieve outperformance. Looking ahead to 2022, Segal Marco will continue to support KCPSRS to achieve both long-term and short-term objectives through implementation of the asset allocation mix changes, providing investment educational sessions, investment policy development, manager monitoring, and new manager selection and on-boarding. KCPSRS will be conducting an ALM study in 2022 (this is completed on a 5-year cycle) to make sure the plan is still on track to achieve its goals and allow for a dialogue to further pursue Fund enhancements.

Segal Marco Advisors wants to take this time to congratulate the trustees and staff at KCPSRS for the diligence and oversight they provide for the System. The Retirement System has been successful this year, through perseverance resulting in solid returns, which has in turn provided a stronger outlook for the System. This System is the exclusive support to many retirees and their families along with being a wonderful benefit to offer new teachers, school, and library staff. We are proud to be able to serve as an advisor to this System and contribute to its many achievements over the years. We look forward to continuing to assist KCPSRS as an extension of your staff and to aid your many members for years to come.

Sincerely yours,

Rosemary E. Guillette
Vice President

Segal Marco Advisors

Investment Policy Summary

Pursuant to investment fiduciary duties provided in Revised Missouri Statutes section 105.688, the KCPSRS Board of Trustees (Board) established the System's investment program, with overall objectives, asset allocation, and operating guidelines. The purpose of the System is to provide retirement and certain other benefits to participants and their beneficiaries. With respect to this purpose, the Board develops a long-term plan to preserve the long-term corpus of the Fund and to maximize the rate of return within prudent risk parameters to meet, when combined with employee and employer contributions, or exceed the benefit and administration funding requirements of the Plan over time. The investment horizon of the Fund is long-term.

To achieve a balanced program, every five-years, the Board conducts a review of its investment strategy and plan liability structure to evaluate the potential consequences of alternative investment strategies on the long-term financial wellbeing of the System. The investment policy shall consider the current and expected financial condition of the System, the expected long-term capital market outlook, and the system's risk tolerance. The policy shall consider the potential impact on pension costs of alternative asset allocation policies, the existing and projected liability structure of the pension plan, and other issues affecting governance of the System. An asset allocation review will be conducted annually with the investment policy reviewed and updated, if necessary, at least every two years.

Investment Objectives

The total fund objective is to generate a rate of return equaling or exceeding, over rolling 3- and 5-year periods the following performance objectives:

- A required rate of return, net of expenses, equaling the real rate objective of 5.00% (actuarial assumed rate 7.25% less actuarial assumed inflation 2.25%) plus current inflation, as measured by the Consumer Price Index, to ensure that real asset growth maintains pace with real pay growth and cost of living adjustments, primary determinants of benefits and, therefore, pension costs.
- The System's actuarial interest rate assumption of 7.25% to avoid an actuarial loss which would increase future years' contributions.
- A policy index that measures the value added through active management is calculated by weighting the appropriate capital market indices per the established asset allocation.

Roles and Responsibilities

Board of Trustees

The Board bears the ultimate fiduciary responsibility for the investment of Fund assets. Members of the Board must adhere to state law and prudent standards of diligence with respect to their duties as investment fiduciaries. In so doing, the members of the Board and its advisors, as investment fiduciaries, shall discharge their duties in the sole interest of the plan participants and their beneficiaries and shall act with the same care, skill, prudence, and diligence that a prudent person acting in a similar capacity and familiar with these matters would use in the conduct of a similar enterprise with similar aims. To accomplish this, the Board utilizes staff, as well as investment and actuarial consultants to provide expert assistance.

Investment Asset Consultant
The investment consultant is hired by and serves at the pleasure of the Board. The investment consultant shall assist the Board in the development, implementation, and monitoring of investment policy on behalf of the System. Specifically, the investment consultant shall be responsible for the following functions:

- Development and periodic revision, as needed at least annually, of investment guidelines and objectives. This undertaking shall be conducted in conjunction with the Board, internal staff, and other professional advisors as appropriate.
- Review and identification of qualified investment manager candidates based on the consultant's asset allocation studies and professional judgment.
- Investment performance monitoring.
- Efficiency reviews, including, but not limited to, assessment of the System's custodian relationship(s) and related functions, such as securities lending, commission recapture programs and other related matters.
- Special studies and projects as may periodically be determined by the Board to be appropriate for the governance of the investment activities of the System.
- Education of Board members and staff in areas of investment strategy as needed to assist them in governance of the System's portfolio.

Executive Director
The executive director is appointed by and serves at the pleasure of the Board. Under the authority delegated by the Board, the executive director is responsible for the administration and management of the System consistent with policies set by the Board. Specific to the investment program, the executive director is responsible for implementing the Board's investment policies and management of the relationship with outside advisors and investment managers.

Investment Managers
In the implementation of the investment program, the Board hires and utilizes investment managers who have demonstrated expertise with specific asset classes and investment styles. Each manager shall operate under a set of guidelines specific to the strategic role its portfolio is to fulfill in the overall investment structure. The investment managers are monitored and judged per benchmarks which reflect the objectives and characteristics of the strategic role their portfolio is to fulfill.

Asset Allocation

The primary means by which capital preservation is to be achieved is through diversification of the Fund's investments across various asset classes. Determining the System's asset allocation is regarded as one of the most important decisions of the investment program. The Board with advice from the external investment consultant, develops an asset allocation with appropriate benchmarks that is designed to achieve the long-term required return objectives of the System, given risk constraints and liquidity needs. The Board has adopted the following strategic asset allocation policy and permissible ranges for each asset class, including an annual target for each category as provided by the investment consultant.

During 2021 the asset allocation policy and permissible ranges for each asset class, were as follows:

Asset Class	Policy Benchmark	Target Allocation %	Allocation Range %
Domestic:		22.5	
Large Cap Core	*S&P 500*	*10.5*	*8.0 – 13.0*
Mid Cap Core	*S&P 400*	*6.0*	*4.0 – 8.0*
Small Cap Growth & Value	*Russell 2000*	*6.0*	*4.0 – 8.0*
International Developed	MSCI (EAFE)	12.0	7.0 – 17.0
Emerging Mkts	MSCI EM	10.0	5.0 – 15.0
Public Equity Total	**Blended Equity Policy**	**44.5%**	
Domestic Core	Barclays Cap Agg	10.0	5.0 – 15.0
High Yield	Barclays Cap HY	2.5	1.5 – 3.5
International/ EMD	FTSE World Govt	5.0	2.0 – 8.0
Fixed Income Total	**Blended Fixed Income Policy**	**17.5%**	
Alternatives (Low Volatility):		18.5	
Multi-Asset Class Strategies	*60% MSCI World* *40% WGBI Index*	*13.5*	*8.5 – 18.5*
Hedge Fund of Funds	*91 Day T-Bill + 5%*	*5.0*	*2.0 – 8.0*
Private Equity (Alpha)	S&P 500	7.5	5.5 – 9.5
Real Estate:		12.0	7.0 – 17.0
Core Real Estate	*NCREIF ODCE Equal weighted*	*4.0*	*2.0 – 6.0*
Value Add	*NCREIF NPI*	*4.0*	*2.0 – 6.0*
Opportunistic	*NCREIF NPI*	*4.0*	*2.0 – 6.0*
Alternatives Total	**Blended Alternatives Policy**	**38.0%**	

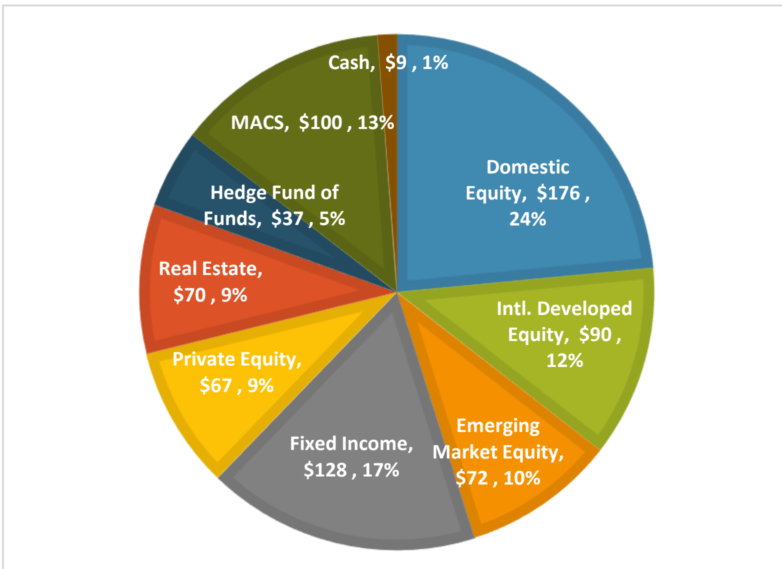
Total Fund Review

As of December 31, 2021, the KCPSRS investment portfolio had a fair value of $749.7 million. KCPSRS' investments generated a time-weighted return of 12.9%, net of fees, for the fiscal year ended December 31, 2021.

Diversification

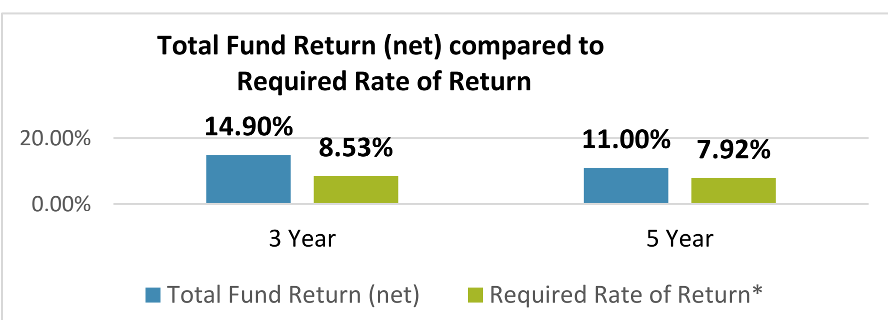
Asset allocation is a process designed to construct an optimal long-term asset mix that achieves specific investment objectives. The Investment Policy reflects the System's asset allocation policy as designed to meet the investment objectives. The chart below illustrates the actual allocation to each asset class, as of December 31, 2021.

SUMMARY OF INVESTMENTS BY MAJOR ASSET CLASS
FAIR VALUE IN MILLIONS AS OF DECEMBER 31, 2021



Investment Performance vs. Required Rate of Return

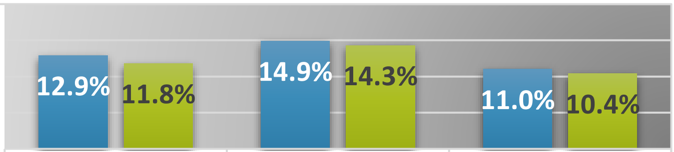
The total fund investment return is compared to a required rate of return. The required rate of return is one of the investment objectives established by the Board to determine how well the Fund is performing over the long term to meet future Plan obligations after accounting for inflation. The required rate of return (ROR) for fiscal year 2021 equals (the actuarial assumed rate of 7.25% less the actuarial assumed inflation 2.25%) plus current inflation as measured by the Consumer Price Index (CPI). As indicated in the chart below KCPSRS' investment returns exceeded the ROR by 6.37% over the three-year period and 3.08% over the five-year period ended December 31, 2021.



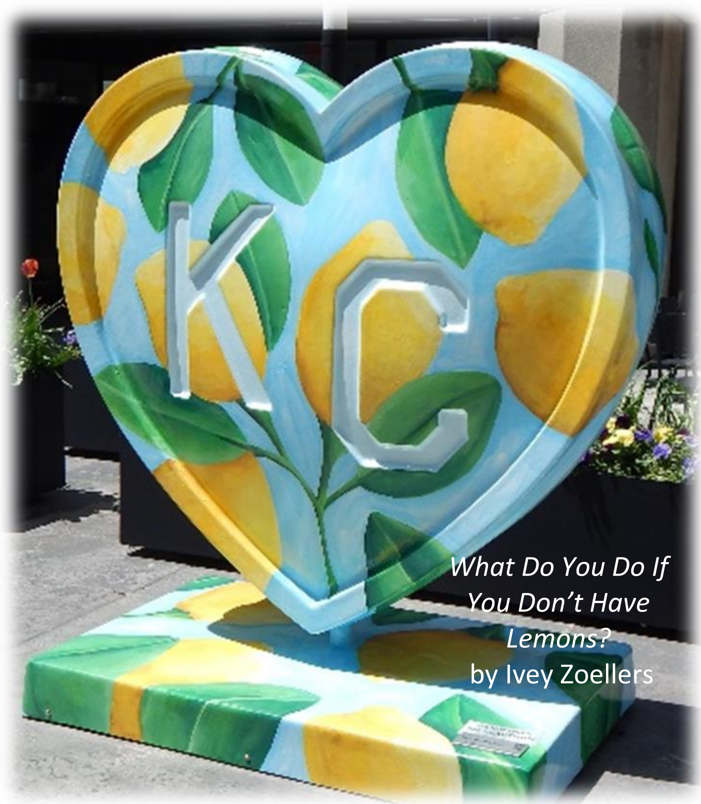
Investment Performance vs. Benchmarks

Another board investment objective is to generate a net rate of investment return equaling or exceeding a policy benchmark that measures the value added through active management. The total fund return, net of investment fees, outperformed the 1-year policy benchmark by 1.1%. Returns for the total fund versus the policy benchmark, composed of market indexes with weightings reflective of KCPSRS' asset allocation targets are displayed in the bar chart below.

TOTAL FUND RETURN (NET) VS. BENCHMARK RETURN



	1 Year	3 Year	5 Year
Actual Return (net)	12.9%	14.9%	11.0%
Policy Benchmark	11.8%	14.3%	10.4%



Investment Performance by Asset Class vs. Policy Benchmarks

Investment returns (net of investment fees) for each major asset class in the KCPSRS total fund portfolio are compared to the asset class policy benchmark returns for the 1-, 3-, and 5-year periods ended December 31, 2021. Returns for the major asset classes and the respective benchmark were as follows:

ASSET CLASS INVESTMENT PERFORMANCE (NET) vs. POLICY BENCHMARKS
2021

Asset Class	Annualized Returns* (%)		
	1-Year	3-Year	5-Year
Total Fund	**12.9**	**14.9**	**11.0**
Policy Benchmark**	**11.8**	**14.3**	**10.4**
Domestic Equity	24.4	24.2	15.5
Blended Domestic Equity policy***	24.0	23.4	15.8
Intl Developed Equity	16.9	18.1	11.5
MSCI EAFE (net)	11.3	13.5	9.5
Emerging Market Equity	-5.8	12.0	10.1
MSCI EM (net)	-2.5	10.9	9.9
Fixed Income	-2.0	5.3	4.0
Blended Fixed Income Policy****	-2.2	4.8	3.8
Hedge Fund of Funds	9.2	11.1	7.9
90 Day T-Bill + 5 %	5.1	6.0	6.2
Multi-Asset Class Strategies	8.4	12.2	8.3
60% MSCI World & 40% WGBI	9.8	14.5	10.7
Real Estate (Core)	20.4	8.8	8.6
NCREIF ODCE Equal Weighted	22.6	9.7	9.0
Private Real Estate[1]	18.6	10.2	17.2
NCREIF NPI	17.7	8.4	7.8
Private Equity[1]	37.4	25.6	22.0
CA US Private Equity Index	42.7	25.4	20.7

[1] Returns shown are IRR

*The total portfolio and asset class returns are time-weighted returns, net of fees.

** The total fund policy benchmark as of December 31, 2021 consisted of 10.5% S&P 500, 6% S&P MidCap 400, 6% Russell 2000, 8.1% MSCI World (net), 12% MSCI EAFE (net), 10% MSCI EM (net), 10% Bloomberg U.S. Aggregate, 10.4% FTSE World Government Bond Index, 2.5% Bloomberg U.S. High Yield-2% Issuer Cap, 5% 90 Day T-Bill + 5%, 7.5% CA US Private Equity Index, 4% NCREIF ODCE Equal Weighted, 8% NCREIF Property Index.

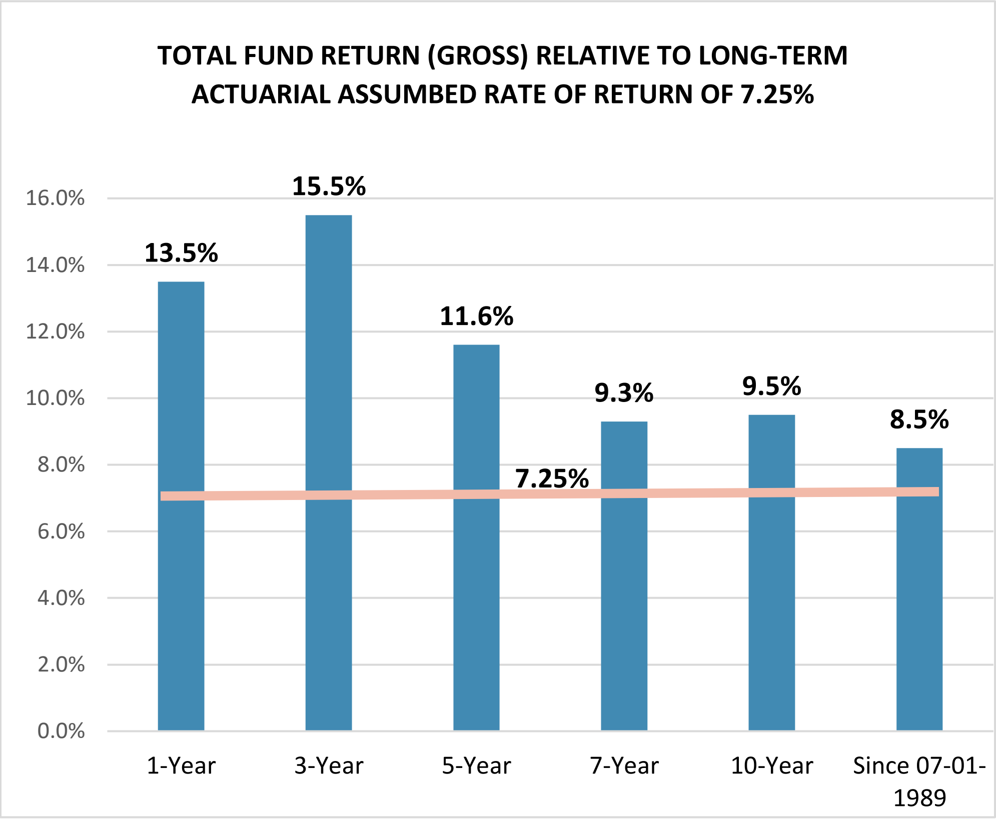
*** As of December 31, 2021, the blended domestic equity policy consisted of 46.66% S&P 500, 26.67% S&P MidCap 400, and 26.67% Russell 2000.

**** As of December 31, 2021, the blended fixed income policy consisted of 57.1% Bloomberg U.S. Aggregate, 28.6% FTSE World Govt. Bond Index, and 14.3% Bloomberg U.S. High Yield-2% Issuer Cap.

***** As of December 31, 2021, the blended real estate policy consisted of 33% NCREIF ODCE Equal Weighted and 67% NCREIF NPI.

Investment Performance vs. Actuarial Assumed Rate of Return

A long-term objective of the KCPSRS investment program is to exceed the actuarial assumed investment rate of return. Given the randomness of the investment markets, the total portfolio should not be expected to meet the actuarial assumed rate of return every year. A review of the 1-, 3-, 5-, 7-, 10-year and since inception date, July 1, 1989, periods show the gross investment return has exceeded 7.25% in each of those periods.



Largest Assets Held

As of December 31, 2021

Public Equity Portfolio:
Top Ten Holdings

The top ten holdings within the public equity portfolio (domestic and international combined) listed below does not include the fair value of units held in commingled fund investments. A complete listing of the holdings, including commingled fund holdings, is available upon request.

Ten Largest Public Equity Holdings	Fair Value
Taiwan Semiconductor	$11,262,357
Apple Inc	5,367,468
Samsung Electronics Co	5,306,750
Microsoft Corp	4,893,868
NXP Semiconductors NV	4,491,576
ASML Holding NV	4,401,745
LVMH Moet Hennessy Louis Vuitt	4,311,913
Recruit Holdings Co Ltd	4,222,082
Dassault Systems SA	3,503,430
Altassian Corp Pic	3,503,430

Fixed-Income Portfolio:
Top Ten Holdings

The top ten holdings within the consolidated fixed-income portfolio (core-plus and credit opportunities combined) listed below does not include the fair value of units held in commingled fund investments. A complete listing of the holdings, including commingled fund holdings, is available upon request.

Ten Largest Fixed Income Holdings	Fair Value
U S TREASURY NOTE 2.875% Due 2028	$3,123,853
U S TREASURY NOTE 2.000% Due 2024	2,102,526
U S TREASURY NOTE .1250% Due 2023	1,876,277
U S TREASURY BOND 1.125% Due 2040	1,703,703
U S TREASURY BOND 2.375% Due 2051	1,614,148
FNMA POOL #0CB1784 2.500% Due 2051	1,456,598
U S TREASURY NOTE .250% Due 2025	1,392,452
U S TREASURY NOTE .125% Due 2024	1,298,050
U S TREASURY NOTE 1.375% Due 2025	1,193,782
U S TREASURY NOTE 1.250% Due 2028	1,033,610

Investment Summary

For the year ending December 31, 2021

Investment Manager	Date Hired	Investment Class	Portfolio Fair Value as of 12/31/2021	% of Total
Rhumbline Advisors	December 2007	Large Cap Core Equities	$78,933,352	10.5%
Rhumbline Advisors	June 2003	Mid Cap Core Equities	48,839,495	6.5%
Rhumbline Advisors	July 2019	Small Cap Value Equities	23,794,554	3.2%
Westfield Capital Management	July 2016	Small Cap Growth Equities	25,004,017	3.3%
Fisher Investments	August 2002	International Developed Equites	90,344,258	12.0%
Earnest Partners, LLC	June 2012	International Emerging Market Equities	37,341,419	5.0%
Wells Capital Management	August 2012	International Emerging Market Equities	34,350,615	4.6%
Pugh Capital Management	March 2014	Core Fixed Income	73,809,549	9.8%
Loomis Sayles	October 2011	High Yield Bonds	18,383,331	2.5%
Brandywine Global	June 2015	International Fixed Income	35,795,370	4.8%
BlackRock	January 1994	Core Real Estate	10,677,081	1.4%
JP Morgan Asset Management	February 2007	Real Estate	11,681,688	1.6%
Brookfield Property Group	May 2012	Real Estate	10,916,519	1.5%
Mesirow Financial Value Fund II	January 2014	Real Estate	2,368,232	0.3%
Mesirow Financial Value Fund III	March 2018	Real Estate	10,541,296	1.4%
Westport Capital Partners, LLC	May 2013	Real Estate	3,110,758	0.4%
Westport Capital Partners, LLC Fund II	June 2018	Real Estate	7,622,975	1.0%
Ares US Real Estate Fund IX	July 2018	Real Estate	4,720,307	0.6%
The Green Cities Companies Fund IV	July 2020	Real Estate	6,076,030	0.8%
Kayne Anderson Fund VI	June 2021	Real Estate	876,515	0.1%
RockCreek	August 2008	Long/Short Equity	17,560,214	2.3%
Corbin Investor Services	December 2011	Hedge Fund of Funds	19,774,581	2.6%
Wellington Management	April 2018	Multi Asset Class Strategy	48,959,377	6.5%
Schroder Investment Management	April 2019	Multi Asset Class Strategy	50,652,735	6.8%
Pantheon Fund VI	July 2004	Private Equity	418,193	0.1%
Pantheon Fund IX	March 2011	Private Equity	7,755,654	1.0%
NB Crossroads Fund XXII	April 2018	Private Equity	30,509,405	4.1%
LandMark Equity Partners Fund XVI	December 2018	Private Equity	12,420,261	1.7%
HarbourVest Partners Fund IX	October 2019	Private Equity	17,122,737	2.3%
Cash			9,575,793	1.3%
		Total	$ 749,936,308	100%

Investment Fees

For the year ending December 31, 2021

Investment Managers	Investment Fee	Performance Fee	Administrative Fee	Total
Rhumbline Advisors	$76,459	$ -	$ -	$76,459
Westfield Capital Management	260,671	-	-	260,671
Fisher Investments	559,133	-	-	559,133
Earnest Partners, LLC	411,578	-	-	411,578
Wells Capital Management	397,243	-	-	397,243
Pugh Capital Management	170,072	-	-	170,072
Loomis Sayles	74,795	-	-	74,795
Brandywine Global	158,715	-	-	158,715
BlackRock	99,324	-	-	99,324
JP Morgan Asset Management	171,513	-	-	171,513
Brookfield Property Group	125,030	748,245	92,248	965,523
Mesirow Financial	151,535	1,065,305	-	1,216,840
Westport Capital Partners, LLC	161,499	410,614	-	572,113
Ares Management, LLC	65,327	430,663	9,190	505,180
Green Cities	160,800	-	19,970	180,770
Kayne Anderson	122,336	-	-	-
RockCreek	126,422	118,785	43,016	288,223
Corbin Investor Services	190,809	83,725	-	274,534
Wellington Management	300,023	-	-	300,023
Schroder Investment Management	265,118	-	-	265,118
StepStone Group	-	2,266	-	2,266
Pantheon	49,925	198,570	9,574	258,069
NB Alternatives Advisors	93,500	948,109	85,586	1,127,195
Landmark Partners	275,000	509,000	139,792	923,792
HarbourVest Partners, LLC	141,760	-	142,136	283,896
Total	**$ 4,608,587**	**$ 4,515,282**	**$ 541,513**	**$ 9,665,381**

ACTUARIAL SECTION

KC Hearts the Plaza!
by Charlie Podrebarac

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Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

June 6, 2022

Board of Trustees
Public School Retirement System of the
School District of Kansas City, Missouri
3100 Broadway, Suite 1211
Kansas City, MO 64111

Dear Members of the Board:

The basic financial objective of the Public School Retirement System of the School District of Kansas City, Missouri is to establish and receive contributions which:

- when expressed in terms of percentages of active member payroll will remain approximately level from generation to generation, and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Public School Retirement System of the School District of Kansas City, Missouri to present and future retirees and beneficiaries.

The financial objective is addressed by actuarial funding valuations that are prepared annually as of January 1. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund the unfunded actuarial accrued liability, as a level percent of active member payroll. The unfunded actuarial accrued liability as of January 1, 2017 is amortized over a closed 30-year period and subsequent changes to the UAAL are amortized over closed 20-year periods. The most recent valuation was completed based upon member data, asset data, and plan provisions as of January 1, 2022.

The plan administrative staff provides the actuary with data for the annual actuarial valuation. The actuary relies on the data after reviewing it for reasonableness and year to year consistency. The actuary summarizes and tabulates the member data in order to analyze longer term trends. The plan's external auditor also audits the actuarial membership data annually.

For funding valuation purposes, an asset smoothing method is used to develop the actuarial value of assets. Under the smoothing method, the difference between the actual return on the fair (market) value of assets and the expected return, based on the investment return assumption, is recognized equally over five years.

3802 Raynor Parkway, Suite 202, Bellevue, NE 68123
Phone (402) 905-4461 * Fax (402) 905-4464
www/CavMacConsulting.com

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June 30, 2022
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Actuarial valuations for funding the System are based upon assumptions regarding future activity in specific risk areas including the rates of investment return, individual salary increases and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board, after considering the advice of the actuary and other professionals. In our opinion, the assumptions and the methods comply with the requirements of applicable Actuarial Standards of Practice. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the actuarial contribution rates as needed. The January 1, 2022 actuarial valuation reflects a set of actuarial assumptions and methods which were based on the findings in the experience study covering the four-year period from January 1, 2016 to December 31, 2019, as adopted by the Board at their February 1, 2021 meeting.

The unfunded actuarial accrued liability (UAAL) decreased from the last valuation by $28.6 million. There was an actuarial gain of $22.8 million on assets and an actuarial gain of $11.7 million on liability experience. The largest source of gain on the liability experience was from salary increases that were lower than expected, based on the actuarial assumptions.

Legislation passed in 2013 modified the set of plan provisions applicable for members hired after December 31, 2013, referred to as Plan C. The key differences between Plan B and Plan C are a lower benefit multiplier (1.75% instead of 2.00%) and more stringent requirements for unreduced benefits (age 62 or Rule of 80 rather than age 60 or Rule of 75). As of January 1, 2022, there are 2,966 active Plan C members in the System out of a total of 4,178, about 71%.

The System is 69% funded as of January 1, 2022, based on the actuarial value of assets. The increase from last year's funded ratio of 66% is largely due to favorable experience during calendar year 2021. The new benefit structure's impact on the System's funding will evolve gradually over time as current active members (covered by Plan B) leave covered employment and are replaced with new members who are covered by Plan C.

Cavanaugh Macdonald also prepared actuarial computations as of December 31, 2021 for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards Board (GASB) Statement No. 67. The results are presented in a separate report dated April 4, 2022. The entry age normal actuarial cost method, which is required to be used under GASB 67, is also used in the funding valuation report. The actuarial assumptions and methods used in both the funding and the GASB 67 valuation meet the parameters set by the applicable Actuarial Standards of Practice (ASOPs), as issued by the Actuarial Standards Board, and generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by the Governmental Accounting Standards Board.

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

Financial Section

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

Board of Trustees
June 30, 2022
Page 3

Actuarial Section

- Summary of Assumptions and Methods
  - Actuarial Cost Method and Asset Valuation Method
  - Investment Return, Salary Increase, and Payroll Growth
  - Probabilities of Age & Service Retirement
  - Probabilities of Separation from Active Employment Before Age & Service Retirement
  - Probabilities of Death, Before and After Retirement
- Short-Term Solvency Test
- Membership Data
- Analysis of Financial Experience
- Schedule of Funding Progress
- Computed and Actual Employer Contributions

Respectfully submitted,

CAVANAUGH MACDONALD CONSULTING, LLC

Patrice Beckham

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL COST METHOD

The actuarial cost method is a procedure for allocating the actuarial present value of pension benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal actuarial cost method, and have the following characteristics:

(i) The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement.
(ii) Each annual normal cost is a constant percentage of the member's year-by-year projected covered compensation.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's assumed pensionable compensation rates between the entry age of the member and the assumed exit ages.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called actuarial accrued liability. Deducting actuarial assets from the actuarial accrued liability determines the unfunded actuarial accrued liability or (surplus). Effective with the January 1, 2017 valuation, the existing UAAL on that date is amortized over a closed 30-year period and subsequent pieces of UAAL, arising from actuarial gains and losses each year, will be amortized over a closed 20-year period. The amortization payments on each of the UAAL bases will be determined on a level percentage of payroll basis.

For contributions rates beginning July 1, 2021 and later, there is a 18-month lag between the valuation date in which the employer contribution rates are determined and the effective date of those contributions rates. Therefore, the unfunded actuarial accrued liability is projected from the valuation date of July 1 of the year in which the contribution rate will apply based on the scheduled statutory contribution rates and expected payroll in the intervening years to better approximate the UAAL at that point in time.

CALCULATION OF THE ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is based on a five-year smoothing method and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets on the valuation date is reduced by the sum of the following:

I. 80% of the return to be spread during the first year preceding the valuation date,
II. 60% of the return to be spread during the second year preceding the valuation date,
III. 40% of the return to be spread during the third year preceding the valuation date,
IV. 20% of the return to be spread during the fourth year preceding the valuation date.

ACTUARIAL ASSUMPTIONS

System contribution requirements and actuarial present values are calculated by applying assumptions to the benefit provisions and membership information of the System, using the actuarial cost method.

The principal areas of risk which require assumptions about future activities of the System are:

(i) Long-term rates of investment return to be generated by the assets of the System

(ii) Patterns of salary increases to members

(iii) Rates of mortality among members, retirees and beneficiaries

(iv) Rates of termination of active members

(v) The age patterns of actual retirements

Investment Return Assumption: (net of administrative expenses): 7.25% per year, compounded annually (2.25% long-term price inflation and a 5.00% real rate of return).

Price Inflation: 2.25%

General Wage Growth (Wage Inflation): 2.85%

Payroll Growth Assumption: 2.85% per year

Interest Crediting Rate on Member Accounts: 2.50% per year.

Salary Increase Rates: Rates vary by years of service.

		Rates by Service		
Years	Inflation	Productivity	Merit	Total
<1	2.25%	.60%	6.65%	9.50%
1	2.25	.60	4.65	7.50
2	2.25	.60	3.65	6.50
3	2.25	.60	2.65	5.50
4	2.25	.60	2.40	5.25
5	2.25	.60	2.15	5.00
6	2.25	.60	1.90	4.75
7	2.25	.60	1.80	4.65
8 – 19	2.25	.60	1.65	4.50
20 – 25	2.25	.60	1.15	4.00
26+	2.25	.60	1.00	3.85

Mortality Table: This assumption is used to measure the probabilities of members dying and the probabilities of each pension payment being made after retirement.

Healthy Retirees: Pub-2010 General Members (Below Median) Retiree Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 7 years from valuation date using most recent MP-Scale.

Beneficiaries: Pub-2010 General Members (Below Median) Contingent Survivor Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 7 years from valuation date using most recent MP-Scale.

Disabled Retirees: Pub-2010 General Members (Below Median) Disabled Retiree Mortality Table with a one-year age setback for males and a one-year age set-forward for females.

Active Members: Pub-2010 General Members (Below Median) Employee Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 15 years from valuation date using most recent MP-Scale.

Rates of Retirement: These rates are used to measure the probability of eligible members retiring under the regular retirement provisions. The age-related rates used are shown in the tables below.

The first year of normal retirement eligibility is the earlier of age 60 and 5 years of creditable service or 75 credits for Plan B members, and the earlier of age 62 and 5 years of creditable service or 80 credits for Plan C members.

Retirement Rates When Eligible for Unreduced Benefits		
Age	First Eligible Rate	Ultimate Rate
45 – 52	12%	12%
53 – 54	15	12
55	20	12
56 - 61	15	12
62	15	20
63	30	20
64	20	20
65	20	28
66 - 74	30	28
75	100	100

Retirement Rates When Eligible for Reduced Benefits	
Age	Rate
55 – 59	5%

Terminated vested members are assumed to begin receiving their benefits upon reaching age 60 if they participated in Plan B, and age 62 if they participated in Plan C.

Rates of Separation from Active Membership: This assumption measures the probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. Rates vary by service. Sample rates are as follows:

Years	Rate
<1	26.0%
1	25.0
5	14.0
10	8.5
15	4.5
20	2.5
25+	1.0

Forfeiture of Vested Benefits: Members terminating in vested status are given the option of taking a refund of their accumulated member contributions (and thereby forfeiting the employer-provided benefit) or deferring their vested benefit. Active members who terminate in the future with a vested benefit are assumed to take a deferred vested annuity, unless a refund of contributions and interest is greater than the actuarial present value of their vested deferred benefit.

Rates of Disability: None.

Active Member Group Size: Assumed to remain constant.

Future Benefit Increases or Additional Benefits: When funding is adequate, the Board may authorize cost of living adjustments (COLAs), as noted in the summary of plan provisions. In the past, the Board has also sometimes granted an additional monthly payment to retirees (13th check.) This valuation assumes that no future COLAs and no future 13th checks will be awarded.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption: All members are assumed to be married for purposes of death benefits. In each case, the male was assumed to be 4 years older than the female.

Decrement Timing: Decrements of all types are assumed to occur mid-year.

Administrative Expense: The actuarial contribution rate includes an explicit component for administrative expenses, based on the actual administrative expenses for the prior year.

Missing Gender: Records that are missing a gender are assumed to be female if the record belongs to a member, and male if the record belongs to a beneficiary.

CHANGES FROM THE PRIOR VALUATION

There have been no changes to the System's actuarial methods or assumptions since the prior valuation.

Membership Profile as of January 1	2022	2021	2020	2019	2018	2017	2016	2015	2014
Active Members	4,178	4,108	4,074	4,074	3,898	3,760	3,701	3,574	3,493
Average Age	43.0	42.8	42.7	42.7	42.8	43.5	44.0	44.4	44.5
Average Years of Service	7.2	7.4	7.1	7.2	7.5	8.1	8.1	8.3	8.5
Inactive Vested	568	521	529	531	522	490	461	476	560
Average Age	45.9	47.3	47.8	48.6	49.8	50.5	50.5	50.2	51.6
Average Estimated Monthly Benefit	$651	$640	$650	$647	$678	$671	$689		
Retirees, Disabled and Survivors	4,094	4,099	4,145	4,113	4,112	4,032	4,049	4,011	3,885
Average Age	73.5	73.2	72.9	72.5	72.3	72.2	72.0	71.7	71.7
Average Monthly Benefit	$1,641	$1,632	$1,631	$1,625	$1,607	$1,589	$1,580	$1,574	$1,569

Active Member Valuation Data

Valuation January 1	Active Members				Annual Payroll	Annual Average Pay	% Increase in Average Pay
	Charter Schools	School District	Library	Total			
2013	1,108	2,152	136	3,396	157,303,005	46,320	-2.42%
2014	1,147	2,215	139	3,501	157,014,537	44,848	-3.18%
2015	1,245	2,112	136	3,493	170,845,124	48,911	9.06%
2016	1,336	2,095	143	3,574	179,013,516	50,088	2.41%
2017	1,481	2,076	144	3,701	194,132,739	52,454	4.72%
2018	1,555	2,065	140	3,760	196,277,971	52,202	-0.48%
2019	1,586	2,172	140	3,898	203,310,599	52,158	-0.08%
2020	1,640	2,285	149	4,074	217,255,306	53,327	2.24%
2021	1,650	2,306	152	4,108	228,084,635	55,522	4.12%
2022	1,738	2,281	159	4,178	234,450,261	56,137	1.11%

Retirants and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ended December 31	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	% Increase in Annual Benefits	Average Annual Benefits
2012	138	$ 1,939,048	108	$ 1,148,934	3,859	$ 72,356,163		$ 18,750
2013	148	2,480,646	95	1,690,031	3,885	73,146,778	1.09%	18,828
2014	257	4,763,445	131	2,173,699	4,011	75,736,524	3.54%	18,882
2015	159	2,949,800	122	1,900,088	4,049	76,786,235	1.39%	18,964
2016	151	2,791,834	167	2,697,334	4,032	76,880,736	0.12%	19,068
2017	215	4,456,931	135	2,040,515	4,112	79,297,152	3.14%	19,284
2018	153	2,992,593	152	2,161,017	4,113	80,128,728	1.05%	19,482
2019	155	2,832,629	123	1,866,173	4,145	81,095,184	1.21%	19,565
2020	120	2,115,087	166	2,971,863	4,099	80,238,408	-1.06%	19,575
2021	153	2,936,961	158	2,615,829	4,094	80,559,540	0.40%	19,677

Solvency Test

In a system that has been following the discipline of level percent of payroll financing, the liabilities for active participant accumulated contributions (liability 1) and the liabilities for future benefits to retirees, beneficiaries, and inactive participants (liability 2) will be fully covered by assets if all assumptions are met. In addition, the liabilities for service already rendered by active participants (liability 3) are normally partially covered by the remainder of the present assets. Generally, if the system has been using level percent of payroll financing, the funded portion of liability 3 will increase over time. The schedule below illustrates the history of the liabilities of the system and their funded status.

Valuation January 1	Active Participants' Accumulated Contribution (1)	Retirees, Beneficiaries and Inactive Participants (2)	Active Participants (Employer Financed) (3)	Valuation Assets	Percent Covered By Valuation Assets (1)	(2)	(3)
2013	100,767,726	653,949,421	113,946,236	697,028,072	100%	91%	0%
2014	98,272,633	660,003,861	117,174,620	710,828,744	100%	93%	0%
2015	98,966,336	674,794,654	117,782,046	712,390,611	100%	91%	0%
2016	101,173,695	677,295,366	116,761,234	694,641,248	100%	88%	0%
2017	105,887,868	717,052,296	158,574,660	684,412,437	100%	81%	0%
2018	103,069,314	739,004,732	138,362,580	678,288,805	100%	78%	0%
2019	106,618,062	744,459,772	137,156,929	654,259,324	100%	74%	0%
2020	112,913,289	759,819,775	147,388,749	645,373,172	100%	70%	0%
2021	121,889,145	730,344,984	145,353,276	663,210,594	100%	74%	0%
2022	123,670,335	729,504,462	144,884,158	692,264,054	100%	78%	0%

Analysis of Financial Experience

		(Millions)
Unfunded Actuarial Accrued Liability, January 1, 2021	$	334.4
- Expected increase from amortization method		2.3
- Actual versus actuarial contributions		(0.5)
- Investment experience		(22.8)
- Liability experience		(11.7)
- Updated mortality assumption		4.1
- Other experience		0.0
Unfunded Actuarial Accrued Liability, January 1, 2022	$	305.8

Funding Progress

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the System's funded status on an on-going concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the System's funding. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the System's funding.

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
1/1/2013	697,028,072	868,663,383	171,635,311	80.2%	157,303,005	109.1%
1/1/2014	710,828,744	875,451,114	164,622,370	81.2%	157,014,537	104.8%
1/1/2015	712,390,611	891,543,036	179,152,425	79.9%	170,845,124	104.9%
1/1/2016	694,641,248	895,230,295	200,589,047	77.6%	179,013,516	112.1%
1/1/2017	684,412,437	981,514,827	297,102,390	69.7%	194,132,739	153.0%
1/1/2018	678,288,805	980,436,626	302,147,821	69.2%	196,277,971	153.9%
1/1/2019	654,259,324	988,234,763	333,975,439	66.2%	203,310,599	164.3%
1/1/2020	645,373,172	1,020,121,813	374,748,641	63.3%	217,255,306	172.5%
1/1/2021	663,210,594	997,587,405	334,376,811	66.5%	228,084,635	146.6%
1/1/2022	692,264,054	998,058,955	305,794,901	69.4%	234,540,261	130.4%

Historical Contribution Rates			
Actuarial Valuation Date	Actuarial Contribution Rate	Actual Contribution Rate	Contribution Shortfall/(Margin)
1/1/2013	20.52%	15.00%	5.52%
1/1/2014	19.68%	16.00%	3.68%
1/1/2015	19.56%	17.00%	2.56%
1/1/2016	20.18%	18.00%	2.18%
1/1/2017	18.61%	18.00%	0.61%
1/1/2018	18.82%	18.00%	0.82%
1/1/2019	19.82%	19.50%	0.32%
1/1/2020	20.80%	21.00%	(0.20%)
1/1/2021	19.49%	21.00%	(1.51%)
1/1/2022	18.40%	21.00%	(2.60%)

Summary Plan Description

Effective Date
January 1, 1944, most recently amended in 2018.

Plan Type
Plan B applies to anyone who retires on or after June 30, 1999 and was hired prior to January 1, 2014. Plan C applies to members hired on or after January 1, 2014. All members with Plan A benefits have terminated or retired.

Eligibility for coverage
All regular, full-time employees of the School District of Kansas City, Missouri, the Kansas City Public Library District, the Retirement System and the Charter Schools located within the boundaries of the Kansas City District become members as a condition of employment. Regular employment means working at least five hours per day, five days per week, nine months per year. Temporary and part-time employees are excluded.

Service
Creditable service is member service, which is service for which required contributions have been made. There is no cap on creditable service. Prior to 1990, creditable service could not exceed 35 years. The Plan B maximum retirement benefit is 60% of Average final compensation, which will be reached upon attainment of 30 years of service. The Plan C maximum retirement benefit is 60% of Average final compensation, which will be reached upon attainment of 34.25 years of service.

Annual compensation
A member's annual compensation level will be the regular compensation shown on the employer's salary and wage schedules, excluding extra pay, overtime pay, or any pay not on the schedule.

Average final compensation
The average final compensation is the highest average annual compensation paid during any four consecutive years of service.

Normal retirement

Eligibility

Plan B: Members may retire after (a) the completion of five years of creditable service and the attainment of age 60, or (b) having a total of at least 75 credits, with each year of creditable service and year of age, both prorated for fractional years, equal to one credit.

Plan C: Members may retire after (a) the completion of five years of creditable service and the attainment of age 62, or (b) having a total of at least 80 credits, with each year of creditable service and year of age, both prorated for fractional years, equal to one credit.

Benefit

Plan B: The normal retirement benefit payable monthly equals one twelfth of 2.00% (1.75% for members who retired prior to June 30, 1999) of the member's average final compensation multiplied by years of creditable service, subject to a maximum of 60% of average final compensation. Any member whose years of creditable service exceed 34.25 years on August 28, 1993 shall have a maximum greater than 60%, which shall be equal to 1.75% times the member's years of creditable service on August 28, 1993.

Plan C: The normal retirement benefit payable monthly equals one twelfth of 1.75% of the member's average final compensation multiplied by years of creditable service, subject to a maximum of 60% of average final compensation.

Minimum benefit

Effective January 1, 1996, any member with at least 10 years of creditable service, but less than 20 years is entitled to a minimum benefit of $150 per month, plus 15 for each year of creditable service in excess of 10 years, or the actuarial equivalent if an option was elected. Any member with at least 20 years of creditable service at retirement is entitled to a minimum benefit of $300 per month, or the actuarial equivalent of $300 if an option was elected. Beneficiaries of deceased members who retired with at least 10 years of creditable service and elected one of the optional plans for payment of benefits may receive the actuarial equivalent of the minimum benefit available for the option chosen.

Early retirement

Eligibility

Members may retire at any time after the completion of five years of creditable service and the attainment of age 55.

Benefit

Plan B: A member eligible for early retirement will receive a reduced benefit, with the reduction based on the number of months preceding eligibility for a normal retirement benefit. The reduction factors are as follows:

Age	Reduction Factor
59	0.91653
58	0.84084
57	0.77211
56	0.70959
55	0.65264

Plan C: A member eligible for early retirement will receive a reduced benefit, with the reduction based on the number of months preceding eligibility for a normal retirement benefit. The reduction factors are as follows:

Age	Reduction Factor
61	0.91450
60	0.83727
59	0.76738
58	0.70402
57	0.64647
56	0.59412
55	0.54644

Disability retirement

Eligibility

A member with at least five years of creditable service who is certified to be totally incapacitated for performance of duty by the Medical Board is eligible for a disability retirement.

Benefit

A disabled vested member will receive a benefit, calculated as for normal retirement, based on creditable service and average final compensation at actual disability retirement date, or the minimum disability benefit whichever is greater. The minimum disability retirement benefit will be the lesser of (a) 25% of the member's average final compensation, or (b) the member's service retirement benefit calculated on the participant's average final compensation and the maximum number of years of creditable service the member would have earned had the member remained an employee until age 60. Disability benefits are payable immediately.

Vested termination benefits

Eligibility

A member who has at least five years of creditable service earns a vested interest in his or her accrued benefit, provided the member leaves his or her contributions in the System.

Benefit

The vested benefit is calculated as a normal retirement benefit based on service and average final compensation at date of termination and is payable at minimum normal retirement date.

Non-vested benefits

Benefit

If the member's termination is for reasons other than death or retirement and if the participant has not met the vesting or retirement requirements, the participant's contributions with interest will be refunded.

Death Benefit

Prior to retirement

For a member who dies before retirement and was either an active employer or any inactive vested member who met the other requirements (age or points) for either normal or early retirement, the member's designated beneficiary is entitled to receive either (a) the member's accumulated contributions and interest, or if the designated beneficiary is the member's spouse, dependent child or dependent parent, (b) a monthly retirement benefit calculated under Option 1 as if the deceased member had at least ten years of creditable service at time of death. If the beneficiary is a child, the optional monthly benefit is payable until the beneficiary reaches age nineteen.

For an inactive vested member who dies before retirement and has not met the other (age or points) requirements for retirement, the member's accumulated contributions and interest will be payable to the member's designated beneficiary.

All members are guaranteed to have their designated beneficiaries receive at least their accumulated contributions and interest, upon the member's death.

Postretirement

The benefit payment selected by the retiree will determine what, if any, benefits are payable upon death after retirement.

Normal form of benefit payments

The normal form of benefit payment is the normal retirement benefit amount paid monthly for the life of the member. If the member should die before receiving payments totaling the amount of their contributions to the plan, the designated beneficiary shall receive a lump sum payment of the remaining amount.

Optional forms of benefit payments

Members may elect from the following optional forms of benefit payment:

Option 1

Option 1 provides a reduced retirement benefit that will continue on to a designated survivor. Upon a retiree's death, the retiree's designated survivor will receive for life, the same level of monthly retirement benefit. In the event the retiree's designated survivor predeceases the retiree, the retiree's monthly retirement benefit will be adjusted to the amount that would have been paid in the normal form of payment.

Option 2

Option 2 provides a reduced retirement benefit that will continue on to a designated survivor. Upon a retiree's death, the retiree's designated survivor will receive for life, a monthly benefit equal to one-half of the retiree's monthly retirement benefit. In the event the retiree's designated survivor predeceases the retiree, the retiree's monthly retirement benefit will be adjusted to the amount that would have been paid in the normal form of payment.

Option 3

Option 3 provides that upon a retiree's death, no benefits are payable to the retiree's estate or any beneficiary. Retirement benefits payable under this option will be actuarially increased from the normal form.

Each of the above options produces benefits which are actuarially equivalent to the normal form of benefit which is a monthly annuity payable for the lifetime of the retiree.

Cost-of-living allowances

The Board of Trustees shall determine annually whether or not the system can provide an increase in benefits for those retirees who, as of the January 1 preceding the date of such increase, have been retired at least one year. Any such increase also applies to optional retirement allowances paid to a retiree's survivor. The Board makes its determination as follows:

1. The actuary recommends to the Board what portion of the investment return is available for increases and the amount available to be paid on the first day of the 14th month following the end of the valuation year. The actuary's recommendation is subject to the following safeguards:

    a. The System's funded ratio as of the January 1st of the preceding year of the proposed increase must be at least 100% after adjusting for the effect of proposed increase. The funded ratio is the ratio of assets to the pension benefit obligation.
    b. The actuarially required contribution rate, after adjusting for the effect of the proposed increase, may not exceed the statutory contribution rate.
    c. The actuary must certify that the proposed increase will not impair the actuarial soundness of the System.

2. The Board reviews the actuary's recommendation and shall, in their discretion, determine if an increase may be granted. In accordance with Board policy, if an increase is permissible, the amount of the increase will be equal to the lesser of 3% or the percentage increase in the CPI for the preceding year, subject to a cumulative increase of 100% subsequent to December 31, 2000.

3. This provision does not guarantee an annual increase to any retired member.

Administration of the retirement system

The Board of Trustees is responsible for the general administration and proper operation of the retirement system. The Board consists of 12 members – four members appointed by the Board of Education, one member appointed by the Board of Trustees of the library district, four members elected by and from the actives and terminated vested members of the retirement system, two members elected by and from the retirees of the retirement system, and the Superintendent of Schools of the School District of Kansas City, Missouri. Administrative expenses are paid out of the general reserve fund.

Employee contributions

Contributions for Employees are as follows:

- Effective July 1, 2021, if the System is at least 100% funded, the members contribute the lesser of (a) 9.00% or (b) one-half of the actuarial required contribution rate. If the System is less than 100% funded, the members contribute 9.00%
- Effective January 1, 2016, members contribute 9.00%
- Effective January 1, 2015, members contributed 8.50%
- Effective January 1, 2014, members contributed 8.00%
- Effective January 1, 1999, members contributed 7.50%
- Prior to January 1, 1999, members contributed 5.90%
- Prior to 1990, members contributed 5.00% of earnable annual compensation plus 2.00% of earnable compensation in excess of $6,500, the contribution earning base.

Employer contributions

Effective July 1, 2021, and for each subsequent twelve-month period beginning July 1 of each year, the employer contribution rate shall be the greater of (1) the actuarial required contribution rate, as determined in the valuation prepared for the prior calendar year, less the member contribution rate, or (2) 12.00 % of pay, until the system is fully funded. Once the System Is fully funded, the employer contribution rate may increase or decrease in subsequent years, depending on the actuarial contribution rate developed in the annual actuarial valuation and the applicable employee contribution rate. Effective July 1, 2021, the employer contribution rate shall not increase by more than 1.00% or decrease by more than 0.50% from the corresponding rate in effect immediately before such increase or decrease. An exception to the limitation on the magnitude of employer rate increases and decreases exists only when the system is fully funded and the total actuarial required contribution rate for employer and employee rate falls below 18%.

Prior to July 1, 2021, the employers of members contribute at the fixed rate of covered compensation as follows;

- Effective January 1, 2020, 12.00%
- Effective January 1, 2019, 10.50%
- Effective January 1, 2016, 9.00%
- Effective January 1, 2015, 8.50%
- Effective January 1, 2014, 8.00%
- Effective January 1, 1999, 7.50%

- Effective July 1, 1996, 5.99%
- Effective July 1, 1995, 3.99%
- Effective July 1, 1993, 1.99%
- Prior to July 1, 1993, employer contributions were actuarially determined.

Changes from the Prior Valuation

None.

KC Hearts the Plaza! (back side)
by Charlie Podrebarac

STATISTICAL SECTION

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Statistical Summary

Objectives

The objective of the Statistical section is to provide the detail and historical context needed for a thorough assessment and understanding of KCPSRS' financial condition. Data in this section are presented in multiple-year format to show previous and emerging trends.

Contents

The schedules on pages 82 - 83 show financial trend information that assists users in understanding and assessing how KCPSRS financial position has changed over time. The financial trend schedules presented are:

- Changes in Fiduciary Net Position
- Deductions from Fiduciary Net Position for Benefits and Refunds
- Changes in Contributions by Employers

Demographic and operating information begins on pages 84 - 90. This information is intended to assist users in understanding the environment in which KCPSRS operates and to provide information that facilitates comparisons of financial statement information over time. The demographic and operating information presented are:

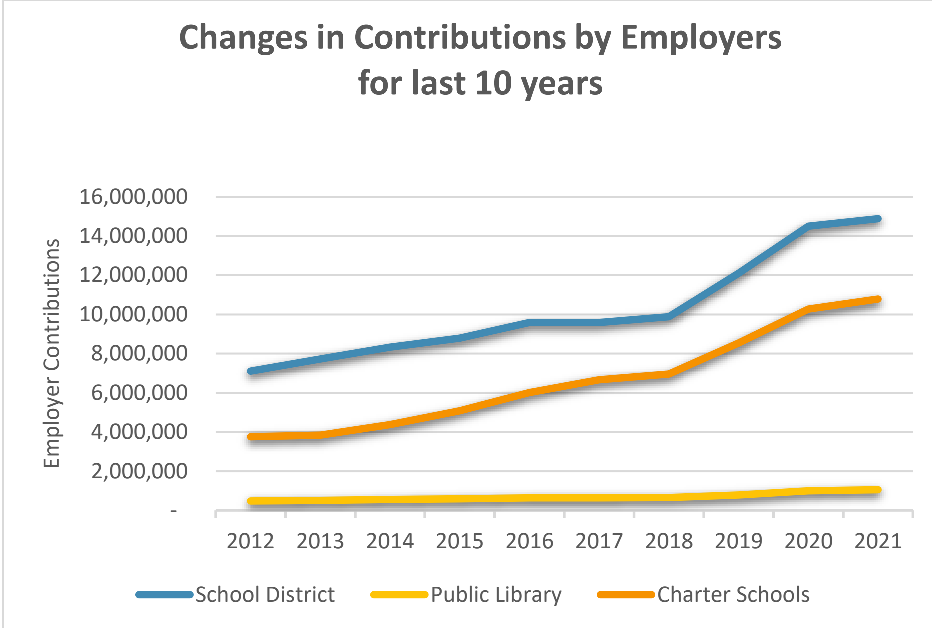
- Valuation Assets vs Pension Liabilities
- Actuarial Accrued Liabilities
- Valuation Assets as percent of Pension Liabilities
- Membership Profile in the Retirement Plan
- Active Members by Employer and Plan
- Changes in Active Members by Employer
- Active Membership by Employer and Plan
- Participating Employers
- Retired Members by Type of Benefit
- Average Monthly Benefits Amounts by Service Years (New Retirees)
- 2021 Successes

Changes in Fiduciary Net Position – Last 10 Years

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Additions										
Member Contributions	$ 11,577,924	$ 12,310,320	$ 13,358,180	$ 14,645,901	$ 16,280,327	$ 16,964,351	$ 17,619,145	18,524,657	19,531,341	20,141,089
Employer Contributions	11,370,252	12,093,945	13,288,142	14,499,260	16,528,188	16,926,562	17,527,85	21,488,838	25,771,854	26,717,489
Net Investment Income	76,761,126	78,598,783	25,936,419	(10,025,518)	44,331,774	103,767,714	(33,250,914)	106,033,718	73,263,968	99,639,237
Total Additions to Plan Net Positions	99,709,302	103,003,048	52,582,741	19,119,643	77,146,289	137,658,627	1,896,085	146,047,213	118,567,163	146,497,815
Deductions										
Benefits	72,426,711	73,844,481	75,298,737	76,235,124	76,898,255	78,181,575	79,333,689	80,228,574	80,473,732	80,337,163
Refunds	4,386,983	3,567,693	3,236,645	3,399,065	3,270,723	3,581,147	4,084,837	4,937,877	4,316,797	5,250,026
Depreciation Expense	522,930	524,163	528,850	250,979	92,179	15,855	17,150	11,020	9,830	5,562
Administrative	1,336,764	1,479,931	1,548,320	1,648,449	1,552,025	1,520,665	1,499,928	1,546,381	1,614,905	1,645,412
Total Deductions from Plan Net Position	78,673,388	79,416,268	80,612,562	81,533,617	81,813,182	83,299,242	84,935,604	86,723,852	86,416,263	87,238,163
Change in Net Position	$ 21,035,914	$ 23,586,780	$ (28,029,821)	$ (62,413,974)	$ (4,666,893)	$ 54,359,385	$ (83,039,520)	$ 59,323,361	$ 32,151,9000	$ 59,259,652

Deductions from Plan Net Position for Benefits and Refunds

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Benefits	$ 72,426,711	$ 73,844,481	$ 75,298,738	$ 76,235,124	$ 76,898,255	$ 78,181,575	$ 79,333,689	$ 80,228,574	80,473,732	80,337,163
Total Refunds	$ 4,386,983	$ 3,567,693	$ 3,236,645	$ 3,399,065	$ 3,270,723	$ 3,581,147	$4,084,837	$ 4,937,877	$ 4,316,797	$ 5,250,026



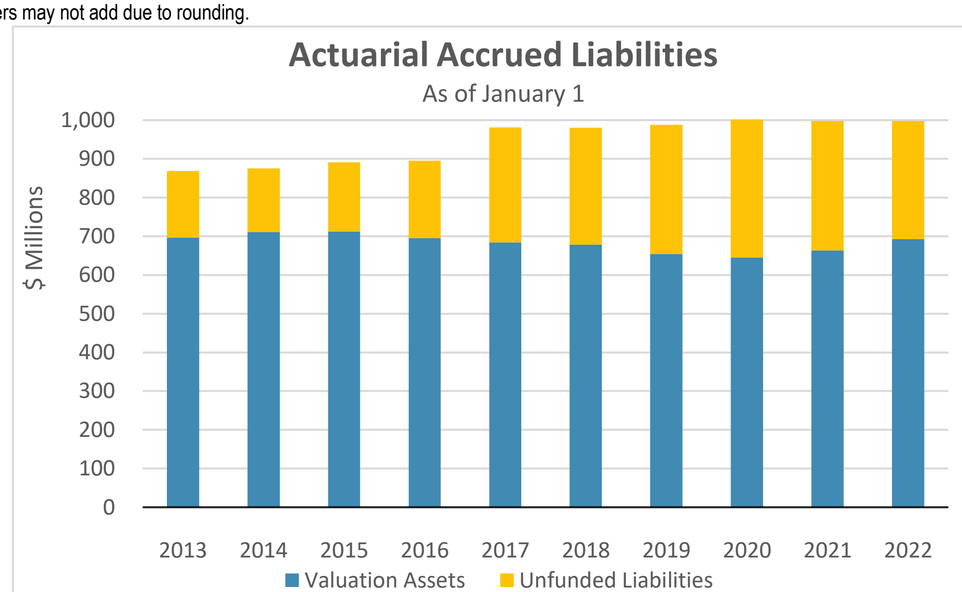
Changes in Contributions by Employers for last 10 years

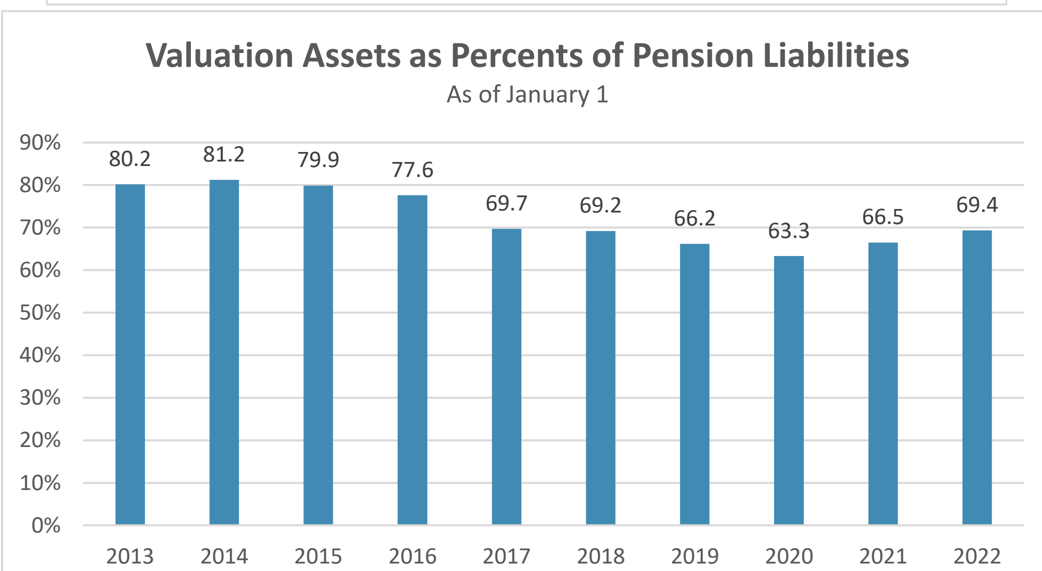
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
School District	$ 7,719,216	$ 7,719,216	$ 8,324,500	$ 8,786,297	$ 9,586,293	$ 9,587,553	$ 9,878,602	$ 12,161,075	$ 14,503,808	$ 14,882,151
Charter Schools	$ 3,381,254	$ 3,831,254	$ 4,375,968	$ 4,375,968	$ 6,012,583	$ 6,659,635	$ 6,955,232	$ 8,543,030	$ 10,268,702	$ 10,784,019
Public Library	$ 508,693	$ 508,693	$ 550,376	$ 587,212	$ 636,430	$ 641,867	$ 647,906	$ 784,734	$ 999,344	$ 1,051,319

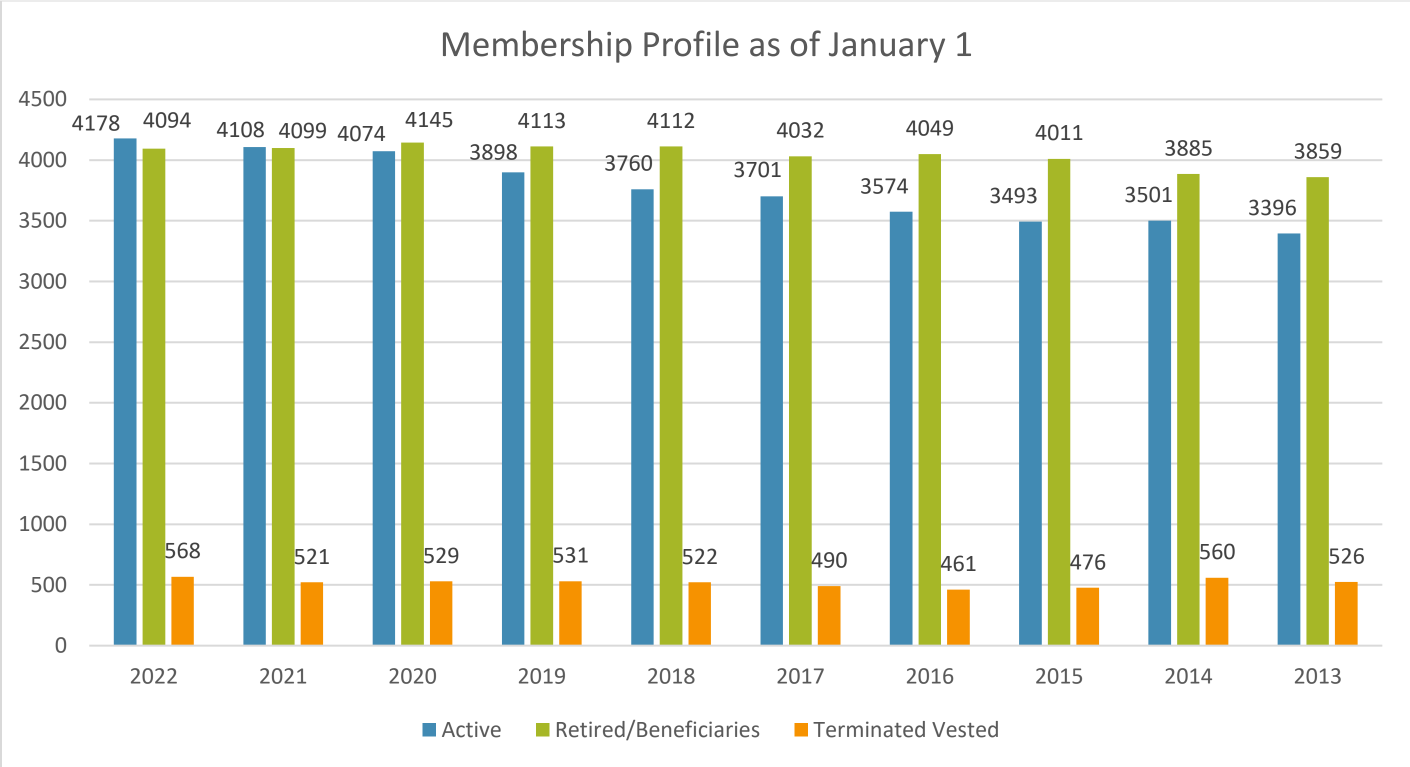
Valuation Assets vs Pension Liabilities

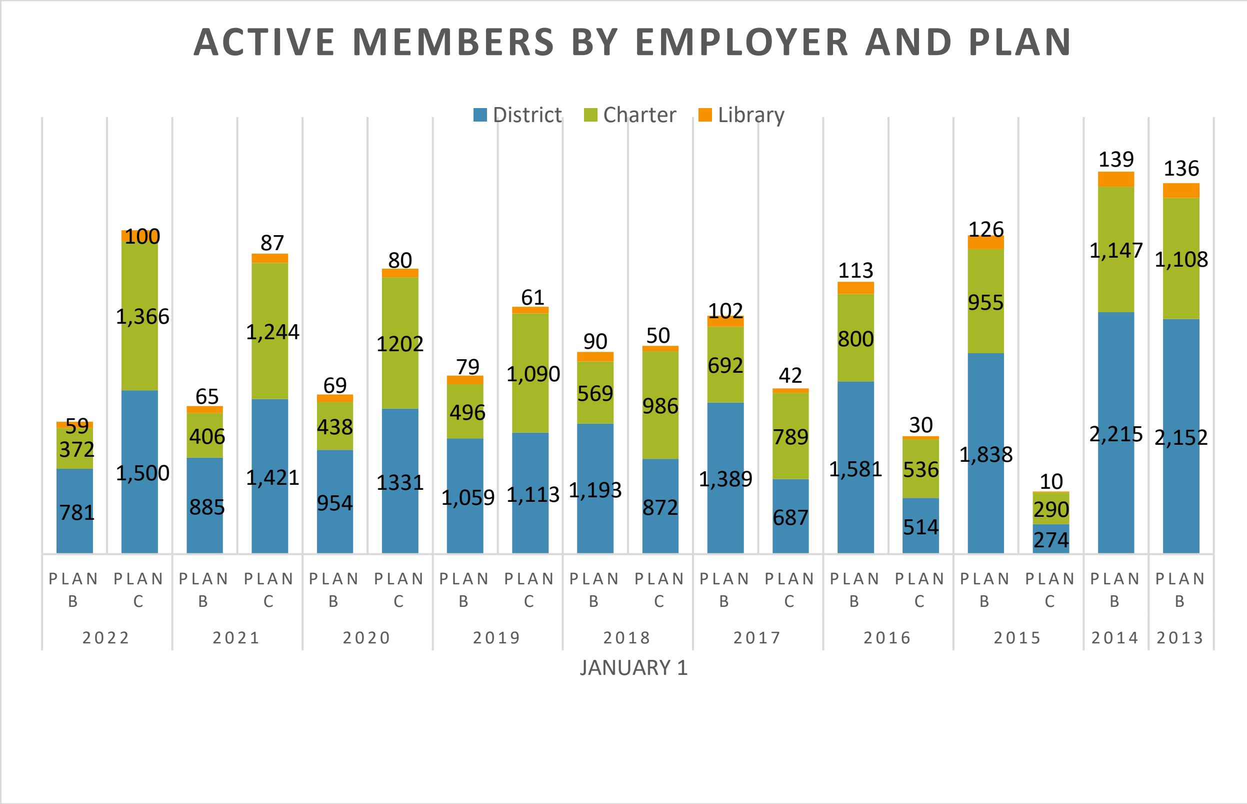
Valuation	Dollars in Millions			
January 1	Valuation Assets	Unfunded Liabilities	Accrued Liabilities	Funded Ratios
2013	697.03	171.64	868.66	80.2%
2014	710.83	164.62	875.45	81.2%
2015	712.39	179.15	891.54	79.9%
2016	694.64	200.59	895.23	77.6%
2017	684.41	297.10	981.51	69.7%
2018	678.29	302.15	980.44	69.2%
2019	654.26	333.98	988.23	66.2%
2020	645.37	374.75	1,020.12	63.3%
2021	663.21	334.38	997.59	66.5%
2022	692.26	305.79	998.06	69.4%

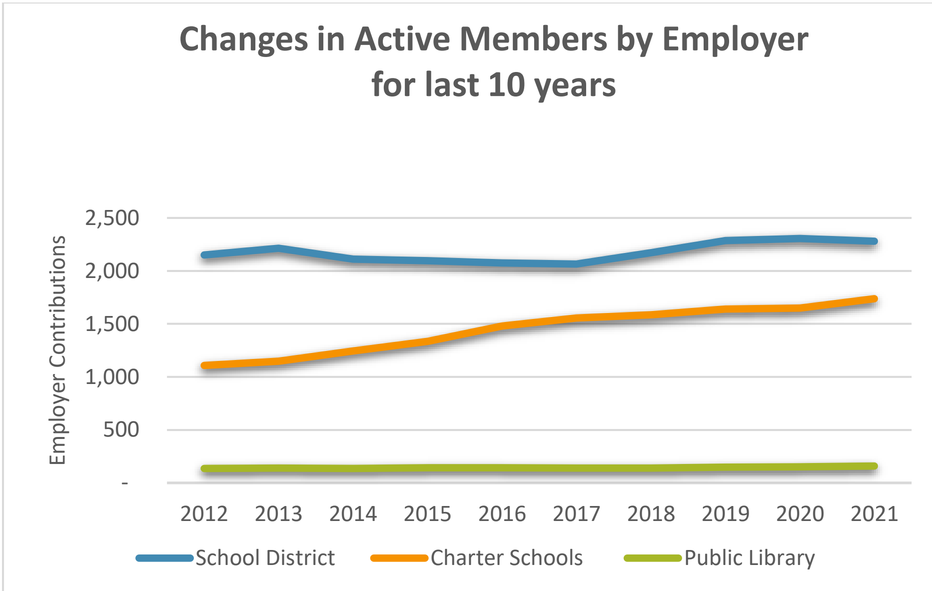
Note: Numbers may not add due to rounding.

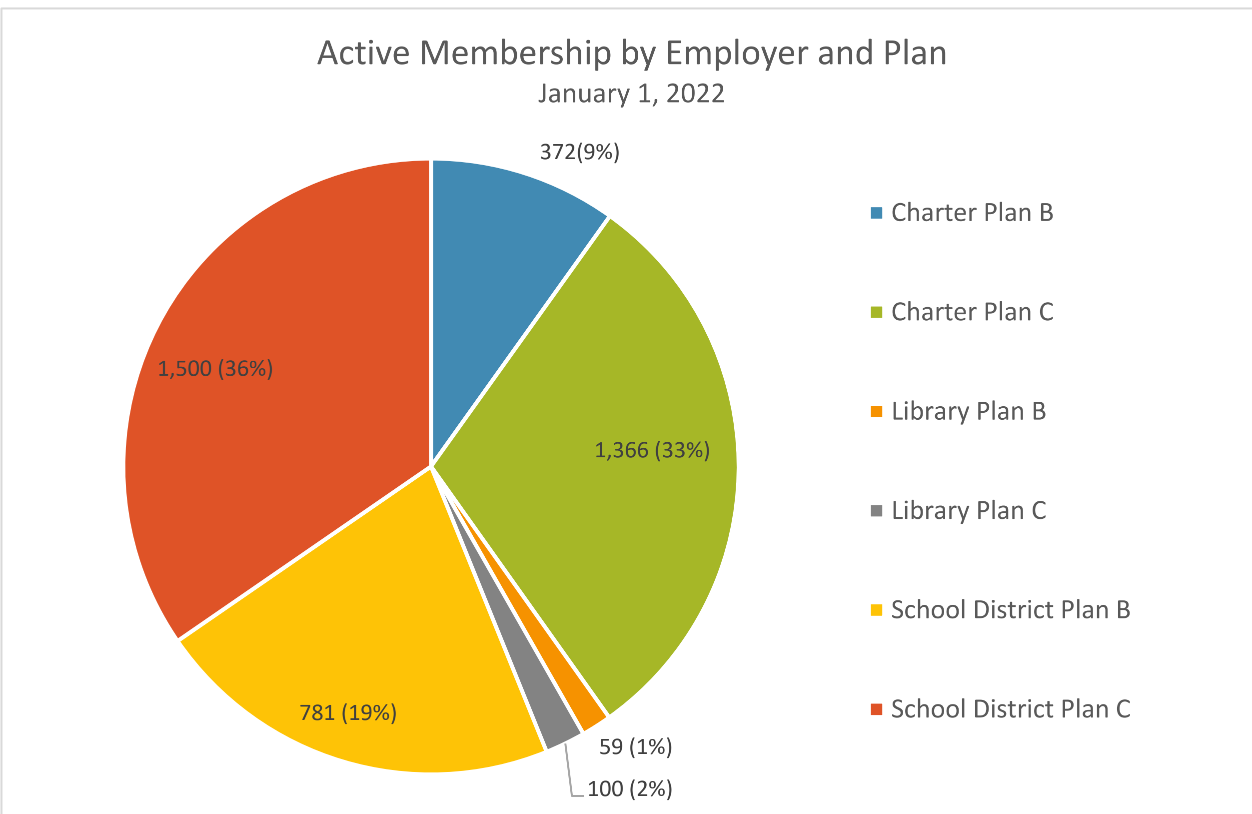





Membership Profile as of January 1
4500
4000
3500
3000
2500
2000
1500
1000
500
0
4178 4094 568
4108 4099 521
4074 4145 529
3898 4113 531
3760 4112 522
3701 4032 490
3574 4049 461
3493 4011 476
3501 3885 560
3396 3859 526
2022 2021 2020 2019 2018 2017 2016 2015 2014 2013
Active
Retired/Beneficiaries
Terminated Vested


ACTIVE MEMBERS BY EMPLOYER AND PLAN
District
Charter
Library
781 372 59
1,500 1,366 100
885 406 65
1,421 1,244 87
954 438 69
1331 1202 80
1,059 496 79
1,113 1,090 61
1,193 569 90
872 986 50
1,389 692 102
687 789 42
1,581 800 113
514 536 30
1,838 955 126
274 290 10
2,215 1,147 139
2,152 1,108 136
PLAN B
PLAN C
2022 2021 2020 2019 2018 2017 2016 2015 2014 2013
JANUARY 1


Changes in Active Members by Employer
for last 10 years
Employer Contributions
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
School District
Charter Schools
Public Library


Active Membership by Employer and Plan
January 1, 2022
372(9%)
1,366 (33%)
59 (1%)
100 (2%)
781 (19%)
1,500 (36%)
Charter Plan B
Charter Plan C
Library Plan B
Library Plan C
School District Plan B
School District Plan C

Participating Employers

2021 Employer Contribution Total

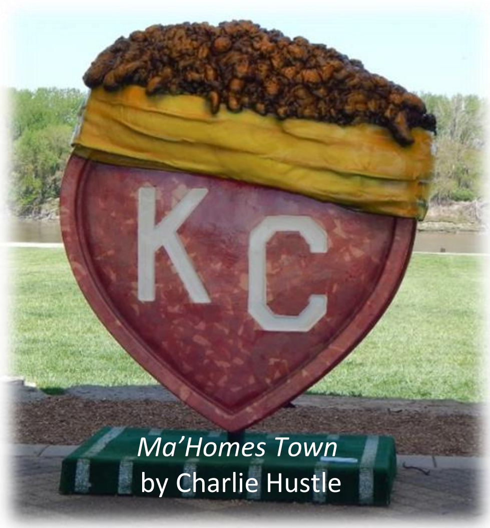
		Total Contribution	% of Total
Kansas City Public Schools	$	14,882,151	55.7%
Kansas City Public Library		1,051,319	3.9%
Charter Schools			
Frontier Schools		1,343,449	5.0%
Guadalupe Centers Schools		1,057,210	4.0%
Crossroads Charter Schools		910,617	3.4%
University Academy		877,428	3.3%
Ewing Marion Kauffman School		870,868	3.3%
Hogan Preparatory Academy		753,007	2.8%
Académie Lafayette		752,745	2.8%
Kansas City International Academy		679,462	2.5%
Brookside Charter School		649,101	2.4%
KIPP Endeavor Academy		554,314	2.1%
Allen Village Charter		349,806	1.3%
Citizens of the World Kansas City		347,280	1.3%
Lee A. Tolbert Community Academy		334,907	1.3%
Scuola Vita Nuova		290,711	1.1%
Genesis Schools, Inc.		210,971	0.8%
Academy of Integrated Arts		193,893	0.7%
Gordon Parks Elementary		190,787	0.7%
Kansas City Girl's Preparatory Academy		170,875	0.6%
DeLaSalle Charter School		152,227	0.6%
Hope Leadership Academy		94,361	0.4%
Total Charter Schools	**$**	**10,784,019**	**40.4%**
Total Contributions	**$**	**26,717,489**	**100.0%**

Retired Members by Type of Benefit

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit: Retired	Surviving Spouses	Surviving Children	Disability
$1 to 500	$ 198,325	586	526	49	1	10
501 to 1,000	627,120	845	755	61	3	26
1,001 to 1,500	796,598	642	560	56	4	22
1,501 to 2,000	928,545	530	496	27	2	5
2,001 to 2,500	1,311,606	582	565	12	1	4
2,501 to 3,000	1,273,980	468	457	11	-	-
3,001 to 3,500	811,821	251	250	1	-	-
3,501 to 4,000	397,405	107	104	3	-	-
4,001 to 4,500	235,094	56	55	1	-	-
4,501 to 5,000	79,531	17	17	-	-	-
Over 5,000	53,270	10	10	-	-	-

Average Monthly Benefit Amounts (New Retirees)

	Years of Credited Service							All
Members Retiring During	<5	5-10	10-15	15-20	20-25	25-30	30+	Members
Fiscal Year Ending 01/01/2014								
Average monthly benefit	$1,669	$566	$827	$1,428	$2,091	$2,218	$2,662	$1,399
Number of retirees	5	32	28	19	22	22	6	134
Fiscal Year Ending 01/01/2015								
Average monthly benefit	$343	$563	$879	$1,656	$2,120	$2,591	$2,985	$1,516
Number of retirees	3	37	44	25	36	25	10	180
Fiscal Year Ending 01/01/2016								
Average monthly benefit	$436	$625	$977	$1,403	$2,174	$2,678	$3,414	$1,579
Number of retirees	9	23	39	17	21	27	9	145
Fiscal Year Ending 01/01/2017								
Average monthly benefit	$478	$493	$1,019	$1,415	$2,036	$2,568	$2,740	$1,570
Number of retirees	4	26	24	17	22	24	12	129
Fiscal Year Ending 01/01/2018								
Average monthly benefit	$549	$611	$935	$1,490	$2,435	$2,786	$3,087	$1,792
Number of retirees	11	32	31	30	33	35	24	196
Fiscal Year Ending 01/01/2019								
Average monthly benefit	$730	$701	$961	$1,818	$2,245	$2,643	$2,928	$1,684
Number of retirees	2	35	22	27	16	18	18	138
Fiscal Year Ending 1/01/2020								
Average monthly benefit	$465	$680	$928	$1,640	$2,253	$3,469	$2,787	$1,569
Number of retirees	6	38	24	22	15	18	8	131
Fiscal Year Ending 1/01/2021								
Average monthly benefit	$396	$515	$1,082	$1,466	$1,742	$2,944	$2,939	$1,508
Number of retirees	1	19	20	30	17	8	10	105
Fiscal Year Ending 1/01/2022								
Average monthly benefit	$495	$676	$1,124	$1,628	$2,055	$2,794	$3,326	$1,649
Number of retirees	8	37	17	29	13	14	20	138



Ma'Homes Town
by Charlie Hustle

While 2021 was an eventful year worldwide, it was successful for KCPSRS in many ways:

- Adding $59.3 million to our total fund which in turn provides a secure future for all our members
- Strong investment return of 11.90% for net investment income of $99.6 million
- Paying $80.3 million in retirement benefits to our retirees
- Contributions received from employers and employees totaling $46.9 million

KCPSRS benefit is the major source of income to many retirees.

KCPSRS Staff are proud to be a small part of this System and its many achievements over the years. We look forward to continuing to serve Kansas City and our members.