

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

*Actuarial Valuation and Review
as of May 1, 2005*

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September 22, 2005

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

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of May 1, 2005. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2005 and analyzes the preceding year's experience.

The census and financial information on which our calculations were based was prepared by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under my supervision.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of my knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in my opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the System.

I look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By:

*Leslie L. Thompson, FSA, MAAA, EA
Senior Vice President and Actuary*

*Brad Ramirez, ASA, MAAA
Actuarial Associate*

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SECTION 1: Valuation Summary for the Employees' Retirement System of the City of Kansas City, Missouri

Purpose

This report has been prepared by The Segal Company to present a valuation of the Employees' Retirement System of the City of Kansas City, Missouri as of May 1, 2005. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of May 1, 2005, provided by the Board;
- The assets of the Plan as of April 30, 2005, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

SECTION 1: Valuation Summary for the Employees' Retirement System of the City of Kansas City, Missouri

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The expected contribution shortfall (the annual recommended contribution less the expected contribution) is approximately \$8.6 million. Last year the expected contribution shortfall was approximately \$8.8 million. We recommend the Board take steps to continue to increase the contribution.
- The City total cost for the General Employees is 18.08% of General Employees' payroll. The total scheduled City contribution is 12.03% of General Employees' payroll, of which 2.53% is for the retirement window offered in 2003. The retirement window contribution is projected to be paid annually through April 30, 2013.
- The City total cost for the Judges and Elected Officials is 29.64% of payroll for Judges and Elected Officials. The scheduled City contribution is 19.50% of payroll for Judges and Elected Officials.
- Under the current funding policy, benefit costs are not being met. We understand the Board is working on strategies to overcome this, such as increasing the scheduled City contribution rates for the General Employees. As of May 1, 2005, the scheduled City contribution for the General Employees was increased by an additional 1.50% of payroll.
- As of May 1, 2004 the actuarial accrued liability exceeded the actuarial value of assets by \$113.1 million. As of May 1, 2005, the actuarial accrued liability exceeded the actuarial value of assets by \$136.3 million. This increased deficit is primarily due to less than anticipated investment return on an actuarial value of assets basis and the recognition of past investment losses.
- The market value of assets exceeds the actuarial value of assets as of April 30, 2005, due to the 9.15% return and the effect of the asset smoothing method. This constitutes a positive asset reserve dollar difference of approximately \$71.7 million. The actuarial value of assets as a percentage of market value of assets is 90.0% as of April 30, 2005, compared to 93.0% as of the prior year. The large market value investment gain during the prior year will be recognized over future years and will potentially offset future losses, should they occur.
- There were no changes in actuarial assumptions or actuarial cost methods since the prior actuarial valuation. The scheduled City contribution for the General Employees was increased by a additional 1.50% of payroll.
- Due to consistent gains and losses observed over the last several valuations, we recommend that a full experience study be performed in order to test the accuracy of the valuation assumptions.

SECTION 1: Valuation Summary for the Employees' Retirement System of the City of Kansas City, Missouri

Summary of Key Valuation Results

	2005	2004
Contributions for plan year beginning May 1:		
Recommended	\$25,770,978	\$23,406,798
Scheduled *	13,602,416	11,150,642
Scheduled city contribution for retirement window offered in 2003**	3,544,703	3,433,067
Actual	--	14,825,719
Funding elements for plan year beginning May 1:		
Normal cost, including employee contributions ***	\$19,224,930	\$18,651,105
Market value of assets	717,344,299	674,111,615
Actuarial value of assets	645,609,869	627,078,139
Actuarial accrued liability	781,899,987	740,186,346
Unfunded/(overfunded) actuarial accrued liability	136,290,118	113,108,207
GASB 25/27 for plan year beginning May 1:		
Annual required contributions	\$25,770,978	\$23,406,798
Actual contributions	--	14,825,719
Percentage contributed	--	63.34%
Funded ratio	82.57%	84.72%
Covered payroll	\$141,605,640	\$137,207,640
Demographic data for plan year beginning May 1:		
Number of pensioners and beneficiaries	1,950	1,982
Number of vested former members	54	51
Number of refunds due	261	70
Number of active members	3,400	3,427
Total anticipated 2005 payroll	\$141,605,640	\$137,207,640
Average anticipated 2005 payroll	41,649	40,037

**Scheduled City contribution for General Employees is 9.5% for 2005 and 8.0% for 2004 of anticipated payroll and 19.5% of anticipated payroll for Judges and Elected Officials.*

***Scheduled City contribution for retirement window offered in 2003 is 2.53% of anticipated payroll for General Employees and projected to be paid annually through April 30, 2013.*

****Excludes adjustment for timing.*

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, pensioners and survivors.

This section presents a summary of significant statistical data on these member groups. The 10.4% decrease in active members and the 22.9% increase in pensioners and survivors for the year ended April 30, 2003 is primarily due to the retirement window offered in 2003.

More detailed information including General Employees, Judges and Elected Officials summarized separately for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.

CHART 1
Member Population: 1996 – 2005

Year Ended April 30	Active Members	Vested Terminated Members*	Pensioners and Beneficiaries	Ratio of Non-Actives to Actives
1996	3,708	31	1,687	0.46
1997	3,787	26	1,647	0.44
1998	3,808	30	1,655	0.44
1999	3,830	31	1,650	0.44
2000	3,776	38	1,662	0.45
2001	3,827	47	1,657	0.45
2002	3,745	51	1,656	0.46
2003	3,357	49	2,035	0.62
2004	3,427	51	1,982	0.59
2005	3,400	54	1,950	0.59

**Excludes terminated members due a refund of employee contributions*

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Active Members

Plan costs are affected by the age, years of service and payroll of active members. In this year's valuation, there were 3,400 active members with an average age of 44.0, average years of service of 9.8 years and average payroll of \$41,649. The 3,427 active members in the prior valuation had an average age of 43.2, average service of 9.0 years and average payroll of \$40,037.

Inactive Members

In this year's valuation, there were 54 members with a vested right to a deferred or immediate vested benefit.

In addition, there were 261 members entitled to a return of their employee contributions, totaling \$1,229,600. Last year, there were 70 members entitled to receive a return of their employee contributions totaling \$713,799.

The graphs below show distributions from the total Retirement System. The information split between General Employees, Judges and Elected Officials is shown in Exhibit B.

These graphs show a distribution of active members by age and by years of service.

CHART 2
Distribution of Active Members by Age as of April 30, 2005

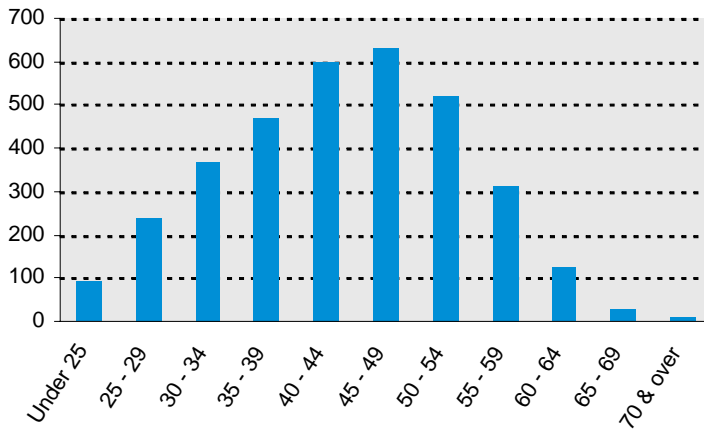
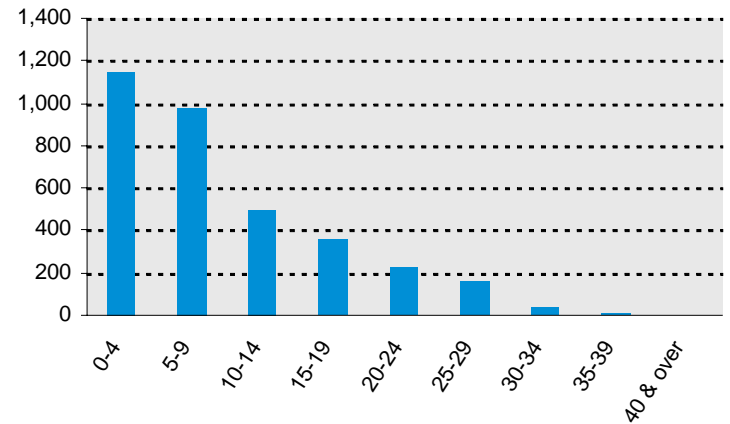


CHART 3
Distribution of Active Members by Years of Service as of April 30, 2005



SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Pensioners and Beneficiaries

As of April 30, 2005, 1,529 pensioners and 421 beneficiaries were receiving total monthly benefits of \$2,702,892. For comparison, in the previous valuation, there were 1,554 pensioners and 428 beneficiaries receiving monthly benefits of \$2,637,414.

These graphs show a distribution of the current pensioners and survivors based on their monthly amount and age, by type of pension.

CHART 4
Distribution of Pensioners and Survivors by Type and by Monthly Amount as of April 30, 2005

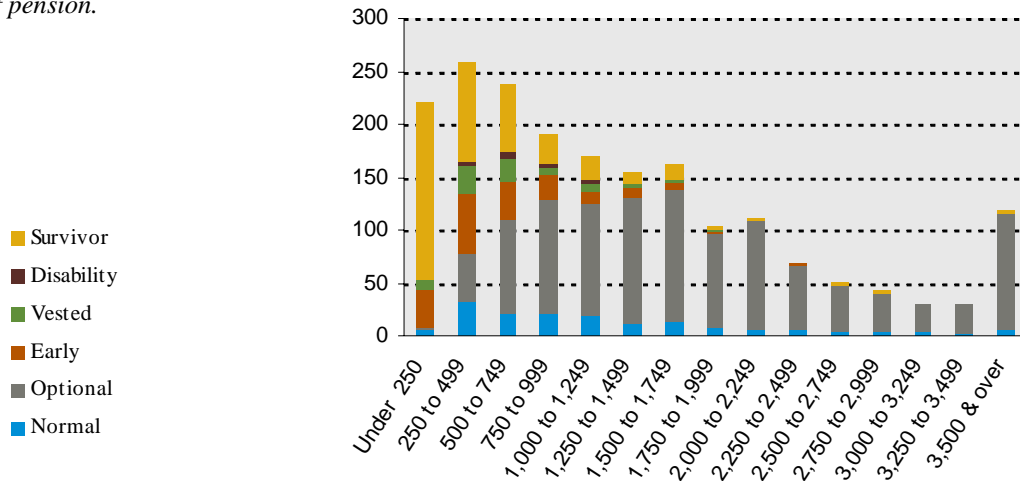
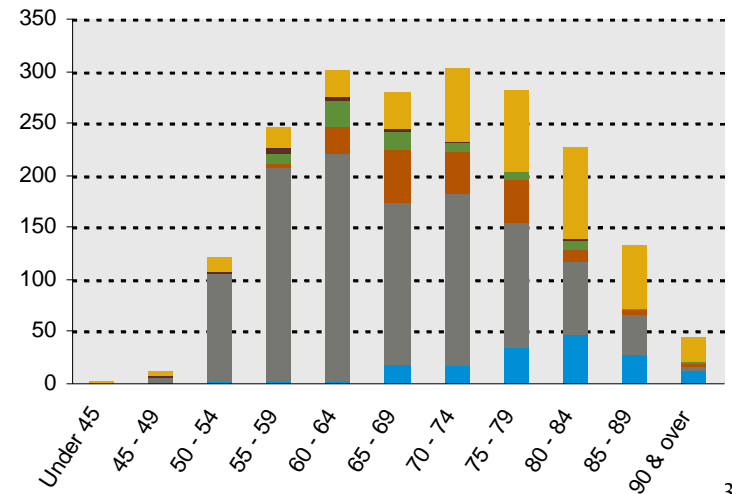


CHART 5
Distribution of Pensioners and Survivors by Type and by Age as of April 30, 2005



SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

B. FINANCIAL INFORMATION

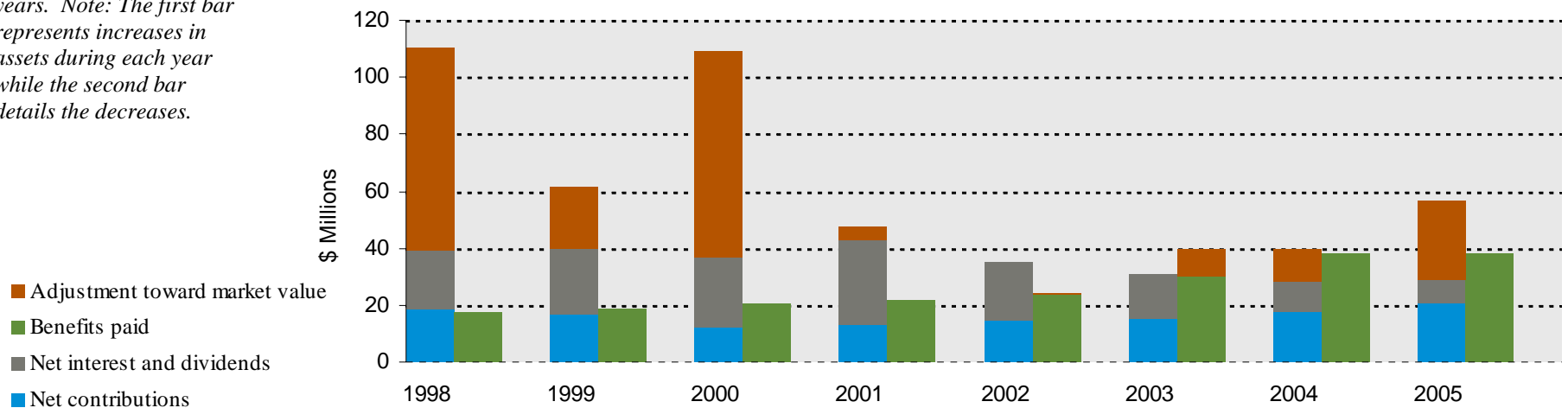
Retirement plan funding anticipates that, over the long term, both net contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

For the year ended April 30, 2004, the plan's cash flow became negative for the first time. Benefit payments (the green bar) now exceed the sum of total contributions (the blue bar) and net interest and dividends (the gray bar).

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last eight years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended April 30, 1998 – 2005



SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7
Determination of Actuarial Value of Assets for Year Ended April 30, 2005

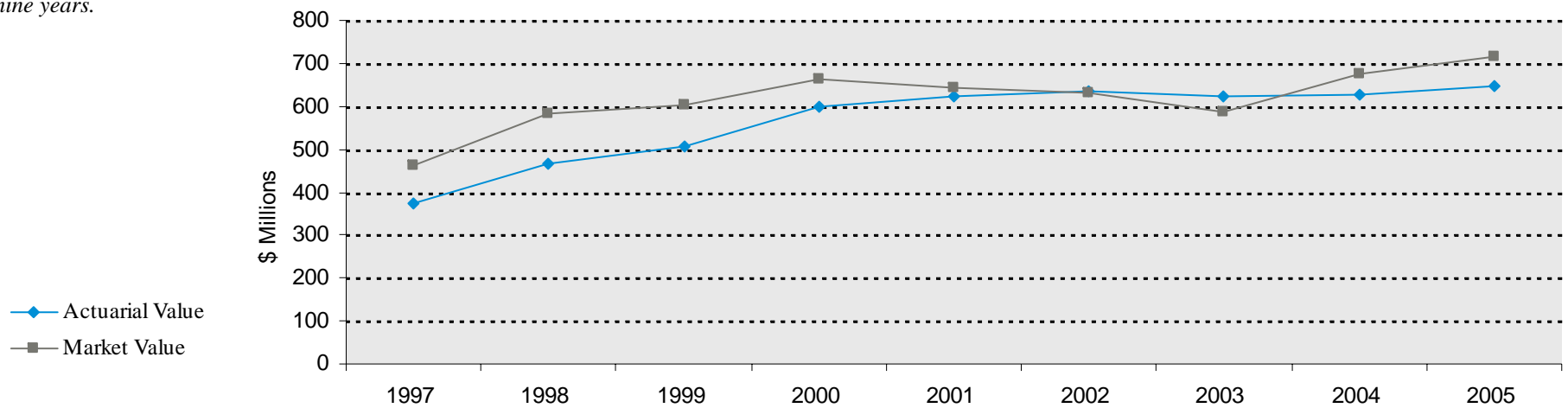
1. Actuarial value of assets	\$627,078,139
2. Contributions, interest and dividends, less benefit payments and expenses	-9,121,703
3. Preliminary actuarial value of assets: (1) + (2)	617,956,436
4. Market value of assets	717,344,299
5. Adjustment toward market value: 20% of [(4) - (3)]	19,877,573
6. Adjustment to be within 10% corridor	7,775,860
7. Final actuarial value of assets: (3) + (5) + (6)	<u>\$645,609,869</u>
8. Actuarial value as a percentage of market value: (7) ÷ (4)	90.0%

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Both the actuarial value and market value of assets are representations of the Retirement System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Retirement System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past nine years.

CHART 8
Actuarial Value of Assets vs. Market Value of Assets as of April 30, 1997 – 2005



SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain/(loss) is (\$15,561,673), (\$11,758,424) from investments and (\$3,803,249) from all other sources. The net experience variation from individual sources other than investments was 0.5% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9
Actuarial Experience for Year Ended April 30, 2005

1. Net gain/(loss) from investments*	-\$11,758,424
2. Net gain/(loss) from other experience**	<u>-3,803,249</u>
3. Net experience gain/(loss): (1) + (2)	-\$15,561,673

* Details in Chart 10

** Details in Chart 13

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Retirement System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.75%. The actual rate of return on an actuarial basis for the 2005 plan year was 5.85%.

Since the actual return for the year was less than the assumed return, the Retirement System experienced an actuarial loss during the year ended April 30, 2005 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10
Actuarial Value Investment Experience for Year Ended April 30, 2005

1. Actual return	\$36,157,147
2. Average value of assets	618,265,431
3. Actual rate of return: (1) ÷ (2)	5.85%
4. Assumed rate of return	7.75%
5. Expected return: (2) x (4)	\$47,915,571
6. Actuarial gain/(loss): (1) – (5)	<u>-\$11,758,424</u>

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last eight years, including a five-year average.

Based upon this experience and future expectations, we have maintained the assumed rate of return of 7.75%.

Year Ended April 30	Net Interest and Dividend Income		Adjustment Toward Market		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1998	\$20,827,742	5.58	\$71,226,814	19.10	\$92,054,556	24.68	\$117,265,236	25.28
1999	23,037,972	4.96	21,546,601	4.64	44,584,573	9.60	24,377,279	4.21
2000	24,731,101	4.91	72,218,105	14.32	96,949,206	19.23	67,094,491	11.18
2001	29,239,958	4.93	5,077,282	0.86	34,317,240	5.79	-11,716,478	-1.76
2002	20,389,227	3.30	-499,818	-0.08	19,889,409	3.22	-2,418,993	-0.36
2003	15,618,140	2.49	-9,744,583	-1.56	5,873,557	0.93	-31,105,502	-4.98
2004	10,803,121	1.76	11,758,369	1.91	22,561,490	3.67	108,573,298	18.86
2005	<u>8,503,714</u>	1.38	<u>27,653,433</u>	4.47	<u>36,157,147</u>	5.85	<u>60,858,101</u>	9.15
Total	\$153,150,975		\$199,236,203		\$352,387,178		\$332,927,432	
						Five-year average return	3.88%	3.88%

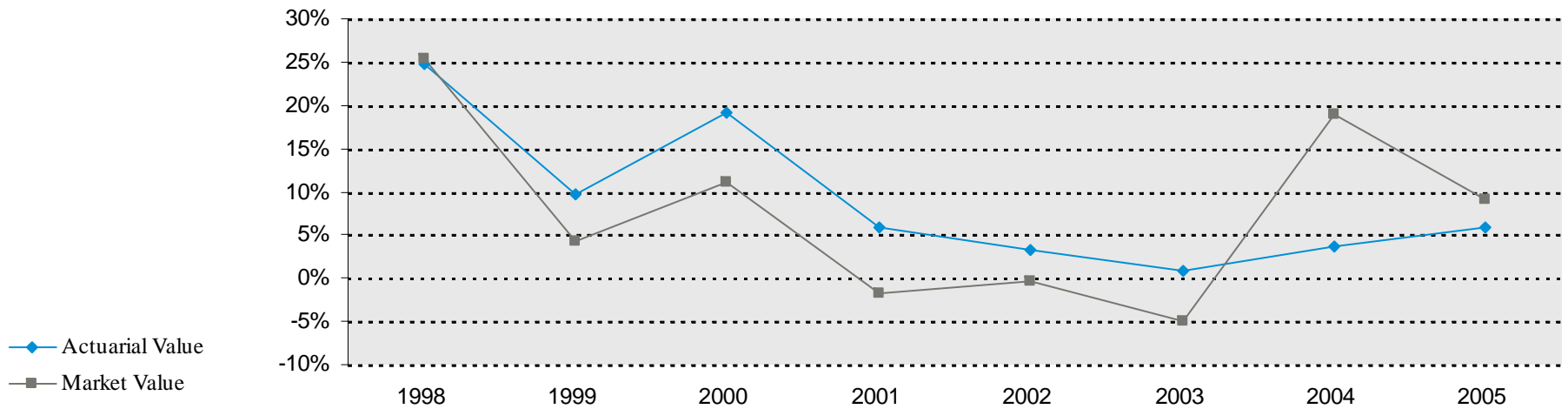
Note: Each year's yield is weighted by the average asset value in that year.

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 1998 - 2005 .

CHART 11
Market and Actuarial Rates of Return for Years Ended April 30, 1998 - 2005



SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),

- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended April 30, 2005 amounted to \$3,903,249 which is 0.5% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the Retirement System for the year ended April 30, 2005 is shown in the chart below.

The chart shows elements of the experience gain/(loss) for the most recent year.

CHART 12
Experience Due to Changes in Demographics for Year Ended April 30, 2005

1. Pre-retirement mortality	-\$695,164
2. Turnover	-3,163,182
3. Retirement	322,715
4. Post-retirement mortality	-2,768,897
5. Salary increases less than expected for continuing actives	5,261,658
6. New employees, returning employees and miscellaneous	<u>-2,860,379</u>
7. Total	-\$3,903,249

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution recommended to fund the System is comprised of a City normal cost payment and a payment on the unfunded/(overfunded) actuarial accrued liability.

The recommended City contribution is based on a 30-year open amortization of the unfunded/(overfunded) actuarial accrued liability as specified in the law governing the System. The scheduled City contribution is 9.5% of anticipated payroll for General Employees and 19.5% of anticipated payroll for Judges and Elected Officials. The

scheduled City contribution for the retirement window offered in 2003 is 2.53% of anticipated payroll for General Employees, and is projected to be paid annually through April 30, 2013.

The contribution rates as of May 1, 2005 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the System's plan provisions adopted at the time of preparation of the actuarial valuation.

**CHART 13
Recommended Contribution**

	Year Beginning May 1, 2005			Total % of Payroll
	General Employees	Judges and Elected Officials	Total	
1. Total normal cost, adjusted for timing	\$19,571,524	\$442,013	\$20,013,537	14.13%
2. Expected employee contributions	<u>-5,539,125</u>	<u>-125,098</u>	<u>-5,664,223</u>	4.00%
3. City normal cost: (1) + (2)	\$14,032,399	\$316,915	\$14,349,314	10.13%
4. Actuarial accrued liability	773,188,049	8,711,938	781,899,987	
5. Actuarial value of assets	638,416,477	7,193,392	645,609,869	
6. Unfunded/(overfunded) actuarial accrued liability: (4) - (5)	\$134,771,572	\$1,518,546	\$136,290,118	
7. Payment on unfunded/(overfunded) actuarial accrued liability over 30 years	11,294,400	127,260	11,421,660	8.07%
8. Scheduled City contributions	13,310,150	292,266	13,602,416	9.61%
9. Scheduled City contributions for retirement window offered in 2003*	3,544,703	0	3,544,703	2.50%
10. Amount available for amortization: (8) + (9) - (3)	2,822,454	-24,649	2,797,805	
11. Amount in excess of / (short of) expected City contributions: (10) - (7)	-8,471,946	-151,909	-8,623,855	6.09%
12. Total recommended City contribution, adjusted for timing**: (8) + (9) - (11)	<u>25,326,799</u>	<u>444,175</u>	<u>25,770,974</u>	<u>18.20%</u>
13. Anticipated 2005 payroll	\$140,106,838	\$1,498,802	\$141,605,640	

* Projected to be paid annually through April 30, 2013.

** Recommended contributions are assumed to be paid at the end of every month.

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from May 1, 2004 to May 1, 2005

Recommended Contribution as of May 1, 2004	\$23,406,798
Effect of frozen amortization period	-\$106,528
Effect of contributions (more)/less than recommended contribution	732,972
Effect of investment (gain)/loss	994,594
Effect of other gains and losses on accrued liability	321,700
Effect of net other changes	<u>421,442</u>
Total change	<u>\$2,364,180</u>
Recommended Contribution as of May 1, 2005	\$25,770,978

SECTION 2: Valuation Results for the Employees' Retirement System of the City of Kansas City, Missouri

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 16 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the

actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

Although GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 17 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15
Required Versus Actual Contributions

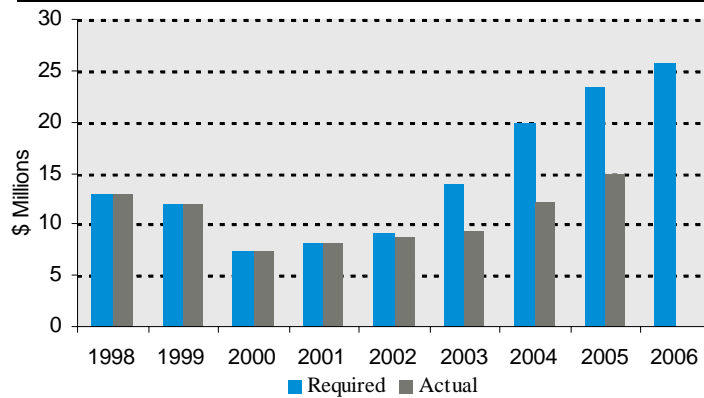
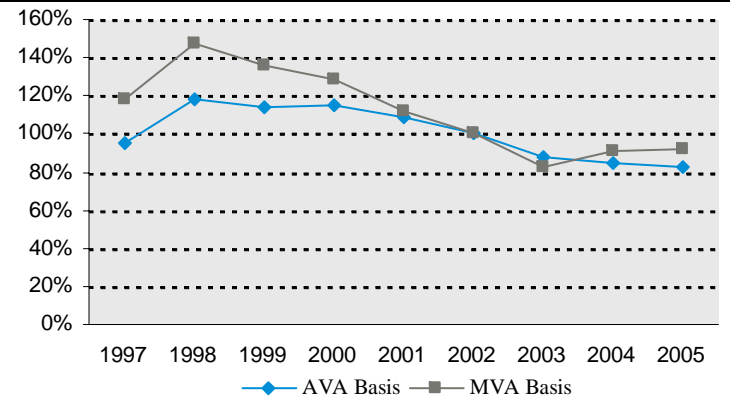


CHART 16
Funded Ratio



SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT A

Table of Plan Coverage

Category	Year Ended April 30		Change From Prior Year
	2005	2004	
Active members in valuation:			
Number	3,400	3,427	-0.8%
Average age	44.0	43.2	N/A
Average service	9.8	9.0	N/A
Total anticipated 2005 payroll	\$141,605,640	\$137,207,640	3.2%
Average anticipated 2005 payroll	41,649	40,037	4.0%
Account balances	62,238,051	56,023,734	11.1%
Eligible to retire on:			
Normal pension	48	31	54.8%
Optional pension	112	121	-7.4%
Early pension	114	122	-6.6%
Deferred pension	1,781	1,831	-2.7%
Total active vested members	2,264	2,105	7.6%
Vested terminated members	54	51	5.9%
Pensioners:			
Number in pay status	1,529	1,554	-1.6%
Average age	68.7	68.3	N/A
Average monthly benefit	\$1,608	\$1,548	3.9%
Survivors in pay status	421	428	-1.6%
Members due refunds	261	70	272.9%

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT A (continued)

Table of System Coverage

Category (Active participants in valuation)	Year Ended April 30		Change From Prior Year
	2005	2004	
General Employees			
Number	3,381	3,408	-0.8%
Average age	44.0	43.2	N/A
Average service	9.8	9.0	N/A
Total anticipated 2005 payroll	\$140,106,838	\$135,694,332	3.3%
Average salary	41,439	39,816	4.1%
Judges			
Number	7	8	-12.5%
Average age	55.9	56.8	N/A
Average service	11.3	12.5	N/A
Total anticipated 2005 payroll	\$866,209	\$951,840	-9.0%
Average salary	123,744	118,980	4.0%
Elected Officials			
Number	12	11	9.1%
Average age	51.8	50.6	N/A
Average service	4.3	3.5	N/A
Total anticipated 2005 payroll	\$632,593	\$561,468	12.7%
Average salary	52,716	51,043	3.3%

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT B1 (General Employees)

**Members in Active Service as of April 30, 2005
By Age, Years of Service, and Average Payroll**

Age	Years of Service										
	Total	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 20	2	2	--	--	--	--	--	--	--	--	--
	\$20,772	\$20,772	--	--	--	--	--	--	--	--	--
20 - 24	89	25	59	5	--	--	--	--	--	--	--
	24,844	23,690	\$25,086	\$27,754	--	--	--	--	--	--	--
25 - 29	241	36	150	54	1	--	--	--	--	--	--
	30,553	30,125	30,149	31,998	\$28,668	--	--	--	--	--	--
30 - 34	370	21	177	146	24	2	--	--	--	--	--
	35,175	29,481	32,999	37,530	41,434	\$40,494	--	--	--	--	--
35 - 39	468	22	154	172	89	31	--	--	--	--	--
	38,705	26,459	32,319	42,173	44,431	43,428	--	--	--	--	--
40 - 44	598	26	141	196	104	90	38	3	--	--	--
	41,699	31,639	32,335	40,554	48,446	51,046	\$48,164	\$47,592	--	--	--
45 - 49	630	16	105	171	93	89	81	73	2	--	--
	44,851	31,931	37,743	40,307	44,299	51,962	53,936	50,101	\$59,472	--	--
50 - 54	515	17	80	126	82	79	69	47	14	1	--
	45,383	36,009	34,423	40,776	49,238	50,197	50,006	52,487	64,996	\$37,956	--
55 - 59	313	11	63	66	59	49	24	29	10	2	--
	48,679	35,507	39,301	46,092	49,452	55,963	55,685	58,447	56,553	35,604	--
60 - 64	121	--	21	28	32	19	8	3	6	3	1
	49,944	--	35,047	42,003	49,872	58,597	72,002	53,372	58,864	87,416	\$70,344
65 - 69	26	2	6	8	6	1	1	1	1	--	--
	43,178	28,614	41,728	40,902	48,626	70,344	43,872	37,956	43,872	--	--
70 & over	8	--	3	2	2	--	1	--	--	--	--
	49,481	--	30,744	45,504	60,408	--	91,788	--	--	--	--
Total	3,381	178	959	974	492	360	222	156	33	6	1
	\$41,440	\$29,848	\$33,004	\$40,262	\$46,950	\$51,493	\$52,692	\$52,308	\$60,347	\$61,902	\$70,344

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT B2 (Judges)

**Members in Active Service as of April 30, 2005
By Age, Years of Service, and Average Payroll**

Age	Years of Service											
	Total	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over	
Under 20	--	--	--	--	--	--	--	--	--	--	--	--
20 - 24	--	--	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--	--	--
50 - 54	4 \$123,744	1 \$123,744	1 \$123,744	1 \$123,744	1 \$123,744	--	--	--	--	--	--	--
55 - 59	1 123,744	--	--	--	1 123,744	--	--	--	--	--	--	--
60 - 64	2 123,744	--	--	--	--	1 \$123,744	1 \$123,744	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--	--	--
Total	7 \$123,744	1 \$123,744	1 \$123,744	1 \$123,744	2 \$123,744	1 \$123,744	1 \$123,744	--	--	--	--	--

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT B3 (Elected Officials)

**Members in Active Service as of April 30, 2005
By Age, Years of Service, and Average Payroll**

Age	Years of Service										
	Total	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 20	--	--	--	--	--	--	--	--	--	--	--
20 - 24	--	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--	--
35 - 39	2	--	1	1	--	--	--	--	--	--	--
	\$48,660	--	\$48,660	\$48,660	--	--	--	--	--	--	--
40 - 44	1	--	--	1	--	--	--	--	--	--	--
	48,660	--	--	48,660	--	--	--	--	--	--	--
45 - 49	2	--	1	1	--	--	--	--	--	--	--
	48,660	--	48,660	48,660	--	--	--	--	--	--	--
50 - 54	3	--	3	--	--	--	--	--	--	--	--
	48,660	--	48,660	--	--	--	--	--	--	--	--
55 - 59	1	--	--	1	--	--	--	--	--	--	--
	48,660	--	--	48,660	--	--	--	--	--	--	--
60 - 64	1	--	1	--	--	--	--	--	--	--	--
	48,660	--	48,660	--	--	--	--	--	--	--	--
65 - 69	1	--	--	1	--	--	--	--	--	--	--
	97,332	--	--	97,332	--	--	--	--	--	--	--
70 & over	1	--	--	1	--	--	--	--	--	--	--
	48,660	--	--	48,660	--	--	--	--	--	--	--
Total	12	--	6	6	--	--	--	--	--	--	--
	\$52,716	--	\$48,660	\$56,772	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT B4 (Total)

**Members in Active Service as of April 30, 2005
By Age, Years of Service, and Average Payroll**

Age	Years of Service											
	Total	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over	
Under 20	2	2	--	--	--	--	--	--	--	--	--	--
	\$20,772	\$20,772	--	--	--	--	--	--	--	--	--	--
20 - 24	89	25	59	5	--	--	--	--	--	--	--	--
	24,844	23,690	\$25,086	\$27,754	--	--	--	--	--	--	--	--
25 - 29	241	36	150	54	1	--	--	--	--	--	--	--
	30,553	30,125	30,149	31,998	\$28,668	--	--	--	--	--	--	--
30 - 34	370	21	177	146	24	2	--	--	--	--	--	--
	35,175	29,481	32,999	37,530	41,434	\$40,494	--	--	--	--	--	--
35 - 39	470	22	155	173	89	31	--	--	--	--	--	--
	38,747	26,459	32,425	42,211	44,431	43,428	--	--	--	--	--	--
40 - 44	599	26	141	197	104	90	38	3	--	--	--	--
	41,710	31,639	32,335	40,595	48,446	51,046	\$48,164	\$47,592	--	--	--	--
45 - 49	632	16	106	172	93	89	81	73	2	--	--	--
	44,863	31,931	37,846	40,356	44,299	51,962	53,936	50,101	\$59,472	--	--	--
50 - 54	522	18	84	127	83	79	69	47	14	1	--	--
	46,002	40,883	35,995	41,430	50,136	50,197	50,006	52,487	64,996	\$37,956	--	--
55 - 59	315	11	63	67	60	49	24	29	10	2	--	--
	48,917	35,507	39,301	46,130	50,690	55,963	55,685	58,447	56,553	35,604	--	--
60 - 64	124	--	22	28	32	20	9	3	6	3	1	--
	51,124	--	35,666	42,003	49,872	61,854	77,751	53,372	58,864	87,416	\$70,344	--
65 - 69	27	2	6	9	6	1	1	1	1	--	--	--
	45,183	28,614	41,728	47,172	48,626	70,344	43,872	37,956	43,872	--	--	--
70 & over	9	--	3	3	2	--	1	--	--	--	--	--
	49,389	--	30,744	46,556	60,408	--	91,788	--	--	--	--	--
Total	3,400	179	966	981	494	361	223	156	33	6	1	--
	\$41,650	\$30,373	\$33,195	\$40,448	\$44,261	\$51,693	\$53,010	\$52,308	\$60,347	\$61,902	\$70,344	--

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT C

Reconciliation of Member Data

	Active Members	Vested Former Members	Pensioners	Survivors	Total
Number as of May 1, 2004	3,427	51	1,554	428	5,460
New members	259	N/A	N/A	N/A	259
Terminations – with vested rights	-10	10	0	0	0
Terminations – without vested rights	-255	N/A	N/A	N/A	-255
Retirements	-21	-6	27	N/A	0
Return to work	1	-1	0	N/A	0
Died with beneficiary	-1	0	-14	15	0
Died without beneficiary	0	0	-48	-28	-76
Certain period expired	N/A	N/A	0	-1	-1
Data adjustments	<u>0</u>	<u>0</u>	<u>10</u>	<u>7</u>	<u>17</u>
Number as of May 1, 2005	3,400	54	1,529	421	5,404

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended April 30, 2005	Year Ended April 30, 2004
Contribution income:		
Employer contributions	\$14,825,719	\$12,100,061
Employee contributions	<u>5,570,060</u>	<u>5,348,584</u>
Net contribution income	\$20,395,779	\$17,448,645
Investment income:		
Interest, dividends and other income	\$12,306,237	\$14,277,781
Adjustment toward market value	27,653,433	11,758,369
Less investment and administrative fees	<u>-3,802,523</u>	<u>-3,474,660</u>
Net investment income	<u>36,157,147</u>	<u>22,561,490</u>
Total income available for benefits	\$56,552,926	\$40,010,135
Less benefit payments:		
Benefit Payments	-\$36,645,415	-\$35,403,522
Termination Refunds	-952,803	-1,176,930
Retirement Refunds	<u>-422,978</u>	<u>-1,249,197</u>
Net benefit payments	-\$38,021,196	-\$37,829,649
Change in reserve for future benefits	\$18,531,730	\$2,180,486

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT E

Table of Financial Information

	Year Ended April 30, 2005	Year Ended April 30, 2004
Cash equivalents	\$37,861,014	\$38,038,960
Accounts receivable:		
Contributions	\$794,034	\$709,863
Investment Income	946,487	1,046,092
Sale of Investments	<u>7,055,395</u>	<u>9,114,926</u>
Total accounts receivable	8,795,916	10,870,881
Investments:		
Common and Preferred Stocks	\$610,357,130	\$565,880,816
Corporate Bonds	29,521,501	48,441,031
Government Securities	53,464,208	49,013,151
Government Bonds	36,819	20,501
Foreign Securities	263,200	369,161
Indexed Notes and Bonds	<u>9,337,995</u>	<u>9,702,982</u>
Total investments at market value	<u>702,980,853</u>	<u>673,427,642</u>
Total assets	\$749,637,783	\$722,337,483
Less accounts payable:		
Purchase of Investments	-\$31,860,738	-\$47,468,438
Administrative and Investment Expenses Payable	<u>-432,746</u>	<u>-757,430</u>
Total accounts payable	-\$32,293,484	-\$48,225,868
Net assets at market value	<u>\$717,344,299</u>	<u>\$674,111,615</u>
Net assets at actuarial value	<u>\$645,609,869</u>	<u>\$627,078,139</u>

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT F

Development of the Fund Through April 30, 2005

Year Ended April 30	Employer Contributions	Employee Contributions	Net Investment Return*	Benefit Payments	Actuarial Value of Assets at End of Year
1998	\$12,971,863	\$5,494,028	\$92,054,556	\$17,303,120	\$465,619,424
1999	11,940,848	4,689,949	44,584,573	18,553,121	508,281,673
2000	7,324,278	4,754,722	96,949,206	20,224,255	597,085,624
2001	8,106,825	5,262,253	34,317,240	21,522,390	623,249,552
2002	8,747,053	5,700,124	19,889,409	23,560,296	634,025,842
2003	9,284,587	5,809,817	5,873,557	30,096,150	624,897,653
2004	12,100,061	5,348,584	22,561,490	37,829,649	627,078,139
2005	14,825,719	5,570,060	36,157,147	38,021,196	645,609,869

* *Net of investment fees and administrative expenses*

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT G

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended April 30, 2005

1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year		\$113,108,207
2. Plus: Expected change due to amortization method		
Normal cost	\$18,651,106	
Interest on unfunded accrued liability and normal cost	<u>10,211,347</u>	
Subtotal	28,862,453	
Expected City and employee contributions	-22,811,337	
Interest on expected contributions	<u>-945,522</u>	
Scheduled change		\$5,105,594
3. Plus: Deficient (surplus) contributions		
Expected City and employee contributions	\$22,811,337	
Actual City and employee contributions	<u>-20,395,779</u>	
Contribution shortfall (surplus)	2,415,558	
Interest	<u>99,086</u>	
Deficient (surplus) contributions		\$2,514,644
4. Plus: Actuarial (gains) losses		
Investment earnings	\$11,758,424	
Salary increases less than expected for continuing actives	-5,261,658	
Turnover	3,163,182	
Retirement	-322,715	
New and returning employees	4,975,333	
Pre-retirement mortality	695,164	
Post-retirement mortality	2,768,897	
Miscellaneous	<u>-2,214,954</u>	
Total		<u>\$15,561,673</u>
5. Unfunded/(Overfunded) actuarial accrued liability at end of year		<u>\$136,290,118</u>

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT H

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial

Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability

For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability

For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued

Liability:

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the Employees' Retirement System of the City of Kansas City, Missouri

Amortization of the Unfunded

Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Pensioners as of the valuation date (including 421 beneficiaries in pay status)		1,950
2. Members inactive during year ended April 30, 2005 with vested rights		54
3. Members active during the year ended April 30, 2005		3,400
Fully vested	2,264	
Not vested	1,136	
4. Members due refunds as of April 30, 2005		261

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

**EXHIBIT I (continued)
Summary of Actuarial Valuation Results**

The actuarial factors as of the valuation date are as follows:

1. Actuarial accrued liability:		\$781,899,987
Pensioners and survivors	\$407,997,462	
Inactive members with vested rights*	6,375,762	
Active members	367,526,763	
2. Actuarial value of assets (\$717,344,299 at market value)		645,609,869
3. Unfunded/(overfunded) actuarial accrued liability: (1) – (2)		136,290,118
4. Amortization of unfunded/(overfunded) actuarial accrued liability		11,421,660
5. Normal cost, payable monthly:		
Amount		\$20,013,537
As a percent of payroll		14.13%
6. Total recommended contribution: (4) + (5)		
Amount		\$31,435,197
As a percent of payroll		22.20%
7. Expected employee contribution (4.0% of payroll)		\$5,664,226
8. Recommended City contribution: (6) – (7)		
Amount		\$25,770,971
As a percent of payroll		18.20%
9. Expected City contribution:		
General Employees (8.0% of payroll)		\$11,208,547
Judges and Elected Officials (19.5% of payroll)		292,266
General Employees (2.53% of payroll) for retirement window offered in 2003**		<u>3,544,703</u>
Total		<u>\$15,045,516</u>
10. Excess/(shortfall) total City contributions:		
Amount		-\$10,725,455
As a percent of payroll		-7.57%
11. Total anticipated 2005 payroll		\$141,605,640

* Includes members due refunds

** Projected to be paid annually through April 30, 2013.

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of City Contributions

Plan Year Ended April 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
1998	\$12,971,863	\$12,971,863	100.0%
1999	11,940,848	11,940,848	100.0%
2000	7,324,278	7,324,278	100.0%
2001	8,106,825	8,106,825	100.0%
2002	9,094,835	8,747,053	96.2%
2003	13,996,455	9,284,587	66.3%
2004	20,018,740	12,100,061	60.4%
2005	23,406,798	14,825,719	63.3%
2006	25,770,978	--	--

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a) / (c)]
05/01/1997	\$372,402,097	\$391,069,000	\$18,666,903	95.23%	\$109,405,000	17.06%
05/01/1998	465,619,424	394,943,900	-70,675,524	117.90%	111,639,400	0.00%
05/01/1999	508,281,673	445,761,900	-62,519,773	114.03%	117,018,100	0.00%
05/01/2000	597,085,624	517,046,400	-80,039,224	115.48%	122,645,800	0.00%
05/01/2001	623,249,552	573,339,758	-49,909,794	108.71%	136,263,216	0.00%
05/01/2002	634,025,842	630,683,891	-3,341,951	100.53%	146,816,820	0.00%
05/01/2003	624,897,653	707,513,176	82,615,523	88.32%	130,028,040	63.54%
05/01/2004	627,078,139	740,186,346	113,108,207	84.72%	137,207,640	82.44%
05/01/2005	645,609,869	781,899,987	136,290,118	82.57%	141,605,640	96.25%

* Not less than zero

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT IV

Progress of Pension Rolls Through April 30, 2005

Year Ended April 30	Awards	Deaths	Suspensions	Reinstatements	Number	Monthly Amount
1997	63	98	5	--	1,647	\$1,129,100
1998	82	76	2	4	1,655	1,183,731
1999	82	87	--	--	1,650	1,285,927
2000	96	84	--	--	1,662	1,358,548
2001	78	83	--	--	1,657	1,484,234
2002	86	87	--	--	1,656	1,581,296
2003	462*	83	--	--	2,035	2,615,581
2004	39	89	3	--	1,982	2,637,414
2005	58	90	--	--	1,950	2,702,894

** The higher number of awards for the year ended April 30, 2003 is due to the retirement window offered in 2003.*

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

**EXHIBIT V
Pensions in Payment Status on May 1, 2005 by Type and Monthly Amount**

Monthly Amount	Total	Type of Pension					
		Normal	Optional	Early	Deferred	Disability	Survivor
Total	1,950	161	1,088	184	78	19	421
Under \$250	220	6	2	36	8	--	168
\$250 – 499	258	32	45	57	26	4	94
500 – 749	238	21	88	36	22	7	64
750 – 999	190	21	107	24	6	4	28
1,000 – 1,249	170	19	105	12	7	4	23
1,250 – 1,499	155	11	120	8	4	--	12
1,500 – 1,749	162	14	124	7	3	--	14
1,750 – 1,999	104	7	89	2	2	--	4
2,000 – 2,249	112	6	104	--	--	--	2
2,250 – 2,499	67	6	60	1	--	--	--
2,500 – 2,749	51	4	43	1	--	--	3
2,750 – 2,999	43	3	37	--	--	--	3
3,000 – 3,249	31	4	26	--	--	--	1
3,250 – 3,499	30	1	29	--	--	--	--
3,500 and over	119	6	109	--	--	--	4

During the year ended April 30, 2005, there were 45 new pensions awarded (12 Normal, 5 Optional, 8 Early, 11 Vested and 9 Survivors).

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT VI

Supplementary Information Required by the GASB

Valuation Date	May 1, 2005
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Open 30-year amortization period; level dollar amount for remaining unfunded/(overfunded) actuarial accrued liability
Remaining Amortization Period	30 years
Asset Valuation Method	Asset values are gradually adjusted toward market value by adding to the "preliminary asset value" 20% of the difference between the market value and the preliminary asset value. The preliminary asset value is the actuarial asset value at the beginning of the year plus net new money. Net new money is the sum of contributions, dividends and interest, less the sum of refunds, expenses and benefit payments. If the actuarial value of assets is less than 90% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within this 10% corridor.

Actuarial Assumptions:

Investment rate of return	7.75% per annum, net of investment fees and administrative expenses
Projected salary increases	6.00% per annum
Annual cost of living adjustments	3.00% of original benefit

Membership of the Plan:

Pensioners and survivors receiving benefits	1,950
Vested former members entitled to, but not yet receiving benefits	54
Members due refunds	261
Active members	<u>3,400</u>
Total	5,665

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT VII

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: 1983 Group Annuity Mortality Table (sample rates shown below)
Disabled: 1983 Railroad Retirement Board Disabled Life Mortality Table

Rates before Retirement:

Sample rates shown below:

Age	Rate (%)			
	Mortality		Withdrawal*	
	Male	Female	General Employees	Judges and Elected Officials
20	0.04	0.02	11.94	5.71
25	0.05	0.03	11.62	5.14
30	0.06	0.03	11.21	3.89
35	0.09	0.05	10.55	2.47
40	0.12	0.07	9.40	1.18
45	0.22	0.10	7.54	0.28
50	0.39	0.16	4.83	--
55	0.61	0.25	1.73	--
60	0.92	0.42	0.16	--

* *Withdrawal rates end upon first assumed retirement age.*

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

Retirement Rates:

General Employees		
<u>Age</u>	<u>Age Plus Service Greater than or Equal to 80*</u>	<u>Other General Employees</u>
Under 55	15%	0%
55	30	0
56	15	0
57	15	0
58	15	0
59	15	0
60	15	0
61	15	0
62	60	100
63	60	100
64	60	100
65	100	100

** 50% of General Employees are assumed to retire at first age when age plus service equals 80.*

Elected Officials	
<u>Age</u>	<u>Percent</u>
60	100%

Judges	
<u>Age</u>	<u>Percent</u>
65	100%

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

Retirement Age for Inactive Vested Members:	60
Unknown Data for Members:	Same as those exhibited by Members with similar known characteristics.
Percent Married:	80% for males and 70% for females in active status.
Age of Spouse:	Females four years younger than males.
Net Investment Return:	7.75% per annum, net of investment fees and administrative expenses.
Salary Increases:	6.00% per year.
Actuarial Value of Assets:	Asset values are gradually adjusted toward market value by adding to the “preliminary asset value” 20% of the difference between the market value and the preliminary asset value. The preliminary asset value is the actuarial asset value at the beginning of the year plus net new money. Net new money is the sum of contributions, dividends and interest, less the sum of refunds, expenses and benefit payments. If the actuarial value of assets is less than 90% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within this 10% corridor.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect.
Amortization of Unfunded Actuarial Accrued Liability/Surplus:	Open 30-year amortization period; level dollar amount.
Changes in Assumptions:	There have been no changes in actuarial assumptions or actuarial cost methods since the last valuation.

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

EXHIBIT VIII
Summary of Plan Provisions

This exhibit summarizes the major provisions of the Retirement System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	May 1 through April 30
Membership:	All full-time permanent employees in the classified and unclassified services shall become members as a condition of employment. Employees of any administrative board or board of control as organized and existing under general laws of Missouri and as defined in Revised Statutes of Missouri, Section 95.540, whose governing body has elected membership, shall become members. Membership shall begin on the first day of employment.
Creditable Service:	Total creditable service is defined as the sum of the number of years of membership service and prior service.
<i>Membership Service</i>	Years and full calendar months of employment while a contributing member of this System.
<i>Prior Service</i>	Years and full calendar months of employment preceding December 21, 1962, if continuous with membership service.

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

Normal Retirement:

Age Requirement

General Employees: 65.

Judges and Elected Officials: Later of age 60 or expiration of term of office.

Service Requirement

General Employees: 5 years of creditable service.

Judges and Elected Officials: One elective term.

Amount

General Employees:

If unmarried at time of retirement, 2.22% of final average compensation multiplied by years and months of creditable service.

If married at date of retirement, 2.00% of final average compensation multiplied by years and months of creditable service.

Minimum benefit: \$400 per month if retirement with at least 10 years of creditable service.

Maximum benefit: 70% of final average compensation.

Judges and Elected Officials:

2.22% of average monthly compensation received by then serving Judges and Elected Officials of the same office during the 24 months preceding the beginning of the annuity multiplied by years and months of creditable service.

Maximum benefit: 70% of the existing salary for then serving Judges and Elected Officials of the same office.

A member retiring with a normal, optional, service or early retirement benefit may elect to withdraw all, or a portion of, member accumulated contributions and interest, and receive a reduced annuity.

Final average compensation is defined as the monthly average of the two highest years of compensation in the last ten years (for Judges and Elected Officials, last ten years for then serving elected official of same office). Compensation does not include bonus, overtime, expense allowance or other extraordinary compensation.

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

Optional Retirement:

<i>Age Requirement</i>	60
<i>Service Requirement</i>	10 years of creditable service, or
<i>Age/Service requirement</i>	The sum of age and service equals 80, if earlier.
<i>Amount</i>	Same as normal retirement.

Early Retirement:

<i>Age/Service Requirement</i>	General Employees: 60 and 5 years of creditable service, or 55 and 10 years of creditable service.
	Judges and Elected Officials: 55 and 10 years of creditable service.
<i>Amount</i>	Accrued benefit reduced by ½ of 1% per month of age less than 60 or, if service is less than ten, ½ of 1% per month of age less than 65.

Disability:

<i>Age Requirement</i>	Disability benefits are provided through a separate long-term disability program, effective June 1, 1996.
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Vesting:

<i>Age Requirement</i>	None
<i>Service Requirement</i>	Five years of service.
<i>Amount</i>	Accrued benefit payable at age 60, or payable at age 65 if service less than 10.

Withdrawal (Refund) Benefit:

<i>Age Requirement</i>	None
<i>Service Requirement</i>	Less than five years of service.
<i>Amount</i>	An employee terminating before becoming eligible for a deferred pension or choosing not to elect a deferred benefit, will receive a return of contributions with interest.

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

Pre-Retirement Death Benefit:

Service less than five years:

<i>Age Requirement</i>	None
<i>Service Requirement</i>	Less than five years.
<i>Amount</i>	Lump sum equal to the member's accumulated contributions and interest shall be paid to the surviving spouse or, if no surviving spouse, to the designated beneficiary, or, if none, to the member's estate.

Service of five or more years but less than 20 years:

<i>Age Requirement</i>	None
<i>Service Requirement</i>	Five or more years of service but less than 20 years.
<i>Amount</i>	The surviving spouse may elect, in lieu of the lump sum settlement above, an annuity equal to 50% of the member's accrued annuity at the time of death. The effective date of this annuity shall be the later of the first day of the month following the member's death or attainment of what would have been the member's early retirement date. The annuity is reduced for early retirement if paid at the member's early retirement date.

Service of 20 or more years of service:

<i>Age Requirement</i>	None
<i>Service Requirement</i>	20 or more years of service.
<i>Amount</i>	The surviving spouse may elect, in lieu of the settlements above, an annuity equal to 100% of the member's accrued annuity at the time of death, actuarially reduced for 100% joint and survivor coverage. The effective date of this annuity shall be the first day of the month following the member's death.

SECTION 4: Reporting Information for the Employees' Retirement System of the City of Kansas City, Missouri

Post-Retirement Death Benefit:

Age Requirement None

Service Requirement None

Amount The surviving spouse shall receive an annuity equal to 50% of the member's accrued annuity, or, if the member elected the actuarially equivalent 100% joint and survivor annuity, this annuity shall continue to be paid to the surviving spouse. Either annuity is payable until death or remarriage of the spouse.

Minimum Surviving Spouses' Pension:

A minimum benefit of \$200 per month is paid to surviving spouses of members with 10 or more years of creditable service.

Health Insurance Subsidy:

A monthly health insurance subsidy of \$200 is paid to all current and future pensioners. Benefits are payable for the lifetime of the member and are not subject to an annual cost-of-living adjustment.

Cost-Of-Living Adjustment (COLA):

An increase of 3.00% of the original pension will be made annually. Members must retire on or before January 1st in order to receive a COLA in the following year.

Contributions:

- (a) Employee
 - 4.00% of salary
 - The City "picks up" these employee contributions.
- (b) City
 - 9.50% of payroll for General Employees
 - 2.53% of payroll for General Employees for the retirement window offered in 2003, projected to be paid annually through April 30, 2013.
 - 19.50% of payroll for Judges and Elected Officials.

Interest on Employee Contributions: 5.25% per year, compounded.

Changes in Plan Provisions:

The scheduled City contribution for the General Employees has been increased from 8.00% of payroll to 9.50% of payroll.

Data Section (do not touch)

StringBookmarks	
PlanNameLong	Employees' Retirement System of the City of Kansas City, Missouri
PlanNameShort	Retirement System
OfficeAddr1	delete this (Street address)
OfficeAddr2	Kansas City, Missouri
ClientContact	Board of Trustees
FinanSource	Retirement System
ActuaryName	Leslie L. Thompson
ActuaryTitle	Senior Vice President and Actuary
ActuaryCredential	FSA, MAAA, EA
ActuaryNumber	99-1234
Assumptions	Board
ConsultantName	Leslie L. Thompson, FSA, MAAA, EA
ConsultantTitle	Senior Vice President and Actuary
SegalAddr1	6300 S. Syracuse Way, Suite 750
SegalAddr2	Englewood, CO 80111
SegalPhone	303.714.9900
SegalFax	303.714.9990
ParticipantName	Member
ParticipantPlural	Members
RetireeName	Pensioner
RetireePlural	Pensioners
AuditorCompany	delete this (Auditor Company)
FMWording	Entry Age Normal
ValDate	"5/1/2005"
ValDateEOY	"4/30/2006"
FiscalDate	"5/1/2005"
CensusDate	"5/1/2005"
CensusDateEOY	"4/30/2005"
ValDate1	"5/1/2004"
ValDateEOY1	"4/30/2005"
ValDateMinusOne	"4/30/2005"
ValDate1MinusOne	"4/30/2004"
FiscalDate1	"5/1/2004"
CreditRef	Years of Service
CreditRefSingle	Year of Service
PayRef	Payroll
PayRefSingle	Payroll
GLText	loss
GLAdminText	loss
OtherGLText	loss
GLInvText	loss
HistYearsText	nine
EmpName	Employer

Data Section (do not touch)

OptCategory1	Due Refunds
OptCategory2	Disableds
OptRow	
InactNonText	Due Refunds

Data Section (do not touch)

Florida	0	“#”
FundingMethod	2	“#”
AssetMethod	1	“#”
IntVal	0.0775	“#.00%”
IntActual	0.0585	“#.00%”
IntActual1	0.0367	“#.00%”
MVIntActual	0.0915	“#.00%”
MVIntActual1	0.1886	“#.00%”
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DollarLimit1	165,000	“#,###”
Valcycle	1	“#”
Fiscal	0	“#”
ActNumTot	3,400	“#,###”
ActNumTot1	3,427	“#,###”
ActNumUnknown	0	“#,###”
AveSalary	41,649	“#,###”
AveSalary1	40,037	“#,###”
ActAge	44.0	“#,###”
ActAge1	43.2	“#,###”
ActSvc	09.8	“#,###”
ActSvc1	09.0	“##.##”
Payroll	141,605,640	“#,###”
Payroll1	137,207,640	“#,###”
BenNum	421	“#,###”
BenNum1	428	“#,###”
BenBft	244,659	“#,###”
BenBft1	232,136	“#,###”
RDNum	1,529	“#,###”
RDNum1	1,554	“#,###”
SuspendedPens	0	“#,###”
SuspendedPens1	0	“#,###”
RDBft	2,458,233	“#,###”
RDBft1	2,405,277	“#,###”
InactNum	54	“#,###”
TotalCount	5,404	“#,###”
TotalCount1	5,460	“##.##”
AstMkt	717,344,299	“#,###”
AstAct	645,609,869	“#,###.##”
AstAct1	627,078,139	“#,###”
InvGL	-11,758,424	“#,###”
AstActAve	618,265,431	“#,###”

UpCorridor	1.1000	“#.00%”
LowCorridor	0.9000	“#.00%”
CalcUal	136,290,118	“#,###”
OtherGL	-3,803,249	“#,###”
ExpGL	0	“#,###”
TotalGl	-15,561,673	“#,###”
AdminExp	0	“#”
ActAL	781,899,987	“#,###”
ActOPExpDol	0	“#,###”
AsmExpDolPer	0	“#,###”
AsmExpDolPer1	0	“#,###”
SchAmtYrs	30	“#,###”
FCRate	0.1820	“#.00%”
FCRate1	0.1706	“#.00%”
RecCont	25,770,978	“#,###”
RecContDec	31,181,449	“#,###”
RecContInc	20,360,508	“#,###”
RecContPct	0.1820	“#.00%”
RecContPctDec	0.2202	“#.00%”
RecContPctInc	0.1438	“#.00%”

	First
Chart1First	1996
Chart6First	1998
Chart8First	1997
Chart11First	1998
Chart12First	1998

	Last
Chart1Last	2005
Chart6Last	2005
Chart8Last	2005
Chart11Last	2005
Chart12Last	2005

	Num
Chart1Num	10
Chart6Num	8
Chart8Num	9
Chart11Num	8
Chart12Num	8

Results of last import: Last Import was Successful!
 Type of import: Import Itemized!
 Spreadsheet imported from:
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 Date and time of import: 09/16/2005 4:37:44 PM