

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

*Actuarial Valuation and Review
as of May 1, 2006*

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August 18, 2006

*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, 2006. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2006 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 our supervision.

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

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

Sincerely,

THE SEGAL COMPANY

*By: _____
Brad Ramirez, ASA, MAAA, EA
Consulting Actuary*

Tammy F. Dixon, FSA, MAAA, EA
Vice President and Actuary

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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, 2006. 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 Retirement System, as administered by the Board;
- The characteristics of covered active members, inactive vested members, and retired members and survivors as of May 1, 2006, provided by the Retirement System;
- The assets of the Plan as of April 30, 2006, 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 total expected contributions of \$17,720,403 exceed the recommended contribution of \$17,652,900.
- As of May 1, 2005, the actuarial accrued liability exceeded the actuarial value of assets by \$136.3 million. As of May 1, 2006, the actuarial accrued liability exceeded the actuarial value of assets by \$55.1 million. This decreased deficit is primarily due to greater than expected investment return on an actuarial value of assets basis and changes in the actuarial assumptions.
- The City total cost for the General Employees is 11.88% 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 29.32% of payroll for Judges and Elected Officials. The scheduled City contribution is 19.50% of payroll for Judges and Elected Officials.
- Based on the five-year experience study presented earlier this year, we have updated the mortality and withdrawal rates, and the assumed salary increases. These assumption changes reduced the recommended contribution by \$2.5 million.
- The market value of assets exceeds the actuarial value of assets as of April 30, 2006, due to the effect of the asset smoothing method. This constitutes a positive asset reserve dollar difference of approximately \$82.8 million. The actuarial value of assets as a percentage of market value of assets is 90.0% as of April 30, 2006, the same as in the prior year. As a result, the return on market value was 17.9% and the return on actuarial value was 18.2%.
- The Plan's asset valuation method requires that the actuarial value of assets be no more than 110% and no less than 90% of the market value of assets. Since the preliminary calculation of the actuarial value is lower than 90% of market value of assets, the actuarial value of assets has been set equal to 90% of the market value of assets for this valuation. Typically, when this happens, the actuarial asset smoothing method is less effective at smoothing, and the actuarial cost results may be more volatile.

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

Summary of Key Valuation Results

	2006	2005
Contributions for plan year beginning May 1:		
Recommended	\$17,652,900	\$25,770,978
Scheduled*	14,055,514	13,602,416
Scheduled City contribution for retirement window offered in 2003**	3,664,889	3,544,703
Actual	--	17,557,758
Funding elements for plan year beginning May 1:		
Normal cost, including employee contributions***	\$18,144,058	\$19,224,930
Market value of assets	828,578,881	717,344,299
Actuarial value of assets	745,720,993	645,609,869
Actuarial accrued liability	800,839,808	781,899,987
Unfunded actuarial accrued liability	55,118,815	136,290,118
GASB 25/27 for plan year beginning May 1:		
Annual required contributions	\$17,652,900	\$25,770,978
Actual contributions	--	17,557,758
Percentage contributed	--	68.13%
Funded ratio	93.12%	82.57%
Covered payroll	\$146,365,332	\$141,605,640
Demographic data for plan year beginning May 1:		
Number of pensioners and survivors	1,919	1,950
Number of vested former members	53	54
Number of refunds due	247	261
Number of active members	3,427	3,400
Total anticipated 2006 payroll	\$146,365,332	\$141,605,640
Average anticipated 2006 payroll	42,709	41,649

* *Scheduled City contribution for General Employees is 9.5% 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: 1997 – 2006

Year Ended April 30	Active Members	Vested Terminated Members*	Pensioners and Survivors	Ratio of Non-Actives to Actives
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
2006	3,427	53	1,919	0.58

**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 3,427 active members with an average age of 44.7, average years of service of 9.7 years and average payroll of \$42,709. The 3,400 active members in the prior valuation had an average age of 44.0, average service of 9.8 years and average payroll of \$41,649.

Inactive Members

In this year's valuation, there were 53 members with a vested right to a deferred or immediate vested benefit.

In addition, there were 247 members entitled to a return of their employee contributions, totaling \$1,286,617. Last year, there were 261 members entitled to receive a return of their employee contributions totaling \$1,229,600.

The graphs below show distributions from the total Retirement System. The information split between General Employees, Judges and Elected Officials is shown in Section 3, 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, 2006

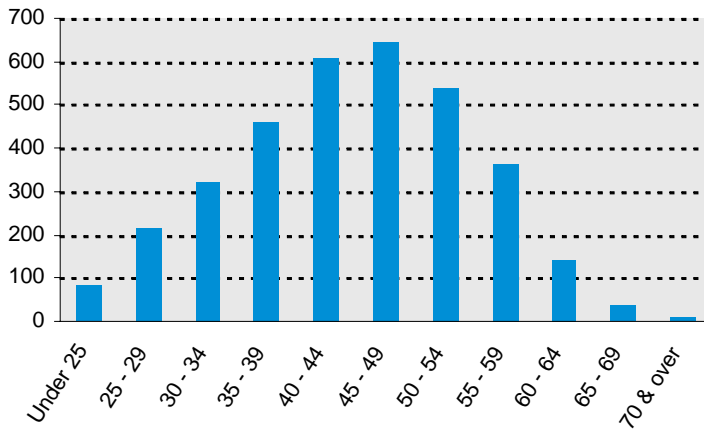
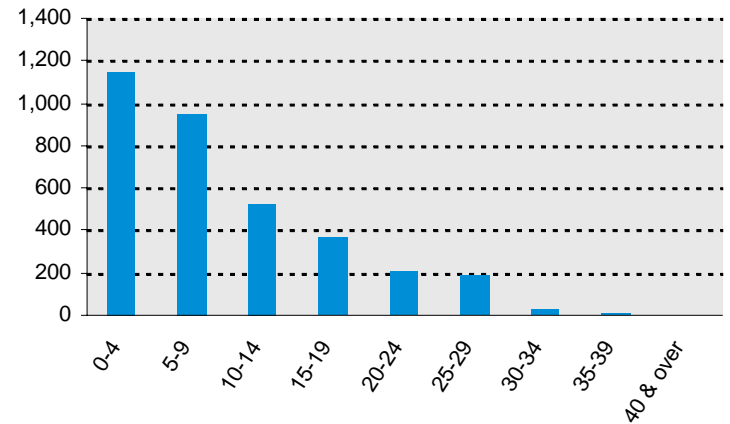


CHART 3
Distribution of Active Members by Years of Service as of April 30, 2006



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

Pensioners and Survivors

As of April 30, 2006, 1,519 pensioners and 400 survivors were receiving total monthly benefits of \$2,777,351. For comparison, in the previous valuation, there were 1,529 pensioners and 421 survivors receiving monthly benefits of \$2,702,892.

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

- Survivor
- Disability
- Vested
- Early
- Optional
- Normal

CHART 4
Distribution of Pensioners and Survivors by Type and by Monthly Amount as of April 30, 2006

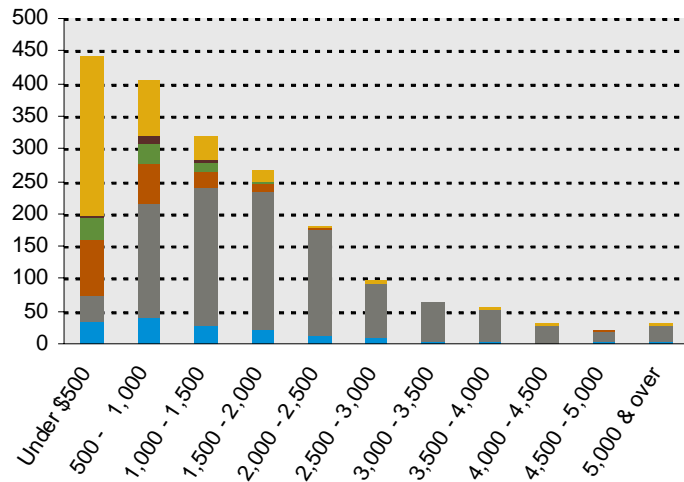
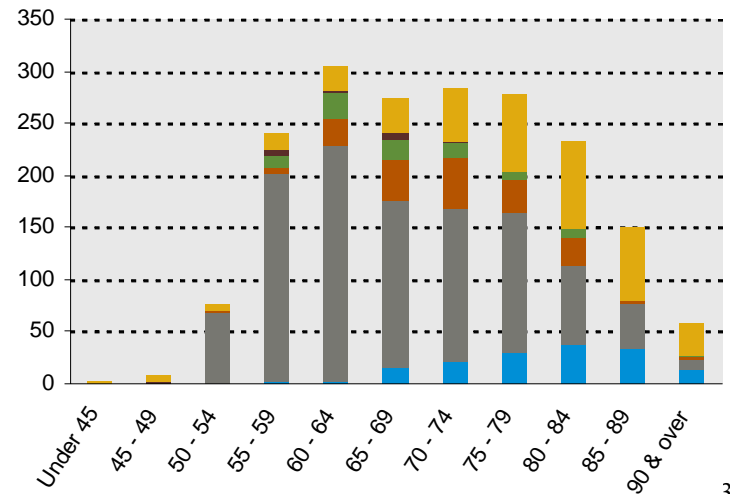


CHART 5
Distribution of Pensioners and Survivors by Type and by Age as of April 30, 2006



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

B. FINANCIAL INFORMATION

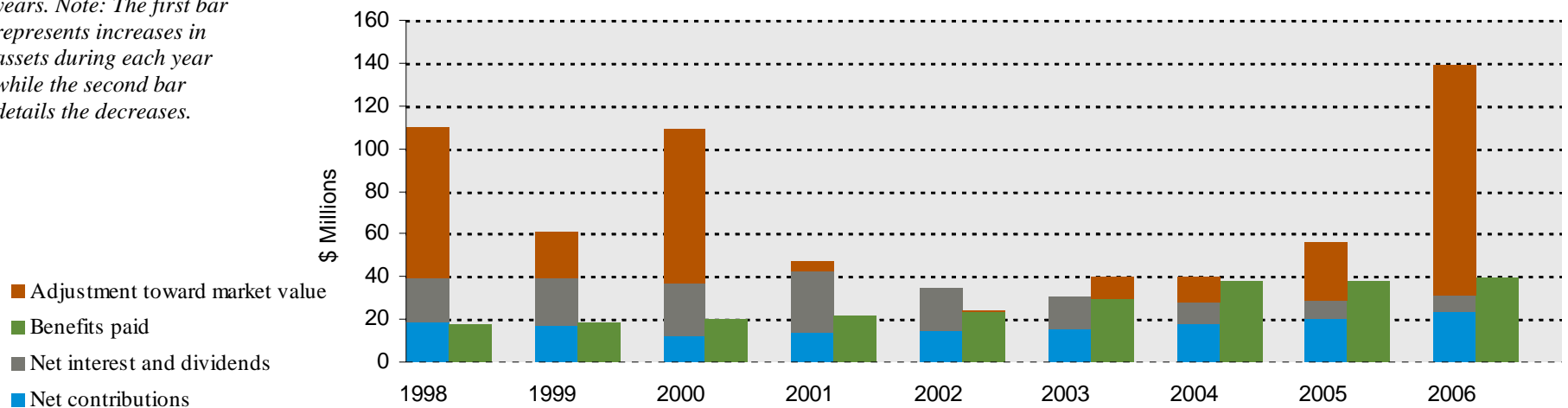
Retirement plan funding anticipates that, over the long term, both net contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

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 nine 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 – 2006



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, 2006

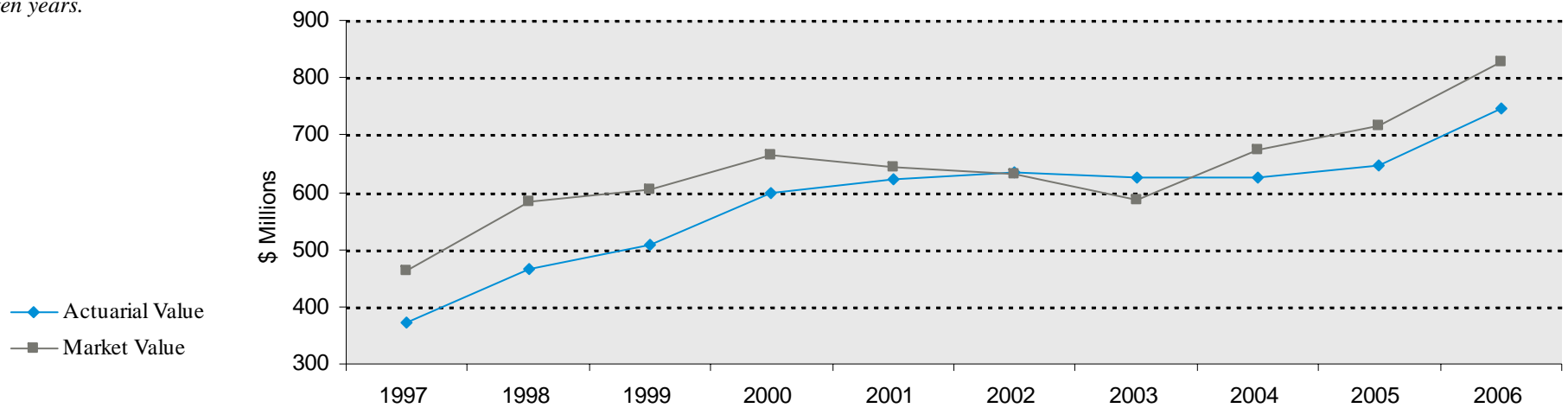
1. Actuarial value of assets as of April 30, 2005	\$645,609,869
2. Contributions, interest and dividends, less benefit payments and expenses	-7,703,110
3. Preliminary actuarial value of assets: (1) + (2)	637,906,759
4. Market value of assets, April 30, 2006	828,578,881
5. Adjustment toward market value: 20% of [(4) - (3)]	38,134,424
6. Adjustment to be within 10% corridor	69,679,810
7. Final actuarial value of assets as of April 30, 2006: (3) + (5) + (6)	<u>\$745,720,993</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 ten years.

CHART 8
Actuarial Value of Assets vs. Market Value of Assets as of April 30, 1997 – 2006



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 is \$87,721,909, \$66,734,817 from investments and \$20,987,092 from all other sources. The net experience variation from individual sources other than investments was 2.6% 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, 2006

1. Net gain from investments*	\$66,734,817
2. Net gain from other experience**	<u>20,987,092</u>
3. Net experience gain: (1) + (2)	\$87,721,909

* 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 2006 plan year was 18.22%.

Since the actual return for the year was greater than the assumed return, the Retirement System experienced an actuarial gain during the year ended April 30, 2006 with regard to its investments.

This chart shows the gain due to investment experience.

CHART 10
Actuarial Value Investment Experience for Year Ended April 30, 2006

1. Actual return	\$116,148,147
2. Average value of assets	637,591,358
3. Actual rate of return: (1) ÷ (2)	18.22%
4. Assumed rate of return	7.75%
5. Expected return: (2) x (4)	\$49,413,330
6. Actuarial gain: (1) – (5)	<u>\$66,734,817</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 nine years, including a five-year average.

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

CHART 11
Investment Return – Actuarial Value vs. Market Value: 1998 - 2006

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	8,503,714	1.38	27,653,433	4.47	36,157,147	5.85	60,858,101	9.15
2006	<u>8,333,913</u>	1.31	<u>107,814,234</u>	16.91	<u>116,148,147</u>	18.22	<u>127,271,605</u>	17.94
Total	\$161,484,888		\$307,050,437		\$468,535,325		\$460,199,037	
Five-year average return						6.45%	8.11%	

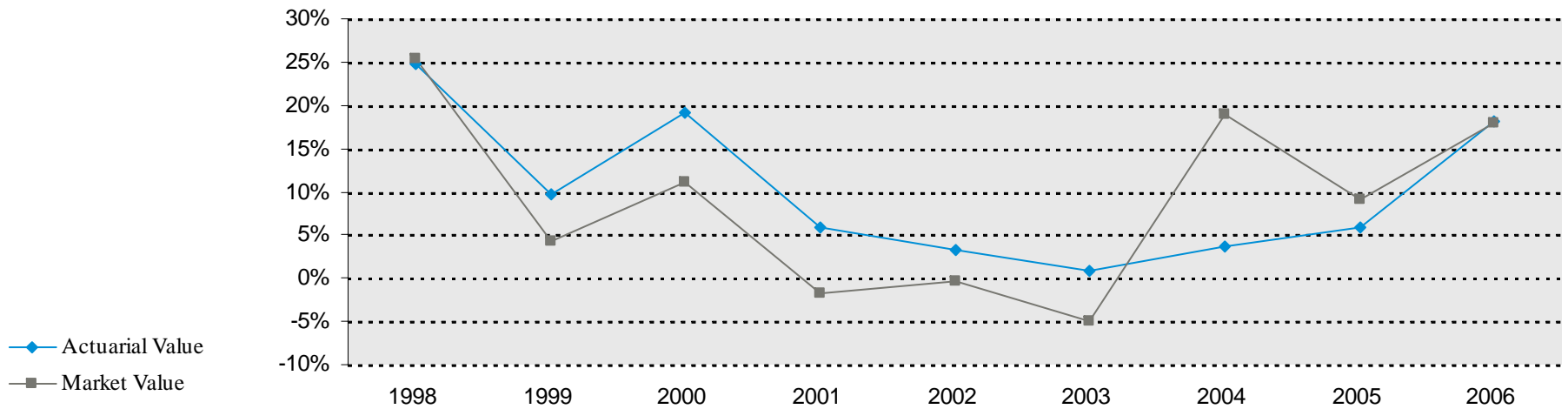
Note: Each year's yield is weighted by the average asset value in that year.

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 - 2006.

CHART 12
Market and Actuarial Rates of Return for Years Ended April 30, 1998 - 2006



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), and

- salary increases different than assumed.

The net gain from this other experience for the year ended April 30, 2006 amounted to \$20,987,092 which is 2.6% of the actuarial accrued liability.

A brief summary of the demographic experience of the Retirement System for the year ended April 30, 2006 is shown in the chart below.

The chart shows elements of the experience gain for the most recent year.

CHART 13
Experience Due to Changes in Demographics for Year Ended April 30, 2006

1. Turnover	-\$2,066,799
2. Retirement	1,278,911
3. Post-retirement mortality	-578,494
4. Salary increase less than expected for continuing actives	8,900,746
5. New and returning employees	-2,525,573
6. Changes in the number and composition of participants	<u>15,978,301</u>
7. Total	\$20,987,092

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 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, 2006 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.

The chart compares this valuation's recommended contribution with the prior valuation.

**CHART 14
Recommended Contribution**

	Year Beginning May 1, 2006			
	General Employees	Judges and Elected Officials	Total	Total % of Payroll
1. Total normal cost, adjusted for timing	\$18,433,913	\$454,414	\$18,888,327	12.90%
2. Expected employee contributions	<u>-5,794,290</u>	<u>-60,315</u>	<u>-5,854,605</u>	<u>-4.00%</u>
3. City normal cost: (1) + (2)	\$12,639,623	\$394,099	\$13,033,722	8.90%
4. Actuarial accrued liability	792,517,637	8,322,171	800,839,808	
5. Actuarial value of assets	737,971,606	7,749,387	745,720,993	
6. Unfunded actuarial accrued liability: (4) - (5)	54,546,031	572,784	55,118,815	
7. Payment on unfunded actuarial accrued liability over 30 years	4,571,177	48,001	4,619,178	3.16%
8. Scheduled City contributions	13,761,439	294,075	14,055,514	9.60%
9. Scheduled City contributions for retirement window offered in 2003*	3,664,889	0	3,664,889	2.50%
10. Amount available for amortization: (8) + (9) - (3)	4,786,705	-100,024	4,686,681	
11. Amount in excess of / (short of) expected City contributions: (10) - (7)	215,528	-148,025	67,503	0.05%
12. Total recommended City contribution, adjusted for timing**: (8) + (9) - (11)	<u>17,210,800</u>	<u>442,100</u>	<u>17,652,900</u>	<u>12.06%</u>
13. Anticipated 2006 payroll	\$144,857,256	\$1,508,076	\$146,365,332	

* 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 decrease in the recommended contribution is primarily due to investment gains and changes in actuarial assumptions.

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

CHART 15

Reconciliation of Recommended Contribution from May 1, 2005 to May 1, 2006

Recommended Contribution as of May 1, 2005	\$25,770,978
Effect of frozen amortization period	-\$43,613
Effect of change in actuarial assumptions	-2,455,964
Effect of contributions less than recommended contribution	717,987
Effect of investment gain	-5,644,808
Effect of other gains and losses on accrued liability	-1,775,207
Effect of net other changes	<u>1,083,527</u>
Total change	<u>-\$8,118,078</u>
Recommended Contribution as of May 1, 2006	\$17,652,900

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 VI.

These graphs show key GASB factors.

CHART 16
Required Versus Actual Contributions

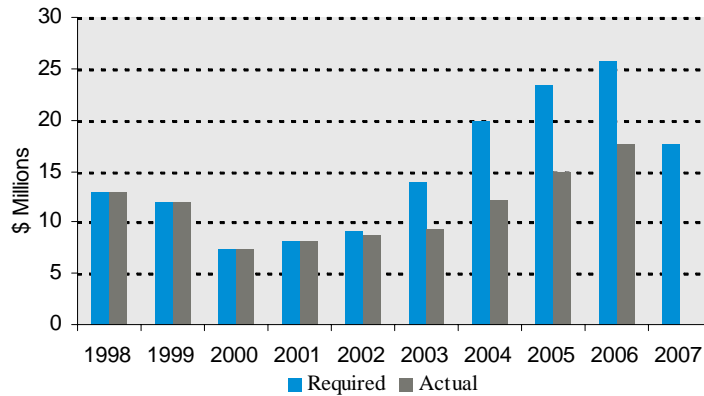
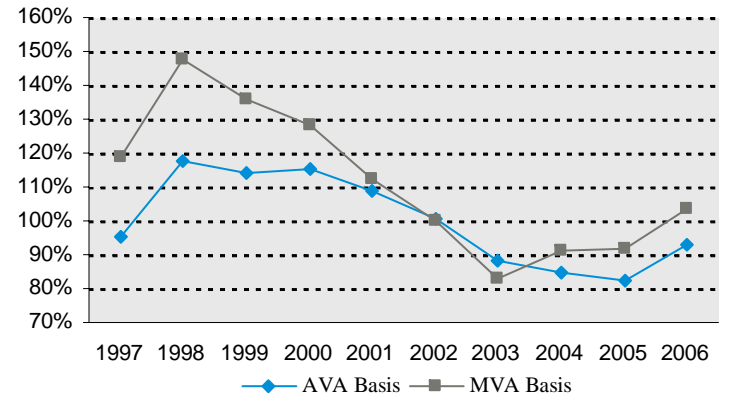


CHART 17
Funded Ratio



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

EXHIBIT A

Table of System Coverage

Category	Year Ended April 30		Change From Prior Year
	2006	2005	
Active members in valuation:			
Number	3,427	3,400	0.8%
Average age	44.7	44.0	N/A
Average service	9.7	9.8	N/A
Total payroll	\$146,365,332	\$141,605,640	3.4%
Average payroll	42,709	41,649	2.5%
Account balances	67,474,525	62,238,051	8.4%
Eligible to retire on:			
Normal pension	37	48	-22.9%
Optional pension	168	112	50.0%
Early pension	181	114	58.8%
Deferred pension	1,897	1,781	6.5%
Total active vested members	2,292	2,264	1.2%
Vested terminated members	53	54	-1.9%
Pensioners:			
Number in pay status	1,519	1,529	-0.7%
Average age	69.0	68.7	N/A
Average monthly benefit	\$1,668	\$1,608	3.7%
Survivors in pay status	400	421	-5.0%
Due Refunds members	247	261	-5.4%

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
	2006	2005	
General Employees			
Number	3,409	3,381	0.8%
Average age	44.7	44.0	N/A
Average service	9.7	9.8	N/A
Total anticipated 2006 payroll	\$144,857,256	\$140,106,838	3.4%
Average salary	42,493	41,439	2.5%
Judges			
Number	7	7	0.0%
Average age	56.9	55.9	N/A
Average service	12.3	11.3	N/A
Total anticipated 2006 payroll	\$900,816	\$866,209	4.0%
Average salary	128,688	123,744	4.0%
Elected Officials			
Number	11	12	-8.3%
Average age	53.8	51.8	N/A
Average service	5.3	4.3	N/A
Total anticipated 2006 payroll	\$607,260	\$632,593	-4.0%
Average salary	55,205	52,716	4.7%

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, 2006
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	6	6	--	--	--	--	--	--	--	--	--
	\$22,588	\$22,588	--	--	--	--	--	--	--	--	--
20 - 24	76	26	46	4	--	--	--	--	--	--	--
	24,731	24,173	\$24,796	\$27,606	--	--	--	--	--	--	--
25 - 29	217	56	103	57	1	--	--	--	--	--	--
	30,990	29,088	30,793	33,087	\$38,268	--	--	--	--	--	--
30 - 34	324	45	127	126	26	--	--	--	--	--	--
	35,764	30,651	34,680	37,555	41,232	--	--	--	--	--	--
35 - 39	459	45	129	171	86	27	1	--	--	--	--
	39,315	30,410	33,491	40,910	46,208	\$49,722	\$44,964	--	--	--	--
40 - 44	610	57	115	199	119	82	30	8	--	--	--
	42,325	33,223	34,192	40,077	47,525	52,499	54,806	\$51,621	--	--	--
45 - 49	641	58	89	163	101	92	64	71	3	--	--
	45,168	35,812	37,294	40,412	46,958	51,800	55,899	52,476	\$52,516	--	--
50 - 54	533	37	79	105	83	76	71	70	9	3	--
	47,211	41,958	40,394	41,833	48,224	52,330	53,015	52,756	52,395	\$39,660	--
55 - 59	360	26	53	78	70	58	31	28	13	3	--
	48,437	39,272	41,578	45,727	46,463	51,852	57,156	56,388	67,924	50,800	--
60 - 64	140	8	24	24	30	24	12	9	4	4	1
	51,143	34,169	34,255	45,682	48,680	62,888	65,826	65,469	59,385	77,433	\$72,108
65 - 69	33	1	7	9	8	3	--	3	2	--	--
	44,336	23,496	38,347	38,377	50,268	48,404	--	42,628	75,258	--	--
70 & over	10	1	2	5	2	--	--	--	--	--	--
	48,918	94,080	33,594	40,697	62,214	--	--	--	--	--	--
Total	3,409	366	774	941	526	362	209	189	31	10	1
	\$42,493	\$32,994	\$34,678	\$40,266	\$47,005	\$52,630	\$55,466	\$53,585	\$61,296	\$58,111	\$72,108

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, 2006
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 \$128,688	--	2 \$128,688	--	1 \$128,688	1 \$128,688	--	--	--	--	--	--
55 - 59	1 128,688	--	--	--	1 128,688	--	--	--	--	--	--	--
60 - 64	1 128,688	--	--	--	--	1 128,688	--	--	--	--	--	--
65 - 69	1 128,688	--	--	--	--	--	1 \$128,688	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--	--	--
Total	7 \$128,688	--	2 \$128,688	--	2 \$128,688	2 \$128,688	1 \$128,688	--	--	--	--	--

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, 2006
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	--	--	2	--	--	--	--	--	--	--
40 - 44	\$50,604	--	--	\$50,604	--	--	--	--	--	--	--
45 - 49	2	--	1	1	--	--	--	--	--	--	--
50 - 54	50,604	--	\$50,604	50,604	--	--	--	--	--	--	--
55 - 59	3	--	3	--	--	--	--	--	--	--	--
60 - 64	50,604	--	50,604	--	--	--	--	--	--	--	--
65 - 69	1	--	--	1	--	--	--	--	--	--	--
70 & over	101,220	--	--	101,220	--	--	--	--	--	--	--
	1	--	--	1	--	--	--	--	--	--	--
	50,604	--	--	50,604	--	--	--	--	--	--	--
Total	11	--	5	6	--	--	--	--	--	--	--
	\$55,205	--	\$50,604	\$59,040	--	--	--	--	--	--	--

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, 2006
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	6	6	--	--	--	--	--	--	--	--	--	--
	\$22,588	\$22,588	--	--	--	--	--	--	--	--	--	--
20 - 24	76	26	46	4	--	--	--	--	--	--	--	--
	24,731	24,173	\$24,796	\$27,606	--	--	--	--	--	--	--	--
25 - 29	217	56	103	57	1	--	--	--	--	--	--	--
	30,990	29,088	30,793	33,087	\$38,268	--	--	--	--	--	--	--
30 - 34	324	45	127	126	26	--	--	--	--	--	--	--
	35,764	30,651	34,680	37,555	41,232	--	--	--	--	--	--	--
35 - 39	461	45	129	173	86	27	1	--	--	--	--	--
	39,364	30,410	33,491	41,022	46,208	\$49,722	\$44,964	--	--	--	--	--
40 - 44	610	57	115	199	119	82	30	8	--	--	--	--
	42,326	33,223	34,192	40,077	47,525	52,499	54,806	\$51,621	--	--	--	--
45 - 49	643	58	90	164	101	92	64	71	3	--	--	--
	45,185	35,812	37,442	40,474	46,958	51,800	55,899	52,476	\$52,516	--	--	--
50 - 54	540	37	84	105	84	77	71	70	9	3	--	--
	47,833	41,958	42,861	41,833	49,182	53,321	53,015	52,756	52,395	\$39,660	--	--
55 - 59	362	26	53	79	71	58	31	28	13	3	--	--
	48,665	39,272	41,578	45,789	47,621	51,852	57,156	56,388	67,924	50,800	--	--
60 - 64	142	8	25	24	30	25	12	9	4	4	1	--
	51,686	34,169	34,909	45,682	48,680	65,520	65,826	65,469	59,385	77,433	\$72,108	--
65 - 69	35	1	7	10	8	3	1	3	2	--	--	--
	48,371	23,496	38,347	44,662	50,268	48,404	128,688	42,628	75,258	--	--	--
70 & over	11	1	2	6	2	--	--	--	--	--	--	--
	49,071	94,080	33,594	42,348	62,214	--	--	--	--	--	--	--
Total	3,427	366	781	947	528	364	210	189	31	10	1	--
	\$42,709	\$32,994	\$35,021	\$40,385	\$47,314	\$53,048	\$55,815	\$53,585	\$61,296	\$58,111	\$72,108	--

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, 2005	3,400	54	1,529	421	5,404
New members	309	N/A	N/A	N/A	309
Terminations – with vested rights	-2	2	0	0	0
Terminations – without vested rights	-248	N/A	N/A	N/A	-248
Retirements	-31	-7	38	N/A	0
Died with beneficiary	0	0	-11	11	0
Died without beneficiary	-1	0	-52	-25	-78
Data adjustments	<u>0</u>	<u>4</u>	<u>15</u>	<u>-7</u>	<u>12</u>
Number as of May 1, 2006	3,427	53	1,519	400	5,399

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, 2006	Year Ended April 30, 2005
Contribution income:		
Employer contributions	\$17,557,758	\$14,825,719
Employee contributions	<u>5,532,468</u>	<u>5,570,060</u>
Net contribution income	\$23,090,226	\$20,395,779
Investment income:		
Interest, dividends and other income	\$13,368,032	\$12,306,237
Adjustment toward market value	107,814,234	27,653,433
Less investment and administrative fees	<u>-5,034,119</u>	<u>-3,802,523</u>
Net investment income	<u>116,148,147</u>	<u>36,157,147</u>
Total income available for benefits	\$139,238,373	\$56,552,926
Less benefit payments:		
Benefit payments	-\$37,367,994	-\$36,645,415
Termination refunds	-1,213,466	-952,803
Retirement refunds	<u>-545,789</u>	<u>-422,978</u>
Net benefit payments	-\$39,127,249	-\$38,021,196
Change in reserve for future benefits	\$100,111,124	\$18,531,730

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, 2006	Year Ended April 30, 2005
Cash equivalents	\$36,449,360	\$37,861,014
Accounts receivable:		
Contributions	\$733,059	\$794,034
Investment income	1,148,743	946,487
Sale of investments	<u>16,981,437</u>	<u>7,055,395</u>
Total accounts receivable	18,863,239	8,795,916
Investments:		
Common and preferred stocks	\$705,908,478	\$610,357,130
Government securities	72,390,398	53,464,208
Corporate bonds	55,009,992	29,521,501
Indexed notes and bonds	4,034,987	9,337,995
Commercial paper	1,232,318	0
Warrants	6,787	36,819
Foreign securities	<u>0</u>	<u>263,200</u>
Total investments at market value	<u>838,582,960</u>	<u>702,980,853</u>
Total assets	\$893,895,559	\$749,637,783
Less accounts payable:		
Purchase of investments	-\$64,235,875	-\$31,860,738
Administrative and investment expenses payable	<u>-1,080,803</u>	<u>-432,746</u>
Total accounts payable	-\$65,316,678	-\$32,293,484
Net assets at market value	<u>\$828,578,881</u>	<u>\$717,344,299</u>
Net assets at actuarial value	<u>\$745,720,993</u>	<u>\$645,609,869</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, 2006

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
2006	17,557,758	5,532,468	116,148,147	39,127,249	745,720,993

* *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 Actuarial Accrued Liability for Year Ended April 30, 2006

1. Unfunded actuarial accrued liability at beginning of year		\$136,290,118
2. Plus: Expected change due to amortization method		
Normal cost	\$19,224,930	
Interest on unfunded accrued liability and normal cost	<u>12,052,416</u>	
Subtotal	31,277,346	
Expected City and employee contributions	-22,811,337	
Interest on expected contributions	<u>-946,815</u>	
Scheduled change		\$7,519,194
3. Plus: Deficient (surplus) contributions		
Expected City and employee contributions	\$22,811,337	
Actual City and employee contributions	<u>23,090,226</u>	
Contribution shortfall (surplus)	-278,889	
Interest	<u>-11,440</u>	
Deficient (surplus) contributions		-\$290,329
4. Plus: Actuarial (gains) losses		
Investment earnings	-\$66,734,817	
Salary increases less than expected for continuing actives	-8,900,746	
Turnover	2,066,799	
Retirement	-1,278,911	
New and returning employees	2,525,573	
Post-retirement mortality	578,494	
Changes in number and composition of actives	<u>-15,978,301</u>	
Total		-87,721,909
5. Plus: Effect of assumption changes		<u>\$678,259</u>
6. Unfunded actuarial accrued liability at end of year		<u>\$55,118,815</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) Withdrawal 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 400 survivors in pay status)		1,919
2. Members inactive during year ended April 30, 2006 with vested rights		53
3. Members active during the year ended April 30, 2006		3,427
Fully vested	2,292	
Not vested	1,135	
4. Members due refunds as of April 30, 2006		247

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:		\$800,839,808
Pensioners and survivors	\$419,547,004	
Inactive members with vested rights*	6,690,220	
Active members	374,602,584	
2. Actuarial value of assets (\$828,578,881 at market value)		745,720,993
3. Unfunded actuarial accrued liability: (1) – (2)		55,118,815
4. Amortization of unfunded actuarial accrued liability		4,619,178
5. Normal cost, payable monthly:		
Amount		\$18,888,327
As a percent of payroll		12.90%
6. Total recommended contribution: (4) + (5)		
Amount		\$23,507,505
As a percent of payroll		16.06%
7. Expected employee contribution (4.0% of payroll)		\$5,854,605
8. Recommended City contribution: (6) – (7)		
Amount		\$17,652,900
As a percent of payroll		12.06%
9. Expected City contribution:		
General Employees (9.5% of payroll)		\$13,761,439
Judges and Elected Officials (19.5% of payroll)		294,075
General Employees (2.53% of payroll) for retirement window offered in 2003**		<u>3,664,889</u>
Total		<u>\$17,720,403</u>
10. Excess total City contributions:		
Amount		\$67,503
As a percent of payroll		0.05%
11. Total anticipated 2006 payroll		\$146,365,332

* 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	17,557,758	68.1%
2007	17,652,900	--	--

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	N/A
05/01/1999	508,281,673	445,761,900	-62,519,773	114.03%	117,018,100	N/A
05/01/2000	597,085,624	517,046,400	-80,039,224	115.48%	122,645,800	N/A
05/01/2001	623,249,552	573,339,758	-49,909,794	108.71%	136,263,216	N/A
05/01/2002	634,025,842	630,683,891	-3,341,951	100.53%	146,816,820	N/A
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%
05/01/2006	745,720,993	800,839,808	55,118,815	93.12%	146,365,332	37.66%

* *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, 2006

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	2,702,892
2006	43	74	--	--	1,919	2,777,351

* 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, 2006 by Type and Monthly Amount**

Monthly Amount	Total	Type of Pension					
		Normal	Optional	Early	Vested	Disability	Survivor
Total	1,919	153	1,079	183	87	17	400
Under \$500	449	35	46	83	36	3	246
\$500 – 1,000	405	40	176	60	33	10	86
1,000 – 1,500	318	27	213	25	13	4	36
1,500 – 2,000	268	20	215	11	4	-	18
2,000 – 2,500	182	12	164	2	1	-	3
2,500 – 3,000	97	8	83	1	-	-	5
3,000 – 3,500	65	4	60	-	-	-	1
3,500 – 4,000	54	3	50	-	-	-	1
4,000 – 4,500	30	-	28	-	-	-	2
4,500 – 5,000	21	2	17	1	-	-	1
5,000 & over	30	2	27	-	-	-	1

During the year ended April 30, 2006, there were 43 new pensions awarded (5 Normal, 17 Optional, 10 Early and 11 Vested).

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, 2006
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 20% of the difference between the market value and the preliminary asset value to 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 for Judges and Elected Officials. For General Employees, 6%, for ages less than 35, declining to 4% for ages 55 and over.
Annual cost of living adjustments	3.00% of original benefit

Membership of the Plan:

Pensioners and survivors receiving benefits	1,919
Vested former members entitled to, but not yet receiving benefits	53
Members due refunds	247
Active members	<u>3,427</u>
Total	5,646

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: 1994 Group Annuity Mortality Table (sample rates shown below)

Disabled: 1983 Railroad Retirement Board Disabled Life Mortality Table

Termination Rates before Retirement:

Age	Rate (%)			
	Mortality		Withdrawal*	
	Male	Female	General Employees**	Judges and Elected Officials
20	0.05	0.03	10.74	5.71
25	0.07	0.03	10.46	5.14
30	0.08	0.04	10.09	3.89
35	0.09	0.05	9.50	2.47
40	0.11	0.07	8.46	1.18
45	0.16	0.10	6.79	0.28
50	0.26	0.14	4.35	--
55	0.44	0.23	1.55	--
60	0.80	0.44	0.15	--

*Withdrawal rates end upon first assumed retirement age.

**Select rates for first four years of service for General Employees:

Select Period	
<u>Years of Service</u>	<u>Rate</u>
0 - 1	20%
1 - 2	15%
2 - 3	12%
3 - 4	10%

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. If not specified, Members are assumed to be male.

Percent Married: 80% for males and 70% for females in active status

Age of Spouse: Females 4 years younger than males.

Net Investment Return: 7.75% per annum, net of investment fees and administrative expenses.

Salary Increases:

General Employees:

Age	Rate (%)
Less than 25	6.00
25 - 29	6.00
30 - 34	6.00
35 - 39	5.50
40 - 44	5.00
45 - 49	5.00
50 - 54	4.50
55 - 59	4.00
60 - 64	4.00
65 and up	4.00

Judges and Elected Officials: 6.00% per year for all ages.

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

Actuarial Value of Assets:	Asset values are gradually adjusted toward market value by adding 20% of the difference between the market value and the preliminary asset value to 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 salary, 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:	Based on past experience and future expectations, the following actuarial assumptions were changed: <ul style="list-style-type: none">➤ Decrease the salary increase rates for ages 35 and above for General Employees.➤ Change to a select and ultimate table with a four-year select period, and lower the current age-based withdrawal rates for the ultimate period for General Employees.➤ Update mortality for healthy lives, previously 1983 Group Annuity Mortality Table.

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/Service Requirement</i>	60 and 10 years of creditable service, or 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: Disability benefits are provided through a separate long-term disability program, effective June 1, 1996.

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: There have been no changes in plan provisions since the preceding actuarial valuation.

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

Data Section (do not touch)

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PlanNameShort	Retirement System
OfficeAddr1	delete this (Street address)
OfficeAddr2	Kansas City, Missouri
ClientContact	Board of Trustees
FinanSource	Retirement System
ActuaryName	Tammy F. Dixon
ActuaryTitle	Vice President & 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	"5/1/2006"
ValDateEOY	"4/30/2007"
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CensusDate	"5/1/2006"
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GLAdminText	loss
OtherGLText	gain
GLInvText	gain
HistYearsText	ten
EmpName	Employer

Data Section (do not touch)

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OptCategory2	Disableds
OptRow	
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Data Section (do not touch)

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Fiscal	0	"#"
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ActNumTot1	3,400	"#,###"
ActNumUnknown	0	"#,###"
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AveSalary1	41,649	"#,###"
ActAge	44.7	"#,###"
ActAge1	44.0	"#,###"
ActSvc	09.7	"#,###"
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BenNum	400	"#,###"
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RDBft1	2,458,233	"#,###"
InactNum	53	"#,###"
TotalCount	5,399	"#,###"
TotalCount1	5,404	"##.##"
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InvGL	66,734,817	"#,###"
AstActAve	637,591,358	"#,###"

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Chart6First	1998
Chart8First	1997
Chart11First	1998
Chart12First	1998

	Last
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Chart6Last	2006
Chart8Last	2006
Chart11Last	2006
Chart12Last	2006

	Num
Chart1Num	10
Chart6Num	9
Chart8Num	10
Chart11Num	9
Chart12Num	9

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