

City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
Independent Accountants' Report and Financial Statements
April 30, 2010 and 2009



City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
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**Independent Accountants' Report on Financial Statements
and Supplementary Information..... 1**

Required Supplementary Information

Management's Discussion and Analysis 2

Financial Statements

Statements of Plan Net Assets 8

Statements of Changes in Plan Net Assets 9

Notes to Financial Statements 10

Required Supplementary Information

Schedule of Funding Progress 19

Schedule of Employer Contributions 20

Independent Accountants' Report on Financial Statements and Supplementary Information

Retirement Board
City of Kansas City, Missouri
Firefighters' Pension System
Kansas City, Missouri

We have audited the accompanying basic financial statements of the City of Kansas City, Missouri Firefighters' Pension System (the Plan), a component unit of the City of Kansas City, Missouri, as of and for the years ended April 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Kansas City, Missouri Firefighters' Pension System as of April 30, 2010 and 2009, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and schedules of funding progress and employer contributions as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BKD, LLP

Kansas City, Missouri
November 24, 2010

City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2010 and 2009

The Firefighters' Pension System of Kansas City, Missouri is the defined benefit retirement plan for firefighters of Kansas City, Missouri. The Firefighters' Pension System was established by City ordinance in 1953 and is administered by the Retirement System Board of Trustees to provide retirement, disability and survivor benefits to its members.

This discussion and analysis of the Firefighters' Pension System's financial statements provides an overview of the Firefighters' Pension System's operations and investment performance during the years ended April 30, 2010 and 2009. Please read it in conjunction with the Firefighters' Pension System's financial statements, which follow this section.

Overview of the Financial Statements and Accompanying Information

- The financial statements presented in this report are the Statements of Plan Net Assets as of April 30, 2010 and 2009 and the Statements of Changes in Plan Net Assets for the years ended April 30, 2010 and 2009. These statements reflect resources available for the payment of benefits as of the year-end, and the sources and use of those funds during the year.
- The notes to the financial statements are an integral part of the financial statements and provide facts and detailed information to assist the reader in understanding the statements. Information in the notes includes a description of the Plan, a summary of significant accounting policies, the method used to value investments and a summary of investments.
- Required supplementary information presents schedules related to employer contributions and the funding of the Plan.

City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2010 and 2009

2010 and 2009 Summary Comparative Information of Plan Net Assets

	April 30, 2010	April 30, 2009	Amount Change	Percentage Change
Cash and cash equivalents	\$ 11,137,331	\$ 9,138,157	\$ 1,999,174	21.88%
Receivables	4,137,590	1,509,862	2,627,728	174.04%
Investments at fair value	364,047,491	283,215,160	80,832,331	28.54%
Securities lending collateral	41,633,449	13,190,364	28,443,085	215.64%
Total assets	<u>420,955,861</u>	<u>307,053,543</u>	<u>113,902,318</u>	37.10%
Due to broker for purchases of investments	2,763,818	1,598,292	1,165,526	72.92%
Administrative and investment expenses payable	420,150	719,815	(299,665)	-41.63%
Securities lending collateral	41,633,449	13,190,364	28,443,085	215.64%
Total liabilities	<u>44,817,417</u>	<u>15,508,471</u>	<u>29,308,946</u>	188.99%
Net assets	<u><u>\$ 376,138,444</u></u>	<u><u>\$ 291,545,072</u></u>	<u><u>\$ 84,593,372</u></u>	29.02%

City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2010 and 2009

2010 and 2009 Summary Comparative Information of Changes in Plan Net Assets

	<u>April 30, 2010</u>	<u>April 30, 2009</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Member contributions	\$ 5,622,465	\$ 5,801,697	\$ (179,232)	-3.09%
Employer contributions	11,504,477	11,366,582	137,895	1.21%
Net investment income (loss)	<u>95,559,763</u>	<u>(128,064,562)</u>	<u>223,624,325</u>	-174.62%
Total additions	<u>112,686,705</u>	<u>(110,896,283)</u>	<u>223,582,988</u>	-201.61%
Benefits paid to members	27,211,405	26,376,326	835,079	3.17%
Refunds of contributions	795,565	328,064	467,501	142.50%
Administrative expenses	<u>86,363</u>	<u>70,551</u>	<u>15,812</u>	22.41%
Total deductions	<u>28,093,333</u>	<u>26,774,941</u>	<u>1,318,392</u>	4.92%
Net Increase (Decrease)	84,593,372	(137,671,224)	222,264,596	-161.45%
Net Assets, Beginning of Year	<u>291,545,072</u>	<u>429,216,296</u>	<u>(137,671,224)</u>	-32.08%
Net Assets, End of Year	<u>\$ 376,138,444</u>	<u>\$ 291,545,072</u>	<u>\$ 84,593,372</u>	29.02%

2010 Financial Highlights

Stock and bond prices rebounded steadily throughout the period as global economic conditions began to show signs of improvement. This was largely responsible for the 29.0% increase in net assets. The investment portfolio returned 34.0% (net of all related fees), according to the Plan's investment consultant, which compared quite favorably to the 27.1% return for the Policy Index (previously called the Composite Benchmark). Virtually all major areas of the portfolio outperformed their respective benchmarks, with the fixed income and domestic equity components exhibiting the strongest relative results. However, the global equity segment underperformed by a fairly wide margin. Real estate performance remained weak on an absolute basis over much of the year, although prices appeared to be in the process of stabilizing at the end of the period.

The \$95.6 million investment gain drove the gain in net assets. Contributions were basically flat, because membership was quite stable and salaries were generally frozen. Benefits rose by 3.2%, with the annual cost-of-living adjustment responsible for the bulk of the increase. Contribution refunds more than doubled from the previous year as more retiring members exercised their option to withdraw some or all of their account at retirement, while administrative expenses climbed a further \$16,000.

City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2010 and 2009

2010 Operational Highlights

The only change in service providers during the year was a change in investment consultants, as the result of an extensive search process. The new consultants, Asset Consulting Group, conducted a study that prompted the Board to approve certain asset allocation changes. These will likely cause some investment manager changes, and possibly additions, in the coming year. Cash needs, in excess of contribution inflows, were fulfilled exclusively through withdrawals from fixed income accounts as the weighting of that asset class remained above its strategic target. The \$0.5 million securities lending liability reported on the April 30, 2009 financial statements was fully recovered.

2009 and 2008 Summary Comparative Information of Plan Net Assets

	April 30, 2009	April 30, 2008	Amount Change	Percentage Change
Cash and cash equivalents	\$ 9,138,157	\$ 14,610,755	\$ (5,472,598)	-37.46%
Receivables	1,509,862	1,833,450	(323,588)	-17.65%
Investments at fair value	283,215,160	415,264,451	(132,049,291)	-31.80%
Securities lending collateral	13,190,364	41,577,066	(28,386,702)	-68.27%
Total assets	307,053,543	473,285,722	(166,232,179)	-35.12%
Due to broker for purchases of investments	1,598,292	1,682,755	(84,463)	-5.02%
Administrative and investment expenses payable	719,815	809,605	(89,790)	-11.09%
Securities lending collateral	13,190,364	41,577,066	(28,386,702)	-68.27%
Total liabilities	15,508,471	44,069,426	(28,560,955)	-64.81%
Net assets	\$ 291,545,072	\$ 429,216,296	\$ (137,671,224)	-32.08%

City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2010 and 2009

2009 and 2008 Summary Comparative Information of Changes in Plan Net Assets

	April 30, 2009	April 30, 2008	Amount Change	Percentage Change
Member contributions	\$ 5,801,697	\$ 5,306,233	\$ 495,464	9.34%
Employer contributions	11,366,582	10,940,229	426,353	3.90%
Investment loss	<u>(128,064,562)</u>	<u>(20,393,616)</u>	<u>(107,670,946)</u>	527.96%
Total additions	<u>(110,896,283)</u>	<u>(4,147,154)</u>	<u>(106,749,129)</u>	2574.03%
Benefits paid to members	26,376,326	25,521,938	854,388	3.35%
Refunds of contributions	328,064	1,064,423	(736,359)	-69.18%
Administrative expenses	<u>70,551</u>	<u>52,051</u>	<u>18,500</u>	35.54%
Total deductions	<u>26,774,941</u>	<u>26,638,412</u>	<u>136,529</u>	0.51%
Net Decrease	(137,671,224)	(30,785,566)	(106,885,658)	347.19%
Net Assets, Beginning of Year	<u>429,216,296</u>	<u>460,001,862</u>	<u>(30,785,566)</u>	-6.69%
Net Assets, End of Year	<u><u>\$ 291,545,072</u></u>	<u><u>\$ 429,216,296</u></u>	<u><u>\$ (137,671,224)</u></u>	-32.08%

2009 Financial Highlights

Net plan assets fell by 32.1%, the worst year in the history of the System, as the credit crisis resulted in steep declines in the prices of stocks and many bonds. This performance fell short of the Composite Benchmark, with most segments of the portfolio falling short of target. The domestic equity, global equity, real estate and fixed income components all underperformed by wide margins, while the non-U.S. equity allocation performed largely in line with expectations. Among individual managers, the WAMCO Index Plus strategy posted the most disappointing relative results, while the best performance was registered by the small cap value portfolio managed by American Century.

The investment loss of \$128.1 significantly impacted additions. Contributions continued to increase, even though headcount was virtually flat in the current period, due to salary increases. Benefit payments rose by 3.4%, largely reflecting cost-of-living adjustments. Refunds of contributions declined 69.1% as fewer members elected withdrawal at retirement. Administrative expenses advanced by a modest amount.

City of Kansas City, Missouri
Firefighters' Pension System
A Component Unit of the City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2010 and 2009

2009 Operational Highlights

No investment manager, or other service provider, changes were made in the period. At the height of the financial crisis, the Board temporarily suspended its asset rebalancing policy because of the excessive volatility and lack of liquidity plaguing the markets. This resulted in fixed income investments exceeding their target level at the end of the period. The Board also changed the unfunded actuarial liability amortization method and asset smoothing corridor. The collapse of Lehman Brothers, and related events, resulted in the booking of a \$0.5 million liability in connection with securities lending.

Requests for Information

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

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

City of Kansas City, Missouri
Firefighters' Pension System
Statements of Plan Net Assets
April 30, 2010 and 2009

Assets

	2010	2009
Cash and Cash Equivalents	\$ 11,137,331	\$ 9,138,157
Investments, At Fair Value		
Domestic common stock	114,427,031	78,805,701
Foreign equities	5,616,143	4,852,878
Collective trusts - equities	78,157,858	55,871,354
Collective trusts - fixed income	151,241,811	125,300,743
Collective trusts - real estate	14,604,648	18,384,484
Total investments	364,047,491	283,215,160
Securities Lending Collateral	41,633,449	13,190,364
Receivables		
Contributions	971,420	889,171
Investment income	64,947	86,926
Due from broker for sales of investments	3,101,223	533,765
Total receivables	4,137,590	1,509,862
Total assets	420,955,861	307,053,543

Liabilities

Due to broker for purchases of investments	2,763,818	1,598,292
Administrative and investment expenses payable	420,150	236,622
Securities lending liability	-	483,193
Securities lending collateral	41,633,449	13,190,364
Total liabilities	44,817,417	15,508,471
Net Assets Held in Trust for Pension Benefits	\$ 376,138,444	\$ 291,545,072

City of Kansas City, Missouri
Firefighters' Pension System
Statements of Changes in Plan Net Assets
Years Ended April 30, 2010 and 2009

Additions

	<u>2010</u>	<u>2009</u>
Investment Income (Loss)		
Interest income	\$ 162,184	\$ 521,239
Dividend income	1,455,325	1,947,297
Net appreciation (depreciation) in fair value of investments	95,720,055	(129,339,260)
Less investment expense	<u>(1,881,234)</u>	<u>(1,384,216)</u>
Net investment income (loss)	<u>95,456,330</u>	<u>(128,254,940)</u>
Securities Lending Income		
Securities lending gross income	98,134	1,948,954
Securities lending expenses		
Borrower rebates	44,003	(1,677,171)
Management fees	<u>(38,704)</u>	<u>(81,405)</u>
Total securities lending expenses	<u>5,299</u>	<u>(1,758,576)</u>
Net securities lending income	<u>103,433</u>	<u>190,378</u>
Total net investment income	<u>95,559,763</u>	<u>(128,064,562)</u>
Contributions		
Contributions from the City of Kansas City, Missouri	11,504,477	11,366,582
Contributions from members	<u>5,622,465</u>	<u>5,801,697</u>
Total contributions	<u>17,126,942</u>	<u>17,168,279</u>
Total additions (deductions)	<u>112,686,705</u>	<u>(110,896,283)</u>
Deductions		
Benefits Paid		
Members	27,191,405	26,315,326
Funeral benefits	<u>20,000</u>	<u>61,000</u>
Total benefits paid	<u>27,211,405</u>	<u>26,376,326</u>
Refunds		
Termination	87,204	207,942
Retirement	708,361	120,122
Administrative Expenses	<u>86,363</u>	<u>70,551</u>
Total deductions	<u>28,093,333</u>	<u>26,774,941</u>
Net Increase (Decrease)	84,593,372	(137,671,224)
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>291,545,072</u>	<u>429,216,296</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 376,138,444</u>	<u>\$ 291,545,072</u>

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The City of Kansas City, Missouri Firefighters' Pension System (the Plan) is a contributory, single-employer, defined benefit, public employee retirement system covering all employees of the Firefighting Division of the City of Kansas City, Missouri (the City). The Plan is considered part of the City's financial reporting entity and is included in the City's comprehensive annual financial report as a pension trust fund. Employees should refer to the plan agreement for more complete information.

At April 30, 2010 and 2009, the Plan's membership consisted of the following:

	2010	2009
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	864	856
Current employees:		
Vested	801	757
Nonvested	102	174
Inactive	5	6
Total	1,772	1,793

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid in accordance with the terms of each plan.

Use of Estimates

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

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

Investments

Investments owned are valued at fair value as follows:

Common and Preferred Stock

Listed – closing prices are reported on the composite summary of national securities exchanges

Over-the-counter – bid prices

Collective Trusts

Represent quoted redemption values determined principally based on quoted market prices of the underlying investments.

Where investment securities are not listed on the exchange, quotations are estimated by management based on information obtained from brokerage firms or national pricing services. The estimated value of such investments is subject to uncertainty and, therefore, may differ from the value that would have been used had a market for such investments existed.

Investment transactions are accounted for on a trade-date basis (date order to buy or sell is executed), and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. Realized gains and losses from investments are determined on an average cost basis.

Contributions

Funding is provided by contributions from the Plan's members, the City and earnings on investments. Firefighters contribute 9.55% of their base salary and an additional 1% to fund the health insurance subsidy. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget, based on information provided by the Plan's consulting actuary and board of trustees.

The recommended contribution rate is determined by the Plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability.

Based upon the April 30, 2009 actuarial valuation, the actuary recommended a City contribution rate of 31.94%. The board of trustees recognized a scheduled City contribution rate of 19.6% for 2010 and 2009. The City Council approved a City contribution rate of 19.6% (and 2% to fund the health insurance subsidy) for the years ended April 30, 2010 and 2009.

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

Funded Status and Funding Progress

The funded status of the Plan as of April 30, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b - a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b - a)/c] UAAL as a Percentage of Covered Payroll
4/30/2009	\$ 348,489,209	\$ 500,193,509	\$ 151,704,300	70%	\$ 53,612,509	283%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Retirement Benefits

Employees with 10 or more years of service are entitled to retirement benefits based on an average of 2.5% of final compensation per year of service up to 80.0%. If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contribution with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service. Members terminating prior to retirement with 10 or more years of service may elect to receive a refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An annual cost-of-living adjustment of 3.0% per year is provided in the Plan. The Plan also provides for a minimum monthly payment of \$600 to all current and future service and disability retirees.

Death Benefits

If an active member dies, the following benefits shall be paid:

A funeral benefit of \$2,000 to the spouse or named beneficiary.

To the member's spouse until death, a pension equal to one-half of the member's accrued pension, but not less than 25% of the member's average final compensation. The minimum monthly benefit is \$275 to all spouses. Certain benefit provisions have been established for deaths sustained in the performance of a member's duties, or deaths of active members prior to retirement who have achieved 25 years or more of creditable service.

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

To the member's children, an allowance of \$100 a month each until the attainment of age 18, unless certain conditions are met whereby benefits may continue.

To the member's designated beneficiary or estate, if there is no surviving spouse or qualifying child, any remaining member contributions and interest.

If a retired member dies, the following benefits shall be paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit.

To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest.

Disability Benefits

Disability benefits are available for members and are based on an average final compensation. The Plan provides for a minimum monthly payment of \$600 to all current and future disability retirees.

Subsidy

Effective May 1, 1991, the Plan established a subsidy fund (subsidy). The City and active firefighters each contribute 2% and 1% of salary, respectively. Prior to April 1 of each year, the board of trustees of the Plan establishes the dollar value of the monthly subsidy. The monthly subsidy for the years ended April 30, 2010 and 2009 was \$220 and \$210, respectively.

The subsidy is invested in both fixed income and equity securities and is stated at fair value. Investments totaled \$1,416,530 and \$1,137,398 at April 30, 2010 and 2009, respectively.

The April 30, 2010 and 2009 actuarial valuations do not consider the subsidy's plan net assets, which at April 30, 2010 and 2009 were \$1,416,530 and \$1,137,398, respectively. According to the City ordinance that established the subsidy, if the net assets available for the subsidy are zero, the subsidy will no longer be available. For the years ended April 30, 2010 and 2009, employer contributions for the subsidy were \$1,039,155 and \$1,046,696, respectively, and employee contributions were \$550,324 and \$523,348, respectively.

Administrative Expenses

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

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 financial statement presentation. These reclassifications had no effect on the statements of changes in plan net assets.

Note 2: Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that Plan investments may include, but are not limited to, obligations of the U.S. government, state of Missouri and municipal corporations, including school districts, corporate bonds, real estate mortgages and common and preferred stocks. The Plan purchases investments from Securities and Exchange Commission registered securities broker dealers and banks through its investment managers. Investments in U.S. Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

Securities Lending Transactions

City ordinances and the Plan's Board policies permit the Plan to use investments of the Plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Plan has contracted with Northern Trust as its third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. At April 30, 2010, management believes the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. Contracts with the lending agent require it to indemnify the Plan if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent or if the borrowers fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan; therefore, non-cash collateral is not recorded as an asset or liability on the financial statements.

	<u>2010</u>	<u>2009</u>
Market value of securities loaned	\$ 40,174,624	\$ 12,903,093
Market value of cash collateral received from borrowers	\$ 41,633,449	\$ 13,190,364
Market value of non-cash collateral received from borrowers	4,659	-
Total market value of collateral	<u>\$ 41,638,108</u>	<u>\$ 13,190,364</u>

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

All securities loans can be terminated on demand by either the Plan or the borrower. The cash collateral received on each security loan was invested, in accordance with the Plan investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Plan is not permitted to pledge or sell collateral received unless the borrower defaults.

At April 30, 2010, the Plan has reversed its entire collateral deficiency. At April 30, 2009, the Plan, under its securities lending agreement with Northern Trust, was responsible for a collateral deficiency of \$483,193.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The deposits are held by the investment custodian in a short-term money market account and are not insured by the Federal Deposit Insurance Corporation (FDIC). The Plan has not established a policy with regard to custodial credit risk. At April 30, 2010 and 2009, \$11,137,331 and \$9,138,157 of deposits were uncollateralized, respectively.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. As of April 30, 2010 and 2009, the Plan's fixed income assets that are not government guaranteed represented 100% of the fixed income portfolio. The Plan has not established a policy with regard to credit risk. The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2010:

Average Credit Quality and Exposure Levels of Nongovernment Guaranteed Securities

Fixed Income Security Type	Fair Value April 30, 2010	Percentage of all Fixed Income Assets	Weighted Average Credit Quality
Collective trusts	\$ 151,241,811	100%	Not rated

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2009:

Average Credit Quality and Exposure Levels of Nongovernment Guaranteed Securities

Fixed Income Security Type	Fair Value April 30, 2009	Percentage of all Fixed Income Assets	Weighted Average Credit Quality
Collective trusts	\$ 125,300,743	100%	Not rated

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S. government and agency obligations. As of April 30, 2010 and 2009, there were no investments in any corporate entity or government agency greater than 5%.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has not established a policy with regard to interest rate risk.

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

Note 3: Actuarial Methods and Assumptions

An actuary from Cheiron determines the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The information presented in the required supplemental schedules was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2009 and 2008
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	7.75% per annum
Projected salary increases*	3.0% to 8.0% per annum, depending on age
Cost-of-living adjustments*	3.0%, simple per annum

* Includes inflation rate of 3%.

Actuarial Value of Assets

The Plan has adopted the five-year smoothed market method of valuing assets that recognizes the fair market value of assets. The following represents the components of the asset valuation:

- a. The actuarial value at the beginning of the year; plus
- b. The contributions less benefits paid during the year; plus
- c. Interest at the assumed net rate of investment return on an actuarial basis; plus
- d. 20% of the gain/(loss) (difference between the market value of assets and the expected value of assets) for the year plus 20% of each of the four prior years gains/(losses).

If the actuarial value of assets is less than 85% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within this corridor.

City of Kansas City, Missouri
Firefighters' Pension System
Notes to Financial Statements
April 30, 2010 and 2009

Note 4: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net assets.

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

Current Economic Conditions

The current protracted economic environment, which in some cases has resulted in large declines in the fair value of investments, continues to present pension systems with unprecedented circumstances and challenges. The financial statements have been prepared using values and information currently available to the Plan.

Given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Plan.

Required Supplementary Information

City of Kansas City, Missouri
Firefighters' Pension System
Required Supplementary Information (Unaudited)
Schedule of Funding Progress
Last Six Fiscal Years

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b - a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b - a)/c] UAAL as a Percentage of Covered Payroll
4/30/2004	\$ 318,841,561	\$ 384,247,836	\$ 65,406,275	83%	\$ 43,920,060	149%
4/30/2005	332,415,711	392,856,425	60,440,714	85%	45,700,578	132%
4/30/2006	381,404,249	434,033,285	52,629,036	88%	47,022,072	112%
4/30/2007	412,407,949	447,939,116	35,531,167	92%	49,420,823	72%
4/30/2008	447,209,064	478,734,450	31,525,386	93%	51,168,515	62%
4/30/2009	348,489,209	500,193,509	151,704,300	70%	53,612,509	283%

City of Kansas City, Missouri
Firefighters' Pension System
 Required Supplementary Information (Unaudited)
 Schedule of Employer Contributions
 Last Six Fiscal Years

Year Ended April 30,	Annual Required Contributions	Percentage Contributed
2004	\$ 9,632,622	88%
2005	9,808,923	89%
2006	9,807,644	93%
2007	9,419,485	101%
2008	8,734,919	114%
2009	9,476,409	109%