66TH
ANNUAL
REPORT

Police Retirement System of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Comprehensive Annual Financial Report

KCPERS
Kansas City Police Employees' Retirement Systems

May 1, 2011 to
April 30, 2012

Police Retirement System of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Comprehensive Annual Financial Report
May 1, 2011 to April 30, 2012

66th Annual Report

Prepared by:
Kansas City Police Employees'
Retirement Systems
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Kansas City, Missouri 64127
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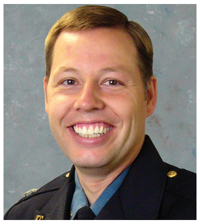


Richard C. Smith, Chairman
Captain
Kansas City, Missouri
Police Department

Floyd O. Bartch, Vice-Chairman
(Ret.) Chief
Kansas City, Missouri
Police Department

Bailus M. Tate, Treasurer
Appointed Member

James Chappell
Appointed Member

Gary Jenkins
(Ret.) Sergeant
Kansas City, Missouri
Police Department

Leslie Lewis
Appointed Member

Steven D. Miller
Police Officer
Kansas City, Missouri
Police Department

Barbara L. Stuart
Administrative Supervisor
Kansas City, Missouri
Police Department

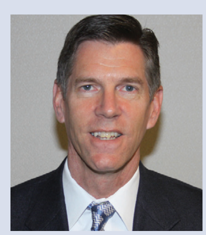
Patrick J. Trysla
Appointed Member

KCPERS Staff

Sharon Blancett
Benefits Coordinator

Lori Freeze
Administrative Assistant

Anna Vollenweider
Accountant



James Pyle
Pension Systems Manager & Board Secretary

KCPERS
Kansas City Police Employees' Retirement Systems

1328 Agnes • Kansas City, Missouri 64127
(816) 482-8138 • Toll Free (888) 813-8138 • Fax (816) 482-8851

October 20, 2012

Retirement Systems Board
Police Retirement System of Kansas City, Missouri
1328 Agnes
Kansas City, Missouri 64127

Dear Board Members:

It is my pleasure to submit the fiscal year 2012 Comprehensive Annual Financial Report (CAFR) of the Police Retirement System of Kansas City, Missouri. This report is intended to provide our members and other stakeholders with detailed information about the financial, actuarial, and investment operations of the Police Retirement System.

The Police Retirement System was created in 1946 by the Missouri General Assembly to provide retirement and disability benefits for law enforcement members of the Kansas City, Missouri Police Department and survivor benefits for their spouses and children. A nine member Board of Trustees, made up of elected and appointed members, governs the Retirement System.

Contents of the Annual Report and Structure

This CAFR is designed to comply with the reporting requirements of sections 86.960 and 105.661 of the Revised Statutes of Missouri (RSMo), as amended. The ultimate responsibility for the CAFR and financial statements rests with the Board of Trustees. Retirement Systems staff provide support to the board members in completing their fiduciary responsibilities. Staff has prepared the basic financial statements of the Retirement System and, to the best of our knowledge, presented information that is accurate in all material respects and is reported in a manner designed to fairly represent the financial position of the fund. The accounting policies followed in preparing the basic financial statements comply with U.S. generally accepted accounting principles. Financial information presented throughout the CAFR is consistent with information displayed in the basic financial statements.

The Retirement Systems' external auditor, BKD, LLP conducted an independent audit of the basic financial statements in accordance with U.S. generally accepted auditing standards. This audit is described in the Independent Auditors' Report on pages 18 and 19 of the Financial Section. Management has provided the external auditors with full and unrestricted access to staff to discuss their audit and related findings, to assure independent validation of the integrity of the Retirement Systems' financial reporting and the adequacy of internal controls.

The Financial Section also contains Management's Discussion and Analysis that serves as an introduction to and overview of the financial statements. The Police Retirement System is a component unit of the City of Kansas City, Missouri for financial reporting purposes and, as such, the financial statements in this report are also included in the City of Kansas City, Missouri's Comprehensive Annual Financial Reports.

Fiscal Year 2012 Projects

The Retirement Board members and staff spent a significant portion of the year attending the meetings of the Pension Reform Task Force, which was set up to review the cost and benefits of the four City funded retirement plans, including the Police Retirement System. We were asked to serve as a resource to the Task Force as they reviewed plan benefits, required contributions, actuarial and investment assumptions, and long term funded status projections. The work and progress of the Pension Reform Task Force was reviewed monthly at Retirement Board meetings.

Following the release of the Pension Reform Task Force recommendations, board and staff have served on the City Manager's Pension Project Team. The Pension Project Team has worked on a funding policy to ensure the long term sustainability of the Police Retirement System and other City funded plans, and to identify alternatives to the Pension Reform Task Force recommendations that could have equal or greater impact on the long term cost and funded ratios of the Retirement Systems.

With the July 2011 hiring of SSARIS, a hedge fund of funds manager, the Retirement Board completed the implementation of the 2010 asset allocation study. While hedge funds are generally portrayed as having a higher level of risk than other stock market investments, our hedge fund of funds search was directed at finding a manager that would lower the expected risk and volatility of the total portfolio.

The Retirement Board and staff met with several of our investment managers during the year to review investment performance and processes. Portfolio managers for GE Asset Management's International Fund and Emerging Market Fund were asked to make presentations at a Retirement Board meeting because of changes in the portfolio teams and investment performance that lagged the respective benchmarks. DeMarche Associates provided an additional review of GE's staff changes in the Emerging Markets portfolio and Emcor provided a statistical review of the GE Emerging Markets portfolio investment performance and volatility in relation to the emerging markets index. At the request of the Retirement Board, staff implemented a statistical monitoring process for investment performance and volatility for all of our equity managers.

Legal counsel and staff completed a review of the Retirement Systems' process for handling securities litigation cases. In addition to a review of Northern Trust's securities litigation monitoring and filing process, we also considered the need for additional legal counsel in certain cases.

The Retirement Board completed a review of its board election policy and voting process. As a result, for the first time an outside vendor was selected to run the election process and members were able to vote via mail, phone, or internet.

During the year, 21 new members joined the retirement system; 19 active members left the Police Department and received refunds of member contributions; 2 members became inactive vested members; 27 members retired and started receiving benefits; 24 retired members, 1 active member, and 10 survivors passed away; 2 children stopped receiving benefits due to age restrictions; and 16 survivors started receiving benefits.

Legislative Changes
House Bill 183, which was introduced and passed during the 2011 session of the Missouri General Assembly, became effective on August 28, 2011 and included the following changes in the Police Retirement System: 1) Moves the effective date for monthly retirement benefits to the first of the month following the month of retirement; 2) Prorates all final benefit payments in the month of a member's or survivor's death and allows a designated beneficiary to receive the final payment; 3) Eliminates creditable service for unpaid leave of less than 30 days; 4) Changes the cost of purchasing prior creditable service to the member's portion of the actuarial cost; and 5) Allows members to purchase any period of unpaid leave by paying the actuarial cost.

No changes to the plan provisions for the Police Retirement System were considered during the 2012 session of the Missouri General Assembly.

Financial and Actuarial Information
The following is a summary of the year ended April 30, 2012 revenues, expenses, and net assets for the Police Retirement System.

	April 30, 2012
Revenues	$21,786,546
Expenses	49,679,973
Net Change	($27,893,427)
Net Assets	$687,870,657

Revenues include contributions from both members and the city, and gains or losses from investments. Employee and employer contributions continued to decline as total payroll for law enforcement members of the Police Department continues to decline. Expenses include benefits paid to members, refunds of contributions and administrative expenses. Benefits paid to members increased during the year with additional retirements and the granting of a cost of living adjustment to retired members.

For the actuarial valuation dated April 30, 2012, the funded ratio of valuation assets to liabilities of the Police Retirement System, which covers 2,594 members, remained at 76%. Member contributions remain at 10.55% while employer contributions remain at 19.7% of payroll. The employer contribution rate is below the annual required contribution rate of 36.79% for the fiscal year beginning May 1, 2012 and the projected annual required contribution rate of 38.85% for the fiscal year beginning May 1, 2013.

Investment Activity
Our investment portfolio produced a total return of 0.1% against the policy benchmark return of (0.4%), which means our investment managers and asset allocation had a 0.5% gain versus the market indexes. The investment performance was less than our assumed rate of return, for actuarial purposes, of 7.75%.

The Retirement Board reviews the performance of each investment manager and compares their performance to a peer group of managers in each asset class and against their individual benchmark index. The Board continued to make tactical asset allocations, based on recommendations from DeMarche, to overweight or underweight equities, fixed income, or cash. The tactical allocations were accomplished through rebalancing the portfolio between investment managers or the purchase or sale to exchange traded funds in the appropriate asset class.

The total asset allocation is explained further in the Summary of Investment Policies and Objectives on pages 43 and 44. More information regarding the investment professionals who provide services to the Police Retirement System can be found in the Investment Section of this report.

Certificate of Achievement for Excellence in Financial Reporting
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Police Retirement System of Kansas City, Missouri for its comprehensive annual financial report for the fiscal year ended April 30, 2011. This was the tenth consecutive year that the Retirement System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements
The fiscal year 2012 annual report is the result of work by both Retirement Systems staff and outside advisors and the leadership provided to us by the Retirement Systems Board. It is intended to provide complete and reliable information, comply with the legislative and industry reporting requirements, and most importantly help our members learn more about the financial status of their retirement system.

The KCPERS staff wants to thank each of our board members, our retirement system members, our outside advisors and the Kansas City Police Department for all your contributions towards the successful operation of the Police Retirement System.

Respectfully submitted,

James J. Pyle
Pension Systems Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Police Retirement System of Kansas City, Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

KCPERS
Kansas City Police Employees' Retirement Systems

1328 Agnes • Kansas City, Missouri 64127
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October 10, 2012

Dear Members,

On behalf of the Retirement Systems Board I am pleased to provide you with the Police Retirement System of Kansas City, Missouri Comprehensive Annual Financial Report for the fiscal year ending April 30, 2012. This annual report to our members provides financial information about your retirement system and an update on changes that occurred during the past year.

This past year, the Retirement Board spent part of each monthly meeting reviewing and responding to the recommendations of the Pension Reform Task Force. Board members and staff have spent countless hours monitoring the deliberations of the Task Force and providing information about our plan benefits, actuarial assumptions, asset allocation and investment returns, and overall fund management. When the Task Force provided its recommendations to the City Council we provided a response to the City Manager about the feasibility of the recommendations and the impact on our active and retired members. Following the Task Force report, the City Manager asked our Retirement Board, Fraternal Order of Police, and the Police Department to participate in a Pension Project Team along with representatives from the other City funded Retirement Boards, organized labor, and City staff. The Pension Project Team is working to identify retirement plan options that could be implemented by all four City funded plans, which would improve the funded status of the retirement systems, make contribution rates affordable for the members and the City, and ensure the sustainability of member benefits.

We also met with members of the City Council to help them better understand the benefits paid to our members and return on investment the City receives through our defined benefit plans. We told Council members about our "Chevrolet" retirement plan and that it did not have the same kind of benefit provisions that have led other plans to be severely underfunded. We also provided data on the $36 million in annual benefit payments distributed to members of the Police Retirement System who live in the Kansas City metro area.

As you know, the City has not made employer contributions to the Retirement System at the amount recommended by our actuary. As part of our fiduciary responsibility, the Retirement Board received a thorough review, from legal counsel, on the Missouri Supreme Court case that determined the City of St. Louis was required to pay the shortfall in employer contributions to the St. Louis Police and Firefighters Retirement Systems. The Retirement Board is exploring a variety of options which also include discussions with the City to help remedy the current underfunding status and ensure the security and sustainability of the Police Retirement System.

As part of our on-going due diligence board members conducted site visits to SSARIS, our new hedge fund of funds manager, Shenkman Capital, our high yield bond manager, and GE Asset Management, one of our International and Emerging Market managers. These site visits gave board members and staff the chance to have extended meetings with both the portfolio managers and the analysts who provide day to day research for investment opportunities. We left those meetings with a better understanding of the individuals who manage our money, the skill and depth of their supporting analysts, and how their investment process can add value to our portfolio.

This past year also brought significant changes to the Retirement Board with the departure of Gary Howell, Dave Reyburn, Vic Kauzlarich and Angela Wasson-Hunt. Gary, Dave, and Vic were long serving elected members who led the way to many important changes in the investment process and benefit improvements for active members, retirees, and surviving spouses. In their place, you elected Barbara Stuart, Steven Miller, and Gary Jenkins as new board members and the Board of Police Commissioners appointed Leslie Lewis to the board. We thank our outgoing board members for their hard work and dedication to the Retirement Systems and are looking forward to the ideas and knowledge our new members will bring to the Retirement Board.

At the staff level, our long time Administrative Assistant, Connie Davis, retired after 30+ years of providing help, support, and comfort to our active and retired members and especially our surviving spouses. Lori Freeze joined the staff in June as the new Administrative Assistant and is quickly learning the details of the Retirement Systems operations.

In closing, I want to thank our members for your continuing support of our efforts to provide an affordable, secure, and sustainable retirement benefit. I also want to thank our staff in the Retirement Systems office for their hard work and assistance to our members and the Retirement Board.

Sincerely,

Richard Smith
Retirement Board Chairman

Outside Professional Services

ACTUARY

Cavanaugh Macdonald Consulting, LLC
Patrice Beckham, Brent Banister
Bellevue, Nebraska

AUDITORS

BKD, LLP
Angela M. Miratsky
Kansas City, Missouri

INVESTMENT MANAGEMENT CONSULTANTS

DeMarche Associates, Inc.
William Miskell
Overland Park, Kansas

Emcor
Robert Woodard
Lawrence, Kansas

LEGAL COUNSEL

Slagle, Bernard & Gorman
Gerald W. Gorman
Kansas City, Missouri

MASTER TRUSTEE/CUSTODIAN

The Northern Trust Company
Patricia Somerville-Koulouris
Chicago, Illinois

INVESTMENT ADVISORS

Financial Counselors, Inc.
Peter Greig, Gary Cloud
Kansas City, Missouri

RCM Capital Management
Scott Migliori, Peter Sullivan
San Francisco, California

Waddell & Reed Asset Management Group
Gil Scott, Nikki Newton
Overland Park, Kansas

G E Asset Management
Jonathan Passmore, Robb Ruhr
Stamford, Connecticut

LSV Asset Management
Keith Bruch
Chicago, Illinois

Prudential Real Estate Investors
Darin Bright, Kevin Smith
Parsippany, New Jersey

Abbott Capital Management, LLC
Meredith Rerisi, Charles van Horne
New York, New York

JPMorgan Investment Management, Inc.
Lawrence Unrein, Katherine Rosa
New York, New York

Northern Trust Global Investments
Jason Pasquinelli
Chicago, Illinois

Gresham Investment Management LLC
Jonathan Spencer, Jonathan Berland
New York, New York

Shenkman Capital Management, Inc.
Mark Flanagan, Nicole Lupo
Stamford, Connecticut

Vaughan Nelson Investment Management, LP
Chris Wallis, Mark Farrell
Houston, Texas

SSARIS Advisors, LLC
Brian Chung, Robert Covino
Wilton, Connecticut

Financial Section

BKD LLP
CPAs & Advisors

1201 Walnut Street, Suite 1700
Kansas City, MO 64106-2246
816 221-6300 Fax 816 221-6380 **www.bkd.com**

Independent Auditors' Report on Financial Statements and Supplementary Information

Retirement Board
Police Retirement System of Kansas City, Missouri
Kansas City, Missouri

We have audited the accompanying basic financial statements of the Police Retirement System of Kansas City, Missouri (the Plan), a component unit of the City of Kansas City, Missouri, as of and for the year ended April 30, 2012, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 Police Retirement System of Kansas City, Missouri as of April 30, 2012, and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Retirement Board
Police Retirement System of Kansas City, Missouri
Page 2

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedule of expenses and schedule of revenues by source and expenses by type listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information for 2012 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. We previously expressed an unqualified opinion on the 2011, 2010, 2009, 2008 and 2007 financial statements.

BKD, LLP

Kansas City, Missouri
August 16, 2012

This discussion and analysis of the Police Retirement System of Kansas City, Missouri (Police Retirement System or the Plan) financial statements provides an overview of its financial activities during the year ended April 30, 2012. Please read it in conjunction with the more detailed financial statements, notes and required supplementary information which follow this section.

The Police Retirement System is the defined benefit retirement plan for law enforcement members of the Kansas City, Missouri Police Department. The Plan was established by the Missouri General Assembly in 1946 and is administered by the Retirement Board to provide retirement, disability and survivor benefits to its members.

Overview of Financial Statements and Accompanying Information

- The financial statements presented in this report are the Statement of Plan Net Assets as of April 30, 2012, and the Statement of Changes in Plan Net Assets for the year ended April 30, 2012. 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, a summary of investments, a summary of derivative financial instruments, and actuarial methods and assumptions.

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

- Other supplementary schedules consist of detailed information supporting administrative and investment expenses and a historical summary of revenues and expenses.

Plan Net Assets

The following is a summary comparative statement of Plan Net Assets:

	April 30, 2012	April 30, 2011	Amount Change
Cash	$10,887	$8,284	$2,603
Receivables	3,001,138	3,480,820	(479,682)
Investments	699,380,748	714,636,343	(15,255,595)
Securities lending collateral	151,951,330	166,295,508	(14,344,178)
Office equipment	8,739	1,606	7,133
Total assets	**854,352,842**	**884,422,561**	**(30,069,719)**
Accounts and refunds payable	1,198,290	886,292	311,998
Due to broker for purchases of investments	12,974,838	1,476,677	11,498,161
Commodity futures	357,727	–	357,727
Securities lending collateral	151,951,330	166,295,508	(14,344,178)
Total liabilities	**166,482,185**	**168,658,477**	**(2,176,292)**
Net assets	**$687,870,657**	**$715,764,084**	**($27,893,427)**

Financial Analysis of Plan Net Assets

The Police Retirement System's benefits are funded through member and employer contributions, and investment income. Net assets of the Plan decreased to $687,870,657 as of April 30, 2012 from $715,764,084 as of April 30, 2011. Plan income is generated through the investment of contributions in stocks, bonds and alternative assets. Members contributed 10.55% of annual covered salary to the Plan, while employer contributions totaled 19.7% of covered salary. Plan members do not contribute to Social Security although members hired after 1986 do contribute to Medicare.

Assets – Total assets of the Police Retirement System were $854.4 million as of April 30, 2012 and included cash, investments and receivables. Total assets decreased by $30.1 million or (3.4%) from FY 2011 because benefit payments exceeded member and employer contributions and investment income. Investable assets decreased during the year by $15.3 million while securities lending collateral decreased by $14.3 million.

Liabilities – Total liabilities of the Police Retirement System were $166.5 million as of April 30, 2012 and included payables for money manager fees and benefit payments, amounts due to brokers for purchases of investments and securities lending collateral. Total liabilities decreased by $2.2 million during the year mainly due to the $14.3 million decrease in the offsetting liability for securities lending activity.

Net Assets – Police Retirement System assets exceeded liabilities at April 30, 2012 by $687.9 million. This was a decrease of $27.9 million or (3.9%) from the prior year.

Changes in Plan Net Assets

The following is a summary comparative statement of Changes in Plan Net Assets:

	April 30, 2012	April 30, 2011	Amount Change
Member contributions	$8,894,208	$9,223,994	($329,786)
Employer contributions	16,476,608	16,532,015	(55,407)
Net investment income (loss)	(3,584,270)	82,002,086	(85,586,356)
Total additions	**21,786,546**	**107,758,095**	**(85,971,549)**
Benefits paid to members	48,578,196	46,377,135	2,201,061
Refunds of contributions	549,026	557,214	(8,188)
Administrative expenses	552,751	631,281	(78,530)
Total deductions	**49,679,973**	**47,565,630**	**2,114,343**
Net Increase (Decrease)	**(27,893,427)**	**60,192,465**	**(88,085,892)**
Net Assets, Beginning of Year	**715,764,084**	**655,571,619**	**60,192,465**
Net Assets, End of Year	**$687,870,657**	**$715,764,084**	**($27,893,427)**

Financial Analysis of Changes in Plan Net Assets

Revenues – Additions to Plan Net Assets – Member contributions, employer contributions and investment income are the sources of revenue for the Police Retirement System. Members contribute 10.55% of covered salary to the Plan. Employer contributions are 19.7% of covered salary to the Plan. The amount of member and employer contributions and net investment income all decreased from FY 2011. Contributions decreased because of lower total payroll. The net investment loss of $3.6 million is the result of flat investment performance and investment expenses. The portfolio's investment rate of return was 0.1% with investment income of $534,000 and investment expenses of $4.1 million. Investments in bonds posted gains and investments in stocks and alternative assets posted losses for the year.

Expenses – Deductions from Plan Net Assets – Benefits paid to members, refunds of member contributions and administrative expenses are the sources of expenses for the Police Retirement System. Benefit payments and refunds represent 99% of the total deductions. Benefits paid to members increased over the prior year because of new retirements and a cost of living adjustment for retirees. The amount of refunds decreased due to fewer longer-term members leaving the Police Department. Administrative expenses decreased because of a legal judgment in the prior year.

For the ninth year in a row, employer contributions did not equal the amount and percentage of compensation recommended by the Retirement System actuary. The employer contribution rate was 14.05% below the annual required contribution rate of 33.75%. For the year beginning May 1, 2012, employer contributions are budgeted to remain at 19.70% of covered pay, while the annual required contribution rate increases to 36.79%.

The Retirement Board has approved an asset allocation, which over time is expected to realize an assumed actuarial rate of investment return of 7.75%. While the asset allocation is structured to provide some control over volatility, investment returns of 0.1% in FY 2012 and 13.3% in FY 2011 provide an indication of how dramatically the markets can move from year to year. The Retirement Board continues to review investment allocations on a quarterly basis and to make tactical allocations on a more frequent basis with guidance from an independent financial consulting firm.

Requests for Information

This financial report is designed to provide members of the Police Retirement System, citizens, investors and creditors of the City of Kansas City, Missouri with a general overview of the Plan 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 Kansas City Police Employees' Retirement Systems, 1328 Agnes, Kansas City, Missouri 64127.

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 Police Retirement System.

POLICE RETIREMENT SYSTEM OF KANSAS CITY, MISSOURI

STATEMENT OF PLAN NET ASSETS

April 30, 2012

Assets

Investments	
U.S. government securities	$114,856,782
Corporate bonds and notes	77,376,986
Common and preferred stock	144,269,607
Equity exchange-traded-funds	44,401,928
Fixed income exchange-traded-funds	21,506,419
Government mortgage-backed securities	14,613,204
Partnerships - equity	21,373,747
Partnerships - fixed income	22,810,724
Real estate funds	28,543,714
Hedge fund of funds	67,322,493
Short-term investment funds	33,095,254
Short-term investment funds held for commodity futures	27,655,094
Emerging market equities	29,640,085
Foreign equities	51,914,711
Total investments	699,380,748
Securities Lending Collateral	151,951,330
Receivables	
Member contributions	351,582
Accrued interest and dividends	1,716,322
Due from broker for sales of investments	932,655
Other	579
Total receivables	3,001,138
Office Equipment, net of accumulated depreciation of $41,109	8,739
Cash	10,887
Total assets	854,352,842

Liabilities

Accounts and refunds payable	1,198,290
Due to broker for purchases of investments	12,974,838
Commodity futures	357,727
Securities lending collateral	151,951,330
Total liabilities	166,482,185
Net Assets Held in Trust for Pension Benefits	$687,870,657

See Notes to the Financial Statements.

STATEMENT OF CHANGES IN PLAN NET ASSETS

Year Ended April 30, 2012

Additions

Investment Income (Loss)	
Net depreciation in fair value of investments	($13,249,705)
Interest and dividends	13,563,643
Investment expense	(4,118,018)
Net investment income (loss)	(3,804,080)
Securities Lending Income	
Securities lending gross income	384,569
Securities lending expenses	
Borrower rebates	(70,657)
Management fees	(94,102)
Total securities lending expenses	(164,759)
Net securities lending income	219,810
Total net investment income (loss)	(3,584,270)
Contributions	
City	16,476,608
Members	8,894,208
Total contributions	25,370,816
Total additions	21,786,546

Deductions

Benefits Paid	
Retired members	34,794,455
Spouses	5,788,162
Children	147,912
Disabled	6,124,737
Partial lump sum option	1,697,930
Death benefits	25,000
Total benefits paid	48,578,196
Other Deductions	
Refunds of contributions	549,026
Administrative expenses	552,751
Total other deductions	1,101,777
Total deductions	49,679,973
Net Decrease	**(27,893,427)**
Net Assets Held in Trust for Pension Benefits, Beginning of Year	**715,764,084**
Net Assets Held in Trust for Pension Benefits, End of Year	**$687,870,657**

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The Police Retirement System of Kansas City, Missouri (the Plan) is considered a component unit of the City of Kansas City, Missouri financial reporting entity and included in the City's financial reports as a pension trust fund due to the nature of the Plan's reliance on funding from the City of Kansas City, Missouri. Accounting principles generally accepted in the United States of America require that the financial reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, there are no other organizations or agencies whose financial statements should be combined and presented with these basic financial statements.

Measurement Focus and Basis of Accounting

The Plan uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Plan's fund is classified as a pension trust fund of fiduciary fund type. Pension trust funds account for assets held by the Plan in a trustee capacity or as an agent on behalf of others and are accounted for on the flow of economic resources measurement focus and 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. Interest and dividend income are recorded when earned. Expenses are recorded when the corresponding liabilities are incurred. Realized gains and losses on security transactions are based on the difference between sales proceeds and carrying value of the securities, and are recognized on the transaction date. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions

Contributions totaling $25,370,816 ($16,476,608 employer and $8,894,208 employees) were made during the Plan year. The annual required contribution rate (ARC) was determined through an actuarial valuation performed at April 30, 2011. As a percentage of payroll, the amount contributed did not equal the ARC. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) projected salary increases based on years of service and (c) post-retirement benefit increase of 3% per year of the original base pension granted annually.

As a condition of participation in the Plan, members are required to contribute a certain percentage of their compensation until they retire. For the year ended April 30, 2012, the member contribution rate was 10.55% of compensation. The computed City contribution rate of 33.75% was the balance required to pay pensions and maintain the Plan on an actuarially sound basis and would fund the normal cost and amortize the net unfunded actuarial accrued liability. For the year ended April 30, 2012, the City contributed at a rate of 19.70% of members' salaries.

The actual contributions by the City have been less than the rates recommended by the actuary for the past nine years. The Plan is dependent upon the relationship of actual plan experience with the underlying actuarial assumptions and sufficient funding by the City to meet future cash flow needs.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2011 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) Active Member Covered Payroll	[(b–a)/c] UAAL as a Percentage of Covered Payroll
4/30/2011	$715,764,084	$940,609,092	$224,845,008	76%	$88,444,971	254%

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Valuation of Investments and Income Recognition

Marketable securities, including mutual funds, are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

For certain investments consisting of corporate bonds and notes that do not have an established fair value, the Plan has established a fair value based on yields currently available on comparable securities of issuers with similar credit ratings and quotations are obtained from brokerage firms or national pricing services.

The hedge fund of funds are invested in a non-marketable limited liability company which operates as a commodity pool, with the fund investing a majority of its assets in related commodity pools. The private equity partnerships and real estate funds consist primarily of non-marketable investments in various venture capital, corporate finance funds and private partnerships. These funds are primarily invested in the technology, communications, energy and real estate markets. A portion of these funds is also invested in foreign operations under certain partnership agreements. The Plan is obligated to pay certain capital commitments to the partnerships. These outstanding commitments totaled $17,865,033 at April 30, 2012. The fair value of these investments is estimated based on the estimated fair values of the underlying securities. These estimates could change materially in the near term.

Securities, which are not traded on a national security exchange, are valued by the respective investment manager or other third parties based on similar sales.

Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments.

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

Administrative Expenses

Actuarial, investment management and bank trustee fees and expenses are included in the Plan's expenses when incurred. These expenses are financed through investment income. The Kansas City, Missouri Police Department provides office space without any direct cost to the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Plan Tax Status

The Plan obtained its most recent determination letter on November 15, 2010, in which the Internal Revenue Service stated that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code and, therefore, not subject to tax.

Note 2: Plan Description

The following description of the Police Retirement System of Kansas City, Missouri provides only general information. Participants should refer to the Plan Statutes (Sections 86.900 to 86.1280 RSMo) for a more complete description of the Plan's provisions.

The Plan is a single-employer, contributory, defined benefit plan established by the State of Missouri's General Assembly and administered by the Retirement Board of the Police Retirement System of Kansas City, Missouri.

At April 30, 2012, the Plan's membership consisted of the following:	
Retirees and beneficiaries currently receiving benefits	1,209
Terminated members entitled to but not yet receiving benefits	13
Active employees	
Vested: Non-contributing (30 yr. max)	6
Contributing	565
Non-vested	801
Total	**2,594**

The Plan provides retirement benefits and disability benefits. Members become vested for retirement benefits after 15 years of service or the combination of 10 years of service and age 60. Members who retire with 25 or more years of creditable service or those who retire at age 60 with 10 or more years of service are entitled to an annual pension of 2.5% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 75% of final compensation as defined in the Plan. When an officer voluntarily resigns with 15 years of service or more, the member is entitled to an annual pension, beginning at age 55, of 2.5% of final average compensation multiplied by the number of years of creditable service. All benefits vest after 15 years of creditable service and members shall not earn creditable service beyond 30 years of service. In April 2011, the Board of Police Commissioners changed its policy to allow members to work up to 32 years of service. However, the Plan will not receive contributions from either the City or the Member, after they have completed 30 years of creditable service.

When members terminate employment prior to becoming vested in the Plan or when vested members elect to withdraw their accumulated contributions, they shall be paid their accumulated contributions in one lump sum.

Note 2: Plan Description (Continued)

The Plan provides for a disability pension based on the member's final average compensation for the remainder of his or her natural life or so long as the disability continues. The Plan also provides for death benefits when an accident or occupational disease, arising out of and in the course of regular duties, is the natural and proximate cause of the death of the member. This benefit amounts to $50,000.

An annual cost of living adjustment, not to exceed 3%, may be provided for members receiving benefits.

Current and future retired and disabled members and their surviving spouses were eligible to receive $420 per month as a supplemental benefit for the year ended April 30, 2012.

The minimum monthly benefit for retired members and surviving spouses is $600 in combined pension benefit amounts and cost of living adjustments. To be eligible for the $600 monthly minimum, the officer must have retired with at least 25 years of creditable service or due to a disability, or have died while in service.

Surviving spouses are eligible to receive 80% of the pension amount being received by the retiree at the time of death.

The Plan is permitted by state statute to withhold amounts on behalf of members receiving benefits, including amounts for health and life insurance premiums. The Plan does not contract with insurance carriers on behalf of its members; instead, all insurance premiums are remitted through the Kansas City Police Department.

Note 3: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Plan's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Missouri; bonds of any city, county, school district or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The Plan had no bank balances exposed to custodial credit risk at April 30, 2012.

Note 3: Deposits, Investments and Investment Income (Continued)

Investments

For the year ended April 30, 2012, Northern Trust was the master custodian for substantially all of the securities of the Plan. The investments held by the Plan are managed by thirteen Board-appointed money managers. Each of the money managers has a different asset allocation based on Board-approved policy. The Plan may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, real estate, partnerships, corporate bonds, commodities and equity securities.

Securities Lending Transactions

State statutes 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. 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.

Market value of securities loaned	$148,449,440
Market value of cash collateral received from borrowers	$151,951,330
Market value of non-cash collateral received from borrowers	37,537
Total market value of collateral	$151,988,867

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.

Note 3: Deposits, Investments and Investment Income (Continued)

At April 30, 2012, the Plan had the following investments and maturities:

Type	Fair Value	Maturities in Years: Less than 1	1 – 5	6 – 10	More than 10	Loaned Under Securities Lending Agreements
U.S. Treasury obligations	$79,374,744	$13,072,111	$32,868,722	$20,077,582	$13,356,329	$77,233,220
U.S. agencies obligations	14,802,601	4,045,616	3,513,090	3,653,280	3,590,615	–
Corporate bonds	77,376,986	4,732,900	26,102,406	30,627,668	15,914,012	11,399,549
Government mortgage-backed securities	14,613,204	–	–	1,264,038	13,349,166	–
Index linked government bonds	20,679,437	664,179	10,747,216	9,268,042	–	20,353,179
Money market mutual funds	60,750,348	60,750,348	–	–	–	–
Fixed income exchange-traded funds	21,506,419	21,506,419	–	–	–	–
		$104,771,573	$73,231,434	$64,890,610	$46,210,122	
Equity exchange-traded funds	44,401,928					–
Corporate stocks	144,269,607					38,887,001
Real estate funds	28,543,714					–
Hedge fund of funds	67,322,493					–
Partnerships - equity	21,373,747					–
Partnerships - fixed income	22,810,724					–
Foreign equities	51,914,711					576,491
Emerging markets equity	29,640,085					–
Total	**$699,380,748**					**$148,449,440**

Interest Rate Risk – The money market mutual funds and fixed income exchange-traded-funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. The debt securities are presented in their respective category based on final maturity date. The Plan's investment policy does not specifically address exposure to fair value losses arising from rising interest rates.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Plan's policy to limit its investments in corporate bonds to those that are rated Baa or better by credit rating agencies. The Plan's portfolio must have an average rating of A or better in the aggregate as measured by at least one credit rating agency. At April 30, 2012, the Plan's investments in corporate bonds were rated BBB+ or better by *Standard & Poor's*. U.S. Treasury obligations and index linked government bonds were explicitly guaranteed by the U.S. Government. At the same date, the Plan's investments in U.S. agencies obligations not directly guaranteed by the U.S. Government (including Federal National Mortgage Association, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation) were rated A or

Note 3: Deposits, Investments and Investment Income (Continued)

better by *Standard & Poor's*. The Plan's investments in government mortgage-backed securities, money market mutual funds and fixed income exchange-traded-funds were not rated by *Standard & Poor's*. These bond rating requirements do not apply to the high yield portion of the fixed income portfolio.

Custodial Credit Risk – For an investment, 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 investment or collateral securities that are in the possession of an outside party. Consistent with the Plan's securities lending policy, $148,449,440 was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

Concentration of Credit Risk - The Plan limits the amount that may be invested in any one security at 5% to 15% of total plan assets.

Foreign Currency Risk - This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Plan's investment policy permits investments in international equities, American Depository Receipts (ADRs), warrants, rights, 144A securities, convertible bonds and U.S. registered securities whose principal markets are outside of the United States. All foreign equities and emerging market equities held are denominated in U.S. dollars.

Investment Income (Loss)

Investment income (loss) for the year ended April 30, 2012, consisted of:

Interest and dividend income	$13,563,643
Net decrease in fair value of investments	(13,249,705)
	313,938
Less investment expense	4,118,018
	($3,804,080)

Note 4: Derivative Financial Instruments

Some of the Plan's managers invest in derivative securities. A derivative security is an investment where settlement depends upon the value of the underlying assets, such as bond and stock prices, a market index or commodity prices. During the year, derivative investments included only commodity futures. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. This risk is minimized by investing in derivatives that are regulated by overseeing agencies and are guaranteed by clearinghouses. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

The Plan's investment managers utilize commodity futures to obtain market exposure and to take advantage of mis-pricing opportunities. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Commodity futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed-upon price. When a position is taken in a futures contract, a margin is posted and the contract is subject to daily mark-to-market adjustments.

Note 4: Derivative Financial Instruments (Continued)

The fair value and notional amounts of investment derivative instruments outstanding at April 30, 2012 are as follows:

Commodity Future	Number of Contracts Long (Short)	Maturity Date	Fair Value
Aluminum	8	December 2012	($23,085)
Aluminum	18	June 2012	(107,254)
Brent Crude Oil	11	December 2012	85,175
Brent Crude Oil	3	July 2012	(12,026)
Cattle	15	August 2012	(61,952)
Cattle	8	June 2012	(34,088)
Cocoa	8	July 2012	(5,041)
Coffee	8	July 2012	(123,459)
Copper	2	August 2012	4,947
Copper	4	December 2012	(3,605)
Copper	1	June 2012	(3,851)
Corn	33	December 2012	(21,635)
Corn	6	July 2012	3,638
Corn	3	September 2012	1,981
Cotton	9	December 2012	(30,429)
Cotton	5	July 2012	(9,849)
Crude Oil	24	December 2013	73,723
Crude Oil	13	December 2014	5,756
Feeder Cattle	3	August 2012	(8,975)
Gas Natural	30	August 2012	(88,491)
Gas Natural	14	July 2012	27,429
Gas Natural	12	October 2012	(27,018)
Gas Oil	3	December 2012	(10,575)
Gas Oil	1	June 2012	6,073
Gas RBOB	6	June 2012	80,137
Gas RBOB	1	September 2012	(1,399)
Gold	17	June 2012	10,162
Heating Oil	8	December 2012	(2,621)
Hogs	14	December 2012	(27,155)
Hogs	1	October 2012	(2,563)
Kansas City Wheat	8	July 2012	(12,279)
Lead	4	June 2012	13,009
Minn Wheat	6	July 2012	(11,054)
NY Copper	7	December 2012	5,877
NY Copper	8	September 2012	30,770
Nickel	4	June 2012	(54,777)
Palladium	2	June 2012	(4,494)
Platinum	3	July 2012	(16,282)
Robusta Coffee	8	July 2012	(2,584)
Silver	6	July 2012	(21,703)
Soybean Meal	9	December 2012	13,377
Soybean Meal	4	July 2012	17,169
Soybean Oil	7	December 2012	(3,527)

Note 4: Derivative Financial Instruments (Continued)

Commodity Future	Number of Contracts Long (Short)	Maturity Date	Fair Value
Soybean Oil	5	July 2012	$8,430
Soybeans	4	March 2013	3,885
Soybeans	17	November 2012	110,273
Sugar	38	July 2012	(108,214)
Wheat	11	December 2012	(8,811)
Wheat	4	July 2012	(2,141)
Zinc	4	December 2012	5,082
Zinc	4	June 2012	(13,683)
			($357,727)

The changes in fair value of the commodity futures approximates their fair value at April 30, 2012 and are reported in net depreciation in fair value of investments in the Statement of Changes in Plan Net Assets.

Note 5: Actuarial Methods and Assumptions

An actuary from Cavanaugh Macdonald Consulting, LLC 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 dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2011
Actuarial cost method	Individual entry age
Amortization method	Level percent closed
Equivalent single amortization period	15 years

Actuarial Assumptions:	
Investment rate of return	7.75% per annum
Inflation rate	3.00% per annum
Cost of living adjustments	3.00%, simple

Note 5: Actuarial Methods and Assumptions (Continued)

Projected salary increases based on years of service as follows:

Years of Service	General Wage Growth	Merit and Longevity	Total
0	4.0%	5.75%	9.75%
1	4.0%	5.50%	9.50%
2	4.0%	4.50%	8.50%
3	4.0%	4.00%	8.00%
4	4.0%	4.00%	8.00%
5	4.0%	4.00%	8.00%
10	4.0%	3.50%	7.50%
15	4.0%	0.00%	4.00%
20	4.0%	0.00%	4.00%
25	4.0%	0.00%	4.00%

Actuarial accrued liability as of April 30, 2011:

Active employees accruing benefits	
Present value of future benefits	$603,359,391
Present value of future normal costs	211,459,533
Total active employees accruing benefits	391,899,858
Retired and inactive members	
Members with deferred benefits	11,038,857
Members receiving benefits	478,458,620
Retired member supplemental benefits	59,211,757
Total retired and inactive members	548,709,234
Total actuarial accrued liability	940,609,092
Assets, at actuarial value	715,764,084
Unfunded actuarial accrued liability	**$224,845,008**

The actuarial value of assets is calculated using an asset smoothing method. The difference between the actual and assumed investment returns on the market value of assets is recognized evenly over a five-year period. The resulting actuarial value of assets is constrained to fall within a corridor of 80% to 120% of market value.

Note 6: Risks and Uncertainties

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

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, have resulted in large declines in the fair value of investments, continues to present employee benefit plans with difficult 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.

Note 7: Litigation

The Plan is subject to claims and lawsuits that arise primarily in the ordinary course of operating a retirement system. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the net assets of the Plan.

SCHEDULE OF FUNDING PROGRESS

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) Active Member Covered Payroll	[(b–a)/c] UAAL as a Percentage of Covered Payroll
4/30/2006	$635,621,582	$775,271,985	$139,650,403	82%	$71,835,495	194%
4/30/2007	698,078,688	807,902,176	109,823,488	86%	80,111,515	137%
4/30/2008	742,060,223	850,763,745	108,703,522	87%	86,700,836	125%
4/30/2009	641,176,940	893,559,090	252,382,150	72%	89,884,411	281%
4/30/2010	722,464,003	915,463,037	192,999,034	79%	90,475,241	213%
4/30/2011	715,764,084	940,609,092	224,845,008	76%	88,444,971	254%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended April 30	Annual Required Contributions	Percentage Contributed
2007	$21,444,703	68%
2008	22,749,385	69%
2009	24,311,281	69%
2010	23,642,278	70%
2011	34,363,170	48%
2012	31,756,810	52%

SCHEDULE OF EXPENSES

Year Ending April 30, 2012

Investment Expenses	
Bank custodial fees and expenses	$194,131
Financial management expenses	3,791,812
Financial consultation	132,075
Total	**$4,118,018**

Administrative Expenses	
Salaries and payroll taxes	$363,588
Legal	38,671
Audit	13,023
Medical fees	3,414
Actuarial fees	34,573
Fringe benefits	47,657
Printing and office expense	10,694
Postage	3,705
Board meetings	1,199
Travel and education expense	5,624
Insurance	2,555
Depreciation	2,948
Legislative consultation	22,728
Other	2,372
Total	**$552,751**

Investment Section

DEMARCHE
ASSOCIATES, INC.

October 9, 2012

Dear Interested Parties,

DeMarche Associates serves as the investment consultant for the Kansas City Police Employees' Retirement Systems. Our primary objective is to provide the Retirement Board with information, advice, and a process in which appropriate investment decisions can be made and implemented through an investment policy. The degree of portfolio success may be in part attributable to the degree by which a process is implemented and followed within the three major areas of fiduciary responsibility: asset allocation, including diversification of assets and formulation of investment policy guidelines, prudent delegation of investment management, and ongoing performance measurement.

Current investment objectives of the fund include preserving principal and maximizing the rate of return to the System to meet approved actuarial assumptions. The System's absolute investment objective is a 7.75% annual return. The System also has a relative objective consisting of weighted returns of applicable investment style benchmarks.

The current asset allocation is based upon the fund's investment objective, given its risk/return profile, time horizon, and return expectations. The fund has delegated investment management functions to professional managers. The Board has diversified these investments among equities, fixed income, real estate, commodities, private equity and a fund-of-funds hedge fund. Further equity diversification includes domestic and international, large cap and small cap, growth and value and emerging markets. Further fixed income diversification includes short-term, intermediate and high yield bonds. DeMarche provides performance measurement, using quarterly data supplied by the fund's custodian on a time weighted rate of return methodology based on market values. Appropriate summaries and comparisons of investment performance are then provided to the Retirement Board.

The Board reviews the quarterly performance of their investment managers, comparing them to benchmarks and peer universes. Three years ago the Retirement Board hired Discretionary Management Services (DMS), an affiliate of DeMarche Associates, to provide, at least monthly, tactical asset allocation calls for the fund's assets excluding non-liquid assets. The Board provided DMS with target allocations for asset classes and styles and allowable ranges around the targets. The Retirement Board and its staff have the responsibility of implementing these calls.

Over the last few months, the Retirement Board has experienced considerable turnover on its Board. Partly due to the Board turnover but primarily because it is due, late in 2012 an asset allocation study will be initiated to review the current asset allocation and its risk parameters. The result of this study may revise the funds' future asset allocation.

The Retirement Board is committed to a long-term investment policy that maximizes returns within the Board's acceptable level of risk.

Regards,
DEMARCHE ASSOCIATES, INC.

William Miskell

William Miskell
Executive Vice President
Chief Administrative Officer

P.O. Box 7027 • Kansas City, Missouri 64113 • 913-384-4994

Summary of Investment Policies and Objectives

Investment performance objectives were established to give the retirement system a method to evaluate the investment return of the system's portfolio and individual managers. The system's investment return will be measured against, and expected to exceed, the following benchmarks: 1) Absolute Investment Objective, a minimum return target of the Consumer Price Index plus 4%; 2) Relative Standard Performance, a relative return objective of 15% S&P 500 Index, 11% Russell 2000 Index, 10% MSCI EAFE Index, 10% MSCI Emerging Markets Index, 24% Barclays Government/Corporate Index, 10% Hedge Fund Research Fund of Funds Index, 5% Merrill Lynch High Yield Bond Index, 5% NCREIF Index, 5% Dow Jones/UBS Commodity Index, 3% Actual Private Equity Return, and 2% Three Month Treasury Bill Rate; 3) Comparative Standards of Performance, a relative return objective of above median in a 65% equity and 35% bond balanced manager universe. The portfolio exceeded the relative benchmark with a 0.11% return for the fiscal year.

The tactical asset allocation at year end was 39% equities, 40% bonds and cash, and 21% alternatives. The equities allocation was divided into 19% large cap stocks, 7% small cap stocks, 8% international stocks, and 5% emerging markets. The allocations to international and emerging market stocks are held in commingled funds. The individual international and emerging market commingled funds can total more than 5% of plan assets and as a result must be disclosed under Governmental Accounting Standards Board rules. However, none of the individual stocks in any of the commingled funds make up more than 5% of the total assets. The alternative allocation was divided into 10% hedge fund of funds, 4% real estate, 4% commodities, and 3% private equity.

With the hiring of a hedge fund of funds manager the Retirement Board completed the move to a target asset allocation of 46% equities, 31% bonds and cash, and 23% alternatives. The equity allocation is divided into 15% large and mid cap stocks, 11% small cap stocks and 20% international stocks. The international allocation is further subdivided into 10% large cap international and 10% emerging markets stocks. The bond and fixed income allocation is divided into 24% intermediate bonds, 5% high yield bonds and 2% cash. The alternative allocation is divided into 10% hedge fund of funds, 5% real estate, 5% commodities, and 3% private equity. The expected long term return for the target asset allocation is 8.79% and expected standard deviation (risk) is 10.85%. The differences between the year end allocation and the target allocation represent monthly tactical allocations to overweight or underweight asset classes based on market conditions and trends determined by our investment consultant.

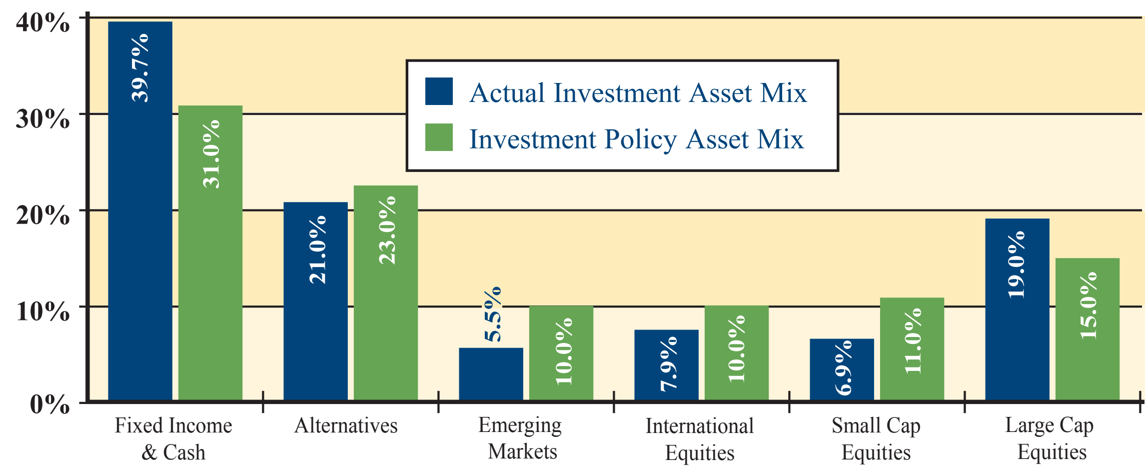
The Retirement Board met with staff from DeMarche Associates on a quarterly basis to review the performance of each of the investment managers hired by the Retirement Systems. Performance is reviewed both on an absolute basis, did the manager make or lose money, and on a relative basis, how did the manager perform compared to their designated benchmark. DeMarche also provides comparative information about how the investment manager's performance stacked up against other managers in their asset class.

Summary of Investment Policies and Objectives
(Continued)

The Retirement Board met twice with DeMarche to review the monthly tactical asset allocation calls. During the year, DeMarche recommended three separate tactical allocation changes away from the target allocation. The last tactical call of the fiscal year, in April 2012, was to underweight equities and overweight fixed income and cash. The board and staff are responsible for implementing the tactical calls using established target allocations for the asset classes and allowable ranges around the targets.

Asset Allocation

Year Ending April 30, 2012

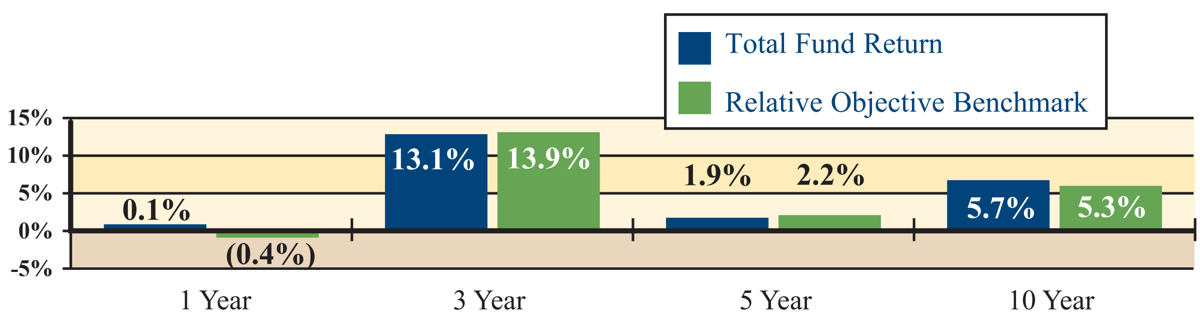


Schedule of Investment Results

Comparative investment results for the one, three, and five year returns are for the fiscal year ending April 30, 2012. However, the results for the ten year returns are available for the quarter ending March 31, 2012 rather than for the fiscal year ending April 30, 2012. Currently private equity is benchmarked to itself; therefore, there is no benchmark correlation at this time.

Annualized Returns as of April 30, 2012 (Ten Year Returns as of March 31, 2012)

Investment Manager	Investment Class	One Year	Three Years	Five Years	Ten Years
Financial Counselors	Bonds & Fixed Income	7.8%	7.8%	6.8%	6.0%
Barclays Govt/Credit		*8.6%*	*7.5%*	*6.4%*	*5.9%*
Shenkman Capital Mgmt	High Yield Bonds	6.1%			
Merrill Lynch Hi Yield		*5.1%*			
GE Asset Mgmt	Foreign Equities	(12.8%)	10.3%	(3.7%)	6.2%
LSV Asset Mgmt	Foreign Equities	(15.5%)	11.1%	(6.7%)	
MSCI EAFE		*(12.8%)*	*11.8%*	*(4.7%)*	*5.7%*
Waddell & Reed	Small Cap Growth Equities	(7.6%)	18.5%	4.1%	7.0%
Russell 2000 Growth		*(4.4%)*	*21.8%*	*3.3%*	*6.0%*
RCM Capital Mgmt	Large Cap Growth Equities	2.8%	17.4%	3.8%	4.1%
Northern Trust Index	Large Cap Growth Equities	7.2%	21.7%		
Russell 1000 Growth		*7.3%*	*21.4%*	*4.1%*	*4.3%*
Vaughan Nelson	Small Cap Value Equities	(2.9%)			
Russell 2000 Value		*(4.1%)*			
LSV Asset Mgmt	Large Cap Value Equities	(0.9%)	19.7%	(0.6%)	
Russell 1000 Value		*1.0%*	*18.3%*	*(1.7%)*	
Prudential PRISA II	Real Estate	19.6%	4.9%	(3.8%)	
NCREIF Property		*13.4%*	*6.0%*	*2.9%*	
GE Asset Mgmt	Emerging Market Equities	(15.9%)	13.6%		
LSV Asset Mgmt	Emerging Market Equities	(12.2%)	25.3%		
MSCI Emerging Mkts		*(14.8%)*	*15.7%*		
Gresham LLC	Commodities	(13.4%)	15.0%		
DJ/UBS Commodity		*(19.4%)*	*8.6%*		
Abbott Capital	Private Equity	13.4%	1.2%	1.1%	
JP Morgan	Private Equity	12.8%	14.0%	4.0%	
Tactical ETFs	Exchange Traded Equities	10.3%			
Total Fund		**0.1%**	**13.1%**	**1.9%**	**5.7%**
Absolute Objective		***7.8%***	***7.0%***	***6.6%***	***6.8%***
Relative Objective		***(0.4%)***	***13.9%***	***2.2%***	***5.3%***



Returns provided by DeMarche Associates, Inc. to the Kansas City Police Employees' Retirement System.
Note: Performance returns were calculated using a time weighted rate of return based on market values.

Schedule of Largest Assets Held

Ten Largest Equity Holdings April 30, 2012		Market Value
1)	Apple Inc.	$3,157,817
2)	Intel Corp.	2,616,265
3)	Microsoft Corp.	2,278,799
4)	Chevron Corp.	2,237,760
5)	Wells Fargo & Co.	2,236,868
6)	Pfizer Inc.	2,157,713
7)	JPMorgan Chase & Co.	1,989,974
8)	Exxon Mobil Corp.	1,623,192
9)	ConocoPhillips	1,590,186
10)	Merck & Co. Inc.	1,389,096

Ten Largest Bond Holdings April 30, 2012		Market Value
1)	US Treasury Notes 1.375% Due 2012	$13,072,111
2)	US Treasury Notes 1.25% Due 2014	9,166,995
3)	US Treasury Bonds 4.25% Due 2039	8,604,533
4)	US Treasury Notes 2.375% Due 2016	8,550,000
5)	US Treasury Notes 3.625% Due 2021	8,106,875
6)	US Treasury Notes 2.375% Due 2014	7,347,263
7)	US Treasury Notes 3.125% Due 2019	6,737,346
8)	US Treasury Notes 3.00% Due 2016	6,600,000
9)	US Treasury Notes 3.75% Due 2018	5,233,361
10)	US Treasury Bonds 5.25% Due 2029	4,751,796

A complete list of portfolio holdings is available upon request.

Schedule of Brokerage Commissions

Year Ending April 30, 2012

Brokerage Firms	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Value Per Share
Northern Trust Co.	3,054,363	$140,715,416	$85,112	$0.028
Weeden & Co.	753,300	25,212,678	9,083	0.012
Credit Suisse First Boston Corp.	8,423,368	22,165,642	7,287	0.001
Merrill Lynch Pierce Fenner & Smith	696,354	21,262,343	7,109	0.010
Bernstein, Sanford C. & Co.	290,328	11,870,719	6,588	0.023
Knight Equity Markets LP	216,300	6,032,974	6,491	0.030
UBS Warburg LLC	290,101	10,741,368	5,605	0.019
Instinet	241,476	5,115,299	5,408	0.022
Jefferies & Co.	185,492	9,846,738	4,612	0.025
Stifel Nicolaus & Co.	159,822	5,134,295	4,404	0.028
Knight Direct LLC	554,210	13,578,456	4,379	0.008
Liquidnet Inc.	183,455	5,121,874	3,672	0.020
Baypoint Trading LLC	272,725	7,024,440	2,656	0.010
Piper Jaffray Inc.	99,938	3,358,476	2,563	0.026
Deutsche Bank Securities Inc.	72,341	3,072,587	2,525	0.035
Bear Stearns	71,456	3,112,322	2,483	0.035
Oppenheimer & Co.	6,595,490	8,884,945	2,412	0.000
Citigroup Global Markets Inc./Smith Barney	59,185	2,520,769	1,987	0.034
Others (Including 40 Brokerage Firms)	10,899,917	46,354,014	20,964	0.002
Totals	**33,119,621**	**$351,125,355**	**$185,340**	**$0.006**

Zero commission trades excluded from above	62,443,589	$795,297,977

Investment Summary

Year Ending April 30, 2012

Investment Manager	Date Hired	Investment Class	Portfolio Market Value As of 4/30/12	% of Total Fair Value
Financial Counselors, Inc.	Oct 1974	Fixed Income	$206,846,972	30.1%
Cash			33,095,254	4.8%
GE Asset Management	Jun 1994	Foreign Equities	26,594,175	3.9%
Waddell and Reed Investment Management	Jan 1999	Small Cap Growth Equities	23,824,375	3.5%
RCM Capital Management	Sep 2000	Large Cap Growth Equities	36,868,362	5.4%
LSV Asset Management	Feb 2003	Large Cap Value Equities	60,534,950	8.8%
Prudential PRISA II	Sep 2004	Real Estate	28,543,714	4.2%
Abbott Capital Management	Aug 2005	Private Equity	12,664,875	1.8%
JPMorgan Investment Management	Jan 2006	Private Equity	8,708,872	1.3%
LSV International Value	Jun 2006	Foreign Equities	24,242,257	3.5%
NTGI Russell 1000 Growth	Aug 2007	Large Cap Growth Equities	33,191,600	4.8%
GE Emerging Markets	Aug 2007	Emerging Market Equities	14,578,134	2.1%
LSV Emerging Markets	Aug 2007	Emerging Market Equities	15,061,950	2.2%
Gresham Investment Management	May 2008	Commodities	27,297,368	4.0%
Tactical ETFs	Mar 2009	Exchange Traded Equities	20,923,739	3.0%
Shenkman Capital Management	May 2009	High Yield Bonds	22,810,724	3.3%
Vaughan Nelson Investment Management	May 2009	Small Cap Value Equities	23,871,024	3.5%
SSARIS Advisors LLC	June 2011	Hedge Fund of Funds	67,322,493	9.8%
		Total	**$686,980,838**	

Investment Summary (Continued)

Year Ending April 30, 2012

Investment Manager	Management Fee	Commission Expense	Commission per Share
Financial Counselors, Inc.	$306,731	$—	$—
Cash / Transition	—	66,957	0.031
GE Asset Management	166,270	—	—
Waddell & Reed Investment Management	168,542	28,934	0.028
RCM Capital Management	180,065	30,499	0.032
LSV Asset Management	381,301	14,402	0.008
Prudential PRISA II	290,399	—	—
Abbott Capital Management	251,991	—	—
JPMorgan Investment Management	95,000	—	—
LSV International Value	141,968	—	—
NTGI Russell 1000 Growth	19,496	—	—
GE Emerging Markets	144,413	—	—
LSV Emerging Markets	128,277	—	—
Gresham Investment Management	642,022	—	—
Tactical ETFs	—	18,147	0.020
Shenkman Capital Management	87,061	—	—
Vaughan Nelson Investment Management	225,829	26,401	0.016
SSARIS Advisors LLC	562,447	—	—
Total	**$3,791,812**	**$185,340**	**$0.006**

Actuarial Section

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

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Kennesaw, GA
Bellevue, NE
Hilton Head Island, SC

October 17, 2012

The Retirement Board
Police Retirement System of
Kansas City, Missouri
1328 Agnes
Kansas City, MO 64127

Dear Members of the Board:

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

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

The financial objective is addressed within the annual actuarial valuation. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund the unfunded actuarial accrued liability as a level percent of active member payroll over a finite period. The most recent valuations were completed based upon population data, asset data, and plan provisions as of April 30, 2012.

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

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

Actuarial Section

- Summary of Assumptions
  - Funding Method, Asset Valuation Method, Interest Rate
  - Payroll Growth
  - Probabilities of Age & Service Retirement
  - Probabilities of Separation from Active Employment Before Age & Service Retirement
- Short-Term Solvency Test
- Membership Data
- Analysis of Financial Experience

- Supplementary Schedules
  - Schedule of Funding Progress
  - Schedule of Employer Contributions
  - Notes to Trend Data

For valuation purposes, an asset smoothing method is used to develop the actuarial value of assets. The Board of Trustees, upon the recommendation of the actuary, adopted a new asset smoothing method and implemented it in the last valuation by setting the April 30, 2011 actuarial value of assets equal to the market value of assets.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The April 30, 2012 actuarial valuation includes assumptions and methods resulting from the experience study covering the 5-year period from May 1, 2002 to April 30, 2007, as adopted by the Board based on advice of the actuary. The retirement assumption was modified in the prior valuation to reflect a new employer policy which allows officers to continue working until they reach 32 years of service (previously mandatory retirement was required at 30 years of service).

The System experienced a net actuarial gain for fiscal year end 2012. There was an $11.6 million loss on the actuarial value of assets and a $12.3 million gain on actuarial liabilities, primarily due to salaries being lower than expected. For the continued well being of the System it is important that a plan be instituted for receiving contributions at the levels recommended in the actuarial valuation. Absent such action, COLAs may not be able to be granted and benefit levels may need to be reconsidered. The System is 76% funded as of April 30, 2012 based on the actuarial value of assets.

Based upon the results of the April 30, 2012 valuation, future contributions need to be increased for the Police Retirement System of Kansas City, Missouri to meet its basic financial objective and return to sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,
CAVANAUGH MACDONALD CONSULTING, LLC

Patrice Beckham

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

Summary of Actuarial Assumptions and Methods

Actuarial assumptions are suggested by the retirement system actuary and approved by the Retirement System Board.

The investment rate of return is 7.75% per year (adopted 10/3/97) based on an underlying rate of inflation of 3.0% per year (adopted 2/12/08).

The System uses a 5-year smoothing of actual vs. expected return on market value approach to value plan assets for actuarial purposes. (Adopted 9/20/11)

For healthy and disabled retirees and surviving beneficiaries, and all active employees, the System uses the RP-2000 Tables for both males and females (adopted 2/12/08).

The rates to measure the probabilities of age and service retirements are included in the Rates of Retirement table on the following pages.

Tables for Rates of Separation from Active Membership and Rates of Disability are shown on the following pages.

The projected average salary increase attributable to inflation is 4.0% (adopted 2/12/08); merit and longevity increases range from 0.0% to 5.75% (adopted 2/12/08) depending upon the sample years of service. These increases include an underlying assumption of 3.0% for inflation (adopted 2/12/08). The table for Pay Increase Assumptions is shown on the following pages.

Normal cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method. Unfunded actuarial accrued liabilities were amortized by level percent of payroll contributions (principal and interest combined) over a closed initial period of 24 years. (Adopted 10/3/97)

The System assumes the Retirement Board will grant the full 3.0% cost of living adjustment, as allowed by state statute, in each year that statutory provisions are met. (Adopted 1973)

The System periodically prepares a study using actual experience in order to develop assumptions to be used in its actuarial valuations. The latest study was completed in February 2008 for the period May 1, 2002 through April 30, 2007. The Retirement System Board adopted the recommendations and assumptions from the February 2008 experience study for the valuation dated April 30, 2008 at the February 12, 2008 board meeting.

The most recent valuation was completed by Cavanaugh Macdonald Consulting, LLC and was based on members of the System as of April 30, 2012. All census data was supplied by the System and was subject to reasonable consistency checks. Cavanaugh Macdonald Consulting, LLC completed the 2011 and 2012 valuations. Milliman, Inc. completed the 2007 through 2010 valuations. Gabriel, Roeder, Smith & Company completed the valuations from 2002 through 2006. William M. Mercer, Inc. completed all previous valuations.

Summary of Actuarial Assumptions and Methods (Continued)

Mortality Tables. For active members, the RP-2000 Employees Table using Scale AA to model future mortality improvement was used. (Adopted 2/12/08)

For healthy retirees, the RP-2000 Healthy Annuitant Table using Scale AA to model future mortality improvement was used. (Adopted 2/12/08)

For disabled retirees, the RP-2000 Healthy Annuitant Table set forward 5 years using Scale AA to model future mortality improvement was used. (Adopted 2/12/08)

Rates of separation from active membership. The rates do not apply to members eligible to retire and do not include separation on account of death or disability. All vested members are assumed to leave their contributions with the System and receive a deferred benefit. This assumption measures the probabilities of members remaining in employment. (Adopted 2/12/08)

Sample Ages	% of Active Members Separating within Next Year	
	Male	Female
25	5.8%	6.3%
30	3.8%	5.0%
35	2.4%	3.5%
40	1.6%	1.6%
45	1.1%	0.5%
50	0.6%	0.0%

Summary of Actuarial Assumptions and Methods (Continued)

Rates of Disability. These assumptions represent the probabilities of active members becoming disabled. It was assumed that 55% of disabilities would be duty related. (Adopted 2/12/08)

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Male	Female
30	0.062%	0.134%
35	0.312%	0.672%
40	0.416%	0.896%
45	0.437%	0.941%
50	0.759%	1.635%
55	1.456%	3.136%
60	2.579%	5.555%

Rates of Retirement. These rates are used to measure the probabilities of an eligible member retiring during the next year. Deferred members are assumed to retire at age 55. (Adopted 2/12/08)

Members actively working with more than 30 years of service are assumed to retire in one year or at attainment of 32 years of service, if sooner. (Adopted 09/20/11)

Active Members Retiring Within Next Year	
Years of Service	Percent Retiring
25	25%
26	25%
27	25%
28	25%
29	25%
30	35%
31	55%
32	100%

Summary of Actuarial Assumptions and Methods (Continued)

Pay increase assumptions for individual active members are shown below.
(Adopted 2/12/08)

	Annual Rate of Pay Increase for Sample Years of Service		
Years of Service	General Wage Growth	Merit and Longevity	Total
0	4.0%	5.75%	9.75%
1	4.0%	5.50%	9.50%
2	4.0%	4.50%	8.50%
3	4.0%	4.00%	8.00%
4	4.0%	4.00%	8.00%
5	4.0%	4.00%	8.00%
10	4.0%	3.50%	7.50%
15	4.0%	0.00%	4.00%
20	4.0%	0.00%	4.00%
25	4.0%	0.00%	4.00%

Schedule of Active Member Valuation Data

Six Years Ended April 30, 2012

Valuation April 30	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2007	1,391	$75,377,572	$54,189	2.2%
2008	1,433	81,825,577	57,101	5.4%
2009	1,410	84,741,206	60,100	5.3%
2010	1,418	85,500,737	60,297	0.3%
2011	1,391	86,762,488	62,374	3.4%
2012	1,366	83,143,924	60,867	(2.4%)

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Six Years Ended April 30, 2012

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ended April 30	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	% Increase in Annual Benefits	Average Annual Benefits
2007	42	$1,352,192	39	$783,851	1189	$35,867,172	3.9	$30,166
2008	45	1,259,038	46	803,604	1188	37,132,056	3.5	31,256
2009	26	926,993	28	523,897	1186	38,357,598	3.3	32,342
2010	38	1,426,523	23	533,519	1201	39,272,337	2.4	32,700
2011	33	1,175,093	32	699,395	1202	40,616,220	3.4	33,791
2012	43	1,782,017	36	974,256	1209	42,319,944	4.2	35,004

Benefit amounts do not include $420 supplemental benefit.

Short-Term Solvency Test

Valuation Date April 30	ENTRY AGE ACTUARIAL ACCRUED LIABILITIES (1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Financed Portion)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
2007	$64,314,276	$487,633,976	$255,953,924	$698,078,688	100%	100%	57%
2008	70,012,081	511,571,757	269,179,907	742,060,223	100	100	60
2009	76,321,890	521,607,916	295,629,284	641,176,940	100	100	15
2010	81,310,956	526,521,860	307,630,221	722,464,003	100	100	37
2011	86,306,128	537,670,377	316,632,587	715,764,084	100	100	29
2012	91,427,576	551,677,775	329,022,523	734,375,923	100	100	28

Note: For years prior to 2011, information is shown from a prior actuary's report.

Analysis of Financial Experience

Year Ended April 30, 2012

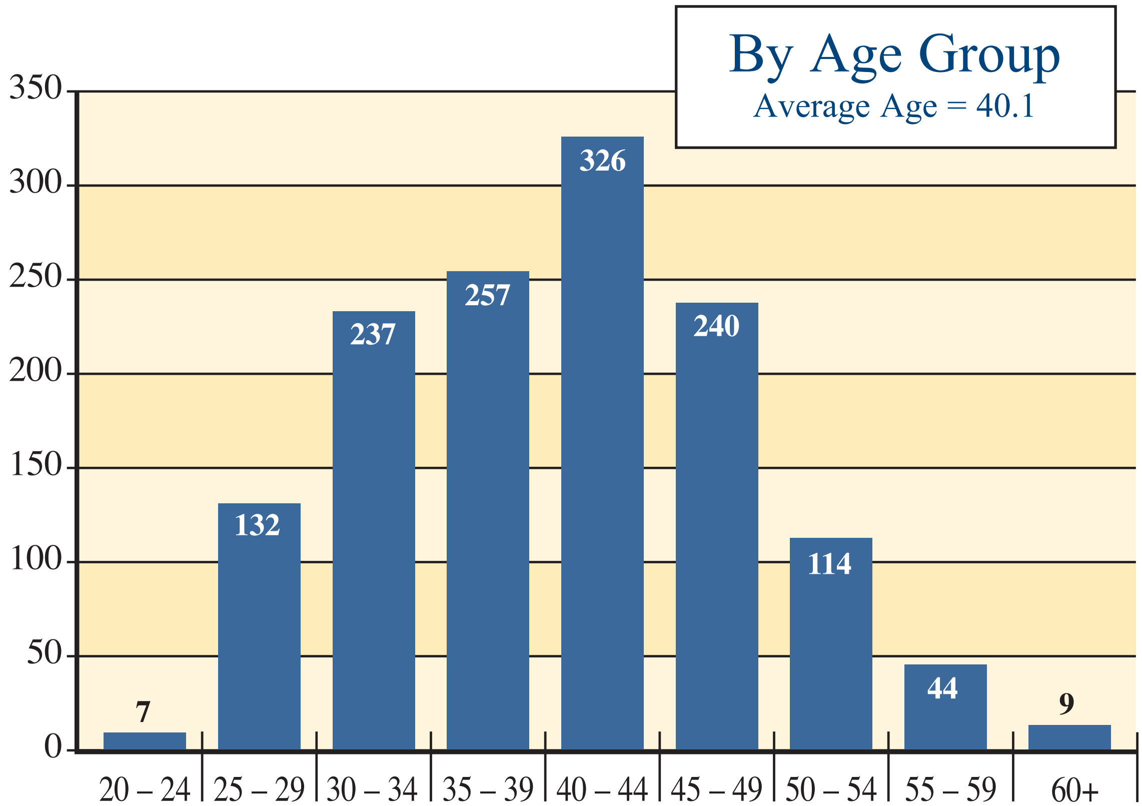
The actuarial gains or losses realized in the operation of the Retirement System provide an experience test. Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is expected that gains and losses will cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below, along with a year-by-year comparative schedule.

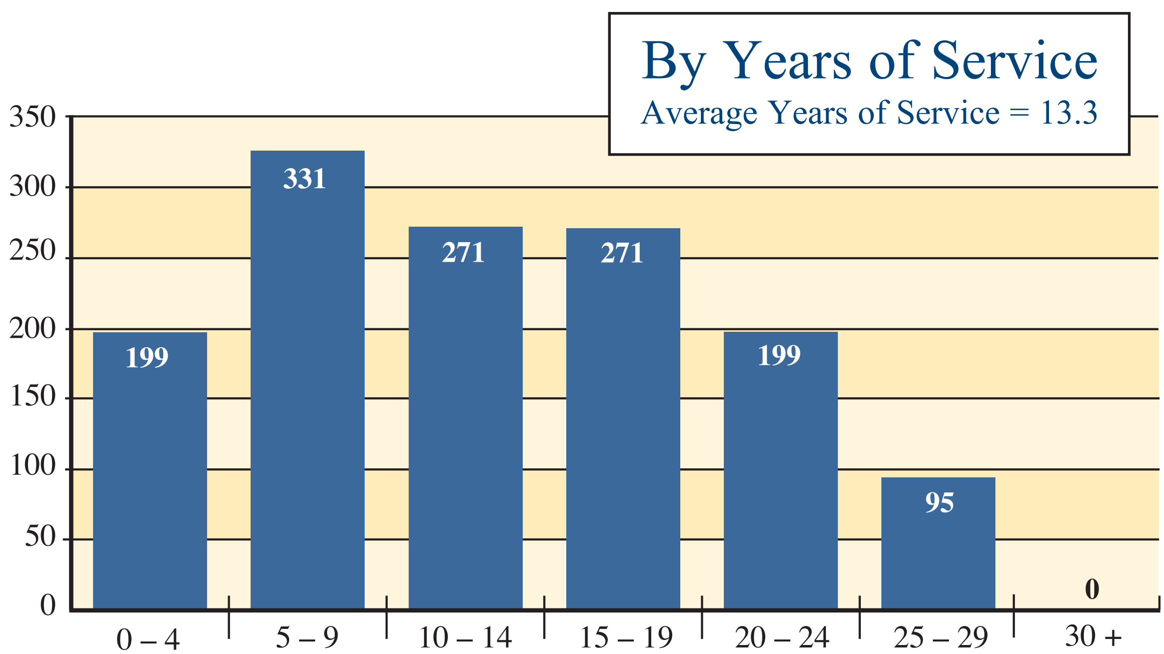
			Millions
(1)		UAAL* at start of year	$224.8
(2)	+	Normal cost and expenses for year	21.8
(3)	+	Assumed investment return on (1) & (2)	18.3
(4)	-	Actual contributions (member + city)	25.4
(5)	-	Assumed investment return on (4)	1.0
(6)	=	Expected UAAL at end of year (1) + (2) + (3) - (4) - (5)	238.5
(7)	+	Increase (decrease) from assumption change	0.0
(8)	+	Increase (decrease) from change in actuary	0.0
(9)	+	Increase (decrease) from change in asset smoothing	0.0
(10)	=	Expected UAAL after changes (6) + (7) + (8) + (9)	238.5
(11)	=	Actual UAAL at year end	237.8
(12)	=	Experience gain (loss) (10) - (11)	$0.7
(13)	=	Percent of beginning of year AAL	0.1%

* Unfunded Actuarial Accrued Liability/(Surplus)

Year Ended April 30	2007	2008	2009	2010	2011	2012
Actuarial Gain (Loss) As % of Actuarial Accrued Liabilities	5.4%	1.1%	(16.2%)	8.5%	(2.7%)	0.1%

Active Membership





Summary Plan Description at April 30, 2012

Membership

All police officers who serve as law enforcement officers for compensation shall become members of the Police Retirement System of Kansas City, Missouri as a condition of their employment. Members do not include police commissioners, reserve officers, or civilian employees.

Creditable Service

Membership service includes all service rendered as a police officer for compensation. Creditable service includes current membership service and may also include purchases of prior service, military service, and other qualifying public service.

Service Interruptions

With certain exceptions, any time a member is on leave without compensation, the member will not receive creditable service in the Retirement System for such period of time. However, upon returning from unpaid leave to active service, the member may purchase creditable service for such time by paying the actuarial cost calculated at the time of the purchase. Under certain conditions, members who have been on a period of unpaid leave for military purposes may receive creditable service without being required to pay the actuarial cost. Creditable service does not include any time a member is suspended from service without pay.

Prior Service

A member who terminates membership with five years or more of creditable service and later returns to membership may purchase credit toward retirement for that prior service. The cost shall be determined using the member's portion of actuarial rates.

Prior Military Service

Members may elect to purchase creditable service in the Retirement System based upon any active duty time they served in the U.S. military prior to employment with the Kansas City, Missouri Police Department. A member may purchase up to two years of qualifying military service. The cost shall be determined at the time of purchase using current actuarial rates, and must be paid in full prior to retirement.

Other Public Employment

Under Section 105.691 RSMo., a member who has been employed in nonfederal public employment in the State of Missouri prior to becoming a member of the Police Retirement System may purchase service up to the actual number of years of public service in an eligible position. A member becomes eligible under this section after they have been a member of the Police Retirement System for five years. The cost shall be determined using actuarial rates.

Contributions

All members contribute a percentage of their base pay until they retire or have completed 30 years of creditable service. The member contribution rate is 10.55% of base pay. Member contributions are made through payroll deduction on a pre-tax basis and paid into the Retirement System by the Board of Police Commissioners each pay period.

The City of Kansas City, Missouri contributes 19.7% of members' base pay. The current annual required contribution to maintain the Retirement System on an actuarially sound basis is 33.75% of base pay. Future contribution rates will be based on actuarial requirements.

Retirement Benefits

A member is eligible to retire after completing 25 or more years of creditable service. Members can continue to accrue creditable service until they reach 30 years. Members with 30 years of creditable service in the Retirement System may remain in active service with the Police Department until they reach a total of 32 years of service. Members must retire at age 60, however, the Board of Police Commissioners may, upon recommendation of the Chief of Police, permit a member who has reached age 60 to continue in service until they reach age 65.

Pension benefits begin in the month following the member's effective retirement date.

Age and Service Retirement

Upon retirement, a member with at least 25 years of creditable service or a member who is age 60 with at least 10 years of creditable service shall receive an annual pension calculated as follows:

For a member retiring on or after August 28, 2000, the annual benefit is calculated by multiplying 2.5% of the member's Final Compensation by the number of years of total creditable service. The pension benefit may not exceed 75% of the member's Final Compensation. For a member retiring before August 28, 2000, the annual benefit was calculated by multiplying 2.0% of the member's Final Compensation by the number of years of total creditable service. The pension benefit may not exceed 60% of the member's Final Compensation.

Final Compensation is generally the member's average annual compensation over the 24 months of service for which the member received the highest base salary.

Minimum Pension Benefit

Any member who retired entitled to a pension benefit and who either has at least 25 years of creditable service or is retired as a result of an injury or illness, shall receive a minimum monthly benefit of not less than $600 in combined pension benefit and cost-of-living adjustments. A surviving spouse qualifies for the minimum monthly benefit if the officer had at least 25 years of creditable service, died in service, or was retired as a result of an injury or illness. The minimum monthly pension benefit is in addition to the Supplemental Retirement Benefit.

Disability Benefits

A member eligible for disability benefits must be in active service and have a permanent disability that prevents the member from performing the full and unrestricted duties of a police officer. A duty disability is the exclusive result of an accident occurring within the actual performance of duty or through an occupational disease arising out of and in the course of employment. A non-duty disability is the result of an injury or illness not exclusively caused by the actual performance of official duties or the member's own negligence.

A member eligible for a duty disability pension, as certified by the Medical Board of the Retirement System to the Board of Police Commissioners shall have no age or service requirement and will receive a pension equal to 75% of the member's Final Compensation for so long as the permanent disability shall continue. The pension may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law. A disability retiree who is not age 60 may be required by the Retirement Board to undergo periodic medical examinations.

A member eligible for a non-duty disability pension, as certified by the Medical Board of the Retirement System to the Board of Police Commissioners, must have 10 or more years of creditable service and will receive a pension equal to 2.5% of the member's Final Compensation multiplied by the number of years of the member's creditable service for so long as the permanent disability shall continue. A non-duty disability retiree who is not age 60 may be required by the Retirement Board to undergo periodic medical examinations.

Partial Lump-sum Option Payment (PLOP)
A Partial Lump-sum Option Payment (PLOP) is available to members electing a normal retirement who have 26 or more years of creditable service. A member with at least 26 years of creditable service may elect a lump-sum amount equal to 12 times the initial monthly base pension they would have received without making the PLOP election.

A member with at least 27 years of creditable service may elect a lump-sum amount equal to 24 times the initial monthly base pension they would have received without making the PLOP election.

A member with at least 28 years of creditable service may elect a lump-sum amount equal to 36 times the initial monthly base pension they would have received without making the PLOP election.

When a member makes an election to receive a PLOP, the member's base pension calculated at the time of retirement will be actuarially reduced to reflect the PLOP payment. The reduction in a member's retirement benefit with a PLOP is dependent upon the member's age, creditable service, marital status and the amount of the PLOP.

Survivor Benefits
Upon the death of a member in service or of a member after retirement, there shall be paid the following:

If a member dies while in service, the surviving spouse shall be paid a base annual pension equal to 40% of the Final Compensation of the member.

If a member dies after commencement of pension benefits, and after August 28, 1999, the member's surviving spouse shall be paid a pension and/or special consultant supplement in an amount equal to 80% of the pension being received by the member, including cost of living adjustments, at the time of the member's death. The 80% benefit amount calculated under this provision is in addition to the Supplemental Retirement Benefit.

A member's child or children under the age of 18, at the time of the member's death, shall be paid $50.00 per month each. Each child who is a full-time student may continue to receive payments until they reach the age of 21. Any child who is physically or mentally incapacitated from earning wages shall be entitled to the same benefits as a child under the age of 18.

A funeral benefit of $1,000.00.

If there is no qualified surviving spouse, or if the surviving spouse dies, the pension to which the surviving spouse would be entitled shall be payable to the qualified child or children of the deceased member in equal shares.

If there is no surviving spouse or children qualified to receive a pension, the remainder of the accumulated contributions of the deceased member, and any prorated benefit for the month of the member's death shall be paid to a named beneficiary.

For entitlement to benefits, the surviving spouse of a member who retired on or after August 28, 1997 must have been married to the member at the time of the member's retirement. The surviving spouse of a member who retired prior to August 28, 1997 must have been married to the member for at least two years prior to the member's retirement.

A surviving spouse applying for a pension must furnish a copy of their marriage certificate and the death certificate of the deceased member. Children applying for a pension must furnish a copy of the death certificate and a copy of their birth certificate.

Any prorated benefit for the month of a surviving spouse's death shall be paid to a named beneficiary.

When the surviving spouse or children receive Workers' Compensation benefits on account of the death of a member in service, the amounts of any payments under this section may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law.

Cost of Living Adjustments
Members, including surviving spouses, may receive an annual cost of living adjustment in an amount not to exceed 3% of their respective base pension. Statutes require that the Retirement System remain actuarially sound and that the Retirement Board must act upon the advice of a qualified actuary when granting cost of living adjustments. To be eligible for the cost of living increase, which is normally granted on the May 31 retirement check, the member's pension must have commenced by December 31 of the prior year.

Supplemental Retirement Benefit
All retired members and eligible surviving spouses receive a supplemental retirement benefit, currently in the amount of $420.00 monthly, in addition to pension benefits. No supplemental benefit will be paid in any month when only a partial monthly pension payment is made due to the death of a member or survivor.

Resignation or Termination
Upon resignation or termination of a member, with less than 15 years of creditable service, the member will be paid the amount of the member's contributions and this return of contributions shall be in lieu of any and all benefits to which the member might be entitled. The member will receive their accumulated contributions in one lump sum payment without interest.

With 15 or more years of creditable service, a member may elect to become entitled to an annual pension beginning at age 55 by leaving their contributions in the Retirement System.

Service Connected Death Benefit

Upon receipt of the proper proofs that the death of a member in service was the natural result of an event occurring within the performance of duty or of an occupational disease arising out of and in the course of the member's employment, there shall be paid to the member's eligible surviving spouse, or eligible child or children, the sum of $50,000. Eligible children are children under the age of 21 or over the age of 21 if mentally or physically incapacitated from wage earning.
Amounts payable under this section shall not be subject to offset or reduction by amounts paid or payable under Workers' Compensation.

Retirement Board

The Retirement Board is composed of nine members, two are appointed by the Board of Police Commissioners, two are appointed by the City Council and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees' Retirement System, one member retired from active service in the Police Retirement System, and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually and board members are elected to serve for three-year terms.

The above summary is not intended to serve as a legal document or substitute for the law. In all circumstances the language of the actual text of the law and the policies adopted by the Retirement System Board will take precedence. Copies of sections 86.900 to 86.1280 of the Revised Statutes of Missouri, which govern the Police Retirement System of Kansas City, Missouri, are available on our web site at www.kcpers.org or upon request at the KCPERS Office.

Statistical Section

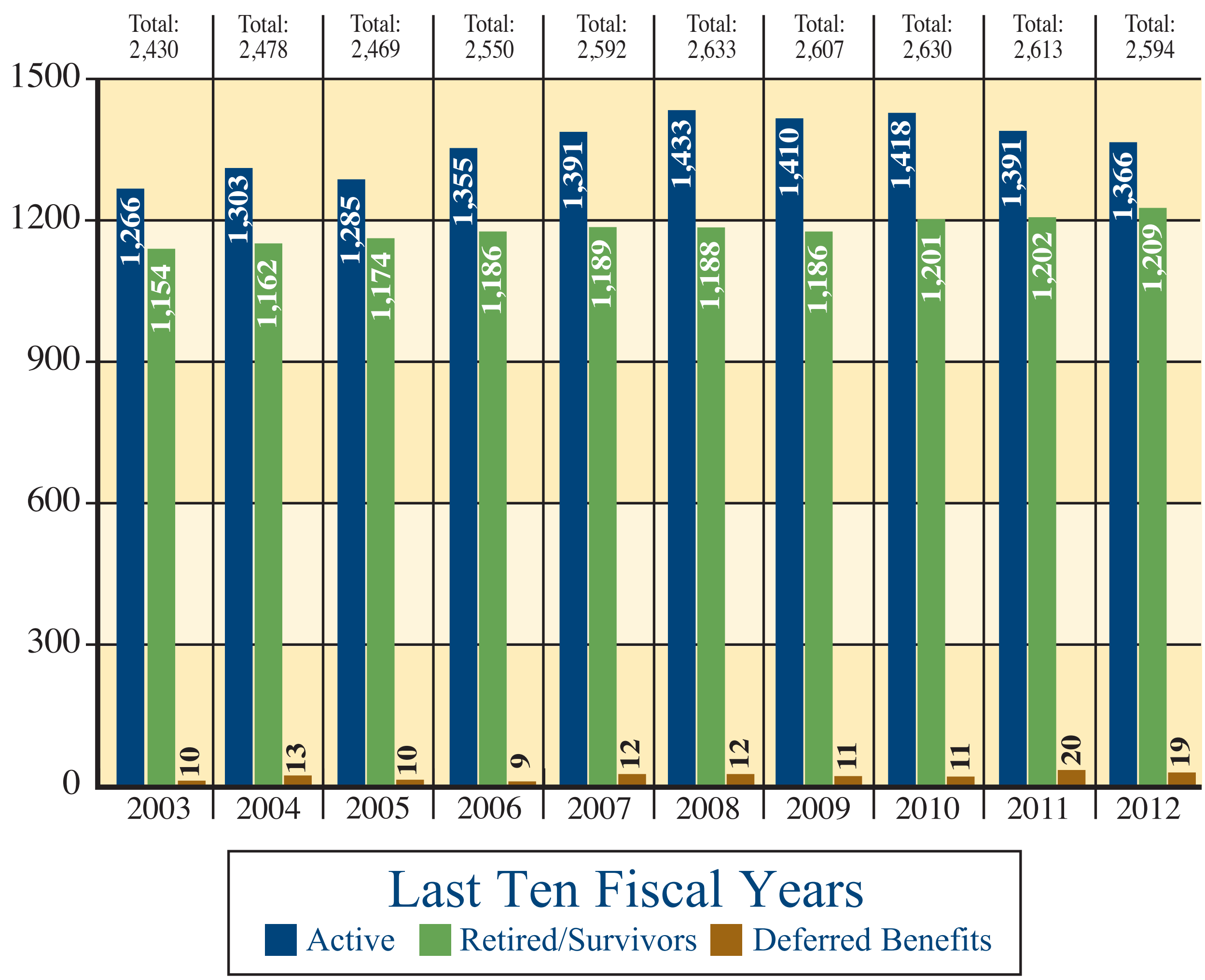
Statistical Summary

The Police Retirement System of Kansas City, Missouri has implemented the provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section. GASB Statement No. 44 established reporting requirements related to the supplementary information presented in this section.

Each of the schedules in the statistical section contain ten years of historical data to provide more comprehensive comparisons and track the progress of changes to member demographics and plan benefits.

All of the member demographic and benefit data used in the statistical section was obtained from internal sources. Participant data is separated into active, retired/survivor, and deferred categories where appropriate. Retirement benefit data is separated into service retirement, duty disability retirement, and non-duty disability retirement categories where appropriate.

Membership in Retirement Plan



Schedule of Changes in Plan Net Assets

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
Additions:					
Member Contributions	$6,551,628	$6,972,986	$7,212,990	$7,472,503	$7,814,142
Employer Contributions	12,017,801	12,817,176	13,297,605	13,729,225	14,526,734
Net Investment Income	(41,377,601)	91,313,225	45,338,145	107,627,267	83,730,123
Total Additions to Plan Net Assets	(22,808,172)	111,103,387	65,848,740	128,828,995	106,070,999
Deductions:					
Benefits	34,880,077	36,061,330	37,754,187	39,443,788	42,293,180
Refunds	618,418	442,327	609,138	457,355	694,903
Administrative	476,575	478,498	470,866	495,613	515,720
Total Deductions from Plan Net Assets	35,975,070	36,982,155	38,834,191	40,396,756	43,503,803
Change in Net Assets	($58,783,242)	$74,121,232	$27,014,549	$88,432,239	$62,567,196

Fiscal Year	2008	2009	2010	2011	2012
Additions:					
Member Contributions	$8,459,762	$8,982,366	$8,934,700	$9,223,994	$8,894,208
Employer Contributions	15,747,111	16,700,688	16,645,229	16,532,015	16,476,608
Net Investment Income	(911,856)	(180,354,444)	142,765,846	82,002,086	(3,584,270)
Total Additions to Plan Net Assets	23,295,017	(154,671,390)	168,345,775	107,758,095	21,786,546
Deductions:					
Benefits	42,802,584	44,097,817	46,290,964	46,377,135	48,578,196
Refunds	621,174	746,454	231,947	557,214	549,026
Administrative	598,548	550,069	565,362	631,281	552,751
Total Deductions from Plan Net Assets	44,022,306	45,394,340	47,088,273	47,565,630	49,679,973
Change in Net Assets	($20,727,289)	($200,065,730)	$121,257,502	$60,192,465	($27,893,427)

Schedule of Deductions from Plan Net Assets for Benefits and Refunds by Type*

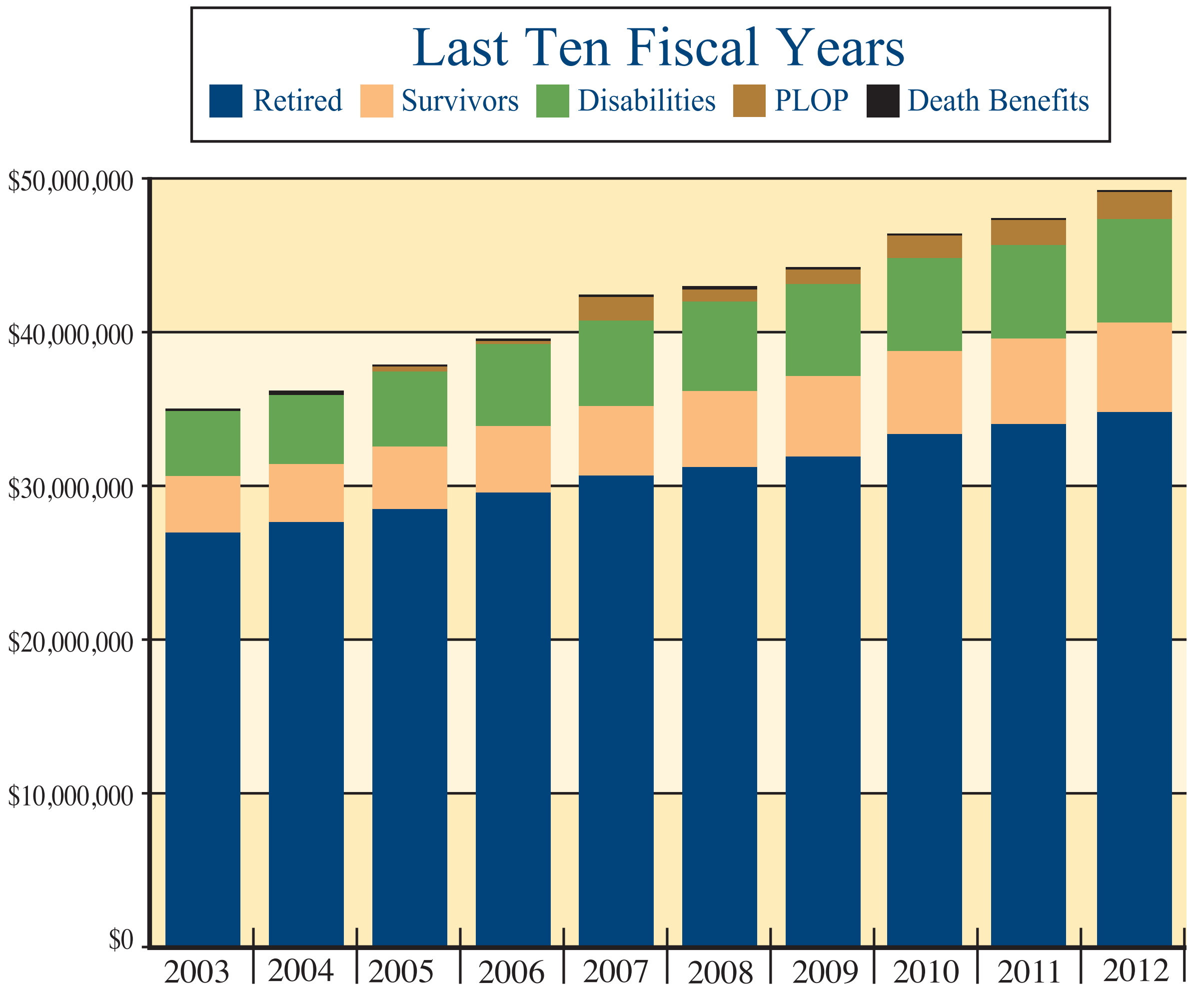
Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
Type of Benefit:					
Retired	$26,955,355	$27,628,285	$28,488,160	$29,564,876	$30,657,765
Survivors	3,670,378	3,792,951	4,053,319	4,317,777	4,546,298
Disabilities	4,241,344	4,618,094	4,896,656	5,326,293	5,544,299
PLOP	–	–	303,052	219,842	1,522,818
Death Benefits	13,000	22,000	13,000	15,000	22,000
Total Benefits	$34,880,077	$36,061,330	$37,754,187	$39,443,788	$42,293,180
Type of Refund:					
Separation	$618,418	$363,931	$609,138	$457,355	$694,903
Death	–	78,396	–	–	–
Total Refunds	$618,418	$442,327	$609,138	$457,355	$694,903

Fiscal Year	2008	2009	2010	2011	2012
Type of Benefit:					
Retired	$31,212,247	$31,911,809	$33,368,992	$33,964,741	$34,794,455
Survivors	4,943,672	5,233,830	5,384,022	5,513,933	5,936,074
Disabilities	5,827,078	5,978,251	6,065,418	5,983,509	6,124,737
PLOP	790,587	957,927	1,455,532	889,952	1,697,930
Death Benefits	29,000	16,000	17,000	25,000	25,000
Total Benefits	$42,802,584	$44,097,817	$46,290,964	$46,377,135	$48,578,196
Type of Refund:					
Separation	$621,174	$746,454	$231,947	$557,214	$441,701
Death	–	–	–	–	107,325
Total Refunds	$621,174	$746,454	$231,947	$557,214	$549,026

*Benefit amounts include $420 supplemental benefit for eligible members
*Benefit amounts include cost of living adjustments

Schedule of Deductions from Plan Net Assets for Benefits and Refunds by Type* (Continued)



*Benefit amounts include $420 supplemental benefit for eligible members
*Benefit amounts include cost of living adjustments

Schedule of Retired Members by Type of Benefit

April 30, 2012

Amount of Monthly Benefit*	Total Monthly Benefits*	Total Number of Recipients	Type of Benefit				
			Retired	Surviving Spouses	Surviving Children	Duty Disability	Non-Duty Disability
$1 to 500	$871	11			11		
501 to 1,000	8,945	12	2	4	6		
1,001 to 1,500	65,224	53	10	38	1	1	3
1,501 to 2,000	137,111	78	21	40	2	9	6
2,001 to 2,500	275,338	121	34	65		10	12
2,501 to 3,000	417,411	153	86	39		17	11
3,001 to 3,500	853,441	261	201	26		24	10
3,501 to 4,000	781,615	207	179	5		18	5
4,001 to 4,500	661,902	156	138	3		12	3
4,501 to 5,000	339,101	73	56	2		13	2
Over 5,000	485,087	84	77	1		6	
Totals	**$4,026,046**	**1,209**	**804**	**223**	**20**	**110**	**52**

*Benefit amounts include $420 supplemental benefit for eligible members
*Benefit amounts include cost of living adjustments

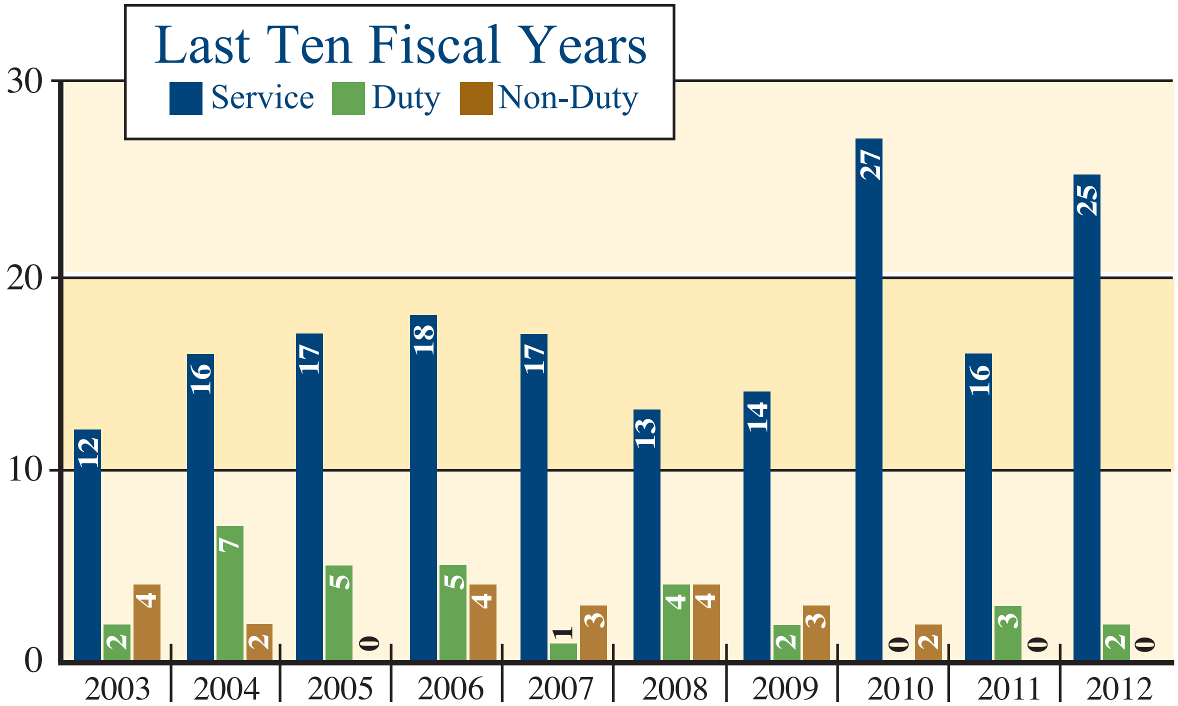
Schedule of Average Monthly Base Benefit Amounts*

Ten Years Ended April 30, 2012

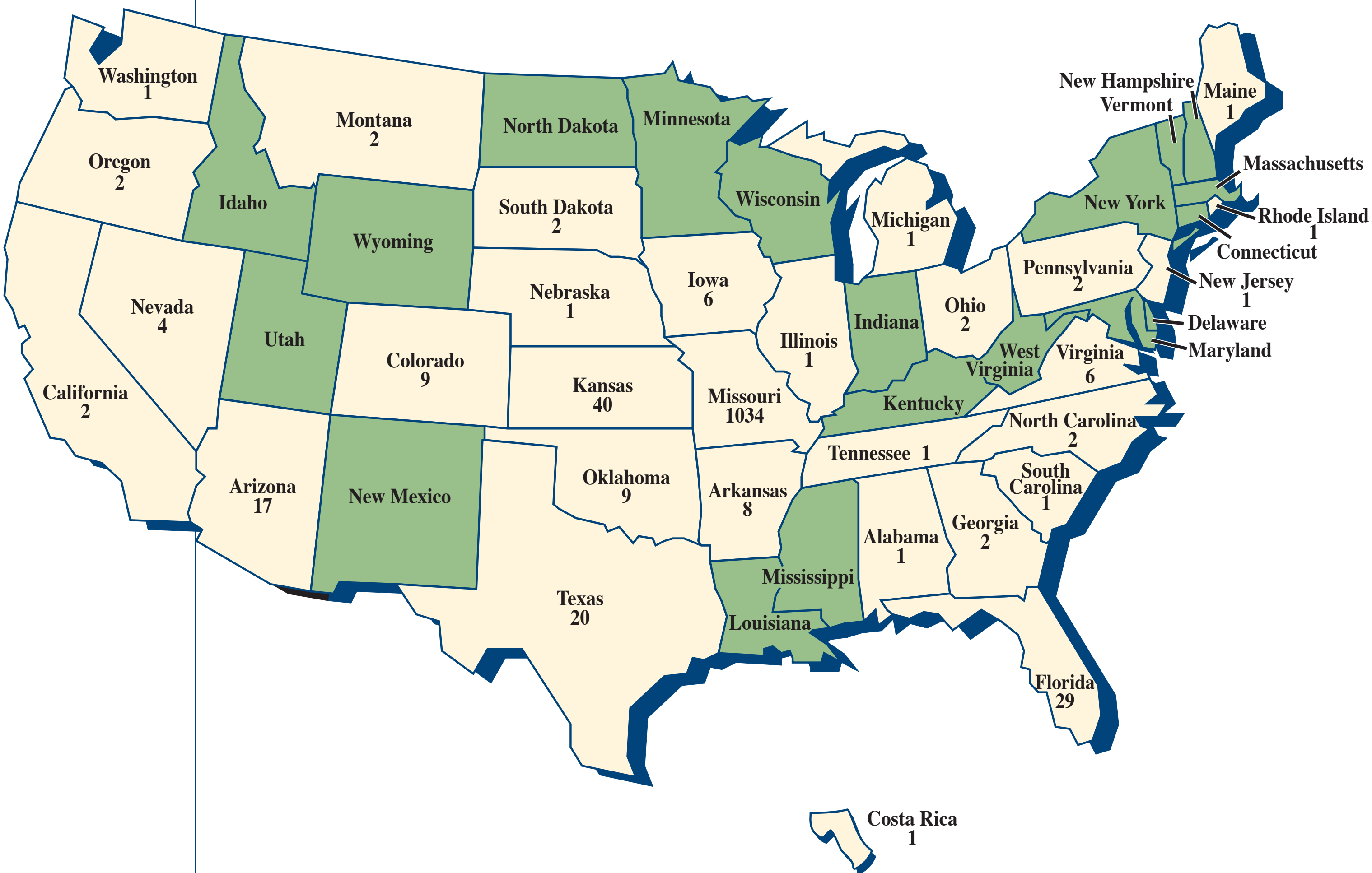
	Years Credited Service						
Members Retiring During	**<25**	**25–26**	**26–27**	**27–28**	**28–29**	**29–30**	**All Members**
Fiscal Year Ending 04/30/03							
Average monthly benefit	$2,218	3,046	2,882		3,716	4,191	3,063
Average final compensation	$3,860	4,761	4,408		5,170	5,611	4,666
Number of retirees	4	7	3		1	3	18
Fiscal Year Ending 04/30/04							
Average monthly benefit	$2,689	3,015	3,584	4,915		4,122	3,206
Average final compensation	$4,225	4,786	5,394	7,182		5,550	4,853
Number of retirees	10	7	3	1		4	25
Fiscal Year Ending 04/30/05							
Average monthly benefit	$2,623	3,044	4,764	4,056	3,388	5,807	3,343
Average final compensation	$4,263	4,822	7,213	5,888	5,909	7,745	5,189
Number of retirees	8	7	1	2	2	2	22
Fiscal Year Ending 04/30/06							
Average monthly benefit	$2,975	3,767	3,602	3,187	3,272	2,829	3,356
Average final compensation	$4,947	5,932	5,566	4,685	4,633	4,669	5,331
Number of retirees	10	7	7	1	1	1	27
Fiscal Year Ending 04/30/07							
Average monthly benefit	$2,168	2,954	2,848		3,311	4,226	3,505
Average final compensation	$4,969	4,691	4,705		4,730	6,405	5,739
Number of retirees	5	2	1		1	12	21
Fiscal Year Ending 04/30/08							
Average monthly benefit	$2,553	3,405		3,876	2,778	3,814	3,206
Average final compensation	$4,584	5,360		6,084	4,922	5,778	5,243
Number of retirees	7	5		3	2	4	21
Fiscal Year Ending 04/30/09							
Average monthly benefit	$2,646	3,537		5,550	2,965	3,827	3,345
Average final compensation	$5,163	5,644		8,048	5,152	5,932	5,648
Number of retirees	8	2		1	1	7	19
Fiscal Year Ending 04/30/10							
Average monthly benefit	$2,474	3,580	3,705	4,230	3,006	4,297	3,616
Average final compensation	$5,394	5,691	5,885	6,546	5,276	6,605	6,022
Number of retirees	7	6	2	3	1	10	29
Fiscal Year Ending 04/30/11							
Average monthly benefit	$3,553	3,469	4,271	3,996	4,340	4,190	3,912
Average final compensation	$4,978	5,428	6,829	5,950	6,847	6,502	5,985
Number of retirees	4	4	3	2	2	4	19
Fiscal Year Ending 04/30/12							
Average monthly benefit	$4,087	3,711	3,668	3,341	4,114	4,796	4,021
Average final compensation	$5,449	5,893	5,697	5,601	6,735	7,437	6,308
Number of retirees	2	8	4	2	5	6	27

*Benefit amounts do not include supplemental benefits or cost of living adjustments.
*Benefit amounts are after reductions for optional benefits.

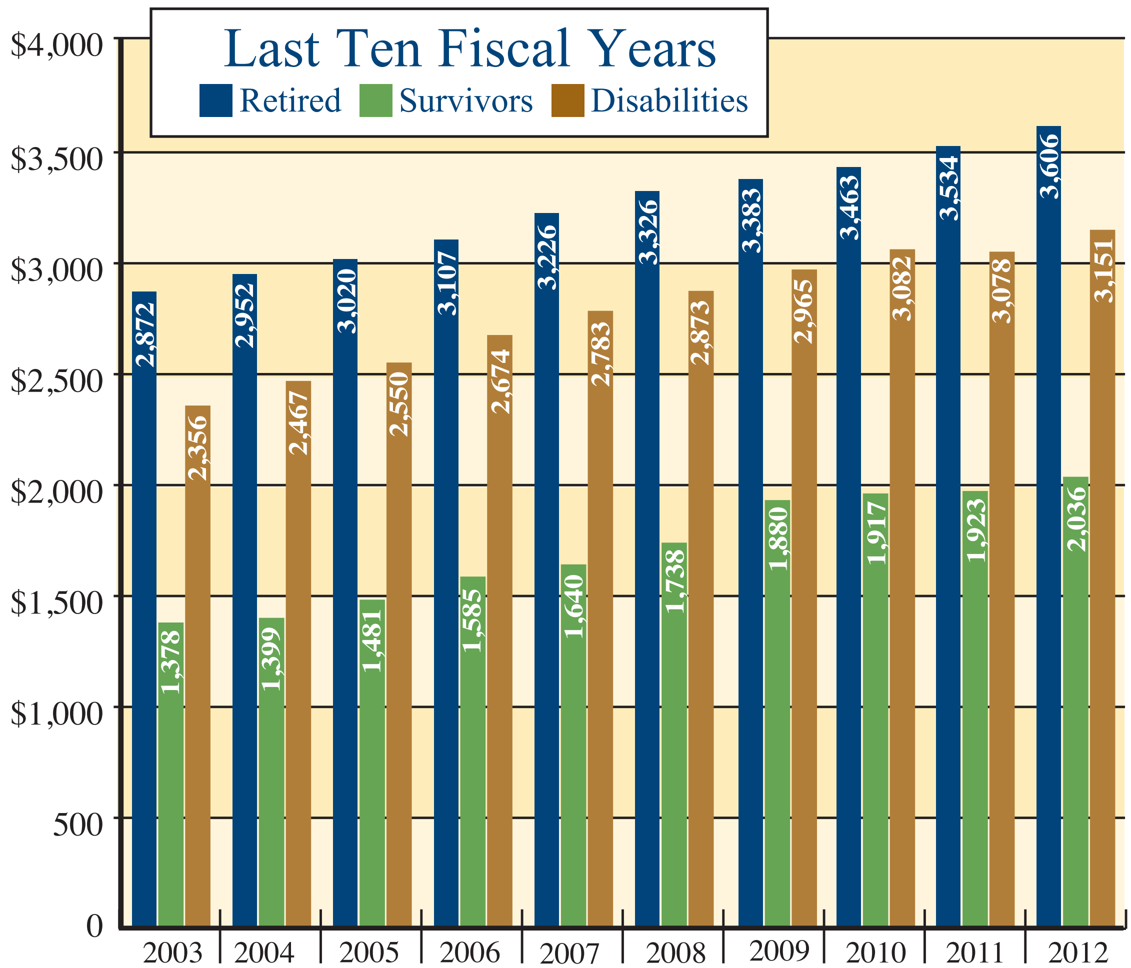
New Pensions Started



Retiree Distribution by State



Average Monthly Benefit*



* Benefit amounts include $420 supplemental benefit for eligible members
* Benefit amounts include cost of living adjustments

Cost of Living Increases

Ten Year History

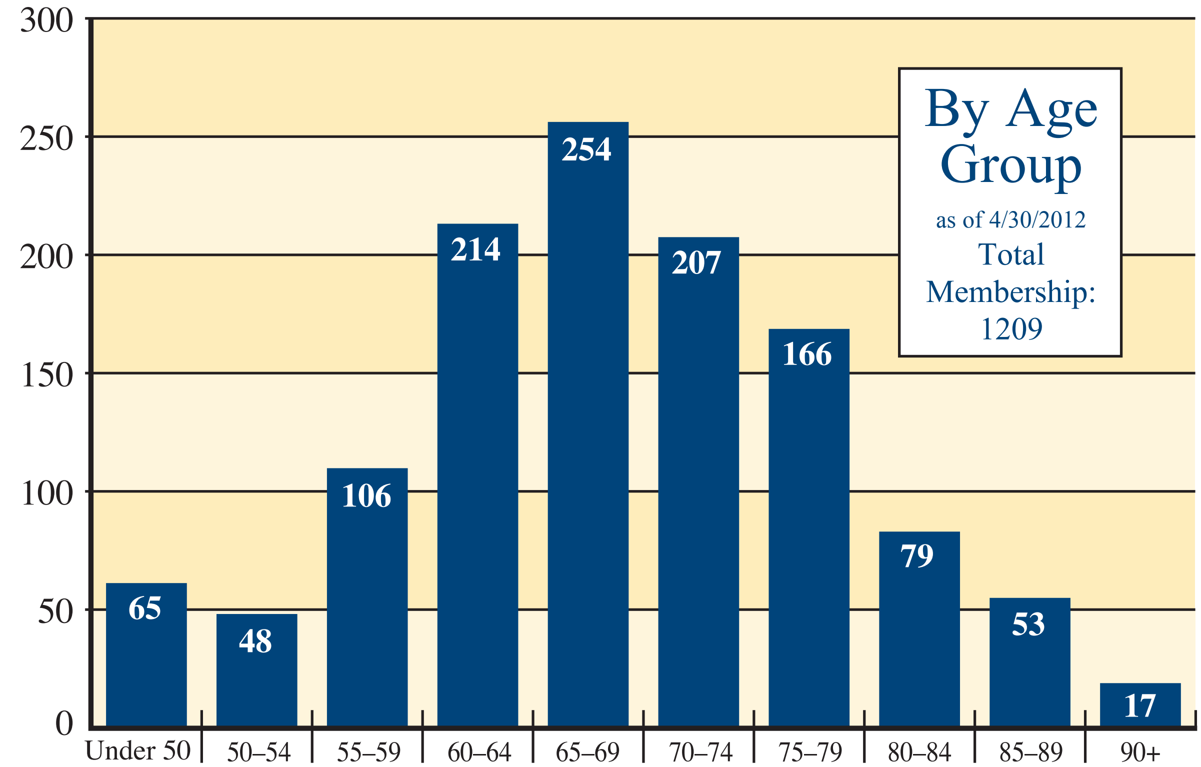
Fiscal Year	% Increase to Monthly Base Pension
2003	3.00%
2004	3.00%
2005	3.00%
2006	3.00%
2007	3.00%
2008	3.00%
2009	3.00%
2010	3.00%
2011	0.00%
2012	3.00%

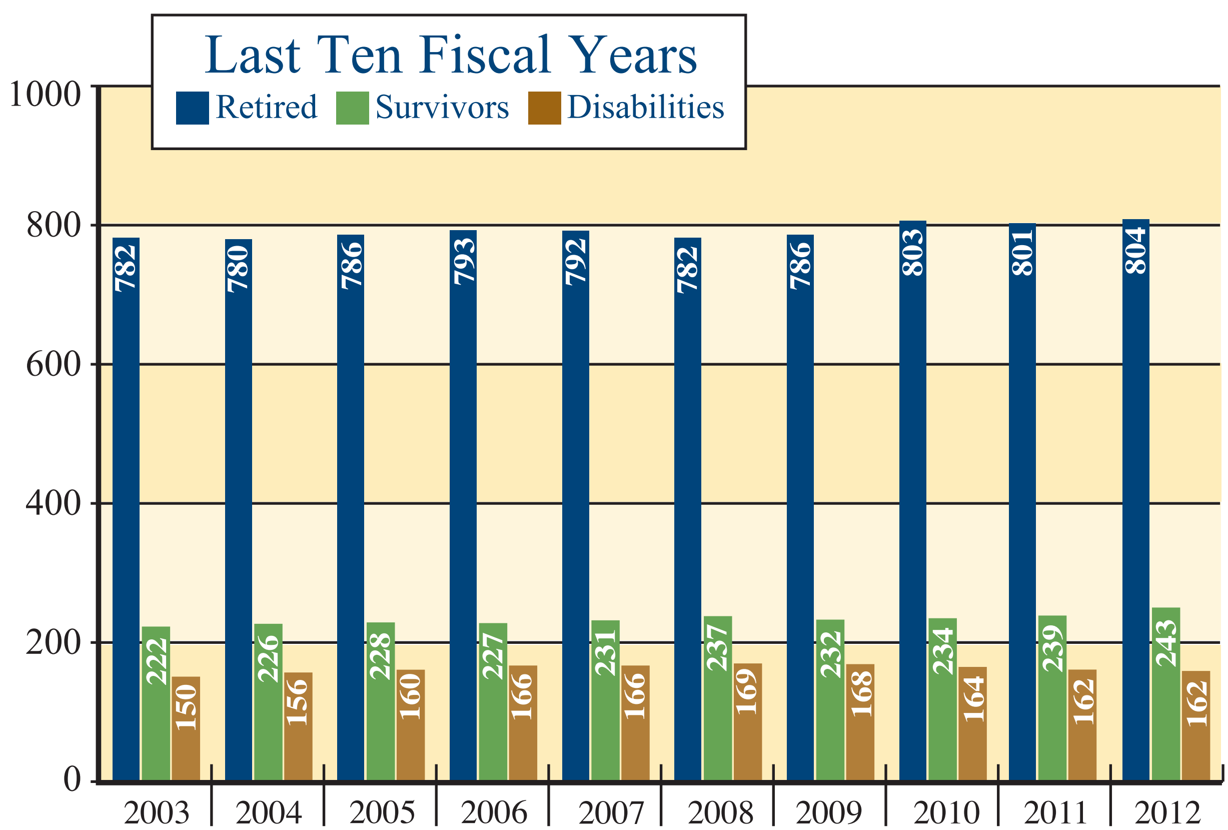
Supplemental Retirement Benefit

History of Increases

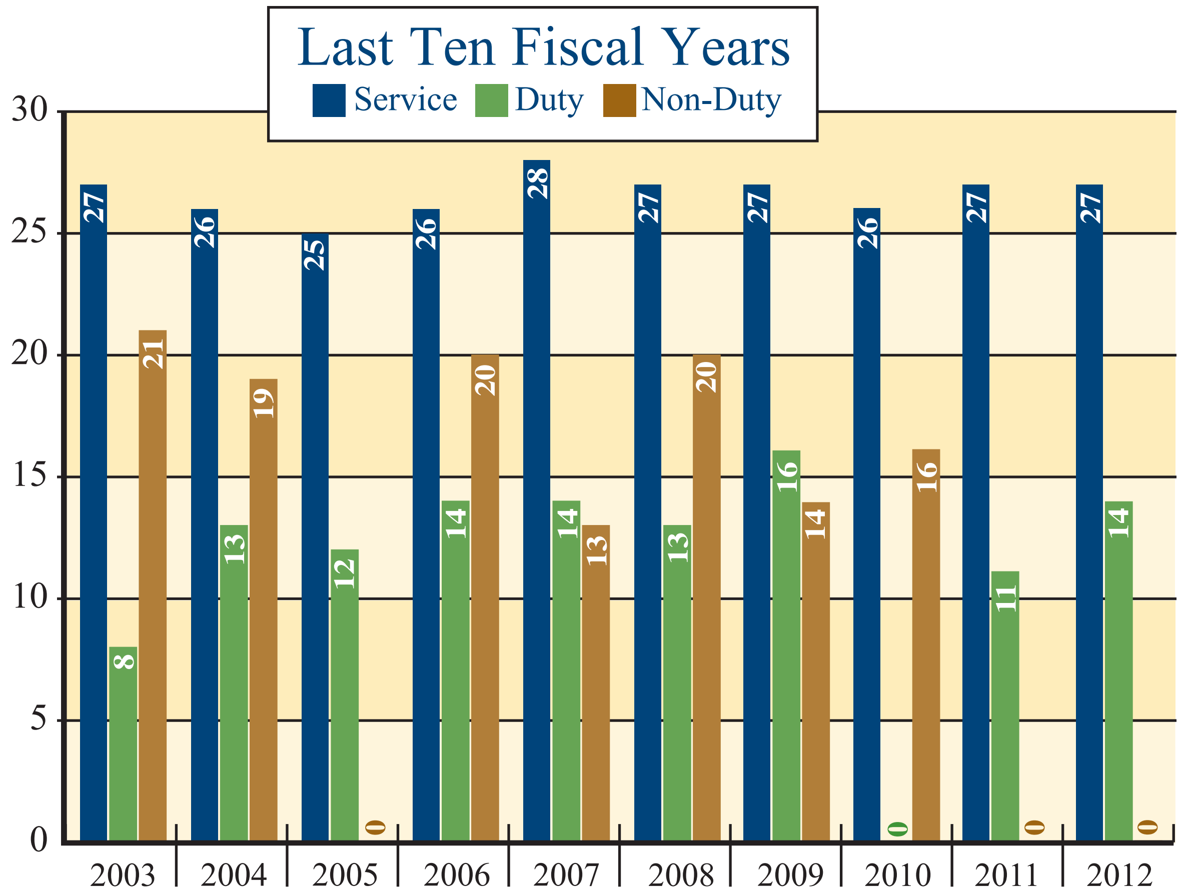
Fiscal Year	Monthly Benefit Amount	Annual Benefit Amount
1992	$50.00	$600.00
1993	70.00	840.00
1994	80.00	960.00
1995	90.00	1,080.00
1996	140.00	1,680.00
1997	180.00	2,160.00
1998	230.00	2,760.00
1999	270.00	3,240.00
2000	380.00	4,560.00
2001	420.00	5,040.00

Membership Receiving Benefits

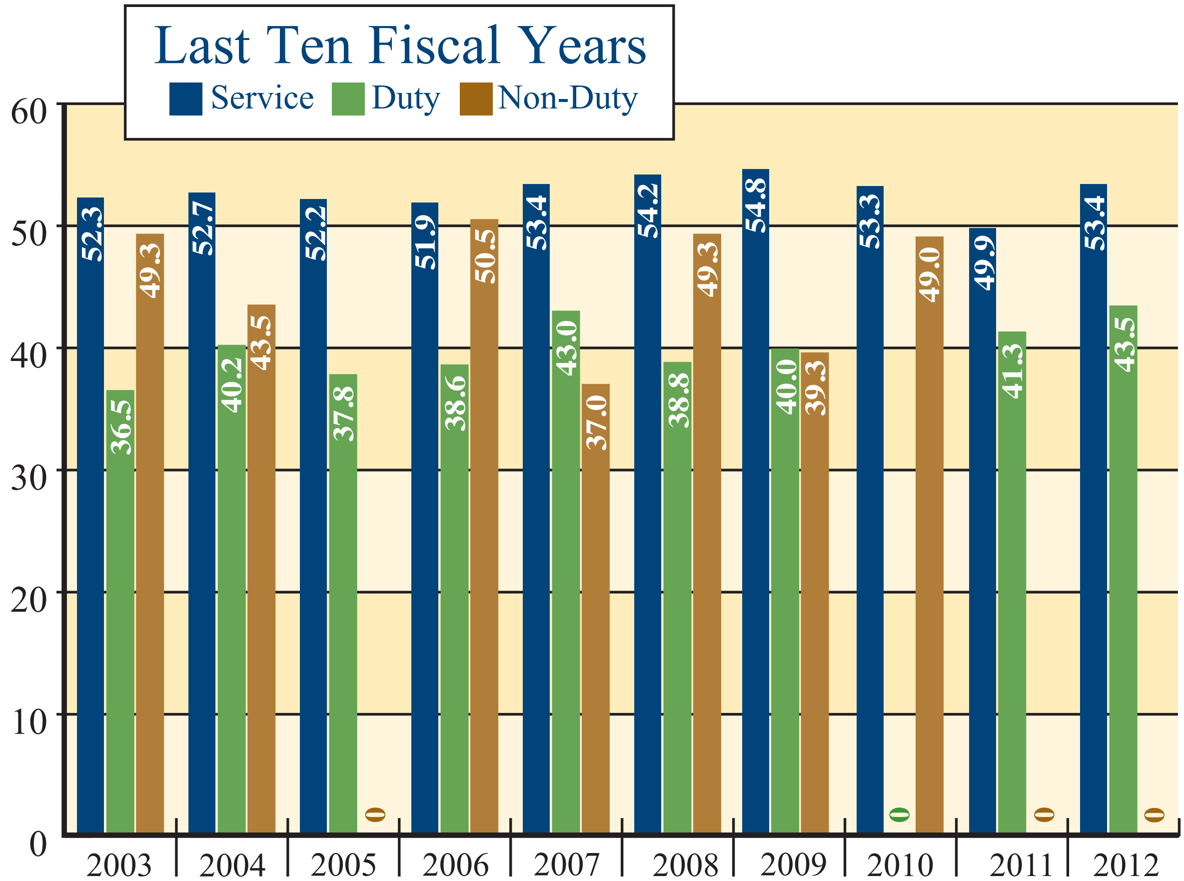




Average Years of Service at Retirement



Average Age at Retirement



Average Age of Retirees as of April 30, 2012

Service	**68.3**
(804 retired members ranging in age from 47 to 93)	
Duty Disability	**60.2**
(110 retired members ranging in age from 31 to 89)	
Non-Duty Disability	**60.3**
(52 retired members ranging in age from 39 to 85)	

KCPERS

Kansas City Police Employees' Retirement Systems

1328 Agnes

Kansas City, Missouri 64127