68TH 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, 2013 to April 30, 2014

Police Retirement System of Kansas City, Missouri

A Component Unit of the City of Kansas City, Missouri

Comprehensive Annual Financial Report
May 1, 2013 to April 30, 2014

68th Annual Report

Prepared by:
Kansas City Police Employees'
Retirement Systems
9701 Marion Park Drive, B
Kansas City, MO 64137
(816) 482-8138 or (888) 813-8138
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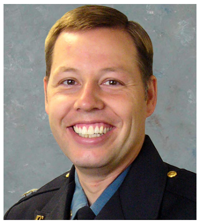
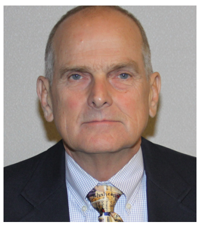


Richard C. Smith, Chairman
Major
Kansas City, Missouri
Police Department

Bailus M. Tate, Vice-Chair & Treasurer
Appointed Member

James Chappell
Appointed Member



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

Robert W. Jones
(Ret.) Sergeant
Kansas City, Missouri
Police Department

Leslie Lewis
Appointed Member

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

Barbara L. Stuart
(Ret.) 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

9701 Marion Park Drive, B • Kansas City, MO 64137
(816) 482-8138 • Toll Free (888) 813-8138 • Fax (816) 763-1190

October 1, 2014

Retirement Systems Board
Police Retirement System of Kansas City, Missouri
9701 Marion Park Dr, B
Kansas City, Missouri 64137

Dear Board Members:

It is my pleasure to submit the fiscal year 2014 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.

Actuarial and Investment Information

Cavanaugh Macdonald, our consulting actuary, completed the actuarial valuation dated April 30, 2014. The funded ratio of the valuation assets to liabilities, decreased from the prior year by 1% to 77%. More information on the actuarial valuation is available in the Actuarial Section of this report.

The Retirement Board hired a new investment consultant, RVK, Inc. and immediately started a comprehensive review of each investment manager, completed the first ever asset/liability study, and completed a regularly scheduled asset allocation study.

The asset/liability study was completed with assistance from Cavanaugh Macdonald and the results validated the liability calculations in the prior actuarial valuation.

Our investment portfolio produced a total return of 10.0% against the policy benchmark return of 8.6%, which means our investment managers and asset allocation had a 1.4% gain versus the market indexes. The investment performance was greater than our assumed rate of return, for actuarial purposes, of 7.5%.

More information regarding the investment performance and the professionals who provide services to the Police Retirement System can be found in the Investment Section of this report.

Fiscal Year 2014 Projects

The Retirement Board staff worked to implement the provisions of House Bill 418 and Senate Bill 215 which became effective on August 28, 2013. The legislation created a Tier II benefit plan for new Retirement System members and included provisions for the City of Kansas City, Missouri to contribute the actuarial required contribution rate and $200 per month for each member entitled to receive the supplemental benefit.

The Retirement Board Investment Committee worked with RVK to complete an asset/liability study and detailed review of each of our investment managers. The asset/liability study showed there were no liquidity concerns for the Police plan and that the Retirement Board could consider making longer term investments for a portion of the investment portfolio. Using the results of the asset/liability study, the Investment Committee completed work on an asset allocation that it recommended to the Retirement Board. The new asset allocation, which is detailed in the Investment Section, was adopted by the board in March 2014.

RVK assisted the Investment Committee with a thorough evaluation of our investment managers as part of the implementation process for the new asset allocation. During the fiscal year, the Retirement Board approved the following recommendations from the Investment Committee: 1) terminate SSARIS as a hedge fund of funds manager; 2) terminate Waddell & Reed as a small cap growth manager; 3) terminate GE Asset Management as an international manager; 4) terminate Vaughan Nelson as a small cap value manager; 5) terminate Northern Trust as an emerging markets index manager; 6) hire Northern Trust as a global index manager; 7) hire LSV as an emerging markets small cap manager; and 8) merge assets in LSV's international, emerging markets, and US large cap funds into the LSV global fund.

Legislative Changes

House Bill 418 and Senate Bill 215 became law on August 28, 2013. The legislation implemented Tier II plan provisions for members hired on or after August 28, 2013. A brief description of the Tier II benefit provisions can be found in the Summary Plan Description at the end of the Actuarial Section.

The Missouri General Assembly passed House Bill 1301 during their 2014 legislative session. The legislation made technical corrections to three statute section references which were omitted in the final versions of House Bill 418 and Senate Bill 215.

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, 2013. This was the twelfth 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 2014 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

James J. Pyle
Pension Systems Manager

Government Finance Officers Association

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, 2013

Executive Director/CEO

KCPERS

Kansas City Police Employees' Retirement Systems

9701 Marion Park Drive, B • Kansas City, MO 64137
(816) 482-8138 • Toll Free (888) 813-8138 • Fax (816) 763-1190

September 18, 2014

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, 2014. 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 implemented Tier II benefit plan provisions for new law enforcement members of the Kansas City, Missouri Police Department. Along with the new benefit plan, which became effective on August 28, 2013, member and City contributions increased to the actuarial required contribution rates. On September 1, 2013, the City started paying the actuarially required contributions to the Retirement System for the first time in 11 years.

The Retirement Board's Investment Committee used our initial asset liability study, and assistance from our investment consultant, to develop a new asset allocation that was approved by the Retirement Board. The new asset allocation includes global investments in stocks, bonds, and alternative assets. The Investment Committee and investment consultant also implemented a new method for evaluating investment managers that is based on statistical comparisons of their investment performance to an index benchmark. The statistical evaluation process was used to identify the most appropriate investment managers for the new asset allocation and will be used for ongoing monitoring of individual investment manager's risk adjusted performance. The Retirement Board approved recommendations from the Investment Committee to replace some long term U.S. and international managers with global managers. The new investment structure should provide returns that outperform our target benchmark with lower risk and lower manager fees.

On a very sad note, our friend and fellow Retirement Board member (Ret.) Chief Floyd Bartch passed away suddenly in April. We will miss Chief Bartch's quiet leadership, wisdom and the knowledge he brought to his role as our Vice Chairman. In August, Robert W. "Bob" Jones was elected to the Retirement Board to complete Chief Bartch's term on the board. Bob was already serving as a non-voting member of the Investment Committee, so he is very familiar with all the investment changes we have completed this year.

In closing, I want to thank our members for your questions, comments, recommendations, and support as we work to make changes that will ensure we have an affordable and sustainable retirement benefit. I also want to thank our staff in the Retirement Systems office for their hard work in implementing the new Tier II plan benefits and new asset allocation.

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

RVK, Inc.
Kristen Steffens
Portland, Oregon

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

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

Artisan Partners
Andrew Stephens, Ting Rattanaphasouk
Milwaukee, Wisconsin

Financial Section

BKD LLP
CPAs & Advisors

1201 Walnut Street, Suite 1700 // Kansas City, MO 64106-2246
816.221.6300 // fax 816.221.6380 // bkd.com

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Police Retirement System of Kansas City, Missouri (the Plan), a component unit of the City of Kansas City, Missouri, which comprise the statement of plan net position as of April 30, 2014, and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. We previously expressed an unmodified opinion on the 2013, 2012, 2011, 2010 and 2009 financial statements.

BKD, LLP

Kansas City, Missouri
August 20, 2014

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, 2014. 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 Position as of April 30, 2014, and the Statement of Changes in Plan Net Position for the year ended April 30, 2014. 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 City of Kansas City, Missouri 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 Position

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

	April 30, 2014	April 30, 2013	Amount Change
Cash	$27,939	$61,961	($34,022)
Receivables	3,744,529	2,713,092	1,031,437
Investments	763,567,612	717,086,259	46,481,353
Securities lending collateral	103,502,939	129,025,538	(25,522,599)
Office equipment	4,163	6,310	(2,147)
Total assets	**870,847,182**	**848,893,160**	**21,954,022**
Accounts and refunds payable	606,743	695,742	(88,999)
Due to broker for purchases of investments	2,401,607	433,156	1,968,451
Pending foreign exchange sales	1,259,440	–	1,259,440
Commodity futures	–	1,420,796	(1,420,796)
Securities lending collateral	103,502,939	129,025,538	(25,522,599)
Total liabilities	**107,770,729**	**131,575,232**	**(23,804,503)**
Net Position Restricted for Pensions	**$763,076,453**	**$717,317,928**	**$45,758,525**

Financial Analysis of Plan Net Position

The Statement of Plan Net Position presents information on the Plan's assets and liabilities with the difference between the two reported as Net Position Restricted for Pensions. This statement reflects, at fair value, the contributions and investments which are available to pay benefits.

The Police Retirement System's benefits are funded through member and City of Kansas City, Missouri contributions, and investment income. Net position of the Plan increased to $763,076,453 as of April 30, 2014 from $717,317,928 as of April 30, 2013. Plan income is generated through the investment of contributions in stocks, bonds and alternative assets.

Assets – Total assets of the Police Retirement System were $870.8 million as of April 30, 2014 and included cash, investments and receivables. Total assets increased by $22 million or 2.6% from FY 2013. Investable assets increased during the year by $46.5 million while securities lending collateral decreased by $25.5 million.

Liabilities – Total liabilities of the Police Retirement System were $107.8 million as of April 30, 2014 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 $23.8 million during the year mainly due to the $25.5 million decrease in the offsetting liability for securities lending activity.

Net Position – Police Retirement System assets exceeded liabilities at April 30, 2014 by $763.1 million. This was an increase of $45.8 million or 6.4% from the prior year.

Changes in Plan Net Position

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

	April 30, 2014	April 30, 2013	Amount Change
Member contributions	$10,198,831	$9,343,416	$855,415
City contributions	22,241,769	16,933,694	5,308,075
Net investment income	66,842,964	55,542,099	11,300,865
Total additions	**99,283,564**	**81,819,209**	**17,464,355**
Benefits paid to members	52,627,501	50,979,009	1,648,492
Refunds of contributions	361,910	816,459	(454,549)
Administrative expenses	535,628	576,470	(40,842)
Total deductions	**53,525,039**	**52,371,938**	**1,153,101**
Net Increase	**45,758,525**	**29,447,271**	**16,311,254**
Net Position Restricted for Pensions, Beginning of Year	**717,317,928**	**687,870,657**	**29,447,271**
Net Position Restricted for Pensions, End of Year	**$763,076,453**	**$717,317,928**	**$45,758,525**

Financial Analysis of Changes in Plan Net Position

The Statement of Changes in Plan Net Position presents information showing how the Plan's Net Position Restricted for Pensions changed during the year ended April 30, 2014. This statement reflects contributions made by members and the City and benefits paid to members. Investment activities during the fiscal year are also presented which include interest and dividends and the net appreciation or depreciation in fair value of the investments. Refunds of contributions and administrative expenses are also reported in the statement.

Revenues – Additions to Plan Net Position – Member contributions, City contributions and investment income are the sources of revenue for the Police Retirement System. From May 1, 2013 through August 31, 2013, members contributed 10.55% of covered salary to the Plan, while City contributions totaled 19.7% of covered salary. Starting on September 1, 2013, following the implementation of House Bill 418, member contributions increased to 11.55% of annual covered salary to the Plan, while City contributions totaled 25.03% of covered salary. The City also started paying $200 per month for each member eligible to receive the supplemental benefit. The amount of member and City contributions and net investment income all increased from FY 2013. Contributions increased due to growth of payroll and changes to the contribution rates. The net investment income of $66.8 million is the result of positive investment performance. The portfolio's investment rate of return was 10.01% with investment income of $70.8 million and investment expenses of $4.0 million. Investments in stocks, commodities, and alternative assets posted gains and investments in bonds posted a loss for the year.

Expenses – Deductions from Plan Net Position – 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 members leaving the Police Department. Administrative expenses decreased because additional actuarial services, for pension reform research and House Bill 418, were completed in the prior year.

For the eleventh consecutive year, City contributions did not equal the amount and percentage of compensation recommended by the Retirement System actuary for the full fiscal year. However, with the implementation of House Bill 418, City contributions were increased to equal the percentage of compensation recommended by the Retirement System actuary. For the fiscal year beginning May 1, 2014, City contributions are budgeted to total $25.7 million. The contribution amount is calculated at 27.35% of projected covered salary.

The Retirement Board has approved an asset allocation which over time is expected to realize an assumed actuarial rate of investment return of 7.5%. The Retirement Board continues to review investment allocations on a monthly basis and to rebalance the portfolio, as needed, 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, 9701 Marion Park Drive B, Kansas City, Missouri 64137.

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 POSITION

April 30, 2014

Assets

Investments	
U.S. government securities	$79,360,268
Corporate bonds and notes	110,011,110
Common and preferred stock	67,172,368
All country world index fund	208,326,036
Government mortgage-backed securities	12,969,974
Partnerships - equity	23,680,399
Partnerships - fixed income	41,433,113
Real estate funds	42,530,929
Short-term investment funds	75,664,533
Short-term investment funds held for commodity futures	32,969,810
Commodity futures	154,004
Emerging market equities	22,333,344
Foreign equities	46,961,724
Total investments	763,567,612
Securities Lending Collateral	103,502,939
Receivables	
Member contributions	403,148
Accrued interest and dividends	1,894,835
Due from broker for sales of investments	184,424
Pending foreign exchange purchases	1,262,122
Total receivables	3,744,529
Office Equipment, net of accumulated depreciation of $10,217	4,163
Cash	27,939
Total assets	870,847,182

Liabilities

Accounts and refunds payable	606,743
Due to broker for purchases of investments	2,401,607
Pending foreign exchange sales	1,259,440
Securities lending collateral	103,502,939
Total liabilities	107,770,729
Net Position Restricted for Pensions	$763,076,453

See Notes to the Financial Statements.

STATEMENT OF CHANGES IN PLAN NET POSITION

Year Ended April 30, 2014

Additions

Investment Income	
Net appreciation in fair value of investments	$58,183,627
Interest and dividends	12,393,161
Investment expense	(4,030,575)
Net investment income	66,546,213
Securities Lending Income	
Securities lending gross income	399,515
Securities lending expenses	
Borrower rebates	(6,076)
Management fees	(96,688)
Total securities lending expenses	(102,764)
Net securities lending income	296,751
Total net investment income	66,842,964
Contributions	
City	22,241,769
Members	10,198,831
Total contributions	32,440,600
Total additions	99,283,564

Deductions

Benefits Paid	
Retired members	38,206,133
Spouses	6,398,334
Children	115,158
Disabled	6,829,946
Partial lump sum option	1,052,930
Death benefits	25,000
Total benefits paid	52,627,501
Other Deductions	
Refunds of contributions	361,910
Administrative expenses	535,628
Total other deductions	897,538
Total deductions	53,525,039
Net Increase	**45,758,525**
Net Position Restricted for Pensions, Beginning of Year	**717,317,928**
Net Position Restricted for Pensions, End of Year	**$763,076,453**

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. City contributions to the Plan are recognized when due and the City 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.

Contributions

Contributions totaling $32,440,600 ($22,241,769 City and $10,198,831 employees) were made during the Plan year. The annual required contribution rate (ARC) was determined through an actuarial valuation performed at April 30, 2013. 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 7.5% per year compounded annually, (b) projected salary increases based on years of service and (c) post-retirement benefit increase of 2.5% per year of the original base pension granted annually.

Note 1: Summary of Significant Accounting Policies (Continued)

As a condition of participation in the Plan, members are required to contribute a certain percentage of their compensation until they retire. From May 1, 2013 through August 31, 2013, the member contribution rate was 10.55% of compensation. Starting on September 1, 2013, the member contribution rate increased to 11.55% of compensation. The computed City contribution rate of 27.35% 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. From May 1, 2013 through August 31, 2013, the City contributed at a rate of 19.70% of members' salaries. This rate increased to 25.03% on September 1, 2013. The City also started paying $200 per month for each member eligible to receive the supplemental benefit.

The actual contributions by the City have been less than the rates recommended by the actuary for the past eleven 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 City 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, 2013, 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
4/30/2013	$749,617,334	$964,302,215	$214,684,881	78%	$90,708,350	237%

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 $6,398,184 at April 30, 2014. 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 summary 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.

On June 28, 2013, House Bill 418 was signed into law by the Governor of Missouri. This bill, which became effective August 28, 2013, created a Tier II retirement plan for new members and a Tier I retirement plan for current members. Differences between the Tiers will be detailed throughout this summary plan description.

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, 2014, the Plan's membership consisted of the following:

	Tier I	Tier II	Total
Retirees and beneficiaries currently receiving benefits	1,243	—	1,243
Terminated members entitled to but not yet receiving benefits	18	—	18
Active members			
Vested	619	—	619
Non-vested	722	67	789
Total	**2,602**	**67**	**2,669**

Membership

All police officers who serve as law enforcement officers for compensation become members as a condition of employment.

Tier I member – A person who became a member prior to August 28, 2013 and remained a member on August 28, 2013.

Tier II member – A person who became a member on or after August 28, 2013.

Service Retirement

Eligibility –

Tier I member – 25 years of service, without regard to age, or at age 60 with at least 10 years of service.

Tier II member – 27 years of service, without regard to age, or at age 60 with at least 15 years of service.

All members must retire at the completion of 35 years of service, or at age 65, whichever occurs first.

Note 2: Plan Description (Continued)

Amount of Pension – For a member retiring prior to August 28, 2000, benefit equal to 2% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 60% of Final Compensation.

For a member retiring on or after August 28, 2000 and before August 28, 2013, benefit equal to 2.5% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 75% of Final Compensation.

For a member retiring on or after August 28, 2013, benefit equal to 2.5% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 80% of Final Compensation.

Final Compensation –

Tier I member – Average annual compensation during the two years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than two years.

Tier II member – Average annual compensation during the three years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than three years.

Deferred Retirement (Vested Termination)

Eligibility – 15 years of creditable service.

Tier I member – Benefit begins at age 55.

Tier II member – Benefit begins at age 60.

Amount of Pension – Computed as service retirement but based on service, Final Compensation and benefit formula in effect at termination of employment. Benefits are unreduced.

Disability

Duty Disability Eligibility – A member in active service who has become permanently unable to perform the full and unrestricted duties of a police officer, as determined by the Board of Police Commissioners, as the exclusive result of an accident or disease occurring in the line of duty.

Amount of Pension – For a member retiring on or after August 28, 2001 and before August 28, 2013, benefit equal to 75% of Final Compensation payable for life or as long as the permanent disability continues.

For a member retiring on or after August 28, 2013, benefit equal to 80% of Final Compensation payable for life or as long as the permanent disability continues.

Note 2: Plan Description (Continued)

Non-Duty Disability Eligibility – A member in active service, with a minimum of 10 years of service, who has become permanently unable to perform the full and unrestricted duties of a police officer as determined by the Board of Police Commissioners. Disability is not exclusively caused by the actual performance of official duties.

Amount of Pension – 2.5% of Final Compensation multiplied by years of creditable service payable for life or as long as the permanent disability continues.

Disability benefits 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 continuing eligibility reviews once every three years which may include a medical re-examination.

Death in Service – Duty or Non-duty

Eligibility – Benefit payable to a surviving spouse, if any, upon the death of an active member. Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefit payable to an eligible child or children in equal shares until age 18. No service requirement.

Amount of Pension – 40% of Final Compensation payable to surviving spouse for life.

Child Benefit – $600 annually for each child under the age of 18, if any, until the child reaches age 18 or age 21, if a full time student. A child who is mentally or physically incapacitated from wage earning at the time of a member's death shall qualify, without regard to age, for life or so long as the incapacity existing at time of member's death continues.

Funeral Benefit – $1,000 payable upon the death of an active member.

Line of Duty Death

Eligibility – Benefit payable to a surviving spouse. If no surviving spouse, benefit payable to children under age 21 or children over age 21 if mentally or physically incapacitated from wage earning, in equal shares. Death resulting from performance of official duties; no service requirement.

Amount of Benefit – In addition to benefits payable under Death in Service shown above, a lump sum of $50,000.

Death After Retirement

Eligibility – Benefit payable to an eligible surviving spouse, if any, upon the death of a retired member. Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefit payable to an eligible child or children in equal shares until age 18.

Amount of Pension –

Tier I member – Benefit equal to 80% of the straight life pension the deceased member was receiving at time of death.

Note 2: Plan Description (Continued)

Tier II member – Benefit equal to 50% of the straight life pension the deceased member was receiving at time of death. In lieu of the 50% surviving spouse benefit, a Tier II member may elect, at the time of retirement, a reduced actuarially equivalent annuity of either a 75% or 100% surviving spouse benefit.

Funeral Benefit – $1,000 payable upon the death of a retired member.

Non-Vested Termination

Eligibility – Termination of employment and no pension is or will become payable.

Amount of Benefit – Refund of member's contributions without interest.

Minimum Pension Benefit

Eligibility – Any retired member who is 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. A surviving spouse qualifies for the minimum monthly benefit if the member had at least 25 years of creditable service, died in service, or was retired as a result of an injury or illness.

Amount of Benefit – Minimum monthly benefit of not less than $600 in combined pension benefit and cost-of-living adjustments. The minimum monthly pension benefit is in addition to the Supplemental Retirement Benefit.

Post-Retirement Benefit Increases

Eligibility –

Tier I members and surviving spouses – Member's pension must have commenced by December 31 of prior calendar year.

Tier II members and surviving spouses – Service retirements generally eligible in the year following the year in which member would have attained thirty-two years of service. Duty Disability retirements eligible in year following retirement. Non-duty Disability retirements eligible earlier of year following fifth year after retirement or year following the year in which they would have attained thirty-two years of service. Surviving spouses of retired members eligible at same time member would have been if living.

Amount of Benefit – May receive an annual cost-of-living adjustment (COLA) in an amount not to exceed 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to cost-of-living adjustments. The COLA adjustment is normally effective with the May 31st benefit payment.

Statutes require that the Retirement Board must act upon the advice of a qualified actuary when granting cost of living adjustments.

Note 2: Plan Description (Continued)

Member Contributions

10.55% of base pay through August 31, 2013. Effective September 1, 2013, 11.55% of base pay. No contributions are required for members that remain in active service after completion of 32 years of creditable service.

Supplemental Retirement Benefit

Tier I member – Current and future retired and disabled members and their surviving spouses are eligible to receive $420 per month in addition to pension benefits.

Tier II member – Current and future retired and disabled members and their surviving spouses are eligible to receive $200 per month in addition to pension benefits.

Optional Form of Benefit Payment

Tier I member – Member retiring with at least 26 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP).

Tier II member – Member retiring with at least 28 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP).

Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

Social Security and Medicare

Tier I member – Members do not participate in Social Security although members hired after 1986 do contribute to Medicare.

Tier II member – Members do not participate in Social Security but do contribute to Medicare.

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 of 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.

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

The Plan had no bank balances exposed to custodial credit risk at April 30, 2014.

Investments

For the year ended April 30, 2014, Northern Trust was the master custodian for substantially all of the securities of the Plan. The investments held by the Plan are managed by nine 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	$101,515,994

Market value of cash collateral received from borrowers	$103,502,939
Market value of non-cash collateral received from borrowers	–
Total market value of collateral	$103,502,939

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, 2014, the Plan had the following investments and maturities:

Type	Fair Value	Maturities in Years				Loaned Under Securities Lending Agreements
		Less than 1	1 – 5	6 – 10	More than 10	
U.S. Treasury obligations	$69,240,988	$6,057,420	$42,763,375	$9,253,907	$11,166,286	$67,862,202
U.S. agencies obligations	10,119,280	–	–	1,312,780	8,806,500	–
Corporate bonds and notes	110,011,110	25,250	52,470,436	44,719,225	12,796,199	16,831,839
Government mortgage backed securities	12,969,974	–	–	702,622	12,267,352	–
Money market mutual funds	108,634,343	108,634,343	–	–	–	–
		$114,717,013	$95,233,811	$55,988,534	$45,036,337	
Common and preferred stocks	67,172,368					14,885,659
All country world index fund	208,326,036					–
Real estate funds	42,530,929					–
Partnerships – equity	23,680,399					–
Commodity futures	154,004					–
Partnerships – fixed income	41,433,113					–
Foreign equities	46,961,724					1,936,294
Emerging markets equity	22,333,344					–
	$763,567,612					**$101,515,994**

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The money market mutual 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 BBB 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, 2014, the Plan's investments in corporate bonds were rated BBB or better by *Standard & Poor's*. U.S. Treasury obligations 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) and in government mortgage-backed securities were rated A or better by *Standard & Poor's*. The Plan's investments in money market mutual funds were not rated by *Standard & Poor's*.

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

These bond rating requirements do not apply to the high yield portion of the fixed income portfolio. The following table summarizes the Plan's fixed income portfolio exposure level and credit qualities at April 30, 2014:

Fixed Income Security Type	Fair Value April 30, 2014	S&P Weighted Average Credit Quality
U.S. agencies obligations	$10,119,280	AA+
Corporate bonds and notes	110,011,110	A
Government mortgage-backed securities	12,969,974	AA+
Money market mutual funds	108,634,343	Not rated

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, $101,515,994 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

Investment income for the year ended April 30, 2014, consisted of:

Interest and dividend income	$12,393,161
Net increase in fair value of investments	58,183,627
	70,576,788
Less investment expense	4,030,575
	$66,546,213

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.

The fair value and notional amounts of investment derivative instruments outstanding at April 30, 2014 are as follows:

Commodity Future	Number of Contracts Long (Short)	Maturity Date	Fair Value
Aluminum	9	March 2015	($4,738)
Aluminum	25	July 2014	(41,756)
Brent Crude Oil	9	June 2014	(2,019)
Brent Crude Oil	15	July 2014	(4,189)
Brent Crude Oil	4	December 2014	7,715
Cattle	11	June 2014	19,464
Cattle	19	August 2014	26,937
Cocoa	6	July 2014	(775)
Coffee	9	July 2014	20,115
Copper	12	September 2014	(155,125)
Copper	8	July 2014	(19,901)
Corn	35	July 2014	25,784
Corn	5	September 2014	6,786
Corn	14	December 2014	8,647
Corn	14	December 2015	12,568
Cotton	6	July 2014	6,589
Cotton	5	December 2014	11,715
Crude Oil	4	July 2014	(5,385)
Crude Oil	12	December 2014	(17,617)
Crude Oil	19	December 2015	3,361
Feeder Cattle	4	August 2014	11,741
Gas Oil	2	June 2014	(300)
Gas Oil	2	December 2014	(3,752)

Note 4: Derivative Financial Instruments (Continued)

Commodity Future	Number of Contracts Long (Short)	Maturity Date	Fair Value
Gas RBOB	1	July 2014	($1,453)
Gas RBOB	8	December 2014	(2,982)
Gold	20	June 2014	(137,401)
Gold	6	August 2014	7,410
Heating Oil	8	July 2014	(4,486)
Heating Oil	3	December 2014	(6,943)
Lead	3	July 2014	1,869
Lead	2	September 2014	(1,938)
Lean Hogs	5	June 2014	7,407
Lean Hogs	18	December 2014	37,462
Natural Gas	5	January 2015	15,793
Natural Gas	23	April 2015	20,292
Natural Gas	29	May 2015	20,318
Nickel	4	July 2014	38,007
Nickel	1	September 2014	354
Nickel	1	December 2014	(570)
Palladium	2	June 2014	18,830
Platinum	3	July 2014	(6,482)
Red Wheat	13	July 2014	23,859
Silver	9	July 2014	(28,967)
Soybean Meal	20	December 2014	83,524
Soybean	33	November 2014	102,256
Soybean Oil	12	July 2014	(2,768)
Soybean Oil	7	December 2014	837
Sugar #11	10	March 2015	2,195
Sugar #11	26	July 2014	4
Wheat	8	July 2014	27,456
Wheat	22	July 2014	37,097
Zinc	2	June 2014	(2,091)
Zinc	4	July 2014	775
Zinc	2	December 2014	(1,525)
			$154,004

The changes in fair value of the commodity futures approximates their fair value at April 30, 2014 and are reported in net appreciation in fair value of investments in the Statement of Changes in Plan Net Position.

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 the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	April 30, 2013
Actuarial cost method	Individual entry age
Amortization method	Level percent open
Equivalent single amortization period	30 years

Actuarial Assumptions

Investment rate of return	7.50%, net of investment expenses
Inflation rate	3.00% per annum
Cost of living adjustments	2.50%, simple

Projected salary increases based on years of service as follows:

Years of Service	General Wage Growth	Merit and Longevity	Total
0	3.75%	5.00%	8.75%
1	3.75%	5.00%	8.75%
2	3.75%	5.00%	8.75%
3	3.75%	5.00%	8.75%
4	3.75%	5.00%	8.75%
5	3.75%	5.00%	8.75%
10	3.75%	2.00%	5.75%
15	3.75%	0.00%	3.75%
20	3.75%	0.00%	3.75%

Note 5: Actuarial Methods and Assumptions (Continued)

Actuarial accrued liability as of April 30, 2013:	
Active employees accruing benefits	
Present value of future benefits	$630,370,090
Present value of future normal costs	227,533,273
Total active employees accruing benefits	402,836,817
Retired and inactive members	
Members with deferred benefits	7,386,707
Members receiving benefits	521,919,850
Retired member supplemental benefits	32,158,841
Total retired and inactive members	561,465,398
Total actuarial accrued liability	964,302,215
Assets, at actuarial value	749,617,334
Unfunded actuarial accrued liability	**$214,684,881**

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.

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 plan net position.

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.

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 position of the Plan.

Note 8: Retirement Plan

The Retirement System has a 408(k) SEP retirement plan covering its employees that meet certain eligibility requirements. The Retirement System's contributions to its employees' SEP are determined by the Retirement Board. Contributions to the SEP were $48,779 for fiscal year 2014.

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
4/30/2008	$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%
4/30/2012	734,375,923	972,127,874	237,751,951	76%	87,880,774	271%
4/30/2013	749,617,334	964,302,215	214,684,881	78%	90,708,350	237%

SCHEDULE OF CITY CONTRIBUTIONS

Year Ended April 30	Annual Required Contributions	Percentage Contributed
2009	$24,311,281	69%
2010	23,642,278	70%
2011	34,363,170	48%
2012	31,756,810	52%
2013	33,840,461	50%
2014	35,507,348	63%

SCHEDULE OF EXPENSES

Year Ending April 30, 2014

Investment Expenses	
Bank custodial fees and expenses	$223,447
Financial management expenses	3,599,372
Financial consultation	207,756
Total	**$4,030,575**

Administrative Expenses	
Salaries and payroll taxes	$311,339
Legal	44,009
Audit	15,622
Medical fees	11,800
Actuarial fees	40,606
Fringe benefits	60,520
Printing and office expense	9,872
Postage	646
Board meetings	1,115
Travel and education expense	7,001
Insurance	2,497
Depreciation	2,147
Legislative consultation	22,789
Governmental fees	2,500
Other	3,165
Total	**$535,628**

Investment Section

RVK

October 3, 2014

Board of Trustees
Police Retirement System of Kansas City, Missouri
9701 Marion Park Drive
Kansas City, MO 64137

Dear Board Members,

This letter serves to provide an overview of capital markets and the Systems' portfolio positioning for the fiscal year ending April 30, 2014.

In January 2014, Janet Yellen became the first woman to be confirmed as Chair of the Federal Reserve by a vote that was the narrowest margin ever for the positon. In her first press conference, Yellen focused on the persistently below target rate of inflation, distancing the Fed from its previously suggested unemployment rate threshold target of 6.5% as the actual rate held steady at 6.7%. The move gave Yellen more flexibility surrounding the asset purchase program, also known as quantitative easing. Yellen indicated that the Fed would initiate rate increases, if consistent with economic data, approximately six months after the end of quantitative easing. During April 2014, the Federal Open Markets Committee announced a fourth straight $10 billion reduction to its quantitative easing program, reducing its monthly bond purchases to $45 billion.

During the fiscal year ending April 30, 2014, capital markets delivered a wide dispersion of returns. U.S. Equity markets, as measured by the S&P 500 Index, returned 20.4% and Developed Non-U.S. Equity markets, as measured by the MSCI EAFE Index, returned 13.4%, outpacing Emerging Markets which declined -1.8% as measured by the MSCI Emerging Markets Index. After a difficult 2013, Fixed Income markets recovered due in part to reduced anticipated growth stemming from worse than expected U.S. economic data. Bond index sectors were still flat or negative performers for the fiscal year, with the Barclays US Aggregate Bond Index returning -0.3% and the Barclays Global Aggregate Bond Index returning 1.6%. Inflation sensitive assets rebounded from a challenging 2013 in the first four months of 2014 due to an uptick in short-term inflation expectations. For the fiscal year, the Wilshire U.S. REIT Index returned 1.5% and the Bloomberg Commodity Index returned 3.2%.

The market value of the Police Retirement System investments increased from $717.1 million to $760.7 million in the year ending April 30, 2014. The System's current actuarial assumed rate of return is 7.5%, which represents the System's long-term return goal. The System's overall investment return over the past year was 10.0% and the System's three-year annualized return was 6.2%. The five-year annualized return for the System was 11.6% and the System's ten-year annualized return was 6.4%.[1]

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RVK, Inc. (RVK) was hired to serve as the investment consultant for the Police Retirement System in August 2013. Since this period, RVK has worked with Staff and the Board to re-examine asset allocation targets to better position the portfolio to meet the Systems' long-term return objectives and increase diversification of the portfolio. Broadly speaking, the Board approved a decrease in the allocation to Global Equity, while modestly increasing allocations to alternative strategies, including Absolute Return and Real Estate.

In addition to new asset allocation targets, RVK and the Board implemented structural changes within each asset class. For example, within the Equity portfolio, we transitioned from a style box approach to a global perspective, utilizing both active and passive management. The Real Estate portfolio was further diversified with the approval of commitment to fund an additional Core Real Estate manager. We also began work to expand the Absolute Return portfolio to include a customized Hedge Fund of Fund portfolio and a Global Tactical Asset Allocation manager. Going forward, the Board will continue to focus on its dual mandates of achieving the desired level of returns while managing risk through diversification and manager selection.

The System's investment policies, goals, and objectives, as well as the performance of its assets are regularly monitored and evaluated by Staff, the Board, and RVK.

The System's publicly traded assets managed through separate accounts are held in custody at Northern Trust Bank. Market values and returns referenced above are based upon statements prepared by Northern Trust Bank. Their statements are, to the best of our knowledge, reliable and accurate. Investment performance is calculated using a time-weighted rate of return methodology (gross of fees) based upon market values and cash flows.

We look forward to continuing to work closely with the Police Retirement System to fully implement the approved asset allocation targets and have the portfolio structure completed by December 2014.

Sincerely,

Rebecca A. Gratsinger

Rebecca Gratsinger, CFA
Chief Executive Officer

[1] Returns are gross of fees.

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 overall annualized total net of fees return, as measured over the course of a typical market cycle and/or a minimum period of five years, should exceed the return that would have been achieved if the system had been fully invested according to the approved asset allocation policy benchmark. The policy benchmark consists of 35% MSCI All Country World Investable Markets Index (Net), 30% Barclays US Aggregate Bond Index, 5% Bloomberg Commodity Index (TR), 10% NCREIF Property Index, 15% Absolute Return Composite Benchmark, and 5% Venture Economics All Private Equity Index.

The portfolio outperformed the policy benchmark by 1.4% with a 10.0% return for the fiscal year.

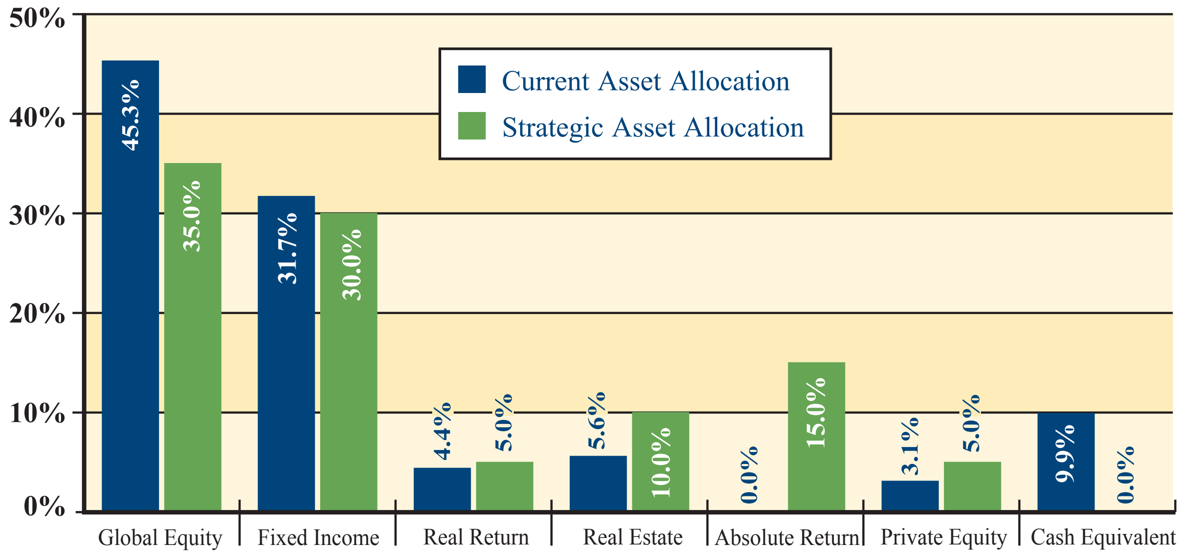
During the fiscal year, the Retirement Board adopted a new strategic asset allocation policy using seven broad and distinct asset classes in the portfolio. Return, risk, and diversification assumptions were established for each and efficient portfolios of the seven asset classes were identified. Based on its determination of the appropriate risk tolerance and its long-term return expectations, the Retirement Board chose the following strategic asset allocation: Global Equity 35%, Fixed Income 30%, Absolute Return 15%, Real Estate 10%, Private Equity 5%, Real Return/Diversified Inflation Hedge 5%, and Cash 0%. The expected long term return for the strategic asset allocation is 7.70% and expected standard deviation (risk) is 10.49%. The prior strategic asset allocation included: U.S. Equity 26%, International Equity 20%, Fixed Income and Cash 31%, Absolute Return 10%, Real Estate 5%, Private Equity 3%, and Real Return 5%. The expected long term return for the prior strategic asset allocation was 8.79% and expected standard deviation (risk) was 10.85%.

The current strategic asset allocation is 35% equities, 30% bonds and cash, and 35% alternatives. The equity allocation is made up entirely of global stocks. The bond and fixed income allocation is divided into core fixed income, high yield bonds, global bonds and cash. The alternative allocation is divided into real return/diversified inflation hedge strategies, core and value added real estate, private equity, and absolute return strategies. The differences between the year end allocation and the target allocation are due to the process of restructuring the portfolio to match the new allocation. That restructuring includes terminating some existing managers and completing the due diligence to hire new managers.

The Retirement Board met with staff from RVK, Inc. on a monthly 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). RVK also provides comparative statistical information about the source of the manager's performance against the benchmark and how their performance stacked up against other managers in their asset class.

Asset Allocation

Year Ending April 30, 2014



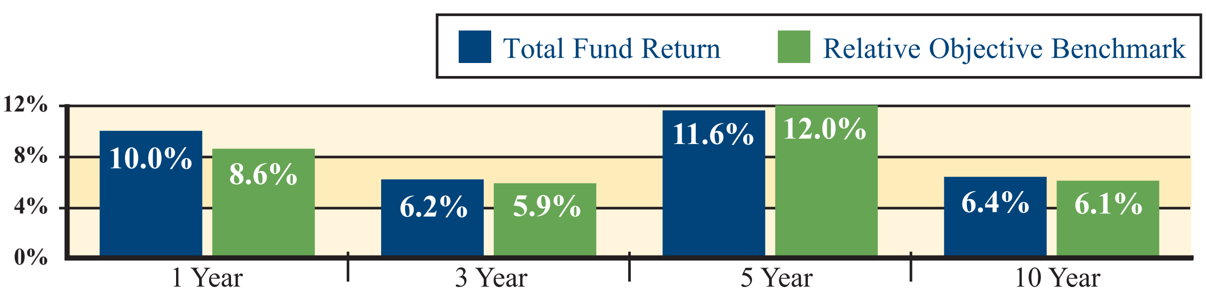
Schedule of Investment Results

Comparative investment results are for the fiscal year ending April 30, 2014. However, due to changes in asset allocation and investment managers at fiscal year end, results for terminated managers are available for the quarter ending March 31, 2014 rather than for the fiscal year ending April 30, 2014. Currently private equity is benchmarked to itself; therefore, there is no benchmark correlation at this time.

Annualized Returns as of April 30, 2014

Investment Manager	Investment Class	One Year	Three Years	Five Years	Ten Years
Financial Counselors	Bonds & Fixed Income	(0.5%)	3.7%	5.3%	4.8%
Barclays A+ US Govt/Credit		*(1.0%)*	*3.6%*	*4.4%*	*4.5%*
Shenkman Capital Mgmt	High Yield Bonds	6.2%	7.4%		
BoA US Hi Yld Master II		*6.3%*	*8.4%*		
GE Asset Mgmt*	Foreign Equities	16.5%	6.2%	14.6%	7.5%
LSV Asset Mgmt	Foreign Equities*	21.9%	8.2%	17.7%	
MSCI EAFE		*17.6%*	*7.2%*	*16.0%*	*6.5%*
Waddell & Reed*	Small Cap Growth Equities	30.5%	12.5%	23.1%	10.2%
Russell 2000 Growth		*27.2%*	*13.6%*	*25.2%*	*8.9%*
Northern Trust Index	Large Cap Growth Equities*	23.2%	14.7%	21.9%	
Russell 1000 Growth		*23.2%*	*14.6%*	*21.7%*	
Vaughan Nelson*	Small Cap Value Equities	26.8%	14.2%		
Russell 2000 Value		*22.7%*	*12.7%*		
LSV Asset Mgmt	Large Cap Value Equities*	30.0%	17.2%	25.0%	10.2%
Russell 1000 Value		*21.6%*	*14.8%*	*21.8%*	*7.6%*
Prudential PRISA II	Real Estate	16.6%	15.9%	8.5%	
NCREIF Property		*11.2%*	*11.7%*	*7.9%*	
LSV Asset Mgmt	Emerging Market Equities	(1.0%)	(1.2%)	19.8%	
MSCI Emerging Mkts		*(1.4%)*	*(2.9%)*	*14.5%*	
Gresham LLC	Commodities	3.0%	(5.6%)	8.1%	
Bloomberg Commodity		*3.2%*	*(7.7%)*	*4.6%*	
Abbott Capital	Private Equity	17.6%	13.6%	6.0%	
JP Morgan	Private Equity	17.5%	14.7%	13.4%	
Total Fund		**10.0%**	**6.2%**	**11.6%**	**6.4%**
Relative Objective		***8.6%***	***5.9%***	***12.0%***	***6.1%***

* Managers or investment class terminated prior to April 30, 2014.



Returns provided by RVK, 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, 2014	Fair Value
1) Regeneron Pharmaceuticals Inc.	$2,915,757
2) IHS Inc. Class A	2,627,804
3) Hexagon AB Ser. B	2,207,094
4) Applied Materials Inc.	1,974,330
5) Discover Financial Services	1,825,526
6) Biogen Idec Inc.	1,650,653
7) Fanuc Corp.	1,603,133
8) Google Inc. Class A	1,544,199
9) Google Inc. Class C	1,523,627
10) Exxon Mobil Corp.	1,392,776

Ten Largest Bond Holdings April 30, 2014	Fair Value
1) US Treasury Notes 2.375% Due 2016	$9,862,929
2) US Treasury Bonds 4.25% Due 2039	9,207,504
3) US Treasury Notes 2.75% Due 2024	6,556,875
4) US Treasury Notes 3.00% Due 2016	6,345,468
5) US Treasury Notes 0.875% Due 2017	6,250,000
6) US Treasury Notes 2.375% Due 2014	6,057,420
7) US Treasury Notes 0.25% Due 2015	5,507,519
8) FNMA Bond 6.0% Due 2036	5,070,980
9) US Treasury Notes 4.50% Due 2016	4,890,185
10) US Treasury Notes 1.50% Due 2019	4,719,572

A complete list of portfolio holdings is available upon request.

Schedule of Brokerage Commissions

Year Ending April 30, 2014

Brokerage Firms	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Value Per Share
Instinet	1,976,807	$57,639,105	$24,268	$0.012
Broadcort Capital Corp.	872,775	36,163,748	17,050	0.020
Merrill Lynch Pierce Fenner & Smith	1,161,900	23,401,527	15,624	0.013
Merrill Lynch International Ltd.	2,169,400	18,293,526	9,126	0.004
Stifel Nicolaus & Co.	4,031,575	13,769,533	7,800	0.002
Credit Suisse First Boston Corp.	7,040,475	16,773,125	7,788	0.001
Liquidnet Inc.	330,021	9,279,427	7,581	0.023
Deutsche Bank Securities Inc.	1,269,563	16,892,131	6,788	0.005
Deutsche Bank Ag Custody Dept.	316,982	25,704,156	6,340	0.020
Northern Trust Co.	283,909	15,999,642	5,678	0.020
Robert W. Baird & Co. Inc. Milwaukee USA	107,400	3,767,970	4,296	0.040
Bernstein, Sanford C. & Co.	270,800	10,671,154	4,257	0.016
Citigroup Global Markets Inc./Smith Barney	426,400	20,953,769	4,241	0.010
Blair, William & Co.	96,400	3,316,184	3,833	0.040
Jefferies & Co.	98,075	4,373,084	3,627	0.037
J.P. Morgan Securities LLC	2,610,725	5,697,320	3,514	0.001
Knight Direct LLC	306,650	7,485,677	3,481	0.011
Merrill Lynch & Co. Inc.	588,678	26,250,151	3,195	0.005
Others (Including 59 Brokerage Firms)	31,465,147	66,491,674	26,226	0.001
Totals	**55,423,682**	**$382,922,903**	**$164,714**	**$0.003**

Zero commission trades excluded from above	96,946,315	$1,846,824,613

Investment Summary

Year Ending April 30, 2014

Investment Manager	Date Hired	Investment Class	Portfolio Fair Value As of 4/30/14	% of Total Fair Value
Financial Counselors, Inc.	Oct 1974	Fixed Income	$200,108,715	26.3%
Cash			75,664,533	9.9%
Prudential PRISA II	Sep 2004	Real Estate	42,530,929	5.6%
Abbott Capital Management	Aug 2005	Private Equity	15,636,508	2.0%
JPMorgan Investment Management	Jan 2006	Private Equity	8,043,891	1.1%
LSV Emerging Markets	Aug 2007	Emerging Markets Equities	15,260,945	2.0%
Gresham Investment Management	May 2008	Commodities	33,123,814	4.4%
Shenkman Capital Management	May 2009	High Yield Bonds	41,433,113	5.4%
LSV EM Small Cap	Jan 2014	Emerging Markets–Small Cap	7,072,399	0.9%
NTGI MSCI ACWI IMI	Feb 2014	Global Equity	208,326,036	27.4%
Artisan Global	Apr 2014	Global Equity	42,172,363	5.5%
LSV Global	Apr 2014	Global Equity	71,979,865	9.5%
		Total	**$761,353,111**	

Fees and Commissions

Year Ending April 30, 2014

Investment Manager	Management Fee	Commission Expense	Commission per Share
Financial Counselors, Inc.	$266,280	$ —	$ —
GE Asset Management	226,380	—	—
Waddell & Reed Investment Management	250,278	77,512	0.029
RCM Capital Management	(7,650)	—	—
LSV Asset Management	324,588	7,579	0.009
Prudential PRISA II	384,199	—	—
Abbott Capital Management	212,727	—	—
JPMorgan Investment Management	89,696	—	—
LSV International Value	173,056	—	—
NTGI Russell 1000 Growth	29,584	—	—
GE Emerging Markets	(7,625)	—	—
LSV Emerging Markets	297,428	—	—
Gresham Investment Management	218,640	—	—
Tactical ETFs	27,683	5,678	0.001
Shenkman Capital Management	227,091	—	—
Vaughan Nelson Investment Management	303,528	42,397	0.014
SSARIS Advisors LLC	480,893	—	—
LSV EM Small Cap	18,538	—	—
NTGI MSCI ACWI IMI	20,749	—	—
Artisan Global	25,201	14,645	0.009
LSV Global	38,108	16,903	0.005
Total	**$3,599,372**	**$164,714**	**$0.001**

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 9, 2014

The Retirement Board
Police Retirement System of
Kansas City, Missouri
9701 Marion Park Drive, B
Kansas City, MO 64137

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 30 year period. The most recent valuations were completed based upon population data, asset data, and plan provisions as of April 30, 2014.

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 membership 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

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 April 30, 2011 valuation by setting the actuarial value of assets equal to the market value of assets. As a result, the smoothing method has only been applied to the last three years of investment experience.

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 actuarial contribution rates as needed. The April 30, 2014 actuarial valuation reflects the actuarial assumptions and methods included in the experience study covering the five year period from May 1, 2007 to April 30, 2012, as adopted by the Board based on advice of the actuary.

The unfunded actuarial accrued liability (UAAL) increased from the last valuation by about $18 million due to the actual experience.

The Missouri General Assembly passed Senate Bill 215 and House Bill 418 which provided for the following changes to the System:

(1) Increase the employee contribution rate by 1.0%, from 10.55% to 11.55%.
(2) Increase the number of years of creditable service from 30 to 32 (which results in the maximum benefit increasing from 75% to 80% of final average pay).
(3) Create a new benefit tier for new hires after August 28, 2013 with the same benefit structure except final compensation is based on the average of the highest three years, eligibility for service retirement is the earlier of 27 years of service or age 60 with 15 years of service, and the form of payment is a joint and 50% survivor benefit, if married.
(4) Requires the City to contribute the full actuarial contribution rate plus an additional $200 per month for every member entitled to receive a supplemental benefit.

The legislative changes to the benefit structure had a very small impact on the valuation results because the benefit changes only impacted members hired on or after August 28, 2013. There were only 67 such members in the April 30, 2014 actuarial valuation. Over time, the normal cost rate for the System is expected to decline as current active members leave employment and are replaced with members in the new tier.

The System is 77% funded as of April 30, 2014 based on the actuarial value of assets. However, reflecting the impact of the Tier II benefit structure for future hires and the City's commitment to contribute the full actuarial contribution rate, the funded ratio of the System is projected to increase significantly over the next thirty years assuming all actuarial assumptions are met.

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 Board.

The investment rate of return is 7.50% per year (adopted 7/9/13) 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 3.75% (adopted 7/9/13); merit and longevity increases range from 0.0% to 5.0% (adopted 7/9/13) 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 an open 30 year period. (Adopted 7/9/13)

The System assumes the Retirement Board will grant a 2.5% cost of living adjustment, as allowed by state statute, in each year that statutory provisions are met. (Adopted 7/9/13)

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 July 2013 for the period May 1, 2007 through April 30, 2012. The Retirement Board adopted the recommendations and assumptions from the July 2013 experience study for the valuation dated April 30, 2013 at the July 9, 2013 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, 2014. All census data was supplied by the System and was subject to reasonable consistency checks. Cavanaugh Macdonald Consulting, LLC completed the 2011, 2012, 2013 and 2014 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 Employee 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 Retirement System and receive a deferred benefit. This assumption measures the probabilities of members remaining in employment. (Adopted 7/9/13)

Sample Ages	% of Active Members Separating within Next Year
	All Members
25	5.51%
30	3.61%
35	2.21%
40	1.25%
45	0.25%
50	0.00%

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%

Summary of Actuarial Assumptions and Methods (Continued)

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 for Tier I and age 60 for Tier II. (Adopted 7/9/13)

Active Members Retiring Within Next Year	
Years of Service	Percent Retiring
25	25%
26	25%
27	20%
28	20%
29	20%
30	15%
31	15%
32	35%
33	30%
34	30%
35	100%

Pay increase assumptions for individual active members are shown below.
(Adopted 7/9/13)

	Annual Rate of Pay Increase for Sample Years of Service		
Years of Service	General Wage Growth	Merit and Longevity	Total
0	3.75%	5.00%	8.75%
1	3.75%	5.00%	8.75%
2	3.75%	5.00%	8.75%
3	3.75%	5.00%	8.75%
4	3.75%	5.00%	8.75%
5	3.75%	5.00%	8.75%
10	3.75%	2.00%	5.75%
15	3.75%	0.00%	3.75%
20	3.75%	0.00%	3.75%

Schedule of Active Member Valuation Data

Six Years Ended April 30, 2014

Valuation April 30	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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%)
2013	1,359	85,903,657	63,211	3.9%
2014	1,408	91,050,890	64,667	2.3%

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Six Years Ended April 30, 2014

	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
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
2013	57	2,427,998	26	638,909	1240	45,035,688	6.4	36,319
2014	45	1,921,853	42	1,120,677	1243	46,645,440	3.6	37,527

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)
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
2013	93,709,417	554,078,691	316,514,107	749,617,334	100	100	32
2014	100,221,012	568,199,815	337,822,316	773,338,034	100	100	31

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

Analysis of Financial Experience

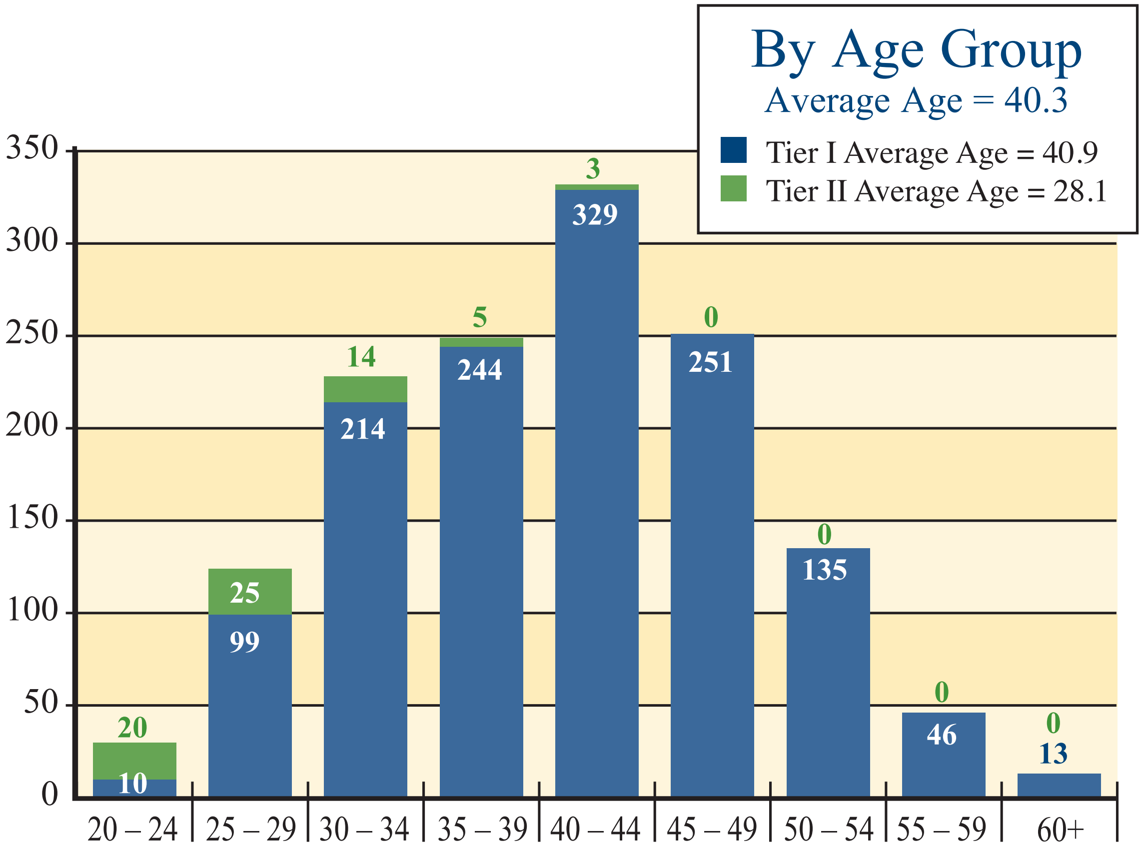
Year Ended April 30, 2014

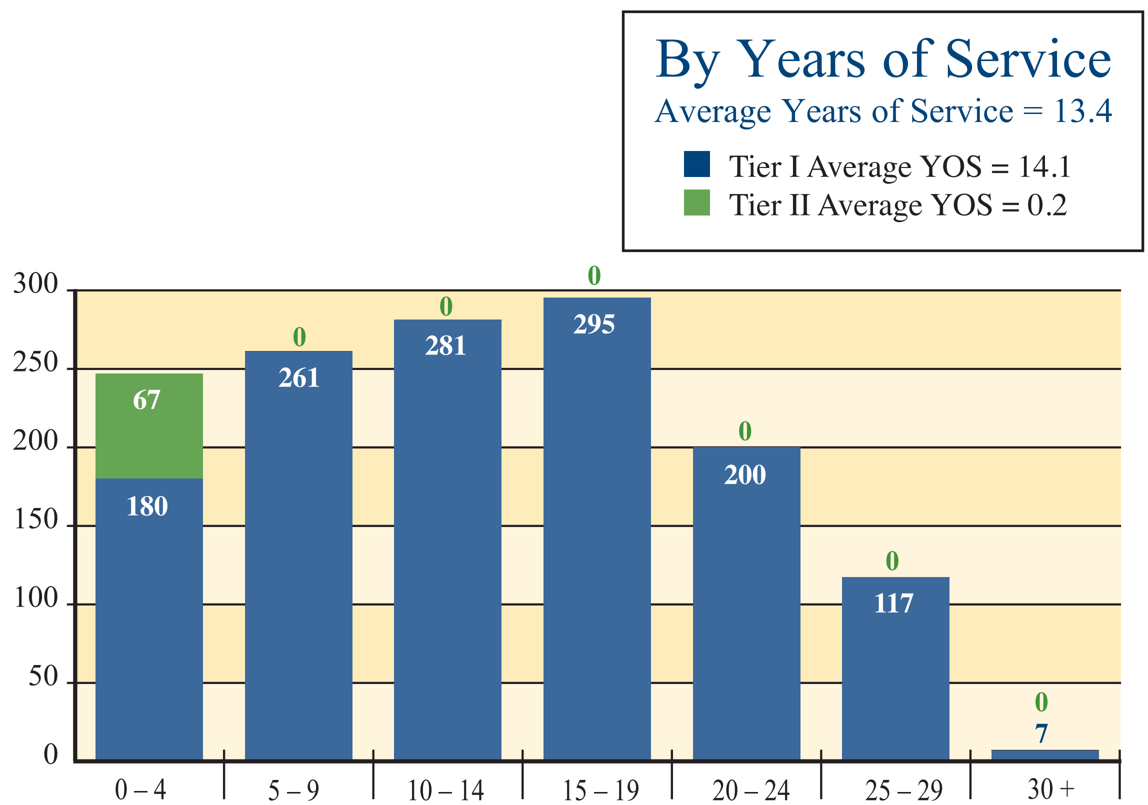
The actuarial gains or losses realized in the operation of the Retirement System provide an experience test. Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is expected that gains and losses will cancel each other over a period of years, but sizable year-to-year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

	Millions
Unfunded Actuarial Accrued Liability, April 30, 2013	$214.7
- effect of contributions less than actuarial rate	2.0
- expected change due to amortization method	8.0
- loss from investment return on actuarial assets	10.6
- demographic experience[1]	(0.1)
- all other experience	(2.3)
Unfunded Actuarial Accrued Liability, April 30, 2014	$232.9

[1] Liability gain is about 0.01% of total actuarial liability

Active Membership





Summary Plan Description at April 30, 2014

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.

Tier I members include employees hired before August 28, 2013.

Tier II members include employees hired on or after August 28, 2013.

Any Tier I member who terminates their membership and later returns to membership on or after August 28, 2013 will become a Tier II member.

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 32 years of creditable service. The member contribution rate on May 1, 2013 was 10.55% of base pay. On September 1, 2013 the member contribution rate increased to 11.55% 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.

On May 1, 2013 the contribution rate from the City of Kansas City, Missouri was 19.7% of base pay. On September 1, 2013 the City contribution rate increased to 25.03% of base pay. Future contribution rates will be based on actuarial requirements. Also beginning in September 2013, the City started contributing $200 per month for each person receiving the Supplemental Retirement Benefit.

Retirement Benefits

A Tier I member is eligible to retire after completing 25 or more years of creditable service.

A Tier II member is eligible to retire after completing 27 or more years of creditable service.

Members can continue to accrue creditable service until they reach 32 years. Members with 32 years of creditable service in the Retirement System may remain in active service with the Police Department until they reach a total of 35 years of service. Members must retire at age 65.

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

Age and Service Retirement

Upon retirement, a Tier I member with at least 25 years of creditable service or who is age 60 with at least 10 years of creditable service, or a Tier II member with at least 27 years of creditable service or who is age 60 with at least 15 years of creditable service shall receive an annual pension calculated as follows:

For a member retiring on or after August 28, 2013, 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 80% of the member's Final Compensation.

For a member retiring on or after August 28, 2000 and before August 28, 2013, 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 of a Tier I member is generally the member's average annual compensation over the 24 months of service for which the member received the highest base salary.

Final Compensation of a Tier II member is generally the member's average annual compensation over the 36 months of service for which the member received the highest base salary.

A Tier II member who is married at the time of retirement may, with their spouse's consent, select an optional annuity in lieu of a normal pension. The optional annuity provides a monthly pension to the member for life and, upon the death of the member, provides an amount to the surviving spouse that is either equal to the amount the member was receiving or 75% of the amount the member was receiving at the time of death. The value of the optional annuity will be the actuarial equivalent of the member's normal pension amount at the date of retirement, including the value of survivorship rights for the surviving spouse. The optional annuity will be paid to the member's surviving spouse for life without regard to remarriage.

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. Duty disability pensions are calculated as follows and shall be paid for as long as the permanent disability shall continue:

A member retiring on or after August 28, 2013 will receive a pension equal to 80% of the member's Final Compensation.

A member retiring on or after August 28, 2001 and before August 28, 2013 will receive a pension equal to 75% of the member's Final Compensation.

A member retiring before August 28, 2001 will receive a pension equal to 60% of the member's Final Compensation.

The pension may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law.

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.

Any 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 who have one or more years of creditable service beyond their eligible retirement date. A member with one or more years of creditable service beyond their eligible retirement date may elect a lump-sum equal to 12 times the initial monthly base

pension they would have received without making the PLOP election.

A member with two or more years of creditable service beyond their eligible retirement date may elect a lump-sum equal to 24 times the initial monthly base pension they would have received without making the PLOP election.

A member with three or more years of creditable service beyond their eligible retirement date may elect a lump-sum 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, 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 Tier I 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.

If a Tier II member retired and did not elect an optional spousal annuity in lieu of a normal pension, the surviving spouse shall receive a pension payable for life equaling 50% of the member's benefit as of the member's retirement date, plus cost of living adjustments.

If a Tier II member retired and elected an optional spousal annuity, the surviving spouse shall receive (depending on the member's election) either the same amount as the member was receiving at the time of death or 75% of the amount the member was receiving at the time of death and will be paid such amount for the lifetime of such surviving spouse.

The benefit amounts calculated above are 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. A Tier I member is eligible for the cost of living increase if they were retired by December 31 of the prior year. With certain exceptions, a Tier II member becomes eligible for the cost of living increase in the year following the year in which they would have attained 32 years of creditable service. The annual cost of living increase is normally granted on the May 31 retirement check.

Supplemental Retirement Benefit
All retired Tier I members and eligible surviving spouses receive a supplemental retirement benefit, currently in the amount of $420.00 monthly, in addition to pension benefits. All retired Tier II members and eligible surviving spouses are eligible to receive a supplemental retirement benefit, currently in the amount of $200.00 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 leave their contributions in the Retirement System and will become entitled to future lifetime benefits upon meeting the eligibility requirements. A Tier I member becomes entitled to a pension beginning at age 55. A Tier II member becomes entitled to a pension beginning at age 60.

Any member who receives a refund of their member contributions thereby terminating their membership in the Retirement System, and who later returns to membership, on or after August 28, 2013 due to re-employment will become a Tier II member.

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

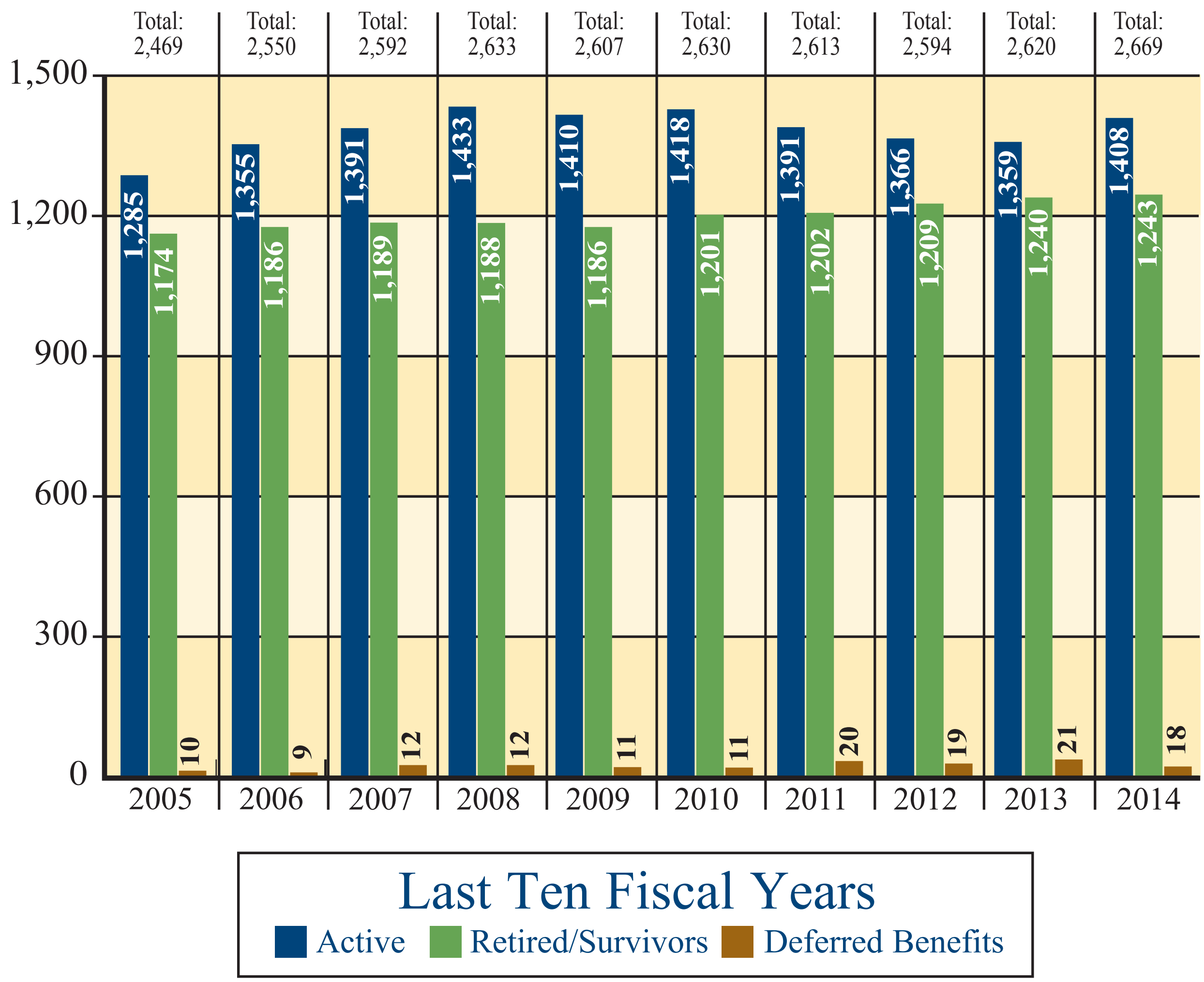
Statistical Summary

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 Position

Last Ten Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009
Additions:					
Member Contributions	$7,212,990	$7,472,503	$7,814,142	$8,459,762	$8,982,366
City Contributions	13,297,605	13,729,225	14,526,734	15,747,111	16,700,688
Net Investment Income	45,338,145	107,627,267	83,730,123	(911,856)	(180,354,444)
Total Additions to Plan Net Position	65,848,740	128,828,995	106,070,999	23,295,017	(154,671,390)
Deductions:					
Benefits	37,754,187	39,443,788	42,293,180	42,802,584	44,097,817
Refunds	609,138	457,355	694,903	621,174	746,454
Administrative	470,866	495,613	515,720	598,548	550,069
Total Deductions from Plan Net Position	38,834,191	40,396,756	43,503,803	44,022,306	45,394,340
Change in Net Position	$27,014,549	$88,432,239	$62,567,196	($20,727,289)	($200,065,730)

Fiscal Year	2010	2011	2012	2013	2014
Additions:					
Member Contributions	$8,934,700	$9,223,994	$8,894,208	$9,343,416	$10,198,831
City Contributions	16,645,229	16,532,015	16,476,608	16,933,694	22,241,769
Net Investment Income	142,765,846	82,002,086	(3,584,270)	55,542,099	66,842,964
Total Additions to Plan Net Position	168,345,775	107,758,095	21,786,546	81,819,209	99,283,564
Deductions:					
Benefits	46,290,964	46,377,135	48,578,196	50,979,009	52,627,501
Refunds	231,947	557,214	549,026	816,459	361,910
Administrative	565,362	631,281	552,751	576,470	535,628
Total Deductions from Plan Net Position	47,088,273	47,565,630	49,679,973	52,371,938	53,525,039
Change in Net Position	$121,257,502	$60,192,465	($27,893,427)	$29,447,271	$45,758,525

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

Last Ten Fiscal Years

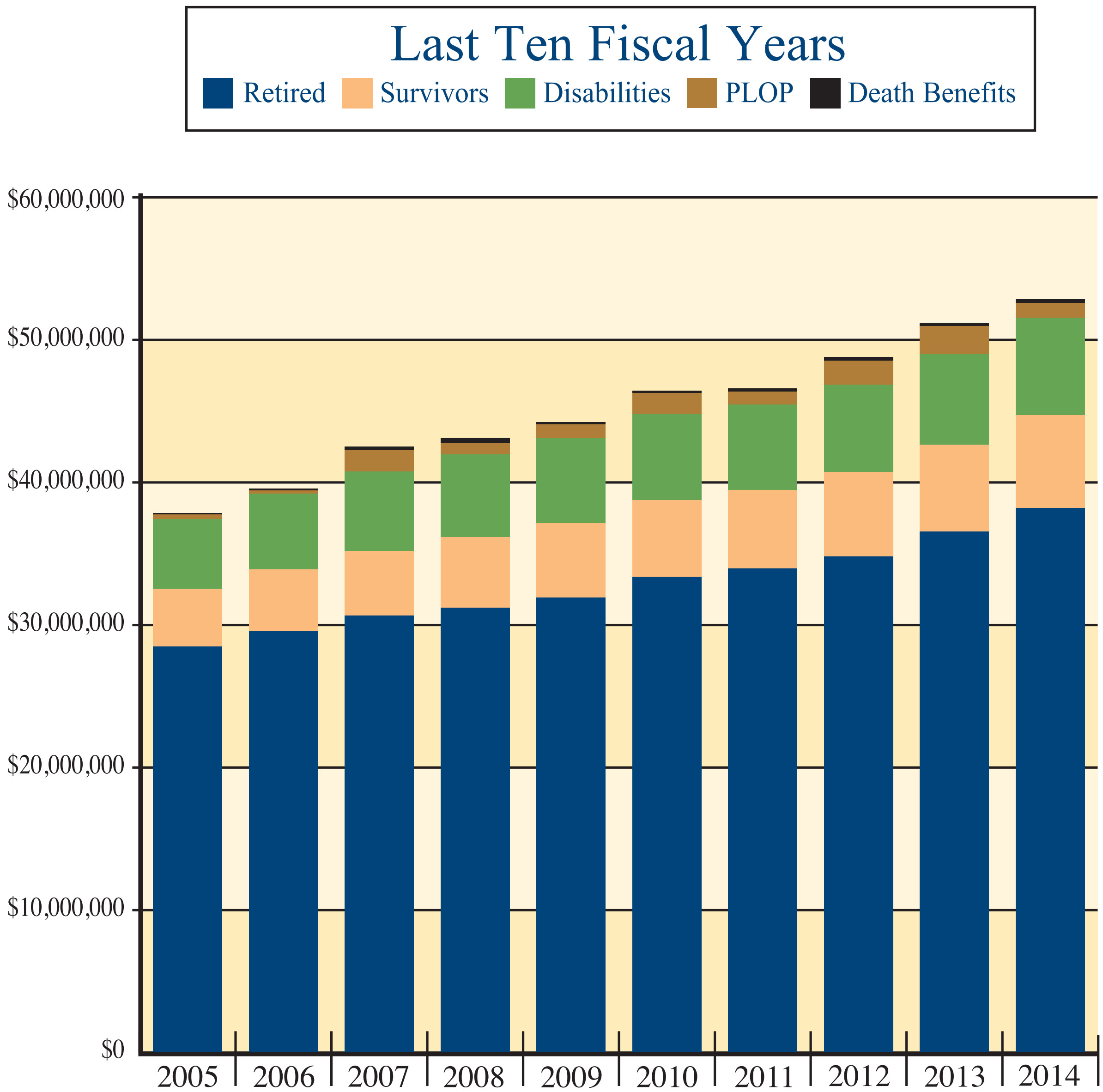
Fiscal Year	2005	2006	2007	2008	2009
Type of Benefit:					
Retired	$28,488,160	$29,564,876	$30,657,765	$31,212,247	$31,911,809
Survivors	4,053,319	4,317,777	4,546,298	4,943,672	5,233,830
Disabilities	4,896,656	5,326,293	5,544,299	5,827,078	5,978,251
PLOP	303,052	219,842	1,522,818	790,587	957,927
Death Benefits	13,000	15,000	22,000	29,000	16,000
Total Benefits	$37,754,187	$39,443,788	$42,293,180	$42,802,584	$44,097,817
Type of Refund:					
Separation	$609,138	$457,355	$694,903	$621,174	$746,454
Death	–	–	–	–	–
Total Refunds	$609,138	$457,355	$694,903	$621,174	$746,454

Fiscal Year	2010	2011	2012	2013	2014
Type of Benefit:					
Retired	$33,368,992	$33,964,741	$34,794,455	$36,539,274	$38,206,133
Survivors	5,384,022	5,513,933	5,936,074	6,106,116	6,513,492
Disabilities	6,065,418	5,983,509	6,124,737	6,345,482	6,829,946
PLOP	1,455,532	889,952	1,697,930	1,967,137	1,052,930
Death Benefits	17,000	25,000	25,000	21,000	25,000
Total Benefits	$46,290,964	$46,377,135	$48,578,196	$50,979,009	$52,627,501
Type of Refund:					
Separation	$231,947	$557,214	$441,701	$682,890	$361,910
Death	–	–	107,325	133,569	–
Total Refunds	$231,947	$557,214	$549,026	$816,459	$361,910

*Benefit amounts include $420 supplemental benefit for eligible members

*Benefit amounts include cost of living adjustments

Schedule of Deductions from Plan Net Position 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, 2014

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	$450	9			9		
501 to 1,000	6,646	9	2	3	4		
1,001 to 1,500	49,567	41	8	26	4	1	2
1,501 to 2,000	129,200	73	19	40	1	9	4
2,001 to 2,500	218,278	96	23	57		8	8
2,501 to 3,000	428,276	156	72	51		17	16
3,001 to 3,500	743,179	225	169	32		14	10
3,501 to 4,000	745,343	198	163	6		22	7
4,001 to 4,500	859,154	203	180	6		13	4
4,501 to 5,000	573,528	122	96	2		22	2
Over 5,000	648,009	111	98	2		11	
Totals	**$4,401,630**	**1,243**	**830**	**225**	**18**	**117**	**53**

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

Schedule of Average Monthly Base Benefit Amounts*

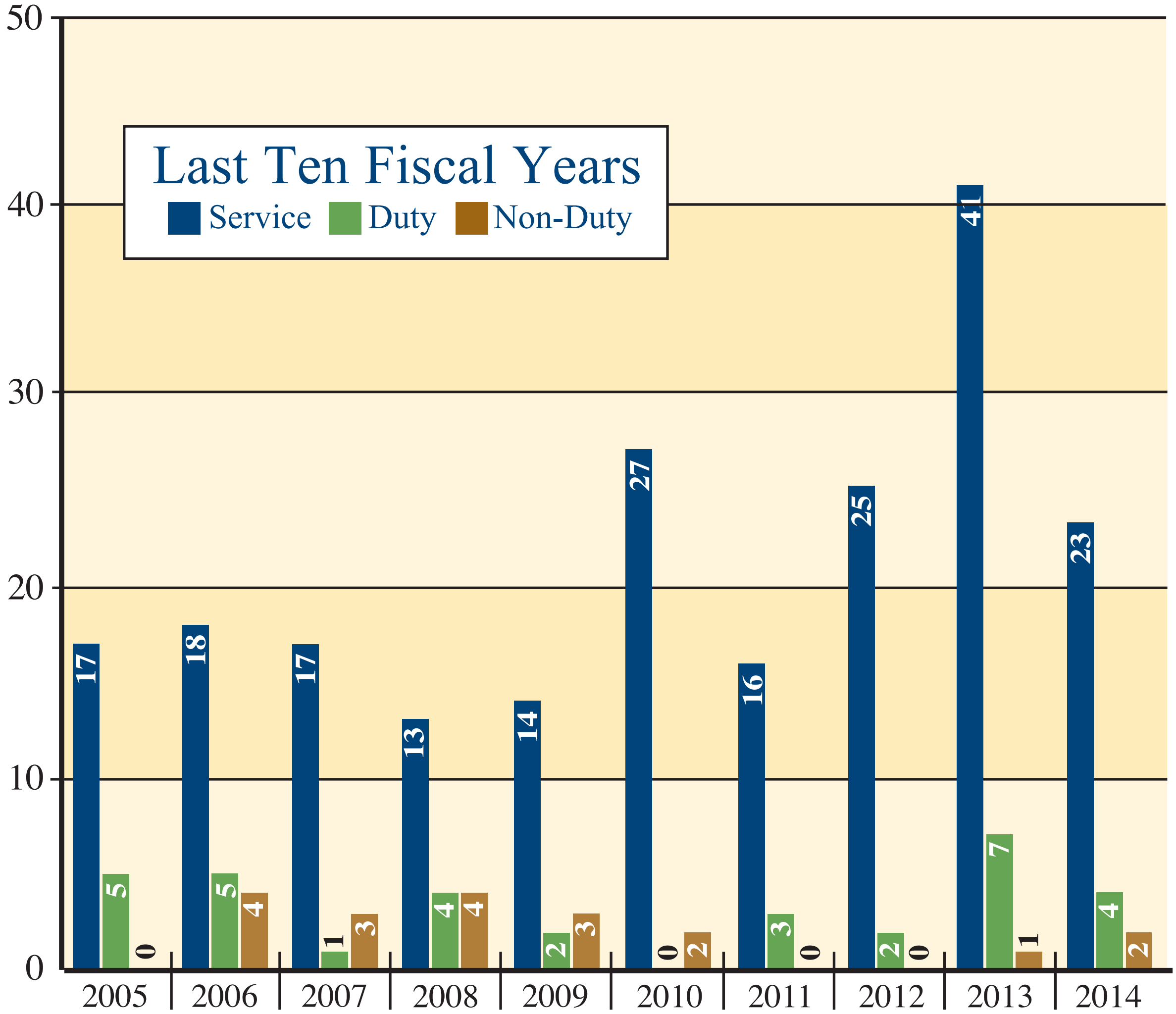
Ten Years Ended April 30, 2014

Years Credited Service

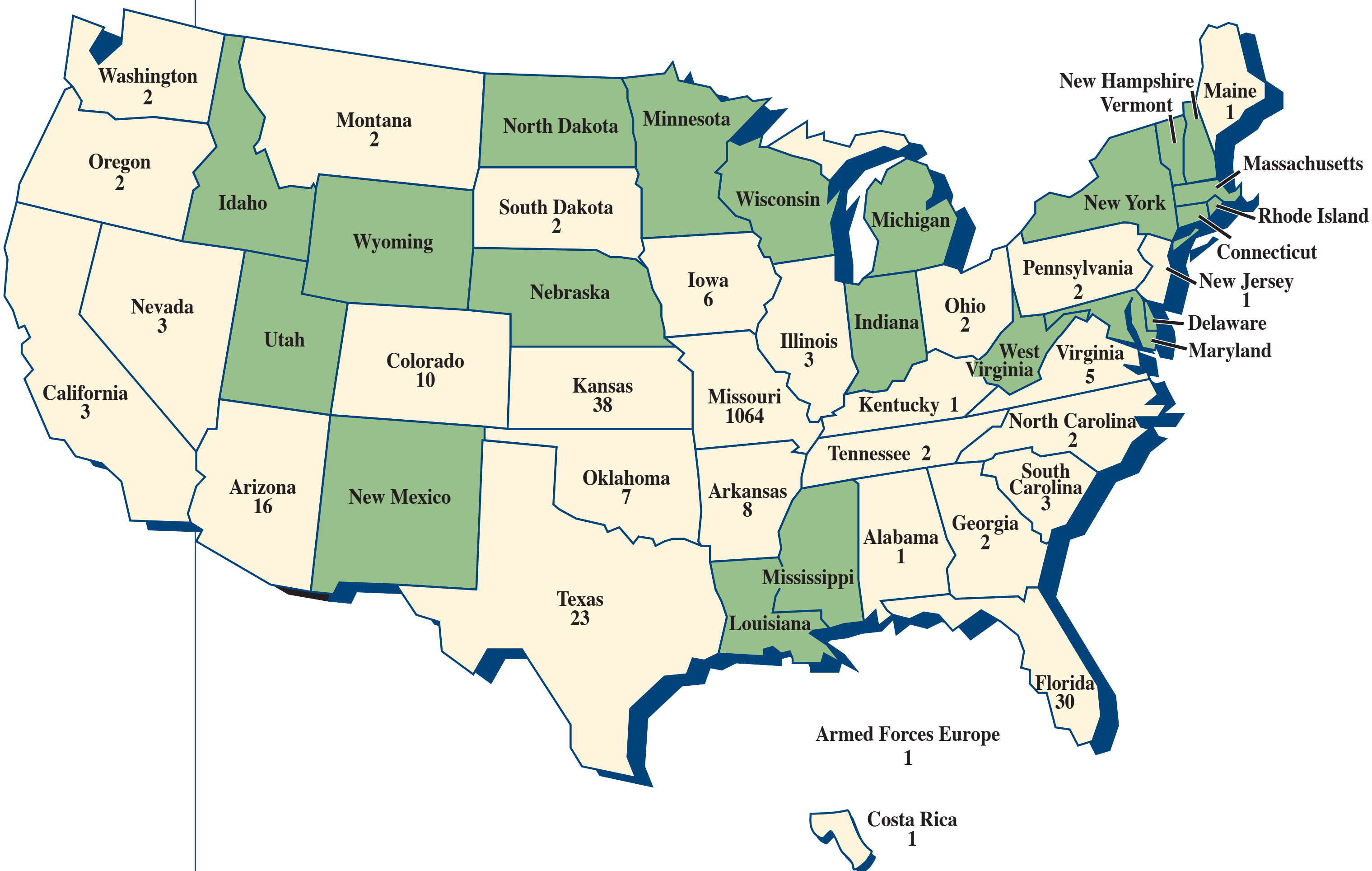
Members Retiring During	<25	25–26	26–27	27–28	28–29	29–30	30+	All Members
Fiscal Year Ending 04/30/05								
Average monthly benefit	$2,623	3,044	4,764	4,056	3,388	5,807		3,343
Average final compensation	$4,263	4,822	7,213	5,888	5,909	7,745		5,189
Number of retirees	8	7	1	2	2	2		22
Fiscal Year Ending 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
Fiscal Year Ending 04/30/13								
Average monthly benefit	$3,076	3,659	4,004	3,977	3,536	4,463		3,693
Average final compensation	$5,242	5,809	6,038	6,266	5,801	7,101		5,929
Number of retirees	12	14	6	5	5	7		49
Fiscal Year Ending 04/30/14								
Average monthly benefit	$3,746	4,084	3,845		4,032	3,449	4,609	4,079
Average final compensation	$5,747	6,469	5,931		5,692	5,656	7,037	6,298
Number of retirees	8	7	4		1	1	8	29

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

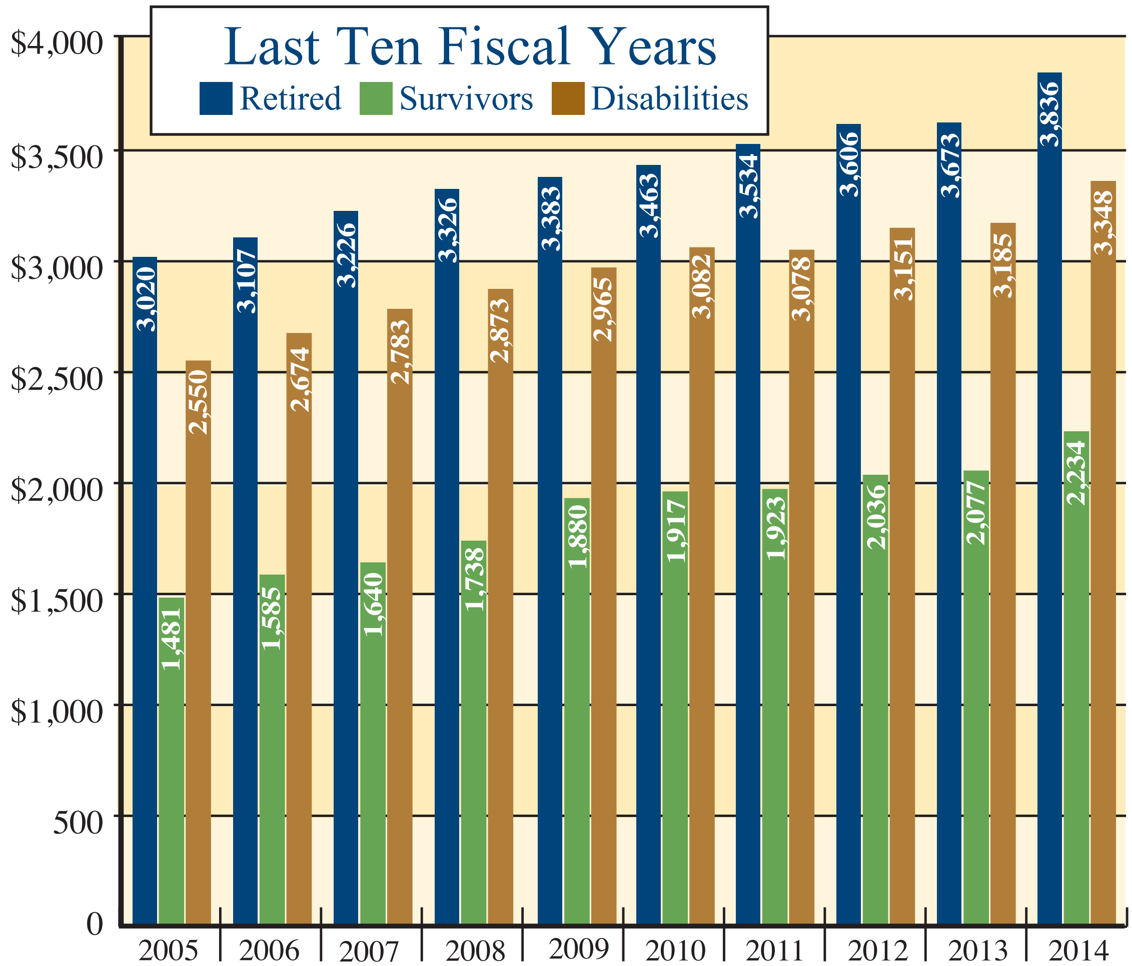
New Pensions Started



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

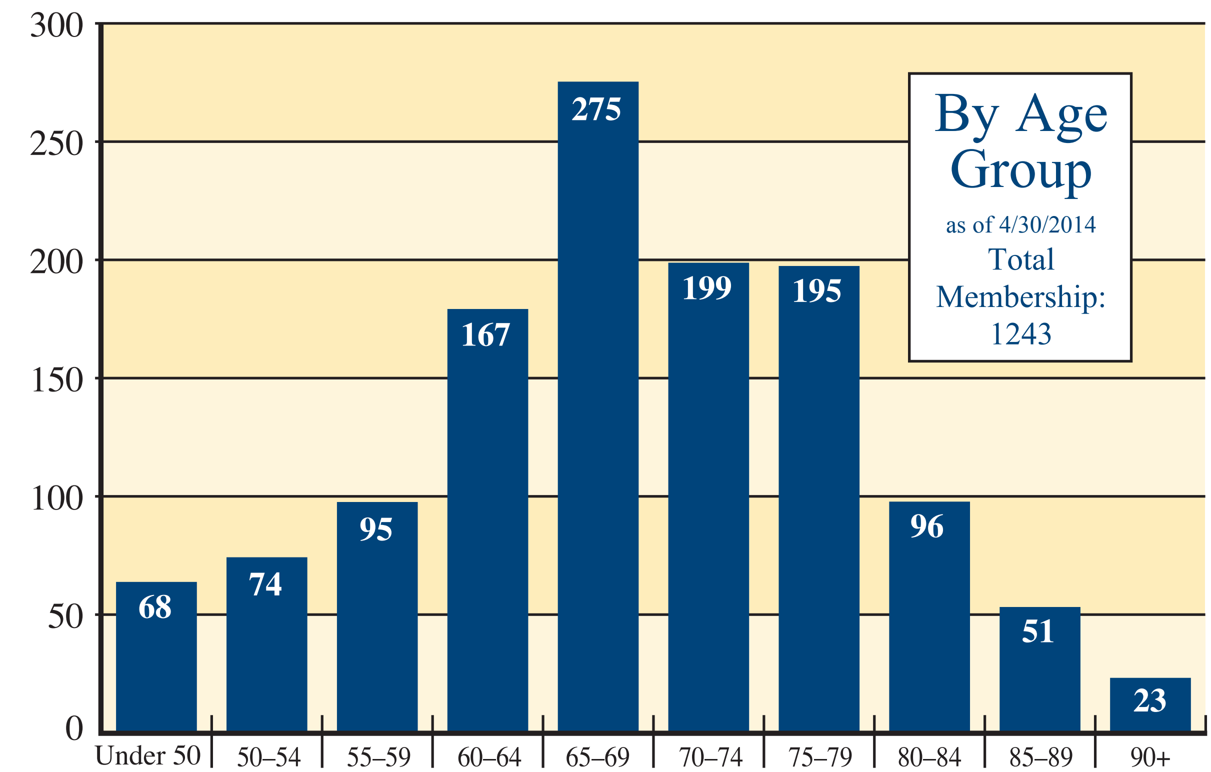
Fiscal Year	% Increase to Monthly Base Pension
2005	3.00%
2006	3.00%
2007	3.00%
2008	3.00%
2009	3.00%
2010	3.00%
2011	0.00%
2012	3.00%
2013	3.00%
2014	3.00%

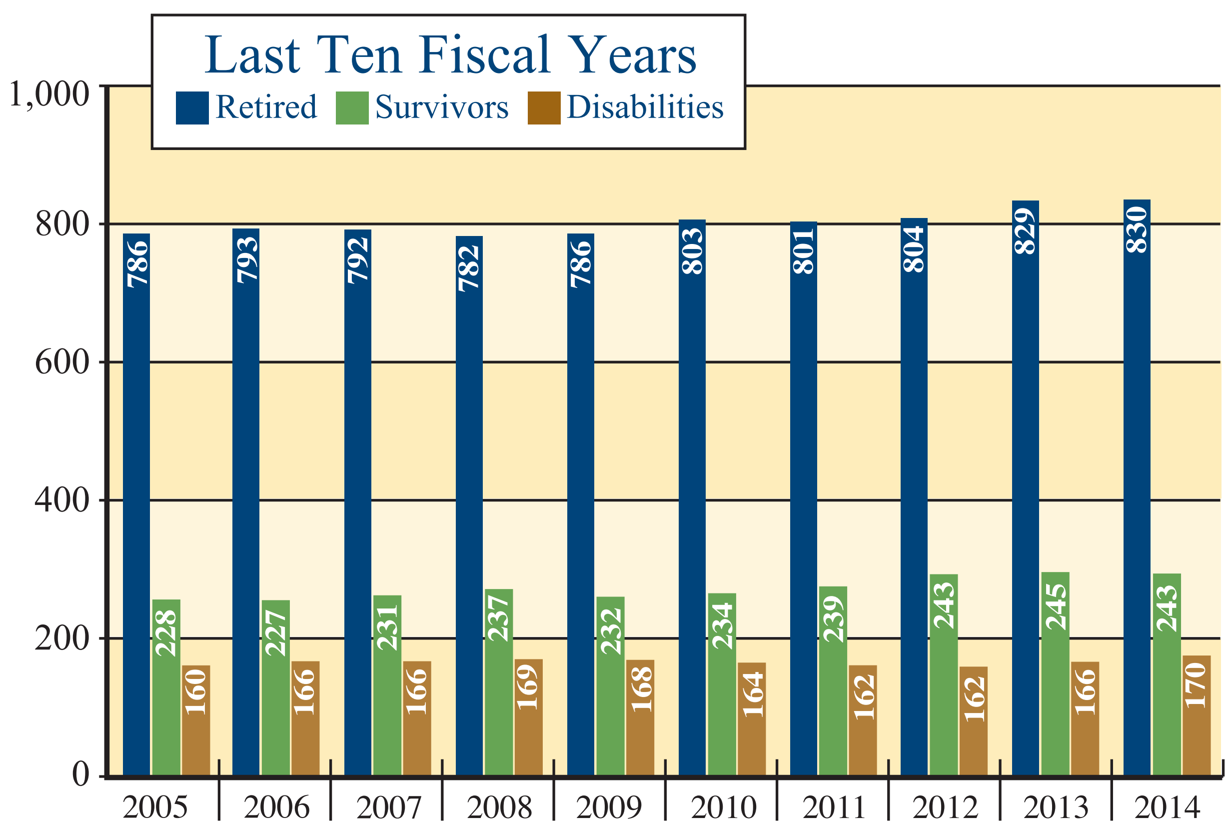
Supplemental Retirement Benefit

History of Increases

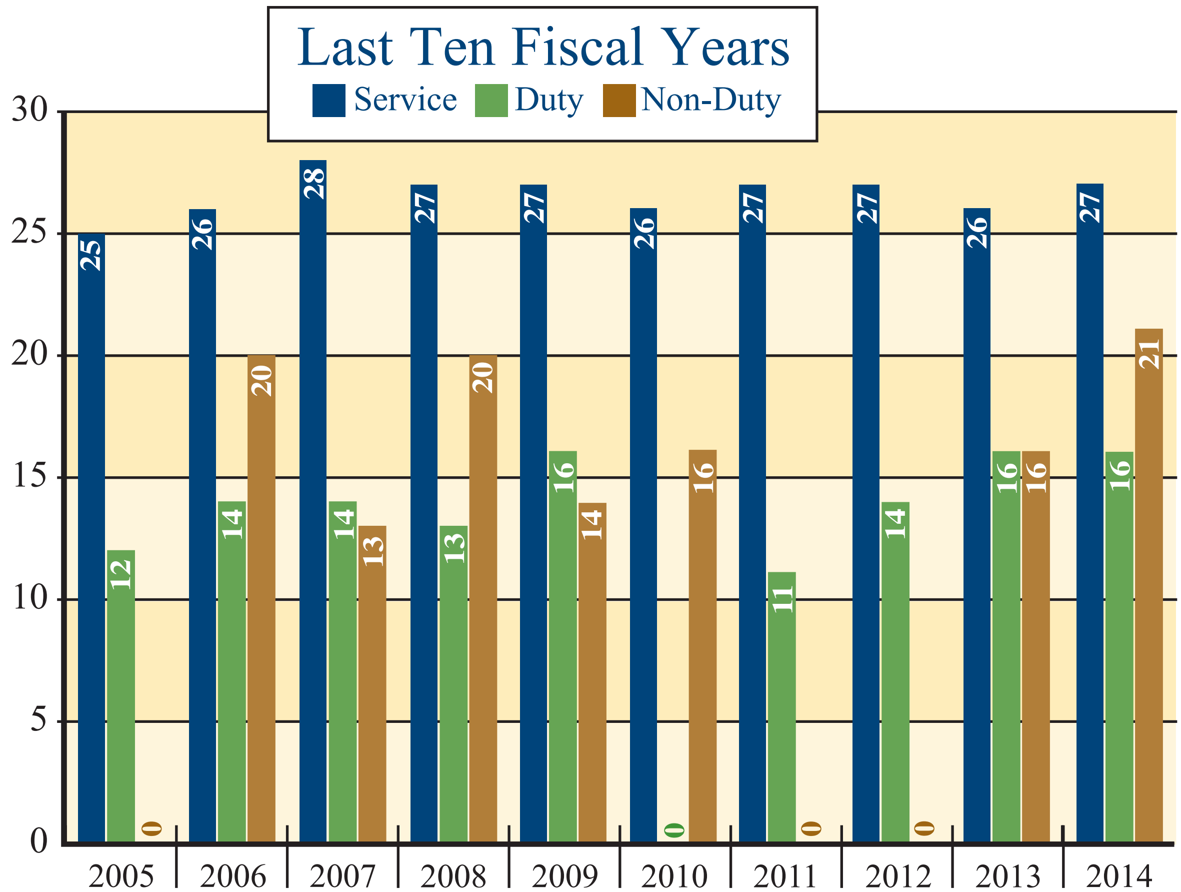
Fiscal Year	Monthly Benefit Amount	Annual Benefit Amount
1992	$50.00	$600.00
1993	70.00	840.00
1994	80.00	960.00
1995	90.00	1,080.00
1996	140.00	1,680.00
1997	180.00	2,160.00
1998	230.00	2,760.00
1999	270.00	3,240.00
2000	380.00	4,560.00
2001	420.00	5,040.00

Membership Receiving Benefits

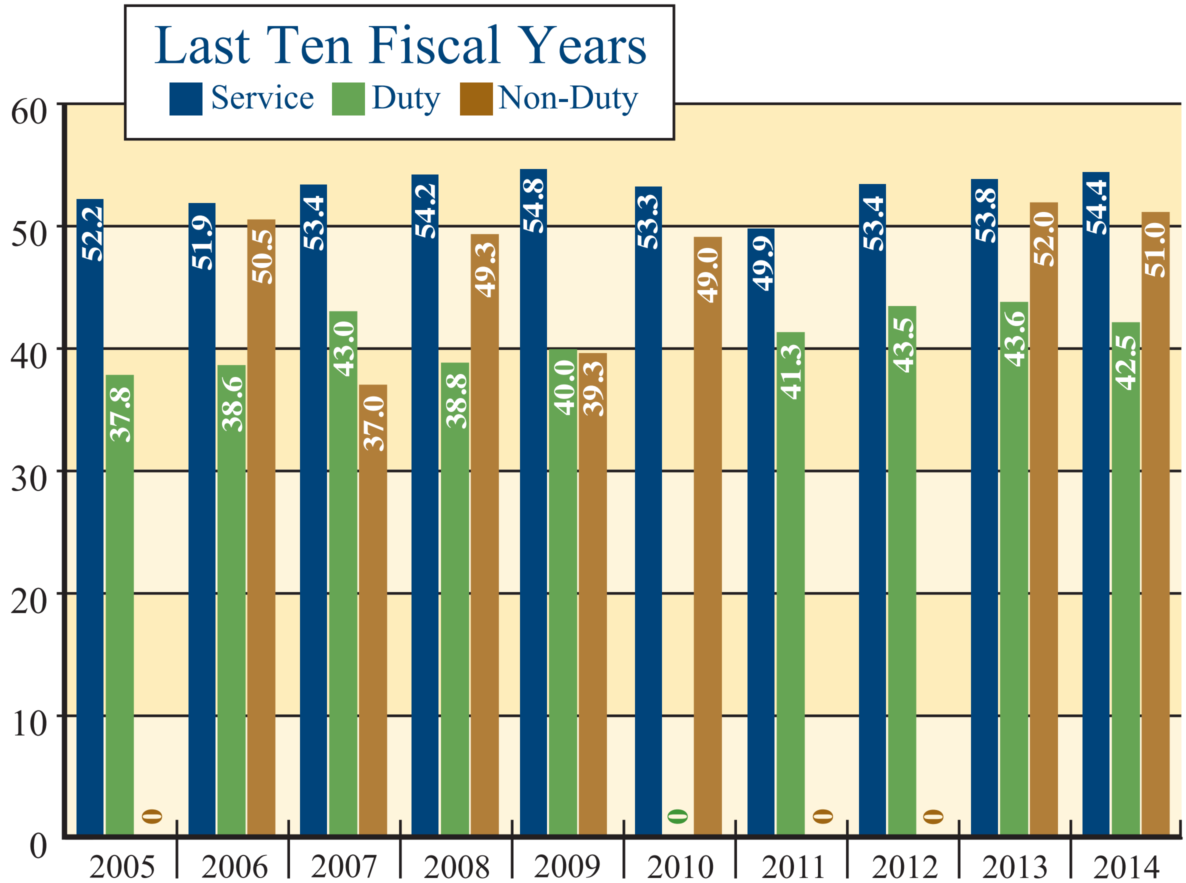




Average Years of Service at Retirement



Average Age at Retirement



Average Age of Retirees as of April 30, 2014

Service	**68.7**
(830 retired members ranging in age from 48 to 95)	
Duty Disability	**60.2**
(117 retired members ranging in age from 33 to 91)	
Non-Duty Disability	**61.9**
(53 retired members ranging in age from 42 to 87)	

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