



**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021



**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Public School Retirement System of the School District of Kansas City, Missouri
Kansas City, Missouri

Opinion

We have audited the financial statements of the Public School Retirement System of the School District of Kansas City, Missouri (the "Retirement System"), an employee benefit plan, which comprise the statements of fiduciary net position as of December 31, 2022 and 2021, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Retirement System as of December 31, 2022 and 2021, and the changes in its fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement System's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement System's ability to continue as a going concern for a reasonable period of time.

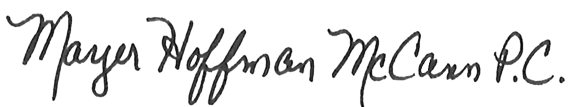
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 opinions on the financial statements that collectively comprise the Retirement System's basic financial statements. The other supplementary information listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Kansas City, Missouri
December 15, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

MANAGEMENT DISCUSSION AND ANALYSIS

Years Ended December 31, 2022, 2021, and 2020

Our discussion and analysis of the Public School Retirement System of the School District of Kansas City, Missouri's (the "Retirement System") financial performance provides an overview of the Retirement System's financial activities for the years ended December 31, 2022, 2021, and 2020.

Financial statements

Statement of Fiduciary Net Position - The statement of fiduciary net position reports the Retirement System's assets, liabilities, and the resultant net position available at the end of the year (Assets - Liabilities = Net Position). All assets and liabilities are recorded by use of the accrual basis of accounting. The assets are principally made up of cash, investments (at fair market value), and contributions receivable from participating employers and plan members. The liabilities include unpaid and/or accrued expenses as of the end of the year. Overall, this statement shows the financial position of the Retirement System at the specified year-end date.

Statement of Changes in Fiduciary Net Position - The statement of changes in fiduciary net position reports the transactions of the Retirement System that occurred during the year. All of the current year's revenue and expenses are taken into account when preparing this statement. This statement not only shows that Additions - Deductions = Net Changes in Fiduciary Net Position, but it also supports the change that has occurred to the prior year's net position value as shown on the statement of fiduciary net position.

Notes to the Financial Statements - The notes to the financial statements are an integral part of the financial statements. The required supplementary information provides historical and supplementary information, which is considered useful in the evaluation of the condition of the Plan (see Note 1 – General section for the definition of the "Plan"), which is administered by the Retirement System.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

MANAGEMENT DISCUSSION AND ANALYSIS

Years Ended December 31, 2022, 2021, and 2020

Comparative statements

The following are summary comparative statements of the Retirement System. For the purpose of this report, these comparative statements have been condensed to give its users a quick overview of the Retirement System's net position and changes in them. One can think of the Retirement System's net position as a way to measure the Retirement System's financial health. Over time, increases or decreases in the Retirement System's net position are indicators of whether its financial health is improving or deteriorating.

	<u>December 31,</u>			<u>Percentage Change From 2021 to 2022</u>	<u>Percentage Change From 2020 to 2021</u>
	<u>2022</u>	<u>2021</u>	<u>2020</u>		
Receivables	\$ 3,716,658	\$ 3,099,182	\$ 3,454,463	19.92%	-10.28%
Investments	626,296,642	749,576,162	690,839,707	-16.45%	8.50%
Cash	2,482,743	1,581,584	1,270,156	56.98%	24.52%
Prepaid and other assets	81,559	82,972	68,747	-1.70%	20.69%
Capital assets, net of accumulated depreciation/ amortization	523,016	1,295	6,857	40287.34%	-81.11%
Total assets	<u>633,100,618</u>	<u>754,341,195</u>	<u>695,639,930</u>	-16.07%	8.44%
Securities purchased	40,863	91,318	689,003	-55.25%	-86.75%
Accounts payable	483,590	613,303	575,230	-21.15%	6.62%
Leased liability	437,216	-	-	100.00%	100.00%
Accrued expenses	<u>47,812</u>	<u>139,184</u>	<u>137,957</u>	-65.65%	0.89%
Total liabilities	<u>1,009,481</u>	<u>843,805</u>	<u>1,402,190</u>	19.63%	-39.82%
Net position restricted for pensions	<u>\$ 632,091,137</u>	<u>\$ 753,497,390</u>	<u>\$ 694,237,740</u>	-16.11%	8.54%

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

MANAGEMENT DISCUSSION AND ANALYSIS

Years Ended December 31, 2022, 2021, and 2020

Comparative statements (continued)

	Years Ended December 31,			Percentage Change From 2021 to 2022	Percentage Change From 2020 to 2021
	2022	2021	2020		
Contributions	\$ 49,414,292	\$ 46,858,578	\$ 45,303,195	5.45%	3.43%
Net investment income (loss)	(82,676,608)	99,639,235	73,263,968	-182.98%	36.00%
Total additions (deductions)	(33,262,316)	146,497,813	118,567,163	-122.70%	23.56%
Benefits paid	80,409,066	80,337,163	80,473,732	0.09%	-0.17%
Refunds of contributions	6,008,392	5,250,026	4,316,797	14.44%	21.62%
Administrative expenses	1,726,479	1,650,974	1,624,734	4.57%	1.62%
Total deductions	88,143,937	87,238,163	86,415,263	1.04%	0.95%
Increase (decrease) in net position	(121,406,253)	59,259,650	32,151,900	-304.87%	84.31%
Net position restricted for pensions:					
Beginning of year	753,497,390	694,237,740	662,085,840	8.54%	4.86%
End of year	<u>\$ 632,091,137</u>	<u>\$ 753,497,390</u>	<u>\$ 694,237,740</u>	-16.11%	8.54%

For the year ended December 31, 2022, the change in plan net position for the Retirement System decreased 16.11% compared to the year ended December 31, 2021. For the year ended December 31, 2021, the change in plan net position for the Retirement System increased by 8.54% compared to the year ended December 31, 2020.

AUDITED FINANCIAL STATEMENTS

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

STATEMENTS OF FIDUCIARY NET POSITION

December 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Receivables:		
Plan member contributions	\$ 727,202	\$ 832,191
Employers' contributions	1,714,630	1,815,528
Accrued interest and dividends	1,274,826	451,463
	3,716,658	3,099,182
Investments, at fair value		
Cash and short term investments	5,989,727	10,861,862
Commingled domestic fixed income	61,175,875	73,227,604
High yield fixed income	16,119,408	18,383,331
Global fixed income	28,519,301	35,795,370
Domestic equity	132,670,959	176,019,874
International equity	132,794,614	161,523,563
Pooled real estate funds	68,745,550	68,591,401
Alternative equity funds	108,441,319	136,946,907
Private equity funds	71,839,889	68,226,250
	626,296,642	749,576,162
Other:		
Cash	2,482,743	1,581,584
Prepaid and other assets	81,559	82,972
Capital assets, net of accumulated depreciation/ amortization	523,016	1,295
	3,087,318	1,665,851
TOTAL ASSETS	633,100,618	754,341,195
<u>LIABILITIES</u>		
Due to brokers for securities purchased	40,863	91,318
Accounts payable	483,590	613,303
Lease liability	437,216	-
Accrued payroll expenses	47,812	139,184
	1,009,481	843,805
TOTAL LIABILITIES	1,009,481	843,805
NET POSITION RESTRICTED FOR PENSIONS	\$ 632,091,137	\$ 753,497,390

See Notes to Financial Statements

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years Ended December 31, 2022 and 2021

	2022	2021
Contributions:		
Plan members	\$ 21,204,065	\$ 20,141,089
Employers	28,210,227	26,717,489
Total contributions	49,414,292	46,858,578
Investment income (loss):		
Net realized and unrealized (depreciation) appreciation in fair value of investments	(83,956,633)	104,109,711
Interest	1,976,087	1,451,674
Dividends	6,204,458	4,048,992
	(75,776,088)	109,610,377
Less: Investment expense	6,900,520	9,971,142
Net investment income (loss)	(82,676,608)	99,639,235
TOTAL ADDITIONS (DEDUCTIONS)	(33,262,316)	146,497,813
Benefits paid	80,409,066	80,337,163
Refund of contributions	6,008,392	5,250,026
Administrative expenses	1,726,479	1,650,974
TOTAL DEDUCTIONS	88,143,937	87,238,163
NET INCREASE (DECREASE) IN NET POSITION	(121,406,253)	59,259,650
NET POSITION RESTRICTED FOR PENSION		
Beginning of year	753,497,390	694,237,740
End of year	\$ 632,091,137	\$ 753,497,390

See Notes to Financial Statements

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan

The following description of the Public School Retirement System of the School District of Kansas City, Missouri (the "Retirement System") provides only general information. Participants should refer to the Missouri Revised Statutes regarding the Retirement System or the Summary Plan Description for a more complete description of the Retirement System's provisions, which are available from the Retirement System's administrator.

General - The Retirement System is a cost-sharing multiple-employer defined benefit pension plan (the "Plan"), which was established by the General Assembly of the State of Missouri and is exempt from the provisions of the Employee Retirement Income Security Act of 1974. The Board of Trustees of the Retirement System (the "Board") administers and operates the Plan in accordance with the statutes of the State of Missouri. During the year ended December 31, 2022, participating employers consisted of the School District of Kansas City, Missouri; the Kansas City, Missouri Public Library District; the Retirement System; and the following charter schools: Academie Lafayette, Academy for Integrated Arts, Allen Village Charter, Brookside Charter School, Citizens of the World Kansas City, Crossroads Charter Schools, DeLaSalle Charter School, Ewing Marion Kauffman School, Frontier Schools, Genesis School, Inc., Gordon Parks Elementary, Guadalupe Center Schools, Hogan Preparatory Academy, Hope Leadership Academy, KC International Academy, Kansas City Girl's Preparatory Academy, KIPP Endeavor Academy, Lee A. Tolbert Community Academy, Scuola Vita Nuova, and University Academy.

Eligibility - All regular employees of the participating employers become members of the Plan as a condition of employment. A regular employee, as defined in RSMo Section 169.270 subsections 16 and 19, is an employee who is in a position requiring not less than 25 hours of work per week and not less than nine calendar months per year. Employees who retire after June 30, 1999 and were hired prior to January 1, 2014 are members of Plan B. Employees hired on or after January 1, 2014 are members of Plan C. At January 1, 2022 and 2021, respectively, the Plan's membership consisted of:

	2022	2021
Active plan members	4,178	4,108
Retirees and beneficiaries receiving benefits	4,094	4,099
Terminated plan members, vested entitled to but not yet receiving benefits	568	521
Terminated plan members, nonvested entitled to a refund of contributions plus accrued interest	2,532	2,590
Total plan membership	11,372	11,318

Contributions - Members were required to contribute 9% of their annual covered salary. During 2018, the Missouri General Assembly passed legislation that increased the employer contribution rate to 10.50% of annual covered salary effective January 1, 2019, and then to 12.00% of annual covered salary effective January 1, 2020. Beginning July 1, 2021, the employer contribution rate will be the greater of (1) the actuarial required contribution rate less the member contribution rate, or (2) 12.00% of annual covered salary, until the Retirement System is fully funded. Once the Retirement System is fully funded, the employer contribution rate may increase or decrease, in subsequent years, depending on valuation results and the employee contribution rate may decrease from 9% depending on valuation results. However, such changes are subject to statutory limitations.

The contribution rate is set each year by the Board of the Kansas City Public School Retirement System upon the recommendation of the Retirement System's actuary within the contribution restrictions of RSMo Section 169.350 subsections 5 and 6.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan (continued)

Service - Creditable service is membership service. This is service for which required contributions have been made. Members of Plan B are effectively limited to 30 years of creditable service, regardless of the number of years actually worked, unless the member earned more than 30 years prior to August 28, 1993. Members of Plan C are effectively limited to 34.25 years of creditable service, regardless of the number of years actually worked.

Compensation

Annual compensation - Compensation in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code will be disregarded for purposes of determining contributions and benefits for members of Plan B and C. A member's annual compensation is the member's regular compensation.

Average final compensation - For members of Plan B and C, the average final compensation is the highest average compensation paid during any four consecutive years of creditable service.

Normal retirement

Eligibility - A member of Plan B may retire (a) after the completion of five years of creditable service, provided such member has attained at least the age of 60 or (b) after the member has accumulated a minimum of 75 credits (effective August 28, 1998), where each year of creditable service plus a member's age equals 75 credits. A member of Plan C may retire (a) after the completion of five years of creditable service, provided such member has attained at least the age of 62 or (b) after the member has accumulated a minimum of 80 credits, where each year of creditable service plus a member's age equals 80 credits.

Benefit - For a member of Plan B, the normal monthly retirement benefit equals the product of one-twelfth of 2.00% (1.75% for members who retired prior to June 30, 1999) of the member's average final compensation and years of creditable service, subject to a maximum of 60% of their average final compensation. The normal monthly retirement benefit for a member of Plan B whose years of creditable service exceeded 34.25 years on August 28, 1993, shall equal the product of 1.75% and the member's years of creditable service on August 28, 1993. For a member of Plan C, the normal monthly retirement benefit equals the product of one-twelfth of 1.75% of the member's average final compensation and years of creditable service, subject to a maximum of 60% of their average final compensation.

Minimum benefit - Effective January 1, 1996, any member with at least ten years of service, but less than twenty years, is entitled to a minimum monthly retirement benefit equal to the sum of \$150 and \$15 for each full year of creditable service in excess of ten years or the actuarial equivalent if an option is elected. Any member with at least twenty years of creditable service at retirement is entitled to a minimum monthly retirement benefit of \$300 or the actuarial equivalent of \$300 if an option is elected. Beneficiaries of deceased members who retired with at least ten years of creditable service and elected one of the optional plans for payment of benefits may receive the actuarial equivalent of the minimum monthly retirement benefit available for the option chosen.

Early retirement

Eligibility - A member with at least five years of creditable service and a minimum age of fifty-five is eligible for early retirement.

Benefit - A member eligible for early retirement will receive a reduced benefit, calculated as for normal retirement, which recognizes service and compensation to the actual retirement date. The reduction in benefit will provide a benefit which is actuarially equivalent to the normal retirement benefit that would be payable at the member's normal retirement date.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan (continued)

Disability retirement

Eligibility - A member with at least five years of creditable service who is certified to be totally incapacitated for performance of duty by the Medical Board (as designated by the Board) is eligible for disability retirement.

Benefit - A disabled member will receive a benefit calculated as for normal retirement, based on credible service and average final compensation at the actual disability retirement date, or the minimum disability benefit whichever is greater. The minimum disability retirement benefit shall be the lesser of:

1. 25% of the member's average final compensation; or
2. The member's service retirement benefit calculated on the member's average final compensation and the maximum number of years of creditable service the member would have earned had the member remained an employee until age 60.

Termination benefits - vested

Eligibility - A member who has at least five years of creditable service earns a vested interest in their accrued benefit, provided the member leaves their contributions in the Plan.

Benefit - The vested benefit is calculated as a normal retirement benefit based on a member's creditable service and average final compensation on the termination date. The benefit is payable, at minimum, on the member's normal retirement date.

Termination benefits - non-vested

If the member's termination is for reasons other than death or retirement, and if the member has not met the vesting or retirement requirements, the member's contributions with interest will be refunded.

Death benefit

Prior to retirement - For a member who passes away while actively employed, the member's accumulated contributions with interest will be paid to the member's beneficiary. Certain beneficiaries of a member of Plan B or C have the option to receive a monthly retirement benefit or a refund of the member's contributions with interest. All beneficiaries are guaranteed to receive at least the member's accumulated contributions at retirement, if a member passes away before electing an option.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan (continued)

Death benefit (continued)

Post retirement - The optional form of benefit payment selected under either Plan B or Plan C will determine what, if any, benefits are payable upon death after retirement.

Option 1 - The retiree's designated survivor will receive, for life, the same level of monthly retirement benefit. In the event that the retiree's designated survivor predeceases the retiree, the retiree's monthly retirement benefit will be adjusted to the amount it would have been, had the retiree not elected Option 1.

Option 2 - The retiree's designated survivor will receive, for life, a monthly retirement benefit equal to one-half the retiree's benefit. In the event the retiree's designated survivor predeceases the retiree, the retiree's monthly benefit will be adjusted to the amount it would have been, had the retiree not elected Option 2.

Option 3 - No benefits are payable to the retiree's estate or any beneficiary. Retirement benefits payable under this option will be actuarially increased from the normal formula.

If the death of any retiree who has not elected an option occurs before they have received total benefits at least as large as their accumulated contributions and interest, the difference shall be paid to the deceased's beneficiary, if living, or to their estate.

Benefit increase adjustments - The Board shall determine annually whether or not the Retirement System can provide an increase in benefits for those retirees who, as of January 1 preceding the date of such increase, have been retired at least one year (three years prior to January 1, 2002). Any increase also applies to optional retirement allowances paid to a retiree's beneficiary. Before any increases are made, the following requirements must be satisfied:

1. The Retirement System funded ratio as of January 1st of the preceding year of the proposed increase must be at least 100% after adjusting for the effect of the proposed increase. The funded ratio is the ratio of assets to the pension benefit obligation.
2. The actuarially required contribution rate, after adjusting for the effect of the proposed increase, may not exceed the statutory contribution rate.
3. The actuary must certify that the proposed increase will not impair the actuarial soundness of the Retirement System.

In accordance with the Benefit Increase Adjustments Policy, if an increase is permissible, the amount of the increase will be equal to the lesser of 3% or the percentage increase in the CPI for the preceding year, subject to a cumulative increase of 100% subsequent to December 31, 2000.

The Board reserves the right, at its sole discretion, not to award any Benefit Increase Adjustment or other supplements for any year, even if the statutory requirements for an increase are satisfied, or to provide increases in greater or lesser amounts than prescribed by this policy. For the years ended December 31, 2022 and 2021 there was no Benefit Increase Adjustment or an extra check issued to eligible retirees.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan (continued)

Administration of the Retirement System - The Board is responsible for the general administration and proper operation of the Retirement System. The Board consists of twelve members: four members appointed by the Kansas City Public Schools Board of Directors, one member appointed by the Board of Trustees of the Library District, four members elected by and from the members of the Retirement System, two members elected by and from the retirees of the Retirement System, and the Superintendent of Schools of the School District of Kansas City, Missouri. The Board hires an Executive Director to manage the day-to-day operations and implement policies as set by the Board.

Administrative expenses - All expenses of the Retirement System are paid by the Plan. Fees related to the administration of the Plan are included in administrative expenses. Investment related expenses are included in net appreciation (depreciation) of fair value of investments.

(2) Summary of significant accounting policies

Basis of accounting - The financial statements of the Retirement System are prepared on the accrual method of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Retirement System's financial statements, notes to the financial statements, and required supplementary information were prepared in conformity with GASB Statement No. 67, *Financial Reporting for Pension Plans*, as amended. GASB No. 67 addresses accounting and financial reporting requirements for pension plans. Significant requirements include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosures regarding the pension liability, the sensitivity of the net pension liability to the discount rate and extensive investment activity disclosures.

New accounting pronouncement - In June 2017, GASB issued Statement No. 87, *Leases* (GASB No. 87). GASB No. 87 provides accounting and reporting guidance for leases, effectively considering most leases, other than those for terms of less than one year, as capital/financing leases. Under GASB No. 87, lessees will recognize a lease liability at the outset of the lease and an intangible right-to-use lease asset. The lease liability will be amortized as payments are made, and the asset will generally be amortized over the shorter of the lease term or the service life of the asset. The adoption of GASB No. 87 for the year ended December 31, 2022 did not have a significant impact on the Plan's financial statements.

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 reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Capital assets - Capital assets, which include equipment, software, and right-to-use leased assets related to office space, are reported in the Statement of Net Fiduciary Position at cost and are depreciated/amortized over their estimated useful lives by use of the straight-line method.

Lease liability - As a lessee, a lease is defined as a contractual agreement that conveys control of the right-to-use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Retirement System entered into an office space lease as a lessee in 2016 for a term of 10 years with a 5-year renewal option. In determining the future minimum lease payments, the Retirement System includes the right to extend option terms in the non-cancelable lease term. The related lease liability is presented at the amount equal to the present value of the lease payments, payable during the remaining lease term ending in 2031.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Investment valuation and income recognition - The net unrealized appreciation (depreciation) in the fair value of investments for the period reflects the net increase (decrease) in the fair value of the investments, on an aggregate basis, between the beginning and the end of the reporting period. The net realized gain or loss on sale of investments is the difference between the proceeds received and the cost of the investment sold. The net realized gains and losses have been combined with the net unrealized appreciation (depreciation) for purposes of this report.

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

Rate of return - For the years ended December 31, 2022 and 2021, the annual time-weighted return on the Retirement System's investments, net of investment expense was -12.4% and 12.90%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Retirement System's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. In 2017, an asset liability study was completed at the request of the Board. This study identified new optimal portfolio mixes with new asset classes for the Board's consideration. The Board chose a new asset allocation mix that is expected to increase their long-term return slightly while lowering the overall risk of the portfolio. The table below illustrates the Retirement System's Board approved asset allocation as of December 31, 2022.

Asset Class	2022 Target Allocation
US Equity	22.50 %
Multi-Asset Class	13.50 %
Real Estate	12.00 %
International Developed Equity	12.00 %
Emerging Market Equity	10.00 %
Core Fixed Income	10.00 %
Private Equity	7.50 %
Hedge Funds of Funds	5.00 %
Global Fixed Income	5.00 %
High Yield Bonds	2.50 %
Total	100.00 %

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Retirement System's assets as of December 31, 2022 and 2021 subject to interest rate risk are shown below grouped by effective duration ranges:

<u>Security Description</u>	December 31, <u>Investment Maturities (in years)</u>				
	2022 Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Treasury and Government Agencies	\$ 41,587,844	\$ 1,052,035	\$ 9,190,907	\$ 8,627,613	\$ 22,717,289
Corporate Bonds--United States	19,588,031	-	8,792,586	4,769,812	6,025,633
	<u>\$ 61,175,875</u>	<u>\$ 1,052,035</u>	<u>\$ 17,983,493</u>	<u>\$ 13,397,425</u>	<u>\$ 28,742,922</u>

<u>Security Description</u>	December 31, <u>Investment Maturities (in years)</u>				
	2021 Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Treasury and Government Agencies	\$ 38,525,213	-	\$ 10,122,591	\$ 6,888,275	\$ 21,514,347
Corporate Bonds--United States	34,702,391	177,823	12,114,503	7,230,537	15,179,528
	<u>\$ 73,227,604</u>	<u>\$ 177,823</u>	<u>\$ 22,237,094</u>	<u>\$ 14,118,812</u>	<u>\$ 36,693,875</u>

Reclassification - Certain items from the 2021 financial statements have been reclassified to conform with the 2022 presentation. Such reclassifications had no effect on the net fiduciary position.

(3) Fair value measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(3) Fair value measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest-level input that is significant to the valuation.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 2 debt securities have nonproprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Fair Value Measurements as of December 31, 2022				
Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Common stocks	\$ 108,555,269	\$ -	\$ -	\$ 108,555,269
<i>Total equity investments</i>	108,555,269	-	-	108,555,269
U.S. Treasuries	17,258,532	-	-	17,258,532
U.S. Government Agencies	-	16,732,788	-	16,732,788
Collateralized mortgage-backed securities	-	936,133	-	936,133
Corporate bonds	-	19,811,963	-	19,811,963
Corporate asset-backed securities	-	4,307,483	-	4,307,483
Non-agency collateralized mortgage obligations	-	2,128,976	-	2,128,976
<i>Total fixed income investments</i>	17,258,532	43,917,343	-	61,175,875
Total investments by fair value level	\$ 125,813,801	\$ 43,917,343	\$ -	169,731,144
Investments measured at the NAV practical expedient ^(a)				450,575,771
Investments measured at amortized cost ^(b)				5,989,727
Total investments measured at fair value				\$ 626,296,642

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(3) Fair value measurements (continued)

Fair Value Measurements as of December 31, 2021				
Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Common stocks	\$ 138,078,554	\$ -	\$ -	\$ 138,078,554
<i>Total equity investments</i>	<u>138,078,554</u>	<u>-</u>	<u>-</u>	<u>138,078,554</u>
U.S. Treasuries	21,735,165	-	-	21,735,165
U.S. Government Agencies	-	15,258,591	-	15,258,591
Collateralized mortgage-backed securities	-	1,531,458	-	1,531,458
Corporate bonds	-	25,804,406	-	25,804,406
Corporate asset-backed securities	-	4,120,117	-	4,120,117
Non-agency collateralized mortgage obligations	-	4,777,868	-	4,777,868
<i>Total fixed income investments</i>	<u>21,735,165</u>	<u>51,492,440</u>	<u>-</u>	<u>73,227,605</u>
Total investments by fair value level	<u>\$ 159,813,719</u>	<u>\$ 51,492,440</u>	<u>\$ -</u>	<u>211,306,159</u>
Investments measured at the NAV practical expedient ^(a)				<u>527,408,141</u>
Investments measured at amortized cost ^(b)				<u>10,861,862</u>
Total investments measured at fair value				<u>\$ 749,576,162</u>

(a) Certain investments that were measured at net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

(b) The EB Temporary Investment Fund of The Bank of New York Mellon (the "Fund") values its investments on the basis of amortized cost which approximates fair value for the Fund as a whole. The amortized cost method involves valuing a security at cost on the date of purchase and thereafter at a constant dollar amortization to maturity of the difference between the principal amount due at maturity and the initial cost of the security. The use of amortized cost is subject to compliance with the Fund's amortized cost procedures as specified under The Bank of New York Mellon Employee Benefit Collective Investment Fund Plan.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(3) Fair value measurements (continued)

The valuation method for investments measured at the net asset value per share, or equivalent, as of December 31, 2022 and 2021 are presented in the tables below.

Investment Type	December 31, 2022 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity commingled funds				
Developed markets (1)	\$ 95,417,455	\$ -	Daily	2 days
Emerging markets (1)	61,492,849	-	Daily/Weekly	2 days
Fixed-income commingled funds				
High yield fixed income (1)	16,119,408	-	Daily	2 days
International fixed income (1)	28,519,301	-	Daily	10 days
Hedge fund of funds commingled funds (1)	28,397,161	-	Quarterly	90 - 100 days
Private equity funds (2)	71,839,889	30,834,517	Not Eligible	N/A
Multi-asset class commingled funds (1)	80,044,158	-	Daily/Monthly	15 - 30 days
Real estate commingled fund (3)	22,735,198	-	Quarterly	45 - 60 Days
Real estate (3)	46,010,352	18,064,450	Not Eligible	N/A
Investments measured at the NAV practical expedient	\$ 450,575,771			

Investment Type	December 31, 2021 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity commingled funds				
Developed markets (1)	\$ 127,772,848	\$ -	Daily	2 days
Emerging markets (1)	71,692,034	-	Daily/Weekly	2 days
Fixed-income commingled funds				
High yield fixed income (1)	18,383,331	-	Daily	2 days
International fixed income (1)	35,795,370	-	Daily	10 days
Hedge fund of funds commingled funds (1)	37,334,795	-	Quarterly	90 - 100 days
Private equity funds (2)	68,226,250	41,622,821	Not Eligible	N/A
Multi-asset class commingled funds (1)	99,612,112	-	Daily/Monthly	15 - 30 days
Real estate commingled fund (3)	22,358,769	-	Quarterly	45 - 60 Days
Real estate (3)	46,232,632	27,242,498	Not Eligible	N/A
Investments measured at the NAV practical expedient	\$ 527,408,141			

(1) Consists of two domestic equity funds, two international emerging market equity funds, two fixed income funds, two hedge fund of funds, and two multi-asset class funds that are considered commingled in nature. Each are valued at the net asset value of the units held at the end of the period based upon the fair value of the underlying investments.

(2) At December 31, 2022 and 2021, respectively, the Retirement System's private equity portfolio consisted of 642 and 402 active partnerships with the funds-of-funds investments, which invests primarily in buyout funds, with exposure to venture capital, special situations, growth equity and supplemented by secondary and co-investment opportunities. The fair values of the fund-to-funds have been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of the next 1 to 7 years.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(3) Fair value measurements (continued)

(3) For real estate and real estate commingled funds, investments generally valued using one or a contribution of the following accepted valuation approaches: market, cost or income. For five of the real estate funds, generally annual appraisals are performed by an independent third-party each year, minimum every three years. For five of the real estate funds, the inputs and assumptions utilized to estimate future cash flows are based upon the manager's evaluation of the economy, capital markets, market trends, operating results, and other factors, including judgments regarding occupancy rates, rental rates, inflation rates, and capitalization rates utilized to estimate the projected cash flows at disposition and discount rates. All portfolios have audited financials completed at fiscal year-end.

(4) Funding policy

The Missouri Revised Statutes Sections 169.350.5 and 169.350.6 specify the System's employee and employer contribution rates summarized as follows:

If the Retirement System's funded ratio is less than 100%, the employee contribution rate is 9%. Effective July 1, 2021, if the Retirement System's funded ratio, as of the first day of the preceding calendar year equals or exceeds 100%, the employee contribution rate is the lesser of 9% or one-half of the actuarial required contribution rate.

Effective July 1, 2021, and for each subsequent 12-month period beginning July 1 of each year, the employer contribution rate shall be the greater of the actuarial required contribution rate, or the 12% of pay until the Retirement System is fully funded. Once the Retirement System is fully funded, the employer contribution rate may increase or decrease in subsequent years, with limits established in RSMO 169.350.6 (6). Summarized as not to increase by more than 1% or decrease by more than 0.5% from the rate in effect immediately before such increase or decrease. An exception to the limitations exists only when the Retirement System is fully funded and the total actuarial required contribution rate for employer and employee rate falls below 18%.

(5) Net pension liability

The components of the net pension liability of participating entities at December 31, 2022 and 2021, were as follows:

	2022	2021
Total pension liability	\$ 1,002,327,620	\$ 1,002,176,461
Less: plan fiduciary net position	632,091,137	753,497,390
Net pension liability	\$ 370,236,483	\$ 248,679,071
Plan fiduciary net position as a percentage of total pension liability	63.06%	75.19%

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(5) Net pension liability (continued)

Actuarial information - The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation to estimate liabilities for future benefits expected to be paid by the Retirement System and to determine the actuarial contribution rates based on the Board's funding policy and evaluate the sufficiency of the current contribution rates. The total pension liability was determined by an actuarial valuation as of January 1, 2022, which was rolled forward to December 31, 2022. The actuarial assumptions used for the most recent valuations are as follows:

Valuation Date	January 1, 2022 and 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed (2022 and 2021)
Remaining Amortization Period	25 years (2022), 26 years (2021)
Asset Valuation Method	5-year Smoothed Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7.25% (2022 and 2021), including inflation
Projected Salary Increases	Rates vary by year of service - 3.85% to 9.50%, (2022 and 2021)
Inflation	2.25% (2022 and 2021)
Mortality:	Pre-retirement mortality rates were based on Pub-2010 General Members (Below Median) Employee Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 15 years from the valuation date using most recent MP-Scale. Post-retirement mortality rates were based on Pub-2010 General Members (Below Median) Retiree Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 7 years from valuation date using most recent MP-Scale. Disability mortality rates were based on Pub-2010 Disabled Retiree Mortality Table with a one-year age setback for males and a one-year set-forward for females. Beneficiary mortality rates were based on Pub-2010 General Members (Below Median) Contingent Survivor Mortality Table with a one-year age setback for males and a one-year age set-forward for females, projected 7 years from valuation date using most recent MP-Scale.

The actuarial assumptions used in the January 1, 2022 and 2021 valuation were adopted by the Board from the results of an actuarial experience study covering the five-year period ended December 31, 2019 (dated February 1, 2021).

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(5) Net pension liability (continued)

The long-term expected rate of return on Plan investments is reviewed as part of the regular experience study prepared by the Retirement System. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Retirement System's investment consultant. These ranges are combined to produce the 20-year long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Retirement System's target asset allocation as of December 31, 2022 (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	20-Year Long-Term Expected Real Rate of Return
US Large Cap Equity	6.2 %
US Mid Cap Equity	6.8 %
US Small Cap Equity	7.2 %
International Developed Equity	7.1 %
Emerging Market Equity	9.0 %
Core Fixed Income	1.2 %
Global Fixed Income	1.2 %
High Yield Bonds	3.7 %
Multi-Asset Class	4.7 %
Hedge Funds of Funds	3.3 %
Private Equity	10.4 %
Real Estate - Core	4.5 %
Real Estate - Value Add	7.0 %
Real Estate - Opportunistic	9.1 %

Discount Rate - The discount rate used to measure the total pension liability as of December 31, 2022 and 2021 was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from the Plan members will be made at the current contribution rate and that contributions from employers will be made at the statutory required rate as defined in RSMo Section 169.350. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

(5) Net pension liability (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following represents the net pension liability of participating entities as of December 31, 2022 and 2021, calculated using the discount rate assumption, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current assumption.

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
December 31, 2022	6.25%	7.25%	8.25%
	\$470,563,334	\$370,236,483	\$285,453,339
December 31, 2021	6.25%	7.25%	8.25%
	\$348,022,417	\$248,679,071	\$164,581,064

(6) Tax status

The Retirement System is exempt from federal income tax under Section 501 of the Internal Revenue Code.

(7) Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

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

Changes in the discount rate and investment returns can have a significant effect on the funded status of the Plan. Management continues to monitor these changes and the potential impact on the future pension plan funding requirements and related expenses.

(8) Subsequent events

The Retirement System has evaluated subsequent events through December 15, 2023, which is the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation.

REQUIRED SUPPLEMENTARY INFORMATION

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
(\$ IN THOUSANDS)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability								
Service cost	\$ 21,371	\$ 20,892	\$ 18,724	\$ 18,024	\$ 16,983	\$ 18,683	\$ 17,413	\$ 16,690
Interest	69,580	69,690	73,812	72,760	73,517	68,868	68,599	67,219
Benefit term changes	-	-	-	-	-	-	(64)	-
Differences between expected and actual experience	(8,765)	(6,131)	944	(258)	(11,652)	4,918	(2,897)	12,010
Assumption Changes	4,383	32	570	(14,307)	18,004	77,882	1,268	1,224
Benefit payments, including member refunds	<u>(86,417)</u>	<u>(85,587)</u>	<u>(84,791)</u>	<u>(85,166)</u>	<u>(83,419)</u>	<u>(81,763)</u>	<u>(80,169)</u>	<u>(79,634)</u>
Net change in total pension liability	152	(1,105)	9,259	(8,947)	13,433	88,588	4,150	17,509
Total pension liability - beginning	<u>1,002,176</u>	<u>1,003,281</u>	<u>994,022</u>	<u>1,002,969</u>	<u>989,536</u>	<u>900,948</u>	<u>896,798</u>	<u>879,289</u>
Total pension liability - ending	<u>\$ 1,002,328</u>	<u>\$ 1,002,176</u>	<u>\$ 1,003,281</u>	<u>\$ 994,022</u>	<u>\$ 1,002,969</u>	<u>\$ 989,536</u>	<u>\$ 900,948</u>	<u>\$ 896,798</u>
Plan Fiduciary Net Position								
Contributions:								
Employer	\$ 28,210	\$ 26,717	\$ 25,772	\$ 21,489	\$ 17,528	\$ 16,927	\$ 16,280	\$ 14,499
Employee	21,204	20,141	19,531	18,524	17,619	16,964	16,528	14,646
Net investment income (loss)	(82,677)	99,639	73,264	106,034	(33,251)	103,768	44,338	(10,025)
Benefit payments, including member refunds	(86,416)	(85,587)	(84,791)	(85,167)	(83,419)	(81,763)	(80,169)	(79,634)
Administrative expenses	(1,716)	(1,645)	(1,615)	(1,546)	(1,500)	(1,521)	(1,552)	(1,648)
Other	(9)	(6)	(10)	(11)	(17)	(16)	(92)	(251)
Net change in plan fiduciary net position	<u>(121,404)</u>	<u>59,260</u>	<u>32,151</u>	<u>59,323</u>	<u>(83,040)</u>	<u>54,359</u>	<u>(4,667)</u>	<u>(62,413)</u>
Plan fiduciary net position - beginning	<u>753,496</u>	<u>694,236</u>	<u>662,085</u>	<u>602,762</u>	<u>685,802</u>	<u>631,443</u>	<u>636,110</u>	<u>698,523</u>
Plan fiduciary net position - ending	<u>632,091</u>	<u>753,496</u>	<u>694,236</u>	<u>662,085</u>	<u>602,762</u>	<u>685,802</u>	<u>631,443</u>	<u>636,110</u>
Net pension liability - ending	<u>\$ 370,237</u>	<u>\$ 248,680</u>	<u>\$ 309,045</u>	<u>\$ 331,937</u>	<u>\$ 400,207</u>	<u>\$ 303,734</u>	<u>\$ 269,505</u>	<u>\$ 260,688</u>
Plan fiduciary net position as a percentage of the total pension liability	63.06%	75.19%	69.20%	66.61%	60.10%	69.31%	70.09%	70.93%
Covered payroll	\$ 235,085	\$ 222,646	\$ 214,765	\$ 204,656	\$ 194,754	\$ 188,073	\$ 180,893	\$ 170,580
Employers' Net Pension Liability as a percentage of covered payroll	157.49%	111.69%	143.90%	162.19%	205.49%	161.50%	148.99%	152.82%

Note to Schedule:

This schedule is intended to show 10-year trend. Additional years will be reported as they become available.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF NET PENSION LIABILITY
(\$ IN THOUSANDS)**

Year Ended	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (NPL) (a-b)	Plan Fiduciary Net Position as a % of TPL (b/a)	Covered Payroll (c)	Employers' NPL as a % of Covered Payroll ((b-a)/c)
12/31/2022	\$ 1,002,328	\$ 632,091	\$ 370,237	63.06%	\$ 235,085	157.49%
12/31/2021	\$ 1,002,176	\$ 753,496	\$ 248,680	75.19%	\$ 222,646	111.69%
12/31/2020	\$ 1,003,281	\$ 694,236	\$ 309,045	69.20%	\$ 214,765	143.90%
12/31/2019	\$ 994,022	\$ 662,085	\$ 331,937	66.61%	\$ 204,656	162.19%
12/31/2018	\$ 1,002,969	\$ 602,762	\$ 400,207	60.10%	\$ 194,754	205.49%
12/31/2017	\$ 989,536	\$ 685,802	\$ 303,734	69.31%	\$ 188,073	161.50%
12/31/2016	\$ 900,948	\$ 631,443	\$ 269,505	70.09%	\$ 180,893	148.99%
12/31/2015	\$ 896,798	\$ 636,110	\$ 260,688	70.93%	\$ 170,580	152.82%

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF EMPLOYERS' CONTRIBUTIONS
(\$ IN THOUSANDS)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined employer contribution	\$ 24,660	\$ 23,356	\$ 25,342	\$ 22,144	\$ 19,125	\$ 18,074	\$ 20,224	\$ 18,886	\$ 19,401	\$ 20,995
Actual employer contributions	<u>28,210</u>	<u>26,717</u>	<u>25,772</u>	<u>21,489</u>	<u>17,528</u>	<u>16,927</u>	<u>16,280</u>	<u>14,499</u>	<u>13,288</u>	<u>12,094</u>
Annual contribution deficiency (excess)	<u>\$ (3,550)</u>	<u>\$ (3,361)</u>	<u>\$ (430)</u>	<u>\$ 655</u>	<u>\$ 1,597</u>	<u>\$ 1,147</u>	<u>\$ 3,944</u>	<u>\$ 4,387</u>	<u>\$ 6,113</u>	<u>\$ 8,901</u>
Covered-employee payroll*	\$ 235,085	\$ 222,646	\$ 214,765	\$ 204,656	\$ 194,754	\$ 188,073	\$ 180,893	\$ 170,492	\$ 166,102	\$ 161,253
Actual contributions as a percentage of covered-employee payroll*	12.00%	12.00%	12.00%	10.50%	9.00%	9.00%	9.00%	8.50%	8.00%	7.50%

*Covered-employee payroll based upon the pensionable payroll reported to the Retirement System and excludes additional compensation amounts that may need to be reported by the employer.

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual time-weighted rate of return, net of investment expense	(12.40%)	12.90%	11.90%	18.22%	(5.40%)	17.29%	8.07%	(1.45%)	3.64%	12.43%

**PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI**

**Notes to Required Supplementary Information
For the Year Ended December 31, 2022**

Changes of actuarial methods. No changes from the prior valuation.

Changes of assumptions.

- The mortality improvement scale was updated from MP-2020 to MP-2021.
- Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.

Method and assumptions used in calculations of actuarially determined contributions. The Retirement System is funded with fixed contribution rates for members and employers. The actuarially determined contributions in the Schedule of Employer Contributions are calculated as of the beginning of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the employer Actuarially Determined Contribution reported in the most recent actuarial valuation as reported in the January 1, 2022 actuarial valuation:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	Legacy base: 30 years beginning January 1, 2017; Experience bases: 20 years
Asset Valuation Method	5-year Smoothed Fair Value
Investment Rate of Return	7.25%, including inflation
Projected Salary Increases	3.85% - 9.50%, including inflation
Inflation	2.25%