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## Financial Report, 2005

Firemen's Retirement System of St. Louis

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**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

**FIREMEN'S RETIREMENT  
SYSTEM OF ST. LOUIS**

**FINANCIAL REPORT**  
(Audited)

For The Year Ended September 30, 2005

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**FINANCIAL REPORT**

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	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statements of Plan Net Assets	6
Statements of Changes in Plan Net Assets	7
Notes to Financial Statements	8
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Funding Progress	25
Schedule of Employer Contributions	25
Additional Information Re: Required Schedules	26
Note to Required Supplemental Information	26
<b>SUPPLEMENTAL INFORMATION</b>	
Benefits Paid to Retirees and Beneficiaries	28
Administrative Expenses	28
Schedule of Investment Management and Custodial Fees	29
Summary of Insurance Coverage	30
Historical Trend Information	31
Graphs:	32
Investments	33
Additions to Net Assets	34
Deductions from Net Assets	34
Benefits Paid by Type	35





**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

## INDEPENDENT AUDITORS' REPORT

November 10, 2005

The Board of Trustees  
**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**

We have audited the accompanying statements of plan net assets of the **FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS** (the System), a component unit of the City of St. Louis, Missouri, as of September 30, 2005 and 2004, and the related statements of changes in plan net assets for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months). These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the System as of September 30, 2005 and 2004, and the changes in plan net assets for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months), in conformity with U.S. generally accepted accounting principles.

As discussed in Note B-2, the System adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hochschild Bloom & Company LLP*  
**CERTIFIED PUBLIC ACCOUNTANTS**

# **FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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The following Management's Discussion and Analysis (MD&A) of the Firemen's Retirement System of St. Louis (the System) provides an overview of the System's financial activities for the fiscal year ended September 30, 2005. The September 30, 2004 fiscal year-end includes 13 months as a one-time adjustment to change the System's fiscal year-end. MD&A should be read in conjunction with the System's financial statements and supplementary information.

#### **Financial Highlights**

The System's net assets were \$415,163,177 at September 30, 2005, which represents an increase of \$25 million over September 30, 2004.

Additions to net assets for the fiscal year 2005 were \$55 million as compared to \$52 million for fiscal period 2004. This figure is comprised of \$48 million of net investment income, \$4 million in employer contributions, and \$3 million in Members contributions.

Deductions from net assets were \$30 million for the fiscal year 2005 as compared to \$31 million for the fiscal period 2004. The decrease is principally due to the period ended September 30, 2004 having 13 months.

The overall investment return for the System was 11.9% for fiscal year 2005 as compared to 12.5% (11.5% annualized) for fiscal period 2004. The improved investment return is due to the general improvement of the investment market and active oversight by the Board of Trustees to ensure the System retains the top performing investment managers while maintaining a balanced investment portfolio. The investment return for the System was well above the actuarial assumption for investment return of 7.625% for fiscal year 2005 and fiscal period 2004.

#### **Financial Statements**

The financial report of the System consists of two financial statements: the Statements of Plan Net Assets and the Statements of Changes in Plan Net Assets. The Statements of Plan Net Assets provides the detail of the System's assets and related liabilities other than benefit obligations. The net assets of the System reflect the resources available for future benefit payments. The Statements of Changes in Plan Net Assets provides the detail of the System's activity during the year that lead to the change in plan net assets from the prior year.

In addition to the financial statements, the financial report contains the notes to the financial statements and supplemental information, which provide additional information for use in analyzing the financial statements and actuarial information related to the funded status of the System.

#### **Financial Analysis**

Total assets at September 30, 2005 were \$419,000,178 and were mainly comprised of cash, investments, and contributions from the City of St. Louis (the City). Total assets increased \$24,697,724 or 6.3% from the prior period.



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Total liabilities at September 30, 2005 were \$3,837,001 and consisted mainly of unsettled investment transactions and accrued expenses. Total liabilities decreased \$260,524 or 6.4% from the prior period, mostly due to a decrease in unsettled investment transactions at year-end.

Net assets held in trust for pension benefits were \$415,163,177 at September 30, 2005, an increase of \$24,958,248 or 6.4% from the prior period. This increase mainly resulted from the increase in the market value of investments of \$44.9 million while plan contributions and benefit expenses slightly decreased due to the period ended September 30, 2004 having 13 months.

Following is a condensed version of the Statements of Plan Net Assets:

<b>Condensed Statements Of Plan Net Assets (In Thousands)</b>							
	<u>September 30 2005</u>	<u>September 30 2004</u>	<u>August 31 2003</u>	<u>Total Change</u>			
				<u>Amount</u>		<u>Percentage</u>	
				<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>							
Investments	\$409,334	387,110	362,299	22,224	24,811	5.7%	6.8
Cash and cash equivalents	3,659	3,215	4,776	444	(1,561)	13.8	(32.7)
Receivables	5,631	3,581	3,464	2,050	117	57.2	3.4
Capital assets, net	376	397	394	(21)	3	(5.3)	0.8
Total Assets	<u>419,000</u>	<u>394,303</u>	<u>370,933</u>	<u>24,697</u>	<u>23,370</u>	<u>6.3</u>	<u>6.3</u>
<b>LIABILITIES</b>	<u>3,837</u>	<u>4,098</u>	<u>1,957</u>	<u>(261)</u>	<u>2,141</u>	<u>(6.4)</u>	<u>109.4</u>
<b>NET ASSETS</b>	<u>\$415,163</u>	<u>390,205</u>	<u>368,976</u>	<u>24,958</u>	<u>21,229</u>	<u>6.4%</u>	<u>5.8</u>

**Revenues - Additions to Plan Net Assets**

The reserves needed to finance retirement benefits as well as death and disability benefits are accumulated through the collection of employer and employee contributions and through earnings on investments. Members contribute 8% of their salary to fund future retirement benefits. This percentage is set by state statute and was unchanged from the prior year. Contribution income totaled \$6,754,737 for the year ended September 30, 2005 as compared to \$4,929,087 (\$4,708,019 annualized) for the prior year.

Investment income totaled \$47,975,057 in fiscal year 2005 which represents an increase over the prior period in which there was net investment income of \$47,359,907 (\$43,716,837 annualized). The increase resulted mainly from a \$45 million appreciation in the fair value of investments for fiscal year 2005 as compared to a \$44 million appreciation in the fair value of investments for the prior period 2004. Investment income is net of investment expenses (management and custodial fees) totaling \$1,208,876 for the year ended 2005 and \$1,301,583 for the prior period.

**Expenses - Deductions from Plan Net Assets**

The primary expenses of the System include the payment of pension benefits to retirees and beneficiaries, refunds of Members contributions, and administrative expenses to operate the System. Total expenses for the year ended 2005 were \$29,771,546, a decrease of \$1,288,685 from the prior period, due to the additional month of expenses in 2004.

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Following is a condensed version of the Statements of Changes in Plan Net Assets compared to the prior year:

	<b>Condensed Statements Of Changes In Plan Net Assets (In Thousands)</b>						
	<b>For The Year Ended September 30 2005</b>	<b>For The 13 Months Ended September 30 2004</b>	<b>For The Year Ended August 31 2003</b>	<b>Total Change</b>			
				<b>Amount</b>		<b>Percentage</b>	
				<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>ADDITIONS</b>							
Employer contribution	\$ 4,111	2,055	2,078	2,055	(23)	100.0%	(1.1)
Members contributions	2,644	2,874	2,626	(230)	248	(8.0)	9.4
Investment income	<u>47,975</u>	<u>47,360</u>	<u>36,633</u>	<u>615</u>	<u>10,727</u>	1.3	29.3
Total							
Additions	<u>54,730</u>	<u>52,289</u>	<u>41,337</u>	<u>2,441</u>	<u>10,952</u>	4.7	26.5
<b>DEDUCTIONS</b>							
Benefits paid	27,625	29,289	26,723	(1,664)	2,566	(5.7)	9.6
Refunds of Members contributions	1,381	945	689	436	256	46.0	37.2
Administrative expenses	<u>766</u>	<u>826</u>	<u>829</u>	<u>(60)</u>	<u>(3)</u>	(7.3)	(0.4)
Total							
Deductions	<u>29,772</u>	<u>31,060</u>	<u>28,241</u>	<u>(1,288)</u>	<u>2,819</u>	(4.1)	10.0
<b>CHANGE IN NET ASSETS</b>	<b><u>\$24,958</u></b>	<b><u>21,229</u></b>	<b><u>13,096</u></b>	<b><u>3,729</u></b>	<b><u>8,133</u></b>	<b>17.6%</b>	<b>62.1</b>

**Summary**

The System's Net Assets Held in Trust for Pension Benefits has increased in eight out of the past ten years. The decreases, which occurred in fiscal years 2002 and 2001, were the result of investment losses due to an economic slowdown that detrimentally affected most pension systems in those years. The Trustees believe, and the actuarial calculations confirm, that the System is in a financial position to meet its current and projected obligations. With a continued focus on a prudent investment program, cost controls, and strategic planning, the System should continue to improve its current financial position.

**Requests for Information**

This financial report is designed to provide the Board of Trustees, our Members, and other users of our financial report with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Firemen's Retirement System of St. Louis, 1601 South Broadway, St. Louis, MO 63104-3845.



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**STATEMENTS OF PLAN NET ASSETS**

	September 30	
	2005	2004
<b>ASSETS</b>		
Investments, at fair value:		
Equities:		
Corporate stocks	\$ 168,922,425	157,994,687
Collective investment funds	120,332,038	109,014,117
Fixed income:		
Collective investment funds	114,748,197	92,198,378
Corporate bonds	115,329	15,479,950
U.S. Government and agency obligations	5,542	5,710,697
Money market funds	5,210,341	6,711,731
Total Investments	409,333,872	387,109,560
Cash and cash equivalents	3,658,728	3,214,692
Receivables:		
Employer contribution, net of allowance for uncollectible	4,110,402	1,870,730
Unsettled investment transactions	1,228,592	1,292,818
Interest and dividends	211,875	384,070
Other receivables	80,583	33,484
Total Receivables	5,631,452	3,581,102
Capital assets, less accumulated depreciation	376,126	397,100
Total Assets	419,000,178	394,302,454
<b>LIABILITIES</b>		
Unsettled investment transactions	3,191,881	3,521,061
Members contributions refundable	312,264	191,157
Accrued investment management fees	252,915	257,996
Accrued administrative expenses	79,941	127,311
Total Liabilities	3,837,001	4,097,525
<b>NET ASSETS HELD IN TRUST FOR PENSION</b>		
<b>BENEFITS</b> (a schedule of funding progress for the system is presented on page 24)	\$ 415,163,177	390,204,929

See notes to financial statements

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**STATEMENTS OF CHANGES IN PLAN NET ASSETS**

	<b>For The Year Ended September 30 2005</b>	<b>For The 13 Months Ended September 30 2004</b>
	<u>2005</u>	<u>2004</u>
<b>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</b>		
Contributions:		
Employer	\$ 4,110,402	2,055,201
Members	2,644,335	2,873,886
Total Contributions	<u>6,754,737</u>	<u>4,929,087</u>
Investment income:		
Net appreciation in fair value of investments	44,927,187	43,777,237
Dividends	3,122,904	3,230,980
Interest:		
Corporate bonds	716,451	1,065,656
U.S. Government and agency obligations	215,000	182,618
Recapture commissions	101,973	308,152
Securities lending income	100,418	96,847
	<u>49,183,933</u>	<u>48,661,490</u>
Less - Investment management and custodial fees	1,208,876	1,301,583
Net Investment Income	<u>47,975,057</u>	<u>47,359,907</u>
Total Additions	<u>54,729,794</u>	<u>52,288,994</u>
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>		
Benefits paid to retirees and beneficiaries	27,624,677	29,288,492
Refunds of Members contributions	1,380,787	945,481
Administrative expenses	766,082	826,258
Total Deductions	<u>29,771,546</u>	<u>31,060,231</u>
<b>NET INCREASE IN PLAN NET ASSETS</b>	<b>24,958,248</b>	<b>21,228,763</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF FISCAL YEAR</b>	<u><b>390,204,929</b></u>	<u><b>368,976,166</b></u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF FISCAL YEAR</b>	<u><u><b>\$ 415,163,177</b></u></u>	<u><u><b>390,204,929</b></u></u>

See notes to financial statements



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF PLAN**

The **FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS** (the System) administers a single employer defined benefit pension plan providing pension benefits to the City of St. Louis firemen (the Members). Membership in the System consists of:

	<u>September 30</u>		<u>Increase (Decrease)</u>
	<u>2005</u>	<u>2004</u>	
Retirees and beneficiaries currently receiving benefits	<u>1,063</u>	<u>1,051</u>	<u>12</u>
Current Members:			
Vested	<u>123</u>	120	3
Nonvested	<u>573</u>	<u>555</u>	<u>18</u>
	<u>696</u>	<u>675</u>	<u>21</u>
	<u>1,759</u>	<u>1,726</u>	<u>33</u>

The System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service. The monthly allowance consists of 40% of the final two-year average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of final average compensation for each additional year of service after 25 years with a maximum pension of 75%. Unused accrued sick pay may increase the maximum pension beyond this limitation.

Covered Members contribute 8% of their salary. Upon leaving employment, the Member's contributions are refunded. In addition, terminated Members receive interest.

The System, in accordance with Ordinance 62994 of the City of St. Louis, initiated during the fiscal year ended August 31, 1994, a deferred retirement option plan (DROP). The DROP option is available to Members of the System who have at least 20 years of creditable service and have achieved eligibility for retirement. Those Members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account of the Member, and the Member's contributions will be reduced to 1% from the normal 8%. During participation in the DROP, the Member will not receive credit for City contributions or credit for service. A Member may participate in the DROP only once for any period up to five years. At retirement the funds in the Member's DROP account plus 1) interest and 2) accrued sick leave if elected is available to the Member in a lump sum or in installments. The number of Members with DROP account balances was 166 and 147 at September 30, 2005 and 2004, respectively.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies consistently applied by the System in the preparation of the accompanying financial statements are summarized as follows:

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Reporting Entity**

The System is a pension trust fund of the City of St. Louis, Missouri (the City). As such, the System is considered part of the City and is included in the City's Comprehensive Annual Financial Report as a pension trust fund. The System and its Board of Trustees are not financially accountable for any other entities or other organizations. Accordingly, the System is the only entity included in this financial report.

**2. Basis of Accounting**

The financial statements were prepared using the accrual basis of accounting. Employee 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. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

For the year ended September 30, 2005, the System implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, issued in March 2003. This pronouncement requires additional disclosures presented in these notes but has no impact on the System's net assets. These disclosures address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Included as an element of interest rate risk, GASB Statement No. 40 requires disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Prior year investment disclosures have been modified to conform with the current year's presentation.

**3. Investment Valuation**

Marketable securities are stated at fair value. Fair values are based on the last reported sales price on September 30 or on the last reported bid price if no sale was made on that date.

**4. Cash**

Cash on deposit with Commerce Bank N.A. is maintained for the System by the Treasurer of the City.

**5. Operating Expenditures**

Benefits paid and administrative expenses are approved by the Board of Trustees (Board). Payments are processed by the Treasurer of the City.



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Net Assets Held in Trust for Pension Benefits**

The System's net assets held in trust for pension benefits consist of:

**Member's Savings Fund** - Members contribute 8% of their compensation to the System. Such contributions are credited to the Member's Savings Fund. Interest, at a rate determined by the Board, is credited annually on the balance in each Member's account during the preceding year. Withdrawal refunds of Member's accumulated contributions are charged to this fund. Upon retirement or death in service of a Member with a surviving beneficiary, the Member's own contributions are refunded. Upon termination of employment or death in service with no survivor, the Member's contributions, including interest, are refunded. The balance at September 30, 2005 and 2004 was \$51,493,572 and \$47,779,238, respectively.

**Benefit Reserve Fund** - Upon retirement or death, the Benefit Reserve Fund is payable to the Member or their beneficiaries. This amount is determined by the actuaries, in accordance with Ordinances 49623, 56444, 57603, 58242, 58651, 58652, and 59018. An amount is transferred from the General Reserve Fund which, when added to the amount transferred from Member's Savings Fund, brings the balance of the Benefit Reserve Fund to an amount equal to the present value of future benefits. The balance at September 30, 2005 and 2004 was \$272,153,709 and \$264,931,873, respectively.

**General Reserve Fund** - Contributions made by the City are credited to the General Reserve Fund. The present value of all future estimated benefits payable to active Members on death or retirement not provided by Member's contributions are accumulated in this fund. The balance at September 30, 2005 and 2004 was \$85,674,912 and \$72,040,433, respectively.

**Future Benefit Fund** - The Future Benefit Fund was established June 29, 1990 by City ordinance as a method to fund increased benefits for retired Members. The funding of the Future Benefit Fund was terminated per the City ordinance after fiscal year ended August 31, 1993. The balance in the fund will be used for future benefits until it is exhausted. Benefits of \$308,481 and \$229,924 were paid from the Future Benefit Fund during the years ended September 30, 2005 and 2004 (13 months), respectively. The Future Benefit Fund is excluded from the assets used in determining the City's contribution requirement. The balance at September 30, 2005 and 2004 was \$5,541,686 and \$5,214,923, respectively.

**System Employees Benefit Fund** - On August 28, 1997, the Board of the System approved a resolution to provide additional benefits for the administrative employees of the System in the form of severance pay and a limited retirement package. The severance pay applies to employees who are dismissed for any reason other than for just cause based on the wrongful conduct of the employee. The dismissed employee

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Net Assets Held in Trust for Pension Benefits (Continued)**

would be entitled to one months pay for each year or part of year that the employee has been employed by the System. The retirement package is for employees who have completed five years of service. Upon completing five years of service, the employee will have five months of salary credited to him or her. Thereafter the employee will be credited with a month of salary upon completion of each additional year of service. Employees accrued additional benefits of \$27,640 and \$12,253 for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months), respectively. The employees' accounts will be credited each anniversary date with interest on the account at the same rate as earned by the System. No benefits were paid from the System Employees Benefit Fund during the year ended September 30, 2005 and the period ended September 30, 2004 (13 months). The System Employees Benefit Fund is excluded from the assets used in determining the City's contribution requirement. The balance at September 30, 2005 and 2004 was \$299,298 and \$238,462, respectively.

**7. Use of Estimates**

The preparation of the System's financial statements in conformity with U.S. generally accepted accounting principles requires management and the System's actuary to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting period. Actual results could differ from those estimates.

**8. Capital Assets**

Expenditures for property and equipment exceeding \$1,000 are capitalized and depreciated over the estimated useful lives of the property on the straight-line method as follows:

Asset	Years
Building	40
Building improvements	10 - 15
Furniture and equipment	5 - 7

Expenditures for repairs and maintenance are expensed as incurred. Gains and losses on disposition of property and equipment are included in income as realized.

Capital asset activity was as follows:



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. Capital Assets (Continued)**

	<u>For The Year Ended September 30, 2005</u>			<u>For The Year Ended September 30 2005</u>
	<u>For The 13 Months Ended September 30 2004</u>	<u>Additions</u>	<u>Deletions</u>	
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ <u>52,645</u>	-	-	<u>52,465</u>
Capital assets being depreciated:				
Buildings	205,417	-	-	205,417
Building improvements	162,622	-	-	162,622
Furniture and equipment	<u>87,763</u>	<u>3,069</u>	<u>3,664</u>	<u>87,168</u>
Total Capital Assets Being Depreciated	<u>455,802</u>	<u>3,069</u>	<u>3,664</u>	<u>455,207</u>
Less - Accumulated depreciation for:				
Buildings	16,262	5,135	-	21,397
Building improvements	27,022	9,182	-	36,204
Furniture and equipment	<u>68,063</u>	<u>9,421</u>	<u>3,359</u>	<u>74,125</u>
Total Accumulated Depreciation	<u>111,347</u>	<u>23,738</u>	<u>3,359</u>	<u>131,726</u>
Total Capital Assets Being Depreciated, Net	<u>344,455</u>	<u>(20,669)</u>	<u>305</u>	<u>323,481</u>
Governmental Activities Capital Assets, Net	<u>\$397,100</u>	<u>(20,669)</u>	<u>305</u>	<u>376,126</u>

Depreciation expense for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months) was \$23,738 and \$29,691, respectively.

**NOTE C - CASH AND CASH EQUIVALENTS**

The System's bank deposits and repurchase agreements are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270. The collateralized securities are held by a trustee institution. The value of the securities must amount to the total of the System's cash not insured by the Federal Deposit Insurance Corporation. The System's bank deposits as of September 30, 2005 and 2004 were \$425,000 each year and were fully secured. The System's carrying amount of bank deposits were \$311,843 and \$403,388 as of September 30, 2005 and 2004, respectively. The repurchase agreement is pledged by FNMA (maturing April 25, 2018) and GNMA CMO (maturing January 16, 2001) securities, maturing in more than 10 years, held by the bank. Cash and cash equivalents consist of the following:

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - CASH AND CASH EQUIVALENTS (Continued)**

	September 30	
	2005	2004
Repurchase agreement	\$3,346,885	2,811,304
Checking	<u>311,843</u>	<u>403,388</u>
	<u>\$3,658,728</u>	<u>3,214,692</u>

**NOTE D - CONTRIBUTION RECEIVABLE - EMPLOYER**

The employer contribution due to the System from the City was \$17,768,649 and \$13,765,477 for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months), respectively, as calculated by the System's actuary. However, the budget ordinance adopted by the City for the September 30, 2005 and 2004 contributions allocated only \$4,110,402 and \$2,055,201, respectively, for payment to the System. The System filed a lawsuit against the City in October 2003 in an attempt to collect the additional amounts due. In June 2005, the Circuit Court entered a judgment in favor of the System for the 2003 delinquent contribution. The City filed a notice of appeal in September 2005. The case is still pending but the System expects to recover the entire balance at some future date. In the meantime the System has provided an allowance for the remaining uncollectible balances as of September 30, 2005 and 2004 of \$13,658,247 and \$11,710,276, respectively. The total allowance at September 30, 2005 was \$32,203,470.

Contribution receivable - employer consists of the following:

	September 30	
	2005	2004
Current year contribution due from the City as calculated by the System's actuary	\$17,768,649	13,765,477
Unpaid contribution from prior year	20,415,953	8,913,102
Contribution received from the City during current year	<u>(1,870,730)</u>	<u>(2,262,626)</u>
	36,313,872	20,415,953
Less - Allowance for uncollectible contribution	<u>(32,203,470)</u>	<u>(18,545,223)</u>
	<u>\$ 4,110,402</u>	<u>1,870,730</u>

The allowance for uncollectible contribution was as follows:



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - CONTRIBUTION RECEIVABLE - EMPLOYER (Continued)**

<u>For The Fiscal Years Ended</u>	<u>Contribution</u>		
	<u>Due From City</u>	<u>Collected By System</u>	<u>Allowance For Uncollectible</u>
August 31, 2003	\$ 8,913,102	2,078,155	6,834,947
September 30, 2004	13,765,477	2,055,201	<u>11,710,276</u>
			18,545,223
<b>September 30, 2005</b>	<b>17,768,649</b>	<b>4,110,402</b>	<b><u>13,658,247</u></b>
			<u>\$32,203,470</u>

The portion of the September 30, 2005 contribution (\$4,110,402) that was collected by the System was received in October 2005.

**NOTE E - INVESTMENTS**

Investments of the System are managed by various investment managers hired by the Board to invest according to guidelines established by the Board. The fair value of investments managed consisted of the following:

	<u>September 30</u>	
	<u>2005</u>	<u>2004</u>
PanAgora Asset Management:		
Collective investment funds - fixed income	\$114,748,197	92,198,378
Collective investment funds - equity	81,279,767	78,314,153
Money market fund	<u>2,537,471</u>	<u>53,772</u>
	<u>198,565,435</u>	<u>170,566,303</u>
Oppenheimer Capital:		
Corporate stocks	80,889,669	80,464,409
Money market fund	<u>1,264,547</u>	<u>3,618,146</u>
	<u>82,154,216</u>	<u>84,082,555</u>
Brandywine Asset Management:		
Corporate stocks	21,603,304	22,666,449
Money market fund	<u>369,601</u>	<u>580,301</u>
	<u>21,972,905</u>	<u>23,246,750</u>
Fisher Investments, Inc.:		
Corporate stocks	45,844,827	35,527,709
Money market fund	<u>186,225</u>	<u>234,420</u>
	<u>46,031,052</u>	<u>35,762,129</u>
Artisan Fund:		
Money market fund	(1,118)	-
Collective investment fund - equity (International)	<u>39,052,271</u>	<u>30,699,964</u>
	<u>39,051,153</u>	<u>30,699,964</u>

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - INVESTMENTS (Continued)**

	September 30	
	2005	2004
Stoneridge Investment Partners LLC:		
Corporate stocks	20,581,902	19,335,059
Money market fund	382,024	166,055
	20,963,926	19,501,114
Rockwood Capital Advisors:		
Corporate bonds	-	15,359,328
U.S. Government obligations	-	5,703,011
Money market fund	1,778	1,706,382
	1,778	22,768,721
Northern Trust:		
Money market fund	469,813	352,655
Corporate bonds	115,329	120,622
Federal Housing Authority Mortgages	5,542	7,686
Corporate stocks	2,723	1,061
	593,407	482,024
Total	<b>\$409,333,872</b>	<b>387,109,560</b>

The System's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the System's development and continual monitoring of sound investment policies. The Investment Maturities, Credit Rating by Investment, and Foreign Currency Exposures by Asset Class schedules are presented below to provide an illustration of the System's current level of exposure to various risks.

The following schedule provides a summary of the investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the System:

Maturities As Of September 30, 2005						
Investment Categories	Fair Market Value	No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Equities:						
Corporate stocks	\$168,922,425	168,922,425	-	-	-	-
Collective investment funds	120,332,038	120,332,038	-	-	-	-
Bonds:						
Corporate bonds	115,329	-	-	193	-	115,136
Collective investment funds	114,748,197	-	746,029	114,002,168	-	-
Government securities:						
Federal Agency notes	5,542	-	-	-	-	5,542
Money market funds	5,210,341	5,210,341	-	-	-	-
Total	<b>\$409,333,872</b>	<b>294,464,804</b>	<b>746,029</b>	<b>114,002,168</b>	<b>-</b>	<b>120,678</b>



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - INVESTMENTS (Continued)**

Maturities As Of September 30, 2004						
Investment Categories	Fair Market Value	No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
<b>Equities:</b>						
Corporate stocks	\$157,994,687	157,994,687	-	-	-	-
Collective investment funds	109,014,117	109,014,117	-	-	-	-
<b>Bonds:</b>						
Corporate bonds	15,479,950	-	-	4,959,792	3,403,935	7,116,223
Collective investment funds	92,198,378	-	722,594	91,475,784	-	-
<b>Government securities:</b>						
U.S. Treasury notes	5,703,011	-	-	5,703,011	-	-
Federal Agency notes	7,686	-	-	-	-	7,686
Money market funds	6,711,731	6,711,731	-	-	-	-
<b>Total</b>	<b><u>\$387,109,560</u></b>	<b><u>273,720,535</u></b>	<b><u>722,594</u></b>	<b><u>102,138,587</u></b>	<b><u>3,403,935</u></b>	<b><u>7,123,909</u></b>

The System's current level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table:

Credit Rating By Investment As Of September 30, 2005					
Credit Rating Level	Corporate Stocks	Collective Investment Funds	Corporate Bonds	Government Securities	Money Market Funds
Agency	\$ -	-	-	5,542	-
AAA	-	746,029	115,329	-	-
AA	-	114,002,168	-	-	-
A	-	-	-	-	-
BBB	-	-	-	-	-
BB	-	-	-	-	-
Not rated	<u>168,922,425</u>	<u>120,332,038</u>	<u>-</u>	<u>-</u>	<u>5,210,341</u>
<b>Total</b>	<b><u>\$168,922,425</u></b>	<b><u>235,080,235</u></b>	<b><u>115,329</u></b>	<b><u>5,542</u></b>	<b><u>5,210,341</u></b>

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - INVESTMENTS (Continued)**

Credit Rating By Investment As Of September 30, 2004

<u>Credit Rating Level</u>	<u>Corporate Stocks</u>	<u>Collective Investment Funds</u>	<u>Corporate Bonds</u>	<u>Government Securities</u>	<u>Money Market Funds</u>
Agency	\$ -	-	6,995,726	7,686	-
AAA	-	722,594	5,322,855	4,690,382	-
AA	-	91,475,784	613,363	-	-
A	-	-	1,815,305	-	-
BBB	-	-	413,583	-	-
BB	-	-	318,993	-	-
Not rated	<u>157,994,687</u>	<u>109,014,117</u>	<u>125</u>	<u>1,012,629</u>	<u>6,711,731</u>
Total	<u>\$157,994,687</u>	<u>201,212,495</u>	<u>15,479,950</u>	<u>5,710,697</u>	<u>6,711,731</u>

Foreign Currency Risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the System's current level of foreign currency exposure:

Foreign Currency Exposures By Asset Class In U.S. Dollars As Of September 30, 2005

<u>Currency</u>	<u>Money Market Funds</u>	<u>Equities</u>	<u>Fixed Income</u>	<u>Total</u>
Australian Dollar	\$ -	1,873,252	-	1,873,252
Bermuda Dollar	-	208,191	-	208,191
British Pound Sterling	-	7,655,743	-	7,655,743
Canadian Dollar	-	3,433,353	-	3,433,353
Danish Krone	-	322,390	-	322,390
Euro	-	15,382,849	-	15,382,849
Hong Kong Dollar	-	977,216	-	977,216
Japanese Yen	-	15,078,142	-	15,078,142
Norwegian Krone	-	950,340	-	950,340
Portugal Escudo	-	282,219	-	282,219
Spanish Peseta	-	2,963,575	-	2,963,575
Swedish Krona	-	1,226,947	-	1,226,947
Swiss Franc	-	2,276,056	-	2,276,056
Taiwan Dollar	-	1,602,900	-	1,602,900
Total Foreign Currency	-	<u>54,233,173</u>	-	<u>54,233,173</u>
United States Dollar	<u>5,210,341</u>	<u>235,021,290</u>	<u>114,869,068</u>	<u>355,100,699</u>
Total	<u>\$5,210,341</u>	<u>289,254,463</u>	<u>114,869,068</u>	<u>409,333,872</u>



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - INVESTMENTS (Continued)**

Foreign Currency Exposures By Asset Class In U.S. Dollars As Of September 30, 2004

<u>Currency</u>	<u>Money Market Funds</u>	<u>Equities</u>	<u>Fixed Income</u>	<u>Total</u>
Australian Dollar	\$ -	1,639,627	-	1,639,627
British Pound Sterling	-	6,023,034	204,310	6,227,344
Canadian Dollar	-	3,547,253	-	3,547,253
Euro	-	12,758,544	-	12,758,544
Japanese Yen	-	9,451,728	-	9,451,728
Mexican Peso	-	122,452	-	122,452
Norwegian Krone	-	618,527	-	618,527
Portugal Escudo	-	339,309	-	339,309
Singapore Dollar	-	1,225,625	-	1,225,625
Spanish Peseta	-	2,180,631	-	2,180,631
Swedish Krona	-	991,965	-	991,965
Swiss Franc	-	1,875,559	-	1,875,559
Total Foreign Currency	-	40,774,254	204,310	40,978,564
United States Dollar	<u>6,711,731</u>	<u>226,234,550</u>	<u>113,184,715</u>	<u>346,130,996</u>
Total	<u>\$6,711,731</u>	<u>267,008,804</u>	<u>113,389,025</u>	<u>387,109,560</u>

**Investment Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's minimum credit quality for each issue shall be "BBB-" (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. The fixed income portfolio should have an average quality rating of at least "A" (or its equivalent). Commercial Paper issues must be rated at least "A1" (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. In the event of a downgrade below investment grade by any rating agency, the Investment Manager is required to notify the Board and Investment Consultant as soon as possible and to refrain from any further investment in the downgraded issue.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The System does not have a written investment policy covering interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's policy does not allow the concentration per issuer to exceed 5% at purchase or 10% with capital appreciation of the market value of the Investment Manager's portfolio, with the exception of cash, cash equivalents, U.S. Treasury, or Agency securities. Furthermore, the Investment Manager may not hold more than 5% of the outstanding shares of any single issuer with exception of U.S. Treasuries or Agencies.

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - INVESTMENTS (Continued)**

It is the System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

<b>Asset Class As A Percent Of Total Assets</b>			
<u>Asset Class</u>	<u>Minimum</u>	<u>Target Mix</u>	<u>Maximum</u>
Domestic equity:			
Large Cap	35%	40	45
Small Cap	8	10	12
Domestic Fixed Income	27	30	33
International Equities	12	15	18
Real Estate	2	5	8

**NOTE F - NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS**

The net appreciation (depreciation) in fair value of investments consists of:

	<b>For The Year Ended September 30 2005</b>	<b>For The 13 Months Ended September 30 2004</b>
Corporate stocks	<b>\$30,113,552</b>	24,693,974
Collective investment funds	<b>15,170,879</b>	19,188,776
Corporate bonds	<b>(348,354)</b>	(95,200)
U.S. Government obligations	<b><u>(8,890)</u></b>	<u>(10,313)</u>
	<b><u>\$44,927,187</u></b>	<u>43,777,237</u>

**NOTE G - GASB STATEMENT NO. 25 ANNUAL REQUIRED CONTRIBUTION**

The actuarial funding method used is the entry age frozen liability method. Under this method, the initial unfunded accrued liability is amortized over thirty years from August 31, 1977 with increases in the unfunded accrued liability subsequent to that date amortized over thirty years from the date the liability is added.

Actuarially determined contributions in accordance with GASB Statement No. 25 requirements are as shown in the following table:



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - GASB STATEMENT NO. 25 ANNUAL REQUIRED CONTRIBUTION (Continued)**

	<u>For The Year Ended September 30 2005</u>	<u>For The 13 Months Ended September 30 2004</u>	<u>Covered Payroll Percentage</u>	
			<u>2005</u>	<u>2004</u>
Required contributions - employer:				
Portion of normal cost attributable to the System's fiscal year	\$11,625,839	6,581,400	32.8%	19.4
Unfunded actuarial accrued liability amortization payment	<u>3,140,431</u>	<u>3,140,431</u>	<u>8.9</u>	<u>9.3</u>
Total Employer Required Contributions	<u>\$14,766,270</u>	<u>9,721,831</u>	<u>41.7%</u>	<u>28.7</u>
Contribution made by employer:				
During System's Fiscal Year-End	\$ <u>-</u>	<u>184,471</u>	<u>-</u> %	<u>.5</u>
After System's Fiscal Year-End	<u>\$4,110,402</u>	<u>1,870,730</u>	<u>11.6%</u>	<u>5.5</u>

The City made an extraordinary contribution in May 1998 of the scheduled unfunded accrued liability amortization payments through August 31, 2010. Therefore, the above required contributions for unfunded actuarial accrued liability amortization payments for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months) do not include amortization payments of the remaining unfunded accrued liability prior to 1998. Starting September 30, 2011, the remaining balance of the unfunded actuarial accrued liability prior to 1998 of \$2,418,467 will be amortized over the remainder of the thirty year amortization period from the year the liability was added.

**NOTE H - INVESTMENTS GREATER THAN 5% OF NET ASSETS HELD IN TRUST FOR PENSION BENEFITS**

Investments which exceed 5% or more of net assets held in trust for pension benefits are as follows:

	<u>September 30</u>	
	<u>2005</u>	<u>2004</u>
PanAgora Bond Index Fund	\$114,748,197	92,198,378
PanAgora Equity Index Fund	81,279,767	78,314,153
Artisan International Stock Fund	39,052,271	30,699,964

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE I - SECURITIES LENDING**

The System participated in Northern Trust Company's securities lending program in order to enhance the investment yield. In a securities lending transaction, the System transfers possession--but not title--of the security to the borrower. Collateral consisting of cash, letter of credit, or government securities is received and held by Northern Trust Company. The collateral maintained is at least 100% of the market value of the securities lent. The System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The System continues to earn income on the loaned security. In addition, the System receives 60% of the net lending fees generated by each loan of securities. Northern Trust Company receives the remaining 40% of the net lending fees as compensation for its services provided in the securities lending program.

At September 30, 2005 and 2004, outstanding loans to borrowers were \$32,128,865 and \$36,722,206, respectively. The System earned income of \$100,418 and \$96,847 for its participation in the securities lending program for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months), respectively.

**NOTE J - RELATED PARTY TRANSACTIONS**

The System owed the City \$61,454 and \$74,012 at September 30, 2005 and 2004, respectively, for salaries, payroll taxes, and employee fringe benefits for System employees. The System reimburses 100% of the total of these items and the System's expense for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months) was \$276,574 and \$315,119, respectively.

**NOTE K - RISK MANAGEMENT**

The System is exposed to various risks of loss related to natural disasters, errors and omissions, loss of assets, torts, etc. The System has chosen to cover such losses through the purchase of commercial insurance. There have been no material insurance claims filed or paid during the past three fiscal years.

**NOTE L - COMMITMENTS AND CONTINGENCIES**

The System was committed to the future settlement of investments purchased (accounted for by trade date) at September 30, 2005 and 2004 of \$3,191,881 and \$3,521,061, respectively. These amounts are reflected in the statements of net assets as a liability for unsettled investment transactions.



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE M - SYSTEM RESERVES**

Changes in the System's reserves for the year ended September 30, 2005 and the period ended September 30, 2004 (13 months) are as follows:

	<b>Total</b>	<b>Member's Savings Fund</b>	<b>Benefit Reserve Fund</b>	<b>General Reserve Fund</b>	<b>Future Benefit Fund</b>	<b>System Employees Benefit Fund</b>
Balance, August 31, 2003	\$ 368,976,166	43,802,765	268,626,727	51,521,323	4,826,182	199,169
Contributions	4,929,087	2,873,886	-	2,055,201	-	-
Net investment income less administrative expenses	46,533,649	5,878,875	33,368,441	6,628,375	618,665	39,293
Transfer due to (surplus) deficit	-	(3,830,807)	(8,004,727)	11,835,534	-	-
Benefits paid to retirees and beneficiaries	(29,288,492)	-	(29,058,568)	-	(229,924)	-
Refunds of Members contributions	(945,481)	(945,481)	-	-	-	-
Net increase (decrease)	21,228,763	3,976,473	(3,694,854)	20,519,110	388,741	39,293
Balance, September 30, 2004	390,204,929	47,779,238	264,931,873	72,040,433	5,214,923	238,462
Contributions	6,754,737	2,644,335	-	4,110,402	-	-
Net investment income less administrative expenses	47,208,975	6,076,834	31,541,402	8,894,659	635,244	60,836
Transfer due to (surplus) deficit	-	(3,626,048)	2,996,630	629,418	-	-
Benefits paid to retirees and beneficiaries	(27,624,677)	-	(27,316,196)	-	(308,481)	-
Refunds of Members contributions	(1,380,787)	(1,380,787)	-	-	-	-
Net increase (decrease)	24,958,248	3,714,334	7,221,836	13,634,479	326,763	60,836
<b>Balance, September 30, 2005</b>	<b>\$ 415,163,177</b>	<b>51,493,572</b>	<b>272,153,709</b>	<b>85,674,912</b>	<b>5,541,686</b>	<b>299,298</b>

# FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS

## NOTES TO FINANCIAL STATEMENTS

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### NOTE N - RISKS AND UNCERTAINTIES

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

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 estimations and assumptions 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.



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
REQUIRED SUPPLEMENTAL INFORMATION

**SCHEDULE OF FUNDING PROGRESS**

<u>For The Actuarial Valuation</u>	<u>Actuarial Value Of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL As A Percentage Of Covered Payroll ((b-a)/c)</u>
October 1, 2005	\$ 391,181,701	\$ 429,764,156	\$ 38,582,455	91.0 %	\$ 35,433,943	108.9 %
October 1, 2004	369,893,135	408,660,044	38,766,909	90.5	33,847,826	114.5
September 1, 2003	391,020,699	429,972,716	38,952,017	90.9	34,648,486	112.4
September 1, 2002	427,199,947	466,310,235	39,110,288	91.6	34,520,010	113.3
September 1, 2001	456,143,883	470,607,738	14,463,855	96.9	32,626,002	44.3
September 1, 2000	441,611,320	457,572,578	15,961,258	96.5	31,559,439	50.6
September 1, 1999	418,662,926	430,622,174	11,959,248	97.2	29,749,169	40.2
September 1, 1998	402,930,619	404,999,272	2,068,653	99.5	29,163,258	7.1
September 1, 1997	359,482,059	387,846,182	28,364,123	92.7	27,532,033	103.0
September 1, 1996	322,828,029	352,177,194	29,349,165	91.7	26,464,431	110.9

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>For The Years Ended</u>	<u>GASB Statement No. 25 Annual Required Contribution</u>			<u>Statutory Annual Required Contribution</u>		
	<u>Per Actuarial Valuation</u>	<u>Percentage Contributed</u>	<u>Percentage Of Covered Payroll</u>	<u>Per Actuarial Valuation</u>	<u>Percentage Contributed</u>	<u>Percentage Of Covered Payroll</u>
<b>September 30, 2005</b>	<b>\$ 14,766,270</b>	<b>- %*</b>	<b>41.7 %</b>	<b>\$ 17,768,649</b>	<b>- %*</b>	<b>50.1 %</b>
September 30, 2004	9,721,831	21.1	28.7	13,765,477	14.9	40.7
August 31, 2003	4,289,688	48.4	12.4	8,913,102	23.3	25.7
August 31, 2002	3,514,488	95.7	10.2	3,365,007	100.0	9.7
August 31, 2001	3,300,380	107.4	10.1	3,544,385	100.0	10.9
August 31, 2000	2,905,731	111.9	9.2	3,251,579	100.0	10.3
August 31, 1999	5,953,105	47.6	20.0	2,836,561	100.0	9.5
August 31, 1998	8,814,900	74.6	30.2	6,576,414	100.0	22.6
August 31, 1997	10,948,933	84.6	39.8	9,262,597	100.0	33.6
August 31, 1996	11,029,725	102.3	41.7	11,286,200	100.0	42.6

\* Balance receivable at September 30, 2005 - \$4,110,402



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**REQUIRED SUPPLEMENTAL INFORMATION**

**ADDITIONAL INFORMATION RE: REQUIRED SCHEDULES**

The information presented in the schedule of funding progress and the schedule of employer contributions was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2005
Actuarial cost method	Entry-age - Frozen Initial Liability
Amortization method	30 year closed period from establishment
Remaining amortization period	Various
Asset valuation method	3-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.625%
Projected salary increases	4.5%
Inflation	3.5%
Cost-of-living adjustments:	

<b>Under Age 60</b>	
<u>Service Years</u>	<u>COLA</u>
20 - 24	1.5%
25 - 29	2.25%
30 or more	3%
<b>Over Age 60</b>	
5% with a maximum of 25% in increases after age 60	

**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**

**Annual Required Contribution (ARC)**

The ARC applicable to the System's year ended September 30, 2005, for the period ended September 30, 2004 (13 months) and for each prior August 31 in accordance with GASB Statement No. 25's requires blending of the actuarial valuations. The ARC is presented each year using the aggregate of the City's ARCs for the portions of the City's fiscal years that overlap the System's fiscal year.

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**SUPPLEMENTAL INFORMATION**

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**SUPPLEMENTAL INFORMATION SECTION**



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**SUPPLEMENTAL INFORMATION**

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	<b>For The Year Ended September 30 2005</b>	<b>For The 13 Months Ended September 30 2004</b>
	<hr/>	<hr/>
<b>BENEFITS PAID TO RETIREES AND BENEFICIARIES</b>		
Service retirees	\$ 13,026,477	14,115,447
Accidental disability	11,220,188	11,728,689
Beneficiaries	2,955,585	3,012,175
Ordinary disability	342,667	332,409
Death	48,000	54,000
Medical, surgical, and hospital	31,760	45,772
	<hr/>	<hr/>
	<b>\$ 27,624,677</b>	<b>29,288,492</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>ADMINISTRATIVE EXPENSES</b>		
Salaries, payroll taxes, and employee fringe benefits	\$ 276,574	315,119
Investment consultant's fees	115,019	87,042
Medical reviews, consulting, and investigations	76,560	52,114
Office supplies and expenses	74,265	81,623
Accounting and auditing fees	52,026	46,470
Actuary fees	46,524	46,195
Legal fees	44,385	104,814
Insurance	30,088	33,143
Depreciation	23,738	29,691
Building operations	16,125	21,913
Travel and seminars	10,778	8,134
	<hr/>	<hr/>
	<b>\$ 766,082</b>	<b>826,258</b>
	<hr/> <hr/>	<hr/> <hr/>

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**SUPPLEMENTAL INFORMATION**

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**SCHEDULE OF INVESTMENT MANAGEMENT AND CUSTODIAL FEES**

	<b>For The Year Ended September 30 2005</b>	<b>For The 13 Months Ended September 30 2004</b>
	<u>          </u>	<u>          </u>
Investment Management Fees:		
Fisher Investments, Inc.	\$ 300,252	275,962
Oppenheimer Capital	280,792	290,307
Stoneridge Investment Partners, LLC	179,509	241,153
PanAgora Asset Management	150,467	127,261
Brandywine Asset Management	117,891	171,227
Rockwood Capital Advisors	52,609	69,491
	<u>1,081,520</u>	<u>1,175,401</u>
Custodial Fees:		
The Northern Trust Company	<u>127,356</u>	<u>126,182</u>
Total Investment Management And Custodial Fees	<u><u>\$ 1,208,876</u></u>	<u><u>1,301,583</u></u>



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**SUPPLEMENTAL INFORMATION**

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**SUMMARY OF INSURANCE COVERAGE**

<u>Type</u>	<u>Coverage</u>
Fiduciary Liability	\$ 5,000,000
Property:	
Building	\$ 319,076
Contents	\$ 354,590
General Liability:	
Per occurrence	\$ 1,000,000
Aggregate	\$ 2,000,000
Workers' Compensation and Employers Liability	Statutory \$ 1,000,000
Umbrella Liability:	
Per occurrence	\$ 1,000,000
Aggregate	\$ 1,000,000
Non-owned Automobile	\$ 1,000,000

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**SUPPLEMENTAL INFORMATION**

**HISTORICAL TREND INFORMATION**

**Additions to net assets:**

<u>For The Years Ended</u>	<u>Contributions</u>		<u>Net Investment Income (Loss)</u>	<u>Total</u>
	<u>Employer</u>	<u>Members</u>		
<b>September 30, 2005</b>	<b>\$ 4,110,402</b>	<b>\$ 2,644,335</b>	<b>\$ 47,975,057</b>	<b>\$ 54,729,794</b>
September 30, 2004 (B)	2,055,201	2,873,886	47,359,907	52,288,994
August 31, 2003	2,078,155	2,625,526	36,632,933	41,336,614
August 31, 2002	3,365,007	2,511,580	(46,833,960)	(40,957,373)
August 31, 2001	3,544,385	2,344,970	(29,027,981)	(23,138,626)
August 31, 2000	3,251,579	2,221,819	61,530,979	67,004,377
August 31, 1999	2,836,561	2,002,840	69,709,246	74,548,647
August 31, 1998	31,150,406 (A)	1,897,606	(1,386,356)	31,661,656
August 31, 1997	9,262,597	1,794,531	59,286,330	70,343,458
August 31, 1996	11,286,200	1,803,524	25,754,361	38,844,085

**Deductions from net assets:**

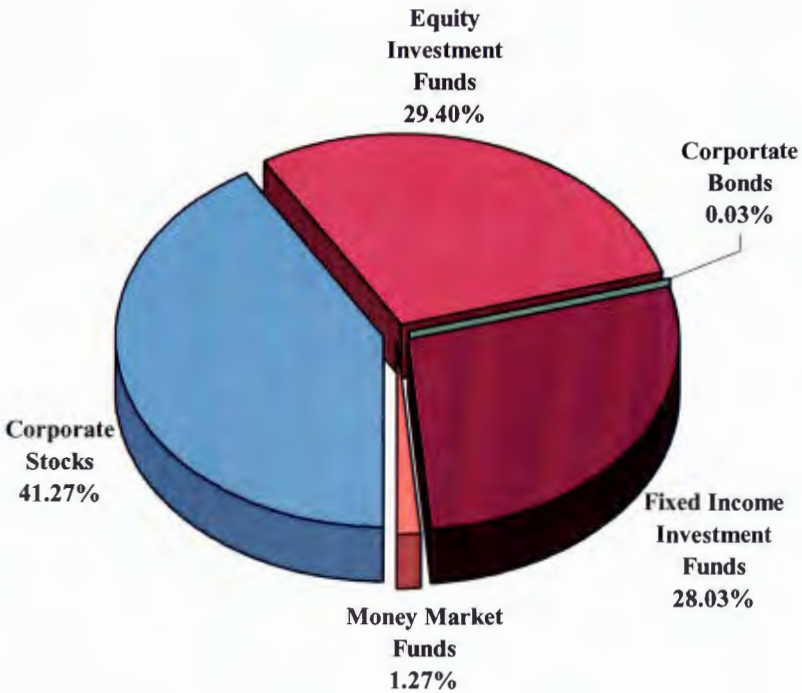
<u>For The Years Ended</u>	<u>Benefits Paid</u>	<u>Refunds To Members</u>	<u>Admini- strative Expenses</u>	<u>Total</u>
	<b>September 30, 2005</b>	<b>\$ 27,624,677</b>	<b>\$ 1,380,787</b>	<b>\$ 766,082</b>
September 30, 2004 (B)	29,288,492	945,481	826,258	31,060,231
August 31, 2003	26,722,702	688,451	829,334	28,240,487
August 31, 2002	27,063,392	508,336	721,915	28,293,643
August 31, 2001	26,538,890	1,390,435	844,263	28,773,588
August 31, 2000	25,348,189	2,280,569	832,426	28,461,184
August 31, 1999	22,880,233	2,444,833	720,719	26,045,785
August 31, 1998	22,173,548	806,327	631,344	23,611,219
August 31, 1997	21,443,718	985,930	564,117	22,993,765
August 31, 1996	20,618,675	1,433,732	633,680	22,686,087

(A) Includes an extraordinary contribution in the amount of \$27,943,654. This amount was equal to the present value at May 1998 of the scheduled unfunded accrued liability amortization payments through September 30, 2010.

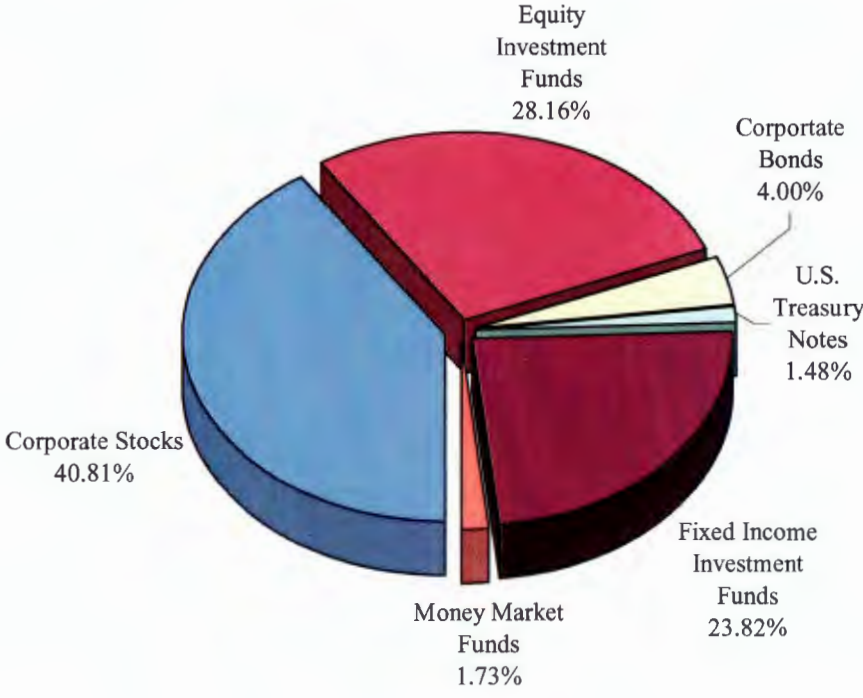
(B) Period includes 13 months



**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**INVESTMENTS**

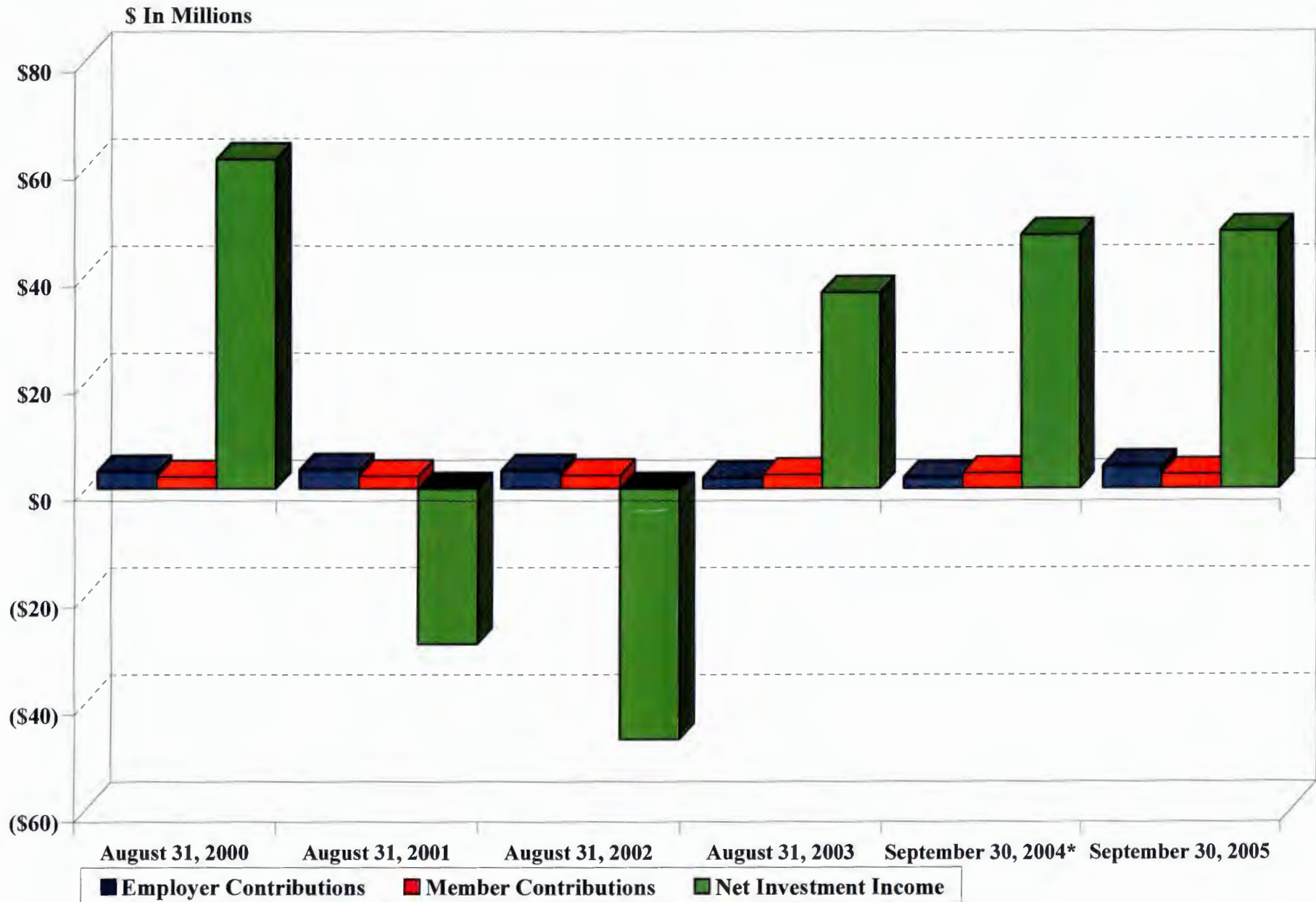


September 30, 2005



September 30, 2004

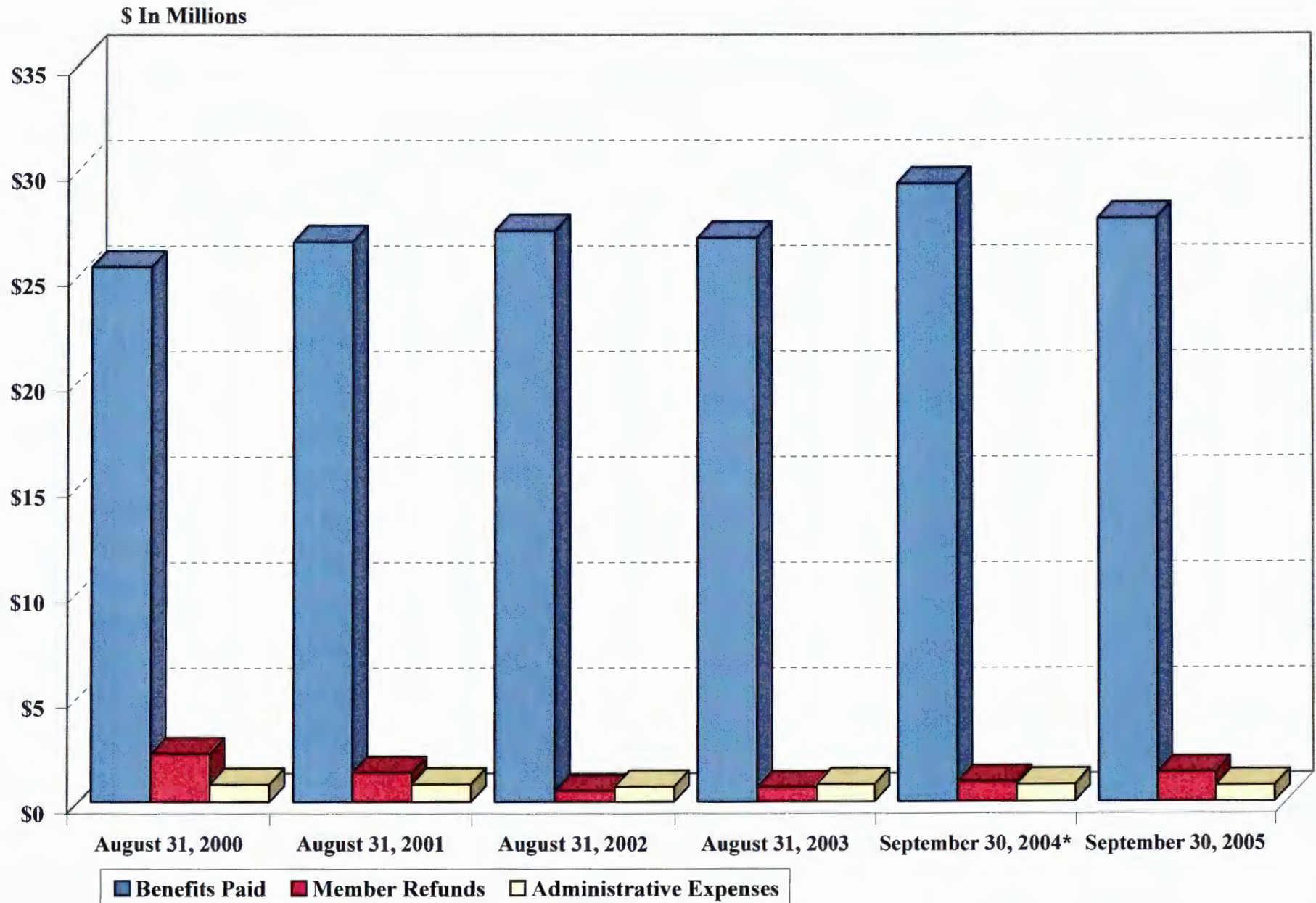
**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**ADDITIONS TO NET ASSETS**  
**FOR THE YEARS ENDED**



\*consists of 13 months



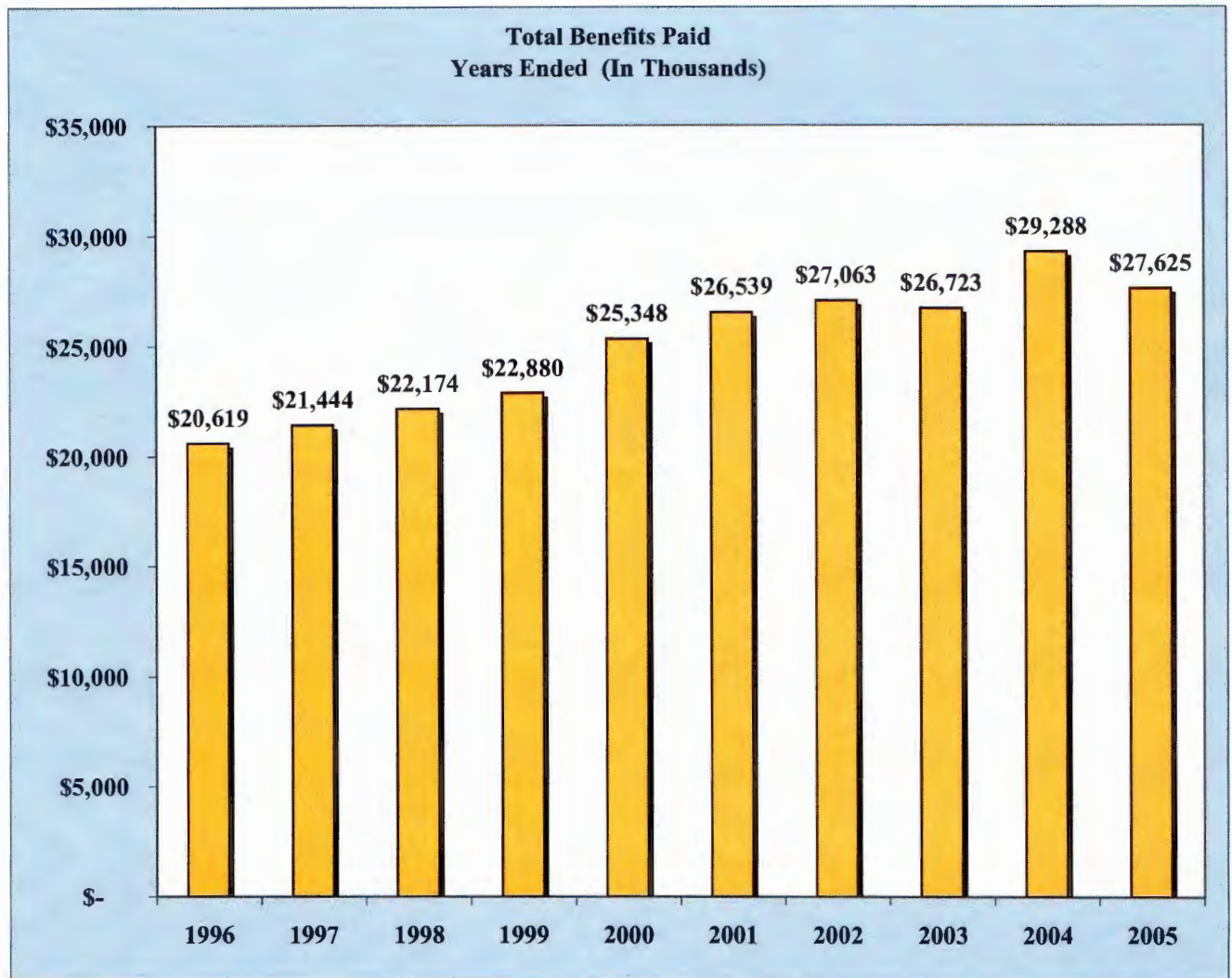
**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**DEDUCTIONS FROM NET ASSETS**  
**FOR THE YEARS ENDED**



\*consists of 13 months

**FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS**  
**BENEFITS PAID BY TYPE**

<b>For The Fiscal Years Ended</b>	<b>Service Retirees</b>	<b>Accidental Disability</b>	<b>Beneficiaries</b>	<b>Ordinary Disability</b>	<b>Death</b>	<b>Medical</b>	<b>Total</b>
1996	\$ 9,194,443	\$ 9,063,665	\$ 1,969,780	\$ 296,832	\$ 82,500	\$ 11,455	\$ 20,618,675
1997	9,623,810	9,314,022	2,137,544	323,833	30,000	14,509	21,443,718
1998	10,018,151	9,558,441	2,181,392	358,291	34,000	23,273	22,173,548
1999	10,624,385	9,770,668	2,064,435	339,306	52,000	29,439	22,880,233
2000	12,096,671	10,161,209	2,695,530	303,688	72,000	19,091	25,348,189
2001	13,354,573	10,303,677	2,505,783	308,204	46,000	20,653	26,538,890
2002	13,678,554	10,513,535	2,474,508	301,130	70,000	25,665	27,063,392
2003	13,107,963	10,658,381	2,573,454	305,554	50,000	27,350	26,722,702
2004	14,115,447	11,728,689	3,012,175	332,409	54,000	45,772	29,288,492
2005	13,026,477	11,220,188	2,955,585	342,667	48,000	31,760	27,624,677



Note: The period ended September 30, 2004 includes 13 months