

University of Missouri, St. Louis

IRL @ UMSL

UMSLCAB - UMSL's Political Science Millennial
Era Saint Louis Local Curated Area Budgets

Political Science Department

1-1-2008

Financial Report, 2007

Firemen's Retirement System of St. Louis

Follow this and additional works at: <https://irl.umsl.edu/cab>

Recommended Citation

Firemen's Retirement System of St. Louis, "Financial Report, 2007" (2008). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 443.

<https://irl.umsl.edu/cab/443>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact marvinh@umsl.edu.



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, 2006

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS
FINANCIAL REPORT

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statements of Plan Net Assets	6
Statements of Changes in Plan Net Assets	7
Notes to Financial Statements	8
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Funding Progress	25
Schedule of Employer Contributions	25
Additional Information Re: Required Schedules	26
Note to Required Supplemental Information	26
SUPPLEMENTAL INFORMATION	
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:	
Investments	32
Additions to Net Assets	33
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, 2006

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, 2006 and 2005, and the related statements of changes in plan net assets for the years then ended. 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. Those 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2006 and 2005, and the changes in plan net assets for the years then ended, in conformity with U.S. generally accepted accounting principles.

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 proce-

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

www.hbclp.com



Member: Polaris International with Firms in Principal U.S. and International Cities

dures, 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.

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, 2006

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, 2006. MD&A should be read in conjunction with the System's financial statements and supplementary information.

FINANCIAL HIGHLIGHTS

The System's net assets were \$425 million at September 30, 2006, which represents an increase of \$10 million over September 30, 2005.

Additions to net assets for fiscal year 2006 were \$41 million as compared to \$55 million for fiscal year 2005. This figure is comprised of \$34 million of net investment income, \$4 million in employer contributions, and \$3 million in Members contributions.

Deductions from net assets were \$31 million for fiscal year 2006 as compared to \$30 million for fiscal year 2005.

The overall investment return for the System was 8.2% for fiscal year 2006 as compared to 11.9% for fiscal year 2005. The improved investment return during the last two fiscal years 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 exceeded the actuarial assumption for investment return of 7.625% for both fiscal year 2006 and 2005.

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, 2006 were \$432,953,863 and were mainly comprised of cash, investments, contributions receivable from the City of St. Louis (the City), and other receivables. Total assets increased \$13,953,685 or 3.3% from September 30, 2005.

Total liabilities at September 30, 2006 were \$7,919,295 and consisted mainly of unsettled investment transactions and accrued expenses. Total liabilities increased \$4,082,294 or 106.4% from September 30,

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

2005 due to an increase in unsettled investment transactions of \$4,208,751 and a decrease in other liabilities of \$126,457.

Net assets held in trust for pension benefits were \$425,034,568 at September 30, 2006, an increase of \$9,871,391 or 2.4% from the prior period. This increase mainly resulted from the increase in the market value of investments of \$30.8 million while plan contributions and benefits paid each had slight increases.

Following is a condensed version of the statements of plan net assets (dollars in thousands):

	<u>September 30</u>			<u>Total Change</u>			
				<u>Amount</u>		<u>Percentage</u>	
	<u>2006</u>	2005	2004	<u>2006</u>	2005	<u>2006</u>	2005
ASSETS							
Investments	\$407,141	409,334	387,110	(2,193)	22,224	(0.5%)	5.7
Cash and cash equivalents	3,352	3,659	3,215	(307)	444	(8.4)	13.8
Receivables	22,103	5,631	3,581	16,472	2,050	292.5	57.2
Capital assets, net	358	376	397	(18)	(21)	(4.8)	(5.3)
Total Assets	432,954	419,000	394,303	13,954	24,697	3.3	6.3
 LIABILITIES	 <u>7,919</u>	 <u>3,837</u>	 <u>4,098</u>	 <u>4,082</u>	 <u>(261)</u>	 106.4	 (6.4)
 NET ASSETS	 <u>425,035</u>	 <u>415,163</u>	 <u>390,205</u>	 <u>9,872</u>	 <u>24,958</u>	 2.4%	 6.4

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 (members) 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. Total contribution income (employer and members) totaled \$6,963,460 for the year ended September 30, 2006 as compared to \$6,754,737 for the prior year.

Investment income totaled \$34,103,149 in fiscal year 2006 which represents a decrease over the prior period in which there was net investment income of \$47,975,057. The decrease resulted mainly from a \$14 million less unrealized appreciation in the fair value of investments for fiscal year 2006 (\$31 million for fiscal year 2006 as compared to \$45 million for fiscal year 2005). Investment income is net of investment expenses (management and custodial fees) totaling \$1,391,530 and \$1,208,876 for the years ended September 30, 2006 and 2005, respectively.

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 2006 were \$31,195,218, an increase of \$1,423,672 from the prior period.

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Following is a condensed version of the statements of changes in plan net assets (dollars in thousands):

	For The Years			Total Change			
	Ended September 30			Amount		Percentage	
	2006	2005	2004*	2006	2005	2006	2005
ADDITIONS							
Employer contribution	\$ 4,111	4,111	2,055	-	2,056	-	100.0
Members contributions	2,853	2,644	2,874	209	(230)	7.9	(8.0)
Investment income	34,103	47,975	47,360	(13,872)	615	(28.9)	1.3
Total							
Additions	<u>41,067</u>	<u>54,730</u>	<u>52,289</u>	<u>(13,663)</u>	<u>2,441</u>	<u>(25.0)</u>	4.7
DEDUCTIONS							
Benefits paid	28,616	27,625	29,289	991	(1,664)	3.6	(5.7)
Refunds of Members contributions	1,685	1,381	945	304	436	22.0	46.0
Administrative expenses	894	766	826	128	(60)	16.7	(7.3)
Total							
Deductions	<u>31,195</u>	<u>29,772</u>	<u>31,060</u>	<u>1,423</u>	<u>(1,288)</u>	<u>4.8</u>	(4.1)
CHANGE IN NET ASSETS	9,872	24,958	21,229	(15,086)	3,729	(60.4)	17.6
NET ASSETS, BEGINNING OF YEAR	415,163	390,205	368,976	24,958	21,229	6.4	5.8
NET ASSETS, END OF YEAR	\$425,035	415,163	390,205	9,872	24,958	2.4%	6.4

*Period includes 13 months.

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	
	2006	2005
ASSETS		
Investments, at fair value:		
Equities:		
Corporate stocks	\$ 210,834,547	168,922,425
Collective investment funds	79,300,151	120,332,038
Fixed income:		
Collective investment funds	91,744,665	114,748,197
Corporate bonds	17,570,145	115,329
Government and agency obligations	5,099,338	5,542
Money market funds	2,591,791	5,210,341
Total Investments	407,140,637	409,333,872
Cash and cash equivalents	3,351,825	3,658,728
Receivables:		
Employer contribution, net of allowance for uncollectible	4,110,402	4,110,402
Members contributions receivable	105,635	-
Unsettled investment transactions	17,210,408	1,228,592
Interest and dividends	642,188	211,875
Other receivables	34,438	80,583
Total Receivables	22,103,071	5,631,452
Capital assets, less accumulated depreciation	358,330	376,126
Total Assets	432,953,863	419,000,178
LIABILITIES		
Unsettled investment transactions	7,400,632	3,191,881
Members contributions refundable	215,469	312,264
Accrued investment management fees	289,495	252,915
Accrued administrative expenses	13,699	79,941
Total Liabilities	7,919,295	3,837,001
NET ASSETS HELD IN TRUST FOR PENSION		
BENEFITS (a schedule of funding progress for the System is presented on page 25)	\$ 425,034,568	415,163,177

See notes to financial statements

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

	For The Years	
	Ended September 30	
	2006	2005
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Contributions:		
Employer	\$ 4,110,402	4,110,402
Members	2,853,058	2,644,335
Total Contributions	<u>6,963,460</u>	<u>6,754,737</u>
Investment income:		
Net appreciation in fair value of investments	30,785,075	44,927,187
Dividends	4,131,692	3,122,904
Interest	356,644	931,451
Recapture commissions	85,265	101,973
Securities lending income	136,003	100,418
	<u>35,494,679</u>	<u>49,183,933</u>
Less - Investment management and custodial fees	1,391,530	1,208,876
Net Investment Income	<u>34,103,149</u>	<u>47,975,057</u>
Total Additions	<u>41,066,609</u>	<u>54,729,794</u>
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to retirees and beneficiaries	28,615,532	27,624,677
Refunds of Members contributions	1,685,199	1,380,787
Administrative expenses	894,487	766,082
Total Deductions	<u>31,195,218</u>	<u>29,771,546</u>
NET INCREASE IN PLAN NET ASSETS	9,871,391	24,958,248
NET ASSETS HELD IN TRUST FOR PENSION		
BENEFITS, BEGINNING OF FISCAL YEAR	<u>415,163,177</u>	<u>390,204,929</u>
NET ASSETS HELD IN TRUST FOR PENSION		
BENEFITS, END OF FISCAL YEAR	<u>\$ 425,034,568</u>	<u>415,163,177</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>2006</u>	<u>2005</u>	
Retirees and beneficiaries currently receiving benefits	<u>1,054</u>	<u>1,063</u>	<u>(9)</u>
Current Members:			
Vested	<u>113</u>	<u>123</u>	<u>(10)</u>
Nonvested	<u>593</u>	<u>573</u>	<u>20</u>
	<u>706</u>	<u>696</u>	<u>10</u>
	<u>1,760</u>	<u>1,759</u>	<u>1</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 170 and 166 at September 30, 2006 and 2005, 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

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 (Board) 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.

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. Payments are processed by the Treasurer of the City.

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 contri-

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Contributions, including interest, are refunded. The balance at September 30, 2006 and 2005 was \$54,641,256 and \$51,493,572, 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, 2006 and 2005 was \$277,038,118 and \$272,153,709, 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, 2006 and 2005 was \$87,342,514 and \$85,674,912, 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 \$317,369 and \$308,481 were paid from the Future Benefit Fund during the years ended September 30, 2006 and 2005, respectively. The Future Benefit Fund is excluded from the assets used in determining the City's contribution requirement. The balance at September 30, 2006 and 2005 was \$5,671,903 and \$5,541,686, respectively.

System Employees Benefit Fund - On August 28, 1997, the Board 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 would be entitled to one month's 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 \$17,329 and \$27,640 for the years ended September 30, 2006 and 2005, 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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

benefits were paid from the System Employees Benefit Fund during the years ended September 30, 2006 and 2005. The System Employees Benefit Fund is excluded from the assets used in determining the City's contribution requirement. The balance at September 30, 2006 and 2005 was \$340,777 and \$299,298, 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, 2006</u>				
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>		<u>Balance</u>
	<u>September 30</u>				<u>September 30</u>
	<u>2005</u>			<u>2006</u>	
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 52,645	-	-	52,645	
Capital assets being depreciated:					
Building	205,417	-	-	205,417	
Building improvements	162,622	-	-	162,622	
Furniture and equipment	<u>87,168</u>	<u>1,734</u>	-	<u>88,902</u>	
Total Capital Assets Being Depreciated	<u>455,207</u>	<u>1,734</u>	-	<u>456,941</u>	
Less - Accumulated depreciation for:					
Building	21,397	5,135	-	26,532	
Building improvements	36,204	9,183	-	45,387	
Furniture and equipment	<u>74,125</u>	<u>5,212</u>	-	<u>79,337</u>	
Total Accumulated Depreciation	<u>131,726</u>	<u>19,530</u>	-	<u>151,256</u>	
Total Capital Assets Being Depreciated, Net	<u>323,481</u>	<u>(17,796)</u>	-	<u>305,685</u>	
Governmental Activities Capital Assets, Net	<u>\$376,126</u>	<u>(17,796)</u>	-	<u>358,330</u>	

Depreciation expense for the years ended September 30, 2006 and 2005 was \$19,530 and \$23,738, 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, 2006 and 2005 were \$425,000 each year and were insured by the FDIC or collateralized with securities held by the pledging financial institution's trust department in the System's name.. The System's carrying amount of bank deposits were \$251,237 and \$311,843 as of September 30, 2006 and 2005, respectively.

At September 30, 2006, the repurchase agreement was pledged by U.S. Treasury note (maturing June 15, 2009), maturing one to five years and the September 30, 2005 repurchase agreement was

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

NOTE C - CASH AND CASH EQUIVALENTS (Continued)

pledged by FNMA (maturing April 25, 2018) and GNMA CMO (maturing January 16, 2001) securities, maturing in more than 10 years. The collateral is held by the Federal Reserve Bank.

Cash and cash equivalents consist of the following:

	September 30	
	2006	2005
Repurchase agreement	\$3,100,588	3,346,885
Checking	<u>251,237</u>	<u>311,843</u>
	<u>\$3,351,825</u>	<u>3,658,728</u>

NOTE D - CONTRIBUTION RECEIVABLE - EMPLOYER

The employer contribution due to the System from the City was \$18,179,873 and \$17,768,649 for the years ended September 30, 2006 and 2005, respectively, as calculated by the System's actuary. However, the budget ordinance adopted by the City for the September 30, 2006 and 2005 contributions allocated only \$4,110,402 each year 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 and declaratory relief requiring the 2004 contribution be paid in full by June 30, 2005. The City filed a notice of appeal in September 2005 and the case has been transferred to the Missouri Supreme Court. The case is still pending but the System expects to recover the entire balance at some future date. Additional lawsuits have been filed to attempt to collect the contributions unpaid by the City for September 30, 2004, 2005, and 2006. In the meantime the System has provided an allowance for the remaining uncollectible balances as of September 30, 2006 and 2005 of \$14,069,471 and \$13,658,247, respectively. The total allowance at September 30, 2006 and 2005 was \$46,272,941 and \$32,203,470, respectively.

Contribution receivable - employer consists of the following:

	September 30	
	2006	2005
Current year contribution due from the City as calculated by the System's actuary	\$18,179,873	17,768,649
Unpaid contribution from prior year	36,313,872	20,415,953
Contribution received from the City during current year	<u>(4,110,402)</u>	<u>(1,870,730)</u>
	50,383,343	36,313,872
Less - Allowance for uncollectible contribution	<u>(46,272,941)</u>	<u>(32,203,470)</u>
	<u>\$ 4,110,402</u>	<u>4,110,402</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	11,710,276
September 30, 2005	17,768,649	4,110,402	<u>13,658,247</u>
			32,203,470
September 30, 2006	18,179,873	4,110,402	<u>14,069,471</u>
			 <u>\$46,272,941</u>

The portion of the September 30, 2006 contribution (\$4,110,402) that was collected by the System was received in October 2006.

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>2006</u>	<u>2005</u>
Aberdeen Asset Management, Inc.:		
Collective investment fund - fixed income	<u>\$ 91,744,665</u>	-
PanAgora Asset Management:		
Collective investment fund - equity	41,059,051	81,279,767
Corporate bonds	17,457,954	-
Government and agency obligations	5,095,927	-
Money market fund	-	2,537,471
Collective investment fund - fixed income	-	<u>114,748,197</u>
	<u>63,612,932</u>	<u>198,565,435</u>
Fisher Investments, Inc.:		
Corporate stocks	54,301,831	45,844,827
Money market fund	<u>238,587</u>	<u>186,225</u>
	<u>54,540,418</u>	<u>46,031,052</u>
New York Life Investment Management:		
Corporate stocks	54,145,777	-
Money market fund	<u>146,028</u>	-
	<u>54,291,805</u>	-

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

NOTE E - INVESTMENTS (Continued)

	<u>September 30</u>	
	<u>2006</u>	<u>2005</u>
Artisan Partners LP:		
Collective investment fund - equity (International)	38,241,100	39,052,271
Money market fund	<u>300</u>	<u>(1,118)</u>
	<u>38,241,400</u>	<u>39,051,153</u>
Brandywine Asset Management:		
Corporate stocks	35,164,774	21,603,304
Money market fund	<u>781,787</u>	<u>369,601</u>
	<u>35,946,561</u>	<u>21,972,905</u>
Pzena Investment Management:		
Corporate stocks	24,273,886	-
Money market fund	<u>293,208</u>	<u>-</u>
	<u>24,567,094</u>	<u>-</u>
Stoneridge Investment Partners, LLC:		
Corporate stocks	21,537,700	20,581,902
Money market fund	<u>356,859</u>	<u>382,024</u>
	<u>21,894,559</u>	<u>20,963,926</u>
Castleark Management, LLC:		
Corporate stocks	21,409,015	-
Money market fund	<u>414,745</u>	<u>-</u>
	<u>21,823,760</u>	<u>-</u>
The Northern Trust Company:		
Money market fund	360,277	471,591
Corporate bonds	112,191	115,329
Government and agency obligations	3,411	5,542
Corporate stocks	<u>1,564</u>	<u>2,723</u>
	<u>477,443</u>	<u>595,185</u>
Oppenheimer Capital:		
Corporate stocks	-	80,889,669
Money market fund	<u>-</u>	<u>1,264,547</u>
	<u>-</u>	<u>82,154,216</u>
Total	<u>\$407,140,637</u>	<u>409,333,872</u>

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 as follows 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:

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

NOTE E - INVESTMENTS (Continued)

<u>Investment Categories</u>	<u>Maturities As Of September 30, 2006</u>					
	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>
Equities:						
Corporate stocks	\$210,834,547	210,834,547	-	-	-	-
Collective investment funds	79,300,151	79,300,151	-	-	-	-
Fixed income:						
Collective investment funds	91,744,665	-	9,752,458	32,257,424	35,064,811	14,669,972
Corporate bonds	17,570,145	-	208	6,917,403	6,984,145	3,668,389
Government and agency obligations	5,099,338	-	-	2,314,465	1,604,865	1,180,008
Money market funds	<u>2,591,791</u>	<u>2,591,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$407,140,637</u>	<u>292,726,489</u>	<u>9,752,666</u>	<u>41,489,292</u>	<u>43,653,821</u>	<u>19,518,369</u>

<u>Investment Categories</u>	<u>Maturities As Of September 30, 2005</u>					
	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>
Equities:						
Corporate stocks	\$168,922,425	168,922,425	-	-	-	-
Collective investment funds	120,332,038	120,332,038	-	-	-	-
Fixed income:						
Collective investment funds	114,748,197	-	746,029	114,002,168	-	-
Corporate bonds	115,329	-	-	193	-	115,136
Government and agency obligations	5,542	-	-	-	-	5,542
Money market funds	<u>5,210,341</u>	<u>5,210,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$409,333,872</u>	<u>294,464,804</u>	<u>746,029</u>	<u>114,002,361</u>	<u>-</u>	<u>120,678</u>

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:

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

NOTE E - INVESTMENTS (Continued)

Credit Rating By Investment As Of September 30, 2006

<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>
AAA	\$ -	-	997,850	3,943,550	-
AA	-	91,744,665	2,216,503	-	-
A	-	-	7,855,460	1,155,788	-
BBB	-	-	6,500,125	-	-
N/A	210,834,547	-	-	-	-
Not rated	-	79,300,151	207	-	2,591,791
Total	<u>\$210,834,547</u>	<u>171,044,816</u>	<u>17,570,145</u>	<u>5,099,338</u>	<u>2,591,791</u>

Credit Rating By Investment As Of September 30, 2005

<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>
AAA	\$ -	746,029	115,329	5,542	-
AA	-	114,002,168	-	-	-
N/A	168,922,425	-	-	-	-
Not rated	-	120,332,038	-	-	5,210,341
Total	<u>\$168,922,425</u>	<u>235,080,235</u>	<u>115,329</u>	<u>5,542</u>	<u>5,210,341</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:

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, 2006

<u>Currency</u>	<u>Money Market Funds</u>	<u>Equities</u>	<u>Fixed Income</u>	<u>Total</u>
Australian Dollar	\$ -	3,489,495	-	3,489,495
British Pound Sterling	-	6,282,224	-	6,282,224
Canadian Dollar	-	1,660,307	-	1,660,307
Danish Krone	-	727,480	-	727,480
Euro	-	12,948,459	-	12,948,459
Hong Kong Dollar	-	1,130,354	-	1,130,354
Japanese Yen	-	18,542,035	-	18,542,035
Mexican Peso	-	444,802	-	444,802
Norwegian Krone	-	2,108,581	-	2,108,581
South African Zar	-	164,940	-	164,940
Swedish Krona	-	1,780,891	-	1,780,891
Swiss Franc	-	2,851,581	-	2,851,581
Total Foreign Currency	-	52,131,149	-	52,131,149
United States Dollar	<u>2,591,791</u>	<u>238,003,549</u>	<u>114,414,148</u>	<u>355,009,488</u>
Total	<u>\$2,591,791</u>	<u>290,134,698</u>	<u>114,414,148</u>	<u>407,140,637</u>

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	-	54,233,173	-	54,233,173
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)

Investment Policies

Custodial 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 effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the Investment Manager's broad market benchmark.

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 U.S. Agency securities. Furthermore, the Investment Manager may not hold more than 5% of the outstanding shares of any single issuer with the exception of U.S. Treasuries or Agencies.

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

<u>Asset Class As A Percent Of Total Assets</u>			
<u>Asset Class</u>	<u>Minimum</u>	<u>Target Mix</u>	<u>Maximum</u>
Domestic equity:			
Large Cap	24%	29	34
Small Cap	10	15	20
Domestic Fixed Income	30	35	40
International Equities	16	21	26

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

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

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

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

	For The Years	
	Ended September 30	
	2006	2005
Equities:		
Corporate stocks	\$15,055,742	30,113,552
Collective investment funds	11,888,989	13,200,093
Fixed Income:		
Collective investment funds	3,768,495	1,970,786
Corporate bonds	73,465	(348,354)
Government and agency obligations	<u>(1,616)</u>	<u>(8,890)</u>
	<u>\$30,785,075</u>	<u>44,927,187</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:

	For The Years		Covered Payroll	
	Ended September 30		Percentage	
	2006	2005	2006	2005
Required contributions - employer:				
Portion of normal cost attributable to the System's fiscal year	\$14,731,024	11,625,839	41.2%	32.8
Unfunded actuarial accrued liability amortization payment	<u>3,140,431</u>	<u>3,140,431</u>	<u>8.8</u>	<u>8.9</u>
Total Employer Required Contributions	<u>\$17,871,455</u>	<u>14,766,270</u>	<u>50.0%</u>	<u>41.7</u>
Contribution made by employer:				
During System's Fiscal Year	<u>\$ -</u>	<u>-</u>	<u>- %</u>	<u>-</u>
After System's Fiscal Year-End	<u>\$4,110,402</u>	<u>4,110,402</u>	<u>11.5%</u>	<u>11.6</u>

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

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

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 years ended September 30, 2006 and 2005 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:

	September 30	
	2006	2005
Aberdeen Core Plus Fixed Income Portfolio	\$91,744,665	-
PanAgora Equity Index Fund	41,059,051	81,279,767
Artisan International Stock Fund	38,241,100	39,052,271
PanAgora Bond Index Fund	-	114,748,197

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. Borrowers shall be rated AA, Aa, or higher by Moodys or Standard and Poors. Collateral consisting of cash, letter of credit, U.S. government or agency securities, or floating rate notes of U.S. issuers is received and held by Northern Trust Company. The collateral maintained is at least 102% of loan value for domestic securities and 105% of loan value for international securities 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. The Northern Trust Company indemnifies operational risk and counter party risk. The System authorizes the lending and loans of the following: domestic securities, U.S. Treasuries, corporate bonds, and equities. The System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the statements of net assets and changes in net assets do not reflect an increase in assets or liabilities associated with securities lent.

At September 30, 2006 and 2005, outstanding loans to borrowers were \$49,537,241 and \$32,128,865, respectively. The System earned income of \$136,003 and \$100,418 for its participation in the securities lending program for the years ended September 30, 2006 and 2005, respectively.

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

NOTE J - RELATED PARTY TRANSACTIONS

The System owed the City \$1,754 and \$61,454 at September 30, 2006 and 2005, 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 years ended September 30, 2006 and 2005 was \$272,202 and \$276,574, 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, 2006 and 2005 of \$7,400,632 and \$3,191,881, respectively. These amounts are reflected in the statements of net assets as a liability for unsettled investment transactions.

NOTE M - RISKS AND UNCERTAINTIES

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

NOTE N - SYSTEM RESERVES

Changes in the System's reserves for the years ended September 30, 2006 and 2005 are as follows:

	<u>Total</u>	<u>Member's Savings Fund</u>	<u>Benefit Reserve Fund</u>	<u>General Reserve Fund</u>	<u>Future Benefit Fund</u>	<u>System Employees Benefit Fund</u>
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	24,958,248	3,714,334	7,221,836	13,634,479	326,763	60,836
Balance, September 30, 2005	415,163,177	51,493,572	272,153,709	85,674,912	5,541,686	299,298
Contributions	6,963,460	2,853,058	-	4,110,402	-	-
Net investment income less administrative expenses	33,208,662	4,330,243	21,452,995	6,936,359	447,586	41,479
Transfer due to (surplus) deficit	-	(2,350,418)	11,729,577	(9,379,159)	-	-
Benefits paid to retirees and beneficiaries	(28,615,532)	-	(28,298,163)	-	(317,369)	-
Refunds of Members contributions	(1,685,199)	(1,685,199)	-	-	-	-
Net increase	9,871,391	3,147,684	4,884,409	1,667,602	130,217	41,479
Balance, September 30, 2006	\$ 425,034,568	54,641,256	277,038,118	87,342,514	5,671,903	340,777

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

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, 2006	\$ 410,868,775	\$ 440,579,564	\$ 29,710,789	93.3 %	\$ 35,726,289	83.2 %
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

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>
	September 30, 2006	\$ 17,871,455	- %*	50.0 %	\$ 18,179,873	- %*
September 30, 2005	14,766,270	27.8	41.7	17,768,649	23.1	50.1
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

*Balance receivable at September 30, 2006 - \$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, 2006
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	4.0%
Inflation	3.5%
Cost-of-living adjustments:	

Under Age 60	
<u>Service Years</u>	<u>COLA</u>
20 - 24	1.5%
25 - 29	2.25%
30 or more	3%

Over Age 60

3% 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, 2006 and each prior year-end is presented 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.

SUPPLEMENTAL INFORMATION SECTION

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS
SUPPLEMENTAL INFORMATION

	For The Years	
	Ended September 30	
	2006	2005
BENEFITS PAID TO RETIREES AND BENEFICIARIES		
Service retirees	\$ 13,526,512	13,026,477
Accidental disability	11,682,680	11,220,188
Beneficiaries	3,032,113	2,955,585
Ordinary disability	319,198	342,667
Death	32,000	48,000
Medical, surgical, and hospital	23,029	31,760
	<u>\$ 28,615,532</u>	<u>27,624,677</u>
ADMINISTRATIVE EXPENSES		
Salaries, payroll taxes, and employee fringe benefits	\$ 272,202	276,574
Investment consultant's fees	142,500	115,019
Office supplies and expenses	87,592	74,265
Legal fees	87,963	44,385
Actuary fees	63,027	46,524
Building operations	62,754	16,125
Accounting and auditing fees	51,475	52,026
Medical reviews, consulting, and investigations	46,479	76,560
Travel and seminars	33,720	10,778
Insurance	27,245	30,088
Depreciation	19,530	23,738
	<u>\$ 894,487</u>	<u>766,082</u>

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS
SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT MANAGEMENT AND CUSTODIAL FEES

	For The Years	
	Ended September 30	
	2006	2005
Investment management fees:		
Fisher Investments, Inc.	\$ 375,358	300,252
Stoneridge Investment Partners, LLC	211,400	179,509
Brandywine Asset Management	172,320	117,891
PanAgora Asset Management	134,652	150,467
New York Life Investment Management	124,983	-
Pzena Investment Management	73,454	-
Oppenheimer Capital	65,553	280,792
Castleark Management, LLC	52,511	-
Rockwood Capital Advisors	-	52,609
	<u>1,210,231</u>	<u>1,081,520</u>
Custodial fees:		
The Northern Trust Company	<u>181,299</u>	<u>127,356</u>
Total Investment Management And Custodial Fees	<u><u>\$ 1,391,530</u></u>	<u><u>1,208,876</u></u>

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS
SUPPLEMENTAL INFORMATION

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	\$ 10,000,000
Aggregate	\$ 10,000,000
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>		
September 30, 2006	\$ 4,110,402	\$ 2,853,058	\$ 34,103,149	\$ 41,066,609
September 30, 2005	4,110,402	2,644,335	47,975,057	54,729,794
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

Deductions from net assets:

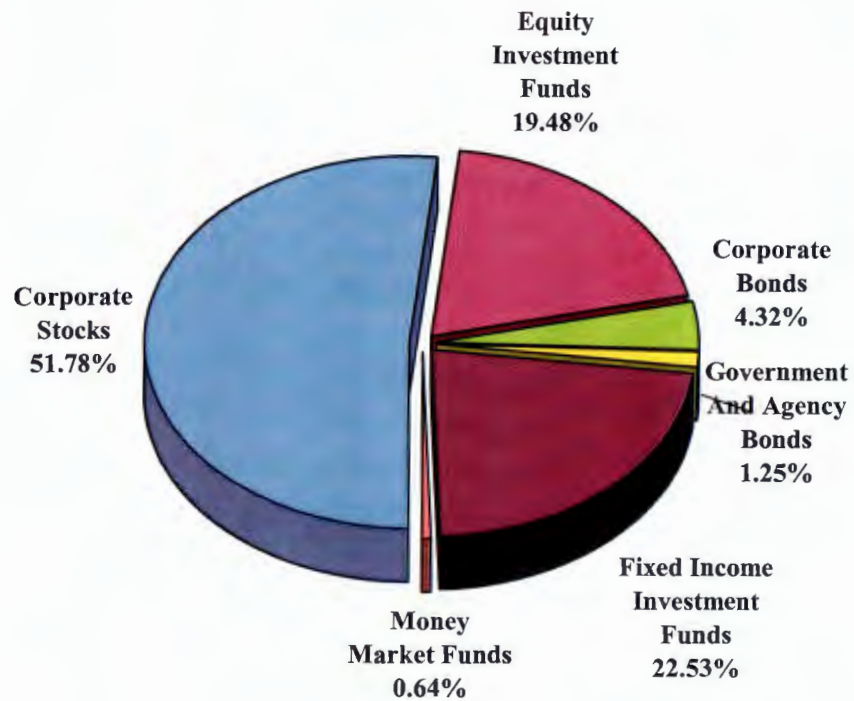
<u>For The Years Ended</u>	<u>Benefits Paid</u>	<u>Refunds To Members</u>	<u>Admini- strative Expenses</u>	<u>Total</u>
September 30, 2006	\$ 28,615,532	\$ 1,685,199	\$ 894,487	\$ 31,195,218
September 30, 2005	27,624,677	1,380,787	766,082	29,771,546
September 30, 2004 (B)	29,288,492	945,481	826,258	31,060,231
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

(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.

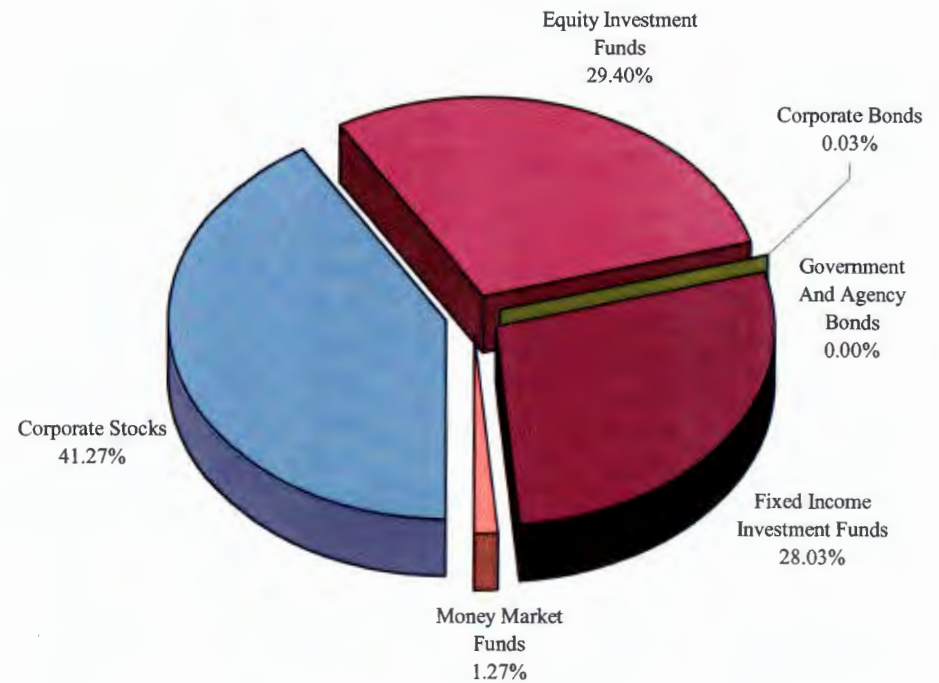
(B) Period includes 13 months.

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS

INVESTMENTS

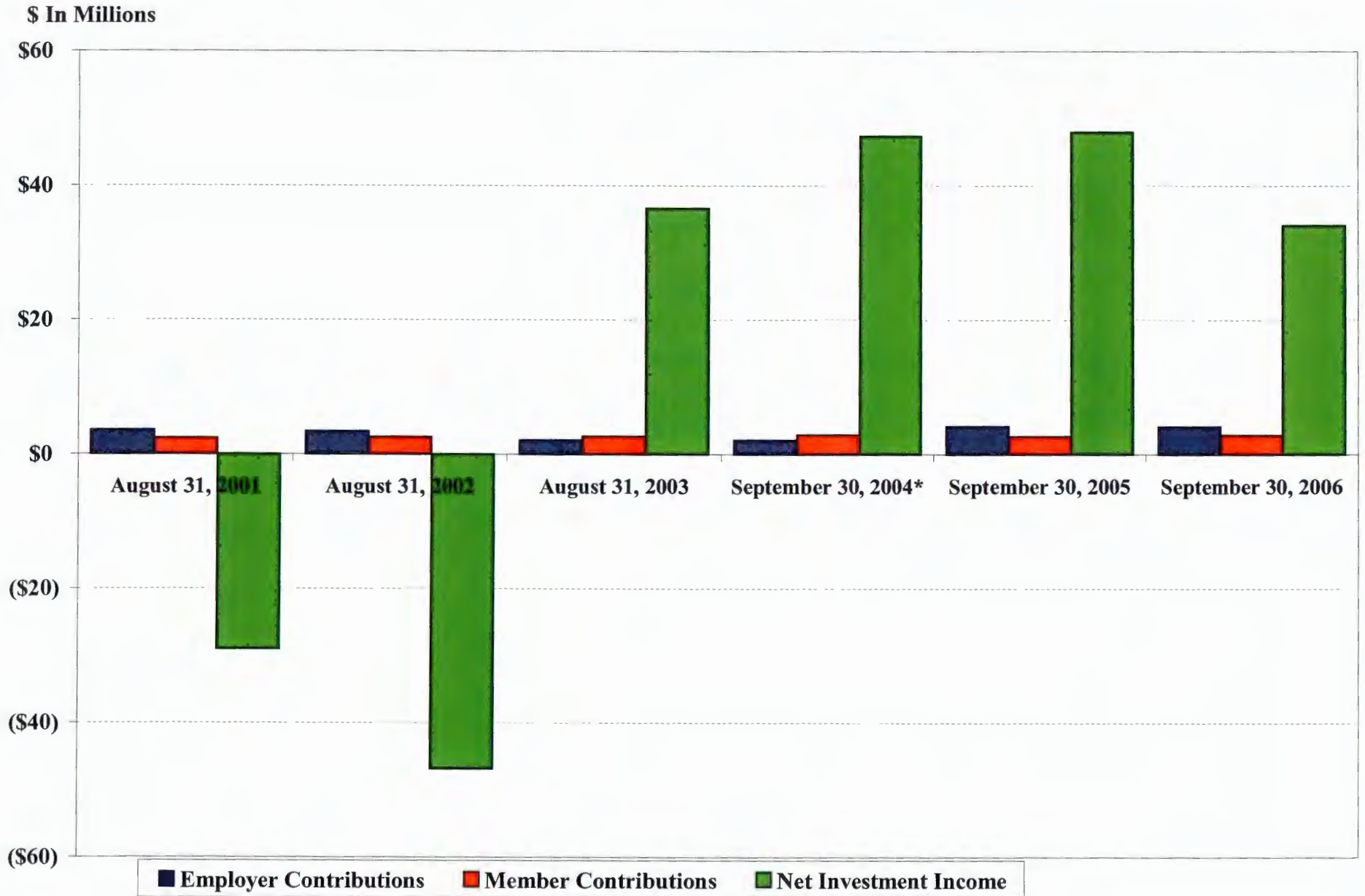


September 30, 2006



September 30, 2005

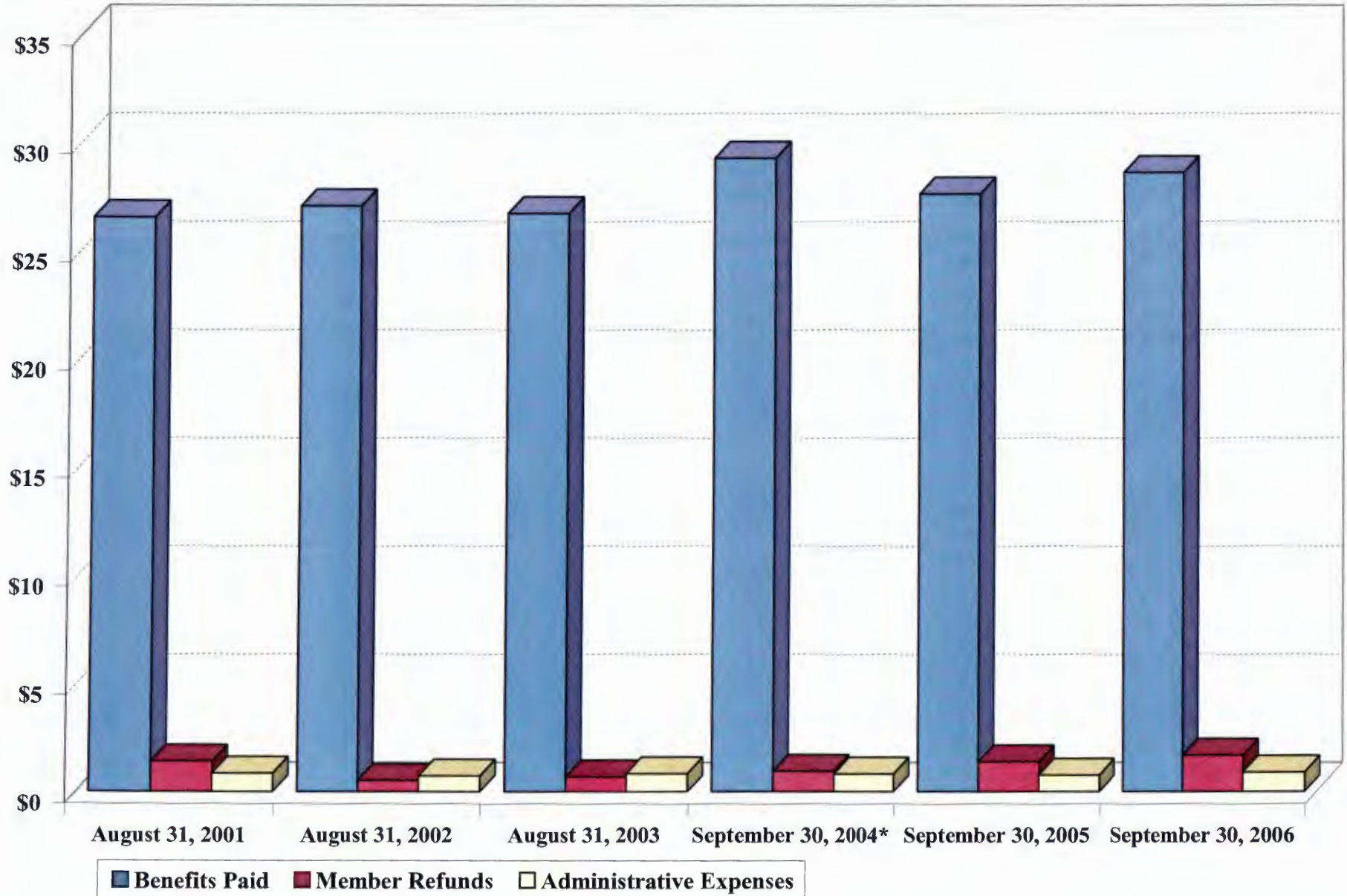
FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS
ADDITIONS TO NET ASSETS
FOR THE YEARS ENDED



*Period includes 13 months.

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

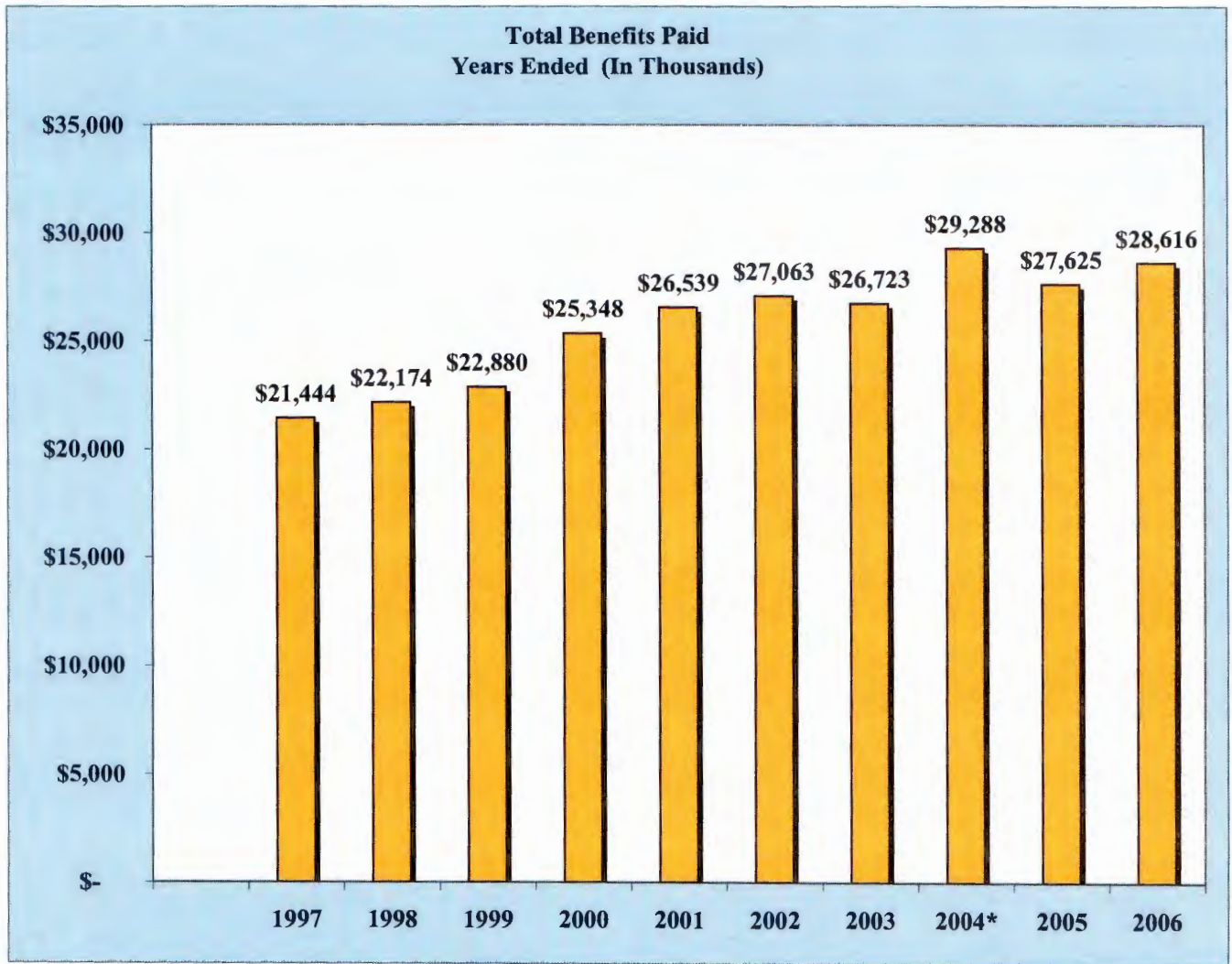
\$ In Millions



*Period includes 13 months.

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

For The Fiscal Years Ended	Service Retirees	Accidental Disability	Beneficiaries	Ordinary Disability	Death	Medical	Total
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
2006	13,526,512	11,682,680	3,032,113	319,198	32,000	23,029	28,615,532



*Period includes 13 months.