



**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**

FINANCIAL REPORT
(Audited)

Year Ended September 30, 2014

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
FINANCIAL REPORT**

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
Statements of Fiduciary Net Position	10
Statements of Changes in Fiduciary Net Position	11
Notes to Financial Statements	12
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Changes in Employer's Net Pension Liability	25
Schedules of Employer's Net Pension Liability	26
Schedules of Employer's Contributions	27
Schedules of Annual Money-weighted Rate of Return on Investments	28
Notes to Required Supplemental Information	29
OTHER SUPPLEMENTAL INFORMATION	
Benefits Paid to Retirees and Beneficiaries	32
Administrative Expenses	32
Investment Management and Custodial Fees	32
Summary of Insurance Coverage	33
INTERNAL CONTROL AND COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35



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

INDEPENDENT AUDITOR'S REPORT

May 29, 2015

The Board of Trustees
THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **THE FIREFIGHTERS' RETIREMENT PLAN OF THE CITY OF ST. LOUIS** (the Plan), a Pension Trust Fund of the City of St. Louis, Missouri, as of and for the year ended September 30, 2014 and as of and from the date of inception (February 1, 2013) to September 30, 2013, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 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

In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2014, and 2013, and the respective changes in fiduciary net position thereof for the year ended September 30, 2014 and the period from the date of inception (February 1, 2013) to September 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplemental Information

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

Other Supplemental Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

The following management's discussion and analysis (MD&A) of **THE FIREFIGHTERS' RETIREMENT PLAN OF THE CITY OF ST. LOUIS** (the Plan) provides an overview of the Plan's financial activities for the fiscal year ended September 30, 2014 and the fiscal period from the date of inception (February 1, 2013) to September 30, 2013 (fiscal year 2013). The MD&A should be read in conjunction with the Plan's financial statements and supplemental information.

FINANCIAL HIGHLIGHTS

The City of St. Louis, Missouri (the "employer" and "plan sponsor") pursuant to its authority under the home rule charter provisions of the Constitution of the State of Missouri and the laws of the State of Missouri, established this defined benefit retirement plan effective February 1, 2013, known as The Firefighters' Retirement Plan, to provide retirement, disability, and death benefits for the active and retired firefighters of the City and their beneficiaries. The Plan operates separately, but simultaneously, with Firemen's Retirement System of St. Louis (FRS) under a dual plan system. Benefit accruals under FRS were frozen as of February 1, 2013.

The Plan's net position was \$19,859,333 at September 30, 2014, which represents an increase of \$18,206,502 from September 30, 2013. The 2014 fiscal year was the Plan's first full year of operations.

Additions to net position for fiscal year 2014 were \$11,663,343, as compared to additions of \$1,704,910 for fiscal year 2013. Fiscal year 2014's additions are comprised of a negative \$92,382 of net investment income, \$8,942,435 in employer contributions, and \$2,813,290 in Members' contributions.

Deductions from net position were \$339,590 for fiscal year 2014 and \$52,079 for fiscal year 2013.

In addition, the Plan received a transfer of \$6,882,749 from FRS for its share of the City's employer contribution originally contributed to FRS during the September 30, 2013 fiscal year based on the October 1, 2012 actuarial valuation.

The overall investment return for the Plan was (0.87%) for fiscal year 2014 compared to 0% for fiscal year 2013. Since the Plan was recently established, the Board of Trustees have been developing investment policies and engaged a custodian and investment consultant. Investments are expected over a long-term horizon to achieve the actuarial assumed rate of return of 7.625%.

Changes in Members' benefits resulted from:

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013
New entrants	32	19
Retirements:		
Service	12	7
Disability	1	-
Members requesting a refund withdrawal	26	15

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FINANCIAL STATEMENTS

The 2014 financial statements, notes to financial statements, and required supplemental information (RSI) were prepared in conformity with GASB Statement No. 67 (GASB 67), *Financial Reporting for Pension Plans*. GASB 67 replaces GASB 25 and GASB 50 as reporting standards for governmental employer pension systems.

Highlights of the changes to these financial statements as a result of implementing GASB 67 are as follows:

- GASB 67 only affects reporting requirements and does not prescribe funding methods which could be different. The Plan will continue to use the same actuarial cost method for its funding policy that computes contribution amounts (normal cost) on a level contribution where the present value of normal costs at entry age is equal to the present value of future benefits at entry age. For financial reporting purposes the Plan is required to use the entry age actuarial cost valuation method in determining the normal cost of system benefits, expressed as a percent of active covered payroll for service retirement benefits, disability benefits, survivor benefits, and administrative expenses (excluding expenses related to the investment of system assets, all of which are covered by investment return). The contribution amount required to amortize any unfunded actuarial liability is determined annually and as a percentage of participants covered payroll. The required contribution amounts are to be determined by regular annual actuarial valuations, conducted by the Plan's actuary.
- Statement of net assets and statements of changes in net assets have now been retitled as statements of fiduciary net position and statements of changes in fiduciary net position, respectively.
- GASB 67 classifies the Plan as a single-employer public pension plan for reporting purposes.
- The discount rate used to calculate the present value of future benefit payments for reporting purposes is based upon the projected plan net position (PNP) using actuarial assumptions about contributions, benefit payments, and the long-term rate of return. If the projected PNP is not sufficient to cover projected benefit payments, a blended discount rate is required using both the weighted average of the long-term rate of return and the muni-bond rate for periods after the PNP is exhausted. The Plan currently uses the long-term discount rate of 7.625% and expects assets will be sufficient to cover PNP for all current active Members and any beneficiaries.
- New footnote requirements include the target asset allocation including long-term expected real rate of return, investments representing 5% or more of the Plan's fiduciary net position, employers' net pension liability, summary of actuarial assumptions, and sensitivity of net pension liability to changes in the discount rate.
- New required supplemental information includes a schedule of changes in employer net pension liability, schedule of employer net pension liability, schedule of employer contributions, and schedule of annual money-weighted rate of return on investments. Notes to the RSI include significant methods and assumptions used in calculating the actuarially determined contributions.

The basic financial statements contained in this section of the annual financial report consist of:

- The statements of fiduciary net position which report the pension trust funds' assets, liabilities, and resulting net position where $\text{Assets} - \text{Liabilities} = \text{Net Position}$ held in trust for pension benefits available

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

at the end of the fiscal year. It is a snapshot of the financial position of the pension trust funds at that specific point in time.

- The statements of changes in fiduciary net position which summarize the pension trust funds' financial transactions that have occurred during the fiscal year where Additions - Deductions = Net Change in Net Position. It supports the change that has occurred to the prior year's net position on the statement of fiduciary net position.
- The notes to financial statements are an integral part of the above financial statements and include additional information not readily evident in the statements themselves.
- The required supplemental management discussion and analysis information, the RSI, and other supplemental information following the notes to financial statements provide detailed historical information considered useful in evaluation the condition of the Plan.

FINANCIAL ANALYSIS

Total assets at September 30, 2014 were \$19,887,681 and were comprised of cash and cash equivalent, investments, receivables, and net capital assets. Total assets increased \$18,197,585 or 1,077% from September 30, 2013.

Total liabilities at September 30, 2014 were \$28,348 and consisted mainly of Members' contributions refundable, payroll related liabilities, and accrued administrative expenses. Total liabilities decreased \$8,917 or 24% from September 30, 2013.

Net position - restricted for pensions was \$19,859,333 at September 30, 2014, an increase of \$18,206,502 or 1,102% from fiscal year 2013. This increase mainly resulted from being fully operational through the entire fiscal year, plus a transfer of assets from FRS.

Following is a condensed version of the statements of fiduciary net position:

	September 30		2014 Change	
	2014	2013	Amount	Percent
ASSETS				
Investments	\$18,554,271	-	18,554,271	100.0 %
Cash and cash equivalents	1,097,691	1,504,817	(407,126)	(27.1)
Receivables	53,919	185,279	(131,360)	(70.9)
Capital assets, net	181,800	-	181,800	100.0
Total Assets	19,887,681	1,690,096	18,197,585	1,076.7
LIABILITIES	28,348	37,265	(8,917)	(23.9)
NET POSITION	\$19,859,333	1,652,831	18,206,502	1,101.5 %

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Revenues - Additions to Net Position

Net investment income (loss) totaled (\$92,382) in fiscal year 2014 as compared to \$0 in fiscal year 2013. Investment income (loss) is net of investment expenses (management and custodial fees) totaling \$21,731 for the year ended September 30, 2014 and \$0 for fiscal year 2013.

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. Members with over 20 years of service at the Plan's inception contribute 8% (1% while in DROP status) of their after-tax salary to fund future retirement benefits. Members with less than 20 years of service at the Plan's inception and members appointed after February 1, 2013 contribute 9% (1% while in DROP status) of their pre-tax salary to fund future retirement benefits. Total contributions (employer and Members) totaled \$11,755,725 for the year ended September 30, 2014 as compared to \$1,704,910 for fiscal year 2013. Contributions increased \$10,050,815 for the year ended September 30, 2014, compared to fiscal year 2013 mainly from the City's contributions for the fiscal year plus having twelve months of contributions from members during fiscal 2014 vs. eight months during fiscal 2013.

Expenses - Deductions from Net Position

The primary expenses of the Plan include the payment of pension benefits to retirees and beneficiaries, refunds of Member's contributions, and administrative expenses to operate the Plan. Total expenses for the fiscal year 2014 were \$339,590, an increase of \$287,511 from fiscal year 2013. This increase is mainly due to being operational the entire fiscal year.

Following is a condensed version of the statements of changes in fiduciary net position:

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013	2014 Change	
			Amount	Percent
ADDITIONS				
Investment income (loss)	\$ (92,382)	-	(92,382)	(100.0) %
Employer's contribution	8,942,435	-	8,942,435	100.0
Member's contributions	2,813,290	1,704,910	1,108,380	65.0
Total Additions	<u>11,663,343</u>	<u>1,704,910</u>	<u>9,958,433</u>	584.1
DEDUCTIONS				
Benefits paid	48,249	1,112	47,137	4,238.9
Refund of Members' contributions	84,065	31,044	53,021	170.8
Administrative expenses	207,276	19,923	187,353	940.4
Total Deductions	<u>339,590</u>	<u>52,079</u>	<u>287,511</u>	552.1
INCREASE IN NET POSITION BEFORE TRANSFER				
	11,323,753	1,652,831	9,670,922	585.1
TRANSFER IN	6,882,749	-	6,882,749	100.0
NET POSITION, BEGINNING OF YEAR	<u>1,652,831</u>	<u>-</u>	<u>1,652,831</u>	100.0
NET POSITION, END OF YEAR	<u>\$ 19,859,333</u>	<u>1,652,831</u>	<u>18,206,502</u>	1,101.5 %

SUMMARY

The Plan has ended its first full year in operation, with inception being February 1, 2013. The Board of Trustees have developed an investment policy, as well as a number of administrative policies. The Board of Trustees engaged a custodian to hold investment assets and an investment manager. The City's actuarially determined annual contribution, along with the Member contributions and investment earnings, will be needed to cover benefit accruals and payments. The Board anticipates the combinations of these revenues to adequately sustain the Plan over a long-term horizon.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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 Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Richard R. Frank, Board Secretary
The Firefighters' Retirement Plan of the City of St. Louis
1114 Market Street, Suite 900
St. Louis, MO 63101
or
E-mail: FrankR@StLouis-MO.gov

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
STATEMENTS OF FIDUCIARY NET POSITION

	September 30	
	2014	2013
ASSETS		
Investments at fair value:		
Equities	\$ 6,182,912	-
Fixed income	4,193,827	-
Money market fund	8,177,532	-
Total Investments	18,554,271	-
Cash and cash equivalents	1,097,691	1,504,817
Receivables:		
Members' contributions receivable	-	131,360
Due from Firemen's Retirement System of St. Louis	53,919	53,919
Total Receivables	53,919	185,279
Capital assets, less accumulated depreciation	181,800	-
Total Assets	19,887,681	1,690,096
LIABILITIES		
Members' contributions refundable	4,450	22,891
Benefit payable - pension	386	956
Accrued administrative expenses	23,512	13,418
Total Liabilities	28,348	37,265
NET POSITION - RESTRICTED FOR PENSIONS	\$ 19,859,333	1,652,831

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013
	<u>2014</u>	<u>2013</u>
ADDITIONS TO NET POSITION		
ATTRIBUTED TO		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	\$ (119,993)	-
Dividends	48,807	-
Interest	535	-
Total Investment Income (Loss)	<u>(70,651)</u>	<u>-</u>
Less - Investment management and custodial fees	<u>21,731</u>	<u>-</u>
Net Investment Income (Loss)	<u>(92,382)</u>	<u>-</u>
Contributions:		
Employer	8,942,435	-
Members	2,813,290	1,704,910
Total Contributions	<u>11,755,725</u>	<u>1,704,910</u>
Total Additions	<u>11,663,343</u>	<u>1,704,910</u>
DEDUCTIONS FROM NET POSITION		
ATTRIBUTED TO		
Administrative expenses	207,276	19,923
Refunds of Members' contributions	84,065	31,044
Benefits paid to retirees and beneficiaries	48,249	1,112
Total Deductions	<u>339,590</u>	<u>52,079</u>
INCREASE IN NET POSITION BEFORE TRANSFER	11,323,753	1,652,831
TRANSFER IN	6,882,749	-
NET POSITION - RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	<u>1,652,831</u>	<u>-</u>
NET POSITION - RESTRICTED FOR PENSIONS, END OF YEAR	<u><u>\$ 19,859,333</u></u>	<u><u>1,652,831</u></u>

See notes to financial statements

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE A - DESCRIPTION OF PLAN

THE FIREFIGHTERS' RETIREMENT PLAN OF THE CITY OF ST. LOUIS (the Plan) administers a single employer defined benefit pension plan providing pension benefits to the City of St. Louis firemen (the Members). Membership in the Plan consists of:

<u>Group</u>	<u>September 30</u>	
	<u>2014</u>	<u>2013</u>
Retirees and beneficiaries currently receiving benefits	<u>22</u>	<u>9</u>
Current Active Members:		
Vested - non-DROP	378	373
Vested - participating in DROP	62	67
Nonvested	<u>186</u>	<u>180</u>
Total Current Active Members	<u>626</u>	<u>620</u>
Total Membership	<u>648</u>	<u>629</u>

The Plan provides retirement benefits as well as death and disability benefits. Grandfathered Members are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A Member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the Member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A Member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a Member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

The monthly allowance is determined by the average final monthly compensation over the last 5 years of service. For grandfathered Members, the average is over the last 2 years of service. The monthly allowance consists of 40% of the applicable final 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 accumulated before September 20, 2010 may increase the maximum pension beyond this limitation.

A grandfathered Member with at least 20 years of service as of February 1, 2013, contributes 8% of their salary, after-tax. All other Members contribute 9% of their salary, pre-tax. All Members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus interest, as will grandfathered Members who terminate employment before completing 20 years of service. Contributions to the Plan made on or after the inception of the Plan are not refundable to a Member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit; except that contributions to

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE A - DESCRIPTION OF PLAN (Continued)

the Plan by a grandfathered Member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

The Plan allows qualifying Members a one-time election to participate in a Deferred Retirement Option Plan (DROP). The DROP option is available to Members of the Plan 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 contribution percentage. 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 216 and 204 at September 30, 2014 and 2013, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Board of Trustees Composition

The Board shall consist of seven (7) Trustees, two (2) of whom are elected by the active members of the Plan, one (1) of whom is elected by the retired members of the Plan, two (2) of whom are appointed by the Mayor of the City of St. Louis (the City), and two (2) of whom are Trustees by virtue of offices (comptroller of the City or designee by either the deputy comptroller or the first assistant comptroller and budget director of the City).

3. Basis of Accounting

The financial statements were prepared using the accrual basis of accounting. Members' and employer's 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. Dividend income is recognized based on the ex-dividend date and interest income

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting (Continued)

is recognized on the accrual basis as earned. Investment purchases and sales are recorded on a trade-date basis.

4. New GASB Accounting Model

GASB 67 was adopted during the year ended September 30, 2014, addressing accounting and financial reporting requirements for governmental pension systems. GASB 67 requires changes in presentation of the financial statements, notes to financial statements, and RSI. Significant changes include an actuarial calculation of the total and net pension liability as defined in the accounting standard. Comprehensive footnote disclosures regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures are also included. The implementation of this standard did not significantly impact the accounting for receivables and investment balances. The total employers' projected net pension liability is presented in the notes to financial statements. Related GASB 67 disclosures can be found in the RSI section of the report.

5. Cash and Cash Equivalents

Cash on deposit with Commerce Bank N.A. is managed for the Plan by the Board.

6. Operating Expenses

Benefits paid and administrative expenses are approved by the Board. Payments are processed by the Plan's administrative staff.

7. Use of Estimates

The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management and the Plan'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 position during the reporting period. Actual results could differ from those estimates.

8. Capital Assets

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

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

Asset	Years
Furniture, equipment, and software	3 - 10

Payments for repairs and maintenance are expensed as incurred. Gains and losses on disposition of capital assets are included in income as realized.

Capital assets consists of the following:

	September 30	
	2014	2013
Software - at cost	\$181,800	-
Less - Accumulated depreciation	-	-
Total Capital Assets, Net Of Accumulated Depreciation	\$181,800	-

Capital assets, net of accumulated depreciation, is summarized by major classification as follows:

	For The Year Ended September 30, 2014			
	Book Value September 30 2013	Increases	Decreases	Book Value September 30 2014
Furniture, equipment, and software, net	\$ -	181,800	-	181,800

The pension administration software was not placed into service and, therefore, depreciation expense for the years ended September 30, 2014 and 2013 were \$0 each year.

NOTE C - CASH AND CASH EQUIVALENTS

The Plan's bank deposits 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 Plan's cash not insured by the Federal Deposit Insurance Corporation (FDIC). The Plan's bank deposits as of September 30, 2014 and 2013 were \$1,142,693 and \$1,505,601, respectively. For 2014, the balance was insured by the FDIC in the amount of \$250,000, collateralized with securities held by the pledging financial institution's trust department in the Plan's name in the amount of \$713,415, and the remain-

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE C - CASH AND CASH EQUIVALENTS (Continued)

ing balance of \$179,278 was unsecured. For 2013 the balance was insured by the FDIC for \$250,000 and the remaining balance of \$1,255,601 was unsecured. The Plan's carrying amount of bank deposits was \$1,097,691 and \$1,504,817 as of September 30, 2014 and 2013, respectively.

NOTE D - INVESTMENTS

Investments of the Plan are managed by an Investment Manager (Dahab Associates, Inc.) who was hired by the Board to invest according to guidelines established by the Board. The fair value of investments managed consisted of the following:

	September 30	
	2014	2013
Vanguard Exchange Traded Funds (ETF):		
International equity index	\$ 6,182,912	-
Short-term bond fixed income	4,193,827	-
Money market fund - Northern Trust Collective		
Government Short-term Investment Fund	8,177,532	-
Total Investments	\$ 18,554,271	-

The Plan's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Plan's development and continual monitoring of sound investment policies. The Maturities and Credit Rating by Investment schedules are presented as follows to provide an illustration of the Plan's current level of exposure to various risks.

The following schedule provides a summary of the fixed income investment maturities by investment category, which helps demonstrate the current level of interest rate risk assumed by the Plan:

Fixed Income Investment Category	Maturities As Of September 30, 2014				
	Total	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Short-term bond ETF	\$ 4,193,827	-	4,193,827	-	-
Fixed Income Investment Category	Maturities As Of September 30, 2013				
Total	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	
No securities held	\$ -	-	-	-	-

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE D - INVESTMENTS (Continued)

The Plan's fixed income investment 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:

<u>Credit Rating Level</u>	<u>Credit Rating As Of</u>	
	<u>September 30</u>	
	<u>2014</u>	<u>2013</u>
<u>Short-term Bond ETF</u>		
AAA	<u>\$ 4,193,827</u>	<u>-</u>

Investment Policies

Custodial Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's minimum credit quality for each issue shall be "BBB" (or its equivalent) at the time of purchase. The fixed income portfolio should have an average quality rating of at least "A" (or its equivalent). In the event of a downgrade below investment grade by any rating agency, the Investment Manager is required to notify the Board, and provide a Plan for holding or disposition of said securities.

Interest Rate Risk is the risk that changes in interest rate 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 management of the Plan's investment in a single issuer. The Plan's policy does not allow the concentration per issuer to exceed 5% of the portfolio's market value, with the exception of U.S. government obligations. Furthermore, the Investment Manager may not hold more than 5% of the outstanding shares of any single issuer.

It is the Plan's current policy to invest in each asset class ranging between a minimum and maximum of total Plan's investments 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>
Global All-Cap Equity	55%	60	65
Domestic Short-term Fixed Income	35	40	45

Long-term Expected Rate of Return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE D - INVESTMENTS (Continued)

each major asset class included in the Plan's target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate Of Return</u>
International equity	4.7%
Fixed income	(1.3)
Money market	-

The above long-term expected real rates of returns represents best estimates of mathematical rates of returns for each major asset class included. The rates of returns are shown net of inflation (assumed at 3%) and net of investment expenses (assumed at 0.5%).

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

Investments which exceed 5% or more of net position - restricted for pensions are as follows:

	<u>September 30</u>	
	<u>2014</u>	<u>2013</u>
Vanguard International Equity ETF	\$6,182,912	-
Vanguard Short-term Bond ETF	4,193,827	-
Northern Trust Collective Government Short-term Investment Fund	8,177,532	-

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

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

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

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

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013
Equities:		
International Equity ETF	\$ (114,617)	-
Fixed income:		
Short-term Bond ETF	(5,376)	-
Total	\$ (119,993)	-

NOTE G - EMPLOYER'S NET PENSION LIABILITY - ENTRY AGE NORMAL ACTUARIAL COST METHOD

The components of the employer's net pension liability (the Plan's liability determined in accordance with GASB 67 less the fiduciary net position) as of September 30, 2014 and 2013, are shown in the schedules of net pension liability below.

Actuarial valuation of an ongoing plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of changes in employer's net pension liability presents multi-year trend information about whether the Plan's fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the RSI. The total pension liability as of September 30, 2014 and 2013 are based on an actuarial valuation performed as of September 30, 2013, and a measurement date of September 30, 2013 using generally accepted actuarial procedures.

Schedules of Employer's Net Pension Liability

	September 30	
	2014	2013
Pension liability	\$52,268,153	47,262,202
Plan's fiduciary net pension	19,859,333	1,652,831
Employer's Net Pension Liability	\$32,408,820	45,609,371
Plan's fiduciary net position as a percentage of pension liability	38.00%	3.50
Total employee payroll (including DROP participants)	\$39,102,123	23,269,893
Employer's net pension liability as a percent of total employee payroll	82.88%	196.00

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE G - EMPLOYER'S NET PENSION LIABILITY - ENTRY AGE NORMAL ACTUARIAL COST METHOD (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate Assumption</u>	<u>1% Increase</u>
Discount rate	6.625%	7.625	8.625
Net pension liability	\$39,013,007	32,408,820	26,598,354

Discount Rate Used to Calculate the Present Value of Future Benefit Payments

A Single Discount Rate of 7.625% was used to measure the pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.625%. This Single Discount Rate is net of investment expenses (investment management and custodial fees) assumed to be 50 basis points. The projection of cash flows used to determine this Single Discount Rate assumed that the City would make the required contributions as defined by Statute. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Members and their beneficiaries. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Methods and assumptions used in calculations of actuarially determined contributions and pension liability:

Method:	
Valuation date	October 1, 2013
Actuarial cost method:	
GASB 67 reporting	Entry Age - Normal
Funding	Entry Age - Normal
Amortization method/period	30-year closed period from establishment
Remaining amortization period	Started February 1, 2013
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.625%, net of investment expenses of 50 basis points
Long-term municipal bond rate	4.11%
Rate of payroll growth	Varies based on employee's years of service
Consumer price inflation	3%
Mortality	RP-2000 mortality table, sex distinct, with rates projected to 2015

The actuarial asset valuation method is changed to using a smoothed method over a five-year period for the October 1, 2014 valuation.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
NOTES TO FINANCIAL STATEMENTS**

NOTE G - EMPLOYER'S NET PENSION LIABILITY - ENTRY AGE NORMAL ACTUARIAL COST METHOD (Continued)

Termination Rates before Retirement

<u>Years Of Service</u>	<u>Rate Percent</u>
-	7.50%
1	4.00
2 - 7	2.25
8 - 13	1.25
14 - 19	0.50
20 or more	-

Cost-of-Living Adjustments

For Grandfathered Participants: For retirements before attaining 25 years of service, the COLA is 1.5% per year up to age 60 and 5% per year after 60, with a 25% maximum applied past age 60. For retirements after attaining 25 years of service but before attaining 30 years of service, the COLA is 2.25% per year up to age 60 and 5% per year after 60, with a 25% maximum applied past age 60. For retirements after attaining 30 years of services and disabilities incurred in the line of duty in response to an emergency call that prevent work in any occupation, the COLA is 3% per year up to age 60 and 5% per year after 60, with a 25% maximum applied past age 60. For retirements after age 60, the COLA is 5% per year up to a maximum of 25%. For disabilities other than those incurred in the line of duty in response to an emergency call that prevent work in any occupation, the COLA is 3% per year up to a maximum of 25%.

For participants who entered the Plan after the effective date: 3% per year up to a maximum of 25%.

All COLAs are subject to an upper limit of the Consumer Price Index (CPI) for the calendar year prior to the year the COLA is awarded.

NOTE H - RELATED PARTY TRANSACTIONS

The Plan reimburses the City 100% of the total salaries, payroll taxes, and employee fringe benefits for Plan employees. The Plan's expense for the year ended September 30, 2014 and the period from the date of inception (February 1, 2013) to September 30, 2013 was \$84,403 and \$16,729, respectively.

NOTE I - RISK MANAGEMENT

The Plan is exposed to various risks of loss related to breach of fiduciary duties, errors and omissions, and loss of assets, torts, etc. The Plan is covered for such losses through the City's self-insurance fund (the Public Facilities Protection Corporation).

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
NOTES TO FINANCIAL STATEMENTS

NOTE J - RISKS AND UNCERTAINTIES

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.

NOTE K - RATE OF RETURN

For the year ended September 30, 2014 and the period from the date of inception (February 1, 2013) to September 30, 2013, the annual money-weighted rate of return on pension plan investments, net of investment expenses, was (2.31%) and 0%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

NOTE L - TRANSFER IN

During the year ended September 30, 2014, the Plan received a transfer of \$6,882,749 from FRS pursuant to a settlement and release entered into with the City in December 2013.

It was mutually agreed to recalculate the City's statutory annual required contribution for the Plan's year ending September 30, 2013, as determined by the October 1, 2012 actuarial valuation. The recalculation recognized that all benefit accruals for years of service and salary increases after February 1, 2013 are frozen under the FRS Plan. The calculation further recognized that FRP, created under the provisions of Ordinance 69245 as amended by Ordinance 69353, bears the liability for all benefit accruals based upon years of service or salary increases after February 1, 2013.

The recalculation was finalized and agreed to by the actuaries representing the Plan and FRS. FRS transferred \$6,882,749 to the Plan. This was the amount calculated for the City's contribution to FRS for the time period from February 1, 2013 (date the FRS was frozen) to September 30, 2013.

NOTE M - NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, was issued June 2012 and is effective for fiscal years beginning after June 15, 2014 (Plan's year ended September 30, 2015). GASB 68 amends GASB 27 and GASB 50 as they relate to governmental employers that provide pensions through trusts. GASB 68 establishes procedures for measuring and recognizing the obligations associated with pensions as well as identifies methods for attributing the associated costs to the appropriate period as they are earned over an employee's career. Also included in GASB 68 are amendments to the notes to financial statements and RSI requirements as well as details to address special funding situations.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
NOTES TO FINANCIAL STATEMENTS

NOTE M - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

While this new accounting pronouncement will affect the accounting measures, it does not have an effect on the actuarial methods and assumptions used by the Plan to determine the employer contributions needed to fund the Plan as required under City Charter.

NOTE N - SUBSEQUENT EVENTS

The Plan has performed an evaluation of subsequent events through May 29, 2015, the date the basic financial statements were available to be issued. No material events were identified by the Plan.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
REQUIRED SUPPLEMENTAL INFORMATION**

REQUIRED SUPPLEMENTAL INFORMATION SECTION

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
REQUIRED SUPPLEMENTAL INFORMATION**

SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY

	For The Year Ended September 30, 2014
Pension liability:	
Service cost	\$ 6,411,308
Interest	4,087,628
Changes of benefit terms	-
Differences between expected and actual experience	(5,360,671)
Changes of assumptions	-
Benefit payments and refunds of Members' contributions	(132,314)
Net Change In Total Pension Liability	5,005,951
Pension liability, beginning	47,262,202
Pension Liability, Ending (a)	\$ 52,268,153
Plan fiduciary net position:	
Contributions - Employer	\$ 8,942,435
Contributions - Members	2,813,290
Net investment income (loss)	(92,382)
Refunds of Members' contributions	(84,065)
Benefit payments	(48,249)
Administrative expense	(207,276)
Net Change In Plan Fiduciary Net Position	11,323,753
Transfer in (Note A)	6,882,749
Plan fiduciary net position, beginning (Note B)	1,652,831
Plan Fiduciary Net Position, Ending (b)	\$ 19,859,333
Employer's Net Pension Liability, Ending (a-b)	\$ 32,408,820

Note A - "Transfer in" represents the portion of the City's September 30, 2013 contribution originally received by FRS. This is the portion of the contribution actuarially calculated for the period February 1, 2013 through September 30, 2013.

Note B - The beginning fiduciary net position includes a positive adjustment of \$148,015 not reflected in the October 1, 2013 actuarial valuation.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULES OF EMPLOYER'S NET PENSION LIABILITY

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013
	<u> </u>	<u> </u>
Pension liability	\$ 52,268,153	47,262,202
Plan fiduciary net position	<u>19,859,333</u>	<u>1,652,831</u>
Employer's Net Pension Liability	<u><u>\$ 32,408,820</u></u>	<u><u>45,609,371</u></u>
Plan fiduciary net position as a percentage of pension liability	38.00 %	3.50
Total employee payroll (including DROP participants)	\$ 39,102,123	23,269,893
Employer's net pension liability as a percentage of total employee payroll	82.88 %	196.00

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
REQUIRED SUPPLEMENTAL INFORMATION**

SCHEDULES OF EMPLOYER'S CONTRIBUTIONS

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013
	<u> </u>	<u> </u>
Employer actuarially determined contributions	\$ 8,942,435	6,882,749
Contributions in relation to the actuarially determined contribution	<u>8,942,435</u>	<u>6,882,749</u>
Contribution Surplus (Deficiency)	<u>\$ -</u>	<u>-</u>
Total employee payroll (including DROP participants)	\$ 39,102,123	23,269,893
Contributions as a percentage of total employee payroll	22.87 %	29.58

Note A - The Employer's September 30, 2013 actuarially determined contribution was originally contributed to FRS and per settlement these monies were transferred to FRP during fiscal year 2014.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULES OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013
Annual money-weighted rate of return, net of investment expenses	<u>(2.31) %</u>	<u>-</u>

Note: The Plan did not have investments during the fiscal year ended September 30, 2013.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
REQUIRED SUPPLEMENTAL INFORMATION**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2014

1. Changes in Benefit Terms

There were no changes in benefits during the year ended September 30, 2014.

2. Changes in Assumptions

There were no changes in actuarial assumptions during the year ended September 30, 2014.

3. Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined employer contribution was calculated as of the September 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the September 30, 2013 actuarial valuation was made during the fiscal year ended September 30, 2014. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules of employer's contributions (schedule):

Method:

Valuation date	October 1, 2013
Actuarial cost method:	
GASB 67 reporting	Entry Age - Normal
Funding	Entry Age - Normal
Amortization method/period	30-year closed period from establishment
Remaining amortization period	Started February 1, 2013
Asset valuation method	Market value

Actuarial assumptions:

Investment rate of return	7.625%, net of investment expenses of 50 basis points
Long-term municipal bond rate	4.11%
Rate of payroll growth	Varies based on employee's years of service
Consumer price inflation	3%
Mortality	RP-2000 mortality table, sex distinct, with rates projected to 2015

4. GASB 67 Ten-year Required Supplemental Schedules

Required supplemental schedules are required to present 10 years of information. However, the information in the schedules are not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is presented.

5. Money-weighted Rate of Return

The annual money-weighted rate of return is computed assuming investment yield is received at the end of each month and on the actual or approximate date of contributions, benefit payments, and expenses.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
REQUIRED SUPPLEMENTAL INFORMATION**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)**

6. Discount Rate used to Calculate the Present Value of Future Benefits

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects: 1) a long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits) and 2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The long-term expected rate of return of the Plan's funding and GASB 67 reporting is assumed to be 7.625%. This rate is net of investment expenses. GASB 67 requires the long-term expected rate of return to be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Investment expenses (management and custodial fees) are assumed to be approximately 50 basis points.

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.625%; the municipal bond rate is 4.11% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.625%. The Single Discount Rate is unchanged from the expected rate of return on pension plan investments because the Plan is expected to have sufficient assets to make all projected benefit payments for the current members when due.

The Plan currently expects assets will be sufficient to cover projected plan net position using actuarial assumptions until 2111.

7. Covered Payroll and Total Payroll

The covered payroll for the Plan were as follows:

	For The Year Ended September 30 2014		From The Date Of Inception (February 1, 2013) To September 30 2013	
	<u>Number</u>	<u>Compensation</u>	<u>Number</u>	<u>Compensation</u>
Active Members non-DROP	564	\$ 31,957,843	553	\$ 19,752,001
Active Members participating in DROP	62	4,011,384	67	3,036,597
Total Covered Payroll	<u>626</u>	<u>\$ 35,969,227</u>	<u>620</u>	<u>\$ 22,788,598</u>
Total Payroll		<u>\$ 39,102,123</u>		<u>\$ 23,269,893</u>

Covered payroll includes straight-time wages used for pension benefit calculations. Total payroll includes overtime pay and premiums pay for GASB 67 disclosures.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
OTHER SUPPLEMENTAL INFORMATION**

OTHER SUPPLEMENTAL INFORMATION SECTION

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
OTHER SUPPLEMENTAL INFORMATION**

	For The Year Ended September 30 2014	From The Date Of Inception (February 1, 2013) To September 30 2013
BENEFITS PAID TO RETIREES AND BENEFICIARIES		
Monthly annuity:		
Service retirees	\$ 20,853	1,112
Ordinary disability	26,772	-
DROP	624	-
Total Benefits Paid To Retirees And Beneficiaries	\$ 48,249	1,112
ADMINISTRATIVE EXPENSES		
Personnel costs:		
Salaries and payroll taxes	\$ 71,854	15,827
Employee benefits:		
Group health	5,953	902
Pension	6,596	-
Total Personnel Costs	84,403	16,729
Accounting and auditing fees	8,250	-
Actuary fees	48,017	-
Election expense	-	600
Insurance - fiduciary liability	19,271	-
Legal fees	19,927	-
Medical reviews, consulting, and investigations	2,637	-
Office supplies and expenses	4,830	2,594
Professional advancement	19,941	-
Total Administrative Expenses	\$ 207,276	19,923
INVESTMENT MANAGEMENT AND CUSTODIAL FEES		
Investment manager/consultant	\$ 16,178	-
Custodial fees	5,553	-
Total Investment Management/Consultant And Custodial Fees	\$ 21,731	-

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS**
OTHER SUPPLEMENTAL INFORMATION

SUMMARY OF INSURANCE COVERAGE

Policy term: June 30, 2014 to 2015

<u>Type</u>	<u>Coverage</u>
Fiduciary liability	\$ 5,000,000

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
INTERNAL CONTROL AND COMPLIANCE**

INTERNAL CONTROL AND COMPLIANCE SECTION



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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

May 29, 2015

The Board of Trustees
**THE FIREFIGHTERS' RETIREMENT
PLAN OF THE CITY OF ST. LOUIS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the statements of fiduciary net position and the related statements of changes in fiduciary net position of **THE FIREFIGHTERS' RETIREMENT PLAN OF THE CITY OF ST. LOUIS** (the Plan), a Pension Trust Fund of the City of St. Louis, Missouri, as of and for the year ended September 30, 2014, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated May 29, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or de-

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 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

tect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS