



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

FINANCIAL REPORT
(Audited)

Period Ended September 30, 2013

**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	
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position	8
Notes to Financial Statements	9
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Funding Progress	15
Notes to Required Supplemental Information	16
OTHER SUPPLEMENTAL INFORMATION	
Benefits Paid to Retirees	18
Administrative Expenses	18
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>	20



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

INDEPENDENT AUDITOR'S REPORT

May 29, 2014

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 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.

16100 Chesterfield Parkway W., 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

 **PrimeGlobal** | An Association of
Independent Accounting Firms

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, 2013, and the respective changes in fiduciary net position thereof for 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.

The other supplemental 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 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, 2014, 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 PERIOD ENDED SEPTEMBER 30, 2013**

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 from the date of inception (February 1, 2013) to September 30, 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 (the 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 the FRS were frozen as of February 1, 2013.

The Plan's net position was \$1,652,831 at September 30, 2013.

Additions to net position from the date of inception (February 1, 2013) to September 30, 2013 were \$1,704,910, which is comprised of Members' contributions. Deductions from net position were \$52,079 during this same period.

Changes in Members' benefits resulted from:

**From The Date
Of Inception
(February 1, 2013) To
September 30, 2013**

Regular service retirements	7
Members requesting a refund withdrawal	15

FINANCIAL STATEMENTS

The financial report of the Plan consists of two financial statements: the statement of fiduciary net position and the statement of changes in fiduciary net position. The statement of fiduciary net position provide the detail of the Plan's position and related liabilities other than benefit obligations. The net position of the Plan reflect the resources available for future benefit payments. The statement of changes in fiduciary net position provide the detail of the Plan's activity during the period that lead to the change in fiduciary net position during the Plan's initial period from the date of inception.

In addition to the financial statements, the financial report contains the notes to 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 Plan.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

FINANCIAL ANALYSIS

Total assets at September 30, 2013 were \$1,690,096 and were comprised of cash and receivables. Total liabilities at September 30, 2013 were \$37,265 and consisted mainly of Members' contributions refundable, payroll related liabilities, and administrative expenses. Net position - assets held in trust for pension benefits were \$1,652,831 at September 30, 2013.

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

	<u>September 30 2013</u>
ASSETS	
Cash and cash equivalents	\$ 1,504,817
Receivables	<u>185,279</u>
Total Assets	<u>1,690,096</u>
 LIABILITIES	 <u>37,265</u>
 NET POSITION	 <u><u>\$ 1,652,831</u></u>

Revenues - Additions to Plan Net Position

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 from Members totaled \$1,704,910 for the fiscal period ended September 30, 2013.

Expenses - Deductions from Plan Net Position

The primary expenses of the Plan include the payment of pension benefits to retirees and beneficiaries, refunds of Members contributions, and administrative expenses to operate the Plan. Total expenses for the fiscal period ended September 30, 2013 were \$52,079.

**THE FIREFIGHTERS' RETIREMENT PLAN
OF THE CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

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

	From The Date Of Inception (February 1, 2013) To September 30, 2013
ADDITIONS TO NET POSITON	\$ 1,704,910
DEDUCTIONS FROM NET POSTION	<u>52,079</u>
CHANGE IN NET POSITION	1,652,831
NET POSITION, FEBRUARY 1, 2013	<u>-</u>
NET POSITION, SEPTEMBER 30, 2013	<u>\$ 1,652,831</u>

SUMMARY

The Plan has ended its initial year in operation, with inception being February 1, 2013. The Board of Trustees are in the process of developing an investment policy, as well as a number of administrative policies. Future revenues will include a contribution from the City of St. Louis and an initial one-time transfer from FRS. These contributions, the transfer from FRS, 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.

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
STATEMENT OF FIDUCIARY NET POSITION**

	<u>September 30 2013</u>
ASSETS	
Cash and cash equivalents	\$ 1,504,817
Members contributions receivable	131,360
Due from Firemen's Retirement System of St. Louis	53,919
Total Assets	<u>1,690,096</u>
LIABILITIES	
Members contributions refundable	22,891
Benefit payable - pension	956
Accrued administrative expenses	13,418
Total Liabilities	<u>37,265</u>
NET POSITION - ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 1,652,831</u></u>

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

**From The Date
Of Inception
(February 1, 2013) To
September 30, 2013**

ADDITIONS TO NET POSITION ATTRIBUTED TO:

Contributions - Members	<u>\$ 1,704,910</u>
-------------------------	---------------------

DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:

Refunds of members contributions	31,044
Benefits paid to retirees and beneficiaries	1,112
Administrative expenses	<u>19,923</u>
Total Deductions	<u>52,079</u>

CHANGE IN NET POSITION

1,652,831

NET POSITION - ASSETS HELD IN TRUST FOR PENSION
BENEFITS, FEBRUARY 1, 2013

-

NET POSITION - ASSETS HELD IN TRUST FOR PENSION
BENEFITS, SEPTEMBER 30, 2013

\$ 1,652,831

**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 2013</u>
Retirees and beneficiaries currently receiving benefits	<u>7</u>
Current Active Members:	
Vested - DROP	67
Vested - Non-DROP	373
Nonvested (includes 19 actives hired on or after February 1, 2013)	<u>180</u>
Total Current Active Members	<u>620</u>
Total Membership	<u>627</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, contribute 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 204 at September 30, 2013.

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. Basis of Accounting

The financial statements were prepared using the accrual basis of accounting. Members 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. Dividend income is recognized based on the ex-dividend date and interest income is recognized on the accrual basis as earned. Investment purchases and sales are recorded on a trade-date basis.

3. Cash and Cash Equivalents

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Operating Expenditures

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

5. 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.

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, 2013 were \$1,505,601. This balance was insured by the FDIC in the amount of \$250,000 and the remaining balance of \$1,205,601 was unsecured. The Plan's carrying amount of bank deposits was \$1,504,817 as of September 30, 2013.

NOTE D - FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of October 1, 2013, the initial actuarial valuation date, is as follows:

Valuation For The Actuarial Years Beginning October 1	Listed in Thousands (000's)					UAAL As A Percentage Of Covered Payroll
	Actuarial Value Of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Annual Covered Payroll	Funded Ratio	
2013	\$1,505	\$59,755	\$58,250	\$34,979	2.52%	166.5%

The schedules of funding progress, presented as required supplemental information following the notes to financial statements, will in future years present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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

NOTE D - FUNDED STATUS AND FUNDING PROGRESS (Continued)

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, 2013
Actuarial cost method	Entry-age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30-year closed period from February 1, 2013
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.625%
Projected salary increases	3.35% to 5.5% varies by years of service
Inflation	3%
Mortality table	RP-2000 combined healthy projected to 2015 using Scale AA
Cost-of-living adjustments	For members hired after February 1, 2013, 3% per year with a maximum of 25% in increases

NOTE E - 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 period ended September 30, 2013 was \$16,729.

NOTE F - 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).

NOTE G - 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 H - NEW ACCOUNTING PRONOUNCEMENTS

In 2012 GASB issued two statements that directly affect pension plans and the way pension liabilities are calculated as well as the reporting of those values in financial statements. These statements have future implementation dates; however, they pose significant changes for the Plan and are mentioned below with a summary of their purpose and impact.

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

NOTE H - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 67 (GASB 67), *Financial Reporting for Pensions Plans*, was issued June 2012 and is effective for fiscal years beginning after June 15, 2013. GASB 67 amends GASB 25 and GASB 50, as they relate to pension plans administered through trusts that meet certain criteria. GASB 67 establishes standards for financial reporting and amends note disclosure and supplemental information requirements for defined benefit pension plans administered through qualified trusts.

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. 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 note and required supplemental information requirements as well as details to address special funding situations.

While these new accounting pronouncements will affect the accounting measures, they do 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 the provisions of the Plan. The new accounting pronouncements will, however, impact the financial statement presentation for pension accounting and related disclosures for the Plan.

NOTE I - SUBSEQUENT EVENTS

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

Once the recalculation is finalized, the FRS will transfer to the Plan the amount calculated for the City's contribution to the Plan for the time period from February 1, 2013 (date the System was frozen) to September 30, 2013, assuming that there is enough money remaining from the original 2013 statutory annual required contribution after the recalculated 2013 annual required contribution has been retained by the FRS. In the event that the original 2013 annual required contribution is not sufficient to fund both the recalculated FRS' contribution and the Plan's 2013 annual required contribution, retention of the FRS' 2013 annual required contribution shall occur first and the FRS will then transfer only the difference between the original 2013 annual required contribution already received by the FRS and the recalculated 2013 annual required contribution to the Plan.

Custodial Agreement -- The Plan has entered into a custodial agreement with The Northern Trust Company and began transferring assets to a new custody account held in the Plan's name during April 2014.

**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 FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll [(b)-(a)]/(c)
10/01/2013	\$1,504,817	\$59,755,249	\$58,250,432	2.52%	\$34,978,665	166.5%

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

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Actuarial Accrued Liability

The actuarial accrued liability at September 30, 2013 equals the outstanding balance of the initial unfunded actuarial liability under the entry age normal cost method, plus the actuarial value of assets as follows:

	September 30 2013
Actuarial value of assets	\$ 1,504,817
Unfunded actuarial accrued liability	<u>58,250,432</u>
Actuarial Accrued Liability	<u>\$59,755,249</u>

Covered Payroll

The covered payroll for the Plan were as follows:

	For The Year Ended September 30 2013
Active Members non-DROP	\$30,734,317
Active Members participating in DROP	<u>4,244,348</u>
Total Covered Payroll	<u>\$34,978,665</u>

Funding Progress

Ten year historical trend information about the Plan's funding progress is required supplemental information. Only one year is presented due to this being the initial valuation.

**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**

**From The Date
Of Inception
(February 1, 2013) To
September 30, 2013**

BENEFITS PAID TO RETIREES AND BENEFICIARIES

Monthly annuity:
Service retirees

1,112

ADMINISTRATIVE EXPENSES

Salaries and payroll taxes
Employee benefits
Professional fees
Office supplies and expenses

\$ 15,827
902
600
2,594

Total Administrative Expenses

\$ 19,923

**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, 2014

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 from the date of inception (February 1, 2013) to September 30, 2013, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated May 29, 2014.

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 detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of de-

16100 Chesterfield Parkway W., 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

PrimeGlobal | An Association of Independent Accounting Firms

iciencies, 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