THE POLICE RETIREMENT SYSTEM OF ST. LOUIS

(A Fiduciary Component Unit of the City of St. Louis, Missouri)

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2022 and 2021

Founded in 1957 -- The mission of
THE POLICE RETIREMENT SYSTEM OF ST. LOUIS
is to provide retirement benefits for all commissioned Members of the St. Louis Metropolitan Police Department and their legal survivors and dependents. The Board of Trustees and its staff shall act as fiduciaries to the trust fund, utilizing all the powers granted under Missouri state statutes to protect the fund from fraud or any other adverse action.

Contents

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
THE POLICE RETIREMENT SYSTEM OF ST. LOUIS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **THE POLICE RETIREMENT SYSTEM OF ST. LOUIS** (the System) as of and for the years ended September 30, 2022 and 2021, and the related notes to financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System as of September 30, 2022 and 2021 and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Board of Trustees, Mission Statement and Other Supplemental Information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other supplemental information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2023, on our consideration of the System'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 System's internal control over financial reporting and compliance.

Sikich LLP

St. Louis, Missouri
June 2, 2023

The following Management's Discussion and Analysis (MD&A) of The Police Retirement System of St. Louis (the System) provides an overview of the System's financial activities for the fiscal year ended September 30, 2022. The MD&A should be read in conjunction with the System's financial statements and supplemental information.

FINANCIAL HIGHLIGHTS

During the System's fiscal year ended September 30, 2022 the U.S. and global economic markets showed substantial signs of strengthening. This followed the System's fiscal year ended September 30, 2021, when the coronavirus pandemic adversely affected the U.S. and global economic markets. Much of the world entered a low interest rate environment following the 2008-09 financial crisis. The global low interest rate environment has resulted in limited returns from fixed income investments and has caused investors to focus on finding income returns in equity markets and alternative investments. With this in mind the System is well diversified and the portfolio is continually managed and monitored to an investment policy established to minimize market risks. The System is a long-range proposition and is responsible for administering benefits to police officers of the City of St. Louis (the City) who have dedicated their careers as public servants to the residents and businesses of the St. Louis metropolitan area. The System has and will continue to provide benefits in a prudent and professional manner to its active and retired Members and their beneficiaries.

The System's net position was $792 million at September 30, 2022, which represents a decrease of $139 million or 15.0% from September 30, 2021. This decrease was primarily due to market depreciation in the fair value of investments in the current year of ($107) million versus the appreciation in the fair value of investments in the prior fiscal year of $164 million.

Additions to net position for the fiscal year 2022 were ($60) million as compared to additions of $206 million for fiscal year 2021. This figure is comprised of ($102) million in net investment loss, $5 million in Members' contributions, and $37 million in employer's contributions. Additions to net position decreased $266 million from 2021, a 129% increase due to a $270 million higher return on the System's investments in fiscal year 2021. The employer's contributions were $37 and $33 million for the 2022 and 2021 fiscal years, respectively.

Deductions from net position were $79 and $73 million for the 2022 and 2021 fiscal years, respectively. Benefit payments and refunds of Member's contributions combined represent 98% of the total deductions from net position for both fiscal years 2022 and 2021. The remaining 2% represents the administrative cost to operate and manage the System.

The overall investment return for the System was (7.27)% and 25.82% for fiscal years ended September 30, 2022 and 2021, respectively. The actuarial assumption interest rate of return used for funding purpose was 7% (7.15% less 0.15% for administrative expense) at both September 30, 2022 and 2021. Active oversight by the Board of Trustees continues to ensure the System retains top performing investment managers while maintaining a balanced investment portfolio.

Changes in active Members' benefits resulted from:

	For The Years Ended September 30		
	2022	2021	2020
New entrants	**75**	60	118
Service retirements:			
Regular	**(72)**	(43)	(33)
Disability	**(2)**	(2)	(8)
Death	**-**	(3)	(2)
Members requesting a refund withdrawal	**(99)**	(111)	(64)
Net Change In Active Members	**(98)**	(99)	11

As of October 1, 2022, 2021, and 2020 the date of the most recent actuarial valuation (aggregate actuarial cost method - used for funding), the System's actuarial value of assets, including present value of future Members' contributions, were:

	October 1		
	2022	2021	2020
Present Value of Future Benefits	$ 1,201,365,020	1,197,325,522	1,140,227,347
Actuarial Value of Assets (AVA)	$ 869,557,531	870,155,717	826,704,556
Present Value of Future Member Contributions	35,761,515	37,978,315	43,723,900
Total AVAs, Including Present Value Of Future Member Contributions	$ 905,319,046	908,134,032	870,428,456
Funded Status	75.36%	75.85	76.34

This ratio decreased as a result of lower investment returns than the actuarial expected returns during the year ended September 30, 2022. For actuarial valuation computations, actuarial expected investment returns on the actuarial value of assets are recognized over a 5-year period starting with the year originated. The ratio also decreased due to an increase in liabilities due to plan experience. The primary contributors were inactive mortality being higher than expected, active members terminating more than expected, and an update to retiree benefit payments.

FINANCIAL STATEMENTS

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

In accordance with GASB 67, the System highlights the following information reflected in this financial report:

- GASB 67 only affects reporting requirements and does not prescribe funding methods which could be different. The System will continue to use a funding policy that computes contribution amounts (normal cost) over the future working lifetime of current participants (the aggregate actuarial cost method). For financial reporting purposes, the System is required to use the entry age actuarial cost valuation method in determining the normal cost of the System's 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 the System's 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 System's actuary.
- GASB 67 classifies the System 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 System currently uses the long-term discount rate of 7% investment return (7.15% less 0.15% administrative expenses) and expects assets will be sufficient to cover PNP until 2066. Since the PNP was projected to be insufficient to make all projected benefit payments of current plan Members and their beneficiaries, a blended discount rate of 6.65% was used to calculate the System's present value of future benefit payments.
- Footnote requirements include the target asset allocation including long-term expected real rate of return, investments representing 5% or more of the System's fiduciary net position, employer's net pension liability, summary of actuarial assumptions, and sensitivity of net pension liability to changes in the discount rate.
- RSI includes a schedule of changes in employer's net pension liability, schedule of employer's net pension liability, schedule of employer's 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 financial statements section of the annual financial report consists of:

- The statements of fiduciary net position include the System's assets, deferred outflows, liabilities, deferred inflows, and resulting net position. The net position is restricted for pensions. It is a snapshot of the financial position of the System at that specific point in time.
- The statements of changes in fiduciary net position summarizes the System's financial transactions that have occurred during the current and previous fiscal years.
- 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.

Other items included in the annual financial report are the MD&A, RSI, and other supplemental information which provide other information considered useful in evaluating the condition of the System.

FINANCIAL ANALYSIS

Total assets at September 30, 2022 were $793,818,880 and were mainly comprised of cash and investments. Total assets decreased $138,938,693 or 15.0% from the prior year, mainly due to a decrease in investments.

Total liabilities at September 30, 2022 were $1,328,686 and consisted of unsettled investment purchase transactions, net pension liability - System's staff pension related, and accrued expenses. Total liabilities increased $48,995 or 3.8% from the prior year, mainly due to the increase in unsettled investment purchase transactions of $370,492 and the decrease in the net pension liability - System's staff pension related of $258,242.

The System's staff participate in the Employees Retirement System of the City of St. Louis (ERS), a cost-sharing, multi-employer defined benefit plan. The pension elements required to be reported in the statements of fiduciary net position include: 1) net pension liability and 2) deferred outflows/inflows of resources.

Net position - restricted for pensions was $792,414,640 at September 30, 2022, a decrease from the prior year of $139,236,535 or 15.0%. The decrease mainly resulting from the decrease in the fair value of investments. Benefits paid by the System have exceeded investment earnings in six of the last ten fiscal years.

Following is a condensed version of the statements of fiduciary net position (dollars in thousands):

	September 30			Total Change			
				Amount		Percentage	
	2022	2021	2020	**2022**	2021	**2022**	2021
ASSETS							
Investments	**$ 782,441**	923,573	791,510	**(141,132)**	132,063	**(15.3) %**	16.7
Cash and cash equivalents	**9,955**	8,023	9,369	**1,932**	(1,346)	**24.1**	(14.4)
Receivables	**1,374**	1,107	842	**267**	265	**24.1**	31.5
Capital assets, net	**49**	55	111	**(6)**	(56)	**(10.9)**	(50.5)
Total Assets	**793,819**	932,758	801,832	**(138,939)**	130,926	**(14.9)**	16.3
DEFERRED OUTFLOWS							
System's staff pension related	**54**	173	124	**(119)**	49	**(68.8)**	39.5
LIABILITIES	**1,329**	1,280	3,298	**49**	(2,018)	**3.8**	(61.2)
DEFERRED INFLOWS							
System's staff pension related	**129**	-	8	**129**	(8)	**100.0**	(100.0)
NET POSITION	**$ 792,415**	931,651	798,650	**(139,236)**	133,001	**(14.9) %**	16.7

Revenues - Additions to Net Position

Net investment loss totaled ($102,621,111) in fiscal year 2022 which represents a decrease of $269,691,700 from the previous fiscal year net investment income of $167,070,589. The decrease resulted mainly from depreciation in the fair value of investments being $270,162,102 more for fiscal year 2022 as compared to fiscal year 2021. Investment income (loss) above is net of investment expenses (management and custodial fees) totaling $2,181,079 which decreased by $199,990 or 8.4% from fiscal year 2021.

The reserves needed to finance retirement benefits as well as death and disability benefits are accumulated through the collection of employer's and Members' contributions and through earnings on investments. Members, excluding Members participating in the DROP, contribute 7% of their salary to fund future retirement benefits. This percentage is set by State Statute and was unchanged from the prior fiscal year. Contributions income totaled $42,461,661 ($37,289,426 from the employer and $5,172,235 from Members) for the year ended September 30, 2022, an increase of $3,724,543 or 9.6% from the prior year.

Expenses - Deductions from Net Position

The primary expenses of the System include the payment of pension benefits to retirees and beneficiaries, refunds of Members' contributions, and administrative expenses to operate the System. Total expenses for fiscal year 2022 were $79,077,085, an increase of $6,270,275 or 8.6% from fiscal year 2021. This increase is mainly due to an increase in both benefits paid to retirees and beneficiaries and refunds of Members' contributions.

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

	For The Years Ended September 30			Total Change			
				Amount		Percentage	
	2022	2021	2020	**2022**	2021	**2022**	2021
ADDITIONS							
Net investment income	**$ (102,621)**	167,071	43,802	**(269,692)**	123,269	**(161.4) %**	281.4
Employer's contributions	**37,289**	32,839	35,336	**4,450**	(2,497)	**13.6**	(7.1)
Members' contributions	**5,172**	5,898	6,170	**(726)**	(272)	**(12.3)**	(4.4)
Total Additions	**(60,160)**	205,808	85,308	**(265,968)**	120,500	**(129.2)**	141.3
DEDUCTIONS							
Benefits paid	**69,977**	65,982	65,763	**3,995**	219	**6.1**	0.3
Refunds of Members' contributions	**7,856**	5,401	4,201	**2,455**	1,200	**45.5**	28.6
Administrative expenses	**1,243**	1,424	1,446	**(181)**	(22)	**(12.7)**	(1.5)
Total Deductions	**79,076**	72,807	71,410	**6,269**	1,397	**8.6**	2.0
CHANGE IN NET POSITION	**(139,236)**	133,001	13,898	**(272,237)**	119,103	**(204.7)**	857.0
NET POSITION, BEGINNING OF YEAR	**931,651**	798,650	784,752	**133,001**	13,898	**16.7**	1.8
NET POSITION, END OF YEAR	**$ 792,415**	931,651	798,650	**(139,236)**	133,001	**(14.9) %**	16.7

CAPITAL ASSETS

The System's capital assets as of September 30, 2022 totaled $49,248 (net of accumulated depreciation) which consists of furniture, equipment and software. Total capital assets at September 30, 2022 decreased from 2021 in the amount of $6,124 as the System disposed of some assets and an additional year of depreciation expense. Total capital assets at September 30, 2021 decreased from 2020 in the amount of $56,291 as it was the last year of depreciation expense on significant assets.

	September 30			Total Change			
				Amount		Percentage	
	2022	2021	2020	**2022**	2021	**2022**	2021
CAPITAL ASSETS							
Furniture, equipment, and software	**$ 710,587**	715,306	709,241	**(4,719)**	6,065	**(0.7) %**	0.9
Accumulated depreciation	**(661,339)**	(659,934)	(597,578)	**(1,405)**	(62,356)	**0.2**	10.4
Total Capital Assets, Net of Accumulated Depreciation	**$ 49,248**	55,372	111,663	**(6,124)**	(56,291)	**(11.1)**	(50.4)

SUMMARY

The System's net position - restricted for pensions has increased in seven out of the past ten years. The decreases (which occurred in fiscal years 2022, 2019, and 2015) were the result of poor investment performance due to economic slowdowns that detrimentally affected most pension systems in those years. The Board of Trustees believe, and the actuarial calculations confirm, that the System is in a financial position to meet its current and projected obligations in the immediate future. However, current actuarial projections using the GASB method indicate that the System may have an insufficient net position to make all projected future benefit payments of current Members of the System and their beneficiaries after 2066 if there are no contributions for future members. With a continued focus on a prudent investment program, cost controls, and strategic planning, the System should over time improve its current financial position.

For most public retirement systems the greatest attention is given to the current actuarial valuation results, and in particular the percentage of the current unfunded actuarial liability and the amount of the employer's contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund's life, It is more important to judge each year's valuation results relative to historical trends, as well as trends expected into the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Trustees, our Members, and other users of our financial report with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

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STATEMENTS OF FIDUCIARY NET POSITION

	September 30	
	2022	2021
ASSETS		
Investments at fair value:		
Equities:		
Collective investment funds	**$ 253,325,212**	336,632,880
Corporate stocks	**108,673,590**	131,297,816
Fixed income:		
Corporate bonds	**43,458,044**	60,874,669
Mortgage backed securities	**22,562,714**	22,146,370
Government securities	**15,049,549**	20,529,394
Collective investment funds	**27,125,002**	38,280,897
Partnership interests	**192,324,645**	193,611,048
Money market funds	**25,608,180**	36,253,315
Real estate securities funds	**72,660,209**	54,825,642
Hedge funds	**20,654,537**	28,196,528
Investment property	**999,500**	923,800
Total Investments	**782,441,182**	923,572,359
Cash and cash equivalents	**9,954,848**	8,023,314
Receivables:		
Interest and dividends	**820,075**	820,335
Unsettled investment sale transactions	**471,995**	180,602
Benefits recoverable	**81,532**	105,591
Total Receivables	**1,373,602**	1,106,528
Capital assets, net of accumulated depreciation	**49,248**	55,372
Total Assets	**793,818,880**	932,757,573
DEFERRED OUTFLOWS OF RESOURCES		
System's staff pension related	**54,144**	173,293
LIABILITIES		
Unsettled investment purchase transactions	**565,124**	194,632
Net pension liability - System's staff pension related	**248,397**	506,639
Accrued investment management fees	**326,317**	407,805
Accrued administrative expenses	**188,848**	170,615
Total Liabilities	**1,328,686**	1,279,691
DEFERRED INFLOWS OF RESOURCES		
System's staff pension related	**129,698**	-
NET POSITION - RESTRICTED FOR PENSIONS	**$ 792,414,640**	931,651,175

See notes to financial statements

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	For The Years Ended September 30	
	2022	2021
ADDITIONS TO NET POSITION ATTRIBUTED TO		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	**$ (106,518,671)**	163,643,431
Interest:		
Corporate bonds	**2,603,242**	2,438,172
Government obligations	**485,852**	534,129
Other	**170,591**	39,358
Dividends	**2,710,836**	2,708,357
Securities lending income (net of expenses of $252,814 in 2022 and $25,168 in 2021)	**72,427**	55,881
Recapture commissions	**3,111**	4,511
Class action settlements and other income	**32,580**	27,819
Total Investment Income (loss)	**(100,440,032)**	169,451,658
Less - Investment management and custodial fees	**2,181,079**	2,381,069
Net Investment Income (Loss)	**(102,621,111)**	167,070,589
Contributions:		
Employer	**37,289,426**	32,839,034
Members	**4,931,551**	5,269,928
Portability and restoration	**240,684**	628,156
Total Contributions	**42,461,661**	38,737,118
Total Additions	**(60,159,450)**	205,807,707
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO		
Benefits paid to retirees and beneficiaries	**69,977,396**	65,981,928
Refunds of Members' contributions	**7,856,810**	5,400,986
Administrative expenses	**1,242,879**	1,423,896
Total Deductions	**79,077,085**	72,806,810
CHANGE IN NET POSITION	**(139,236,535)**	133,000,897
NET POSITION - RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	**931,651,175**	798,650,278
NET POSITION - RESTRICTED FOR PENSIONS, END OF YEAR	**$ 792,414,640**	931,651,175

See notes to financial statements

NOTE A - DESCRIPTION OF PLAN

THE POLICE RETIREMENT SYSTEM OF ST. LOUIS (the System) administers a single employer defined benefit pension plan providing pension benefits to the City of St. Louis police officers (the Members). Membership in the System consists of:

	September 30		Increase
	2022	2021	**(Decrease)**
Benefit status:			
Retirees	**1,449**	1,432	**17**
Beneficiaries	**503**	495	**8**
Total Benefit Status	**1,952**	1,927	**25**
Current active Members:			
Vested - participating in DROP	**40**	44	**(4)**
Vested - non-DROP	**252**	256	**(4)**
Total Vested	**292**	300	**(8)**
Nonvested	**797**	888	**(91)**
Total Current Active Members	**1,089**	1,188	**(99)**
Total Membership	**3,041**	3,115	**(74)**

The System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service or attaining age 55. The monthly allowance consists of 40% of the two-year average final compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 4% of average final compensation for each additional year of service after 25 years up to a maximum of 30 years. The monthly allowance of Members who have in excess of 30 years of service is increased by 5%. The maximum pension is 75% of average final compensation.

Covered Members contributed 7% of their salary as specified by RSMo 86.320. Upon leaving employment due to service retirement, death, or disability due to an accident in the actual performance of duty, the Member's contributions are refunded. In addition, terminated Members receive interest.

The System implemented a Deferred Retirement Option Plan (DROP) feature during the System's fiscal year ended September 30, 1996. The DROP option is available to Members of the System who have at least 20 years of creditable service and have achieved eligibility for retirement. Those Members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account of the Member, and will no longer make contributions to the System. During participation in DROP, the Member will not receive credit for service and the Member shall not share in any benefit improvement that is enacted or becomes effective while such Member is participating in DROP. A Member may participate in DROP only once for any period up to five years, at which point the Member may re-enter the System. At retirement the funds in the Member's DROP account plus interest is available to the Member in a lump sum or in installments. The number of active Members with DROP account balances and currently participating at September 30, 2022 and 2021 were as follows:

	Currently Participating	Total DROP Accounts	Account Balances
2022	**40**	**274**	**$ 51,170,233**
2021	44	283	45,046,528

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Board Composition

The Board shall consist of nine (9) Trustees, three (3) of whom are elected by the active Members of the System, three (3) of whom are elected by the retired Members of the System, two (2) of whom are appointed by the Mayor of the City, and one (1) of whom are Trustees by virtue of offices (Comptroller of the City or the Comptroller's designee -- Deputy Comptroller or the first Assistant Comptroller).

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 System's benefit provisions. 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. Fair value changes are recorded as investment income or loss. Investment purchases and sales are recorded on a trade-date basis (the date upon which the transaction is initiated).

4. GASB 67 Financial Reporting Model

The System's financial statements are prepared in conformity with GASB 67's financial reporting requirements for governmental pension systems. GASB 67 includes required presentation of the financial statements, notes to financial statements, and RSI. An actuarial calculation of the total and net pension liability as defined in the accounting standard is included in the notes to financial statements and RSI. Other comprehensive footnote disclosures include the sensitivity of the net pension liability to the discount rate and investment activity disclosures. The total employer's projected net pension liability is presented in the notes to financial statements and is calculated using a discount rate (long-term or blended) depending on the sufficiency of projected net position to cover projected benefit payments of retirees and beneficiaries.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Investment Valuation

Investments are reported at fair value. Short-term money market investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. On September 30 or on the last reported bid price if no sale was made on that date, fixed-income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, fair value is determined and certified by the investment managers as of the reporting date. Hedge funds, limited partnership units, and real estate investment trust are measured at net asset value (NAV). Real estate investments are valued at estimated fair value as determined by the general partner, based upon appraisals provided by the investment manager. Hedge funds and limited partnership unit investments are reported at estimated fair value as determined by the general partner of the investment vehicle.

6. Cash and Cash Equivalents

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

7. Operating Expenses

Benefits paid and administrative expenses are approved by the Board and paid by the System.

8. Use of Estimates

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

9. Capital Assets

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

Asset	Years
Furniture, equipment, and software	3 - 10

Expenditures for repairs and maintenance are expensed as incurred. Gains and losses on disposition of capital assets are included in changes in fiduciary net position as realized.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Capital Assets (Continued)

Capital assets consist of the following:

	September 30 2022	September 30 2021
Furniture, equipment, and software - at cost	$ 710,587	715,306
Accumulated depreciation	(661,339)	(659,934)
Total Capital Assets, Net Of Accumulated Depreciation	$ 49,248	55,372

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

	For The Year Ended September 30, 2022			
	Balance September 30 2021	Increases	Decreases	September 30 2022
Furniture, equipment, and software, net	$ 55,372	23,309	29,433	49,248

	For The Year Ended September 30, 2021			
	Balance September 30 2020	Increases	Decreases	September 30 2021
Furniture, equipment, and software, net	$ 111,663	6,065	62,356	55,372

Depreciation expense for the years ended September 30, 2022 and 2021 was $24,537 and $62,356, respectively.

10. Staff Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Employees Retirement System of the City of St. Louis (ERS), a cost-sharing, multi-employer defined benefit plan, and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, contributions from employers and net pension liability are recognized on an accrual basis of accounting.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of fiduciary net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of fiduciary net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The System currently has deferred inflows and outflows from GASB 68 pension elements from the System's staff participation in ERS which is reported on the statements of fiduciary net position.

NOTE C - CASH AND CASH EQUIVALENTS

The System's bank deposits and repurchase agreements are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270. The collateralized securities are held by a trustee institution. The value of the securities must amount to the total of the System's cash not insured by the Federal Deposit Insurance Corporation (FDIC). The System's bank deposits were fully secured or collateralized at September 30, 2022 and 2021. The System's bank deposits and repurchase agreements were insured by the FDIC and collateralized with securities held by the Federal Reserve Bank in the System's name. The repurchase agreements at September 30, 2022 are pledged by a Federal Home Loan Mortgage Pool certificate (maturing May 1, 2033), Federal National Mortgage Association certificate (maturing March 1, 2045), and a Freddie Mac certificate (maturing October 1, 2027). The repurchase agreements at September 30, 2021 are pledged by a Federal Home Loan Mortgage Pool certificate (maturing May 1, 2033), Federal National Mortgage Association certificate (maturing March 1, 2045), and a Freddie Mac certificate (maturing October 1, 2027). All pledged collateral securities had an AA+ credit rating level.

Cash and cash equivalents consist of the following:

	September 30			
	2022		2021	
	Bank Balance	**Carrying Amount**	Bank Balance	Carrying Amount
Repurchase agreements	**$ 9,300,542**	**9,300,542**	7,829,697	7,829,697
Bank deposits	**780,379**	**654,306**	781,735	193,617
Total	**$ 10,080,921**	**9,954,848**	8,611,432	8,023,314

NOTE D - CONTRIBUTIONS RECEIVABLE - EMPLOYER

Contributions receivable - employer consists of the following:

	September 30	
	2022	2021
Current year contributions due from the employer as calculated by the System's actuary	$ **37,289,426**	32,839,034
Contributions received from the employer during the year	**(37,289,426)**	(32,839,034)
Total Contributions Receivable - Employer At End Of Year	$ **-**	-

Missouri revised State Statutes require the City's contributions to be paid to the System in six equal monthly payments starting on July 1 and ending on December 1, 2022 and 2021, respectively. As a practice, the City historically has transferred the contribution to the System in a lump-sum at or near September 30.

NOTE E - INVESTMENTS

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

	September 30	
	2022	2021
Blackrock Global Emerging Markets (international equity - emerging markets):		
Collective investment funds - equity	$ **34,441,307**	-
Commerce Bank N.A. (fixed income and equity):		
Corporate bonds	**-**	1,072,105
Mortgage backed securities	**22,562,714**	22,146,324
Government securities	**15,049,549**	20,529,394
Collective investment funds - fixed income	**6,839,093**	9,591,019
Money market fund	**405,467**	1,419,003
Collective investment funds - preferred stock	**43,458,044**	60,874,669
	88,314,867	115,632,514
Crescent Capital Group (opportunistic fixed income):		
Partnership interest - fixed income	**39,828,248**	55,872,716
Dover Street IX, L.P. (private equity - fund of funds):		
Partnership interest - venture capital	**13,221,250**	17,799,651
ElmTree Net Lease Fund III, L.P. (core real estate - private equity):		
Real estate securities fund	**-**	6,916
ElmTree Net Lease Fund IV, L.P. (core real estate - private equity):		
Real estate securities fund	**10,081,384**	3,586,199

NOTE E - INVESTMENTS (Continued)

	September 30 2022	September 30 2021
EnTrust Capital Diversified Fund QP, Ltd. (multi-strategy hedge fund):		
Hedge fund	**946,821**	956,803
EnTrust Special Opportunities Fund III, L.P. (multi-strategy hedge fund of funds):		
Hedge fund	**3,511,000**	5,934,429
EnTrust Special Opportunities Fund IV, L.P (hedged equity hedge fund of funds):		
Partnership interest - venture capital secondary market	**8,684,660**	12,128,337
Falcon E&P Opportunities Fund, L.P. (private equity - oil and gas):		
Partnership interest - oil and gas	**301,777**	1,176,313
GQG Partners International Equity Fund (international equity - emerging markets):		
Collective investment fund - equity	**34,768,410**	47,643,757
Hancock Timberland & Farmland (real estate farmland):		
Partnership interest - real estate	**14,291,862**	13,643,184
HarbourVest 2020 Global Fund, L.P. (private equity diversified)		
Partnership interest - venture capital	**9,043,435**	4,707,575
IFM Global Infrastructure (U.S.), L.P. (private equity - core infrastructure):		
Partnership interest - infrastructure	**15,709,603**	14,815,418
Kennedy Capital Management, Inc. (domestic equity mid-cap - value):		
Corporate stocks	**24,072,387**	26,494,255
Money market fund	**993,041**	516,641
	25,065,428	27,010,896
Lazard Asset Management, Inc. (international equity - emerging markets):		
Collective investment fund - equity	**-**	40,034,119
MetLife Emerging Markets Debt (EM Fixed Income):		
Collective investment fund - fixed income	**20,285,909**	28,689,878
MFS Institutional Advisors, Inc. (domestic equity large-cap - value):		
Corporate stocks	**40,179,348**	49,696,446
Money market fund	**565,203**	578,687
	40,744,551	50,275,133

NOTE E - INVESTMENTS (Continued)

	September 30 2022	2021
Neuberger Berman Secondary Opportunities Fund III, L.P. (private equity - fund of funds):		
Partnership interest - venture capital secondary market	**2,633,242**	3,294,082
Neuberger Berman U.S. Defensive Equity Index PutWrite Fund, LLC (multi-strategy hedge fund):		
Hedge fund	**16,196,716**	21,305,296
Neumeier Poma Investment Counsel, LLC (domestic equity small-cap - value):		
Corporate stocks	**20,786,172**	26,846,058
Money market fund	**3,077,988**	3,211,303
	23,864,160	30,057,361
The Northern Trust Company (domestic equity large-cap - core and small-cap growth):		
Collective investment funds - equity	**135,465,576**	156,445,774
Money market fund	**20,366,109**	30,198,033
Corporate stocks	**831,995**	1,013,817
	156,663,680	187,657,624
Parametric Defensive Equity Fund LLC (S&P index option based):		
Partnership interest - options based	**16,385,381**	21,367,788
Petrocap Partners II, L.P. (private equity - oil and gas):		
Partnership interest - oil and gas	**10,294,693**	9,390,406
Petrocap Partners III, L.P. (private equity - oil and gas):		
Partnership interest - oil and gas	**11,403,263**	4,126,787
Principal U.S. Property Account (core real estate - equity):		
Real estate securities fund	**62,578,825**	51,232,527
RCP Multi-Strategy Fund, L.P. (LBO private equity)		
Partnership interest - venture capital	**2,476,806**	480,000
Salient Zarvona Energy Fund II-A, L.P. (private equity - oil and gas):		
Partnership interest - oil and gas	**10,852,433**	6,903,390
Siguler Guff Small Buyout Opp IV (LBO private equity - fund of funds)		
Partnership interest - venture capital	**10,195,216**	6,417,235
Silchester International Investors (international equity large-cap - value)		
Collective investment fund - equity	**30,739,419**	46,577,725

NOTE E - INVESTMENTS (Continued)

	September 30	
	2022	2021
Ullico Infrastructure Taxable Fund, L.P. (private equity - infrastructure/ energy):		
Partnership interest - infrastructure	**15,367,357**	14,423,964
Wellington Trust Company, N.A. (international equity small-cap - value):		
Collective investment fund - equity	**17,910,500**	44,859,401
Westfield Capital Management Company, L.P. (domestic equity mid-cap - growth):		
Corporate stocks	**22,803,688**	27,247,239
Money market fund	**200,372**	329,694
	23,004,060	27,576,933
Zarvona III-A, L.P. (private equity - oil and gas):		
Partnership interest - oil and gas	**11,635,419**	7,064,202
Total Investments Managed	**781,441,682**	922,648,559
Investment property - real estate	**999,500**	923,800
Total Investments	**$ 782,441,182**	923,572,359

Money market funds are invested in Northern Trust's Collective Government Short-term Investment Fund. The Fund invests substantially all of its assets in cash and securities issued or guaranteed as to principal and interest by the U.S. Government. The Fund seeks to preserve value at $1 per share, but the value is not guaranteed.

The System's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the System's development and continual monitoring of sound investment policies. The maturities, credit rating by investment, and foreign currency exposures by asset class schedules are presented as follows to provide an illustration of the System's current level of exposure to various risks.

The System categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs which can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs; and Level 3 inputs are significant unobservable inputs, which generally results in a government using the best information available and may include the government's own data.

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). NAV is used as a practical expedient to estimate the fair value of the System's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2022, the System had no specific plans or intentions to sell investments at amounts different from NAV.

NOTE E - INVESTMENTS (Continued)

The inputs and methodologies used for valuing investment securities are not necessarily an indication of the risk associated with investing in those securities.

The System has the following recurring fair value level measurements as of September 30, 2022 and 2021:

	2022			
Investments by fair value level:	**Total**	**Level 1**	**Level 2**	**Level 3**
Corporate stocks:				
Domestic	**$ 102,147,832**	**102,147,832**	**-**	**-**
International	**6,525,758**	**6,525,758**	**-**	**-**
Government bonds, agencies, and mortgaged backed securities	**37,612,263**	**-**	**37,612,263**	**-**
Corporate bonds:				
Domestic	**38,258,247**	**-**	**38,258,247**	**-**
International	**5,199,797**	**-**	**5,199,797**	**-**
Investment property	**999,500**	**-**	**-**	**999,500**
Total Investments By Fair Value Level	**190,743,397**	**108,673,590**	**81,070,307**	**999,500**
Investments measured at net asset value (NAV):				
Collective investment funds:				
Domestic equity	**135,465,576**			
International equity	**117,859,636**			
Domestic fixed income	**27,125,002**			
Limited partnership units	**192,324,645**			
Hedge funds	**20,654,537**			
Real estate investment trust	**72,660,209**			
Total Investments Measured At NAV	**566,089,605**			
Total Investments Measured At Fair Value	**$ 756,833,002**			

	2021			
Investments by fair value level:	Total	Level 1	Level 2	Level 3
Corporate stocks:				
Domestic	$ 123,841,954	123,841,954	-	-
International	7,455,862	7,455,862	-	-
Government bonds, agencies, and mortgaged backed securities	42,675,764	-	42,675,764	-
Corporate bonds:				
Domestic	52,884,331	-	52,884,331	-
International	7,990,338	-	7,990,338	-
Investment property	923,800	-	-	923,800
Total Investments By Fair Value Level	235,772,049	131,297,816	103,550,433	923,800
Investments measured at net asset value (NAV):				
Collective investment funds:				
Domestic equity	156,992,547			
International equity	179,640,333			
Domestic fixed income	38,280,897			
Limited partnership units	193,611,048			
Hedge funds	28,196,528			
Real estate investment trust	54,825,642			
Total Investments Measured At NAV	651,546,995			
Total Investments Measured At Fair Value	$ 887,319,044			

NOTE E - INVESTMENTS (Continued)

For the investments measured at NAV at September 30, 2022 and 2021, the System had the following unfunded purchase commitments, redemption frequency, when currently available, and redemption notice periods as follows:

	September 30, 2022			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period (Days)**
Partnership interest - venture capital:				
Dover Street IX, L.P.	$ **13,221,250**	3,000,000	N/A	N/A
Entrust Special Opportunities Fund IV, L.P.	**8,684,660**	347,345	N/A	N/A
HarbourVest 2020 Global Fund, L.P.	**9,043,435**	3,840,000	N/A	N/A
RCP Multi-strategy Fund, L.P.	**2,476,806**	9,600,000	N/A	N/A
Siguler Guff Small Buyout Opp IV	**10,195,216**	4,340,586	N/A	N/A
Partnership interest - venture capital secondary market:				
Neuberger Berman Secondary Opportunities Fund III, L.P.	**2,633,242**	2,662,362	N/A	N/A
Partnership interest - private equity oil and gas:				
Falcon E&P Opportunities Fund, L.P.	**301,777**	1,294,999	N/A	N/A
PetroCap Partners II, L.P.	**10,294,693**	722,254	N/A	N/A
PetroCap Partners III, L.P.	**11,403,263**	5,903,326	N/A	N/A
Salient Zarvona Energy Fund II-A, L.P.	**10,852,433**			
Zarvona III-A, L.P.	**11,635,419**	650,000	N/A	N/A
Partnership interest - fixed income				
Crescent Capital Group	**39,828,248**	-	N/A	N/A
Partnership interest - options based				
Parametric Defensive Equity Fund LLC	**16,385,381**	-	N/A	N/A
Partnership interest - real estate				
Hancock Timberland & Farmland, L.P.	**14,291,862**	3,990,000	N/A	N/A
Partnership interest - infrastructure				
IFM Global Infrastructure (U.S.), L.P.	**15,709,603**	-	N/A	N/A
Ullico Infrastructure Taxable Fund, L.P.	**15,367,357**	-	N/A	N/A
Collective investment funds - equity				
Blackrock Global Emerging Markets	**34,441,307**	-	Daily	N/A
GQG Partners International Equity Fund	**34,768,410**	-	Daily	N/A
The Northern Trust Company	**135,465,576**	-	Daily	N/A
Silchester International Investors	**30,739,419**	-	Daily	N/A
Wellington Trust Company, N.A.	**17,910,500**	-	Daily	N/A
Collective investment funds - fixed income				
MetLife Emerging Markets Debt	**20,285,909**	-	Daily	N/A
Commerce Bank N.A.	**6,839,093**	-	Daily	N/A
Real estate securities fund:				
ElmTree Net Lease Fund IV, L.P.	**10,081,384**	5,615,486	N/A	N/A
Principal U.S. Property Account	**62,578,825**	-	N/A	N/A
Total	$ **545,435,068**	41,966,358		

NOTE E - INVESTMENTS (Continued)

	September 30, 2022			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period (Days)**
Hedge funds:				
Entrust Cap Diversified Fund CL X Series 3/31/17	**$ 473,362**	N/A	Quarterly	1-90
Entrust Cap Diversified Fund CL IV Series 12/31	**473,459**	N/A	Quarterly	1-90
Entrust Special Opportunities III, L.P.	**3,511,000**	N/A	Quarterly	1-90
Neuberger Bernman U.S. Equity Index PutWrite Fund LLC	**16,196,716**	N/A	Five business days	1-30
Total Hedge Funds	**$ 20,654,537**			

	September 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (Days)
Partnership interest - venture capital:				
Dover Street IX, L.P.	$ 17,799,651	3,600,000	N/A	N/A
HarbourVest 2020 Global Fund, L.P.	4,707,575	8,460,000	N/A	N/A
RCP Multi-strategy Fund, L.P.	480,000	11,520,000	N/A	N/A
Siguler Guff Small Buyout Opp IV	6,417,235	6,744,000	N/A	N/A
Partnership interest - venture capital secondary market:				
EnTrust Special Opportunities Fund, L.P.	12,128,337			
Neuberger Berman Secondary Opportunities Fund III, L.P.	3,294,082	2,862,362	N/A	N/A
Partnership interest - private equity oil and gas:				
Falcon E&P Opportunities Fund, L.P.	1,176,313	1,294,999	N/A	N/A
PetroCap Partners II, L.P.	9,390,406	2,903,528	N/A	N/A
PetroCap Partners III, L.P.	4,126,787	10,933,567	N/A	N/A
Salient Zarvona Energy Fund II-A, L.P.	6,903,390			
Zarvona III-A, L.P.	7,064,202	650,000	N/A	N/A
Partnership interest - fixed income:				
Crescent Capital Group	55,872,716	-	N/A	N/A
Partnership interest - options based:				
Parametric Defensive Equity Fund LLC	21,367,788	-	N/A	N/A
Partnership interest - real estate:				
Hancock Timberland & Farmland, L.P.	13,643,184	3,990,000	N/A	N/A
Partnership interest - infrastructure:				
IFM Global Infrastructure (U.S.), L.P.	14,815,418	-	N/A	N/A
Ullico Infrastructure Taxable Fund, L.P.	14,423,964	-	N/A	N/A

NOTE E - INVESTMENTS (Continued)

	September 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (Days)
Collective investment funds - equity:				
Commerce Bank N.A.	1,072,104			
Lazard Asset Management, Inc	40,034,119	-	Daily	N/A
GQG Partners International Equity Fund	47,643,757	-	Daily	N/A
The Northern Trust Company	156,445,774	-	Daily	N/A
Silchester International Investors	46,577,725	-	Daily	N/A
Wellington Trust Company, N.A.	44,859,401	-	Daily	N/A
Collective investment funds - fixed income:				
MetLife Emerging Markets Debt	28,689,878	-	Daily	N/A
Commerce Bank N.A.	9,591,019	-	Daily	N/A
Real estate securities fund:				
ElmTree Net Lease Fund III, L.P.	6,916	-	N/A	N/A
ElmTree Net Lease Fund IV, L.P.	3,586,199	11,656,099	N/A	N/A
Principal U.S. Property Account	51,232,527	-	N/A	N/A
Total	$ 623,350,467	64,614,555		

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (Days)
Hedge funds:				
Entrust Cap Diversified Fund CL X Series 3/31/17	$ 478,358	N/A	Quarterly	1-90
Entrust Cap Diversified Fund CL IV Series 12/31	478,445	N/A	Quarterly	1-90
Entrust Special Opportunities III, L.P.	5,934,429	N/A	Quarterly	1-90
Neuberger Bernman U.S. Equity Index PutWrite Fund LLC	21,305,296	N/A	Seven business days	1-30
Total Hedge Funds	$ 28,196,528			

Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the System's custodian bank. Debt and equity securities held in Collective Trust Funds are held in those funds on behalf of the System and there is no restriction on the use and or liquidation of those assets. Partnership investments can only be sold on a secondary market to a willing third-party buyer. Real asset and partnership investments are held either in separate accounts, as a limited partner, or in a joint venture or commingled fund. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

NOTE E - INVESTMENTS (Continued)

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 System:

Fixed Income Investment Categories	Maturities As Of September 30, 2022				
	Total	**Less Than One Year**	**1 - 5 Years**	**6 - 10 Years**	**More Than 10 Years**
Corporate bonds	**$ 43,458,044**	**2,488,787**	**14,852,978**	**10,189,885**	**15,926,394**
Mortgage backed securities:					
Nongovernment	**19,660,613**	**-**	**2,212,607**	**1,361,535**	**16,086,471**
Government	**2,902,101**	**-**	**43,012**	**939,537**	**1,919,552**
Collective investment funds	**27,125,002**	**-**	**5,143,431**	**21,981,571**	**-**
Government securities	**15,049,549**	**-**	**7,670,972**	**5,573,497**	**1,805,080**
Total	**$ 108,195,309**	**2,488,787**	**29,923,000**	**40,046,025**	**35,737,497**

Fixed Income Investment Categories	Maturities As Of September 30, 2021				
	Total	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Corporate bonds	$ 60,874,669	1,411,145	25,428,875	15,409,903	18,624,746
Mortgage backed securities:					
Nongovernment	19,270,321	-	1,889,014	1,018,324	16,362,983
Government	2,876,049	-	12,337	46,754	2,816,958
Collective investment funds	38,280,897	-	4,254,477	32,965,439	1,060,981
Government securities	20,529,394	752,037	9,077,050	8,478,482	2,221,825
Total	$ 141,831,330	2,163,182	40,661,753	57,918,902	41,087,493

Certain collective investment funds are classified by average maturities of the portfolios.

The System's fixed income investments 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:

NOTE E - INVESTMENTS (Continued)

Credit Rating As Of September 30, 2022

Credit Rating Level	Total	Corporate Bonds	Nongovernment Mortgage Backed Securities	Government Mortgage Backed Securities	Collective Investment Funds	Government Securities
AAA	$ 22,938,220	2,190,801	6,366,537	2,902,101	-	11,478,781
AA	11,975,166	7,588,280	816,118	-	-	3,570,768
A	26,484,227	20,001,362	6,482,865	-	-	-
BBB	32,718,977	12,433,068	-	-	20,285,909	-
BB	3,407,129	-	-	-	3,407,129	-
B	3,454,183	-	22,219	-	3,431,964	-
CCC	-	-	-	-	-	-
CC	-	-	-	-	-	-
D	-	-	-	-	-	-
Not rated	7,217,407	1,244,533	5,972,874	-	-	-
Total	$ 108,195,309	43,458,044	19,660,613	2,902,101	27,125,002	15,049,549

Credit Rating As Of September 30, 2021

Credit Rating Level	Total	Corporate Bonds	Nongovernment Mortgage Backed Securities	Government Mortgage Backed Securities	Collective Investment Funds	Government Securities
AAA	$ 24,533,303	2,596,092	4,522,484	2,876,049	-	14,538,678
AA	16,327,301	9,271,286	1,065,299	-	-	5,990,716
A	38,906,411	32,860,916	6,045,495	-	-	-
BBB	43,411,906	14,722,028	-	-	28,689,878	-
BB	4,248,998	-	-	-	4,248,998	-
B	5,382,888	-	40,867	-	5,342,021	-
CCC	-	-	-	-	-	-
CC	-	-	-	-	-	-
D	-	-	-	-	-	-
Not rated	9,020,523	1,424,347	7,596,176	-	-	-
Total	$ 141,831,330	60,874,669	19,270,321	2,876,049	38,280,897	20,529,394

Certain collective investment funds are classified by average credit rating levels of the portfolio.

NOTE E - INVESTMENTS (Continued)

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

Foreign Currency Exposures By Asset Class In U.S. Dollars As Of September 30, 2022

Currency	**Equities**	**Fixed Income**	**Money Market Funds**	**Hedge Funds**	**Investment Property And Partnerships**	**Total**
British Pound Sterling	**$ 788,509**	**384,474**	**-**	**-**	**-**	**1,172,983**
Canadian Dollar	**977,662**	**1,945,773**	**-**	**-**	**-**	**2,923,435**
Danish Krone	**529,824**	**-**	**-**	**-**	**-**	**529,824**
Euro	**1,286,849**	**2,735,122**	**-**	**-**	**-**	**4,021,971**
Indian Rupee	**1,236,465**	**-**	**-**	**-**	**-**	**1,236,465**
Israeli Shekel	**940,616**	**-**	**-**	**-**	**-**	**940,616**
Swiss Franc	**765,933**	**867,414**	**-**	**-**	**-**	**1,633,347**
Total Foreign Currency	**6,525,858**	**5,932,783**	**-**	**-**	**-**	**12,458,641**
United States Dollar	**355,472,944**	**102,262,526**	**25,608,180**	**20,654,537**	**265,984,354**	**769,982,541**
Total	**$ 361,998,802**	**108,195,309**	**25,608,180**	**20,654,537**	**265,984,354**	**782,441,182**

Foreign Currency Exposures By Asset Class In U.S. Dollars As Of September 30, 2021

Currency	Equities	Fixed Income	Money Market Funds	Hedge Funds	Investment Property And Partnerships	Total
Barbadian Dollar	$ -	1,371,732	-	-	-	1,371,732
British Pound Sterling	1,603,316	1,580,204	-	-	-	3,183,520
Canadian Dollar	1,224,409	2,651,783	-	-	-	3,876,192
Danish Krone	600,900	-	-	-	-	600,900
Euro	772,959	3,758,351	-	-	-	4,531,310
Indian Rupee	1,077,715	-	-	-	-	1,077,715
Israeli Shekel	1,229,468	-	-	-	-	1,229,468
Swiss Franc	946,915	-	-	-	-	946,915
Total Foreign Currency	7,455,682	9,362,070	-	-	-	16,817,752
United States Dollar	460,475,014	132,469,260	36,253,315	28,196,528	249,360,490	906,754,607
Total	$ 467,930,696	141,831,330	36,253,315	28,196,528	249,360,490	923,572,359

Certain collective investment funds are classified as United States Dollar which is respective of the majority of the pooled holdings.

NOTE E - INVESTMENTS (Continued)

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fixed income portfolio must have an average rating of "A" or better in the aggregate as measured by at least one credit rating service. In cases where the yield spread adequately compensates for additional risk, securities rated lower than an "A" may be purchased provided overall fixed income quality is maintained. All issues will be of investment grade quality (BBB or Baa rated) or higher at the time of purchase. Up to 15% of the total fair value of fixed income securities may be invested in BBB or Baa rated securities. In cases where credit rating agencies assign different quality ratings a security, the lower rating will be used. Should the rating of a fixed income security fall below minimum investment grade, the Investment Manager may continue to hold the security if they believe the security will be upgraded in the future, there is low risk of default, and buyers will continue to be available throughout the anticipated holding period. The Investment Manager has the responsibility of notifying the Board through their designee whenever an issue falls below investment grade.

Custodial Credit Risk for investments is the risk that, in the event of the failure of a counterparty, the System will not be able to recover the value of the investments that are in the possession of the counterparty. The System does not have a general policy addressing custodial credit risk, but it is the practice that all investments are held by the System's agent in the System's name, except the hedge fund investment and hedge funds where the assets in the hedge funds are held in the name of the trustee of the trust or general partnership. The System retains investment managers that specialize in the investment of a particular asset class. Investment managers are subject to the guidelines and controls established in the investment policy and contract executed with the Board of Trustee. The System utilized a third party (Northern Trust) as custodian over the System's assets.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The average effective duration of the aggregate portfolio, reflecting all instruments including CMO and Asset-Backed Securities, must be maintained at plus or minus one year of the duration of the respective Investment Manager's benchmark index.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer.

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

NOTE E - INVESTMENTS (Continued)

Asset Class	Minimum	Target Mix	Maximum
	Asset Class As A Percent Of Total Assets		
Fixed income	16.00%	21.00	26.00
Domestic equities:			
Large-cap	16.25	21.00	26.25
Mid-cap	2.00	7.00	12.00
Small-cap	1.50	6.00	11.50
Foreign equities:			
Developed markets	4.50	9.50	14.50
Emerging markets	1.00	5.00	10.00
Non-U.S. small-cap markets	1.00	3.00	6.00
Nondirectional hedge funds	1.00	4.50	9.50
Real estate equities	2.00	7.00	12.00
Private equity	4.00	9.00	14.00
Infrastructure	2.00	6.00	10.00
Money market	-	1.00	6.00

Long-term Expected Rate of Return on the System's 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 geometric average rates of return for each major asset class included in the System's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long-term Expected Real Rate Of Return
Fixed income - core	2.40%
Fixed income - emerging markets debt	5.31
Fixed income - opportunistic	5.30
Domestic equities	4.32 - 5.53
Foreign equities	4.72 - 5.53
Defensive equity	3.72
Timber	3.53
Farmland	3.89
Real estate (REIT) equities - core	3.00
Real estate (REIT) equities - Triple Net Lease	8.59
Real estate (REIT) equities - infrastructure	4.39
Private equity (partnerships)	8.90
Money market	1.60

The above long-term expected real rates of return represent best estimates of geometric average rates of return for each major asset class included. These rates of return are shown net of inflation (assumed at 2.50%) and net of investment expenses. These expected returns are calculated by taking the cumulative return over a ten-year period annualized.

NOTE E - INVESTMENTS (Continued)

Liquidity Risk is the risk that redemption notice periods are required and longer periods may be imposed before payment of redemption proceeds are settled for the following investments:

Dover Street IX, L.P.
ElmTree Net Lease Fund III, L.P.
ElmTree Net Lease Fund IV, L.P.
EnTrust Capital Diversified Fund QP, Ltd.
EnTrust Special Opportunities Fund III, L.P.
EnTrust Special Opportunities Fund IV, L.P.
Falcon E&P Opportunities Fund, L.P.
Hancock Timberland & Farmland Fund, L.P.
HarbourVest 2020 Global Fund, L.P.
IFM Global Infrastructure, L.P.
Neuberger Berman Secondary Opportunities Fund III, L.P.
Neuberger Berman U.S. Equity Index PutWrite Fund, LLC
Principal U.S. Property Account
RCP Multi-Strategy Fund, L.P.
Siguler Guff Small Buyout Opportunity IV, L.P.
Wellington Trust Company International Opportunities Fund

NOTE F - INVESTMENTS GREATER THAN 5% OF NET POSITION - RESTRICTED FOR PENSIONS

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

	September 30	
	2022	2021
Collective funds:		
Crescent Capital High Income Fund LP	**$ 39,828,248**	55,872,716
GQG Partners International Equity Fund	**-**	47,643,757
MFB Northern Trust Collective Russell 1,000 Growth Index Fund	**-**	48,570,743
MFB Northern Trust Company Daily S&P 500 Equity Index Fund	**73,175,505**	79,945,130
Principal Real Estate Investment Trust	**62,578,825**	51,232,527

NOTE G - FUNDING POLICY CONTRIBUTIONS

Funding policy contributions for the System are calculated using the aggregate actuarial cost method, and as a result, the System does not have an unfunded actuarial accrued liability amortization payment.

Actuarially determined funding policy contributions requirements are calculated using the System's fiscal year. The 2022 and 2021 contributions are as shown in the following table:

NOTE G - FUNDING POLICY CONTRIBUTIONS (Continued)

	For The Years Ended September 30		Covered Payroll Percentage	
	2022	2021	**2022**	2021
Employer's annual required contributions: Portion of normal cost attributable to the System's fiscal years	**$ 37,289,426**	32,839,034	**48.2 %**	39.7
Employer's Funding Policy Contributions Received	**$ 37,289,426**	32,839,034	**48.2 %**	39.7
Members' Contributions Made	**$ 4,931,551**	5,269,928	**6.4 %**	6.4

The covered payroll of active participants (including DROP participants) per the actuarial valuation amounted to $77,382,984 and $83,068,458 for the years ended September 30, 2022 and 2021, respectively.

NOTE H - FUNDING STATUS AND PROGRESS - AGGREGATE ACTUARIAL COST METHOD

The System uses the aggregate actuarial cost method for funding requirements. A summary of the actuarial computations under the aggregate actuarial cost method is as follows:

	Actuarial Valuation October 1	
	2022	2021
Present value of all future benefits	**$ 1,201,365,020**	1,197,325,522
Actuarial value of assets, including present value of future Members' contributions	**905,319,046**	908,134,032
Present Value Of Future Normal Contributions Due From The City	**$ 296,045,974**	289,191,490
Funded Status	**75.4%**	75.8

Actuarial value of assets was calculated assuming the City will continue to fund the actuarially determined contributions in future fiscal years.

NOTE I - NET PENSION LIABILITY - ENTRY AGE NORMAL ACTUARIAL COST METHOD

The components of the net pension liability (the System's liability determined in accordance with GASB 67 less the fiduciary net position) as of September 30, 2022 and 2021, are shown in the schedules of employer's net pension liability below.

NOTE I - NET PENSION LIABILITY - ENTRY AGE NORMAL ACTUARIAL COST METHOD (Continued)

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 schedules of changes in net pension liability presents multi-year trend information about whether the System's fiduciary net position is 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, 2022 and 2021 are based on actuarial valuations performed as of September 30, 2021 and 2020, and projected to September 30, 2022 and 2021, using generally accepted actuarial procedures.

Schedules of Net Pension Liability

	September 30	
	2022	2021
Total pension liability	**$ 1,141,728,762**	1,156,959,283
System's fiduciary net position	**792,414,640**	931,651,175
Net Pension Liability	**$ 349,314,122**	225,308,108
System's Fiduciary Net Position as a Percentage of Total Pension Liability	**69.4%**	80.5
Covered Payroll (including DROP participants)	**$ 77,382,984**	83,068,458
Net Pension Liability as a Percentage of Covered Payroll	**451.4%**	271.2

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

	1% Decrease	Current Discount Rate Assumption	1% Increase
GASB 67 blended discount rate	5.65%	6.65	7.65
Total pension liability	$ 1,270,855,282	1,141,728,762	1,035,007,607
Net pension liability	$ 478,440,642	349,314,122	242,592,967
System's fiduciary net position as a percentage of total pension liability	62.4%	69.4	76.6

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

The blended discount rate used to measure the total pension liability was 6.65%. The projection of cash flows used to determine the discount rate assumed that employer's contributions will continue to follow the current funding policy. Based on those assumptions, the System's net position was projected to be insufficient to make all projected future benefit payments of current plan Members and beneficiaries after 2066. A municipal bond rate of 4.02% was used in the development of the blended GASB discount rate after that point. The 4.02% rate is based on the Bond Buyer General Obligation 20 Year High Grade Rate Municipal Bond Index (AA/Aa or higher). Based on the System's long-term investment rate of return of 7% and the municipal bond rate of 4.02%, the blended GASB discount rate is 6.65%.

NOTE I - NET PENSION LIABILITY - ENTRY AGE NORMAL ACTUARIAL COST METHOD (Continued)

A similar calculation was made as of September 30, 2021 using a blend of the assumed long-term expected rate of return of 7% and a municipal bond index rate of 2.26%. This calculation resulted in a blended discount rate of 6.51%.

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

Actuarial methods:	
Valuation date	October 1, 2022 and 2021
Actuarial cost method:	
GASB reporting	Entry Age Normal
Funding requirements	Aggregate, reduced by employee contributions
Amortization method/period	None - Aggregate is funded over the future working lifetime of current participants
Asset valuation method:	
GASB reporting	Fair value
Funding requirements	5-years smoothed market
Actuarial assumptions:	
Investment rate of return	7 % net of 0.15% administrative expenses
Long-term municipal bond rate	2022 - 4.02% and 2021 - 2.26%
Rate of payroll growth	Varies by age 3% to 6.25%, including merit and promotions
Consumer price inflation	2.5%
Mortality (ordinary)	2021 - RP-2014 Blue collar projected generationally with MP-2015 2022 - Pub-2010 Safety Employee Below-Median Income Weighted mortality, projected fully generationally with Scale MP-2020
Mortality (retiree)	2021 - RP-2014 Blue collar projected generationally with MP-2015 with 1.15 adjustment 2022 - Pub-2010 Safety Healthy Retiree Below-Median Income Weighted mortality, projected fully generationally with Scale MP-2020
Mortality (accidental)	2022 and 2021 - 0.03% per year for all ages in addition to ordinary mortality
Mortality (disabled)	2021 - RP-2014 disabled retiree projected generationally with MP-2015 with 0.9 adjustment male and no adjustment female 2022 Pub-2010 Safety Disabled Retiree mortality, projected fully generationally with Scale MP-2020

Covered Payroll

The definition of covered payroll was changed by GASB 82 issued March 2016. Covered payroll is the payroll on which contributions to the System are based.

NOTE J - SYSTEM EMPLOYEES AND POST-RETIREMENT BENEFITS

Current System employees are reimbursed up to $1,000 per year for validated claims for vision and dental costs. Reimbursed health care benefits totaled $3,853 and $4,339 for the years ended September 30, 2022 and 2021, respectively.

NOTE J - SYSTEM EMPLOYEES AND POST-RETIREMENT BENEFITS (Continued)

The System provides post-retirement health care benefits to all employees and their spouses who were employed as of February 26, 1992 and who retired from the System on or after attaining age 65. Those who are insured by another entity do not qualify for this benefit. Currently, no retiree qualifies to receive post-retirement benefits.

The System pays the premiums of retired System employees for the Medicare Supplemental Insurance Program. The System also reimburses retired System employees up to $1,000 per year for validated claims for vision and dental costs. Expenditures for post-retirement health care benefits are recognized as the premiums are paid or as retirees report claims. Due to no eligible retiree and the limited exposure, no provision for estimated claims incurred but not yet reported has been made. Expenditures for post-retirement health care were $0 for both of the years ended September 30, 2022 and 2021.

NOTE K - SYSTEM EMPLOYEES' PENSION PLAN

General Information about the Pension Plan

Plan Description

All full-time staff at the System are provided with pension benefits through the ERS, a cost-sharing, multiple-employer defined benefit pension plan.

Benefits Provided

ERS provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Employees retire with full retirement benefits after the age of 65 or if an employee's age and creditable service combined equal or exceed 85 years. Employees may retire and receive a reduced benefit after age 60 with five years of creditable service, age 55 with at least 20 years of creditable service, or any age with 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted according to the changes in the Consumer Price Index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

Contributions

Employer contribution rates are established annually by the Board of Trustees of ERS based on an actuarial study. The Board of Trustees established the required employer contribution rates, based on active employee payroll as follows:

Service Period	Contribution Rate
July 2022 to current	15.44%
July 2021 to June 2022	15.42
July 2020 to June 2021	13.19

NOTE K - SYSTEM EMPLOYEES' PENSION PLAN (Continued)

Contributions to ERS from the System were $56,588 and $54,108 for the years ended September 30, 2022 and 2021, respectively. The System pays 50% of these contributions and the City pays the other 50%.

Employees who became members of ERS prior to October 14, 1977 and continued to make contributions may make voluntary contributions to ERS equal to 3% of their compensation until the compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year.

Net Pension Expense

Net pension expense is the sum of changes in the net pension liability and deferred inflows and outflows of resources. For fiscal years 2022 and 2021, the System's net pension expense was calculated as follows:

	For The Years Ended September 30	
	2022	2021
System's 50% share of employer contributions	**$ 28,294**	27,054
Increase (decrease) in net pension liability	**(258,242)**	122,389
Increase (decrease) in deferred inflows of resources	**129,698**	(7,632)
(Increase) decrease in deferred outflows of resources	**119,149**	(49,553)
Net Pension Expense	**$ 18,899**	92,258

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of the beginning of the System's fiscal years September 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System had a liability of $248,397 (or 0.14%) and $506,639 (or 0.18%) for its proportionate share of the ERS' net pension liability for the years ended September 30, 2022 and 2021, respectively. The System's proportionate share of the net pension liability was based on a projection of the System's long-term share of contributions to ERS relative to the projected contributions of all the participating employers, actuarially determined.

The actuarially determined deferred outflows of resources and deferred inflows of resources related to ERS were from the following sources:

NOTE K - SYSTEM EMPLOYEES' PENSION PLAN (Continued)

	For The Year Ended September 30, 2022		
	Outflows	**Inflows**	**Net Outflows (Inflows)**
Fiscal year 2022 paid contributions - System's 50%	**$ 28,294**	**-**	**28,294**
Net difference from assumption changes	**21,596**	**-**	**21,596**
Net difference between expected and actual experience	**3,012**	**(4,271)**	**(1,259)**
Net difference between projected and actual investment earnings on ERS' investments	**-**	**(75,986)**	**(75,986)**
Net impact from changes in proportion allocation between the participating employers	**1,242**	**(49,441)**	**(48,199)**
Total	**$ 54,144**	**(129,698)**	**(75,554)**

	For The Years Ending September 30				
	Total	**2023**	**2024**	**2025**	**2026**
Deferred outflows (inflows) future recognition	$ (75,554)	19,057	(38,253)	(26,026)	(30,332)

	For The Year Ended September 30, 2021		
	Outflows	Inflows	Net Outflows
Fiscal year 2021 paid contributions - System's 50%	$ 27,054	-	27,054
Net difference from assumption changes	53,974	-	53,974
Net difference between expected and actual experience	7,953	-	7,953
Net difference between projected and actual investment earnings on ERS' investments	73,468	-	73,468
Net impact from changes in proportion allocation between the participating employers	10,844	-	10,844
Total	$ 173,293	-	173,293

	For The Years Ending September 30				
	Total	2022	2023	2024	2025
Deferred outflows (inflows) future recognition	$ 173,293	84,637	59,612	23,662	5,382

NOTE K - SYSTEM EMPLOYEES' PENSION PLAN (Continued)

Actuarial Methods and Assumptions used in Calculations of Actuarially Determined Pension Liability

Valuation date:

Actuarially determined contributions are calculated as of October 1, 2021 and 2020 (beginning of year) valuation date used to calculate the required contribution for the fiscal years ending September 30, 2022 and 2021.

Actuarial methods:	
Actuarial cost method (GASB 68)	Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions:	
Inflation	2.5%
Salary increases	3% plus merit component based on employee's year of service
Investment rate of return	7.25%, net of pension plan investment expenses
Mortality rates - 2022	Active: 135% of the Pub-2010 General Employee below-median income mortality table for males and 155% for females projected with generational mortality improvements form 2010 using Scale MP-2019. Health: 125% of the Pub-2010 General Retiree below-median income mortality table for males and 120% for females projected with generational mortality improvements from 2010 using Scale MP-2019. Disabled: 120% of the Pub-2010 Non-Safety Disabled Retiree mortality table for males and 110% for females projected with generational mortality improvements from 2010 using Scale MP-2019.
Mortality rates – 2021	Ordinary - RP-2000 healthy mortality 3-year set-forward with generational projections using scale AA Disability - RP-2000 disabled mortality 3-year set-forward with generational projections using scale AA
Municipal bond yield	2021 - 2.26%, 2020 - 2.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding policy. Based on those assumptions, the ERS's fiduciary net position was projected to be sufficient to make all projected future benefits payments of current plan employees and their beneficiaries.

Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate:

NOTE K - SYSTEM EMPLOYEES' PENSION PLAN (Continued)

	1% Decrease	Current Discount Rate Assumption	1% Increase
Discount rate	6.25 %	7.25	8.25
Net pension liability	$ 405,751	248,397	114,456

Detailed information about the ERS' fiduciary net position is available in the separately issued ERS' financial report.

NOTE L - SECURITIES LENDING

The System participated in The Northern Trust Company's (NTC) securities lending program in order to enhance the investment yield. In a securities lending transaction, the System transfers possession--but not title--of the security to the borrower. Collateral consisting of cash, letter of credit, or government securities is received and held by NTC. The broker/dealer collateralizes their borrowing (usually in cash) to 102% of the security value plus accrued interest and this collateral is adjusted daily to maintain the 102% level. The collateral is increased to 105% if the borrowed securities and collateral are denominated in a foreign currency. The System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The System continues to earn income on the loaned security. In addition, the System receives 70% of the net lending fees generated by each loan of securities. NTC receives the remaining 30% of the net lending fees as compensation for its services provided in the securities lending program. NTC indemnifies operational risk and counter party risk. The System authorizes the lending and loans of the following: domestic securities, U.S. Treasuries, corporate bonds, and equities. The System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the statements of fiduciary net position and changes in fiduciary net position do not reflect an increase in assets or liabilities associated with securities lent.

At September 30, 2022 and 2021, outstanding loans to borrowers were $34,477,988 and $43,103,558, respectively. The System earned income of $72,427 (net of expenses of $252,814) and $55,881 (net of expenses of $25,168) for its participation in the securities lending program for the years ended September 30, 2022 and 2021, respectively.

NOTE M - RISK MANAGEMENT

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

NOTE N - RELATED PARTY TRANSACTIONS

The System owed the City $67,642 and $79,723 at September 30, 2022 and 2021, respectively, for personnel costs (salaries, payroll taxes, payroll processing, and employee fringe benefits for System employees). The System reimburses 50% of personnel costs, plus actual directly allocated expenses. The total of these items and the System's expense for the years ended September 30, 2022 and 2021 was $258,485 and $319,413, respectively.

NOTE O - COMMITMENTS AND CONTINGENCIES

The System was committed to the future settlement of investments (sold and purchased). These amounts are reflected in the statements of fiduciary net position as a receivable and liability for unsettled investment transactions, respectively. Then commitments at September 30, 2022 and 2021 were as follows:

	September 30	
	2022	2021
Pending purchases:		
Commerce Bank N.A.	$ **475,924**	-
Hancock Timberland & Farmland	**-**	86,365
Wellington Trust Company, N.A.	**89,200**	108,267
Total Pending Purchases	$ **565,124**	194,632
Pending sales:		
Commerce Bank N.A.	$ **407,884**	-
Hancock Timberland & Farmland	**40,156**	40,910
Neumeier Poma Investment Counsel, LLC	**-**	107,153
Silchester International Investors Collective Investment Fund	**23,955**	32,539
Total Pending Sales	$ **471,995**	180,602

NOTE P - RISKS AND UNCERTAINTIES

Investment Risks

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

Experience Risks

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 Q - RATE OF RETURN

For the years ended September 30, 2022 and 2021, the annual money-weighted rate of return on the System's investments, net of investment expenses, was (7.27)% and 25.82%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

NOTE R - TAX STATUS

The System meets the requirements of a governmental plan under Section 414(d) of the Internal Revenue Code (IRC). The System obtained its latest determination letter on March 12, 2014 in which the Internal Revenue Service (IRS) stated that the System, as designed, was in compliance with the applicable requirements of the IRC. The Trustees believe that the System is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the System was qualified and the related trust was tax exempt as of the financial date.

Accounting principles generally accepted in the United States of America require the System's Trustees to evaluate tax positions taken by the System and recognize a tax liability if an uncertain position that more likely than not would not be sustained upon examination by the IRS or U.S. DOL. The System's Trustees have analyzed the tax positions taken by the System and has concluded that as of September 30, 2022 and 2021, no uncertain positions are taken or are expected to be taken that would require recognition of a liability or disclosure in the financial statements. The System is subject to routine audits by the taxing jurisdictions; however, there are currently no audits for any tax periods in progress and the System has not been assessed any interest or penalties by the IRS or U.S. DOL.

NOTE S - SUBSEQUENT EVENTS

The System has performed an evaluation of subsequent events through June 2, 2023, the date the basic financial statements were available to be issued.

On February 22, 2023, the Board of Trustees approved the Employer contribution of $37,893,571 for the System's fiscal year ending September 30, 2023, as calculated by the System's actuary (Cheiron).

No other material events were identified by the System.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY

	For The Years Ended September 30								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount Rate Assumption	**6.65 %**	6.51 %	6.33 %	6.69 %	7.24 %	6.67 %	6.19 %	7.29 %	7.48 %
Total Pension Liability (A)									
Service cost	**$ 16,376,468**	20,487,163	18,188,606	15,678,890	16,369,318	17,988,134	12,617,971	12,977,679	12,991,999
Interest on total pension liability, including service cost	**73,349,139**	71,739,532	72,663,853	71,309,613	68,899,130	66,042,714	67,036,489	66,579,275	65,906,383
Benefit changes	**-**	-	-	-	-	-	-	-	-
Differences between expected and actual experience	**(10,523,277)**	(16,689,147)	(16,422,842)	22,854,628	(4,886,531)	3,911,067	(3,684,265)	(2,041,444)	- (B)
Assumption changes	**(16,598,645)**	(5,578,712) (D)	42,292,759	59,418,045	(59,545,809)	(55,153,649)	131,846,504 (D)	16,248,637	6,650,362
Benefit payments	**(69,977,396)**	(65,981,928)	(65,762,646)	(63,865,309)	(63,603,561)	(59,959,184)	(59,673,662)	(67,107,828)	(58,302,794)
Refunds of Members' contributions	**(7,856,810)**	(5,400,986)	(4,201,135)	(4,683,627)	(4,972,550)	(3,493,396)	(2,963,770)	(2,425,249)	(2,670,671)
Net Change In Total Pension Liability	**(15,230,521)**	(1,424,078)	46,758,595	100,712,240	(47,740,003)	(30,664,314)	145,179,267	24,231,070	24,575,279
Total Pension Liability Beginning	**1,156,959,283**	1,158,383,361	1,111,624,766	1,010,912,526	1,058,652,529	1,089,316,843	944,137,576	919,906,506	895,331,227
Total Pension Liability Ending (a)	**$ 1,141,728,762**	1,156,959,283	1,158,383,361	1,111,624,766	1,010,912,526	1,058,652,529	1,089,316,843	944,137,576	919,906,506
System Fiduciary Net Position									
Contributions - Employer	**$ 37,289,426**	32,839,034	35,335,830	35,970,630	33,104,561	33,826,528	30,778,664	30,600,069	32,324,823
Contributions - Members	**4,931,551**	5,269,928	5,592,594 (F)	5,110,119	4,600,917 (E)	4,456,241	4,320,337	4,202,023	4,202,765
Contributions - Member portability and restoration	**240,684**	628,156	576,957	118,319	528,237	197,727	56,530	285,919	235,581
Net investment income (loss)	**(102,621,111)**	167,070,589	43,802,433	17,514,881	51,089,258	93,520,079	52,927,643	(8,325,611)	48,094,636
Benefit payments	**(69,977,396)**	(65,981,928)	(65,762,646)	(63,865,309)	(63,603,561)	(59,959,184)	(59,673,662)	(67,107,828)	(58,302,794)
Refunds of Members' contributions	**(7,856,810)**	(5,400,986)	(4,201,135)	(4,683,627)	(4,972,550)	(3,493,396)	(2,963,770)	(2,425,249)	(2,670,671)
Administrative expenses	**(1,242,879)**	(1,423,896)	(1,446,227)	(1,572,951)	(1,165,930)	(1,206,161)	(1,102,866)	(1,125,310)	(1,095,653)
Net Change In System Fiduciary Net Position	**(139,236,535)**	133,000,897	13,897,806	(11,407,938)	19,580,932	67,341,834	24,342,876	(43,895,987)	22,788,687
System Fiduciary Net Position Beginning	**931,651,175**	798,650,278	784,752,472	796,160,410	776,579,478	709,237,644	684,894,768	728,790,755 (C)	706,276,668
System Fiduciary Net Position Ending (b)	**$ 792,414,640**	931,651,175	798,650,278	784,752,472	796,160,410	776,579,478	709,237,644	684,894,768	729,065,355
Net Pension Liability Ending (a-b)	**$ 349,314,122**	225,308,108	359,733,083	326,872,294	214,752,116	282,073,051	380,079,199	259,242,808	190,841,151

Notes:

(A) The total pension liability as of the end of each measurement year is measured as of the measurement date (October 1) at the beginning of each year and projected to the end of each year.

(B) Because the beginning and ending values are based on the same actuarial valuation (September 30, 2013) and there were no significant events, no liability gains or losses due to experience are reported for the year ended September 30, 2014.

(C) The September 30, 2014 System fiduciary net position was restated (decreased) by $274,600 from recording the beginning net pension liability resulting from implementing GASB 68 for the System's staff participation in ERS during the year ended September 30, 2015.

(D) The actuarial assumptions were updated based on actuarial experience reviews for the five year period (2016-2020) and (2011-2015), and were first effective with the actuarial valuation as of October 1, 2021 and 2016.

(E) Proposition P wage increase became effective in July 2018.

(F) There were Member contributions for 27 payroll periods received during the fiscal year ending September 30, 2020, which happens every 11 years. There were 26 payroll periods during all other fiscal years presented.

SCHEDULES OF NET PENSION LIABILITY AND RELATED RATIOS

	September 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability	**$ 1,141,728,762**	1,156,959,283	1,158,383,361	1,111,624,766	1,010,912,526	1,058,652,529	1,089,316,843	944,137,576	919,906,506	895,331,227
System fiduciary net position	**792,414,640**	931,651,175	798,650,278	784,752,472	796,160,410	776,579,478	709,237,644	684,894,768	729,065,355	706,276,668
Net Pension Liability	**$ 349,314,122**	225,308,108	359,733,083	326,872,294	214,752,116	282,073,051	380,079,199	259,242,808	190,841,151	189,054,559
System Fiduciary Net Position as a Percentage of the Total Pension Liability	**69.4 %**	80.5	68.9	70.6	78.8	73.4	65.1	72.5	79.3	78.9
Covered Payroll (including DROP participants)	**$ 77,382,984**	83,068,458	82,639,813	82,494,022	76,710,452	76,141,625	72,684,487	72,325,153	72,151,450	N/A
Net Pension Liability as a Percentage of Covered Payroll	**451.4 %**	271.2	435.3	396.2	280.0	370.5	522.9	358.4	264.5	N/A

Note: St. Louis City voters approved a 1/2 cent sales tax increase in November 2017. This increase known as Proposition P is to provide revenues for the operation of the Department of Public Safety, including: 1) hiring more police officers, 2) police and firefighter compensation, and 3) enhanced law enforcement services. This sales tax increase took effect on April 1, 2018. Police Officers each received a $6,000 annual wage increase effective in July 2018. This will increase covered payroll by approximately $7.6 million, a one time increase.

SCHEDULES OF EMPLOYER'S CONTRIBUTIONS

	For The Years Ended September 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Employer actuarially determined contributions	**$ 37,289,426**	32,839,034	35,335,830	35,970,630	33,104,561	33,826,528	30,778,664	30,600,069	32,324,823	32,629,036
Contributions in relation to the actuarially determined contribution	**(37,289,426)**	(32,839,034)	(35,335,830)	(35,970,630)	(33,104,561)	(33,826,528)	(30,778,664)	(30,600,069)	(32,324,823)	(32,629,036)
Contribution Deficiency	**$ -**	-	-	-	-	-	-	-	-	-
Covered Payroll (including DROP participants)	**$ 77,382,984**	83,068,458	82,639,813	82,494,022	76,710,452	76,141,625	72,684,487	72,325,153	72,151,450	70,327,982
Contributions as a Percentage of Covered Payroll	**48.2 %**	39.5	42.8	43.6	43.2	44.4	42.3	42.3	44.8	46.4

SCHEDULES OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS

	For The Years Ended September 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	**(7.27) %**	25.82	5.90	2.29	7.43	13.09	7.85	(1.14)	7.08	11.90

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. Changes in Benefit Terms

Changes in benefit terms must be enacted by the General Assembly of the State of Missouri. There were no changes in benefits during the year ended September 30, 2022.

2. Changes in Actuarial Assumptions

The blended discount rate of 6.65% was used to measure the total pension liability for the year ended September 30, 2022. Previously 6.51% was used for the year ended September 30, 2021. This change resulted in a decrease of approximately $16.6 million to total pension liability.

3. Changes in Actuarial Method

None

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

The actuarially determined employer's contributions were calculated as of the September 30 preceding the fiscal year in which contributions are made. That is, the employer's contribution calculated as of the September 30, 2021 actuarial valuation was made during the fiscal year ended September 30, 2022. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules of employer's contributions (schedule):

Actuarial methods:	
Valuation date	October 1, 2014 through 2022
Actuarial cost method:	
GASB reporting	2014 - 2022 Entry Age Normal
Funding requirements	2014 - 2022 Aggregate, reduced by employee contributions
Amortization method/period	2014 - 2022 None - Aggregate is funded over the future working lifetime of current participants
Asset valuation method (funding)	2014 - 2022 5-years smoothed market
Asset valuation method (GASB 67)	2014 - 2022 Fair value
Actuarial assumptions:	
Investment rate of return	2014 - 2015 7.75%, 2016 - 2020 7.5%, 2021 - 2022 7.00%, net of 0.15% administrative expense
Long-term municipal bond rate	2014 - 2015 - 3.71%, 2016 - 3.06%, 2017 - 3.64%, 2018 - 4.18%, 2019 - 2.66%, 2020 - 2.21%, 2021 - 2.26%, 2022 - 4.02%
Rate of payroll growth	2014 - 2018 Varies by age 3% to 6.5%, including merit and promotions 2019 - 2022 Varies by age 3% to 6.25%, including merit and promotions
Consumer price inflation	2014 - 2022 2.5%
Mortality (ordinary)	2014 - 2015 RP-2000 Blue collar combined projected to 2018 2016 - 2021 RP-2014 Blue collar projected generationally with MP-2015 2022 Pub-2010 Safety Employee Below-Median Income Weighted mortality, projected fully generationally with Scale MP-2020
Mortality (accidental)	2014 - 2022 0.03% per year for all ages in addition to ordinary mortality
Mortality (disabled)	2014 - 2015 RP-2000 disabled retiree mortality projected to 2018 2016 - 2021 RP-2014 disabled retiree projected generationally with MP-2015 with 0.9 adjustment with 0.9 adjustment male and no adjustment female 2022 Pub-2010 Safety Disabled Retiree mortality, projected fully generationally with Scale MP-2020
Mortality (retiree)	2014 - 2021 RP-2014 Blue collar projected generationally with MP-2015 with 1.15 adjustment 2022 Pub-2010 Safety Healthy Retiree Below-Median Income Weighted mortality, projected fully generationally with Scale MP-2020
Mortality (beneficiaries)	2022 Pub-2010 General Retiree Below-Median Income Weighted mortality, projected fully generationally with Scale MP-2020

(Continued)

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022 (Continued)

5. 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.

6. Money-weighted Rate of Return

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

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

The discount rate used to calculate the present value of future benefit payments for reporting purposes is based upon the projected fiduciary net position using actuarial assumptions about contributions, benefit payments, and the long-term rate of return. If the projected fiduciary net position 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 high grade bond muni-bond rate for periods after the fiduciary net position is exhausted. The System currently uses the long-term discount rate of 7.0% and expects assets will be sufficient to cover fiduciary net position until 2066. The muni-bond rate used in the valuation was 4.02% and is based on the Bond Buyers General Obligation 20 Year High Grade Rate Municipal Bond Index (AA/Aa or higher). Since the fiduciary net position was projected to be insufficient to make all projected benefit payments of current System Members and beneficiaries, a blended discount rate of 6.65% was used to calculate the System's present value of future benefit payments.

8. Covered Payroll

The covered payroll for active Members is the payroll on which contributions to the System are based.

SCHEDULES OF THE SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF THE EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS (ERS), A COST-SHARING, MULTI-EMPLOYER DEFINED BENEFIT PENSION PLAN

	September 30							
	2022	2021	2020	2019	2018	2017	2016	2015
ERS' fiscal year ended September 30 (A)	2021	2020	2019	2018	2017	2016	2015	2014
Proportionate Share of the Employer's Contributions	**0.14 %**	0.18	0.18	0.16	0.14	0.16	0.15	0.14
Proportionate Share of the Collective Net Pension Liability	**$ 248,397**	506,639	384,250	274,500	248,006	333,568	330,070	221,645
Covered Payroll	**$ 341,505**	437,921	423,912	388,771	341,892	378,373	348,595	343,651
Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	**72.74 %**	115.69	90.64	70.61	72.54	88.16	94.69	64.50
ERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	**84.10 %**	73.82	78.56	83.02	82.46	78.52	76.22	83.47

Notes:

(A) The System elected to report pension elements using the beginning of the year actuarial valuation as allowed by GASB 68. Therefore, the amounts presented were determined as of ERS' previous fiscal year actuarial valuations and projected to the end of the year (i.e., the September 30, 2022 pension elements are based on ERS' October 1, 2021 actuarial valuation).

(B) The System implemented GASB 68 for the fiscal year ended September 30, 2015. Years will be added to this schedule in future fiscal years until 10 years of information is provided.

SCHEDULES OF THE SYSTEM'S CONTRIBUTIONS TO THE EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS (ERS), A COST-SHARING, MULTI-EMPLOYER DEFINED BENEFIT PENSION PLAN

	For The Years Ended September 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 46,858**	54,588	52,303	47,637	42,519	51,217	51,498	52,740
Contributions in relation to the contractually required contribution	**(46,858)**	(54,588)	(52,303)	(47,637)	(42,519)	(51,217)	(51,498)	(52,740)
Contribution Deficiency	**$ -**	-	-	-	-	-	-	-
Covered Payroll	**$ 341,505**	437,921	423,912	388,771	341,892	378,373	348,595	343,651
Contributions as a Percentage of Covered Payroll	**13.72 %**	12.47	12.34	12.25	12.44	13.54	14.77	15.35

Notes to schedule:

Valuation date	Actuarially determined contributions are calculated as of October 1, 2014 through 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method - 2021 through 2017	Entry age normal cost method
Actuarial cost method - 2016 through 2015	Projected Unit Credit Cost Method
Amortization method - 2021 through 2018	Fixed 20 year period as of October 1, 2015 as a level percentage of payroll/ Future gains and losses and changes in actuarial assumptions will be amortized in layers over separate 20 year periods
Amortization method - 2017	Fixed 20 year period as of October 1, 2015 as a level percentage of payroll
Amortization method - 2016 and 2015	Rolling 30-year level dollar amortization of unfunded liability
Asset valuation method (funding)	5-years smoothing
Asset valuation method (GASB 67)	Fair value
Inflation	2021, 2020, 2019, 2018, 2017, and 2016 - 2.5% and 2015 - 3.125%
Salary increases - 2021, 2020, 2019, 2018, and 2017	3% plus merit component based on employee's years of service
Salary increases - 2016 and 2015	3.5% plus merit component based on employee's years of service
Investment rate of return	2021 - 7.25%, 2020, 2019, 2018, 2017, and 2016 - 7.5% and 2015 - 8%, net of pension plan investment expenses
Mortality rates - active - 2021	135% of the Pub-2010 General Employee Below-Median Income Weighted mortality for males and 155% for females projected with generationally mortality improvements from 2010 using Scale MP-2019
Mortality rates - healthy - 2021	125% of the Pub-2010 General Employee Below-Median Income Weighted mortality for males and 120% for females projected with generationally mortality improvements from 2010 using Scale MP-2019
Mortality rates - disabled - 2021	120% of the Pub-2010 General Employee Below-Median Income Weighted mortality for males and 110% for females projected with generationally mortality improvements from 2010 using Scale MP-2019
Mortality rates - ordinary - 2020, 2019, 2018, 2017, and 2016	RP-2000 healthy mortality 3 year set-forward with generational projections using scale AA
Mortality rates - ordinary - 2015	1994 Group Annuity Mortality Table
Mortality rates - disability - 2020, 2019, 2018, 2017, and 2016	RP-2000 disabled mortality 3 year set-forward with generational projections using scale AA
Mortality rates - disability - 2015	1953 Railroad Retirement Board disabled life mortality table

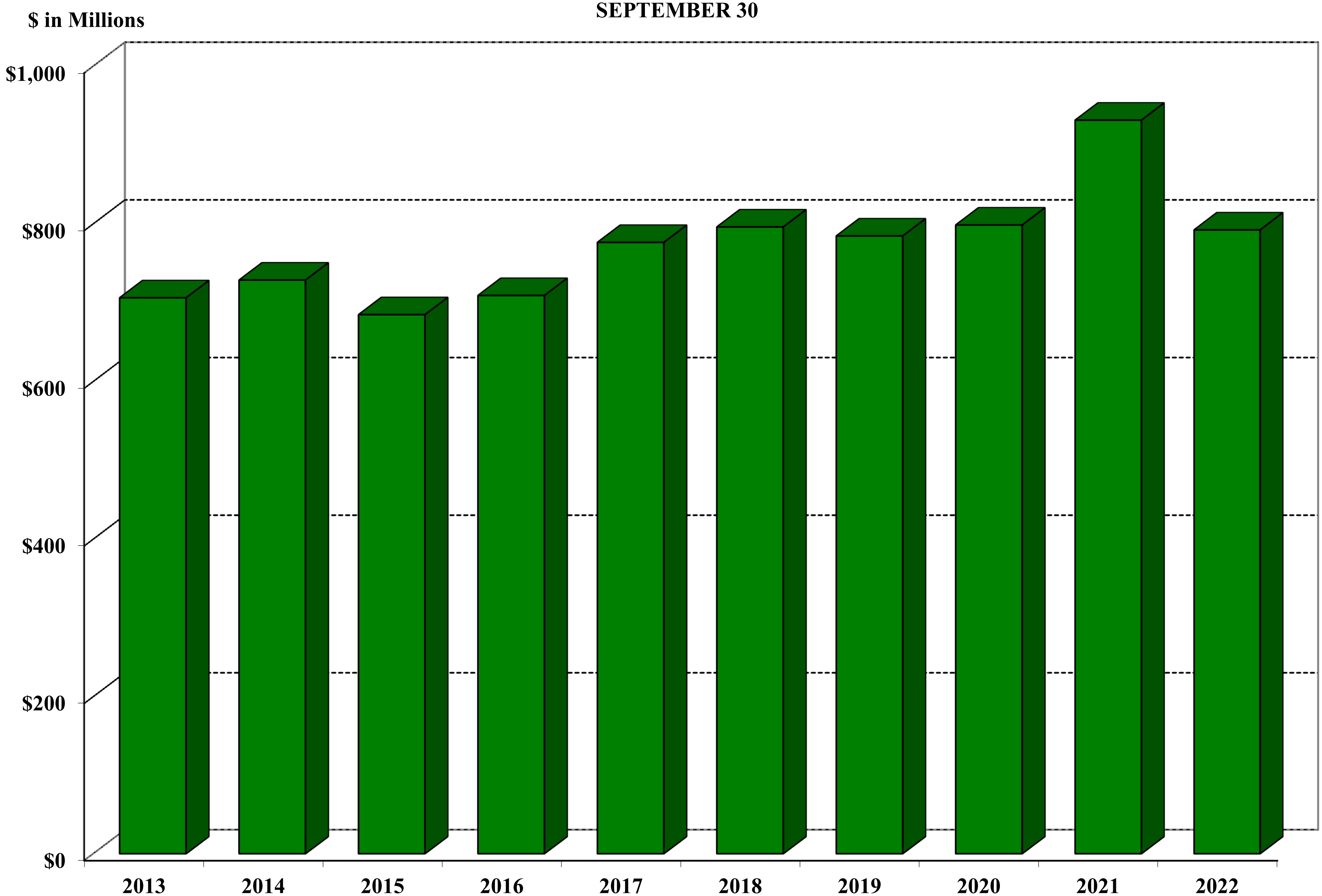
Notes:

(A) The System elected to report pension elements using the beginning of the year actuarial valuation as allowed by GASB 68. Therefore, the amounts presented were determined as of the ERS' fiscal years ended September 30, 2014 through 2021 actuarial valuations and projected to the end of the years.

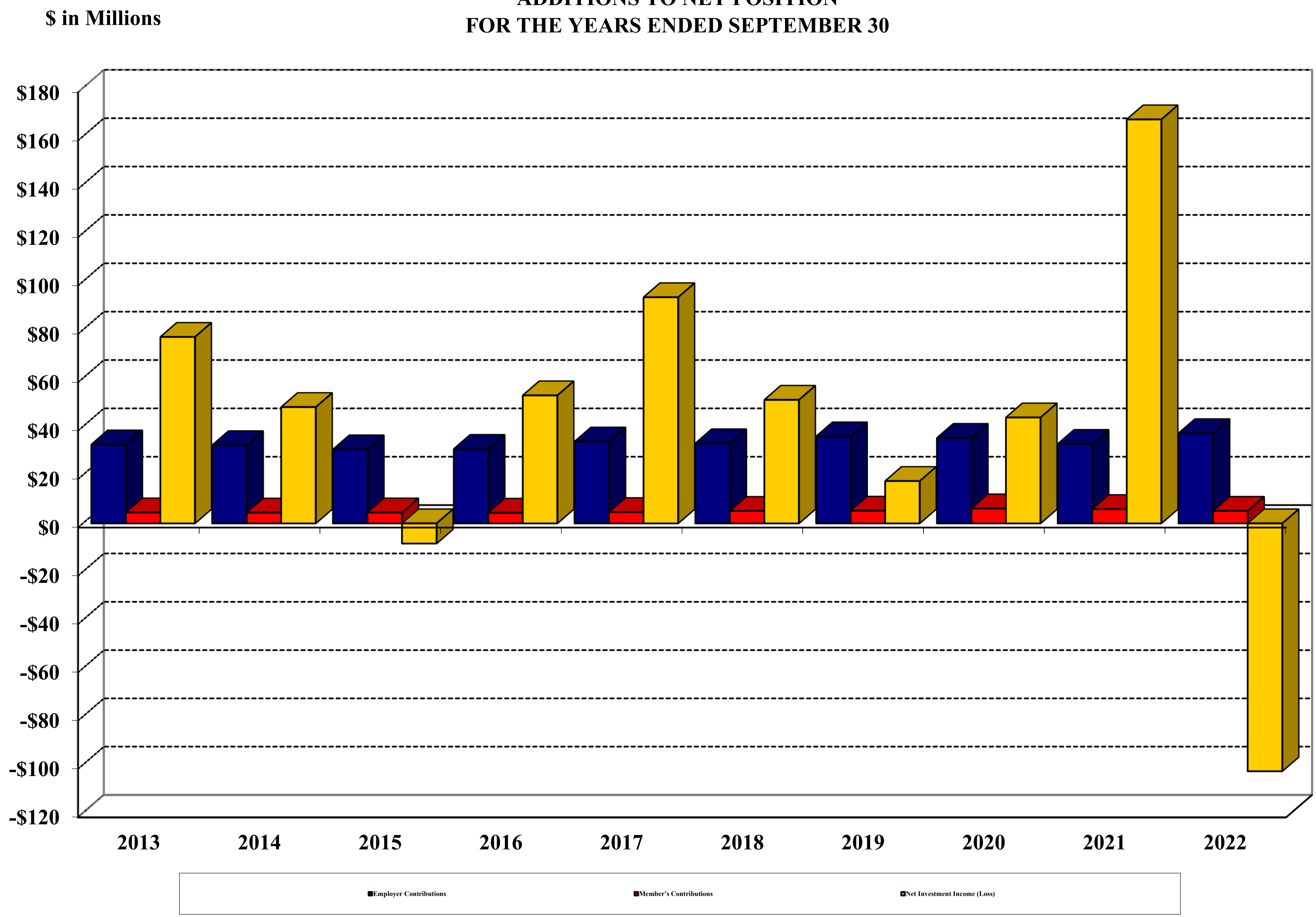
(B) The System implemented GASB 68 for the fiscal year ended September 30, 2015. Years will be added to this schedule in future fiscal years until 10 years of information is provided.

OTHER SUPPLEMENTAL INFORMATION SECTION

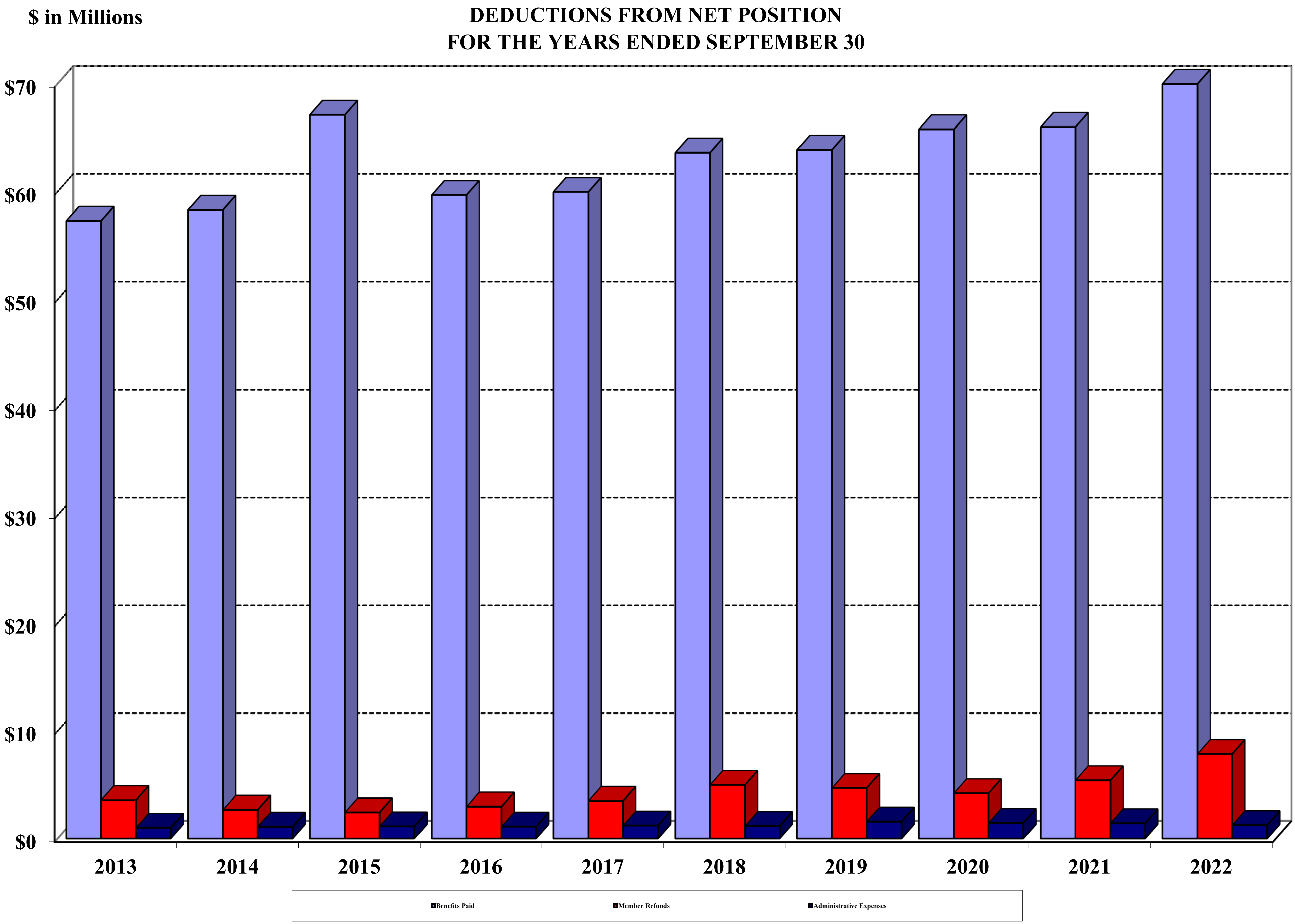
THE POLICE RETIREMENT SYSTEM OF ST. LOUIS
NET POSITION
SEPTEMBER 30



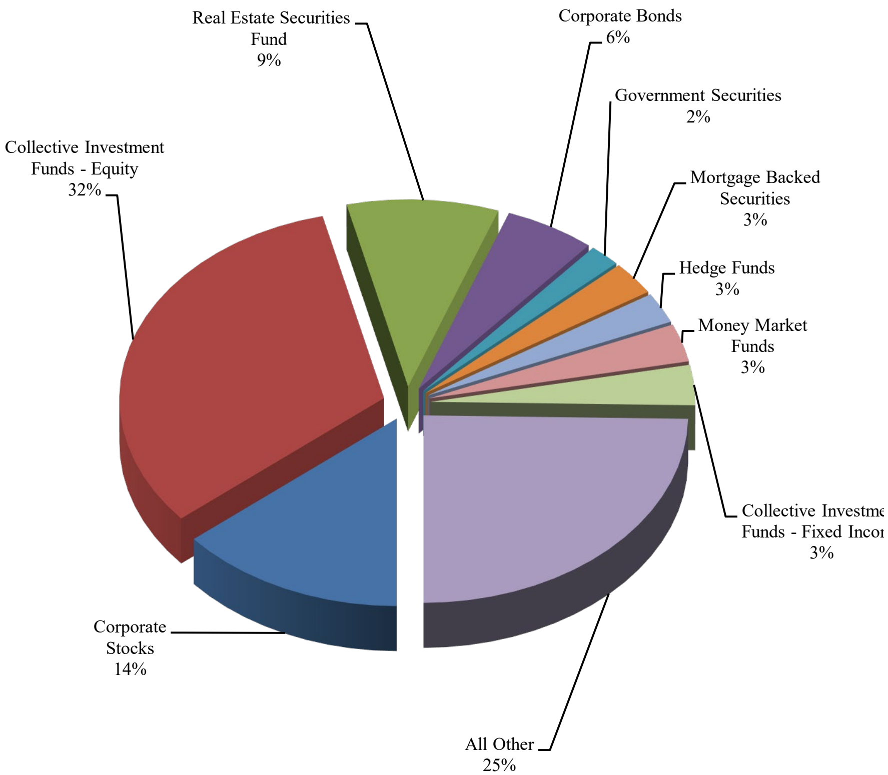
THE POLICE RETIREMENT SYSTEM OF ST. LOUIS
ADDITIONS TO NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30



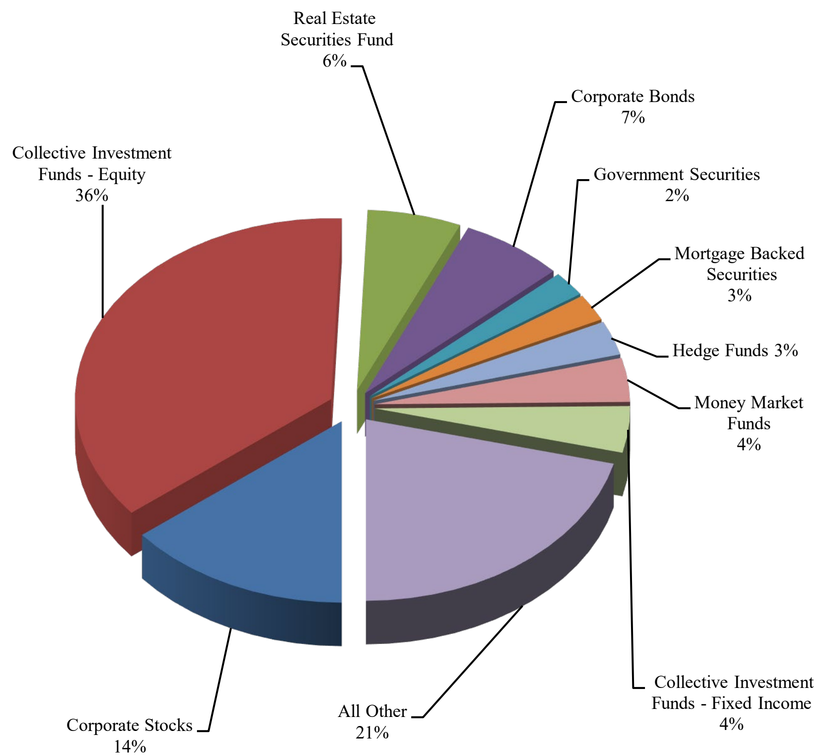
THE POLICE RETIREMENT SYSTEM OF ST. LOUIS
DEDUCTIONS FROM NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30



THE POLICE RETIREMENT SYSTEM OF ST. LOUIS
INVESTMENTS



September 30, 2022



September 30, 2021

	For The Years Ended September 30	
	2022	2021
BENEFITS PAID TO RETIREES AND BENEFICIARIES		
Monthly annuity:		
Accidental disability and death	**$ 5,086,188**	5,064,449
Advisor fees	**2,424,130**	2,392,150
Consultant fees	**2,209,817**	2,187,452
Dependents monthly benefits	**6,197,767**	5,826,042
Medical, surgical, and hospital	**107,523**	97,587
Ordinary disability	**418,252**	453,540
Service retirees	**46,854,873**	45,289,701
Total Monthly Annuity	**63,298,550**	61,310,921
Lump sum:		
Accidental disability and death	**58,512**	130,397
Drop	**6,620,334**	4,540,610
Total Lump Sum	**6,678,846**	4,671,007
Total Benefits Paid To Retirees And Beneficiaries	**$ 69,977,396**	65,981,928
ADMINISTRATIVE EXPENSES		
Personnel costs:		
Salaries	**$ 165,950**	227,171
Payroll taxes	**11,874**	16,711
Insurance - workers compensation	**2,074**	2,832
Employee benefits:		
Pension expense	**18,899**	92,258
Group medical and life insurance	**24,012**	16,843
Total Personnel Costs	**222,809**	355,815
Bank charges	**12,031**	12,842
Board of Trustees account	**17,453**	22,218
Committee	**111,084**	50,563
Computer and website	**129,234**	124,073
Cost allocated from the City	**26,281**	28,802
Depreciation	**24,537**	62,356
Equipment rental and maintenance	**10,661**	16,397
Insurance	**85,216**	74,418
Medical reviews, consulting, and investigations	**153,635**	160,723
Office supplies and expenses	**10,723**	11,990
Post-retirement and employee health care benefits	**3,853**	4,339
Postage	**19,277**	19,999
Professional fees:		
Accounting	**38,292**	45,079
Actuary	**55,900**	99,150
Investment consultant	**238,333**	201,667
Outside general counsel	**36,295**	81,350
Repairs and maintenance	**13,194**	15,601
Telephone	**8,972**	8,049
Utilities	**25,099**	28,465
Total Administrative Expenses	**$ 1,242,879**	1,423,896

INVESTMENT MANAGEMENT AND CUSTODIAL FEES

	For The Years Ended September 30	
	2022	2021
Investment management fees:		
Blackrock Institutional Trust Company, N.A.	**$ 223,634**	-
Commerce Bank N.A.	**237,360**	255,192
Kennedy Capital Management, Inc.	**222,419**	207,804
Lazard Asset Management, Inc.	**26,756**	228,967
MFS Institutional Advisors, Inc.	**191,718**	209,390
Neumeier Poma Investment Counsel, LLC	**280,882**	289,618
Silchester International Investors, LLP	**367,929**	415,117
Wellington Trust Company, N.A.	**204,644**	346,373
Westfield Capital Management Company, L.P.	**218,044**	221,680
	1,973,386	2,174,141
Custodial fees:		
The Northern Trust Company	**207,693**	206,928
Total Investment Management And Custodial Fees	**$ 2,181,079**	2,381,069

The System bears its share of fund operating expenses (including the investment management fees) which are deducted directly from each individual fund's assets for the following investment funds:

Crescent Capital Group (Partnership Interest)
Dover Street IX (Partnership Interest)
ElmTree Net Lease Fund IV, L.P. (Real Estate Separate Account)
EnTrust Capital Diversified Fund QP, Ltd. (Hedge Fund)
EnTrust Special Opportunities Fund III, L.P. (Hedge Fund)
EnTrust Special Opportunities Fund IV, L.P. (Partnership Interest)
Falcon E&P Opportunities Fund, L.P. (Partnership Interest)
GQG International Equity Fund (Partnership Interest)
Hancock Timberland and Farmland Fund, L.P. (Partnership Interest)
IFM Global Infrastructure (U.S.), L.P. (Partnership Interest)
MetLife Emerging Markets (Partnership Interest)
Neuberger Berman Secondary Opportunities Fund III, L.P. (Partnership Interest)
Neuberger Berman U.S. Equity Index PutWrite Fund, LLC (Hedge Fund)
Parametric Defensive Equity Fund LLC (Partnership Interest)
Petrocap Partners II, L.P. (Partnership Interest)
Principal U.S. Property Account (Real Estate Separate Account)
Salient Zarvona Energy Fund II-A, L.P. (Partnership Interest)
Siguler Guff Small Buyout Opp IV, L.P. (Partnership Interest)
Ullico Infrastructure Taxable Fund, L.P. (Partnership Interest)
Zarvonia III-A, L.P. (Partnership Interest)

SUMMARY OF INSURANCE COVERAGE

Type	Policy Term	Coverage
Fiduciary liability	November 1, 2021 to November 1, 2022	$ 10,000,000
Directors and Officers liability	November 1, 2021 to November 1, 2022	5,000,000
Commercial general liability	November 1, 2021 to November 1, 2022	2,000,000
Cyber and privacy liability	May 31, 2022 to May 31, 2023	3,000,000
Umbrella liability	November 1, 2021 to November 1, 2022	1,000,000
Employee dishonesty, forgery, and computer fraud	November 1, 2021 to November 1, 2022	1,000,000
Non-owned automobile	November 1, 2021 to November 1, 2022	1,000,000
Property:		
Building	November 1, 2021 to November 1, 2022	2,618,091
Personal property		1,805,650

HISTORICAL TREND INFORMATION - 10 YEARS

Additions to net position:

For The Years Ended September 30	Contributions: Employer	Contributions: Members	Contributions: Portability And Restorations	Net Investment Income (Loss)	Total
2022	**$ 37,289,426**	**$ 4,931,551**	**$ 240,684**	**$ (102,621,111)**	**(60,159,450)**
2021	32,839,034	5,269,928	628,156	167,070,589	205,807,707
2020	35,335,830	5,592,594	576,957	43,802,433	85,307,814
2019	35,970,630	5,110,119	118,319	17,514,881	58,713,949
2018	33,104,561	4,600,917	528,237	51,089,258	89,322,973
2017	33,826,528	4,456,241	197,727	93,520,079	132,000,575
2016	30,778,664	4,320,337	56,530	52,927,643	88,083,174
2015	30,600,069	4,202,023	285,919	(8,325,611)	26,762,400
2014	32,324,823	4,202,765	235,581	48,094,636	84,857,805
2013	32,629,036	4,270,446	251,125	77,112,248	114,262,855

Deductions from net position:

For The Years Ended September 30	Benefits Paid	Refunds To Members	Administrative Expenses	Total
2022	**$ 69,977,396**	**$ 7,856,810**	**$ 1,242,879**	**79,077,085**
2021	65,981,928	5,400,986	1,423,896	72,806,810
2020	65,762,646	4,201,135	1,446,227	71,410,008
2019	63,865,309	4,683,627	1,572,951	70,121,887
2018	63,603,561	4,972,550	1,165,930	69,742,041
2017	59,959,184	3,493,396	1,206,161	64,658,741
2016	59,673,662	2,963,770	1,102,866	63,740,298
2015	67,107,828	2,425,249	1,125,310	70,658,387
2014	58,302,794	2,670,671	1,095,653	62,069,118
2013	57,283,047	3,566,809	999,324	61,849,180

INTERNAL CONTROL AND COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S 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*

The Board of Trustees
THE POLICE RETIREMENT SYSTEM 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 statement of fiduciary net position and the related statement of changes in fiduciary net position of **THE POLICE RETIREMENT SYSTEM OF ST. LOUIS** (the System), a fiduciary component unit of the City of St. Louis, Missouri, as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated June 2, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing 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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System'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. 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.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the System'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 financial statements. 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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

St. Louis, Missouri
June 2, 2023