EMPLOYEES RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006 AND 2005

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EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS
Management's Discussion and Analysis
For the Year Ended September 30, 2006

The following Management's Discussion and Analysis of the Employees Retirement System of the City of St. Louis (the System) provides an overview of the System's financial activities for the fiscal year ended September 30, 2006. This section should be read in conjunction with the System's financial statements and supplementary information.

Financial Highlights

The System's net assets were $568 million at September 30, 2006, which represents an increase of $40 million from September 30, 2005. The increase can be primarily attributed to appreciation in the fair market value of investments.

The overall investment return for the System was 11.4% for fiscal year 2006 and 15.7% for fiscal year 2005. These investment returns were due to the continued strength in the financial markets and active management by the Board of Trustees in retaining quality investment managers while focusing on the long-term objectives of the System. The returns were well above the assumed actuarial rate of return of 8.0% used in both fiscal years.

Additions to net assets were $75 million and $86 million in fiscal years 2006 and 2005, respectively. The major components of the above figures are investment income, $59 million and $70 million for the same fiscal years. Employer contributions were $16 million in fiscal years 2006 and 2005. Member contributions, which include member purchase of creditable service, were $238,533 in FY 2006 and $66,029 in FY 2005.

Deductions to net assets were $35 million in FY 2006 and $33 million in FY 2005. The increase is directly associated to increased pension benefits.

The System made no changes in its investment asset allocation and investment management structure in FY 2006.

Financial Statements

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

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

Financial Analysis

Total assets at September 30, 2006 were $654,359,935 and were comprised of cash, investments, securities lending collateral and receivables. Total assets increased $87,323,134 or 15.4% over the prior year. Investment valuation accounted for $40.6 million of the increase. Securities Lending Collateral increased $46.7 million due to a corresponding change in the amount of securities currently on loan.

Total liabilities at September 30, 2006 were $86,405,521 and consisted mainly of accounts payable, securities lending collateral and net payable under forward foreign currency exchange contracts. Total liabilities increased $47,101,891 or 119.8% from the prior year, entirely from an increase in securities lending collateral liability.

Net assets held in trust for pension benefits were $567,954,414 at September 30, 2006, an increase of $40,221,243 or 7.6% from the prior year.

Condensed Statements of Plan Net Assets

	September 30		Total Change	
	2006	**2005**	**Amount**	**Percentage**
ASSETS				
Investments	$ 567,143,483	$ 526,536,966	$ 40,606,517	7.7
Cash	142,984	156,576	(13,592)	(8.7)
Receivables	1,224,922	1,213,204	11,718	1.0
Securities Lending	85,848,546	39,130,055	46,718,491	119.4
Total Assets	654,359,935	567,036,801	87,323,134	15.4
LIABILITIES				
Accounts Payable	566,843	527,540	39,303	7.5
Securities Lending	85,848,546	39,130,055	46,718,491	119.4
Currency Exchange	(9,868)	(353,965)	344,097	(97.2)
Total Liabilities	86,405,521	39,303,630	47,101,891	119.8
NET ASSETS	$ 567,954,414	$ 527,733,171	$ 40,221,243	7.6

Revenues – Additions to Plan Net Assets

The assets needed to finance retirement benefits are accumulated through the receipt of employer and member contributions and the earnings on investments. Employer contributions were $15,756,456 for FY 2006. Member contributions, employees who became members prior to October 14, 1977 and continue to make voluntary contributions, and member purchases of creditable service were $238,533 in FY 2006.

Net investment income totaled $59,403,489 in FY 2006 and $70,341,813 in FY 2005. The difference is attributed to a lower investment return in FY 2006, 11.4% versus 15.7%. Net investment income includes deductions for investment management and custodial fees of $3,127,442 in FY 2006 and $2,434,889 in FY 2005.

Expenses – Deductions from Plan Net Assets

The major expenses of the System include the payment of pension benefits to retirees and beneficiaries and administrative expenses. Other expense categories may include refund of contributions and pension service transfer payments to other public retirement plans within the State of Missouri which have a portability agreement with the System. Contribution refunds were zero in FY 2006 and totaled $140,347 in FY 2005. Transfer payments were $52,682 in FY 2006 and $58,722 in FY 2005. Total expenses were $35,177,235 in FY 2006, an increase of $2,649,810 from the FY 2005 total of $32,527,425.

Condensed Statements Of Changes In Plan Net Assets

	September 30		Total Change	
	2006	2005	Amount	Percentage
ADDITIONS				
Net Investment Income	$ 59,403,489	$ 70,341,813	$ (10,938,324)	(15.6)
Employer Contributions	15,756,456	15,752,497	3,959	0.0
Member Contributions	238,533	66,029	172,504	261.3
Total Additions	75,398,478	86,160,339	(10,761,861)	(12.5)
DEDUCTIONS				
Retirement Benefits	$ 34,608,936	$ 31,886,328	$ 2,722,608	8.5
Administrative Expenses	568,299	641,097	(72,798)	(11.4)
Total Deductions	35,177,235	32,527,425	2,649,810	8.2
CHANGE IN NET ASSETS	$ 40,221,243	$ 53,632,914	$ (13,411,671)	(25.0)

Summary

The System's Net Assets Held in Trust for Pension Benefits have increased in seven of the past ten years. Major decreases, which occurred in fiscal years 2002 and 2001, were the result of investment losses due to an economic slowdown that detrimentally affected most pension systems. In FY 1998, the System experienced a decrease of less than 3 percent or $12 million. The Trustees believe, and the actuarial calculations confirm, that the System is in a financial position to meet its current pension obligations. The System's financial condition should continue to improve with a prudent investment policy, cost containment, and a sound economic environment.

The System received a favorable determination letter in February 2005 from the Internal Revenue Service. The Internal Revenue Service granted qualified status to the System retroactive to October 1, 1984 under Section 401(a) of the Internal Revenue Code.

Requests for Information

This financial report is designed to provided the Board of Trustees, the members, and other users of the financial report with a general overview of the System's finances and to demonstrate the System's accountability for its funds. If you have any questions about this report or need additional financial information, contact the Employees Retirement System of the City of St. Louis, 1114 Market Street, Suite 900, St. Louis, MO 63101.

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Independent Auditor's Report

To the Board of Trustees of the Employees
Retirement System of the City of St. Louis
St. Louis, Missouri

We have audited the accompanying statements of plan net assets of the Employees Retirement System of the City of St. Louis (the "System", a component unit of the City of St. Louis, Missouri), as of September 30, 2006 and 2005 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Employees Retirement System of the City of St. Louis at September 30, 2006 and 2005 and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees of the Employees
Retirement System of the City of St. Louis

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental management discussion and analysis on pages 1 - 4, and the supplemental schedules of funding progress, employer contributions, and actuarial assumptions and actuarial cost method on pages 17 - 19 are not a required part of the basic financial statements of the System, but are supplemental information required by the Governmental Accounting Standards Board. For the supplemental management discussion and analysis, and schedules of funding progress, employer contributions, and actuarial assumptions and actuarial cost, we have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Huber, Ring, Helm + Co., P.C.

St. Louis, Missouri
January 4, 2007

EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

STATEMENTS OF PLAN NET ASSETS

SEPTEMBER 30, 2006 AND 2005

ASSETS

	2006	2005
CASH	$ 142,984	$ 156,576
RECEIVABLES		
Accrued interest receivable	785,747	895,689
Accrued dividend receivable	208,315	236,928
Employers contribution receivable	230,860	80,587
Total receivables	1,224,922	1,213,204
INVESTMENTS, at fair value		
Temporary cash investments	2,205,036	5,518,321
United States Government and Agency securities	41,161,737	32,682,551
Corporate bonds and debentures	19,134,914	20,128,364
Foreign governmental and corporate obligations	17,556,374	15,782,909
Stocks	237,187,452	237,827,831
Managed international equity fund	139,834,726	118,322,940
Real estate group annuity	65,002,882	56,228,852
Domestic bond funds	45,060,362	40,045,198
Total investments	567,143,483	526,536,966
SECURITIES LENDING COLLATERAL	85,848,546	39,130,055
Total assets	654,359,935	567,036,801
LIABILITIES		
ACCOUNTS PAYABLE	566,843	527,540
SECURITIES LENDING COLLATERAL LIABILITY	85,848,546	39,130,055
PAYABLE (RECEIVABLE) UNDER FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS	(9,868)	(353,965)
Total liabilities	86,405,521	39,303,630
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 567,954,414	$ 527,733,171

(Schedule of funding progress for the plan is presented on page 17.)

The accompanying notes are an integral part of these financial statements.

EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

STATEMENTS OF CHANGES IN PLAN NET ASSETS

YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	2006	2005
ADDITIONS		
Contributions		
Member contributions	$ 238,533	$ 66,029
Employer contributions	15,756,456	15,752,497
Total contributions	15,994,989	15,818,526
Investment income		
Interest and dividends	7,718,797	7,692,860
Net appreciation in fair value of investments	54,812,134	65,083,842
	62,530,931	72,776,702
Less investment expenses	3,127,442	2,434,889
Net investment income	59,403,489	70,341,813
Total additions	75,398,478	86,160,339
DEDUCTIONS		
Retirement benefits	34,608,936	31,886,328
Administrative	568,299	641,097
Total deductions	35,177,235	32,527,425
NET INCREASE	40,221,243	53,632,914
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
BEGINNING OF YEAR	527,733,171	474,100,257
END OF YEAR	$ 567,954,414	$ 527,733,171

The accompanying notes are an integral part of these financial statements.

NOTE 1 – PLAN DESCRIPTION

General

The System is a cost-sharing multiple-employer public defined benefit employees retirement system for all non-uniformed employees of the City of St. Louis and certain other public entities funded by or providing services to residents of the City of St. Louis. These additional employee groups covered by the System are the employees of the St. Louis Public Library, the Art Museum of St. Louis, the St. Louis Zoological Park, the City of St. Louis Water Division, the Airport Authority, the City Mental Health Board, the Metropolitan Taxicab Commission, the System, civilian employees of the police department and police and firemen's retirement systems. The System became operative April 1, 1960 by municipal ordinance establishing the System under the authority of Senate Bill No. 329 of the 70th General Assembly of the State of Missouri. Responsibility for operation and administration of the System is vested in its Board of Trustees. The Board of Trustees consists of the Comptroller of the City of St. Louis, two members appointed by the Mayor of the City of St. Louis, two members elected by the membership of the System, and one member elected by the retired members of the System.

Membership

At September 30, 2006 and 2005, membership consisted of the following:

	2006	2005
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving benefits	6,192	6,147
Current employees		
Fully vested	4,058	4,007
Non-vested	1,616	1,749
	11,866	11,903

Benefits

The System 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. Benefits vest to employees covered by the System after the employee has attained five years of creditable service.

NOTE 1 – PLAN DESCRIPTION (CONTINUED)

Benefits (Continued)

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. 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 based on an actuarial study. Deductions from plan net assets are financed from plan additions. The Board of Trustees established the required employer contribution rate based on active member payroll of 13.17% effective July 1, 2006 and 13.19% effective July 1, 2005. The City of St. Louis contributed 6% of active member payroll beginning July 2003 through the present.

Employees, who became members of the System prior to October 14, 1977 and continued to make contributions, may make voluntary contributions to the System 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.

Funding Policy

The System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements were prepared using the accrual basis of accounting except that retirement benefits are recorded when due to the beneficiary. Employee contributions are recognized as additions in the period in which employee services are performed. Administrative deductions are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Tax Status

The System has been determined to be exempt from federal income taxes under Section 115 of the Internal Revenue Code. In 2005, the System became a qualified retirement plan in accordance with Internal Revenue Service regulations.

Investments

A list of allowable investments is included in Note 3. Investments are reported at fair market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Security transactions and any resulting realized gains or losses are accounted for on a completed transaction basis.

The System participates in a securities lending program administered by State Street Bank and Trust, the custodian. Brokers who borrow the securities provide collateral, usually in the form of cash valued at 102% for domestic securities. There are no restrictions on the amount of securities that can be lent at one time. At September 30, 2006 and 2005, the term to maturity of the securities lent is matched with the term to maturity of the investment of the cash collateral. These loans can be terminated on demand by either the lender or borrower. The System cannot pledge or sell non-cash collateral unless the borrower defaults. As of September 30, 2006 and 2005, the System has lending arrangements outstanding with a market value for securities lent of $83,520,962 and $38,262,050 and a total market value for securities received as collateral of $85,848,546 and $39,130,055, respectively, resulting in no credit risk for the System.

Furniture and Equipment

Acquisitions of furniture and equipment are charged to operating expense. The value of furniture and equipment owned by the System is deemed to be immaterial in relation to the total assets of the System.

Derivatives

The System currently retains Payden & Rygel Investment Counsel as a global fixed income investment manager. The System permits Payden & Rygel to utilize financial derivative instruments such as forwards, futures, and options. The use of these financial derivatives is defensive in nature, that is, used only to manage duration and foreign currency exposure and bond exposure. Open currency exposure shall not exceed 10 percent of the global fixed income portfolio.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivatives (continued)

As of September 30, 2006 and 2005, the system had a net receivable of $9,868 and $353,965 (cost is $0 both years), respectively, based on current market values.

Reclassifications

Certain reclassifications have been made to the prior year's amounts to make them consistent with the 2006 presentation.

NOTE 3 – CASH AND INVESTMENTS

The System is authorized to invest in:

- U.S. government securities;
- Non-U.S. fixed income securities;
- Common stocks of corporations organized under the laws of the United States;
- Common stocks of foreign corporations through separate accounts as commingled vehicles;
- Publicly-issued corporate bonds, debentures, notes, or other evidences of indebtedness assumed or guaranteed by corporations organized under the laws of the United States with ratings of "A" or better by Moody's Investors Service;
- Short-term securities with a maximum maturity of one year including institutional liquid assets, U.S. Treasury obligations, Federal Agency obligations, discount and interest-bearing notes from corporations, and certificates of deposit; and
- Real estate through discretionary commingled vehicles.

Financial instruments that potentially subject the System to concentrations of credit risk and market risk consist principally of cash and investments. The System places its cash with a major financial institution.

The bank balances of the System at September 30, 2006 and 2005 were $1,004,191 and $1,018,031, respectively. These balances were insured by the Federal Deposit Insurance Corporation up to $100,000. The remaining balances were collateralized by securities held by the pledging financial institution's trust department in the System's name.

The System has a significant amount of investments that are subject to market risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable.

All investments at September 30, 2006 and 2005 were held by the System's agent in the System's name.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

At September 30, 2006, the System has the following concentrations, defined as investments (other than those issued or guaranteed by the U.S. government) in any one organization, that represent five percent or more of total investments:

State Street Global Advisors Passive Bond Market Index Fund	$45,060,362	7.95%
Silchester International Investors International Value Equity Group Trust	$77,009,610	13.58%
Walter Scott & Partners Limited Group Trust International	$62,825,116	11.08%
Principal Global Investors Real Estate Group Annuity Contract	$65,002,882	11.46%

At September 30, 2006 and 2005, investments consisted of the following:

	2006	
	Fair Value	Cost
Temporary cash investments	$ 2,205,036	$ 2,205,925
United States Government and Agency securities	41,161,737	40,364,225
Corporate bonds and debentures	19,134,914	19,524,335
Foreign governmental and corporate obligations	17,556,374	17,356,966
Stocks	237,187,452	200,151,224
Managed international equity funds	139,834,726	83,409,023
Real estate fund	65,002,882	46,800,000
Domestic bond funds	45,060,362	40,617,653
	$567,143,483	$450,429,351

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

	2005	
	Fair Value	Cost
Temporary cash investments	$ 5,518,321	$ 5,502,343
United States Government and Agency securities	32,682,551	21,199,751
Corporate bonds and debentures	20,128,364	21,548,102
Foreign governmental and corporate obligations	15,782,909	25,231,258
Stocks	237,827,831	204,029,398
Managed international equity funds	118,322,940	83,728,698
Real Estate Fund	56,228,852	46,800,000
Domestic bond funds	40,045,198	37,028,058
	$ 526,536,966	$ 445,067,608

Foreign Currency Risk

The System does not have a formal policy to limit foreign currency risk. Risk of loss arises from changes in currency exchange rates. The System's exposure to foreign currency risk is presented on the following table:

Currency	**Short-Term**	**Debt**	**Equity**	**Total**
British Pound		$ 2,282,110		$ 2,282,110
Canadian Dollar		3,852,178		3,852,178
Euros		7,416,720		7,416,720
Japanese Yen		1,467,784		1,467,784
	$ 0	$15,018,792	$ 0	$ 15,018,792

Credit Risk of Debt Securities

The System's rated debt investments as of September 30, 2006 were rated by Standard and Poor ("S&P") and the ratings are presented using the Standard and Poor rating scale. The System's policy to limit credit risk is that fixed income securities shall be limited to those with an S&P rating of investment grade (BBB/Baa) or better.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Credit Risk of Debt Securities (continued)

Rated Debt Instrument Value	AAA	AA-	A+	
Corporate bonds and debentures	$ 5,996,342	$2,045,910	$3,265,057	
Foreign government and corporate obligations	10,880,129	1,712,135	624,068	
United States Government Securities	25,889,706			
Agency securities	11,839,334			
	$54,605,511	$3,758,045	$3,889,125	
	A	**A-**	**B**	**BBB+**
Corporate bonds and debentures	$ 3,306,226	$1,214,728	$ 81,300	
Foreign government and corporate obligations		145,530		$ 130,860
United States Government Securities				
Agency securities				
	$ 3,306,226	$1,360,258	$ 81,300	$ 130,860
	BBB	**BB-**	**BB**	**Unrated**
Corporate bonds and debentures	$ 1,250,620	$ 497,975	$ 646,612	$ 830,144
Foreign government and corporate obligations	116,626			3,947,026
United States Government Securities				463,832
Agency Securities				2,968,865
	$ 1,367,246	$ 497,975	$ 646,612	$8,209,867

Interest Rate Risk

The System does not have a formal policy to limit interest rate risk. Risk of loss arises from changes in interest rates which have significant affects on fair values of investments.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (continued)

At September 30, 2006

Investment Type	Fair Value	< 1 year	1 - 5 years
Corporate bonds and debentures	$19,134,914	$4,044,570	$9,713,636
Foreign government and corporate obligations	17,556,374	2,271,855	3,874,935
United States Government Securities	26,353,538		8,209,044
Agency Securities	14,808,199		4,371,765

	6 - 10 years	10+ years
Corporate bonds and debentures	$ 1,327,335	$4,049,373
Foreign government and corporate obligations	5,436,839	5,972,745
United States Government Securities	5,643,808	12,500,686
Agency Securities	2,229,011	8,207,423

NOTE 4 – PLAN TERMINATION

The System is administered in accordance with the provisions of the Revised Code of the City of St. Louis. The Code does not provide for plan termination under any circumstances.

NOTE 5 – DEFERRED RETIREMENT OPTION PLAN

On June 8, 2000, the Mayor of the City of St. Louis approved an ordinance passed by the Board of Aldermen, authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10 year U.S. Treasury Bond yield as of September 30, for DROP participants enrolling February 1, 2003 and thereafter.

After the members completely terminate employment, they can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan. At September 30, 2006, approximately 550 members have elected to DROP participation and have DROP account balances.

SUPPLEMENTAL INFORMATION

EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULE OF FUNDING PROGRESS

SEPTEMBER 30, 2006

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Unfunded)/ Overfunded (UAAL)	Funded Ratio	Covered Payroll	Overfunded AAL as a % of Covered Payroll	Unfunded AAL as a % of Covered Payroll
9/30/1992	$ 325,143,300	$ 297,156,900	$ 27,986,400	109.42%	$ 133,682,464	20.93%	
9/30/1993	342,416,800	309,350,000	33,066,800	110.69%	143,239,904	23.08%	
9/30/1994	342,786,700	327,020,600	15,766,100	104.82%	153,577,040	10.27%	
9/30/1995	353,305,600	344,306,400	8,999,200	102.61%	161,157,602	5.58%	
9/30/1996	382,377,898	364,020,306	18,357,592	105.04%	170,077,631	10.79%	
9/30/1997	415,345,946	381,345,566	34,000,380	108.92%	176,908,292	19.22%	
9/30/1998	460,683,063	390,780,537	69,902,526	117.89%	188,141,151	37.15%	
9/30/1999	482,750,053	415,594,927	67,155,126	116.16%	193,273,578	34.75%	
9/30/2000	507,655,329	515,673,757	(8,018,428)	98.45%	204,696,581		3.92%
9/30/2001	466,630,792	542,547,374	(75,916,582)	86.01%	216,527,124		35.06%
9/30/2002	432,590,313	574,817,702	(142,227,389)	75.26%	230,184,836		61.79%
9/30/2003	424,917,296	576,127,904	(151,210,608)	73.75%	228,550,406		66.16%
9/30/2004	431,853,406	602,795,470	(170,942,064)	71.64%	221,768,791		77.08%
9/30/2005	527,733,171	666,182,075	(138,448,904)	79.22%	223,837,003		61.85%
9/30/2006	554,065,539	695,889,716	(141,824,177)	79.62%	224,120,314		63.28%

See independent auditor's report.

EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2006

Plan Year Ended	Annual Required Contributions (ARC)	Actual Contributions	Percentage Contributed
1994	$ -	$ -	N/A
1995	-	353,964	N/A
1996	-	1,277,465	N/A
1997	-	407,168	N/A
1998	-	1,816,739	N/A
1999	-	1,651,025	N/A
2000	-	284,910	N/A
2001	17,492,110	2,768,208	15.83%
2002	24,269,937	12,106,532	49.88%
2003	32,186,050	19,115,679	59.39%
2004	30,926,604	15,158,997	49.02%
2005	29,243,453	15,752,497	53.87%
2006	29,478,032	15,756,456	53.45%

See independent auditor's report.

EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHOD

SEPTEMBER 30, 2006

VALUATION DATE	October 1, 2006
ACTUARIAL COST METHOD	Projected Unit Credit Cost Method
AMORTIZATION METHOD	Level dollar amount for unfunded liability, open
REMAINING AMORTIZATION PERIOD	30 years as of October 1, 2006
ASSET VALUATION METHOD	The market value of assets less unrecognized returns in each of the last five years, but no earlier than October 1, 2005. Unrecognized return is equal to the difference between the actual market return and expected market return, and is recognized over a five-year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value. The actuarial asset value was initialized at the market value as of October 1, 2005.
ACTUARIAL ASSUMPTIONS	
Investment rate of return	8.00%
Projected salary increases	Varies by age, ranging from 3.825% to 7.226%.
Cost of living adjustments	5.00% per year; maximum cumulative increase of 25%.

See independent auditor's report.