



Missouri Local Government Employees Retirement System

39th Annual Comprehensive Financial Report

For the Fiscal Year: July 1, 2006 - June 30, 2007

LAGERS

Thirty-ninth Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2007

William R. Schwartz
Executive Secretary

Keith E. Hughes
Assistant Executive
Secretary/Comptroller

Pam Hoffman
Assistant Executive
Secretary/Operations



Missouri Local Government
Employees Retirement System
701 West Main Street
P.O. Box 1665
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Administrative Organization

Administrative Organization – Board

The board operates with the assistance of five committees, appointed by the chairperson: administrative, disability, investment, legislative, and governance.

Administrative Committee	Disability Committee	Investment Committee	Legislative Committee	Governance Committee
Victor Gragg*	Arby Todd*	Robert Ashcroft*	Bob West*	Frank Buck*
Robert Ashcroft	Frank Buck	Jane Dueker	Frank Buck	Jane Dueker
Jane Dueker	Jane Dueker	Victor Gragg	Arby Todd	Arby Todd
Bob West	Nancy Yendes	Bob West	Nancy Yendes	Bob West

*Committee Chairperson

Administrative Organization – Staff

William R. Schwartz, CEBS, CGFM Executive Secretary	Pam Hoffman, CPA, CGFM, RPA Assistant Executive Secretary/ Operations	Keith E. Hughes, CEBS, CGFM Assistant Executive Secretary/ Comptroller
William T. Ackerman Chief Counsel	Sue Bielecki Benefit Specialist III	Misty Brazzell Accounts Analyst II
Tammy Burlbaw Benefit Specialist I	Brian K. Collett, CFA Chief Investment Officer	Judy Doyen Benefits Clerk
Tami Jaegers Benefit Specialist I	Jeff Kempker Public Relations Specialist	Leslie Loar Administrative Assistant
Erin Stieferman Accounts Analyst I	Mike Vandelight IT Manager	Darlene Wallis Benefit Specialist II
Robert Wilson Manager of Member Services	Paula Woolery Accounts Analyst I	

Consulting Services

Actuary

Gabriel, Roeder, Smith
and Company
Mita D. Drazilov
Judith A. Kermans
Southfield, MI

Data Processing

Quality Computer
Systems, Inc.
Cathy Young
Columbia, MO

Auditor

Williams Keepers, LLC
Certified Public Accountants
Michael J. Oldelehr
Jefferson City, MO

Legal Counsel

Armstrong Teasdale, LLP
Attorneys at Law
J. Kent Lowry
Sherry Doctorian
Jefferson City, MO

Board Governance

Cortex Applied Research, Inc.
John Por
Toronto, Canada

Medical Advisors

P.A. Boyer, M.D.
Andrew Matera, M.D.
J.S. Sanders, M.D.

For a list of investment professionals, see page 28.

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri Local Government Employees Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

PPCC Achievement Award



**Public Pension Coordinating Council
Public Pension Standards
2006 Award**

Presented to

**Missouri Local Government
Employees Retirement System**

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style with a large, prominent 'A'.

Alan H. Winkle
Program Administrator

Letter of Transmittal



William R. Schwartz, CEBS
Executive Secretary



Missouri Local Government Employees Retirement System

701 West Main, P.O. Box 1665, Jefferson City, Missouri 65102
Telephone (573) 636-9455 • 800-447-4334 • FAX (573) 636-9671

www.molagers.org

William R. Schwartz, CEBS, Executive Secretary

September 17, 2007

The Board of Trustees
Missouri Local Government
Employees Retirement System
Jefferson City, Missouri 65102

The Annual Report of the Missouri Local Government Employees Retirement System (LAGERS) for the fiscal year ended June 30, 2007, is submitted herewith. The management of LAGERS is responsible for the compilation and accuracy of the financial, investment, actuarial and statistical information contained in this report. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, rests with the management of the system. I trust that you and the members of the system will find this annual report helpful in understanding your public employee retirement system – a system which continues to maintain a strong and positive financial future.

The LAGERS system was established in 1967 consisting of 10 employers and has subsequently expanded to include 553 political subdivisions of the state. A listing of the current employers begins on page 48.

ACCOUNTING SYSTEMS AND REPORTS

This report was prepared to conform with the principles of governmental accounting and reporting as put forth by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the LAGERS system for its comprehensive annual financial report for the fiscal year ended June 30, 2006. LAGERS has received this prestigious award for its annual report in each of the last twenty-nine years.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe this report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

The Financial section of the report contains the independent auditors' letter, management's discussion and analysis, the financial statements, notes and other required supplementary information. Management's discussion and analysis provides a narrative introduction and overview of the financial statements and should be read in conjunction with those statements.

Transactions of the LAGERS system are reported on the accrual basis of accounting. The management of the system is charged with maintaining a sound system of internal controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use and they are recorded properly to permit the preparation of financial statements. Even though there are inherent limitations in any system of internal controls, the management of LAGERS makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud are quickly detected and corrected.

REVENUES

The collection of employer and employee contributions, as well as income from investments, provide the reserves needed to finance retirement benefits. Contributions and investment income for fiscal year 2007 totaled \$739,328,693. This amount includes realized and unrealized gains/losses. Contribution rates remain substantially the same.

EXPENSES

The principle purpose for which LAGERS was created was to provide retirement annuities, survivor benefits, and total and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the plan, refund of contributions to terminated employees, and the cost of administering the system. Expenses for fiscal year 2007 totaled \$126,171,901, an increase of 9% over fiscal year 2006 expenses. The increase in expenses resulted primarily from monthly payments to the additional number of retirees and partial lump-sum payments to retirees.

INVESTMENTS

The investments of the LAGERS system are governed primarily by an investment authority known as the "prudent person rule". The prudent person rule establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the fund. The prudent person standard states that fiduciaries shall discharge their duties solely in the interest of the fund participants and beneficiaries and with the degree of diligence, care, and skill which prudent men and women would ordinarily exercise under similar circumstances in a like position. By permitting further diversification of investments within a fund, the prudent person standard may enable a fund to reduce overall risk and increase returns. A summary of the asset allocation can be found on page 23 of this report.

The prudent person rule permits the fund to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment advisors. The statement of investment policy outlines the responsibility for the investment of the fund and the degree of risk that is deemed appropriate for the fund. Investment advisors are to execute the investment policy in accordance with the statutory authority, the Board policy and their respective guidelines, but are to use full discretion within the policy and guidelines. For fiscal year 2007, investments provided an 18% rate of return. The LAGERS annualized rate of return over the last three years was 13.1% and 9.1% over the last ten years.

FUNDING

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The LAGERS funding objective is to meet long term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. At June 30, 2007 the system has a funded status of 96%. The advantage

of a well funded plan is that the participants can look at assets that are committed to the payment of benefits. A detailed discussion of funding is provided in the Actuarial Section of this report.

PROFESSIONAL SERVICES

Professional consultants are appointed by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of LAGERS. An opinion from the certified public accountant and the actuary are included in this report. The consultants appointed by the Board are listed on page 3 of this report.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined effort of the LAGERS staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the funds of the system.

The report is being mailed to all employer members of the system. They form the link between LAGERS and its membership. Their cooperation contributes significantly to the success of LAGERS. We hope the employers and their employees find this report informative.

On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the staff, the advisors, and to the many people who have worked so diligently to assure the successful operation of the system.

Respectfully submitted,



William R. Schwartz, CEBS, CGFM
Executive Secretary

Chairperson's Report



Nancy Yendes
Chairperson
Member Trustee
Term Expires 12-31-2008



Missouri Local Government Employees Retirement System

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www.molagers.org

William R. Schwartz, CEBS, Executive Secretary

September 17, 2007

To all LAGERS members:

I am pleased to present the 2007 Comprehensive Annual Financial Report. This report provides a detailed view of the financial and actuarial status of your retirement system. The system continues to perform well thanks to the efforts of many, not the least of which is the efforts of the LAGERS staff. Our system is blessed with a tremendous and talented staff as noted in more detail below.

For the fourth consecutive year the LAGERS portfolio delivered solid returns, exceeding the actuarial investment return rate of 7.5%. The LAGERS portfolio recorded a 1-year return of 18.0%. The Board continues to focus on alternative asset classes that will provide diversity to the portfolio and reduce the volatility of future returns. I would like to thank Brian Collett, LAGERS Chief Investment Officer, and the LAGERS staff for leading the Board of Trustees in this educational effort that continues to pay dividends to the system.

With LAGERS history of consistent and appropriate funding, the system continues to present a strong aggregate 96% funding ratio. In fact, 60% of the groups that were evaluated had decreasing contribution rates for the upcoming 2008 fiscal year. Fiscal year 2007 resulted in 22 new employers beginning participation in the system. In addition, another 50 different employers made a benefit upgrade during the year. These activities are largely attributable to the enhanced LAGERS web site and strong financial experience as a system. I would like to thank Bob Wilson, Manager of Member Services, and LAGERS staff for their diligent work in this area of employee/employer communications.

This year we report that Bill Ackerman, LAGERS first Chief Counsel, has retired. Mr. Ackerman served the system for almost 9 years and provided a seamless transition from external counsel to internal legal counsel. The Chief Counsel position has permitted the staff quicker turnaround on many complex legal issues the system continues to face, allowing the system to serve you better.

The Board of Trustees continues to seek avenues to provide more timely response to benefit concerns. I would like to specifically thank the Disability Committee for utilizing conference calls to accelerate benefit payments to disability applicants. The many volunteer hours provided by all the LAGERS Board members are greatly appreciated in making LAGERS one of the premier and most sound public pension plans in the country.

And finally, I appreciated the opportunity of serving on the LAGERS Board and as your Chairman. Thank you for your continued interest and support. I am confident your Board, with the help of the LAGERS staff, will continue to endeavor to provide a quality retirement program while ensuring the financial integrity of the system.

Respectfully,

Nancy Yendes, Chairperson
LAGERS Board of Trustees

Board of Trustees



Arby Todd
Vice Chairperson
Member Trustee
Lee's Summit
Term Expires 12-31-2009



J. Robert Ashcroft
Employer Trustee
Platte County
Term Expires 12-31-2009



Frank Buck
Employer Trustee
DeKalb County
Term Expires 12-20-2008



Jane Dueker
Citizen Trustee
St. Louis
Term Expires 12-31-2007



Victor D. Gragg
Employer Trustee
Mid-Continent Library
Term Expires 12-31-2010



Bob West
Member Trustee
Independence
Term Expires 12-31-2010

Independent Auditors' Report



3220 West Edgewood, Suite E • Jefferson City, MO 65109 • 573/635-6196 • 573/635-8394 fax

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

JEFFERSON CITY
COLUMBIA
MEXICO

The Board of Trustees
Missouri Local Government
Employees Retirement System
Jefferson City, Missouri 65102

We have audited the accompanying statement of plan net assets of the Missouri Local Government Employees Retirement System (the System) as of June 30, 2007, and the related statement of changes in plan net assets for the year 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 audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit 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 audit provides 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 Missouri Local Government Employees Retirement System at June 30, 2007, and the changes in plan net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 11 and 12 and the schedules of funding progress and employer contributions on pages 19 and 20 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The required supplementary information is the responsibility of management of the System. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information, for the year ended June 30, 2007. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the System. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Williams-Keepers LLC

September 17, 2007

Management's Discussion and Analysis

Management is pleased to present this overview and analysis of the financial activities of the Missouri Local Government Employees Retirement System (LAGERS) for the year ended June 30, 2007. We encourage readers to consider the information presented in conjunction with the Letter of Transmittal on page 6 of this report, the financial statements, required supplementary information, and supplementary information.

Required Financial Statements

LAGERS, an agent multiple-employer public employee retirement system, prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Government Accounting Standards Board. The Statement of Plan Net Assets indicates the net assets available to pay future benefits and provides a snapshot at a particular point in time. The Statement of Changes in Plan Net Assets provides a view of the current year's additions and deductions from net assets. The Notes to the Financial Statements are necessary for a full understanding of the financial statements. The Required Supplementary Information and related disclosures present the historical funding status of LAGERS.

Financial Analysis of LAGERS

The funding ratio (actuarial value of assets divided by the actuarial accrued liability) is computed on the last day of February each year in conjunction with the annual valuation of the system. Below are the most recent results:

<u>2007</u>	<u>2006</u>	<u>2005</u>
96.1%	95.3%	95.1%

This ratio gives an indication of how well LAGERS' funding objective is being met. LAGERS 13.1% return for the past 3 years continues to exceed the actuarial investment rate of return of 7.5% creating a sound financial position for the fund. LAGERS' actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets.

Comparative Financial Statements

Statement of Plan Net Assets

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. The table on the following page is a summary of LAGERS Plan Net Assets (in millions) as of June 30.

Management's Discussion and Analysis

continued

<u>Assets</u>	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Cash	\$ 0	\$ 2	(100)%
Receivables	21	20	5
Investments	4,779	4,101	17
Capital assets	2	2	0
Total assets	\$ 4,802	\$ 4,125	16
<u>Liabilities</u>	<u>720</u>	<u>656</u>	<u>10</u>
Total plan net assets	\$ 4,082	\$ 3,469	18

This table presents a \$613 million increase in net assets. The increase in investments reflects the strong equity markets this past year which resulted in an 18.0% annualized return. As a pension fund LAGERS must retain a long-term investment horizon and the table below presents the returns for such time frames.

	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Annualized Returns	13.1%	11.4%	9.1%

Statement of Changes in Plan Net Assets

<u>Additions</u>	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Member contributions	\$ 7	\$ 7	0%
Employer contributions	129	116	11
Net investment income	603	274	120
Total additions	\$ 739	\$ 397	86
<u>Deductions</u>			
Benefit payments	\$ 121	\$ 111	9
Refunds	2	2	0
Administrative expenses	3	3	0
Total deductions	\$ 126	\$ 116	9
Changes in net assets available for benefits	\$ 613	\$ 281	118

Additions to fund benefits are accumulated through contributions and investment income. Employer contributions increased slightly reflecting the number of employers that upgraded retirement benefits this past year and 22 new employers participating in the system. LAGERS net investment income doubled compared to 2006 which was a fairly typical investment year. This performance was largely achieved because of excellent performance in the stock markets, especially the global stock portfolio. The LAGERS portfolio continues to deliver consistent returns over longer horizons. Benefit payments continue to escalate as LAGERS fulfills its mission of providing retirement benefits to the membership. This amount will continue to escalate as the demographics of the LAGERS population continues to mature.

Statement of Plan Net Assets

June 30, 2007

Assets

Cash		\$	14,608
Receivables:			
Member	\$	673,732	
Employer		11,164,357	
Accrued interest and dividends		<u>8,818,686</u>	
Total receivables			20,656,775
Investments at fair value:			
Short-term investments	\$	25,821,038	
Government bonds		431,143,776	
Corporate bonds		284,056,745	
International bonds		114,569,227	
Mortgage and asset-backed securities		426,809,547	
Domestic stocks		1,654,074,178	
International stocks		943,421,226	
Timberland		<u>181,560,318</u>	
Total investments			4,061,456,055
Invested securities lending collateral			718,011,183
Office building, equipment and fixtures, net of accumulated depreciation of \$811,040			<u>2,131,191</u>
Total assets			\$ <u>4,802,269,812</u>

Liabilities

Accounts payable and accrued expenses	\$	2,201,195	
Collateral for securities on loan		<u>718,011,183</u>	
Total liabilities			\$ <u>720,212,378</u>
Net assets held in trust for pension benefits			\$ <u>4,082,057,434</u>

(A schedule of funding progress is presented on page 20.)

See accompanying notes to financial statements.

Statement of Changes in Plan Net Assets

Year Ended June 30, 2007

	Reserves					
	Total	Member	Employer	Benefit	Casualty	Income (Expense)
Additions:						
Contributions:						
Member	\$ 7,588,622	\$ 7,588,622	—	—	—	—
Employer	128,938,636	—	\$ 122,423,092	—	\$ 6,515,544	—
Total contributions	<u>\$ 136,527,258</u>	<u>\$ 7,588,622</u>	<u>\$ 122,423,092</u>	<u>—</u>	<u>\$ 6,515,544</u>	<u>—</u>
Investment income:						
Interest income	\$ 31,031,139	—	—	—	—	\$ 31,031,139
Dividend income	46,453,415	—	—	—	—	46,453,415
Other income	5,543,327	—	—	—	—	5,543,327
Net appreciation in fair value of investments	527,113,732	—	—	—	—	527,113,732
Total investment income	<u>\$ 610,141,613</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 610,141,613</u>
Less investment expenses	9,040,142	—	—	—	—	9,040,142
Net investment income	<u>\$ 601,101,471</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 601,101,471</u>
Securities lending income	\$ 38,214,587	—	—	—	—	\$ 38,214,587
Less securities lending expenses:						
Borrower rebates	35,948,341	—	—	—	—	35,948,341
Management fees	566,282	—	—	—	—	566,282
Total securities lending expenses	<u>\$ 36,514,623</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 36,514,623</u>
Net securities lending income	<u>\$ 1,699,964</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 1,699,964</u>
Total additions	<u>\$ 739,328,693</u>	<u>\$ 7,588,622</u>	<u>\$ 122,423,092</u>	<u>—</u>	<u>\$ 6,515,544</u>	<u>\$ 602,801,435</u>
Deductions:						
Benefits Paid:						
Annuity benefits	\$ 121,741,881	—	\$ 2,754,535	\$ 118,987,346	—	—
Refunds	1,718,953	\$ 1,718,953	—	—	—	—
Total benefits paid	<u>\$ 123,460,834</u>	<u>\$ 1,718,953</u>	<u>\$ 2,754,535</u>	<u>\$ 118,987,346</u>	<u>—</u>	<u>—</u>
Administrative expenses	\$ 2,711,067	—	—	—	—	\$ 2,711,067
Total deductions	<u>\$ 126,171,901</u>	<u>\$ 1,718,953</u>	<u>\$ 2,754,535</u>	<u>\$ 118,987,346</u>	<u>—</u>	<u>\$ 2,711,067</u>
Other changes in reserves:						
Annuities awarded	—	\$ (4,581,864)	\$ (117,226,472)	\$ 125,560,756	\$ (3,759,861)	\$ 7,441
Earnings allocated	—	2,872,092	174,363,751	107,141,992	919,480	(285,297,315)
Total other changes in reserves	<u>—</u>	<u>\$ (1,709,772)</u>	<u>\$ 57,137,279</u>	<u>\$ 232,702,748</u>	<u>\$ (2,840,381)</u>	<u>\$ (285,289,874)</u>
Net increase	<u>\$ 613,156,792</u>	<u>\$ 4,159,897</u>	<u>\$ 176,805,836</u>	<u>\$ 113,715,402</u>	<u>\$ 3,675,163</u>	<u>\$ 314,800,494</u>
Net assets held in trust for pension benefits at June 30, 2006						
	<u>\$ 3,468,900,642</u>	<u>\$ 79,960,423</u>	<u>\$1,820,655,346</u>	<u>\$1,144,622,975</u>	<u>\$ 11,957,650</u>	<u>\$ 411,704,248</u>
Net assets held in trust for pension benefits at June 30, 2007						
	<u>\$ 4,082,057,434</u>	<u>\$ 84,120,320</u>	<u>\$1,997,461,182</u>	<u>\$1,258,338,377</u>	<u>\$ 15,632,813</u>	<u>\$ 726,504,742</u>

Notes to Financial Statements

Year Ended June 30, 2007

(1) Plan Description

The Missouri Local Government Employees Retirement System (LAGERS) was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees which is elected by the membership. At June 30, 2007, there were 553 participating political subdivisions in the system. Any political subdivision in Missouri may elect to have its full-time general, police and fire employees covered by LAGERS. At June 30, 2007, LAGERS membership consisted of the following:

	General	Police	Fire	Total
Retirees and beneficiaries currently receiving benefits:	10,121	1,899	629	12,649
Terminated employees entitled to benefits but not yet receiving them:	771	152	27	950
Active employees:	<u>23,771</u>	<u>5,246</u>	<u>1,590</u>	<u>30,607</u>
Total	<u>34,663</u>	<u>7,297</u>	<u>2,246</u>	<u>44,206</u>

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

If the political subdivision participates under the contributory plan, each member contributes 4% of gross salary. If an employee leaves covered employment or dies before attaining 5 years of credited service, accumulated employee contributions are refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are fixed by state statute and may be amended only by action of the state legislature.

(2) Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting:

The financial statements were prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the contributions are due and for which employee services have been rendered. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires LAGERS to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from those estimates.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Bonds and stocks traded on a national or international exchange are valued at the reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Fair values for alternative investments in timberland represent net asset value estimates provided by the general partner's administrators or portfolio managers and are compared to independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Office Building, Equipment and Fixtures:

The office building, equipment and fixtures, which are presented at cost, are depreciated on the straight-line method over the estimated useful lives of the related assets, which have an original cost of \$500 or greater. The estimated useful lives are as follows: building - 25 years, furniture - 8 years, and equipment - 3 years.

(3) Cash, Investments and Securities Lending

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, LAGERS deposits may not be returned. The deposits are held in one financial institution with a balance of up to \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC). LAGERS mitigates custodial credit risk for deposits by requiring the bank to pledge securities in an amount over the FDIC insured amount at least equal in market value to 100% of the aggregate amount of the deposits. These securities are required to be delivered to a third party institution mutually agreed upon by the bank and LAGERS.

Notes to Financial Statements

continued

Investment Policies:

The Missouri Revised Statutes prescribe the “prudent person rule” as LAGERS investment authority. The rule requires LAGERS to make investments with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. Within the “prudent person” framework, the Board of Trustees adopts investment guidelines for LAGERS investment managers that are included within the respective management agreements. The Investment Section contains a summary of these guidelines.

Investment Summary:

The following table presents the summary of LAGERS investments by type at June 30, 2007.

Short-term investments	\$ 25,821,038
Government bonds	431,143,776
Corporate bonds	284,056,745
Mortgages & asset backed securities	426,809,547
International Bonds	114,569,227
Domestic stocks	1,654,074,178
International Stocks	943,421,226
Timberland	181,560,318
Total	<u>\$ 4,061,456,055</u>

Custodial Credit Risk for Investments:

The custodial credit risk for investments is the risk that, in the event of the failure of the counter party to a transaction, LAGERS will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of June 30, 2007, investments in the amount of \$5,811,946 were uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in LAGERS name.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issue. External investment management firms manage the fixed income portfolio. LAGERS investment guidelines require diversified portfolios with no single issue being greater than 5% of the portfolio, except for obligations of the U.S. government or its agencies. As of June 30, 2007, no single issue exceeds 5% of the portfolio, excluding U.S. government securities.

Credit Risk:

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations to LAGERS. At June 30, 2007, 51% of the fixed income portfolio represents obligations that are not guaranteed by the U.S. government. Below is a list of fixed income credit qualities.

Quality Rating

AAA/U.S. governments	\$1,067,908,178
AA	40,033,526
A	20,616,801
BBB	48,767,278
BB or lower	27,434,090
Not rated	51,819,422
Total Credit Risk Debt	<u>\$1,256,579,295</u>

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of a debt instrument’s exposure to a change in interest rates and the related sensitivity of market price to parallel shifts in the yield curve. It uses the present value of cash flows, weighted for those cash flows as a percentage of the instruments’ full price. LAGERS benchmarks for the fixed income portfolio include the Lehman Aggregate Bond Index, Lehman Global Bond Index, and the Treasury Inflation-Protected Index. At June 30, 2007, the effective duration for the fixed income benchmark portfolio was 5.2 years, whereas, the LAGERS fixed income portfolio had an effective duration of 8.1 years.

<u>Investment</u>	<u>Fair Value</u>	<u>Effective Duration</u>
Government bonds	\$545,713,003	12.9 years
Corporate bonds	284,056,745	4.7 years
Mortgage & asset-backed securities	426,809,547	3.3 years
Total	<u>\$1,256,579,295</u>	

Foreign Currency Risk:

The international portfolio is constructed on the principles of diversification, quality, value and growth. Risk of loss arises from changes in currency exchange rates. LAGERS external managers may or may not hedge the portfolio’s foreign currency exposures with currency forward contracts depending upon their views on a specific foreign currency relative to the U.S. dollar. Currency trading may not be used for speculative purposes. LAGERS exposure to foreign currency risk is as follows:

Notes to Financial Statements

continued

Foreign Equities

Australian dollar	\$ 13,295,068
British pound sterling	147,178,319
Canadian dollar	32,317,130
Danish krone	6,968,957
Euro	211,062,230
Hong Kong dollar	41,987,170
Hungarian forint	1,294,342
Indonesian rupiah	6,588,808
Japanese yen	173,648,508
Malaysian ringgit	762,610
Mexican peso	4,002,980
New Israeli shekel	1,585,666
Norwegian krone	8,206,394
Philippine peso	990,227
Singapore dollar	9,132,623
South African rand	9,511,645
South Korean won	18,963,712
Swedish krona	13,647,873
Swiss franc	23,280,775
Thai baht	3,376,988
United States dollar	135,083,737
Total Foreign Equities	\$ 862,885,762

Foreign Fixed Income

Brazilian real	\$ 1,656,913
British pound sterling	34,629,896
Canadian dollar	11,431,141
Chilean peso	284,611
Chinese yuan	4,231,762
Czech koruna	(754,152)
Euro	105,069,593
Indian rupee	293,926
New Taiwan dollar	1,190,024
New Zealand dollar	794,379
Polish zioty	(251,568)
Russian ruble	513,242
Swedish krona	17,206,527
Turkish lira	7,541
United States dollar	23,176,466
Total Fixed Income	\$ 199,480,301

Total Foreign Currency \$1,062,366,063

Derivatives:

LAGERS investment managers may enter into derivative transactions as permitted by their guidelines. A derivative financial instrument is an investment whose value depends on the values of one or more underlying assets, financial indexes, or commodity prices. These investments include futures contracts, swap contracts, options contracts, and forward foreign currency exchange. LAGERS investment managers may buy and sell futures, forwards and option contracts and enter into swap transactions to hedge against currency fluctuations. The notional value related to these derivative instruments are generally not recorded on the financial statements; however, the amounts for the exposure on these instruments are recorded. The notional/market value for the various contracts in the portfolio as of June 30, 2007 is \$666,613,294.

Derivative financial instruments involve in various degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. LAGERS investment managers seek to control credit risk through counter party credit evaluations and approvals, counter party credit limits and exposure monitoring procedures. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk is controlled by imposing strict limits as to the types, amounts and degree of risk that investment managers may take. LAGERS anticipates that the counter parties will be able to satisfy their obligations under the contract.

Securities Lending Program:

LAGERS participates in a securities lending program administered by Northern Trust Company (the custodian) in accordance with the provisions of RSMo. 70.745. Brokers who borrow the securities provide collateral usually in the form of cash, valued at 102 percent and 105 percent for domestic and international securities, respectively. There are no restrictions on the amount of securities that can be lent at one time. At June 30, 2007, the term to maturity of the investment of the securities lent is matched with the term to maturity of the cash collateral. These loans can be terminated on demand by either the lender or the borrower. LAGERS cannot pledge or sell non-cash collateral unless the borrower defaults. The following represents the balances relating to the securities lending transactions (in thousands) at June 30, 2007:

	Underlying Securities	Securities Collateral Value	Cash Collateral Value
Securities Lent			
U.S. government & agency securities	\$376,650	\$139,835	\$244,270
International bonds	58,631	35,920	24,503
U.S. corporate bonds	5,602	-0-	5,732
U.S. equities	364,023	7,432	365,209
International equities	101,110	27,801	78,297
Total	<u>\$906,016</u>	<u>\$210,988</u>	<u>\$718,011</u>

The lending agent provides indemnification if the borrowers fail to return the underlying securities (and if the collateral is inadequate to replace the securities lent) or fails to pay income distributions. There were no violations of legal or contractual provisions and no borrower or lending agent default losses to the security lending agent. LAGERS had no credit risk as a result of its securities lending program as the collateral held exceeded the market value of securities lent.

Notes to Financial Statements

continued

(4) Contributions

(a) Each participating unit of local government is obligated by state law to make all required contributions to the plan based upon an annual actuarial valuation.

(b) LAGERS is a pension plan covering substantially all employees of participating units of local government in the state. Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All liabilities are amortized over a period of 30 years or less, with a minimum amortization period of 15 years. Administrative costs of LAGERS are financed through investment earnings of the system.

(c) Employee contributions are determined at the election of the governing body of the local subdivision. Should the governing body elect to participate in the contributory plan, all employees shall contribute 4 percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

(d) The state statutes require LAGERS to maintain five separate reserves which are funded and described below:

Member Reserve Fund — The fund in which member contributions and interest credits are accumulated, and from which transfers are made for retirements and refunds, as applicable. The balance at June 30, 2007 was \$84,120,320.

Employer Reserve Fund — The fund in which employer contributions and interest credits are accumulated, and from which transfers are made to pay applicable benefits. The balance at June 30, 2007 was \$1,997,461,182.

Benefit Reserve Fund — The fund from which all retirement, disability and survivor benefits are paid. At the time of retirement, this fund receives the necessary transfers to pay such benefits. All retired individuals and the assets of this fund become the sole responsibility of the LAGERS Board of Trustees and result in no further liabilities to the previous employers. The balance at June 30, 2007 was \$1,258,338,377.

Casualty Reserve Fund — The fund in which the employer contributions and interest credits are accumulated and from which transfers are made to pay for members retired as a result of disability. The balance at June 30, 2007 was \$15,632,813.

Income-Expense Reserve Fund — The fund which accumulates the investment income and pays the administrative expenses of the system. This fund provides for the transfer of investment credits to the other reserves of the system. The balance at June 30, 2007 was \$726,504,742.

(5) Retirement Plan

The LAGERS' Staff Retirement Plan is a single-employer defined benefit pension plan administered by the LAGERS Board of Trustees. The plan provides retirement, death and disability benefits to LAGERS' employees and beneficiaries. The plan document is controlled by the LAGERS Board of Trustees. The LAGERS Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the Staff Retirement Plan. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102.

The contribution requirements of the plan members and the employer are governed by the plan document, which may be amended by the LAGERS Board of Trustees. Plan members do not contribute toward the retirement plan. The employer is required to contribute an actuarially determined rate; the current rate is 17.0 percent of annual covered payroll.

For 2007, 2006, and 2005, the employer's respective annual pension cost was \$184,233, \$151,207 and \$179,071 for the Staff Retirement Plan and was equal to the required and actual contributions. The annual required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return and (b) projected salary increase ranging from 4 to 8 percent per year. Both (a) and (b) include an inflation component of 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005 was 15 years.

Notes to Financial Statements

continued

LAGERS Staff Retirement Plan (RSI)

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability (UAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAL as a % of Covered Payroll</u>
6-30-05	\$2,831,531	\$3,542,101	\$710,570	79.9%	\$915,683	77.6%
6-30-06	3,423,682	3,832,544	408,862	89.3	1,026,117	39.8
6-30-07	3,882,433	4,337,107	454,674	89.5	1,099,400	41.4

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 85,712,344	100 %
2003	84,574,502	100
2004	94,205,597	100
2005	104,282,742	100
2006	115,550,424	100
2007	128,938,636	100

REQUIRED SUPPLEMENTARY INFORMATION (cont.)

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL as a % of Covered Payroll
2-28-02	\$2,623,610,917	\$2,613,087,737	\$(10,523,180)	100.4%	\$875,061,292	—
2-28-03	2,603,872,640	2,700,198,619	96,325,979	96.4	932,953,679	10.3%
2-29-04	2,808,907,263	2,929,171,779	120,264,516	95.9	989,446,058	12.2
2-28-05	2,984,489,211	3,139,260,243	154,771,032	95.1	1,031,415,223	15.0
2-28-06	3,224,173,714	3,383,152,937	158,979,223	95.3	1,082,344,535	14.7
2-28-07	3,557,389,198	3,700,813,660	143,424,462	96.1	1,146,094,426	12.5

The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations. Additional information as of the latest actuarial valuation follows:

Valuation date	2-28-07
Actuarial cost method	Individual entry-age
Amortization method.....	Closed for all periods in excess of 15, upon attainment of 15 years liabilities are amortized over an open 15-year period
Remaining amortization period	Varies between 15 and 30 years, by employer
Asset valuation method.....	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	4.0% - 8.0%
*Includes inflation component of	4.0%
Cost-of-living adjustment	Contingent upon investment return, with a maximum of the lower of 4% or cumulative CPI since retirement

Operating Expenses

Administrative Expenses

Year Ended June 30, 2007

Personal Services:

Staff salaries	\$ 1,002,879	
Social Security	72,129	
Staff retirement plan	163,833	
Insurance.....	234,187	
Total Personal Services.....		\$ 1,473,028

Professional Services:

Actuarial services	\$ 397,301	
Data processing	152,907	
Audit	33,300	
General counsel	35,931	
Medical advisors & consultant.....	51,933	
Board governance.....	23,000	
Total Professional Services		694,372

Communications:

Public information.....	\$ 27,610	
Printing	29,246	
Telephone	22,671	
Postage	71,557	
Meetings and travel.....	79,948	
Total Communications.....		231,032

Miscellaneous:

Utilities	\$ 51,284	
Insurance premiums	60,047	
Equipment maintenance.....	5,321	
Office supplies.....	37,169	
Building maintenance.....	34,563	
Depreciation.....	124,251	
Total Miscellaneous		312,635

Total Administrative Expenses		\$ 2,711,067
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Investment Expenses

Year Ended June 30, 2007

Investment Manager Fees:

Equity managers	\$ 5,339,914	
Fixed income managers.....	1,890,279	
Alternative managers	1,046,219	
Total Investment Manager Fees.....		\$ 8,276,412

Other Investment Expenses:

Investment custodial services	\$ 574,142	
Internal investment expenses.....	189,588	
Total Other Investment expenses		763,730

Total Investment Expenses		\$ 9,040,142
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Total Securities Lending Management Fees.....		\$ 566,282
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See accompanying independent auditors' report.

Chief Investment Officer's Report



Missouri Local Government Employees Retirement System

701 West Main, P.O. Box 1665, Jefferson City, Missouri 65102
Telephone (573) 636-9455 • 800-447-4334 • FAX (573) 636-9671

www.molagers.org

William R. Schwartz, CEBS, Executive Secretary

September 17, 2007

Dear LAGERS Members:

The year ending June 30, 2007 was, as always, one of review for the LAGERS' investment portfolio. In addition to the normal ongoing reviews of the investment portfolio, an Asset Liability Study was completed in January 2007. This Study provided LAGERS with a useful tool to evaluate the current investment strategy in relation to LAGERS' long-term projected liabilities. This evaluation showed that LAGERS' investment strategy is in great shape with a long-term expected rate of return of 8.0%. LAGERS' long-term actuarial assumed rate of return is 7.5%. Consequently, over the long-term the expected return of 0.5% over the actuarial assumed rate of return should help pay operating expenses and lower contribution rates. The Asset Liability Study highlighted some minor adjustments to the portfolio which could increase the long-term expected return to 8.2%. LAGERS is implementing these adjustments by moving 5% of the portfolio into Private Equity and 5% into Real Estate over the next three to five years.

Thanks to exceptional active-portfolio management, a dedicated long-term investment strategy, and the continued growth in the world economy, LAGERS' investment portfolio reached \$4.1 billion in total assets for the year ending June 30, 2007. The return on these assets was 18.0% for fiscal year 2007, which is well above our long-term actuarial assumed rate of return of 7.5%. Furthermore, this performance was greater than our investment policy benchmark of 17.7%. I am extremely proud of what has been accomplished this year. This performance is primarily attributable to the increased diversification implemented in fiscal year 2006. LAGERS expects to continue to benefit from the increased diversification.

LAGERS will continue to focus on investment performance by utilizing active management at a reasonable price. LAGERS' total investment advisor fees are approximately 0.2%, and when that is coupled with the 18.0% annual rate of return places LAGERS' in the top 25th percentile, the top quarter, of Northern Trust's Large Public Fund Universe for the fiscal year.

Our assets continue to be well diversified among the world markets in stocks, bonds and alternative assets. LAGERS' portfolio has a:

- 18.0% return for the short-term of one year,
- 13.1% return for three years,
- 11.4% return for five years, and
- 9.1% return for ten years.

In all of these periods, the portfolio has exceeded the policy benchmark returns. For the past 10 years, the return has exceeded the policy benchmark net of fees by 1.6%. With an actuarial assumed rate of return at 7.5%, we have been exceeding this rate on average for the last 10 years by 1.4% net of fees by adhering to our disciplined strategy. *These returns were calculated by our custodian, Northern Trust, in accordance with AIMR Performance Presentation Standards.*

The long-term success of LAGERS' portfolio will be determined by our risk-aware asset allocation, which is continually analyzed and adjusted. Current allocations among asset classes are based on short and long-term goals, liability needs and market conditions. LAGERS' current prudent investment strategy will help assure that long-term obligations to members and retirees are met.

Sincerely,

Brian K. Collett, CFA
Chief Investment Officer

Asset Allocation

Asset Class by Holdings	June 30, 2007		June 30, 2006	
	Market Value	% of Total Market Value	Market Value	% of Total Market Value
Fixed Income:				
Governments	\$ 509,929,257	12.5 %	\$ 562,125,322	16.3 %
Corporates	186,384,963	4.6	149,544,932	4.3
Mortgage Backs & Asset Backs	405,625,914	10.0	311,487,021	9.0
Short-term Investments	55,157,145	1.4	48,894,364	1.4
Fixed Income	\$ 1,157,097,279	28.4 %	\$1,072,051,640	31.1 %
Stocks:				
Domestic:				
Large-Cap ¹	\$ 784,047,465	19.3 %	\$ 645,790,801	18.7 %
Mid-Cap ²	450,214,492	11.1	389,134,823	11.3
Small-Cap ³	272,319,710	6.7	235,438,063	6.8
Global	1,137,841,620	28.0	866,244,810	25.1
Stocks	\$ 2,644,423,287	65.0 %	\$2,136,608,497	62.0 %
Alternative Investments:	\$ 268,754,176	6.6 %	\$ 238,164,511	6.9 %
Total Assets	\$ 4,070,274,742	100.0 %	\$3,446,824,647	100.0 %

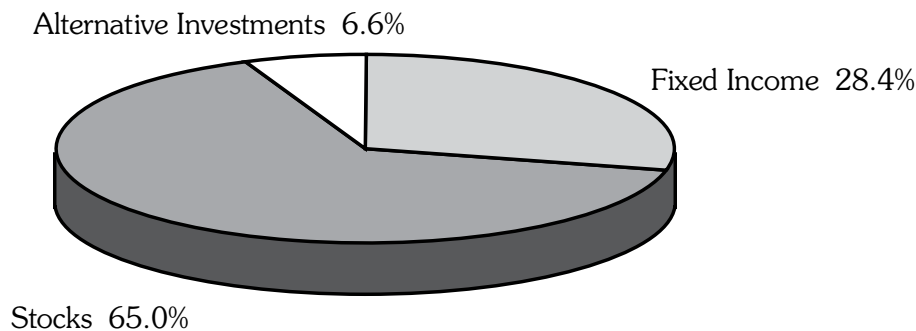
1. Companies with market capitalization above \$17.0 billion

2. Companies with market capitalization between \$2.4 billion and \$17.0 billion

3. Companies with market capitalization below \$2.4 billion

ASSET ALLOCATION-ASSET CLASS

as of June 30, 2007



Investment Policy

Investment Policy

The LAGERS Board of Trustees, operating within the “prudent person” framework, has adopted a Statement of Investment Policy and Objectives for the investment managers and others who serve in a fiduciary capacity to the fund. A summary of that policy follows. For a complete copy of the investment policy, please contact the LAGERS office.

Investment Goals

The goal of the fund shall be to achieve a total real rate of return of at least 3 percent per annum over the Consumer Price Index as measured over a market cycle. As this is a long-term projection and investments are subject to short term volatility, the main investment review focus of the Trustees and investment staff will be towards the Total Fund, and each money manager will be judged on performance relative to asset class and benchmark relative performance over a full market cycle. Each manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style and add incremental value after costs.

The Trustees have established the following asset-mix guidelines for the Pension Fund:

Asset Class	Pension Fund Guidelines
Equity Investments	62.0%
Fixed-Income Investments	30.5%
Alternative Asset Investments	7.0%
Cash	0.5%

The Pension Fund’s total return should exceed the total return of an index composed as follows:

62.0%	MSCI All Country World Index (non-hedged)
22.5%	Lehman Brother Aggregate Bond Index
5.5%	Lehman Brothers Global Bond Index
2.5%	Treasury Inflation-Protected Securities Index
5.0%	Consumer Price Index (CPI) +4.0%
2.0%	Dow Jones AIG Commodity Index
0.5%	90 Day T-Bill

The time period for this objective is one market cycle (usually 3-5 years).

General Fixed Income Portfolio Guidelines

Diversification

The diversification of the fixed income securities held in the portfolio among sectors and issuers is the responsibility of the investment manager. No single company’s securities shall represent more than 5% of the portfolio at the time of purchase, unless otherwise allowed within individual managers’ investment guidelines. (This does not apply to obligations of the U.S. Government or its agencies.)

Portfolio Quality

Fixed income securities shall not be rated less than investment grade by a nationally recognized rating agency unless otherwise specified for a specific manager.

If specific managers are given international flexibility, the same quality restrictions apply unless otherwise specified for a specific manager.

Money market instruments shall have a minimum quality rating comparable to an A bond rating and commercial paper shall be rated A1/P1/F1 or D1 unless held in a diversified short-term commingled fund.

In the event of a bond’s downgrade below investment grade, the Board shall be notified in writing and the manager shall respond to the event in the way deemed most prudent for the Fund by the manager.

Performance Objectives

Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the following are the performance expectations for the portfolio:

The total return of the portfolio should rank above median performance in a universe of managed fixed-income portfolios.

The total return of the fixed income composite should exceed the return of the Lehman Brothers Aggregate Bond Index.

The goal of the fixed income portfolio shall be to achieve a total annualized real rate of return of at least 2% over the Consumer Price Index as measured over a market cycle.

General Equity Portfolio Guidelines

Diversification

The diversification of the equity securities held in the portfolio among sectors and issuers is the responsibility of the investment manager. No single company’s securities shall represent more than 5% of the portfolio at the time of purchase, unless otherwise allowed within individual managers’ investment guidelines.

Investment Policy

continued

Style Adherence

The most important feature any individual manager brings to a multi-manager portfolio is style adherence. Quarterly, fundamental portfolio characteristics and style benchmark comparisons will be monitored for adherence to a manager's identified style.

Performance Objectives

Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

The total return of each portfolio should rank above median performance in a universe of equity managers of comparable mandate or style.

The total return of the domestic equity composite should exceed the total return of the Russell 3000 Index, and rank above median in a universe of equity style peers.

The total return of the international equity composite should exceed the total return of the MSCI All Country World Index ex US (non-hedged) and rank above median in a universe of equity style peers.

The total return of the global equity composite should exceed the total return of the MSCI All Country World Index (non-hedged) and rank above median in a universe of equity and style peers.

The total return of the combined domestic, international, and global equity composites should exceed the total return of a weighted index consisting of the MSCI All Country World Index (non-hedged).

The goal of the equity portfolio shall be to achieve a total annualized real rate of return of at least 5% over the Consumer Price Index as measured over a market cycle.

Allowable Options Program

An investment manager may purchase or sell both call and put options on common stock held in the System's portfolio and on stock indexes, subject to Board approval of guidelines submitted by each investment manager, which outline the procedures the manager will follow in hedging the System's portfolio.

Alternative Asset Guidelines

Eligible Holdings

The portfolio will be invested exclusively in Alternative Assets, as described in the "Permissible Investments" section.

Diversification of Timberland

The diversification of the timberland held in the portfolio is the responsibility of the investment manager.

Performance Objectives of Timberland

Primary emphasis is to be placed on relative rates of return. Over a cycle (usually 3-5 years), the following are the performance expectations for the portfolio:

The total return of the portfolio should rank above median performance in a universe of managed timberland portfolios.

The goal of the timberland portfolio shall be to achieve a total annualized real rate of return of at least 4% over the Consumer Price Index as measured over a market cycle.

Diversification of Commodities

The diversification of the commodities held in the portfolio is the responsibility of the investment manager.

Performance Objectives of Commodities

Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the following are the performance expectations for the portfolio:

The total return of the portfolio should rank above median performance in a universe of managed commodities portfolios.

The total return of the commodities portfolio should exceed the return of the Dow Jones AIG Commodity Index.

The goal of the Commodities portfolio shall be to achieve a total annualized real rate of return of at least 5% over the Consumer Price Index as measured over a market cycle.

Securities Lending Guidelines

The custodian may lend any eligible securities, such as U.S. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities. The custodian shall have full discretion over the selection of borrowers and shall continually review credit worthiness of potential borrowers through adequate analysis of all material provided to them.

All loans shall be fully collateralized with cash, government securities or irrevocable bank letters of credit. Collateralization of such loans shall be 102% domestic/105% international of the market value of the loaned securities plus accrued income for U.S. and non-U.S. loans, respectively. Such collateralization procedures should be marked-to-market daily.

Investment Results

INVESTMENT RESULTS

Periods Ending June 30, 2007

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Total Portfolio:				
LAGERS	18.0 %	13.1 %	11.4 %	9.1 %
LAGERS Custom Index	17.7 %	12.0 %	10.4 %	7.3 %
Actuarial Assumed Rate of Return	7.5 %	7.5 %	7.5 %	7.3 %
Median Public Fund	17.2 %	12.6 %	11.5 %	8.5 %
Consumer Price Index (CPI)	2.7 %	3.2 %	3.0 %	2.7 %
Fixed Income Portfolio:				
LAGERS	6.0 %	5.0 %	5.7 %	6.6 %
Lehman Aggregate Index	6.1 %	4.0 %	4.5 %	6.0 %
Domestic Stock Portfolio:				
LAGERS	18.5 %	13.4 %	12.1 %	9.6 %
Russell 3000 Index	20.1 %	12.4 %	11.5 %	7.6 %
Standard & Poor's 500 Index	20.6 %	11.7 %	10.7 %	7.1 %
Global Stock Portfolio:				
LAGERS	30.9 %	24.5 %	19.1 %	10.1 %
MSCI's All Country Index	18.6 %	18.3 %	6.9 %	7.3 %
Alternative Portfolio:				
LAGERS Timber Portfolio	17.2 %	7.6 %	4.9 %	6.2 %
Consumer Price Index (CPI) +4.00%	6.7 %	7.2 %	7.0 %	6.7 %

Largest Holdings

Largest Bond Holdings (By Market Value)

June 30, 2007

	Par	Bonds	Market Value
1)	\$ 98,000,000	FNMA 5.5%, 30 year pass-throughs - Rating AAA	\$ 94,508,750
2)	268,652,000	U.S. Treasury Bonds due 11-15-2027 - Rating AAA	93,672,236
3)	49,551,000	U.S. Treasury Bonds 6.125% due 8-15-2029 - Rating AAA.....	55,582,298
4)	115,763,000	U.S. Treasury Bonds due 11-15-2021 - Rating AAA	54,515,228
5)	47,300,000	FNMA 6.3%, 30 year single family mortgage - Rating AAA	46,782,633
6)	26,200,000	U.S. Treasury Index Linked Notes 2.0% due 1-15-2016 - Rating AAA	25,893,332
7)	5,000,000	UK Inflation Linked Bonds 2.5% due 7-16-2026 - Rating AAA.....	25,187,719
8)	23,990,000	U.S Treasury Bonds 5.25% due 11-15-2028 - Rating AAA.....	24,154,931
9)	23,116,000	U.S. Treasury Bonds 5.375% due 2-15-2031 - Rating AAA.....	23,737,243
10)	19,128,000	U.S. Treasury Bonds 6.125% due 11-15-2027 - Rating AAA.....	21,318,749

Largest Stock Holdings (By Market Value)

June 30, 2007

	Shares	Stock	Market Value
1)	585,850	Exxon Mobil	\$ 49,141,098
2)	257,387	Chevron	21,682,281
3)	407,200	Citigroup	20,885,288
4)	387,600	Bank America.....	18,949,764
5)	353,600	J P Morgan.....	17,131,920
6)	409,062	AT&T.....	16,976,073
7)	373,700	Hewlett Packard	16,674,494
8)	420,102	General Electric.....	16,081,505
9)	214,400	American Int. Group	15,014,432
10)	1,137,335	Royal Bank Scotland	14,444,378

Schedule of Advisors

Investment Advisors

Equity

Aronson & Johnson & Ortiz
Philadelphia, Pennsylvania

Brandywine Asset Management
Wilmington, Delaware

Dimensional Fund Advisors
Santa Monica, California

INTECH Investment Management
Palm Beach Gardens, Florida

Hansberger Global Investors
Fort Lauderdale, Florida

INVESCO Capital Management
Atlanta, Georgia

Panagora Asset Management
Boston, Massachusetts

Systematic Financial Management
Teaneck, New Jersey

Turner Investment Partners
Berwyn, Pennsylvania

Wells Capital Management
Menomonee Falls, Wisconsin

Fixed Income

Barclays Global Investors
San Francisco, California

Hoisington Investment Management
Austin, Texas

Pacific Investment Management Co.
Newport Beach, California

Pyramis Global Advisors
Boston, Massachusetts

Alternative

Pacific Investment Management Company
Newport Beach, California

RMK Timberland Group
Atlanta, Georgia

Custodian

Northern Trust Company
Chicago, Illinois

Schedule of Advisor Fees

	Fair Value of Assets at 6-30-07	Fees Paid
Investment Advisors:		
Aronson+Johnson+Ortiz	\$ 134,321,422	\$ 0
Barclays Global Investors	267,306,250	120,000
Brandywine Asset Management.....	361,350,376	188,391
Dimensional Fund Advisors	113,660,126	565,295
Hansberger Global Investors	352,612,317	780,000
Hoisington Investment Management	318,440,984	444,000
INTECH Investment Management.....	201,479,805	193,980
Invesco Capital Management.....	351,061,011	487,082
Northern Trust Company	147,357,591	83,255
Pacific Investment Management Company	361,796,478	854,121
PanAgora Asset Management.....	219,464,802	1,218,691
Pyramis Global Advisors	224,043,616	472,158
RMK Timberland Group.....	200,394,999	1,046,220
Systematic Financial Management	258,089,456	630,000
Turner Investment Partners	227,199,259	812,258
Wells Capital Management	322,877,563	464,216
Total	<u>\$ 4,061,456,056</u>	<u>\$ 8,359,667</u>
Other Investment Payments:		
Northern Trust Company, Custody		\$ 490,887
Internal Investment Expenses.....		189,588
Total		<u>\$ 680,475</u>
Other Expenses:		
Northern Trust Company, Securities Lending.....		<u>\$ 566,282</u>

Brokerage Schedules

Schedule of Domestic Brokerage Commissions

<u>Broker Name</u>	<u>Shares</u>	<u>Commissions</u>	<u>Per Share</u>
Broadcort Capital	6,091,315	\$ 232,218	\$.04
Investment Technology	6,465,505	115,321	.02
J.P. Morgan	2,722,190	107,357	.04
Goldman Sachs	3,056,699	89,697	.03
Liquidnet	4,087,272	86,519	.02
Deutsche Bank	2,456,846	68,643	.03
Credit Suisse	2,759,446	52,917	.01
Citation Group	1,255,000	47,560	.04
Merrill Lynch	1,747,997	46,561	.03
Weeden & Co.	1,802,111	44,435	.03
Wachovia	1,138,776	44,032	.04
Instinet	1,737,914	40,677	.02
Lehman Brothers	1,305,048	40,401	.03
Raymond James	995,620	39,976	.04
Morgan Stanley	1,280,673	38,878	.03
Citigroup	1,467,620	38,056	.03
Bear Stearns	953,965	37,360	.04
Rochdale	1,160,000	34,800	.03
Rosenblatt	1,286,885	32,798	.03
Sanford Bernstein	962,160	32,249	.03
Cap Institutional	888,336	31,780	.04
Robert Baird	792,910	31,714	.04
Northern Trust	836,752	29,790	.04
B Trade	2,521,806	29,701	.02
Jeffries & Co.	1,083,925	27,713	.03
UBS/Warburg	1,009,286	27,086	.03
Guzman & Co.	1,213,778	27,024	.02
Banc America	834,940	26,825	.03
William O'Neil	662,000	26,480	.04
Lynch Jones Ryan	1,294,132	23,206	.02
Pacific Crest	530,490	21,220	.04
Morgan Keegan	522,940	20,462	.04
Prudential	432,140	16,539	.04
ISI Group	400,300	16,149	.04
CIBC World Markets	1,255,000	15,587	.04
Cantor Fitzgerald	475,010	15,536	.03
All other brokerage firms (\$15,000 or less)	10,608,860	403,137	.04
Total	70,095,677	\$ 2,060,404	\$.03

Schedule of International Brokerage Commissions

Broker Name	Shares	Dollar Volume	Commissions	Basis Points
Goldman Sachs	33,829,877	\$ 839,415,342	\$ 806,851	9.6
Societe Generale	5,764,806	79,014,527	144,962	18.3
Lehman	6,300,609	127,520,642	123,410	9.7
Merrill Lynch	25,939,230	250,819,453	105,772	4.2
UBS	30,149,645	160,563,031	87,048	5.4
CSFB	1,911,434	34,066,296	50,933	15.0
Bear Stearns	1,829,976	17,696,338	49,416	27.9
Fuji	2,674,325	34,655,344	46,649	13.5
Citigroup	976,883	23,374,069	43,768	18.7
Morgan Stanley	1,399,348	32,193,177	42,382	13.2
Union Bank	5,549,707	371,869,213	40,041	1.1
Banque Paribas	2,525,558	20,070,849	36,623	18.2
HSBC	2,075,800	16,607,288	32,235	19.4
Credit Lyonnais	3,277,000	16,213,870	30,437	18.8
J.P. Morgan	6,065,297	30,366,731	29,790	9.8
Lippo	22,110,500	10,918,086	27,239	12.3
Knight	642,918	18,788,487	25,232	13.4
Nomura	915,685	13,641,744	21,877	16.0
Raymond James	609,762	7,784,132	20,922	26.9
Deutsche Securities	4,007,243	11,032,764	20,193	18.3
Instinet	1,304,494	27,037,659	19,680	7.3
Bank of China	9,096,000	8,474,153	19,609	23.1
Shearson Lehman	379,602	9,158,033	17,717	19.3
CIMB-GK	4,270,500	5,605,181	14,199	25.3
Cazenove	14,194,100	11,689,121	13,918	11.9
Exane Paris	177,069	6,617,820	13,226	20.0
Mitsubishi	471,200	6,857,597	12,025	17.5
CIBC	300,000	3,275,190	12,000	36.6
Fox-Pitt Kelton	2,001,006	5,916,664	11,226	19.0
ABN Amro	8,442,029	5,934,786	10,522	17.7
All other brokerage firms (\$10,000 or less)	38,873,828	516,162,013	83,564	1.6
Total	238,065,431	\$2,702,480,383	\$ 2,013,466	7.5

Actuary's Certification Letter



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September 17, 2007

The Board of Trustees
Missouri Local Government
Employees Retirement System
Jefferson City, Missouri 65102

The fundamental financial objective of LAGERS is to establish and receive contributions which:

- when expressed as percents of active member payroll, will remain approximately level from generation to generation of local citizens, and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of LAGERS to present and future retirees and beneficiaries.

To test how well the fundamental objective is being achieved, annual actuarial valuations are made. These valuations adjust employer contribution rates, up or down as the case may be, for differences in the past year between assumed financial experiences and actual financial experiences. In addition, these valuations determine the reserve strength of each employer group.

Using data as of February 28, 2007, separate actuarial valuations were made for 893 employer groups. The data was reviewed in the aggregate by the actuary for internal and year to year consistency and reasonableness prior to use in the actuarial valuation process. It was also summarized and tabulated in order to analyze trends. Summary information about the resulting new employer contribution rates is shown in the Comprehensive Annual Financial Report.

Assumptions concerning future experience are needed for computing employer contribution rates. As time passes and actual experience develops, assumed and actual experience is compared. From time to time one or more of the assumptions about the future are changed by the Board after consulting with the actuary. The last major changes were in economic assumptions, and these were first used in the 2001 valuations. Minor changes were made to the non-economic assumptions for use in the 2006 valuations, based on the 2000-2005 study of LAGERS experience. The assumptions comply with the requirements of Statement 25 of the Governmental Accounting Standards Board.

The current benefit structure is outlined in the actuarial section of the Comprehensive Annual Financial Report. We provided the information used in the supporting schedules in the actuarial section and the Schedule of Funding Progress in the financial section, as well as the employer contribution rates that were the basis for the annual required contributions shown in the Schedule of Employer Contributions in the financial section.

On the basis of the 2007 valuations, it is our opinion that LAGERS continues in sound condition in accordance with actuarial principles of level cost financing.

Respectfully submitted,

Mita D. Drazilov, A.S.A.

Judith A. Kermans, E.A.

Summary of Actuarial Assumptions

1. The investment return rate used in making the valuations was 7.5% per year, compounded annually. This rate of return is not the assumed real rate of return. The real rate of return is the portion of total investment return which is more than the wage inflation rate. Considering wage inflation recognition of 4%, the 7.5% investment return rate translates to an assumed real rate of return of 3.5%. Adopted 2001.
2. The mortality table used to evaluate mortality among active members was the RP-2000 Combined Healthy Table. It was assumed that 50% of pre-retirement deaths would be duty related. Adopted 2006.
3. The mortality table used in evaluating allowances to be paid was the 1971 Group Annuity Mortality Table projected to 2000, set back 1 year for men and 7 years for women. The disability post-retirement rates were equal to the standard rates set forward 10 years. Adopted 2001.
4. The probabilities of withdrawal from service, together with individual pay increase assumptions, are shown in Schedule 1. Adopted 2006.
5. The probabilities of retirement with an age and service allowance are shown in Schedule 2. Adopted 2006.
6. Total active member payroll is assumed to increase 4% a year, which is the portion of the individual pay increase assumptions attributable to wage inflation. In effect, this assumes no change in the number of active members per employer. Adopted 1987.
7. An individual entry-age normal cost method of valuation was used in determining age and service allowance normal costs and the allocation of actuarial present values between service rendered before and after the valuation date. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over the remaining amortization period. Adopted 1987.
8. Present assets (cash and investments at 2-28-07) are valued using smoothing techniques of market value over a five-year period. Funding value is not permitted to deviate from market value by more than 20%. Adopted 2003.
9. The data about persons now covered and about present assets were furnished by the system's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.
10. The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (M.A.A.A.).

SCHEDULE 1

Withdrawal From Active Employment Before Age & Service Retirement and Individual Pay Increase Assumptions

Sample Ages	Years of Service	Percent of Active Members Separating Within Next Year				Percent Increase In Individual's Pay During Next Year**
		General Members		Police	Fire	
		Men	Women			
All	0	19.0%	21.0%	18.5%	8.0%	
	1	16.0	19.0	16.5	7.0	
	2	12.0	15.0	14.5	6.0	
	3	10.0	12.0	12.5	6.0	
	4	8.0	11.0	11.0	5.0	
25	5 & Over	7.7	11.0	10.7	4.4	7.3%
30		6.8	9.6	9.0	3.8	6.5
35		5.4	7.9	6.9	3.1	6.0
40		4.2	6.6	5.5	2.5	5.5
45		3.5	5.0	4.4	1.8	5.0
50		3.0	4.3	3.5	1.0	4.6
55	2.3	3.0	1.0	0.5	4.4	
60	1.2	1.4	0.0	0.0	4.3	
65	0.0	0.0	0.0	0.0	4.0	

*Pay increase rates for fire employees differ slightly.

**Individual pay increase rates relate to all years of service.

Summary of Actuarial Assumptions

continued

SCHEDULE 2

Percent of Eligible Active Members Retiring Within Next Year Without Rule of 80 Eligibility

Retirement Ages	General Members		Retirement Ages	Police*	Fire*
	Men	Women			
55	2%	3%	50	3%	3%
56	2	3	51	3	3
57	2	3	52	3	3
58	2	3	53	3	3
59	2	3	54	3	3
60	10	10	55	10	20
61	10	10	56	10	20
62	25	20	57	10	10
63	25	20	58	10	10
64	20	15	59	10	15
65	25	20	60	10	20
66	25	20	61	10	15
67	20	20	62	30	30
68	20	20	63	15	25
69	20	15	64	20	30
70	100	100	65	100	100

Percent of Eligible Active Members Retiring Within Next Year With Rule of 80 Eligibility

Retirement Ages	Men	Women	Police	Fire
50	20%	20%	25%	25%
51	15	20	25	25
52	15	20	20	25
53	15	20	20	25
54	15	20	20	25
55	15	20	20	25
56	15	15	20	25
57	15	15	10	10
58	15	15	25	15
59	15	15	20	10
60	20	25	30	20
61	20	20	25	15
62	35	20	30	45
63	35	20	25	35
64	35	20	50	70
65	35	30	100	100
66	35	35		
67	35	30		
68	25	25		
69	35	35		
70	100	100		

Actuarial Valuation Data

Participating Employers and Active Members

Valuation Date	Number of		Active Members				Inflation Increase % (CPI)
	Participating Employers	Valuation Groups	Number	Annual Payroll	Average Pay	% Increase	
2-28-02	477	791	27,328	\$ 875,061,292	\$ 32,021	4.6%	1.1%
2-28-03	486	803	27,809	932,953,679	33,549	4.8	2.1
2-29-04	499	828	28,761	989,446,058	34,402	2.5	1.7
2-28-05	514	846	29,281	1,031,415,223	35,225	2.4	3.8
2-28-06	527	865	29,940	1,082,349,535	36,151	2.6	3.6
2-28-07	546	893	30,521	1,146,094,426	37,551	3.9	2.4

Retirant and Beneficiary Data

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Annual Allowances	Average Annual Allowances
	No.	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances		
2-28-02	806	\$ 9,203,832	385	\$2,191,355	9,601	\$65,001,494	12.1%	\$6,770
2-28-03	870	9,313,332	364	2,545,321	10,107	71,769,505	10.4	7,101
2-29-04	898	10,540,515	399	2,844,252	10,606	79,465,768	10.7	7,493
2-28-05	1,073	11,939,122	447	3,449,898	11,232	87,954,992	10.7	7,831
2-28-06	976	12,115,168	421	2,810,718	11,787	97,259,442	10.6	8,251
2-28-07	1,060	13,753,477	441	3,750,959	12,406	107,261,960	10.3	8,646

*Includes post-retirement adjustments.

Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented on this and the following page are indicative only of the overall condition of the system and are not indicative of the status of any one employer.

Actuarial Valuation Data

continued

Short Condition Test

The LAGERS funding objective is to meet long term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the system are level in concept and soundly executed, the system will pay all promised benefits when due — the ultimate test of financial soundness. Testing for level contribution rates is the long-term test.

A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with: (1) active member contributions on deposit; (2) the obligations for future benefits to present retired lives; (3) the obligations for service already rendered by active members. In a system that has been following the discipline of level percent of payroll financing, the obligations for active member contributions on deposit (obligation 1) and the obligations for future benefits to present retired lives (obligation 2) will be fully covered by present assets (except in rare circumstances). In addition, the obligations for service already rendered by active members (obligation 3) will be at least partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funded portion of obligation 3 will increase over time.

The schedule below illustrates the history of obligation 3 of the system and is indicative of the LAGERS policy of following the discipline of level percent of payroll financing.

Valuation Date	Entry Age Accrued Liability For			Actuarial Value of Assets	Portion of Accrued Liability Covered by Assets		
	(1) Active Member Contributions	(2) Retirants and Beneficiaries*	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)
2-28-02	\$ 62,603,672	\$ 1,010,156,078	\$ 1,540,327,987	\$ 2,623,610,917	100%	100%	101%
2-28-03	66,742,613	926,249,428	1,707,206,578	2,603,872,640	100	100	94
2-29-04	70,562,031	1,026,668,962	1,831,940,786	2,808,907,263	100	100	93
2-28-05	72,252,574	1,098,286,478	1,968,721,191	2,984,489,211	100	100	92
2-28-06	75,835,009	1,199,273,243	2,108,044,685	3,224,173,714	100	100	92
2-28-07	80,282,208	1,327,231,970	2,293,299,482	3,557,389,198	100	100	94

*Includes reserve for future benefit increases.

Employer Contribution Rate Changes

Annual actuarial valuations are conducted by the system to determine employer contribution rates for the ensuing fiscal year of the employer. As of February 28, 2007, there were 893 separate contribution rates determined for the 546 participating political subdivisions in the system. Of these new employer contribution rates, 239 were increases over the previous year and 536 were decreases from the previous year's rate. A six year comparative schedule of contribution rate adjustments is shown below:

Valuation Date	Decreases	Increases	Unchanged	Total*
2-28-02	326	308	157	791
2-28-03	202	462	139	803
2-29-04	314	378	136	828
2-28-05	300	418	128	846
2-28-06	640	198	27	865
2-28-07	536	239	118	893

* There are twenty-five groups presently without active members for which dollar contribution rates were computed. They are not included in the totals.

Employer Contribution Rates

Life Benefit Programs

	Number of Valuation Groups								Totals*
	Contributory Groups				Non-Contributory Groups				
	Under 2.00%	2.00- 4.99%	5.00- 7.99%	Over 8.00%	Under 4.00%	4.00- 6.99%	7.00- 9.99%	Over 10.00%	
Benefit Program L-1									
General	10	17	17	13	11	17	19	11	115
Police	3	7	10	2	11	9	3	3	48
Fire	0	0	2	1	2	0	0	2	7
Total:	13	24	29	16	24	26	22	16	170
Benefit Program L-3									
General	10	9	15	11	15	8	10	17	95
Police	5	9	4	0	8	2	3	9	40
Fire	0	1	1	2	0	1	0	3	8
Total:	15	19	20	13	23	11	13	29	143
Benefit Program L-6									
General	1	2	7	17	2	0	5	43	77
Police	3	1	6	7	2	2	1	20	42
Fire	1	0	0	2	1	0	0	6	10
Total:	5	3	13	26	5	2	6	69	129
Benefit Program L-7									
General	5	9	10	14	5	23	31	35	132
Police	7	6	3	1	11	15	16	12	71
Fire	0	0	0	1	3	3	5	4	16
Total:	12	15	13	16	19	41	52	51	219
Benefit Program L-9									
General	4	3	3	1	3	1	6	9	30
Police	1	2	0	0	1	3	6	4	17
Fire	0	0	0	0	1	0	1	1	3
Total:	5	5	3	1	5	4	13	14	50
Benefit Program L-11									
General	0	0	0	0	0	0	0	1	1
Police	0	0	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0	1	1
Total:	0	0	0	0	0	0	0	2	2
Benefit Program L-12									
General	0	1	0	2	0	0	5	7	15
Police	1	0	1	0	1	1	2	2	8
Fire	0	0	0	1	1	0	0	1	3
Total:	1	1	1	3	2	1	7	10	26
Totals*	51	67	79	75	78	85	113	191	739

* There are twenty-five groups presently without active members for which dollar contribution rates were computed. They are not included in the totals.

Employer Contribution Rates

continued

Life and Temporary Benefit Programs

Number of Valuation Groups

	Contributory Groups				Non-Contributory Groups				Totals*
	Under 2.00%	2.00- 4.99%	5.00- 7.99%	Over 8.00%	Under 4.00%	4.00- 6.99%	7.00- 9.99%	Over 10.00%	
Benefit Program LT-4(65)									
General	0	0	0	1	0	0	1	1	3
Police	0	0	0	0	0	0	1	0	1
Fire	0	0	0	0	0	0	0	1	1
Total:	0	0	0	1	0	0	2	2	5
Benefit Program LT-5(62)									
General	0	0	0	0	0	1	2	1	4
Police	0	0	0	0	1	1	0	1	3
Fire	0	0	0	0	0	1	0	0	1
Total:	0	0	0	0	1	3	2	2	8
Benefit Program LT-5(65)									
General	1	1	0	0	1	4	1	1	9
Police	0	0	1	1	3	1	1	0	7
Fire	0	0	1	1	2	0	0	2	6
Total:	1	1	2	2	6	5	2	3	22
Benefit Program LT-8(62)									
General	1	1	1	0	0	2	0	2	7
Police	2	0	0	0	0	1	1	0	4
Fire	0	0	0	0	0	0	1	2	3
Total:	3	1	1	0	0	3	2	4	14
Benefit Program LT-8(65)									
General	0	2	1	3	0	5	10	13	34
Police	0	1	1	0	2	5	3	8	20
Fire	0	0	0	0	2	0	5	4	11
Total:	0	3	2	3	4	10	18	25	65
Benefit Program LT-10(65)									
General	0	0	1	1	1	0	3	8	14
Police	0	0	0	0	1	1	0	4	6
Fire	0	0	0	0	0	0	0	3	3
Total:	0	0	1	1	2	1	3	15	23
Benefit Program LT-14(65)									
General	0	0	0	2	0	1	3	4	10
Police	1	0	0	1	1	0	0	2	5
Fire	0	0	0	0	0	0	0	2	2
Total:	1	0	0	3	1	1	3	8	17
Totals*	5	5	6	10	14	23	32	59	154

* There are twenty-five groups presently without active members for which dollar contribution rates were computed. They are not included in the totals.

Summary of Plan Provisions

PURPOSE

The Missouri Local Government Employees Retirement System (LAGERS) is a body corporate created and governed by the State of Missouri to provide retirement, survivors and disability benefits to the state's local government employees in the most efficient and economical manner possible. As such, LAGERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the General Assembly and bears a fiduciary obligation to the State of Missouri, the taxpayers and the public employees who are its beneficiaries.

This summary of LAGERS plan provisions is included for informational purposes only. System eligibility requirements and benefits provisions are determined pursuant to Chapter 70, RSMo. and LAGERS Administrative Rules, 16 CSR 20. Accordingly, members, retirees, beneficiaries, and participating political subdivisions are urged to contact LAGERS before making any decisions related to matters included in the following summary.

ADMINISTRATION

The statutes provide that the administration of LAGERS be vested in a seven member Board of Trustees. Three of these trustees are "Member Trustees" who must be participating members of the system. Three members of the Board are "Employer Trustees" who must be members of the governing body of a member subdivision, but who do not personally participate in LAGERS. The statutes which govern LAGERS require that an Annual Meeting be held in the last calendar quarter of each year. Each participating political subdivision is to conduct a secret ballot election allowing each member in that subdivision to vote to elect a "member" delegate to the Annual Meeting. The governing body may then select one of their own, or another person acting in their behalf, to serve as "employer" delegate for the subdivision. All Member and Employer Trustees are elected by their respective delegates at the LAGERS Annual Meeting. The remaining Board member is a "Citizen Trustee" appointed by the governor, who can be neither a member nor employer. A complete listing of the current Board of Trustees is included on page 9.

The management of LAGERS is vested in an Executive Secretary who is appointed by the Board and serves at their pleasure. The Executive Secretary acts as advisor to the Board on all matters pertaining to the system and, with the approval of the Board, contracts for professional services and employs the remaining staff needed to operate the system. A listing of the LAGERS staff and advisors is included on page 3.

NORMAL RETIREMENT

A member may retire with an age and service allowance after completing: 1.) at least 5 years of credited service, and 2.) attaining his minimum service retirement age. This minimum service retirement age is 60 for general members and 55 for law enforcement or fire personnel.

A participating LAGERS subdivision may, by a majority vote of the governing body, select an alternate unreduced retirement for employees whose age and service total 80 or more. This provision also requires 5 years of credited service.

FINAL AVERAGE SALARY

Final average salary is the average of a member's monthly pay during the period of 60 consecutive months of credited service producing the highest monthly average, which is contained within the 120 consecutive months of credited service immediately preceding retirement. For most members, this is the last 5 years of employment.

A participating LAGERS subdivision may, by majority vote of the governing body, elect to have their future retirants' benefits calculated using a 36 month final average salary period.

CREDITED SERVICE

Credited service is a combination of the prior service a member accrued prior to his employer joining LAGERS and the membership service he accrues after that date. Because LAGERS is a state-wide retirement system with hundreds of member subdivisions, credited service can be a combination of service with several employers.

AGE AND SERVICE ALLOWANCE

This is the normal retirement benefit and is payable monthly for the lifetime of a member. It equals a specified percent of a member's final average salary multiplied by his number of years of credited service. Each employer elects the percent applicable to his members from ten available programs: L-1 (1% for life); L-3 (1.25% for life); LT-4(65) (1% for life, 1% to age 65); LT-5(65) (1.25% for life, .75% to age 65); L-6 (2% for life); L-7 (1.5% for life); LT-8(65) (1.5% for life, .5% to age 65); L-12 (1.75% for life); LT-14(65) (1.75% for life, .25% to age 65); and L-11 (2.5% for life – non-OASDI coverage only). All LT programs denoted LT(62) extend temporary benefits to age 62, rather than age 65. These benefit programs can be changed by majority vote of the subdivision's governing body, but not more often than biennially.

Summary of Plan Provisions

continued

EARLY RETIREMENT

A member in service may retire with an early retirement benefit after completing: 1.) at least 5 years of credited service, and 2.) attaining age 55 if a general member or age 50 for a law enforcement or fire member. The early retirement benefit is computed in the same manner as an age and service allowance but reduced by $\frac{1}{2}$ of 1% for each month the retirant is younger than his minimum service retirement age.

DEFERRED RETIREMENT

If a member leaves LAGERS covered employment before attaining his early retirement age, but after completing 5 or more years of service, he becomes eligible for a deferred allowance; provided he lives to his early retirement age and does not withdraw his accumulated contributions, if applicable. Deferred members with less than 10 years of credited service and greater than 10 years until their minimum service retirement age may be eligible for a lump-sum payment. Any deferred benefit paid prior to the member attaining his minimum service retirement age will be reduced $\frac{1}{2}$ of 1% for each month the retirant is younger than his minimum service retirement age.

NON-DUTY DISABILITY BENEFIT

A member with 5 or more years of credited service who becomes totally and permanently disabled from performing his job from other than duty connected causes is eligible for a non-duty disability benefit computed in the same manner as an age and service allowance, based upon his service and salary to time of disability.

DUTY DISABILITY BENEFIT

A member who becomes totally and permanently disabled from performing his job from a duty related injury or disease is eligible for a duty disability benefit computed in the same manner as an age and service allowance, but based upon the years of service the member would have completed had he continued in LAGERS covered employment to age 60. Continuing medical examinations are required to confirm the disability once per year for the first 5 years and once every 3 years thereafter until reaching the minimum service retirement age.

SURVIVORS BENEFIT, NON-DUTY DEATH

Upon the death of a member who had completed at least 5 years of credited service, his eligible surviving dependents receive the following benefits: 1.) the surviving spouse receives an allowance equal to the Option A allowance (joint and 75% survivor benefits) computed upon the deceased member's service and salary to time of death. If no spouse benefit is payable, the dependent children under age 18 (23 if they are full-time students) each receive an equal share of 60% of an age and service allowance computed upon the deceased member's service and salary to time of death.

SURVIVORS BENEFIT, DUTY DEATH

If a member's death was the natural and proximate result of a personal injury or disease arising out of and in the course of his actual performance of duty as an employee, the spouse is eligible for a duty death benefit computed in the same manner as an age and service allowance, but based upon the years of service the member would have completed had he continued in LAGERS covered employment to age 60. The surviving spouse receives an allowance equal to the Option A allowance (joint and 75% survivor benefits). If no spouse benefit is payable, the dependent children under age 18 (23 if they are full-time students) each receive an equal share of 60% of the life allowance computed for the deceased.

POST RETIREMENT ADJUSTMENT

All retired members are eligible for an annual post retirement adjustment beginning the October first twelve months after the effective date of their allowance. The adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year. The Board of Trustees determines annually the amount of the post retirement adjustment subject to the 4% maximum or the increase in the Consumer Price Index.

OPTIONAL FORMS OF PAYMENT

When a LAGERS member makes application for retirement, his benefits are calculated in several optional forms and he selects the one that best fits his retirement needs. This election of an optional form of payment is made immediately prior to the receipt of the first benefit check and once the election is made, it is irrevocable. The options are as follows:

LIFE OPTION: This is the largest payment available to a retirant. Upon the death of the retirant monthly payments cease. If the member has not withdrawn at least his accumulated contributions before death, a refund of the balance of his account is made to his beneficiary of record.

OPTION A: This is a continuing spouse option which allows the retirant to receive less (85% if spouse age is the same) of the Life Option with the provision that the surviving spouse will receive 75% of the member's benefit for the remainder of his or her lifetime.

OPTION B: This option is also a continuing spouse option similar to Option A except the percentages are slightly changed. Under Option B, the retirant would receive a higher benefit (90% of the Life Option if spouse is the same age) with the surviving spouse receiving 50% of the member's benefit for the remainder of his or her lifetime.

OPTION C: The final of the four options is referred to as a "ten-year certain" option. As with the other options, the benefit (95% of the Life Option) is payable for the lifetime of the member but with an added provision that the system will make at least 120 monthly payments. If the employee lives over 10 years after retirement, monthly payments will cease upon his death.

PARTIAL LUMP SUM FEATURE (PLUS): This feature provides the option to elect a partial lump sum distribution of the monthly retirement benefit, coupled with a reduced future monthly benefit. The lump sum distribution would be equal to 24 monthly payments of the life allowance amount (does not include any temporary allowance payable under a Life and Temporary plan) at time of retirement. The lump sum payment would result in a reduction (approximately 16 percent) of the retiree's future monthly benefit adjusted for age. All the current options (Life, Option A, Option B and Option C) still apply and may be elected with or without the partial lump sum feature.

MEMBER CONTRIBUTIONS

Political subdivisions may participate in LAGERS under either a contributory or non-contributory plan. If the subdivision participates under the contributory plan, each member contributes 4% of his gross salary, beginning after he has completed sufficient employment for 6 months of credited service. If a member leaves LAGERS covered employment before an allowance is payable upon his behalf, his accumulated contributions are refunded to him. If he dies prior to accruing 5 or more years of credited service, his accumulated contributions are refunded to his designated beneficiary(s) unless a duty-related death benefit is payable. If the subdivision participates under the non-contributory plan, the employing political subdivision pays the entire cost, while the members make no contributions.

Local governments participating in LAGERS are permitted, if the governing body elects, to grant refunds of members' contributions after two years of participation in the system under the non-contributory option. The cost of this option would be borne by the governmental unit.

EMPLOYER CONTRIBUTIONS

The statutes require each employer to contribute the remaining amounts above that contributed by their members to finance the benefits that political subdivision has promised their employees through their participation in LAGERS. These employer contributions are determined annually by the system's retained actuary and are based upon level-percent-of-payroll funding principles so that the contribution rates do not have to increase over decades of time. A chart showing the employer contribution rates for all LAGERS employers is included on pages 37-38 of this report.

LEAVE OF ABSENCE

In the event a member is given a leave of absence by his LAGERS employer for the purpose of continuing education, this leave is considered as credited service provided the leave is certified in writing to the system and does not exceed two years.

For a member who enters the U.S. Armed Forces during a period of compulsory military service, the service actually required can be counted as service credit provided the individual again becomes a member of the system within one year after receiving an honorable discharge. During all leaves, the member's account is credited with the regular rate of interest where applicable.

In the event a member becomes totally, but not permanently disabled from performing his job because of a job-related injury and begins receiving worker's compensation, the member will also receive credited service toward the LAGERS benefit while so disabled.

REDEPOSITS

When a member chooses to take a refund of the accumulated contributions, the member forfeits the credited service standing to his account with the system for which the member was required to make contributions. If the member is reemployed in a position covered by the system within ten years from the time membership last terminated, the member has the option to repay to the system the amount refunded, plus any regular interest thereon, and reinstate the service previously forfeited.

Change in Net Assets

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Additions:					
Member contributions	\$ 7,588,622	\$ 7,189,700	\$ 8,298,846	\$ 7,786,865	\$ 7,265,502
Employee contributions	128,938,636	115,550,424	104,282,742	94,205,597	84,574,502
Net investment income	<u>602,801,435</u>	<u>273,849,051</u>	<u>342,286,798</u>	<u>395,664,373</u>	<u>39,384,943</u>
Total additions to plan net assets	\$ <u>739,328,693</u>	\$ <u>396,589,175</u>	\$ <u>454,868,386</u>	\$ <u>497,656,835</u>	\$ <u>131,224,947</u>
Deductions:					
Benefits	\$ 121,741,881	\$ 111,023,777	\$ 100,540,484	\$ 87,054,856	\$ 73,193,238
Refunds	1,718,953	2,289,098	3,967,389	3,361,153	2,186,992
Administrative expenses	<u>2,711,067</u>	<u>2,759,577</u>	<u>2,466,270</u>	<u>2,750,653</u>	<u>2,176,278</u>
Total deductions from plan net assets	\$ <u>126,171,901</u>	\$ <u>116,072,452</u>	\$ <u>106,974,143</u>	\$ <u>93,166,662</u>	\$ <u>77,556,508</u>
Change in net assets	\$ <u>613,156,792</u>	\$ <u>280,516,723</u>	\$ <u>347,894,243</u>	\$ <u>404,490,173</u>	\$ <u>53,668,439</u>

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Additions:					
Member contributions	\$ 6,584,052	\$ 5,586,937	\$ 5,700,921	\$ 5,360,440	\$ 5,000,924
Employee contributions	85,712,344	82,716,566	78,070,076	76,488,624	85,069,153
Net investment income	<u>(122,127,213)</u>	<u>(117,944,880)</u>	<u>335,913,087</u>	<u>209,219,790</u>	<u>293,840,936</u>
Total additions to plan net assets	\$ <u>(29,830,817)</u>	\$ <u>(29,641,377)</u>	\$ <u>419,684,084</u>	\$ <u>291,068,854</u>	\$ <u>383,911,013</u>
Deductions:					
Benefits	\$ 65,506,362	\$ 59,301,632	\$ 56,708,986	\$ 47,357,928	\$ 41,429,429
Refunds	1,730,345	2,318,561	2,785,828	3,187,642	4,174,861
Administrative expenses	<u>1,936,418</u>	<u>1,700,087</u>	<u>1,565,544</u>	<u>1,598,870</u>	<u>1,599,502</u>
Total deductions from plan net assets	\$ <u>69,173,125</u>	\$ <u>63,320,280</u>	\$ <u>61,060,358</u>	\$ <u>52,144,440</u>	\$ <u>47,203,792</u>
Change in net assets	\$ <u>(99,003,942)</u>	\$ <u>(92,961,657)</u>	\$ <u>358,623,726</u>	\$ <u>238,924,414</u>	\$ <u>336,707,221</u>

Interest Credits to Reserve Accounts

A retirement system acquires and invests assets as the result of following the financial objective of level contribution rates. The Board of Trustees of LAGERS has the responsibility for seeing that the assets are invested effectively and within the limits imposed by law. The Board retains professional money managers to assist in the investment process and reviews their activities throughout the year. The Board retains other professional firms to provide measurements of investment performance and their reports are also reviewed regularly.

The investment process continues to be volatile because of major disturbances in the economic environment.

Following is a table showing investment credits to the various reserves of the system for the last 10 years.

Rates of Investment Return Allocated to LAGERS Reserve Accounts

Investment Credits as a Percent of Fund Balance

Year Ended June 30	Casualty Reserve	Benefit Reserve	Member Reserve	Employer Reserve	Inflation Percent (CPI)
	(A)	(B)	(C)	(D)	
2007	7.5%	9.4%	4.0%	9.6%	2.7%
2006	7.5	15.3	4.0	15.9	4.3
2005	7.5	7.5	4.0	7.7	2.5
2004	7.5	11.4	4.0	11.8	3.2
2003	7.5	(5.4)	4.0	(5.9)	2.1
2002	7.5	(15.6)	4.0	0.0	1.1
2001	7.0	3.1	4.0	5.8	3.3
2000	7.0	14.4	4.0	30.5	3.7
1999	7.0	5.6	4.0	15.6	2.0
1998	7.0	17.0	4.0	18.0	1.7

- (A) Casualty Reserve assets are for the non-accrued service portion of disability benefits to future retired lives. The investment percent is the rate set for actuarial purposes.
- (B) Benefit Reserve assets are for benefits to present retired lives. The investment credit is the remainder of net investment return after crediting the Casualty Reserve assets. This revised allocation of investment credits is intended to provide the resources for additional benefit increases after retirement.
- (C) Member Deposit assets are the contributions of present members. The investment percent, set by the Board, affects amounts payable to members who request a refund. The percent does not affect the monthly benefit of a retiring member.
- (D) Employer Reserve assets are for benefits to future retired lives including the accrued service portion of disability benefits. The investment credit is the remainder of the net investment return after crediting the Casualty Reserve assets, followed by a further adjustment for the investment credit to the Member Deposit assets. The Employer Reserve is responsible for covering liability increases resulting from inflation losses. The percentages shown include net realized capital gains on sale of investments.

Retired Member Data

Amount of Monthly Benefit	Employee Classification			*Type of Retirement									*Option Selected			
	General	Police	Fire	#40	#60	#71	#72	#73	#81	#82	#83	Life	Opt. A	Opt. B	Opt. C	
DEFERRED	771	152	27	950												
\$ 1 - \$ 100	902	225	32	107	20	26	21	483	356	146	548	355	93	163		
\$ 101 - \$ 200	1,612	314	23	136	12	59	36	949	544	213	965	568	153	263		
\$ 201 - \$ 300	1,301	215	31	93	17	65	41	862	311	158	797	417	149	184		
\$ 301 - \$ 400	926	201	27	62	18	47	31	663	223	110	602	293	144	115		
\$ 401 - \$ 500	779	148	37	57	29	40	20	548	174	96	488	242	113	121		
\$ 501 - \$ 600	646	120	32	31	24	42	14	506	123	58	435	188	89	86		
\$ 601 - \$ 700	549	95	38	27	14	37	9	452	97	46	339	167	84	92		
\$ 701 - \$ 800	425	71	27	21	34	27	9	333	70	29	271	132	63	57		
\$ 801 - \$ 900	393	41	32	13	32	20	3	305	71	22	251	105	69	41		
\$ 901 - \$ 1000	333	54	30	8	34	20	5	278	41	31	202	98	79	38		
\$1001 - \$ 1100	283	46	20	12	28	10	1	237	47	14	170	90	50	39		
\$1101 - \$ 1200	232	36	32	2	25	15	3	208	33	14	143	76	60	21		
\$1201 - \$ 1300	216	21	28	4	25	7	1	183	32	13	123	61	56	25		
\$1301 - \$ 1400	176	43	17	8	15	6	0	171	28	8	116	61	41	18		
\$1401 - \$ 1500	154	28	19	3	15	10	0	145	21	7	96	45	43	17		
\$1501 - \$ 1600	137	31	19	2	16	6	0	135	22	6	86	44	38	19		
\$1601 - \$ 1700	132	25	21	2	18	3	0	131	16	8	81	56	27	14		
\$1701 - \$ 1800	110	21	22	1	11	8	0	113	18	2	70	42	34	7		
\$1801 - \$ 1900	81	15	20	3	6	2	1	93	11	0	52	29	22	13		
\$1901 - \$ 2000	86	14	8	0	7	0	0	90	10	1	51	22	28	7		
OVER \$ 2000	648	135	113	5	46	6	2	753	75	9	443	201	185	67		
SUBTOTALS	10,892	2,051	656	950	597	446	456	197	7,638	2,323	992	6,330	3,292	1,620	1,407	
TOTALS	13,599			13,599									12,649			

*See Summary of Plan Provisions for description of retirement and benefit options.

#40—Deferred Retirement

#73—Survivor Payment-Disability Retirement

#60—Deceased & Monthly Benefit Payable

#81—Normal Retirement

#71—Duty Disability Retirement

#82—Early Retirement

#72—Non-Duty Disability Retirement

#83—Survivor Payment-Normal Retirement

Benefit Expenses by Type

Benefit Expenses by Type:	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Normal benefits	\$116,146,782	\$106,002,170	\$ 95,861,311	\$ 82,837,171	\$ 69,461,738
Survivor benefits	<u>5,595,099</u>	<u>5,021,607</u>	<u>4,679,173</u>	<u>4,217,685</u>	<u>3,731,500</u>
Total benefits	<u>\$121,741,881</u>	<u>\$111,023,777</u>	<u>\$100,540,484</u>	<u>\$ 87,054,856</u>	<u>\$ 73,193,238</u>
Total refunds	<u>\$ 1,718,953</u>	<u>\$ 2,289,098</u>	<u>\$ 3,967,389</u>	<u>\$ 3,361,153</u>	<u>\$ 2,186,992</u>

Benefit Expenses by Type:	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Normal benefits	\$ 62,209,449	\$ 56,363,449	\$ 54,135,063	\$ 45,063,218	\$ 39,409,695
Survivor benefits	<u>3,296,913</u>	<u>2,983,183</u>	<u>2,573,923</u>	<u>2,294,710</u>	<u>2,019,734</u>
Total benefits	<u>\$ 65,506,362</u>	<u>\$ 59,346,632</u>	<u>\$ 56,708,986</u>	<u>\$ 47,357,928</u>	<u>\$ 41,429,429</u>
Total refunds	<u>\$ 1,730,345</u>	<u>\$ 2,318,561</u>	<u>\$ 2,785,828</u>	<u>\$ 3,187,642</u>	<u>\$ 4,174,861</u>

Average Monthly Benefit Payments

RETIREMENT EFFECTIVE DATES	YEARS OF CREDITED SERVICE BY CATEGORY					
	For Fiscal Years Ended June 30:	5-10	10-15	15-20	20-25	25-30
2007 Average Monthly Benefit	\$ 222	\$ 462	\$ 775	\$ 1,046	\$ 1,633	\$ 2,144
Average Final Average Salary.....	2,554	2,663	3,170	3,284	3,968	4,136
Number of Active Retirants.....	299	197	123	123	104	97
2006 Average Monthly Benefit	\$ 252	\$ 523	\$ 804	\$ 1,147	\$ 1,901	\$ 2,103
Average Final Average Salary.....	2,539	2,776	3,154	3,388	4,301	4,064
Number of Active Retirants.....	303	116	114	126	110	105
2005 Average Monthly Benefit	\$ 206	\$ 484	\$ 789	\$ 1,051	\$ 1,747	\$ 2,222
Average Final Average Salary.....	2,412	2,693	2,966	3,117	4,093	4,115
Number of Active Retirants.....	317	154	124	114	104	90
2004 Average Monthly Benefit	\$ 227	\$ 475	\$ 731	\$ 1,265	\$ 1,767	\$ 2,565
Average Final Average Salary.....	2,230	2,508	2,852	3,480	3,890	4,224
Number of Active Retirants.....	305	122	103	92	108	97
2003 Average Monthly Benefit	\$ 226	\$ 525	\$ 831	\$ 1,334	\$ 1,874	\$ 2,292
Average Final Average Salary.....	2,536	2,379	2,782	3,223	3,627	3,600
Number of Active Retirants.....	253	119	107	109	82	104
2002 Average Monthly Benefit	\$ 270	\$ 488	\$ 725	\$ 1,183	\$ 1,770	\$ 2,342
Average Final Average Salary.....	2,101	2,373	2,432	2,935	3,512	3,742
Number of Active Retirants.....	204	124	104	117	76	92
2001 Average Monthly Benefit	\$ 314	\$ 485	\$ 736	\$ 996	\$ 1,486	\$ 1,867
Average Final Average Salary.....	2,171	2,264	2,477	2,735	3,091	3,111
Number of Active Retirants.....	237	127	98	100	74	69
2000 Average Monthly Benefit	\$ 250	\$ 425	\$ 805	\$ 1,087	\$ 1,452	\$ 2,121
Average Final Average Salary.....	2,241	2,298	2,666	2,831	3,046	3,535
Number of Active Retirants.....	152	97	96	95	84	76
1999 Average Monthly Benefit	\$ 221	\$ 438	\$ 726	\$ 989	\$ 1,507	\$ 2,102
Average Final Average Salary.....	1,918	1,980	2,366	2,598	3,046	3,431
Number of Active Retirants.....	154	134	108	108	62	79
1998 Average Monthly Benefit	\$ 219	\$ 405	\$ 709	\$ 933	\$ 1,548	\$ 2,119
Average Final Average Salary.....	2,036	1,933	2,307	2,373	3,171	3,205
Number of Active Retirants.....	164	108	91	76	50	54
From July 1, 1997 through June 30, 2007						
Average Monthly Benefit.....	\$ 239	\$ 472	\$ 765	\$ 1,107	\$ 1,689	\$ 2,204
Average Final Average Salary	2,317	2,411	2,739	3,023	3,663	3,771
Number of Active Retirants	2,388	1,298	1,068	1,060	854	863

Participants by Classification

POLITICAL SUBDIVISIONS

<u>Year</u>	<u>Cities</u>	<u>Counties</u>	<u>Health Agencies</u>	<u>Special Districts</u>	<u>Libraries</u>	<u>Total</u>
2007	263	60	56	134	40	553
2006	254	60	56	122	39	531
2005	250	60	53	117	37	517
2004	249	60	51	110	36	506
2003	243	60	50	105	35	493
2002	236	60	50	102	34	482
2001	231	60	48	95	33	467
2000	227	60	46	84	32	449
1999	223	60	43	75	31	432
1998	214	60	41	70	31	416

EMPLOYEE MEMBERS

<u>Year</u>	<u>Cities</u>	<u>Counties</u>	<u>Health Agencies</u>	<u>Special Districts</u>	<u>Libraries</u>	<u>Total*</u>
2007	16,762	8,289	1,813	2,857	886	30,607
2006	18,918	9,620	1,879	2,851	904	34,172
2005	18,722	9,282	1,625	2,743	885	33,257
2004	18,327	9,278	1,546	2,547	870	32,568
2003	17,746	8,878	1,485	2,323	848	31,280
2002	17,266	8,623	1,473	2,365	777	30,504
2001	16,821	8,262	1,438	2,250	758	29,529
2000	16,055	8,123	1,529	2,056	728	28,491
1999	15,701	7,963	1,502	2,030	724	27,920
1998	15,170	7,776	1,547	1,864	707	27,064

*Fiscal 2007 does not include inactive link accounts as provided in previous years.

Participating Political Subdivisions

Cities: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Advance (9)	L-1	no	5	yes	no	10-2005
Airport Drive (1)	L-7	no	3	no	no	05-2000
Albany (16)	L-7	yes	3	yes	no	07-1989
Anderson (7)	L-3	no	5	yes	no	06-1990
Annapolis (2)	L-7	no	3	yes	no	07-2001
Arnold (73)	L-6	yes	3	no	no	01-1984
Ash Grove (6)	L-7	no	3	yes	no	04-1972
Ashland (12)	L-7	no	5	yes	no	06-1970
Aurora (46)	L-7	no	3	no	yes	07-1972
Auxvasse (2)	L-7	yes	5	no	no	01-1994
Ava (43)	LT-8(65)	yes	3	no	no	09-1997
Ballwin (96)	L-3	no	3	no	yes	11-1969
Belle (7)	L-7	no	5	yes	no	05-1987
Bellefontaine Neighbors (52)	L-6	no	3	no	no	07-1968
Bellflower (1)	L-6	no	3	yes	no	08-1990
Belton (188)	L-9	no	3	no	yes	02-1974
Belridge (17)	L-1	no	5	yes	no	02-2002
Berkeley (48)	LT-10(65)	no	3	no	no	07-1968
Bernie (20)	L-3	no	3	no	no	08-1978
Bethany (34)	L-12	no	5	yes	no	01-1976
Beverly Hills (5)	L-1	no	5	yes	no	07-1991
Bevier (4)	L-1	no	5	yes	no	07-1999
Bland (2)	L-1	yes	5	no	no	09-1994
Bloomfield (10)	L-1	no	5	no	no	10-2001
Blue Springs (231)	L-7	no	3	no	yes	09-1973
Bolivar (63)	L-7	no	3	yes	no	02-1973
Boonville (76)	L-9	no	3	no	yes	05-1971
Bourbon (15)	L-1	no	3	no	no	01-2000
Bowling Green (16)	L-3	no	5	no	yes	01-1979
Branson (215)	L-6	no	3	yes	no	01-1978
Braymer (6)	LT-8(62)	no	3	yes	no	12-1970
Brentwood (69)	L-7	no	3	no	yes	04-1969
Brookfield (42)	L-3	no	5	no	no	02-1989
Buckner (10)	LT-5(62)	no	3	no	no	10-1987
Buffalo (26)	L-7	yes	3	yes	no	01-1974
Butler (52)	LT-5(65)	no	3	yes	no	06-1993
Cabool (29)	L-7	no	3	no	yes	10-1969
Cameron (60)	L-6	no	3	no	no	07-1968
Campbell (18)	L-1	no	5	yes	no	02-2005
Canton (15)	L-7	no	3	no	yes	07-1979
Cape Girardeau (353)	LT-8(65)	no	3	no	yes	02-1973
Carl Junction (28)	L-7	no	5	yes	no	06-1971
Carthage (50)	L-7	no	3	no	no	07-1982
Caruthersville (53)	L-1	no	5	no	yes	01-1979
Centralia (34)	L-7	no	5	no	no	07-1972
Charleston (29)	L-1	no	5	no	no	05-1980
Chillicothe (75)	L-7	no	3	no	yes	05-1978
Clarksville (3)	L-3	no	5	no	no	10-1974

† See Summary of Plan Provisions for benefit program description.

* Charter Member

Cities: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Claycomo (26)	L-12	no	5	no	no	04-2007
Cleveland (4)	L-1	no	5	yes	no	04-2007
Clever (2)	L-1	yes	5	yes	no	07-1998
Clinton (70)	L-1	no	5	no	yes	02-1972
Columbia (873)	L-6	yes	3	no	yes	02-1969
Concordia (16)	L-12	yes	3	yes	no	05-1978
Cool Valley (9)	L-7	no	5	no	no	07-1972
Crestwood (95)	L-7	no	3	no	yes	07-1968
Crocker (10)	L-1	no	5	no	no	09-1988
Crystal City (50)	L-9	no	5	no	yes	04-1970
Cuba (42)	L-6	yes	5	no	yes	04-1971
Dardenne Prairie (4)	L-7	yes	5	no	no	11-2006
De Soto (46)	L-7	no	5	no	no	01-1983
Dellwood (24)	L-12	no	3	no	no	01-1975
Dexter (65)	LT-10(65)	yes	3	no	no	08-1973
Dixon (16)	L-7	no	5	yes	no	12-2000
Doniphan (21)	L-7	no	5	yes	no	01-1993
Drexel (4)	L-3	no	5	yes	no	06-1998
El Dorado Springs (47)	L-12	no	3	no	yes	07-1975
Eldon (53)	L-1	no	5	yes	no	05-2005
Ellisville (51)	L-7	no	3	no	no	08-1971
Elsberry (6)	L-3	yes	5	no	no	01-1998
Eminence (3)	L-3	no	5	yes	no	09-1996
Eureka (59)	LT-10(65)	yes	3	no	no	11-1973
Excelsior Springs (95)	L-7	no	5	no	yes	12-1972
Fair Grove (8)	L-1	no	5	yes	no	09-2005
Farmington (112)	LT-8(65)	yes	5	no	no	02-1969
Fayette (29)	L-3	yes	5	no	yes	07-1970
Fenton (47)	LT-8(65)	no	3	no	yes	01-1971
*Festus (101)	L-7	no	5	no	yes	04-1968
Foristell (6)	L-3	no	3	no	no	10-2003
Forsyth (16)	L-7	no	5	no	yes	07-1985
Fredericktown (35)	LT-8(62)	yes	5	yes	no	05-1968
Frontenac (48)	LT-8(65)	no	3	no	yes	08-1972
Fulton (166)	L-7	yes	5	no	yes	08-1968
Gainesville (3)	L-1	no	5	yes	no	12-1984
Garden City (9)	L-1	no	5	yes	no	04-1993
Gerald (7)	L-1	no	3	yes	no	04-2003
Gideon (4)	L-3	yes	5	yes	no	10-1970
Gladstone (159)	L-6	yes	3	yes	no	09-1968
Glasgow (6)	L-3	no	5	no	no	10-1974
Glendale (9)	LT-8(62)	no	5	no	yes	02-1971
Grain Valley (53)	L-7	no	5	no	no	01-1999
Grandview (166)	LT-5(65)	no	3	no	no	07-1971
Grant City (7)	L-1	no	5	yes	no	05-1999
Green City (5)	L-1	no	5	no	yes	04-1988
Hale (2)	L-7	no	3	no	no	06-1998
Hannibal (65)	LT-14(65)	yes	5	no	yes	11-1969

Participating Political Subdivisions

Cities: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Hardin (3)	L-1	no	3	yes	no	02-1997
Harrisonville (97)	LT-14(65)	no	3	no	no	08-1972
Hartville (4)	L-3	no	3	yes	no	07-2001
Hayti (27)	L-3	no	5	yes	no	01-1994
Hermann (36)	L-1	no	3	no	no	09-1980
Higginsville (72)	LT-10(65)	yes	3	no	yes	08-1970
Hillsboro (12)	L-7	no	5	no	no	07-1980
Holden (11)	L-9	no	5	no	no	04-1974
Hollister (37)	L-7	yes	3	yes	no	05-1998
Holts Summit (19)	L-1	no	5	no	no	01-1998
Houston (26)	L-6	yes	3	no	yes	05-1971
Humansville (5)	L-1	yes	5	yes	no	06-2006
Huntsville (10)	L-1	no	5	no	no	05-2001
Independence (1090)	LT-8(65)	no	3	no	yes	11-1968
* Jackson (119)	LT-8(62)	no	3	no	yes	04-1968
Jefferson City (320)	L-6	yes	3	no	yes	01-1970
Jennings (106)	L-7	no	3	no	no	09-1968
Jonesburg (5)	L-1	no	3	no	no	01-1997
Joplin (231)	LT-8(65)	no	5	no	no	01-1973
Kearney (33)	L-7	no	3	no	no	04-1992
Kennett (58)	L-7	no	3	no	yes	07-1968
Kimberling City (12)	LT-8(65)	no	3	no	no	03-1994
Kirksville (133)	L-7	no	5	no	yes	01-1977
Knob Noster (20)	LT-4(65)	yes	5	no	no	02-1999
La Grange (19)	L-7	no	3	no	no	02-1977
La Plata (14)	L-3	no	5	no	no	11-1972
Lake Lotawana (13)	L-1	yes	5	no	no	08-2002
Lake Ozark (25)	L-1	no	5	no	no	05-2000
Lake Saint Louis (80)	LT-8(65)	yes	3	no	yes	11-1985
Lake Winnebago (4)	L-1	no	3	yes	no	04-1999
Lamar (64)	L-3	no	5	no	no	09-1998
Lathrop (6)	L-3	no	5	no	no	07-1996
Lawson (12)	L-1	no	5	no	no	08-2001
Lebanon (140)	L-7	no	5	no	no	11-1984
Lee's Summit (603)	L-6	no	5	no	yes	04-1970
Liberty (188)	LT-5(65)	no	5	no	yes	07-1970
Licking (8)	L-9	no	3	no	no	01-1985
Linn (8)	L-1	no	5	no	no	05-2003
Lockwood (9)	L-9	no	3	no	no	04-1968
Louisiana (36)	L-3	no	5	no	no	07-1968
Macon (84)	LT-8(65)	yes	3	no	no	06-1968
Malden (59)	L-6	no	5	yes	no	07-1976
Mansfield (14)	L-1	no	3	yes	no	04-2003
Maplewood (25)	L-3	no	3	yes	no	04-1970
Marceline (23)	L-7	no	5	yes	no	04-1981
Marionville (7)	L-7	no	3	yes	no	12-1988
Marshall (189)	L-12	no	5	no	no	04-1971
Marshfield (32)	L-6	no	5	yes	no	01-1990

Cities: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Maryland Heights (186)	L-6	no	5	yes	no	01-2004
Maryville (77)	L-9	no	3	no	no	01-1973
Matthews (4)	L-1	yes	5	no	no	08-2006
Memphis (22)	L-6	no	3	yes	no	01-1972
Mercer (2)	L-3	no	3	yes	no	06-1988
Merriam Woods (5)	L-1	no	5	yes	no	11-2006
*Mexico (90)	L-6	yes	3	no	no	04-1968
Milan (14)	L-1	no	3	no	yes	01-1987
Miner (14)	L-6	yes	3	no	no	03-1995
Moberly (126)	LT-8(65)	yes	3	no	yes	08-1968
Moline Acres (11)	LT-5(65)	no	5	no	no	04-1974
Monett (116)	LT-10(65)	yes	3	no	yes	03-1978
Montgomery City (19)	L-1	no	3	no	no	03-1971
Mound City (6)	L-6	no	3	yes	no	04-1971
Mount Vernon (33)	L-7	yes	5	no	yes	09-1972
Mountain Grove (44)	LT-8(62)	no	5	no	no	07-1987
Mountain View (42)	L-7	no	5	no	no	07-1989
Neosho (110)	LT-8(65)	yes	3	no	yes	07-1971
Nevada (90)	LT-8(65)	yes	5	no	no	11-1968
New Madrid (28)	L-6	no	3	no	no	08-1968
Nixa (110)	L-6	no	5	yes	no	01-1990
Norborne (5)	L-3	no	5	yes	no	09-1969
Normandy (29)	L-3	no	5	no	no	06-1969
North Kansas City (106)	L-6	yes	3	no	no	11-1969
Northwoods (21)	L-6	no	5	no	no	07-1972
O'Fallon (340)	LT-8(65)	no	5	no	yes	02-1975
Oak Grove (42)	L-7	no	3	no	no	08-1969
Oakland (1)	LT-8(65)	no	5	no	no	04-2004
Odessa (44)	L-7	no	3	no	yes	07-1975
Osceola (10)	L-1	no	3	yes	no	09-2001
Owensville (31)	L-9	yes	5	yes	no	05-1972
Ozark (84)	L-7	no	3	no	yes	07-1990
Pacific (45)	L-6	yes	5	no	yes	04-1987
Pagedale (19)	L-3	no	5	no	no	03-1972
Palmyra (32)	LT-14(65)	yes	3	no	no	04-1968
Paris (12)	L-7	no	3	no	no	02-1969
Pattonsburg (2)	L-1	no	5	yes	no	06-1975
Peculiar (26)	LT-14(65)	no	3	no	yes	10-1986
Perry (7)	L-6	no	3	yes	no	01-1971
Perryville (92)	L-6	no	3	no	yes	03-1969
Piedmont (20)	LT-5(62)	yes	3	no	yes	08-1974
Pilot Knob (4)	L-7	no	3	yes	no	06-1992
Pine Lawn (25)	L-1	no	5	no	no	07-1970
Platte City (29)	L-3	no	5	yes	no	05-1987
Plattsburg (20)	L-3	no	5	no	yes	02-1972
Pleasant Hill (45)	L-6	yes	3	no	yes	05-1978
Poplar Bluff (255)	LT-5(65)	no	5	no	yes	02-1971
Portageville (31)	L-1	no	5	no	no	09-1996

Participating Political Subdivisions

Cities: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Potosi (29)	L-7	no	3	no	yes	04-1973
Princeton (10)	L-9	no	5	yes	no	01-1973
Ravenwood (1)	L-1	no	3	yes	no	11-2000
Raymore (85)	L-7	no	3	no	no	01-1990
Raytown (92)	LT-5(65)	no	5	no	no	07-2003
Richland (15)	L-1	no	5	no	yes	07-1988
Richmond (61)	L-3	no	3	no	no	12-1990
Richmond Heights (78)	L-6	no	3	yes	no	05-1968
Riverside (47)	L-3	no	5	no	no	01-1997
Riverview (16)	L-3	no	5	yes	no	08-1989
Rock Hill (12)	L-3	no	5	no	no	04-1968
Rolla (182)	LT-8(65)	yes	3	no	yes	01-1969
Russellville (2)	L-1	no	3	no	no	05-1999
Salem (57)	LT-8(65)	yes	3	yes	no	12-1984
Savannah (22)	L-9	no	5	no	yes	07-1976
Scott City (33)	L-3	no	5	yes	no	01-1993
Sedalia (128)	L-6	no	3	no	yes	08-1972
Seneca (13)	L-3	no	3	no	no	05-1975
Seymour (15)	L-9	no	3	no	no	04-1996
Shelbina (26)	L-6	yes	3	yes	no	11-1969
Shelbyville (3)	L-1	no	5	yes	no	12-2006
*Shrewsbury (50)	LT-5(62)	no	3	no	yes	04-1968
*Sikeston (123)	LT-8(65)	no	3	no	yes	04-1968
Slater (18)	L-7	no	5	no	no	02-1969
Smithville (46)	L-1	no	3	yes	no	01-2004
Springfield (958)	L-6	no	3	no	no	06-1968
St. Ann (90)	L-6	yes	3	yes	no	06-1968
*St. Charles (418)	LT-8(65)	yes	3	no	yes	04-1968
St. Clair (27)	L-9	no	5	no	yes	05-1980
St. James (40)	L-9	no	3	yes	no	06-1974
St. John (42)	L-7	no	5	no	yes	03-1970
St. Joseph (507)	L-3	no	3	no	no	04-1970
St. Peters (366)	L-6	yes	3	yes	no	01-1976
St. Robert (93)	L-3	no	3	yes	no	04-1983
Ste. Genevieve (26)	LT-8(65)	no	5	yes	no	10-1984
Steelville (15)	L-7	no	3	no	no	03-1997
Stockton (7)	L-1	no	5	yes	no	10-1988
Sugar Creek (56)	LT-5(65)	no	3	no	yes	05-1968
Sullivan (64)	L-6	yes	3	no	yes	03-1972
Sunrise Beach (2)	L-3	no	3	no	no	06-2005
Sunset Hills (57)	L-7	no	3	no	yes	10-1972
Sweet Springs (9)	L-1	yes	5	no	yes	04-1973
Thayer (24)	L-1	no	5	yes	no	01-1997
Tipton (10)	LT-5(65)	yes	3	yes	no	04-1981
Town & Country (56)	LT-14(65)	no	3	yes	no	02-2007
Trenton (39)	L-6	no	5	no	yes	05-1979
Twin Oaks (3)	L-7	no	3	yes	no	01-2007
Union (57)	L-6	no	3	no	yes	01-1974

Cities: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Unionville (17)	LT-14(65)	yes	5	yes	no	10-1982
Valley Park (20)	L-9	no	5	yes	no	11-1972
Van Buren (5)	L-1	no	5	no	no	01-2003
Vandalia (28)	L-1	no	5	no	no	05-1988
Vienna (3)	L-1	no	5	no	no	09-2002
Vinita Park (19)	L-7	no	3	no	no	08-1971
Warrensburg (108)	L-7	no	5	no	yes	07-1968
Warsaw (30)	L-3	no	5	no	no	05-1999
Washington (119)	LT-10(65)	yes	3	no	no	01-1971
Waverly (3)	L-1	no	5	yes	no	10-1986
Waynesville (37)	LT-8(65)	no	5	no	yes	09-1985
Webb City (89)	L-7	no	3	no	no	03-1975
Wellston (18)	L-1	no	5	no	no	07-1971
Wentzville (151)	L-7	no	5	no	no	02-1973
West Plains (177)	LT-10(65)	yes	3	no	no	02-1973
Weston (13)	L-1	no	5	yes	no	07-1997
Willard (27)	L-3	no	5	yes	no	04-2004
Willow Springs (29)	L-7	no	5	no	no	06-1993
Winchester (3)	LT-5(62)	no	5	no	no	10-1982
Windsor (9)	L-9	no	3	yes	no	08-1973
Winfield (1)	L-1	no	5	yes	no	05-2003
Wood Heights (1)	L-3	no	3	yes	no	01-1999
Woodson Terrace (28)	L-7	no	5	no	yes	12-1969

Counties: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Adair County (76)	L-7	no	5	no	yes	03-1977
Andrew County (54)	L-6	no	3	yes	no	03-1976
Atchison County (45)	L-1	no	3	no	no	01-1974
Audrain County (81)	L-7	no	3	no	no	04-1968
Buchanan County (242)	L-6	no	5	no	yes	06-1971
Butler County (118)	L-6	yes	3	no	yes	04-1968
Caldwell County (61)	L-1	no	5	yes	no	01-1984
Callaway County (141)	L-7	no	5	no	yes	01-1977
Camden County (266)	L-6	yes	5	no	yes	02-1969
Cape Girardeau County (153)	L-6	no	3	no	yes	01-1985
Cass County (215)	L-6	no	3	no	yes	01-1991
Chariton County (34)	L-7	no	3	yes	no	01-1988
Christian County (174)	L-9	no	3	no	no	03-1989
Clark County (36)	L-1	no	5	yes	no	01-1980
Clay County (493)	L-9	no	3	no	yes	11-1975
Clinton County (54)	L-3	no	5	yes	no	01-1986

Participating Political Subdivisions

Counties: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
*Cole County (201)	L-7	no	5	no	yes	04-1968
DeKalb County (35)	L-3	no	3	no	no	12-1983
Dunklin County (63)	L-3	no	3	yes	no	01-1969
Franklin County (293)	L-6	yes	3	no	yes	01-1970
Gasconade County (44)	L-7	no	5	no	yes	01-1974
Greene County (636)	L-7	no	3	no	yes	01-1972
Holt County (33)	L-3	no	3	yes	no	01-1974
Howard County (41)	L-1	no	5	no	no	06-1976
Howell County (105)	L-6	yes	5	no	yes	01-1974
Iron County (43)	L-7	no	5	yes	no	01-1970
Jasper County (270)	L-9	no	3	no	yes	01-1983
Jefferson County (599)	L-7	no	3	no	yes	03-1969
Lafayette County (99)	L-7	no	3	yes	no	01-1970
Lawrence County (71)	L-7	no	3	yes	no	01-1973
Lewis County (47)	LT-8(65)	no	3	no	yes	11-1974
Livingston County (37)	L-3	no	3	no	no	12-1988
Macon County (53)	L-3	no	5	yes	no	01-1990
Marion County (89)	L-7	no	3	no	no	02-1972
Miller County (95)	L-6	no	5	yes	no	01-1976
Mississippi County (69)	L-1	no	5	yes	no	02-1973
Monroe County (38)	L-3	no	3	no	no	02-1980
Montgomery County (86)	LT-8(62)	no	3	yes	no	02-1973
*New Madrid County (80)	L-6	yes	5	no	yes	04-1968
Nodaway County (48)	L-3	no	5	yes	no	07-1973
*Pemiscot County (90)	L-7	no	3	no	yes	04-1968
Perry County (74)	L-7	no	3	no	yes	05-1968
Pettis County (118)	L-12	no	3	no	no	10-1971
Phelps County (126)	L-6	yes	3	yes	no	01-1969
Pike County (64)	L-6	yes	3	yes	no	12-1971
Platte County (241)	L-7	no	3	no	no	01-1974
Ralls County (39)	L-7	no	5	no	yes	01-1973
Randolph County (79)	L-9	no	3	yes	no	04-1969
Ray County (82)	L-7	no	3	no	no	04-1969
Scott County (104)	L-7	no	3	no	yes	05-1969
Shannon County (61)	L-1	no	5	yes	no	02-1978
St. Charles County (941)	LT-8(65)	no	3	no	yes	08-1973
St. Clair County (81)	L-3	no	5	yes	no	07-1979
St. Francois County (194)	L-6	no	3	yes	no	10-1969
Ste. Genevieve County (93)	L-7	no	3	yes	no	05-1970
Stoddard County (68)	L-7	no	5	no	no	01-1969
Taney County (258)	L-7	no	5	no	yes	08-1985
Texas County (45)	L-9	yes	3	no	yes	09-1975
Vernon County (52)	L-3	no	3	no	yes	01-1969
Wright County (61)	L-12	yes	3	no	no	12-1981

Health Agencies: (Employee Memebers)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Adair County Health Department (19)	L-6	no	5	yes	no	07-1981
Bates County Health Center (6)	L-3	no	5	no	no	08-1992
Butler County Health Department (42)	L-1	no	5	no	yes	08-1968
Caldwell County Health Department (7)	LT-8(65)	no	5	yes	no	03-1987
Cape Girardeau Co. Health Dept. (32)	L-7	no	3	no	yes	01-1987
Carter County Health Center (9)	L-1	no	5	no	no	06-1978
Chariton County Health Department (9)	L-1	yes	5	yes	no	05-2006
Clark County Health Department (8)	L-6	no	3	no	yes	01-1981
Clay County Health Department (66)	L-9	no	3	no	yes	06-2005
Clinton County Health Department (10)	L-3	no	5	yes	no	01-1986
Dallas County Health Department (7)	L-1	no	5	no	no	01-1991
Daviess County Health Department (6)	L-1	no	3	yes	no	07-2003
Dent County Health Center (7)	L-3	no	3	yes	no	02-1991
Dunklin County Health Department (12)	LT-10(65)	no	3	yes	no	02-1969
Gasconade Co. Health Department (9)	L-1	no	5	no	yes	04-1981
Grundy County Nursing Home (91)	L-1	no	5	no	no	07-2005
Iron County Health Department (9)	L-1	no	5	yes	no	03-1973
Jefferson County Health Department (52)	L-7	yes	3	no	no	10-1987
Laclede County Health Center (13)	L-3	no	5	yes	no	08-1991
Lafayette Co. Health Department (8)	LT-8(65)	no	3	yes	no	01-1982
Lewis County Health Department (12)	L-3	no	3	no	yes	05-1974
Lincoln County Health Department (20)	L-7	no	3	yes	no	01-2002
Linn County Health Department (12)	L-7	no	3	yes	no	05-1993
Livingston Co. Health Department (9)	L-3	yes	3	yes	no	12-1988
Macon County Health Department (6)	L-7	yes	5	no	no	08-1974
Madison County Health Department (11)	L-1	no	5	yes	no	03-1998
Madison Memorial Hospital (241)	L-3	no	5	no	no	10-1972
Marion County Health Department (26)	L-9	no	3	yes	no	02-1972
Miller County Health Department (14)	L-3	no	5	yes	no	01-2001
Mississippi County Health Dept. (11)	L-1	no	5	no	yes	07-1977
Moniteau County Health Center (6)	L-3	no	5	no	no	11-1990
Monroe County Health Department (10)	L-3	no	5	no	no	04-1981

Participating Political Subdivisions

Health Agencies: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Montgomery Co. Health Department (10)	L-3	no	3	yes	no	01-1988
Nevada City Hospital (242)	L-3	no	5	no	yes	09-1970
Nevada City Nursing Home (62)	L-3	no	5	no	yes	10-1978
New Madrid County Health Department (12)	L-6	yes	5	no	yes	06-1968
Pemiscot County Health Department (8)	L-7	yes	3	no	yes	10-1968
Pemiscot County Memorial Hospital (406)	L-7	yes	3	yes	no	02-1981
Pettis County Health Center (18)	L-9	no	3	yes	no	01-1987
Pike County Health Department (28)	L-9	yes	3	yes	no	01-2002
Platte County Health Center (23)	L-7	no	3	no	no	01-1986
Polk County Health Center (8)	L-1	no	3	yes	no	02-1991
Pulaski County Health Department (16)	L-6	yes	3	no	yes	01-1979
Putnam County Health Department (5)	L-7	yes	3	no	no	03-1995
Ralls County Health Department (13)	L-12	no	3	no	yes	04-1973
Randolph County Health Department (45)	L-7	no	5	yes	no	04-1981
Ray County Health Department (7)	L-6	no	3	yes	no	01-1988
Saline County Health Department (11)	L-1	no	3	yes	no	03-2005
St. Clair County Health Department (11)	L-1	no	5	yes	no	01-1981
St. Francois Co. Health Department (23)	L-7	yes	3	yes	no	01-1983
Sullivan County Health Department (7)	LT-8(65)	no	3	no	no	04-1995
Texas County Health Department (10)	L-7	no	5	no	yes	07-1987
Vernon County Health Department (6)	L-7	no	3	no	yes	05-1987
Washington County Health Dept. (12)	L-3	no	3	no	no	01-1991
Wayne County Health Center (11)	L-3	yes	3	no	no	05-1996
Webster County Health Department (13)	L-1	no	5	yes	no	07-1999

Special Districts: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Adair Co. Water District #1 (6)	L-3	no	3	no	yes	01-1992
Audrain Handicapped Services (63)	L-12	no	5	no	no	04-1996
Barton Co. Ambulance District (9)	L-1	no	5	no	no	10-1998
Boone Co. Group Homes (84)	L-12	no	3	yes	no	07-2004
Boone Co. Water District #4 (6)	L-7	no	3	no	no	08-1984
Boone Co. Water District #10 (4)	L-3	no	5	yes	no	01-1998
Booneslick Regional Planning Comm. (9)	L-3	yes	5	yes	no	07-2006
Bootheel Regional Planning Comm. (6)	LT-4(65)	yes	5	yes	no	01-2005
Butler Co. Fire Protection Dist. (5)	LT-5(65)	no	3	yes	no	11-1994
Butler Co. Water District #1 (6)	L-7	no	3	yes	no	07-1995
Butler Co. Water District #3 (3)	L-7	yes	3	yes	no	03-1995
Callaway Co. Ambulance District (24)	L-9	yes	5	no	no	01-1996
Callaway Co. Special Services (25)	L-6	yes	3	no	no	07-1996
Callaway Co. Water District #1 (8)	L-11	no	3	no	no	01-1994
Callaway Co. Water District #2 (13)	L-7	yes	3	no	yes	02-1985
Camden Co. Water District #4 (11)	L-1	no	3	no	no	01-2007
Cameron Special Road District (3)	L-7	yes	5	no	no	11-2000
Cape Special Road District (10)	L-6	no	5	no	yes	09-1981
Carl Junction Special Road District (1)	L-1	no	5	yes	no	04-2001
Carthage Special Road District (7)	L-3	no	3	yes	no	05-2000
Carthage Utilities (60)	L-7	no	3	no	no	07-1982
Central Jackson Co. Fire District #5 (118)	L-6	no	3	no	yes	09-1973
Chariton Co. E-911 (7)	L-1	no	5	yes	no	05-2004
Chariton Co. Sheltered Workshop (3)	L-1	no	5	yes	no	02-2000
Chillicothe Township (3)	L-7	no	3	yes	no	08-1995
Chillicothe Utilities (56)	L-9	no	3	no	yes	05-1978
Clarence Cannon Wholesale Water (3)	L-7	no	5	no	no	10-2004
Clark Co. Water District #1 (6)	L-3	no	3	no	no	07-2000
Clay Co. Water District #2 (3)	L-3	no	3	yes	no	12-1984
Cole Co. Water District #2 (7)	L-9	no	5	no	no	02-1974
Cole Co. Water District #4 (3)	L-7	no	5	no	no	02-2001
Daviess Co. Ambulance District (2)	LT-10(65)	no	3	yes	no	07-2000
Daviess Co. Water District #1 (3)	L-3	no	5	no	no	06-2000
El Dorado Springs Spec. Road District (1)	L-1	no	5	no	no	04-1982
Farley Special Road District (2)	L-3	yes	3	no	no	07-1999
Festus Special Road District (5)	L-6	no	3	no	no	02-1969
Fort Osage Fire Protection District (30)	L-9	no	3	no	yes	04-1983
Gasconade Co. 911 (9)	L-1	no	5	no	no	07-2003
Gasconade Co. SB40 (1)	L-1	no	5	no	no	07-2001
Greene Co. SB40 (23)	L-6	no	3	no	no	01-2001
Greene Co. Water District #5 (0)	L-6	no	3	yes	no	08-1991
Hannibal Public Works (70)	LT-14(65)	yes	5	no	yes	11-1969
Harrison Co. Water District #2 (3)	LT-10(65)	no	3	no	no	08-1998
Harry Truman Coor. Council (5)	L-1	no	3	no	no	07-2005
Higginsville Special Road District (1)	L-7	no	3	yes	no	05-1970

Participating Political Subdivisions

Special Districts: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Hudson Township Spec. Road District (2)	LT-10(65)	no	5	no	no	04-1990
Independance Township (3)	L-1	no	3	no	no	07-2006
Jackson Co. Water District #1 (17)	L-6	no	3	no	yes	03-1969
Jasper Co. Sheltered Facilities (13)	L-7	no	3	no	no	01-2001
Jasper Co. Water District #1 (3)	L-3	no	5	yes	no	01-2002
Jefferson Co. Water District #1 (12)	L-6	no	5	yes	no	04-1972
Jefferson Co. Water District #2 (15)	L-6	no	5	yes	no	01-1983
Jefferson Co. Water District #5 (6)	L-7	no	3	no	no	01-1987
Jefferson Co. Water District #6 (6)	L-3	no	3	yes	no	09-1997
Jefferson Co. Water District #7 (6)	L-7	no	3	no	yes	06-1975
Jefferson Co. Water District #10 (4)	L-3	no	5	yes	no	02-1989
Jefferson Co. Water District #12 (5)	L-1	no	5	no	no	06-2000
Johnson Co. Ambulance District (21)	L-7	yes	5	yes	no	01-2004
Johnson Co. Fire Prot. District (1)	L-7	yes	5	no	no	05-2006
Kearney Fire & Rescue (16)	L-7	yes	3	no	no	01-1997
Kennett Utilities (61)	L-7	yes	3	no	yes	07-1968
LaPlata Township Special Road Dist. (1)	L-1	no	5	yes	no	10-1991
Lewis Co. E-911 (5)	L-1	no	5	no	no	03-2003
Lewis Co. Water District #1 (2)	L-9	no	5	yes	no	09-1997
Lexington Special Road District (3)	L-1	no	5	yes	no	06-2000
Liberty Township (12)	LT-8(65)	yes	3	no	no	06-1995
Lincoln Co. Ambulance District (34)	LT-8(65)	no	3	no	no	02-1990
Linn-Livingston Co. Water District #3 (3)	L-1	no	3	yes	no	08-1999
Little Dixie Fire Protection Dist. (2)	L-1	yes	3	no	no	01-2003
Livingston Co. Water District #3 (2)	L-7	no	3	yes	no	05-1991
Macon Co. Water District #1 (8)	LT-8(65)	yes	5	no	no	11-1990
Madison Co. Council for DD (17)	L-1	no	5	no	no	04-1998
Madison Co. Water District #1 (2)	L-7	no	3	no	no	07-2002
Marion County E-911 (5)	LT-5(65)	no	5	no	no	01-1997
Marshall Special Road District (3)	L-1	no	3	yes	no	09-1998
Milan Special Road District (0)	L-1	yes	3	no	yes	01-1991
MO Joint Municipal Elec. Util. Comm. (9)	L-6	no	3	no	no	01-1990
Moberly Special Road District (6)	L-3	no	5	yes	no	01-2001
Montgomery Co. Ambulance Dist. (13)	L-6	yes	5	yes	no	04-1994
Montgomery Co. SB40 (14)	L-1	no	5	no	no	08-2001
Neosho Special Road District (6)	LT-10(65)	no	3	no	no	04-1997
Nixa Fire Protection District (23)	L-3	no	5	no	no	01-2005
Nodaway Co. Water District #1 (4)	L-1	no	5	no	no	08-2001
North Central MO Water Comm. (3)	L-1	no	3	no	no	06-2007
North Kansas City Levee District (0)	L-1	no	5	yes	no	06-1970
Northeast MO Regional Planning Comm. (8)	L-1	no	5	yes	no	10-2004
Odessa Special Road District (3)	L-7	no	3	no	no	09-1999
Osage Fire Protection District (19)	L-1	no	5	no	no	07-2006
Osceola Special Road District (1)	L-1	no	5	yes	no	03-2002

† See Summary of Plan Provisions for benefit program description.
* Charter Member

Participating Political Subdivisions

Special Districts: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Pike Co. Senate Bill 40 (32)	LT-14(65)	yes	3	no	no	10-1998
Platte City Special Road District (4)	L-7	no	5	no	no	01-1998
Platte Co. Water District #4 (5)	L-7	no	5	no	no	07-2003
Plattsburg Special Road District (2)	L-3	no	3	yes	no	02-1991
Progressive Community Services (68)	L-12	no	3	no	no	04-2000
Putnam Co. Water District #1 (4)	L-1	no	3	yes	no	02-2001
Ralls Co. Water District #1 (0)	L-7	no	3	no	no	02-1995
Ralls County 911 (9)	L-1	no	5	no	no	06-2001
Ray County Ambulance District (11)	L-1	no	3	yes	no	04-1997
Raytown Fire Protection District (34)	LT-8(62)	yes	5	no	no	09-1992
Redings Mill Fire Protection District (7)	L-3	no	5	yes	no	01-2007
Richmond Special Road District (2)	L-9	no	5	yes	no	03-2001
Rock Creek Public Sewer (12)	L-6	yes	3	no	no	03-2000
Rolla Municipal Utilities (51)	LT-8(65)	yes	3	no	yes	01-1969
Salisbury Township (2)	L-1	no	3	yes	no	04-1989
Savannah Fire Protection District (3)	L-1	yes	5	yes	no	06-2006
Sedalia Water Department (25)	L-6	no	3	no	yes	08-1972
Sikeston Utilities (142)	LT-8(65)	no	3	no	yes	04-1968
Slater Special Road District (2)	L-7	yes	3	no	no	11-2006
Smithville Fire Protection District (9)	L-7	no	5	no	no	04-2004
Sni Valley Fire Protection District (18)	L-6	no	3	no	no	07-1986
South Central Ozark Council (6)	L-1	no	3	yes	no	11-2005
South Metro Fire Protection District (42)	L-11	no	3	no	no	11-1981
South Scott County Ambulance Dist. (19)	L-1	yes	5	no	no	07-2000
Southeast MO Regional Planning Comm. (9)	L-3	no	5	no	no	01-2005
Springfield Utilities (950)	L-6	no	3	no	yes	06-1968
St. Charles County DDR (14)	L-7	no	3	no	no	03-1996
St. Francois County Comm. Center (16)	L-1	no	3	yes	no	06-2007
St. Francois County DD (26)	L-1	no	5	yes	no	07-2005
St. James Fire Protection District (1)	L-12	no	3	yes	no	05-2007
St. Louis MR/DD Resources (30)	L-3	no	5	no	no	05-1996
Ste. Genevieve Spec. Road Dist. A (2)	L-3	no	3	yes	no	07-1990
Stoddard Co. Ambulance District (24)	L-7	yes	3	yes	no	07-2001
Stone Co. Emergency Services (14)	L-7	no	3	yes	no	04-2002
Taney Co. Ambulance District (59)	LT-8(65)	yes	3	yes	no	01-1987
Trenton Municipal Utilities (35)	L-6	no	5	no	yes	05-1979
Tri-County Ambulance District (6)	L-3	no	5	no	no	02-1996
Union Fire Protection District (6)	LT-14(65)	no	5	no	no	11-2006
Union Special Road District (1)	L-7	no	5	yes	no	09-1978
Washington Special Road District (1)	L-3	yes	3	no	no	05-1974
Webb City Special Road District (2)	L-7	no	3	no	no	01-1996
Webster County E-911 (11)	LT-8(65)	no	5	yes	no	04-2006
West Peculiar Fire Protection District (7)	LT-4(65)	no	5	no	no	09-2006
Western Taney Co. Fire Prot. Dist. (5)	L-3	no	5	yes	no	07-1993
Weston Special Road District (3)	L-3	no	5	yes	no	07-1997

Participating Political Subdivisions

Libraries: (Employee Members)	Benefit Program†	Rule of 80	Final Average Salary Period	Employee Contrib.	Non-Contrib. Refund	Membership Date
Adair County Public Library (4)	L-1	no	5	no	no	01-1992
Brookfield Carnegie Library (2)	L-1	no	3	no	no	06-1989
Camden County Library (15)	L-3	no	5	yes	no	01-1978
Carthage Public Library (5)	L-1	no	5	yes	no	08-2001
Cass County Public Library (31)	L-3	no	5	no	no	05-1988
Cedar County Library (2)	L-3	no	3	yes	no	03-1997
Christian County Library (6)	L-6	no	5	no	no	06-1969
Dade County Library (0)	L-1	no	3	yes	no	03-1997
Ferguson Municipal Library (2)	L-1	no	5	yes	no	07-1969
Henry County Library (8)	L-1	no	5	no	no	01-2006
Hickory County Library (1)	L-1	no	3	yes	no	03-1997
Jefferson County Public Library (31)	L-3	no	3	yes	no	01-1992
Lebanon-Laclede Library (10)	L-9	no	5	no	no	01-2000
Little Dixie Regional Libraries (11)	L-7	no	5	no	no	06-1996
Livingston County Library (8)	L-1	no	5	no	no	02-2006
Maryville Public Library (2)	L-3	yes	5	no	no	12-2000
Mexico-Audrain County Library (8)	L-3	no	5	no	no	08-1984
*Mid-Continent Public Library (400)	L-6	yes	3	no	yes	04-1968
Mississippi County Library (4)	L-6	yes	3	yes	no	02-1969
Missouri River Regional Library (36)	L-7	no	3	no	no	01-2003
Neosho/Newton County Library (7)	L-3	yes	5	no	no	01-2005
Nevada Public Library (2)	L-6	no	3	no	no	04-1969
New Madrid County Library (5)	L-7	no	3	yes	no	04-1968
Polk County Library (4)	L-1	no	3	no	no	04-1997
Pulaski County Library (5)	L-3	no	5	no	no	01-2000
Ray County Library (4)	LT-10(65)	no	5	no	no	07-1970
Riverside Regional Library (18)	L-12	no	3	no	no	08-1968
Rock Hill Library (1)	L-3	no	5	yes	no	01-1989
Rolla Public Library (4)	L-6	no	3	yes	no	05-1989
Rolling Hills Consolidated Library (17)	L-1	no	5	no	no	07-2003
Salem Public Library (1)	L-7	no	3	yes	no	07-1993
Scenic Regional Library (17)	L-6	no	5	yes	no	01-1971
Sedalia Public Library (6)	L-7	no	5	yes	no	07-1987
Springfield-Greene County Library (94)	L-7	no	3	no	yes	07-1969
St. Charles City-County Library (70)	L-7	no	3	no	yes	08-1973
Stone County Library (3)	L-1	no	5	yes	no	02-1970
Texas County Library (4)	L-3	no	5	yes	no	08-1982
Trails Regional Library (31)	L-7	no	3	no	no	10-1970
Webster County Library (5)	L-3	yes	3	no	no	01-2007
Wright County Library (2)	L-1	no	5	no	no	05-1982

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* Charter Member