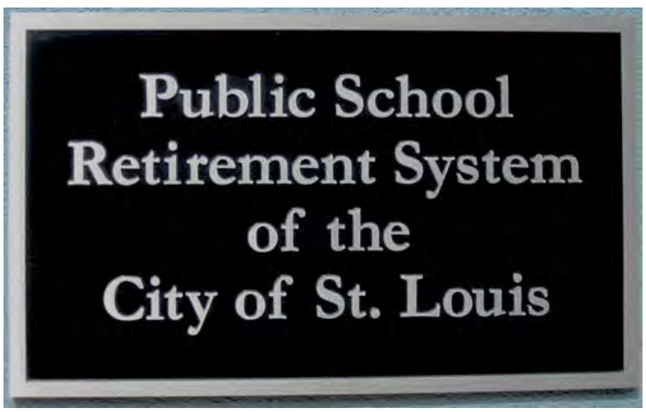
Public School Retirement System of the City of ST. Louis, Missouri

A Pension Trust Fund for Public School Employees



Comprehensive Annual Financial Report

For the Fiscal Year Ended

December 31, 2015

(Includes comparative financials for 2014)

Public School Retirement System of the City of St. Louis

A Pension Trust Fund for
Public School Employees

3641 Olive Street, Suite 300
St. Louis, Missouri 63108-3601
(314) 534-7444
www.psrsstl.org

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2015
(Includes comparative financials for 2014)

Prepared by:

Andrew Clark
Executive Director

Mission Statement

The mission of the Public School Retirement System of the City of St. Louis is to enhance the well-being and financial security of its members, retirees and beneficiaries through benefit programs and services which are soundly financed and prudently administered in an effective and efficient manner.

Mission Statement Principles

The Retirement System adopts the following principles advocated by the National Council on Teacher Retirement, and with respect to such principles hereby pledges as follows:

1. ***Courteous Service.*** To give members prompt and courteous service and provide complete and accurate information.
2. ***Member Statements.*** To provide each active member with an annual statement that includes the member's accrued service credit, employee contributions, and other related information.
3. ***Information.*** To provide new participants in the system a summary plan description that clearly and simply summarizes the benefit provisions of the plan. The System will make available information on changes made in benefits.
4. ***Annual Reports.*** Full disclosure of financial, actuarial, and investment information in a detailed annual report that will be available for members, elected officials, and the public.
5. ***Financial Audits.*** To prepare or cause to be prepared an annual financial statement in accordance with generally accepted accounting principles and have an annual audit of the System's financial statement in accordance with generally accepted auditing standards.
6. ***Actuarial Studies.*** To have an annual or biennial actuarial valuation performed by an enrolled actuary in accordance with actuarial standards and an actuarial experience study at least every five years.
7. ***Adequate Funding.*** To work or obtain adequate funding of all promised benefits and to ensure the financial integrity of this System.
8. ***Independence of Retirement Systems.*** To work for a retirement system which functions as an independent trust, separate from state and local government. Such independence includes the power of trustees to set actuarial assumptions, appoint professionals such as actuaries and attorneys on whom they must rely to carry out their responsibilities, and to establish a budget for the System which ensures the delivery of high quality, cost-effective service to their members.
9. ***Exclusive Benefit.*** To act for the exclusive benefit of the members as fiduciaries entrusted with the management and payment of retirement benefits.
10. ***Prudent Investments.*** To adopt comprehensive objectives, methods for evaluation of performance, and policies which ensure both the prudent investment of plan assets and the achievement of the highest possible investment return.
11. ***Ethical Conduct.*** To adhere to the highest standards of conduct set out in the terms of the trust, state statute or other law.
12. ***State and Local Government Authority.*** To support the continuation of state and local pension plan oversight by the respective state or local government to ensure that decisions are made at the appropriate level of government.

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Introductory Section

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public School Retirement System

of the City of St. Louis

Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Board of Trustees

An eleven-member Board of Trustees is responsible for general administration of the Retirement System and investing System assets. Active members elect five trustees: one administrator, two teachers and two non-teachers. Retired members elect two trustees: one retired teacher and one retired non-teacher. The St. Louis Public Schools ("SLPS") Board of Education appoints four trustees. Length of term of office is four years. The following individuals serve on the Public School Retirement System of the City of St. Louis Board of Trustees.

Elected by Active Members	Term Ends	Trustee Representation
Sheila Goodwin	12-31-2016	Active Teacher
Janusz Wolynski	12-31-2017	Active Non-teacher
Eural Thomas	12-31-2018	Active Non-teacher
Yvette Levy	12-31-2019	Active Administrator
Paula Bentley	12-31-2019	Active Teacher

Elected by Retired Members	Term Ends	Trustee Representation
Joseph Clark	09-30-2017	Retired Non-Teacher
Charles Shelton	09-30-2019	Retired Teacher

SLPS Appointments	Term Ends	Trustee Representation
Mary Houlihan	12-31-2016	SLPS Board of Education
John Moten	12-31-2017	SLPS Board of Education
Christina Bennett	12-31-2018	SLPS Board of Education
Richard Sullivan	12-31-2019	SLPS Board of Education

Public School Retirement System
of the City of St. Louis
3641 Olive Street, Suite 300
St. Louis, MO 63108-3601

Office of the Executive Director | **Phone: (314) 534-7444** | **Fax: (314) 533-0531**

June 1, 2016

To the Board of Trustees and Members of the Retirement System:

I am pleased to present the *Comprehensive Annual Financial Report (CAFR)* for the Public School Retirement System of the City of St. Louis ("System" or "plan") for the fiscal year ended December 31, 2015. Management of the System is responsible for content and presentation of material in this report. To the best of my knowledge, I believe the information in this report is accurate in all material respects and presented in a manner that is a fair portrayal of the financial position and operations of the plan for fiscal year 2015.

Overview of the Retirement System

The Public School Retirement System of the City of St. Louis was established January 1, 1944. Through acts of the Missouri Legislature, the System provides retirement benefits to employees of the St. Louis Public Schools District, the System, a number of Charter Schools located in the St. Louis Public Schools District and certain past employees of Harris-Stowe State College. The System's members are covered by Social Security and eligible for Social Security benefits in addition to retirement benefits provided by the plan.

Financial Information

An independent certified accounting firm performs a financial audit each year. The financial statements of the System are prepared in conformity with accounting principles generally accepted in the U.S.A. (GAAP) within guidelines established by the Governmental Accounting Standards Board (GASB). Management uses internal controls to help protect the System's assets from loss due to unauthorized use or erroneous disposition. These internal controls are constrained to keep costs from outweighing the benefits derived from them so there are natural limits to preventing all errors or instances of fraud. Management is confident that within reason, not absolute assurance, the financial statements meet the important objective of providing information free of material misstatements.

The System implemented GASB Statement 68 during the fiscal year ended December 31, 2015. Please refer to the Management Discussion and Analysis ("MD&A") in the Financial Section for an overview of the changes. The MD&A also contains a review of the additions and deductions from the plan during 2015.

Investment Activities

The overall investment return for the plan during 2015 was negative 0.5%. This investment return was below the actuarial assumed rate of return of 8.0%. Thus, the investment managers added less value to the fund than expected for the year. In comparison to other public plans in the Investor Force Universe (IFU), the System's investment return for 2015 ranked in the top 67% of the IFU while maintaining similar risk as the peer group.

The Board of Trustees governs investments of the System through the adoption of investment policies and guidelines, amended as needed, that define the plan's objectives, monitoring procedures and performance measures. The Investment Policies and Operating Guidelines lay out specific parameters for performance expectations, eligible investments and portfolio characteristics. Key to the success of this governance is the determination of an Asset Allocation Policy. The policy is reviewed by the Board of Trustees at least annually and modified as needed to maximize returns while minimizing risk within the accepted investment guidelines of the System. Through advice from the Investment Consultant, management and staff are primarily responsible for implementing and monitoring the Asset Allocation Policy adopted by the Board of Trustees.

Detailed investment information can be found in the Investment Section.

Funding Status and Valuation Results

The System is a defined benefit plan, which means that certain benefit provisions are used in a formula to determine each member's retirement benefit. The formula to calculate retirement benefits is credited service (years of service) multiplied by average compensation (final average salary for three consecutive years) multiplied by 2% (pension multiplier).

Each year, the System has an actuarial valuation conducted by an independent Actuary. The actuarial valuation has two main purposes: (1) to measure the relative financial health of the System and (2) to determine the annual required contribution (ARC), the portion of covered payroll, that employers must pay during a given year to ensure assets are available for benefit obligations into the future.

To determine the relative financial health of the System, the Actuary calculates the plan's actuarial accrued liability using the System's benefit provisions and actuarial assumptions in effect at the time of the calculation. The actuarial accrued liability is then compared to the actuarial value of assets to arrive at a percentage or Funded Ratio. The Funded Ratio measures the ability of the System to pay retirement benefits over the course of the next 30 years. For plan year 2015, the Funded Ratio was 84.8%, which falls between the highest and lowest Funded Ratio's for the System over the last couple of decades.

The Actuary calculates an ARC that is adequate to fund the normal costs of the plan that includes the unfunded actuarial accrued liability amortized over a 30-year period. The Actuary presents the annual Actuarial Valuation Report to the Board of Trustees for consideration. Once the Board of Trustees accepts the actuarial valuation for the year, the employers are notified of the ARC as governed by state statute.

The historic ARC percentage rates of covered compensation and corresponding dollar amounts determined by the Actuary, and accepted by the Board of Trustees, for the past three fiscal years are summarized as follows:

Fiscal Year	ARC (%)	ARC ($)
2013	15.07%	$35,367,598
2014	16.50%	$37,267,278
2015	15.87%	$38,597,230

Detailed actuarial information can be found in the Actuarial Section.

Legislative Information

There were no major legislative changes in 2015 that directly affected the System. The last change to the System's plan provisions occurred in 2002.

A legislative history of the plan is summarized on the last page of the Statistical Section.

Professional Services

Certain professional services are provided to the System by retained consultants. The required opinion letters from the Actuary, Buck Consultants, and independent Certified Public Accountants, Anders Minkler Huber & Helm, LLC, are contained in the appropriate sections of this report.

The firms that provide professional services to the System appear at the end of this section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the fourth year the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the System must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The System believes the current comprehensive annual financial report will again meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for another certificate.

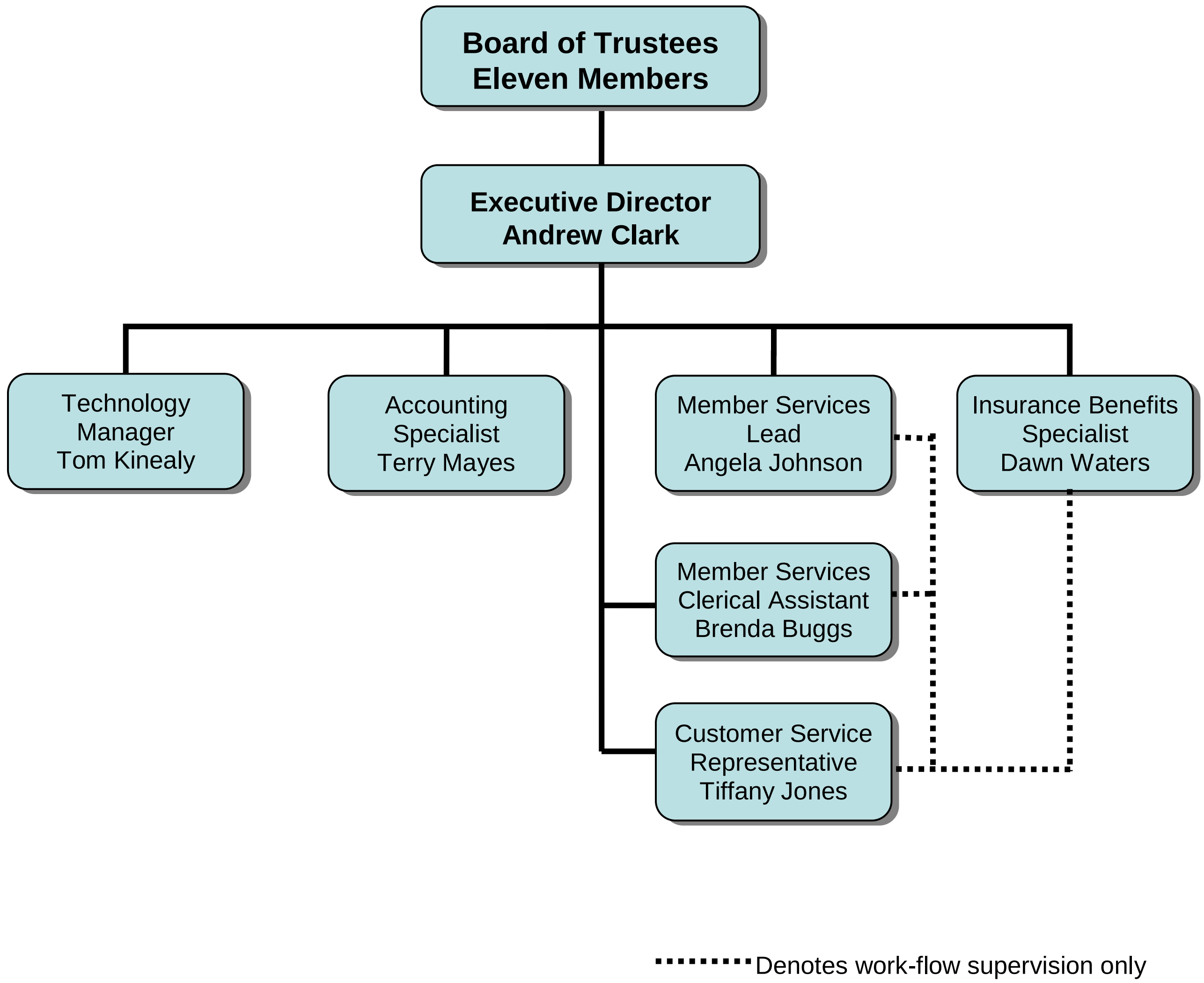
Acknowledgements

I would like to thank the Board of Trustees, staff and consultants for their assistance in preparing this report. The dedication of these groups helps to guarantee the System's continued success.

Sincerely,

Andrew Clark
Executive Director

Organizational Chart



Providers of Professional Services

Actuarial Services

Buck Consultants
(A Xerox Company)
Stephen Siepman
St. Louis, MO

Legal Council

Hartnett Gladney Hetterman LLC
Jeffrey E. Hartnett
St. Louis, MO

Auditor

Anders Minkler Huber & Helm LLP
Thomas S. Helm, CPA
St. Louis, MO

Property Management

CB Richard Ellis
St. Louis, MO

Insurance Consultant

Longfellow Benefits
(A division of Gallagher Benefit Services)
Patrick Haraden
Boston, MA

Technology Consulting

Jupiter Consulting
St. Louis, MO

Blade Technologies
St. Louis, MO

Investment Consultant

NEPC, LLC
Kristin Finney-Cooke
Chicago, IL

Financial Section

Independent Auditors' Report

The Board of Trustees
Public School Retirement System of the City of St. Louis
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Public School Retirement System of the City of St. Louis (the "System"), which comprise the statements of fiduciary net position as of December 31, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Anders Minkler Huber & Helm LLP | 800 Market Street-Suite 500 | St. Louis, MO 63101-2501 | p (314) 655-5500 | f (314) 655-5501 | www.anderscpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public School Retirement System of the City of St. Louis as of December 31, 2015 and 2014, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters - GASB

In the 2014 statements, the System implemented a new accounting standard issued by the Governmental Accounting Standards Board ("GASB"). This new standard, GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, requires the System to determine its net pension liability using assumptions that conform to actuarial standards of practice issued by the Actuarial Standards Board. The net pension liability is the difference between the present value of pension benefits earned by the employees through the end of the fiscal year, and the market value of investments at the end of the fiscal year. See Note 14 in the Notes to the Financial Statements for further information about the System's net pension liability.

In 2015, the System adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinion is not modified with respect to this matter. See Note 4 in the Notes to the Financial Statements for further information about the change in accounting principle.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the System's basic financial statements. The other supplementary information in the financial section, and the accompanying introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information in the financial section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory, investments, actuarial, and statistical sections of the System's Comprehensive Annual Financial Report ("CAFR") are not subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them. However, we do acknowledge the relevance of these sections to the financial status of the System as reported in the CAFR.

Anders Minkler Huber & Helm LLP

April 15, 2016

The Management Discussion and Analysis ("MD&A") for the Public School Retirement System of the City of St. Louis ("PSRSSTL") is provided to comply with Governmental Accounting Standard No. 34. The purpose of the MD&A is to provide an overview of PSRSSTL financial activities for the fiscal year ended December 31, 2015. This MD&A is presented as required supplementary information to the financial statements and should be read in conjunction with the PSRSSTL financial statements, notes to the financial statements, and supplementary information.

The PSRSSTL financial statements, notes to the financial statements and required supplementary information were prepared in conformity with GASB Statement 67, Financial Reporting for Pension Plans and GASB Statement 68, Accounting and Financial Reporting for Pensions as amended by GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement 67 replaces GASB statements 25 and 50 as reporting standards for pension systems. Similarly, GASB Statement 27 has been replaced by GASB Statements 68 and 71.

Highlights of the changes to these financial statements as a result of implementing GASB Statements 67, 68 and 71 are as follows:

- GASB Statement 67 only affects reporting requirements and does not prescribe funding methods which could be different. PSRSSTL will continue to use a funding policy that follows a financing pattern which computes and requires contribution amounts (when expressed as a percentage of covered payroll) to remain approximately level from year to year and from one generation of citizens to the next generation. The actuary is required to use the entry age actuarial cost valuation method in determining the normal cost of system benefits, expressed as a percent of covered payroll for service retirement benefits, disability benefits, survivor benefits and administrative expenses. Expenses related to the investment of System assets are assumed to be covered by investment returns and income. The contribution amount required to amortize any unfunded actuarial accrued liability ("UAAL") is expressed as a level percent of covered payroll over a stipulated number of years. The computed employer contribution rate determined by each annual actuarial valuation consists of the normal cost plus the amortization payment for the UAAL, expressed in total as a percent of covered payroll. The annual required contribution ("ARC") amounts for employers are also determined by the annual actuarial valuation, conducted by the System's actuary.
- Statement of Net Assets and Statement of Changes in Net Assets have been retitled as Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, respectively.
- GASB Statement 67 classifies PSRSSTL as a cost-sharing multiple-employer public pension plan for reporting purposes which includes the St. Louis Board of Education, the Public School Retirement System of the City of St. Louis and all Charter Schools operating within the district of the St. Louis Public Schools.
- The discount rate used to calculate the present value of future benefit payments for reporting purposes is based upon the projected plan net position ("PNP") using actuarial assumptions for contributions, benefit payments and the long-term rate of return. If the projected PNP is short of projected benefit payments, a blended discount rate is required using both the weighted average of the long-term rate of return and the muni-bond rate for periods after the PNP is exhausted. PSRSSTL currently uses the long-term discount rate of 8% and expects that assets will be sufficient to cover PNP.
- GASB Statement 68 sets standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses relating to the pension allocated to PSRSSTL.

- GASB Statement 71 addresses contributions made by employers to a defined benefit pension plan after the measurement date of the beginning net pension liability.
- New footnote requirements in the Notes to Financial Statements section include the System's Target Asset Allocation, including long-term expected real rate of return, Employers' Net Pension Liability, and Sensitivity of Net Pension Liability to Changes in the Discount Rate.
- New footnote requirements in relation to the Retirement Plan of the System include Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Discount Rate, and Sensitivity of the System's share of the net pension liability to changes in the discount rate.
- New Required Supplementary Information following the Notes to Financial Statements section includes Schedules of Changes in Employer Net Pension Liability, Schedules of the System's Proportionate Share of the Net Pension Liability, and Schedules of Employer Contributions.

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

- The Condensed Statements of Fiduciary Net Position illustrate the system's assets, liabilities, and resulting fiduciary net position where Assets - Liabilities = Fiduciary Net Position held in trust for pension benefits available at the end of a fiscal year. These statements are a snapshot of the financial position of the system at specific points in time.
- The Condensed Statements of Changes in Fiduciary Net Position summarize the system's financial transactions throughout a fiscal year where Additions - Deductions = Change in Fiduciary Net Position. These statements support the change from the prior year's net position on the Statements of Fiduciary Net Position.
- The Notes to the Financial Statements are an integral part of these basic financial statements and contain information that helps better understand them.
- The required supplementary Management Discussion and Analysis information, the Required Supplementary Information, and Other Supplementary Information following the Notes to the Financial Statements provide detailed historical information that is useful in evaluating the condition of the retirement plan administered by PSRSSTL.

The System's fiduciary net position was $868,679,049 on December 31, 2015, which represents a decrease of $67,820,027 from December 31, 2014. This decrease is primarily due to market fluctuations during the year that resulted in a decline in investment values at December 31, 2015.

The System's investment returns were (.5%) in fiscal year 2015 and 4.5% in fiscal year 2014. The investment returns in fiscal years 2015 and 2014 represent a downturn in investment values seen throughout the financial markets during the two-year time period. Predicting conditions in the marketplace is always challenging yet the Board of Trustees stands behind a sound Asset Allocation Policy by remaining focused on active monitoring of its money managers and long-term investment objective. The actuarially assumed rate of return remained at 8% for fiscal year 2015.

Additions to fiduciary net position, including other income (expenses), were $47.0 million, $88.6 million and $178.1 million for fiscal years 2015, 2014 and 2013, respectively. The primary addition to fiduciary net position in 2015 was $40.7 million of employer contributions and member contributions of $11.7 million. The primary addition to fiduciary net position during 2014 and 2013 was investment income, including rental income, of $33.9 million in fiscal year 2014 and $129 million in fiscal year 2013. The secondary additions to fiduciary net position came from employer contributions of $41.8 million in 2014 and $37 million in fiscal year 2013, followed by member contributions of $11.9 in fiscal year 2014 and $11.8 million in fiscal year 2013.

Deductions from fiduciary net position were $114.9, $114.4, and $112 million in fiscal years 2015, 2014 and 2013, respectively. The slight increase of $417,540 in deductions from fiduciary net position between fiscal years 2015 and 2014 was mostly due to the increase in contribution refunds paid to terminated or deceased members in fiscal year 2015. The $2.5 million increase in deductions between fiscal years 2014 and 2013 was primarily due to increased retirement benefits and refunds paid to terminated or deceased members in fiscal year 2014.

Financial Statements

The PSRSSTL financial report consists of two financial statements, (1) the Statements of Fiduciary Net Position, and (2) the Statements of Changes in Fiduciary Net Position. The Statements of Fiduciary Net Position provide details concerning PSRSSTL assets and liabilities other than long-term benefit obligations. However, PSRSSTL assets are the only source available to the system to pay pension benefits. The Statements of Changes in Fiduciary Net Position provide details regarding PSRSSTL financial activity during fiscal year 2015 that caused the change in fiduciary net position from fiscal year 2014 to fiscal year 2015.

Additionally, the financial report contains notes, supplementary information and actuarial data that provide further information to use while analyzing the system's financial statements.

Financial Analysis

On December 31, 2015, total assets for the System were $870,047,779 and comprised of cash, receivables, investments, an office building and other assets. Total assets in fiscal year 2015 decreased by 7.2%, or $67,732,931, compared to fiscal year 2014, which was primarily due to a decrease in the market value of the System's investments.

On December 31, 2015, total liabilities for the System were $1,368,730 and consisted of accounts payable, accrued expenses and net pension liability. Total liabilities in fiscal year 2015 increased by 6.8%, or $87,096, from fiscal year 2014, primarily from the increase of the System's net pension liability as required by GASB Statement 68.

On December 31, 2015, the fiduciary net position restricted for pensions was $868,679,049, a decrease of 7.2%, or $67,820,027, from fiscal year 2014.

On December 31, 2014, total assets for the system were $937,780,710 and comprised of cash, receivables, investments and an office building. Total assets in fiscal year 2014 decreased by 2.7%, or $25,804,224, compared to fiscal year 2013, which was primarily due to a decrease in the market value of the system's investments.

On December 31, 2014, total liabilities for the System were $1,281,634 which included the restatement for the beginning net pension liability of $431,423 and accounts payable and accrued expenses. Total liabilities in fiscal year 2014 decreased by 1.3%, or $17,358, from fiscal year 2013.

On December 31, 2014, the fiduciary net position restricted for pensions was $936,499,076, a decrease of 2.7%, or $25,786,866, from fiscal year 2013.

Condensed Statements of Fiduciary Net Position

	FY 2015	FY 2014 As restated	FY 2013 As restated	FY 2015 % Change	FY 2014 % Change
Assets					
Cash	$ 9,960,497	$ 10,256,299	$ 10,357,563	(2.9)%	(1.0)%
Receivables	1,884,189	1,804,836	1,660,691	4.4%	8.7%
Investments	856,171,074	923,769,557	949,549,223	(7.3)%	(2.7)%
Property and equipment	1,882,580	1,950,018	2,017,457	(3.5)%	(3.3)%
Other assets	149,439	-	-	100%	-
Total Assets	870,047,779	937,780,710	963,584,934	(7.2)%	(2.7)%
Liabilities					
Accounts payable and accrued expenses	798,498	850,211	867,569	(6.1)%	(2.0)%
Net pension liability	570,232	431,423	431,423	32.2%	- %
Total Liabilities	1,368,730	1,281,634	1,298,992	6.8%	(1.3)%
Fiduciary Net Position	$ 868,679,049	$ 936,499,076	$ 962,285,942	(7.2)%	(2.7)%

Revenues – Additions to Fiduciary Net Position

The assets available to finance PSRSSTL pension benefits are accumulated through receipt of employer and member contributions as well as through earnings on investments. For fiscal year 2015, employer contributions were around $41 million; member contributions were approximately $12 million; and net investment loss was close to $6.9 million. For fiscal year 2014, employer contributions were $42 million, member contributions were approximately $12 million; and net investment income was almost $34 million.

Employer and member contributions combined decreased by $1.3 million in fiscal year 2015 as compared to the fiscal year 2014 increase of $4.8 million. These fluctuations were due to the decrease in the required employer contribution rate from 16.50% of covered compensation in fiscal year 2014 to 15.87% in fiscal year 2015, and the increase from 15.07% of covered compensation in fiscal year 2013 to 16.50% in fiscal year 2014. The PSRSSTL Actuary determines the amount of employer contributions as part of the annual actuarial valuation report. The active member contribution rate of 5% of covered compensation has been in effect since July 1, 1999.

Net investment income was $41 million less in fiscal year 2015 than in fiscal year 2014 because investment earnings were a negative 0.5% for fiscal year 2015 as compared to a positive 4.5% for fiscal year 2014. Net investment income was $95 million less in fiscal year 2014 than in fiscal year 2013 because investment earnings declined to 4.5% in fiscal year 2014 from 15.8% for fiscal year 2013.

Net investment income (loss) of $(6,891,983), $33,744,345 and $128,888,406 in fiscal years 2015, 2014, and 2013, respectively, reflect gross investment income (loss) less investment related expenses, such as investment manager, investment advisor and custodial fees.

Expenses – Deductions from Fiduciary Net Position

The primary deductions from fiduciary net position were payments of retirement benefits, survivor benefits, disability benefits, retiree healthcare subsidies and refunds to members who have retired or terminated employment. PSRSSTL operating expenses in fiscal year 2015 were approximately 0.17%; in fiscal years 2014 and 2013, these same expenses were approximately 0.14% and 0.15% of assets, respectively.

Condensed Statements of Changes in Fiduciary Net Position

	FY 2015	FY 2014	FY 2013	FY 2015 % Change	FY 2014 % Change
Additions					
Employer Contributions	$ 40,708,503	$ 41,757,458	$ 37,034,907	(2.5)%	12.8%
Member Contributions	11,664,711	11,887,933	11,814,124	(1.9)%	0.6%
Net investment income	(6,891,983)	33,744,345	128,888,406	(120.4)%	(73.8)%
Rental income	146,007	143,754	138,506	1.6%	3.8%
Total Additions	45,627,238	87,533,490	177,875,943	(47.9)%	(50.8)%
Deductions					
Retirement benefits	99,634,429	99,874,101	98,000,369	(0.2)%	1.9%
Survivor benefits	2,877,844	2,784,937	2,654,895	3.3%	4.9%
Disability benefits	3,510,745	3,524,388	3,402,037	(0.4)%	3.6%
Health care subsidies	2,600,225	2,696,001	2,726,158	(3.6)%	(1.1)%
Operating expenses	1,466,261	1,350,394	1,441,183	8.6%	(6.3)%
Refunds to members	4,761,086	4,203,229	3,690,639	13.3%	13.9%
Total Deductions	114,850,590	114,433,050	111,915,281	0.4%	2.2%
Other Income (Expenses)	1,403,325	1,112,694	214,530	26.1%	418.7%
Change in Fiduciary Net Position	$ (67,820,027)	$ (25,786,866)	$ 66,175,192	(163.0)%	(139.0)%

Financial Summary

For more than 18 years, the PSRSSTL Investment Consultant has consistently calculated the System's investment performance; thereby, providing a valid basis on which performance can be compared with other public pension funds. For instance, PSRSSTL investment returns have performed consistently when compared to other public pension funds with the cumulative PSRSSTL returns ranking in the top 40% of public plans during the last ten years for the period ended December 31, 2015.

The fiduciary net position over this same timeframe has fluctuated from a low of $780 million in fiscal year 1997 to a high of $1.15 billion in fiscal year 2007. At the end of fiscal year 2015, the fiduciary net position was $869 million. These fluctuations in the value of the System's fiduciary net position can be attributed to volatile financial market conditions that caused substantial losses of investment returns in several past fiscal years.

Over the same period, the funded status of the PSRSSTL plan, using the Governmental Accounting Standards Board ("GASB") calculation method implemented in 1992, has remained stable, fluctuating within the range of 80.5% in 2002 to 88.6% in 2011. The funded ratio of a plan compares its assets to its liabilities, thereby, on an actuarial basis, measuring a plan’s ability to fulfill the obligations it has to its members. The funded ratios of the PSRSSTL plan for fiscal years 2015, 2014, and 2013 were 84.8%, 84.4% and 84.3%, respectively.

The Board of Trustees and the PSRSSTL Actuary assume that the PSRSSTL plan will continue to be funded on a sound actuarial basis provided required member and employer contributions are made as recommended, a prudent and well-diversified Asset Allocation Policy remains in place, quality investment managers continue to be selected, and the financial markets continue to remain relatively stable.

Requests for Information

This report is intended to provide the Board of Trustees, PSRSSTL members, and other interested parties a general overview of PSRSSTL financial matters. If any reader has questions about this report or needs additional financial information, contact the Public School Retirement System of the City of St. Louis.

Public School Retirement System of the City of St. Louis
Statements of Fiduciary Net Position
December 31, 2015 and 2014

Assets

	2015	2014 As restated
Cash	$ 9,960,497	$ 10,256,299
Receivables		
Accrued interest and dividends	1,884,189	1,804,836
Investments, at fair value		
Cash equivalents	43,633,332	45,856,158
Bonds		
U.S. Government and agency issues	41,978,559	54,142,975
Corporate	52,959,179	49,771,651
Foreign investments (bonds and stocks)	110,538,386	81,572,508
Common and preferred stocks	237,621,917	277,686,810
Mutual funds	301,300,977	337,202,390
Real estate partnerships	49,354,157	49,040,921
Credit opportunity investments	-	9,939,430
Limited partnerships	17,940,871	17,619,984
Venture capital partnerships	843,696	936,730
Total Investments	856,171,074	923,769,557
Property and Building, net	1,882,580	1,950,018
Deferred Outflow Related to Pensions	149,439	-
Total Assets	870,047,779	937,780,710

Liabilities

	2015	2014 As restated
Accounts Payable and Accrued Expenses	798,498	850,211
Net Pension Liability	570,232	431,423
Total Liabilities	1,368,730	1,281,634
Net Position Restricted for Pensions	$ 868,679,049	$ 936,499,076

See notes to financial statements

Public School Retirement System of the City of St. Louis
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2015 and 2014

	2015	2014 As restated
Additions		
Employer contributions		
St. Louis Public Schools	$ 31,072,850	$ 31,555,696
Sick leave conversion	1,106,017	1,588,665
Charter Schools	8,445,676	8,527,507
Retirement System	83,960	85,590
Plan member contributions		
St. Louis Public Schools	8,975,828	9,267,945
Charter Schools	2,662,779	2,594,757
Retirement System	26,104	25,231
	52,373,214	53,645,391
Net appreciation (depreciation) in fair value of investments		
Cash equivalents	166,083	151,529
Bonds		
U.S. Government and agency issues	819,223	3,476,443
Corporate	(873,922)	3,191,710
Foreign investments	(2,336,219)	(1,402,307)
Common and preferred stock	4,681,643	27,559,626
Mutual funds	(13,206,807)	(342,643)
Limited partnerships	3,341,167	(758,833)
Real estate partnerships	5,813,021	5,482,873
Venture capital partnerships	(93,034)	720,145
Credit opportunity investments	103,801	458,367
	(1,585,044)	38,536,910
Less investment expense	5,306,939	4,792,565
Net investment income (loss)	(6,891,983)	33,744,345
Rental income	146,007	143,754
Other miscellaneous income	1,403,325	1,112,694
Net Additions	47,030,563	88,646,184
Deductions		
Benefits paid		
Retirement benefits	99,634,429	99,874,101
Survivor benefits	2,877,844	2,784,937
Disability benefits	3,510,745	3,524,388
Health care subsidies	2,600,225	2,696,001
	108,623,243	108,879,427
Operating expenses	1,466,261	1,350,394
Contribution refunds due to death or resignation	4,761,086	4,203,229
Total Deductions	114,850,590	114,433,050
Net Decrease in Net Position	(67,820,027)	(25,786,866)
Net Position Restricted for Pensions Beginning of Year (2014 Restated - GASB 68 Adoption)	936,499,076	962,285,942
Net Position Restricted for Pensions End of Year	$ 868,679,049	$ 936,499,076

See notes to financial statements

Public School Retirement System of the City of St. Louis
Notes to Financial Statements
December 31, 2015 and 2014

1. Description of System

General

The Public School Retirement System of the City of St. Louis (the "System") is the administrator of a cost-sharing multiple-employer defined benefit pension plan existing under provisions of the Revised Statutes of the State of Missouri (the “Statutes”) to provide retirement benefits for all employees of the Board of Education of the City of St. Louis, of the Charter Schools located within the St. Louis School District, and of all the employees of System. The System issues an annual Comprehensive Annual Financial Report ("CAFR"), a publicly available financial report that can be obtained at www.psrsstl.org.

An eleven member Board of Trustees is responsible for general administration of the System and investing the System's assets. Members are appointed by plan members and the Board of Education of the City of St. Louis.

Membership and Eligibility

All persons employed on a full-time basis are members of the System as a condition of employment. Membership statistics, as of the latest actuarial valuations, are as follows:

	January 1, 2015	January 1, 2014
Active members	5,011	4,880
Inactive members	2,012	1,798
Total members not retired	7,023	6,678
Retired members		
Service and survivors	4,364	4,419
Disability	260	270
	4,624	4,689
Total membership	11,647	11,367

Vesting

Full vesting on termination of employment after at least five years of service is provided if contributions are left with the System. The full benefit is payable at age 65 or at a reduced early retirement benefit prior to age 65.

Funding Policy

The funding objective of the System is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percentage of covered compensation.

Benefits

Upon retirement at age 65, or at any age if age plus years of credited service equals or exceeds 85 (Rule of 85), members receive monthly payments for life of yearly benefits equal to years of credited service multiplied by 2% of average final compensation, but not to exceed 60% of average final compensation. Early retirement can occur at age 60

1. **Description of System (continued)**

with five years of service. The service retirement allowance is reduced five ninths of one percent for each month of commencement prior to age 65 or the age at which the Rule of 85 would have been satisfied had the employee continued working until that age, if earlier.

In lieu of the benefit paid over the lifetime of the participant, reduced benefit options are available for survivor and beneficiary payments.

Members are eligible, after accumulation of five years of credited service, for disability benefits prior to eligibility of normal retirement. Survivor benefits are available for beneficiaries of members who die after at least 18 months of active membership.

The System pays a portion of health insurance premiums for retirees under Section 169.476 of the Statutes, as an expense of the System.

Benefits are recorded when paid.

Return of Contributions Upon Death

If, after the death of a participant, no further monthly amounts are payable to a beneficiary under an optional form of payment or under the survivor benefit provisions, the participant's beneficiary shall be paid the excess, if any, of the participant's accumulated contributions over all payments made to, or on behalf of, the deceased participant.

Contributions by Participants

Active participants contribute 5% of compensation. Accumulated contributions are credited at the rate of interest established by the Board of Trustees. The current crediting rate is 5%.

Contributions by Employers

The System's contractually required contribution rate for the years ended December 31, 2015 and 2014 was 15.87% and 16.50%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the System were $83,960 and $85,590 for the years ended December 31, 2015 and 2014, respectively.

Expenses

Operating expenses are paid out of investment income.

Investment Policy

The System's policy in regards to the allocation of invested assets is established and may be amended by the System's Board. Investments are managed on a total return basis with a long-term objective and maintaining a fully funded status for the benefits provided through the pension plan. The following was the Board adopted asset allocation policy as of April 8, 2015.

1. Description of System (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equity	22.0%	6.2%
Non-U.S. Equity	19.0%	7.9%
Global Equity	5.0%	6.8%
Fixed Income	21.0%	2.1%
Real Estate	5.0%	4.6%
Private Markets	7.0%	7.7%
Hedge Funds	9.0%	4.2%
GAA	12.0%	5.0%
Total	100.0%	5.4%

2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The financial statements of the System have been prepared in accordance with the criteria established by the Governmental Accounting Standards Board ("GASB") and the provisions of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). The System's financial statements are prepared using the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables

Receivables consist of pending interest and dividends payable on investments held at the end of the year.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the latest reported sales price at current exchange rates.

Limited partnerships

Fair values of the limited partnership investments are based on valuations of the underlying companies of the limited partnerships as reported by the general partner. Certain limited partnerships reflect values on a quarter lag basis due to the nature of those investments and the time it takes to value them.

Alternative investments

For alternative investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, values these investments in good faith based upon audited financials, cash flow analysis, purchase and sales of similar investments, other practices used within the industry, or other information provided by the underlying investment advisors. The estimated fair value of these

2. Summary of Significant Accounting Policies (continued)

investments may differ significantly from values that would have been used had a ready market existed.

Net Appreciation (Depreciation) in Fair Value of Investments

Net appreciation (depreciation) in fair value of investments includes: realized gains (losses), unrealized appreciation (depreciation), dividends, interest, and other investment income. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment Expenses

Investment expenses consist of investment manager, investment advisor and custodial bank fees.

Fair Value Measurements

The System follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Furniture and Equipment

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

Property and Building

The System records property, building, and related improvements at cost while expenditures for normal repairs and maintenance, which do not extend the useful life of the assets, are charged to operations as incurred. The System uses the straight-line method for the depreciation of the building and improvements over the estimated life of 40 years.

Long-Lived Asset Impairment

The System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2015 and 2014.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of fiduciary net position will sometimes include a separate section for deferred outflows and inflows of resources. This separate financial statement element represents the use or acquisition of net position that applies to a future period or periods and will not be recognized as an outflow or inflow of resources until then. The System has deferred outflows in the statement of fiduciary net position that relates to pension related deferrals required by the implementation of GASB Statement No. 68.

2. Summary of Significant Accounting Policies (continued)

Pensions

Pension-related expenses, liabilities, deferred outflows of resources and deferred inflows of resources have been determined on the same basis as they are reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the current year presentation.

3. Adoption of New Accounting Standards

During the year ended December 31, 2015, the System adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This Statement sets standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

During the year ended December 31, 2015, the System adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This Statement addresses contributions made by employers to a defined benefit pension plan after the measurement date of the beginning net pension liability.

During the year ended December 31, 2014, the System adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This Statement specifies items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

During the year ended December 31, 2014, the System adopted GASB Statement No. 67 which addresses accounting and financial reporting requirements for pension plans. GASB No. 67 requires changes in the presentation of the financial statements, notes to the financial statements, and required supplementary information.

During the year ended December 31, 2014, the System adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations. Upon examination of GASB No. 69, it was determined to have no current impact on the System.

During the year ended December 31, 2014, the System adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to identify a third-party obligation holder under specified conditions. Upon examination of GASB No. 70, it was determined to have no current impact on the System.

4. Change in Accounting Principle

During the year ended December 31, 2015, the System adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68), as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense associated with defined benefit pension plans. As a result of the implementation, net position as of December 31, 2014 was restated as follows:

Net Position, as previously reported	$ 962,717,365
Prior period adjustments:	
Beginning net pension liability (measurement date of December 31, 2013)	(517,013)
Contributions made subsequent to the beginning net pension liability as of December 31, 2013 as reported as deferred outflows of resources	85,590
Total prior period adjustment	(431,423)
Net Position, as restated	$ 962,285,942

5. Investments

At December 31, 2015 and 2014, investments consisted of the following:

	2015	
	Fair Value	Cost
Cash equivalents	$ 43,633,332	$ 43,633,332
Bonds		
U.S. Government and agency issues	41,978,559	42,000,899
Corporate	52,959,179	55,512,006
Foreign investments (bonds and stocks)	110,538,386	112,819,445
Common and preferred stocks	237,621,917	204,144,599
Mutual funds	301,300,977	258,530,678
Real estate partnerships	49,354,157	36,868,024
Limited partnerships	17,940,871	16,404,459
Venture capital partnerships	843,696	193,720
	$ 856,171,074	$ 770,107,162

	2014	
	Fair Value	Cost
Cash equivalents	$ 45,856,158	$ 45,856,158
Bonds		
U.S. Government and agency issues	54,142,975	53,208,128
Corporate	49,771,651	47,455,253
Foreign investments (bonds and stocks)	81,572,508	78,777,780
Common and preferred stocks	277,686,810	219,422,076
Mutual funds	337,202,390	273,286,606
Real estate partnerships	49,040,921	40,082,488
Credit opportunity investments	9,939,430	6,493,069
Limited partnerships	17,619,984	18,466,327
Venture capital partnerships	936,730	192,963
	$ 923,769,557	$ 783,240,848

5. Investments (continued)

	2015	2014
Annual money-weighted rate of return, net of investment expense, adjusted for the changing amounts actually invested	(1.00)%	3.93%

6. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Carrying amounts of certain financial instruments such as cash and cash equivalents, receivables, accounts payable, and accrued expenses approximate fair value due to their short maturities. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Following is a description of the valuation methodologies used for investments measured at fair value.

Level 1 Investments consist of publicly traded mutual funds, common stocks, preferred stocks and credit opportunity investments. Mutual funds and credit opportunity investments are valued at the net asset value (“NAV”) of shares held by the System at year-end. Common and preferred stocks are valued using the closing price reported on the active market on which the individual securities are traded.

Level 2 Investments consist of corporate and foreign bonds and stocks, U.S government securities and agency issues, and cash equivalent accounts. These securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

6. Fair Value Measurements (continued)

Level 3 Investments consist of real estate partnerships, limited partnerships, and venture capital partnerships. Real estate partnerships are valued at fair value as determined by the general partner. Limited partnerships are valued based on valuations of the underlying companies of the limited partnerships as reported by the general partner. Venture capital partnerships are valued by investment advisors based upon audited financial statements, other practices, and other information provided by the underlying investment advisor.

The following table presents the fair value measurements of instruments recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at December 31, 2015 and 2014:

	2015			
		Fair Value Measurements		
	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 43,633,332	$ -	$ 43,633,332	$ -
U.S. Government and agency issues	41,978,559	-	41,978,559	-
Corporate bonds	52,959,179	-	52,959,179	-
Foreign investments	110,538,386	-	110,538,386	-
Common and preferred stocks	237,621,917	237,621,917	-	-
Mutual funds	301,300,977	301,300,977	-	-
Real estate partnerships	49,354,157	-	-	49,354,157
Limited partnerships	17,940,871	-	-	17,940,871
Venture capital partnerships	843,696	-	-	843,696
	$ 856,171,074	$ 538,922,894	$ 249,109,456	$ 68,138,724

	2014			
		Fair Value Measurements		
	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 45,856,158	$ -	$ 45,856,158	$ -
U.S. Government and agency issues	54,142,975	-	54,142,975	-
Corporate bonds	49,771,651	-	49,771,651	-
Foreign investments	81,572,508	-	81,572,508	-
Common and preferred stocks	277,686,810	277,686,810	-	-
Mutual funds	337,202,390	337,202,390	-	-
Real estate partnerships	49,040,921	-	-	49,040,921
Credit opportunity investments	9,939,430	9,939,430	-	-
Limited partnerships	17,619,984	-	-	17,619,984
Venture capital partnerships	936,730	-	-	936,730
	$ 923,769,557	$ 624,828,630	$ 231,343,292	$ 67,597,635

6. Fair Value Measurements (continued)

Changes in fair value of the System's Level 3 instruments are as follows:

	Venture Capital Partnerships	Limited Partnerships	Real Estate Partnerships	Total
December 31, 2013	$ 1,719,502	$21,148,713	$49,057,339	$71,925,554
Realized gains	728,121	1,932,951	36,948	2,698,020
Unrealized gains (losses)	(5,991)	(2,691,784)	3,146,383	448,608
Purchases, sales, issuances, and settlements (net)	(1,502,918)	(2,769,896)	(5,000,000)	(9,272,814)
Investment income (loss), net	(1,984)	-	2,299,542	2,297,558
Management fees	-	-	(499,291)	(499,291)
December 31, 2014	936,730	17,619,984	49,040,921	67,597,635
Realized gains	-	714,527	17,544	732,071
Unrealized gains (losses)	(92,132)	2,382,755	3,527,700	5,818,323
Purchases, sales, issuances, and settlements (net)	-	(3,020,280)	(5,000,000)	(8,020,280)
Investment income (loss), net	(902)	243,885	2,267,777	2,510,760
Management fees	-	-	(499,785)	(499,785)
December 31, 2015	$ 843,696	$17,940,871	$49,354,157	$68,138,724

All assets have been valued using a market approach, except for Level 3 assets. Fair values in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. The following table describes the valuation technique used to calculate fair values for assets in Level 3. Annually, management determines if the current valuation techniques used in the fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on third-party information. There were no changes in the valuation techniques during the current year.

December 31, 2015	Fair Value	Valuation Technique(s)	Unobservable Inputs
Limited Partnerships	$ 17,940,871	Basis in LLC	Undistributed Income
Real Estate Partnerships	$ 49,354,157	Basis in LLC	Undistributed Income
Venture Capital Partnerships	$ 843,696	Basis in LLC	Undistributed Income

December 31, 2014	Fair Value	Valuation Technique(s)	Unobservable Inputs
Limited Partnerships	$ 17,619,984	Basis in LLC	Undistributed Income
Real Estate Partnerships	$ 49,040,921	Basis in LLC	Undistributed Income
Venture Capital Partnerships	$ 936,730	Basis in LLC	Undistributed Income

The significant unobservable inputs used in the fair value measurement of the System's investments in limited partnerships are the original cost of the investment in the partnership plus the cumulative net income of the partnership through the end of the most recent fiscal year. Significant increases or decreases in the partnership's cumulative net income through December 31, 2015 and 2014 could result in a significantly higher or lower fair value measurement.

7. Risks and Uncertainties

Custodial Credit Risk

Financial instruments that potentially subject the System to concentrations of custodial credit and market risk consist principally of cash and investments. The System places its temporary cash investments with major financial institutions. At December 31, 2015 and 2014, the System had approximately $10,353,000 and $10,339,000, respectively, in cash on deposit at US Bank. These balances were insured by the Federal Deposit Insurance Corporation (“FDIC”) for $250,000 per account. The remaining balances are collateralized by US Bank’s assets held jointly in the name of US Bank, N.A. and the System, held by the Federal Home Loan Bank of Cleveland as Trustee. Regulations require that government entities, in case of bank failure, have collateral to cover losses that could exceed the FDIC limit of $250,000. The market value of the collateralized securities at December 31, 2015 and 2014 was $11,000,000. A significant portion of the System’s investments are held in trust by US Bank of St. Louis, N.A.

On December 30, 2015 and December 30, 2014, the System received $32,178,867 and $33,144,361, respectively from the St. Louis Board of Education for the 2015 and 2014 St. Louis Public Schools’ annual regular pension contribution and sick leave conversion contribution and held it in a cash equivalents account until investment allocations were implemented.

The System has significant amounts of investments that are subject to market risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable. The other investments are also subject to risk. This risk is the possibility that, upon disposition, the value received may be less than the amount invested.

Concentration of Credit Risk

At December 31, 2015, the System had the following concentrations, defined as investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of net assets held in trust for pension benefits.

Real Estate Investments	Fair Value	Percentage of Total Net Assets
UBS Global Asset Management	$ 49,354,157	5.7%

Credit Risk of Debt Securities

The System’s rated debt investments as of December 31, 2015 were rated by Moody’s Investor Services ("Moody’s") and the ratings are presented using the Moody’s rating scale. The System’s policy to limit credit risk is that the overall average quality of each high-grade domestic fixed income portfolio shall be AA or better and the average quality rating of securities held in a domestic high-yield portfolio shall be B or better. The overall average quality of each global fixed income portfolio shall be A or better. Non-rated issues are allowed as long as the quality is sufficient to maintain the overall average rating noted.

7. Risks and Uncertainties (continued)

As of December 31, 2015, the System held the following fixed income investments with respective Moody's quality ratings or equivalent rating. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. Foreign investments not considered to have credit risk such as stocks and cash equivalents are not included in the following:

Quality Rating	Corporate debt and debentures	Foreign Government and corporate obligations	US Government and agency issues	Total
Aaa	$ 3,942,605	$ 4,037,542	$ 20,695,415	$ 28,675,562
Aa1	-	4,520,482	158,445	4,678,927
Aa2	673,089	398,232	-	1,071,321
Aa3	635,100	-	-	635,100
A1	396,016	7,370,679	-	7,766,695
A2	1,224,695	1,922,536	-	3,147,231
A3	2,517,596	841,695	-	3,359,291
Baa1	1,534,622	2,461,595	-	3,996,217
Baa2	2,437,214	4,207,839	-	6,645,053
Baa3	5,509,808	1,126,936	-	6,636,744
Ba1	3,166,707	1,627,483	-	4,794,190
Ba2	3,567,923	1,307,463	-	4,875,386
Ba3	4,486,582	1,013,405	-	5,499,987
B1	3,506,952	1,095,277	-	4,602,229
B2	1,997,175	207,375	-	2,204,550
B3	3,747,096	650,010	-	4,397,106
Caa1	759,375	-	-	759,375
Caa2	409,012	109,812	-	518,824
Caa3	165,150	-	-	165,150
Ca	52,400	-	-	52,400
C	215,454	120,400	-	335,854
Not rated	12,014,608	4,341,136	21,124,699	37,480,443
Total	$ 52,959,179	$ 37,359,897	$ 41,978,559	$ 132,297,635

As of December 31, 2014, the System held the following fixed income investments with respective Moody's quality ratings or equivalent rating.

Quality Rating	Corporate debt and debentures	Foreign government and corporate obligations	US Government and agency issues	Total
Aaa	$ 3,312,480	$ 10,198,701	$ 25,391,375	$ 38,902,556
Aa1	-	2,976,526	172,802	3,149,328
Aa2	1,444,205	406,368	-	1,850,573
Aa3	522,859	-	-	522,859
A1	854,006	5,112,957	-	5,966,963
A2	988,271	937,467	-	1,925,738
A3	2,391,509	887,041	-	3,278,550
Baa1	1,816,595	2,552,973	-	4,369,568
Baa2	2,777,439	1,377,184	-	4,154,623
Baa3	3,555,383	872,786	-	4,428,169
Ba1	4,557,385	1,201,425	-	5,758,810
Ba2	2,483,889	344,541	-	2,828,430
Ba3	4,039,966	1,780,267	-	5,820,233
B1	2,878,373	856,896	-	3,735,269
B2	3,704,514	74,750	-	3,779,264
B3	2,999,633	794,626	-	3,794,259
Caa1	1,732,443	-	-	1,732,443
Caa2	639,548	226,075	-	865,623
Ca	38,928	-	-	38,928
Not rated	9,034,225	470,792	28,578,798	38,083,815
Total	$ 49,771,651	$ 31,071,375	$ 54,142,975	$ 134,986,001

7. Risks and Uncertainties (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System does not have a formal policy to limit foreign currency risk. The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2015 is as follows:

Currency	Cash Equivalents	Fixed Income	Equities	Total
Australian Dollar	$ -	$ -	$ 537,006	$ 537,006
British Pound Sterling	15,535	3,088,439	10,876,718	13,980,692
Canadian Dollar	-	-	1,534,582	1,534,582
Chilean Peso	-	187,656	-	187,656
Columbian Peso	-	425,097	-	425,097
Danish Krone	-	-	1,113,222	1,113,222
Euros	-	3,926,330	16,606,518	20,532,848
Hong Kong Dollar	-	-	3,460,814	3,460,814
Indian Rupee	-	182,626	-	182,626
Israeli New Sheqel	-	-	342,327	342,327
Japanese Yen	28,011	7,331,577	9,553,272	16,912,860
Korean Won	-	-	2,497,322	2,497,322
Malaysian Ringgit	39,448	1,456,365	-	1,495,813
Mexican Peso	82,958	3,398,532	-	3,481,490
New Zealand Dollar	6,038	2,888,097	-	2,894,135
Norweigan Krone	-	-	48,450	48,450
Polish Zloty	-	1,665,292	-	1,665,292
Singapore Dollar	-	1,049,989	-	1,049,989
South African Rand	17	-	106,913	106,930
Swedish Krona	-	-	415,579	415,579
Swiss Franc	-	-	7,169,768	7,169,768
Thai Baht	-	-	94,228	94,228
	$ 172,007	$ 25,600,000	$ 54,356,719	80,128,726
Foreign investment denominated in US Dollars				30,409,660
				$ 110,538,386

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2014 is as follows:

Currency	Cash Equivalents	Fixed Income	Equities	Total
Australian Dollar	$ 1	$ 351,891	$ -	$ 351,892
British Pound Sterling	-	2,976,526	9,289,576	12,266,102
Canadian Dollar	-	-	384,584	384,584
Chilean Peso	-	212,444	-	212,444
Euros	-	4,084,803	13,134,947	17,219,750
Hong Kong Dollar	-	-	2,796,192	2,796,192
Indian Rupee	-	21,203	-	21,203
Japanese Yen	21,194	5,112,957	6,250,873	11,385,024
Korean Won	-	-	2,358,451	2,358,451
Malaysian Ringgit	19,844	-	-	19,844
Mexican Peso	56,517	3,416,505	-	3,473,022
New Zealand Dollar	11,724	1,848,557	-	1,860,281
Polish Zloty	-	704,974	-	704,974
Singapore Dollar	-	-	425,802	425,802
South African Rand	14	-	-	14
Swedish Krona	6,387	3,484,696	-	3,491,083
Swiss Franc	-	-	5,742,740	5,742,740
	$ 115,681	$ 22,214,556	$ 40,383,165	62,713,402
Foreign investment denominated in US Dollars				18,859,106
				$ 81,572,508

7. Risks and Uncertainties (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's fixed income investments are managed in accordance with policies established by the board that are specific as to the degree of interest rate risk that can be taken. The System's policies established by the board manage the interest rate risk within the portfolio using various methods, including effective duration, option adjusted duration, average maturity, and segmented time distribution, which reflects total fair value of investments maturing during a given time period. The System does not have a specific investment policy on interest rate risk. However, domestic bond managers are limited to seven years average duration and global bond managers cannot differ from the passive benchmark by more than two years as a means of managing its exposure to fair value losses arising from increasing interest rates.

The segmented time distribution of the various investment types of the System's debt securities at December 31, 2015 is as follows:

Type	2015 Fair Value	Less Than 1 year	1 to 5 years	6 to 10 years	More than 10 years
Corporate bonds and debentures	$ 52,959,179	$ 752,451	$ 17,171,874	$ 17,826,379	$ 17,208,475
Foreign government and corporate obligations	37,359,897	2,750,224	13,717,627	12,078,599	8,813,447
U.S. government and agency issues	41,978,559	-	10,316,611	6,718,180	24,943,768
Total	$132,297,635	$ 3,502,675	$ 41,206,112	$ 36,623,158	$ 50,965,690

The segmented time distribution of the various investment types of the System's debt securities at December 31, 2014 is as follows:

Type	2014 Fair Value	Less Than 1 year	1 to 5 years	6 to 10 years	More than 10 years
Corporate bonds and debentures	$ 49,771,651	$ 425,345	$ 13,730,295	$ 18,775,353	$ 16,840,660
Foreign government and corporate obligations	31,071,375	24,150	12,393,762	9,649,922	9,003,540
US government and agency issues	54,142,975	-	15,974,483	7,495,989	30,672,502
Total	$134,986,001	$ 449,495	$ 42,098,540	$ 35,921,264	$ 56,516,702

8. Property and Building

Property and building as of December 31, 2015 and 2014 consists of:

	2015	2014
Land	$ 229,451	$ 229,451
Building	2,065,061	2,065,061
Tenant improvements	158,120	158,120
	2,452,632	2,452,632
Less accumulated depreciation	570,052	502,614
Total Property and Building	$ 1,882,580	$ 1,950,018

Depreciation expense totaled $67,438 and $67,439 for the years ended December 31, 2015 and 2014, respectively.

9. Occupancy

The System occupies offices in a building it owns. Occupancy expenses for the years ended December 31, 2015 and 2014 were $23,495 and $32,319, respectively.

On May 7, 2009, the System entered into an agreement to lease a portion of its building to an unrelated party. The initial lease term was five years with five one-year renewal options with annual rent ranging from $144,047 to $158,821 through May 2019. Rental income received for the years ended December 31, 2015 and 2014 totaled $146,007 and $143,754, respectively.

10. Tax Status of Plan

The Internal Revenue Service has determined and informed the System by a letter dated June 15, 2012, that the System and related trust and amendments are designed in accordance with the applicable sections of the Internal Revenue Code ("IRC"). The System believes that the System is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believes that the System is qualified and the related trust is tax-exempt.

11. Retirement Plan of the System

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

At December 31, 2015, the System reported a liability of $570,232 as its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The System's proportionate share of the net pension liability was based on the System's actual employer's compensation relative to the actual compensation of all participating employers for the System's plan year ended December 31, 2014. At December 31, 2014 the System's portion was 0.22%, which remained unchanged from the percentage used to allocate the liability as of December 31, 2013, since this was the initial implementation year.

There were no changes in benefit terms during the System's plan year ended December 31, 2014 that affected the measurement of total pension liability.

11. Retirement Plan of the System (continued)

For the year ended December 31, 2015, the System recognized pension expense of $73,330. At December 31, 2015, the System reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 65,479
System contributions subsequent to the measurement date of December 31, 2014	83,960
Total	$ 149,439

The System's total pension liability in the December 31, 2014 actuarial valuation was determined using the actuarial assumptions disclosed in Note 12.

Deferred outflows of resources of $83,960 resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in the System's year ending December 31 as follows:

Amortization Schedule

Year	Amount
2016	$ 13,096
2017	13,096
2018	13,096
2019	13,096
2020	13,095
Total	$ 65,479

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
System's proportionate share of the net pension liability	$ 564,530	$ 570,232	$ 627,255

12. Funding Status

The funded status as of January 1, which is the most recent actuarial date is as follows:

	2015	2014
Actuarial value of assets	$ 926,905,797	$ 922,922,386
Actuarial accrual liability (AAL)	$ 1,093,593,248	$ 1,093,394,768
Unfunded AAL (UAAL)	$ 166,687,451	$ 170,472,382
Funded ratio	84.8%	84.4%
Annual covered payroll	$ 245,699,583	$ 243,280,015
UAAL as a percentage of payroll	67.8%	70.1%

The funded ratio increased 0.4% from the previous year. The schedule of funding progress, presented in the actuarial section, presents similar information but uses a multi-year format to show trend information. These trends indicate whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. This information was obtained from the annual valuation report of the independent actuary retained by the System.

Additional information regarding assumptions used in the actuarial valuation is as follows:

	January 1, 2015	January 1, 2014
Actuarial cost method	Frozen entry age	Frozen entry age
Amortization method	Level dollar, closed period	Level dollar, closed period
Amortization period	22 years	22 years
Inflation rate	3.5%	3.5%
Asset valuation method	Assumed Yield Method	Assumed Yield Method
Investment return	8.0% per annum	8.0% per annum
Projected salary increase	Based on actual experience of the System, at a rate of 4.5% per annum	Based on actual experience of the System, at a rate of 4.5% per annum
Mortality or death benefits	Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h)(3)-1 updated to IRS Static Mortality Table mandated for use by private pension plans for the 2015 plan year.	Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h)(3)-1
Disability Rates	RP-2000 Disability Mortality Table	RP-2000 Disability Mortality Table

13. Annual Required Contribution

As determined by the actuary, the annual required contribution is as follows at January 1, 2015:

	Board of Education	Retirement System	Charter Schools	Total
Normal Cost contribution	$ 16,035,241	$ 43,946	$ 4,490,782	$ 20,569,969
Actuarial accrued liability contribution	12,972,260	35,551	3,632,972	16,640,783
Annual required contribution (ARC)	$ 29,007,501	$ 79,497	$ 8,123,754	$ 37,210,752
Covered compensation	$ 191,534,175	$ 524,915	$ 53,640,493	$ 245,699,583
ARC as % of covered compensation	15.14%	15.14%	15.14%	15.14%

13. Annual Required Contribution (continued)

As determined by the actuary, the annual required contribution is as follows at January 1, 2014:

	Board of Education	Retirement System	Charter Schools	Total
Normal Cost contribution	$ 17,618,983	$ 47,607	$ 4,218,880	$ 21,885,470
Actuarial accrued liability contribution	13,453,867	36,353	3,221,540	16,711,760
Annual required contribution (ARC)	$ 31,072,850	$ 83,960	$ 7,440,420	$ 38,597,230
Covered compensation	$ 195,853,519	$ 529,203	$ 46,897,293	$ 243,280,015
ARC as % of covered compensation	15.87%	15.87%	15.87%	15.87%

14. Employers' Net Pension Liability

The components of the net pension liability (the retirement system's liability determined in accordance with GASB Statement 67 less the fiduciary net position) as of December 31, 2015, are shown in the *Schedule of Net Pension Liability* below.

Actuarial valuation of an ongoing plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in 2012. The total pension liability as of December 31, 2015 and 2014 is $322,248,286 and $265,067,639, respectively, based on actuarial valuations. The 2015 valuation was performed as of June 2015, with a measurement date of January 1, 2015, rolled forward and updated to December 31, 2015, using generally accepted actuarial procedures. The 2014 valuation was performed as of June 2014, with a measurement date of January 1, 2014, rolled forward and updated to December 31, 2014, using generally accepted actuarial procedures.

Schedule of Net Pension Liability

The components of the net pension liability of all participating employers at December 31, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	$ 1,190,927,335	$ 1,201,998,138
Fiduciary net position	868,679,049	936,930,499
Employers' net pension liability	$ 322,248,286	$ 265,067,639
Plan net position as a percentage of total pension liability	72.94%	77.95%

14. Employers' Net Pension Liability (continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 8%, as well as what the net pension liability would have been if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability - 2015	431,230,360	322,248,286	228,509,903
Net pension liability - 2014	375,649,108	265,067,639	169,951,694

The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. See pp. 46 - 48.

Under GASB Statement No. 68, employers participating in the plan could recognize a total pension expense of $50,953,378 and $36,058,914 for their fiscal years beginning after June 15, 2015 and 2014, respectively.

Required schedules of changes in the net pension liability for the years ended December 31, 2015 and 2014 are provided on page 38.

A schedule of projected fiduciary net position is provided on pp. 49 - 51.

The System selected the assumptions found on p. 42 that were used for the actuarial accounting results in the financial section. Management believes that these assumptions are reasonable and comply with the requirements of GASB Statement No. 67 and GASB Statement No. 68, as applicable.

15. Subsequent Events

The System has evaluated subsequent events through April 15, 2016, the date the financial statements were available to be issued.

The System restated the Plan and Trust effective January 1, 2016 and subsequently applied for a new determination letter from the Internal Revenue Service.

Public School Retirement System of the City of St. Louis
Schedules of Changes of Employer Net Pension Liability
December 31, 2015 and 2014

	2015	2014
Total pension liability		
Service cost	$ 19,136,245	$ 18,728,870
Interest	93,242,628	93,305,719
Changes of benefit terms	-	-
Difference between expected and actual experience	(10,065,347)	-
Changes of assumptions	-	-
Benefit payments	(113,384,329)	(113,082,656)
Refunds	-	-
Net change in total pension liability	(11,070,803)	(1,048,067)
Total pension liability - beginning	1,201,998,138	1,203,046,205
Total pension liability - ending	$ 1,190,927,335	$ 1,201,998,138
Plan fiduciary net position		
Employer contributions	$ 40,708,503	$ 41,757,458
Employee contributions	11,664,711	11,887,933
Net investment income	(5,342,651)	35,000,792
Benefit payments including refunds of employee contributions	(113,384,329)	(113,082,656)
Administrative expense	(1,466,261)	(1,350,393)
Other	(431,423)	-
Net change in plan fiduciary net position	(68,251,450)	(25,786,866)
Plan fiduciary net position - beginning	936,930,499	962,717,365
Plan fiduciary net position - ending	$ 868,679,049	$ 936,930,499
Net pension liability - ending	$ 322,248,286	$ 265,067,639
Total pension liability	$ 1,190,927,335	$ 1,201,998,138
Plan fiduciary net position	868,679,049	936,930,499
Employer net pension liability	$ 322,248,286	$ 265,067,639
Plan fiduciary net position as a percentage of the total pension liability	72.94%	77.95%
Covered employee payroll	$ 245,699,583	$ 243,280,015
Employer net pension liability as a percentage of covered employee payroll	131%	109%

There have been no changes in benefits or changes in assumptions.

See independent auditors’ report

Public School Retirement System of the City of St. Louis
Schedules of the System's Proportionate Share of the Net Pension Liability
December 31, 2015 and 2014

	2015	2014
System's proportion of the net pension liability	0.20%	0.22%
System's proportionate share of the net pension liability	$ 570,232	$ 517,013
System's covered-employee payroll	$ 472,849	not available
System's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	120.10%	not available
Plan fiduciary net position as a percentage of the total pension liability	72.94%	72.30%

Public School Retirement System of the City of St. Louis
Schedules of Annual Money-Weighted Rate of Return on Investments
Years Ended December 31

The System began tracking the annual money-weighted rate of return during the fiscal year ended December 31, 2014. The annual money-weighted rate of return for future years will appear in the following schedule as they occur. The goal is to provide a full 10-year history.

Year Ended December 31,	2015	2014
Annual money-weighted rate of return, net of investment expense, adjusted for the changing amounts actually invested	(1.00)%	3.93%

See independent auditors' report

Public School Retirement System of the City of St. Louis
Schedules of Employer Contributions
December 31, 2015

Board of Education

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)		Covered Employee Payroll	Contributions recognized by the Plan as a Percentage of Covered Payroll
2006	$13,305,881	$ 14,299,464	$ (993,583)	*	$ 221,718,075	6.45%
2007	16,204,917	16,204,917	-		212,521,330	7.63%
2008	19,091,518	19,091,518	-		201,971,702	9.45%
2009	19,274,150	19,274,150	-		202,754,929	9.51%
2010	16,790,176	16,790,176	-		202,943,889	8.27%
2011	19,933,761	19,933,761	-		198,775,945	10.03%
2012	20,786,075	20,786,075	-		175,009,885	11.88%
2013	27,962,472	27,962,472	-		185,606,968	15.07%
2014	31,555,696	31,555,696	-		191,273,081	16.50%
2015	31,072,850	31,072,850			195,853,519	15.87%

*In 2006, the Board of Education approved a 2.5% COLA for retired members.

Retirement System

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)		Covered Employee Payroll	Contributions recognized by the Plan as a Percentage of Covered Payroll
2006	$ 34,190	$ 36,743	$ (2,553)	*	$ 569,706	6.45%
2007	34,330	34,330	-		450,221	7.63%
2008	47,364	47,364	-		501,066	9.45%
2009	51,995	51,995	-		546,968	9.51%
2010	48,617	48,617	-		587,617	8.27%
2011	57,964	57,964	-		578,006	10.03%
2012	73,902	73,902	-		622,220	11.88%
2013	91,361	91,361	-		606,427	15.07%
2014	85,590	85,590	-		518,799	16.50%
2015	83,960	83,960			529,203	15.87%

*In 2006, the Retirement System approved a 2.5% COLA for retired members.

See independent auditors' report

Public School Retirement System of the City of St. Louis
Schedules of Employer Contributions (continued)
December 31, 2015

Charter Schools

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)		Covered Employee Payroll	Contributions recognized by the Plan as a Percentage of Covered Payroll
2006	$ 1,070,169	$ 887,992	$ 182,177	*	$ 17,832,398	4.98%
2007	1,067,464	887,976	179,488	*	13,999,374	6.34%
2008	1,875,688	3,145,999	(1,270,311)	*	19,843,158	15.85%
2009	2,074,020	3,377,789	(1,303,769)	*	21,817,708	15.48%
2010	2,568,929	3,843,486	(1,274,557)	*	31,050,800	12.38%
2011	4,272,457	4,521,680	(249,223)	*	42,604,182	10.61%
2012	5,068,681	5,533,481	(464,800)	*	42,676,134	12.97%
2013	7,313,765	6,765,907	547,858	*	48,546,696	13.94%
2014	5,625,992	8,527,507	(2,901,515)	*	34,101,634	25.01%
2015	7,440,420	8,445,676	(1,005,256)	*	46,897,293	18.01%

* Charter Schools report and pay employer contributions in the current year as service is credited.

The actuarially determined contribution is based on the prior year's census information.

Harris-Stowe College

Year Ended December 31	Actuarially Determined Contribution	Contributions Recognized by the Plan	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions recognized by the Plan as a Percentage of Covered Payroll
2006	$ 3,893	$ 4,914	$ (1,021)	$ 64,876	7.57%
2007	4,947	4,947	-	64,876	7.63%
2008	6,746	-	6,746	71,363	- %
2009	6,784	6,746	38	71,363	- %

Harris-Stowe College ceased participating in the plan in 2009.

See independent auditors' report

Public School Retirement System of the City of St. Louis
Schedules of Employer Contributions (continued)
December 31, 2015

Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percent Contributed
2006	$ 14,414,133	114.9%
2007	17,311,658	129.7
2008	21,021,316	132.5
2009	21,406,949	133.6
2010	19,407,722	134.4
2011	24,264,182	118.4
2012	25,928,658	114.0
2013	35,367,598	104.7
2014	37,267,278	109.2
2015	38,597,230	*

* To be determined at the end of the year

The actuarial information presented in the required supplementary information section was determined as part of the actuarial valuation prepared by Buck Consultants at January 1, 2015. Additional information related to the actuarial valuation follows:

Public School Retirement System of the City of St. Louis
Actuarial Assumptions
December 31, 2015

Actuarial cost method:	Frozen entry age
Rate of investment return	8.00% for 2015 and 2014, net of expenses
Participant account interest crediting rate	5.00% for 2015 and 2014
Turnover or withdrawal rates:	Various by age and year of membership based on actual
Mortality and death rates:	Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h)(3)-1 applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants updated to IRS Static Mortality Table mandated for use by private pension plans for the 2015 plan year.
Disability rates	RP-2000 Disability Mortality Table
Rates of retirement between the ages of 55 and 70	Various based on actual experience of the System
Rate of salary increases	Based on actual experience of the System, at the rate of 4.5% per year
Asset valuation method:	The assumed yield method of valuing assets

The Unfunded Actuarial Accrued Liability ("UFAAL") was originally determined and frozen as of January 1, 1981. Effective January 1, 2006, the UFAAL was re-determined. The UFAAL is being amortized over thirty (30) years.

See independent auditors' report

Public School Retirement System of the City of St. Louis
Schedules of Operating Expenses
Years Ended December 31, 2015 and 2014

	2015	2014
Actuarial services	$ 122,856	$ 103,946
Accounting and auditing fees	87,599	49,229
Computer programming and consulting	110,556	72,896
Conventions, conferences, seminars		
Executive Director	-	1,687
Trustees (see below)	24,904	30,979
Depreciation expense	67,438	67,439
Dues and subscriptions	4,693	4,857
Employee benefits	2,024	2,893
Furniture and equipment	984	2,413
Health insurance consulting	39,843	39,843
Insurance - group health	63,448	54,138
Insurance - casualty and bonding	89,951	87,484
Legal fees and expenses	47,209	22,316
Medical fees	400	800
Miscellaneous expense	8,162	8,016
Occupancy expense	23,495	32,319
Office repairs and maintenance	30,669	42,134
Office supplies and expenses	11,324	10,667
Payroll taxes	33,895	34,460
Pension contribution	73,330	85,590
Postage	89,911	66,665
Printing and publishing	30,749	28,985
Salaries - administrative and clerical	461,927	450,456
Telephone	12,431	15,602
Utilities	28,463	34,580
Total Operating Expenses	$ 1,466,261	$ 1,350,394

Trustees' Expenses

The Trustees attended conferences and business meetings in connection with business of the System. The Trustees received no salaries but were allowed expenses relating to their attendance at such events as follows:

	2015	2014
Lodging, meals, and miscellaneous	$ 14,520	$ 17,548
Transportation and registration	10,384	13,431
Total Trustees Expenses	$ 24,904	$ 30,979

See independent auditors' report

Public School Retirement System of the City of St. Louis
Summary of Investment Expenses
Years Ended December 31, 2015 and 2014

	2015	2014
Investment management fees	$ 5,075,404	$ 4,548,950
Consultant fees	189,605	196,336
Banking services	41,930	47,279
Total investment expenses	$ 5,306,939	$ 4,792,565

Public School Retirement System of the City of St. Louis
Schedules of Professional/Consultant Fees
Years Ended December 31, 2015 and 2014

	2015	2014
Actuarial services	$ 122,856	$ 103,946
Accounting and auditing fees	87,599	49,229
Building property management	23,495	32,319
Health insurance consulting	39,843	39,843
Legal expenses	47,209	22,316
Technology consulting	110,556	72,896
Total fees	$ 431,558	$ 320,549

See independent auditors’ report

Public School Retirement System of the City of St. Louis
Schedules of Limited Partnerships
Years Ended December 31, 2015 and 2014

Partnership Name	Style	Investments at Fair Value as of December 31, 2015
Landmark Equity Partners XIV, L.P.	Private Equity & Private Debt	$ 2,583,859
Landmark Equity Partners XV, L.P.	Private Equity & Private Debt	2,846,407
Lighthouse Capital Partners VI, L.P.	Private Equity & Private Debt	695,011
Mesirow Financial Private Equity Partnership Fund III, L.P.	Private Equity & Private Debt	2,891,872
Pantheon Global Secondary Fund III B, L.P.	Private Equity & Private Debt	3,013,762
Siguler Guff Distressed Opportunities Fund II, L.P.	Private Equity & Private Debt	559,704
SW Pelham Fund III, L.P.	Private Equity & Private Debt	1,610,258
Vista Foundation Fund II, L.P.	Private Equity & Private Debt	3,739,998
		$ 17,940,871

Partnership Name	Style	Investments at Fair Value as of December 31, 2014
Landmark Equity Partners XIV, L.P.	Private Equity & Private Debt	$ 3,281,635
Lighthouse Capital Partners VI, L.P.	Private Equity & Private Debt	1,838,537
Mesirow Financial Private Equity Partnership Fund III, L.P.	Private Equity & Private Debt	3,894,693
Pantheon Global Secondary Fund III B, L.P.	Private Equity & Private Debt	4,300,246
Siguler Guff Distressed Opportunities Fund II, L.P.	Private Equity & Private Debt	827,267
SW Pelham Fund III, L.P.	Private Equity & Private Debt	1,732,256
Vista Foundation Fund II, L.P.	Private Equity & Private Debt	1,745,350
		$ 17,619,984

See independent auditors' report

Public School Retirement System of the City of St. Louis
Schedule of Actuarial Present Values of Projected Benefit Payments
000's omitted
December 31, 2015

		Benefit Payments			Present Value		
Fiscal Year Ending 12/31	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.00%	Unfunded Portion at 3.20%	Using a Single Discount Rate of 8.00%
2016	$ 868,679	$ 107,328	$ 107,328	-	$ 103,277	-	$ 103,277
2017	$ 875,220	$ 106,929	$ 106,929	-	$ 95,271	-	$ 95,271
2018	$ 879,432	$ 106,494	$ 106,494	-	$ 87,855	-	$ 87,855
2019	$ 884,253	$ 106,059	$ 106,059	-	$ 81,014	-	$ 81,014
2020	$ 890,022	$ 105,874	$ 105,874	-	$ 74,883	-	$ 74,883
2021	$ 896,498	$ 105,880	$ 105,880	-	$ 69,340	-	$ 69,340
2022	$ 903,399	$ 105,613	$ 105,613	-	$ 64,042	-	$ 64,042
2023	$ 910,892	$ 105,257	$ 105,257	-	$ 59,098	-	$ 59,098
2024	$ 918,964	$ 104,812	$ 104,812	-	$ 54,489	-	$ 54,489
2025	$ 937,661	$ 104,317	$ 104,317	-	$ 50,215	-	$ 50,215
2026	$ 936,977	$ 103,819	$ 103,819	-	$ 46,273	-	$ 46,273
2027	$ 946,869	$ 103,313	$ 103,313	-	$ 42,636	-	$ 42,636
2028	$ 957,300	$ 102,996	$ 102,996	-	$ 39,357	-	$ 39,357
2029	$ 968,056	$ 102,706	$ 102,706	-	$ 36,339	-	$ 36,339
2030	$ 979,055	$ 102,511	$ 102,511	-	$ 33,584	-	$ 33,584
2031	$ 990,119	$ 102,351	$ 102,351	-	$ 31,047	-	$ 31,047
2032	$ 1,001,108	$ 102,394	$ 102,394	-	$ 28,759	-	$ 28,759
2033	$ 1,011,697	$ 102,649	$ 102,649	-	$ 26,696	-	$ 26,696
2034	$ 1,021,503	$ 102,846	$ 102,846	-	$ 24,766	-	$ 24,766
2035	$ 1,030,315	$ 103,185	$ 103,185	-	$ 23,007	-	$ 23,007
2036	$ 1,037,573	$ 103,253	$ 103,253	-	$ 21,316	-	$ 21,316
2037	$ 1,042,421	$ 103,291	$ 103,291	-	$ 19,745	-	$ 19,745
2038	$ 1,027,642	$ 103,197	$ 103,197	-	$ 18,266	-	$ 18,266
2039	$ 1,009,718	$ 102,921	$ 102,921	-	$ 16,867	-	$ 16,867
2040	$ 990,196	$ 102,787	$ 102,787	-	$ 15,598	-	$ 15,598
2041	$ 968,952	$ 102,500	$ 102,500	-	$ 14,402	-	$ 14,402
2042	$ 946,014	$ 102,474	$ 102,474	-	$ 13,332	-	$ 13,332
2043	$ 920,984	$ 102,151	$ 102,151	-	$ 12,305	-	$ 12,305
2044	$ 894,020	$ 101,562	$ 101,562	-	$ 11,328	-	$ 11,328
2045	$ 865,264	$ 100,743	$ 100,743	-	$ 10,404	-	$ 10,404
2046	$ 834,854	$ 99,765	$ 99,765	-	$ 9,540	-	$ 9,540
2047	$ 802,848	$ 98,337	$ 98,337	-	$ 8,707	-	$ 8,707
2048	$ 769,621	$ 96,501	$ 96,501	-	$ 7,912	-	$ 7,912
2049	$ 735,549	$ 94,562	$ 94,562	-	$ 7,178	-	$ 7,178
2050	$ 700,709	$ 92,350	$ 92,350	-	$ 6,491	-	$ 6,491
2051	$ 665,362	$ 89,802	$ 89,802	-	$ 5,844	-	$ 5,844
2052	$ 629,850	$ 86,858	$ 86,858	-	$ 5,234	-	$ 5,234
2053	$ 594,606	$ 83,638	$ 83,638	-	$ 4,667	-	$ 4,667
2054	$ 559,953	$ 80,347	$ 80,347	-	$ 4,151	-	$ 4,151
2055	$ 526,024	$ 77,000	$ 77,000	-	$ 3,683	-	$ 3,683
2056	$ 492,955	$ 73,616	$ 73,616	-	$ 3,261	-	$ 3,261
2057	$ 460,810	$ 70,214	$ 70,214	-	$ 2,880	-	$ 2,880
2058	$ 429,699	$ 66,811	$ 66,811	-	$ 2,537	-	$ 2,537

See independent auditors’ report

Public School Retirement System of the City of St. Louis
Schedule of Actuarial Present Values of Projected Benefit Payments (continued)
000's omitted
December 31, 2015

		Benefit Payments			Present Value		
Fiscal Year Ending 12/31	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.00%	Unfunded Portion at 3.20%	Using a Single Discount Rate of 8.00%
2059	$ 399,747	$ 63,407	$ 63,407	-	$ 2,229	-	$ 2,229
2060	$ 371,099	$ 60,008	$ 60,008	-	$ 1,954	-	$ 1,954
2061	$ 343,833	$ 56,629	$ 56,629	-	$ 1,707	-	$ 1,707
2062	$ 318,052	$ 53,269	$ 53,269	-	$ 1,487	-	$ 1,487
2063	$ 293,991	$ 49,931	$ 49,931	-	$ 1,290	-	$ 1,290
2064	$ 271,518	$ 49,630	$ 49,630	-	$ 1,116	-	$ 1,116
2065	$ 250,132	$ 43,384	$ 43,384	-	$ 961	-	$ 961
2066	$ 229,966	$ 40,205	$ 40,205	-	$ 825	-	$ 825
2067	$ 209,116	$ 37,101	$ 37,101	-	$ 705	-	$ 705
2068	$ 187,260	$ 34,084	$ 34,084	-	$ 600	-	$ 600
2069	$ 166,794	$ 31,164	$ 31,164	-	$ 508	-	$ 508
2070	$ 147,727	$ 28,349	$ 28,349	-	$ 428	-	$ 428
2071	$ 130,062	$ 25,647	$ 25,647	-	$ 358	-	$ 358
2072	$ 113,794	$ 23,069	$ 23,069	-	$ 298	-	$ 298
2073	$ 98,907	$ 20,622	$ 20,622	-	$ 247	-	$ 247
2074	$ 85,373	$ 18,312	$ 18,312	-	$ 203	-	$ 203
2075	$ 73,158	$ 16,144	$ 16,144	-	$ 166	-	$ 166
2076	$ 62,221	$ 14,124	$ 14,124	-	$ 134	-	$ 134
2077	$ 52,510	$ 12,254	$ 12,254	-	$ 108	-	$ 108
2078	$ 43,967	$ 10,537	$ 10,537	-	$ 86	-	$ 86
2079	$ 36,526	$ 8,976	$ 8,976	-	$ 68	-	$ 68
2080	$ 30,113	$ 7,571	$ 7,571	-	$ 53	-	$ 53
2081	$ 24,648	$ 6,321	$ 6,321	-	$ 41	-	$ 41
2082	$ 20,046	$ 5,221	$ 5,221	-	$ 31	-	$ 31
2083	$ 16,219	$ 4,265	$ 4,265	-	$ 24	-	$ 24
2084	$ 13,081	$ 3,443	$ 3,443	-	$ 18	-	$ 18
2085	$ 10,547	$ 2,746	$ 2,746	-	$ 13	-	$ 13
2086	$ 8,535	$ 2,164	$ 2,164	-	$ 10	-	$ 10
2087	$ 6,966	$ 1,684	$ 1,684	-	$ 7	-	$ 7
2088	$ 5,772	$ 1,294	$ 1,294	-	$ 5	-	$ 5
2089	$ 4,888	$ 981	$ 981	-	$ 3	-	$ 3
2090	$ 4,259	$ 734	$ 734	-	$ 2	-	$ 2
2091	$ 3,837	$ 541	$ 541	-	$ 2	-	$ 2
2092	$ 3,581	$ 394	$ 394	-	$ 1	-	$ 1
2093	$ 3,458	$ 282	$ 282	-	$ 1	-	$ 1
2094	$ 3,442	$ 199	$ 199	-	-	-	-
2095	$ 3,511	$ 138	$ 138	-	-	-	-
2096	$ 3,648	$ 94	$ 94	-	-	-	-
2097	$ 3,842	$ 63	$ 63	-	-	-	-
2098	$ 4,083	$ 42	$ 42	-	-	-	-
2099	$ 4,366	$ 27	$ 27	-	-	-	-
2100	$ 4,687	$ 17	$ 17	-	-	-	-
2101	$ 5,044	$ 11	$ 11	-	-	-	-

See independent auditors’ report

Public School Retirement System of the City of St. Louis
Schedule of Actuarial Present Values of Projected Benefit Payments (continued)
000's omitted
December 31, 2015

		Benefit Payments			Present Value		
Fiscal Year Ending 12/31	Beginning Fiduciary Net Position	Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.00%	Unfunded Portion at 3.20%	Using a Single Discount Rate of 8.00%
2102	$ 5,437	$ 7	$ 7	-	-	-	-
2103	$ 5,865	$ 4	$ 4	-	-	-	-
2104	$ 6,329	$ 2	$ 2	-	-	-	-
2105	$ 6,833	$ 1	$ 1	-	-	-	-
2106	$ 7,378	$ 1	$ 1	-	-	-	-
2107	$ 7,968	-	-	-	-	-	-
2108	$ 8,605	-	-	-	-	-	-
2109	$ 9,293	-	-	-	-	-	-
2110	$ 10,036	-	-	-	-	-	-
2111	$ 10,839	-	-	-	-	-	-
2112	$ 11,706	-	-	-	-	-	-
2113	$ 12,643	-	-	-	-	-	-
2114	$ 13,654	-	-	-	-	-	-

See independent auditors’ report

Public School Retirement System of the City of St. Louis
Schedule of Projection of Fiduciary Net Position
000's omitted
December 31, 2015

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2016	$ 868,679	$ 48,227	$ 107,328	$ 65,642	$ 875,220
2017	$ 875,220	$ 44,995	$ 106,929	$ 66,146	$ 879,432
2018	$ 879,432	$ 44,842	$ 106,494	$ 66,473	$ 884,253
2019	$ 884,253	$ 44,973	$ 106,059	$ 66,855	$ 890,022
2020	$ 890,022	$ 45,045	$ 105,874	$ 67,305	$ 896,498
2021	$ 896,498	$ 44,976	$ 105,880	$ 67,806	$ 903,399
2022	$ 903,399	$ 44,753	$ 105,613	$ 68,353	$ 910,892
2023	$ 910,892	$ 44,377	$ 105,257	$ 68,952	$ 918,964
2024	$ 918,964	$ 43,906	$ 104,812	$ 69,603	$ 927,661
2025	$ 927,661	$ 43,327	$ 104,317	$ 70,306	$ 936,977
2026	$ 936,977	$ 42,653	$ 103,819	$ 71,059	$ 946,869
2027	$ 946,869	$ 41,885	$ 103,313	$ 71,859	$ 957,300
2028	$ 957,300	$ 41,058	$ 102,996	$ 72,694	$ 968,056
2029	$ 968,056	$ 40,151	$ 102,706	$ 73,555	$ 979,055
2030	$ 979,055	$ 39,143	$ 102,511	$ 74,431	$ 990,119
2031	$ 990,119	$ 38,029	$ 102,351	$ 75,311	$ 1,001,108
2032	$ 1,001,108	$ 36,805	$ 102,394	$ 76,177	$ 1,011,697
2033	$ 1,011,697	$ 35,453	$ 102,649	$ 77,002	$ 1,021,503
2034	$ 1,021,503	$ 33,893	$ 102,846	$ 77,766	$ 1,030,315
2035	$ 1,030,315	$ 31,997	$ 103,185	$ 78,446	$ 1,037,573
2036	$ 1,037,573	$ 29,089	$ 103,253	$ 79,012	$ 1,042,421
2037	$ 1,042,421	$ 9,126	$ 103,291	$ 79,386	$ 1,027,642
2038	$ 1,027,642	$ 7,076	$ 103,197	$ 78,197	$ 1,009,718
2039	$ 1,009,718	$ 6,637	$ 102,921	$ 76,763	$ 990,196
2040	$ 990,196	$ 6,347	$ 102,787	$ 75,196	$ 968,952
2041	$ 968,952	$ 6,064	$ 102,500	$ 73,497	$ 946,014
2042	$ 946,014	$ 5,791	$ 102,474	$ 71,653	$ 920,984
2043	$ 920,984	$ 5,534	$ 102,151	$ 69,653	$ 894,020
2044	$ 894,020	$ 5,296	$ 101,562	$ 67,510	$ 865,264
2045	$ 865,264	$ 5,100	$ 100,743	$ 65,233	$ 834,854
2046	$ 834,854	$ 4,927	$ 99,765	$ 62,831	$ 802,848
2047	$ 802,848	$ 4,789	$ 98,337	$ 60,321	$ 769,621
2048	$ 769,621	$ 4,699	$ 96,501	$ 57,731	$ 735,549
2049	$ 735,549	$ 4,644	$ 94,562	$ 55,078	$ 700,709
2050	$ 700,709	$ 4,628	$ 92,350	$ 52,375	$ 665,362
2051	$ 665,362	$ 4,642	$ 89,802	$ 49,647	$ 629,850
2052	$ 629,850	$ 4,693	$ 86,858	$ 46,921	$ 594,606
2053	$ 594,606	$ 4,756	$ 83,638	$ 44,229	$ 559,953
2054	$ 559,953	$ 4,832	$ 80,347	$ 41,587	$ 526,024
2055	$ 526,024	$ 4,926	$ 77,000	$ 39,005	$ 492,955
2056	$ 492,955	$ 4,978	$ 73,616	$ 36,494	$ 460,810
2057	$ 460,810	$ 5,045	$ 70,214	$ 34,058	$ 429,699

See independent auditors’ report

Public School Retirement System of the City of St. Louis
Schedule of Projection of Fiduciary Net Position (continued)
December 31, 2015

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2058	$ 429,699	$ 5,154	$ 66,811	$ 31,705	$ 399,747
2059	$ 399,747	$ 5,315	$ 63,407	$ 29,444	$ 371,099
2060	$ 371,099	$ 5,454	$ 60,008	$ 27,288	$ 343,833
2061	$ 343,833	$ 5,606	$ 56,629	$ 25,242	$ 318,052
2062	$ 318,052	$ 5,894	$ 53,269	$ 23,314	$ 293,991
2063	$ 293,991	$ 5,936	$ 49,931	$ 21,522	$ 271,518
2064	$ 271,518	$ 5,388	$ 46,630	$ 19,856	$ 250,132
2065	$ 250,132	$ 4,943	$ 43,384	$ 18,275	$ 229,966
2066	$ 229,966	$ 2,566	$ 40,205	$ 16,789	$ 209,116
2067	$ 209,116	-	$ 37,101	$ 15,245	$ 187,260
2068	$ 187,260	-	$ 34,084	$ 13,617	$ 166,794
2069	$ 166,794	-	$ 31,164	$ 12,097	$ 147,727
2070	$ 147,727	-	$ 28,349	$ 10,684	$ 130,062
2071	$ 130,062	-	$ 25,647	$ 9,379	$ 113,794
2072	$ 113,794	-	$ 23,069	$ 8,181	$ 98,907
2073	$ 98,907	-	$ 20,622	$ 7,088	$ 85,373
2074	$ 85,373	-	$ 18,312	$ 6,097	$ 73,158
2075	$ 73,158	-	$ 16,144	$ 5,207	$ 62,221
2076	$ 62,221	-	$ 14,124	$ 4,413	$ 52,510
2077	$ 52,510	-	$ 12,254	$ 3,711	$ 43,967
2078	$ 43,967	-	$ 10,537	$ 3,096	$ 36,526
2079	$ 36,526	-	$ 8,976	$ 2,563	$ 30,113
2080	$ 30,113	-	$ 7,571	$ 2,106	$ 24,648
2081	$ 24,648	-	$ 6,321	$ 1,719	$ 20,046
2082	$ 20,046	-	$ 5,221	$ 1,395	$ 16,219
2083	$ 16,219	-	$ 4,265	$ 1,127	$ 13,081
2084	$ 13,081	-	$ 3,443	$ 909	$ 10,547
2085	$ 10,547	-	$ 2,746	$ 734	$ 8,535
2086	$ 8,535	-	$ 2,164	$ 596	$ 6,966
2087	$ 6,966	-	$ 1,684	$ 490	$ 5,772
2088	$ 5,772	-	$ 1,294	$ 410	$ 4,888
2089	$ 4,888	-	$ 981	$ 352	$ 4,259
2090	$ 4,259	-	$ 734	$ 311	$ 3,837
2091	$ 3,837	-	$ 541	$ 285	$ 3,581
2092	$ 3,581	-	$ 394	$ 271	$ 3,458
2093	$ 3,458	-	$ 282	$ 265	$ 3,442
2094	$ 3,442	-	$ 199	$ 267	$ 3,511
2095	$ 3,511	-	$ 138	$ 275	$ 3,648
2096	$ 3,648	-	$ 94	$ 288	$ 3,842
2097	$ 3,842	-	$ 63	$ 305	$ 4,083
2098	$ 4,083	-	$ 42	$ 325	$ 4,366
2099	$ 4,366	-	$ 27	$ 348	$ 4,687
2100	$ 4,687	-	$ 17	$ 374	$ 5,044

See independent auditors' report

Public School Retirement System of the City of St. Louis
Schedule of Projection of Fiduciary Net Position (continued)
December 31, 2015

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2101	$ 5,044	-	$ 11	$ 403	$ 5,437
2102	$ 5,437	-	$ 7	$ 435	$ 5,865
2103	$ 5,865	-	$ 4	$ 469	$ 6,329
2104	$ 6,329	-	$ 2	$ 506	$ 6,833
2105	$ 6,833	-	$ 1	$ 547	$ 7,378
2106	$ 7,378	-	$ 1	$ 590	$ 7,968
2107	$ 7,968	-	-	$ 637	$ 8,605
2108	$ 8,605	-	-	$ 688	$ 9,293
2109	$ 9,293	-	-	$ 743	$ 10,036
2110	$ 10,036	-	-	$ 803	$ 10,839
2111	$ 10,839	-	-	$ 867	$ 11,706
2112	$ 11,706	-	-	$ 936	$ 12,643
2113	$ 12,643	-	-	$ 1,011	$ 13,654
2114	$ 13,654	-	-	$ 1,092	$ 14,746

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“to enhance the well-being and financial security of its members, retirees and beneficiaries…

Investment Section

Page

NEPC, LLC

KRISTIN FINNEY-COOKE, CAIA
SENIOR CONSULTANT

June 1, 2016

The Board of Trustees
Public School Retirement System of the City of St. Louis
3641 Olive Street, Suite 300
St. Louis, MO 63108

Dear Board Members,

NEPC, LLC currently serves as the pension consultant for the Public School Retirement System of the City of St. Louis. In our role as the pension consultant, we assist the Board in several manners. We guide the overall asset allocation strategy of the Plan; draft the investment policy of the Plan (and amendment of when necessary); conduct investment manager searches (both traditional and alternative asset classes); provide ongoing performance evaluation for each individual investment manager, each asset class composite, and the overall investment portfolio as a whole; and on an ongoing basis we provide pertinent education to the Board.

The overall objective of the Public School Retirement System of the City of St. Louis is to provide service, disability, death and vested retirement benefits, and other postemployment benefits to members and their beneficiaries. To ensure a solid foundation for the future of the System, the Public School Retirement System of the City of St. Louis has implemented an investment program designed to achieve the actuarial assumed rate of return in the long term, while prudently managing the risk of the portfolio.

Although investment manager performance is key in the future “success” of the Plan, the overall asset allocation policy will be the primary determinant of such “success.” Modern portfolio theory maintains that long term investors, who assume prudent levels of risk, will be rewarded with incremental returns above lower returning and risk free assets (i.e. T-Bills). The pension fund, in its asset allocation policy, is required to satisfy the need to pay accumulated/earned retirement benefits today, while at the same time be prepared for “uncertain” future benefits. As such, the asset allocation policy looks to meet this objective. It takes into consideration the diversification of asset classes, but more importantly, the diversification of the risk contribution of each asset class to the investment program which in turn reduces the overall volatility of the portfolio while garnering the highest expected risk adjusted returns.

Over the last year, NEPC and the Board conducted a full asset allocation review to reaffirm the Plan’s current positioning and to exploit any opportunities currently within the capital markets. Within the traditional portion of the Plan the Board hired an emerging market debt manager, Lazard Asset Management, to manage a blended debt strategy. Within the alternatives space, the Board continued to add to its diversified program by moving its existing liquid commodity exposure towards a private real assets structure, approving a new private equity pacing plan, and adding Monroe to the manager line up as a private debt manager. As the allocation strategy evolves year after year, diversification and risk mitigation will continue to be the pillars of the asset allocation structure.

Return data for the Fund was reconciled from manager provided time-weighted returns that were calculated in accordance with the CFA Institute’s Global Investment Performance Standards (GIPS). Valuations, where available, are based on published national securities exchange prices, as provided by PSRS’s custodian, US Bank.

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This letter summarizes the structure and performance of the Public School Retirement System of the City of St. Louis Fund through the Fiscal Year ending December 31, 2015.

Asset Allocation and Investment Performance

During the year ending December 31, 2015, the Fund returned -0.5% gross of fees, which ranked it in the 67th percentile of public funds with assets between $250 million and $1.0 billion within the InvestorForce Public Fund Defined Benefit Universe. Over the 12 month period ending December 31, 2015, PSRS performance was lower than its assumed actuarial return target of 8.0%. Assets decreased from $926.9 million at the end of fiscal year 2014 to approximately $858.3 million as of year-end 2015. Over the trailing 5 year period ending December 31, 2015, the Fund earned an annualized rate of return of 6.3%, ranking in the 71st percentile of the comparative universe. Over the trailing 10 year period ending December 31, 2015, the Fund earned an annualized rate of return of 5.9%, ranking in the 40th percentile.

At the December 31, 2015 fiscal year end, the asset allocation of the Plan was 48.1% equities, 16.7% fixed income and credit opportunities, 12.1% global asset allocation strategies, 9.3% hedge funds, 5.8% real estate, 2.3% private equity, 1.8% real assets, and 4.0% cash.

Market Commentary

2015 produced erratic results for investors driven largely by uncertainty surrounding certain globally significant economic trends in transition: the extension of the US economic cycle, the path of the FED's monetary policy tightening, and the extent of the economic slowdown in China. This uncertainty rattled investors, culminating in risk aversion and contributing to a sharp decline in global markets in August. These trends flowed through to asset returns as the S&P 500 returned 1.4% and the Barclay's Aggregate index rose 0.5%, while small-cap equities and high-yield bonds were off nearly 4.5%. Global markets wobbled under the strain of a strong US dollar as the MSCI EAFE index declined 0.8%, emerging markets equities and local debt were down nearly 15% and commodities plunged.

Global Equity Markets

US equities ended a volatile 2015 on a strong note. Despite a solid last quarter, the year saw the lowest gains for the S&P 500 since 2008 and for the Russell 2000 since 2011. Earlier in the quarter, equities rallied amid robust corporate earnings and macroeconomic data. Subsequently, stocks faltered amid plunging oil prices and concerns around the impact of a stronger US dollar as the Fed tightens monetary policy. The consumer discretionary sector led performance in large caps in 2015 while healthcare dominated small caps; energy was the worst performing sector in both. Growth bested value in large and small equities.

Meanwhile, developed markets recouped a portion of their third quarter losses, gaining 4.8% in the last quarter. For the year, international equities were down around 0.4%. The energy and materials sectors drove losses, trading down over 16% in 2015; consumer staples and healthcare were the strongest performers, up over 8%. Emerging economies returned 0.7% as the Fed's 25 basis points rate hike—its first since 2006—drove markets lower; healthcare and consumer discretionary sectors gained during the quarter while industrials and staples lagged. For 2015, the materials sector—down over 20%—was a major detractor of performance. Brazil traded off 41% as the real declined sharply amid the country's political and economic problems.

Equity Index Returns as of 12/31/2015				
Global Equity	**Quarter**	**1 Year**	**3 Yrs**	**5 Yrs**
MSCI World	5.1%	-2.7%	7.5%	5.4%
US Equity	**Quarter**	**1 Year**	**3 Yrs**	**5 Yrs**
S&P 500	7.0%	1.4%	15.1%	12.6%
Dow Jones Industrial Average	7.0%	-2.2%	10.0%	8.5%
NASDAQ Composite	8.4%	5.7%	18.4%	13.5%
Russell 1000 Growth	7.3%	5.7%	18.4%	13.5%
Russell 1000 Value	5.6%	-3.8%	13.1%	11.3%
Russell 2000	3.6%	-4.4%	11.7%	9.2%
Russell 2000 Growth	4.3%	-1.4%	14.3%	10.7%
Russell 2000 Value	2.9%	-7.5%	9.1%	7.7%
International Equity	**Quarter**	**1 Year**	**3 Yrs**	**5 Yrs**
MSCI EAFE	4.7%	-0.8%	5.0%	3.6%
MSCI Emerging Markets	0.7%	-14.9%	-6.8%	-4.8%
MSCI Europe	2.5%	-2.8%	4.5%	3.9%
MSCI UK	0.7%	-7.6%	1.8%	3.5%
MSCI Japan	-9.3%	9.6%	10.2%	4.4%
MSCI Far East	8.7%	6.7%	8.6%	4.1%

Global Fixed Income Markets

At home, the Fed’s well telegraphed rate hike drove government yields higher in the fourth quarter, resulting in losses for Treasuries with maturities of less than one year. Within corporate credit, the precipitous selloff in commodity-related sectors was unrelenting. Consequently, high-yield debt was the worst performer during the quarter and in 2015, losing 2.07% and 4.47%, respectively; in high yield, energy and metals and mining lost nearly 25% last year. Investment-grade credit spreads widened 34 basis points over the course of 2015 to 165 basis points; contributors included global growth concerns, falling commodity prices, and record issuance of $1.3 trillion which hampered liquidity. Abroad, emerging market debt remained hindered by a strengthening US dollar, causing the local currency index to lose 0.01% compared to returns of 1.25% for the dollar denominated index. Within developed markets, weakening currencies aided losses of 1.23%, according to the Citigroup WGBI Index.

The US dollar strode into the fourth quarter on the back of one of its strongest rallies in history, fueled by a hawkish Fed and concerns around growth abroad. This bullish trend persisted for the three months ended December 31. The euro fell modestly during this time to 1.08 from 1.12, testing multi-year lows along the way as the ECB continued its stimulus plan. The Japanese yen was nearly flat, ending the quarter at 120. Emerging market currencies rebounded briefly in the last quarter only to stumble in December. The Brazilian real experienced modest gains in October and November after hitting multi-year lows in September but then trended downwards. Economies heavily reliant on exporting commodities also saw their currencies depreciate with the protracted decline in commodity prices.

Fixed Income Index Returns as of 12/31/2015				
Global Fixed Income	**Quarter**	**1 Year**	**3 Yrs**	**5 Yrs**
Citi WGBI	-1.2%	-3.6%	-2.7%	-0.1%
JPM EMBI Plus	1.8%	1.8%	-0.3%	5.0%
Domestic Fixed Income	**Quarter**	**1 Year**	**3 Yrs**	**5 Yrs**
BC Aggregate Bond	-0.6%	0.5%	1.4%	3.2%
BC US Agg. Treasury	-0.9%	0.8%	1.0%	2.9%
BC US Credit	-0.5%	-0.8%	1.5%	4.4%
BC Mortgage Backed	-0.1%	1.5%	2.0%	3.0%
BC Interim. Gov't/Credit	-0.7%	1.1%	1.1%	2.6%
BC 1-10 Yr TIPS	-0.7%	-0.5%	-1.8%	1.6%
BC High Yield	-2.1%	-4.5%	1.7%	5.0%
S&P LSTA Lev. Loan	-2.1%	-0.7%	2.0%	3.4%
3 Month T-Bills	0.0%	0.0%	0.1%	0.1%
10-Year Bond Yields	**Dec-15**	**Sep-15**	**Dec-14**	**Dec-13**
US	2.3%	2.0%	2.2%	3.0%
Germany	0.6%	0.6%	0.5%	1.9%
UK	2.0%	1.8%	1.8%	3.0%
Japan	0.3%	0.4%	0.3%	0.7%

2015 Summary

During the fiscal year, an allocation to global equities was added for a manager to oversee several emerging managers, a private debt manager was hired and a commitment to emerging markets debt was initiated. As the Board contemplates further enhancements to the asset allocation, we anticipate changes to the manager line-up during 2016.

2015 resulted in muted or negative returns for most investors on the back of poor economic news and concerns over global growth. With the exception of domestic exposure (S&P 500 and the US Barclay's Aggregate) most asset classes ended the year in the red weighing heavily on most diversified portfolios. The Public School Retirement System of the City of St. Louis returned -0.5% for the year, which did not meet its actuarial rate of return, amid a difficult backdrop for investors of all types. However, the Fund remains diversified and well positioned to meet its goals and objectives over the long term.

Sincerely,

Public School Retirement System
of the City of St. Louis

Investment Policies

Pursuant to the Rules & Regulations established by the PSRSSTL Board of Trustees, the System's assets are invested according to *Rule XIV. – Investment Policies*. The following is a summary of the System's Investment Goals under Rule XIV., Section 3:

> *Assets of the System shall be invested in a manner designed to preserve and enhance principal over the long term, both in real and nominal terms. Total return, consistent with prudent investment management, is the primary goal of the System. Total return, as used herein, includes income less expenses plus realized and unrealized gains and losses in the System's assets. The Trustees will establish, in the Investment and Operating Guidelines, both real and nominal long-term target rates of return for the Fund that are projected to provide a high probability of achieving the System's long-term investment objectives within acceptable risk levels. The Trustees shall establish, in the Investment and Operating Guidelines, additional performance expectations for the Fund as a whole and for each asset classification within the Fund. Total Fund risk exposure and risk adjusted returns will be regularly evaluated and compared to such peer group or groups that the Trustees and investment consultant may from time to time select.*

Investment and Operating Guidelines

PSRSSTL has issued Investment and Operating Guidelines to steer the System's fiduciaries, including staff, investment consultants, investment professionals and investment managers, in the course of investing and administering the Fund's assets, and to measure the performance of the Fund and its investment managers. The guidelines contain specific directives for the following:

- Performance Objectives by Asset Class
- Operating Guidelines by Asset Class
- Standards of Investment Performance
- Reporting Requirements
- Asset Allocation Policy
- Liquidity Assumption for Benefit Payments
- Watch List / Probation Process
- Use of Guidelines by Investment Managers

Code of Ethics Policy

The Board of Trustees has adopted a Code of Ethics Policy that prohibits conflicts of interest and requires representatives of the Fund to act with the highest level of ethical responsibility in the performance of their duties. All Trustees, employees, professionals and vendors are required to acknowledge their understanding of the policy on an annual basis.

Investment Policies and Operating Guidelines Review

The Investment Policies and Operating Guidelines may be amended or modified from time to time by the Trustees, in the manner provided in the PSRSSTL Rules and Regulations, upon consideration of the advice and recommendations from the System's retained professionals, including the actuary, accountant, investment managers, investment consultant, and attorney. The Investment Policies and Operating Guidelines are regularly reviewed by the Board of Trustees to ensure their relevance to the current needs of the Fund and to communicate any material changes thereto to the investment managers.

To view or print the PSRSSTL Investment Policies and Guidelines, please visit
http://www.psrsstl.org/about-us/rules-regulations-statutes.aspx

Public School Retirement System
of the City of St. Louis

Schedule of Investments
Year Ended December 31, 2015

Investment Category	% of MV	Market Value (MV)	Cost	MV Over (Under) Cost
Cash Equivalents	5.10%	$43,633,332	$43,633,332	$0
U.S. Government and Agency Issues	4.90%	41,978,559	42,000,899	(22,340)
Corporate Bonds	6.19%	52,959,179	55,512,006	(2,552,827)
Foreign Investments (bonds & stocks)	12.91%	110,538,386	112,819,445	(2,281,059)
Common and Preferred Stocks	27.75%	237,621,917	204,144,599	33,477,318
Mutual Funds	35.19%	301,300,977	258,530,678	42,770,299
Real Estate Partnerships	5.76%	49,354,157	36,868,024	12,486,133
Alternative Investments	2.19%	18,784,567	16,598,179	2,186,388
Total	**100.0%**	**$856,171,074**	**$770,107,162**	**$86,063,912**

Market Value of All Assets
Years Ended December 31, 2013 – 2015

	December 31, 2013		December 31, 2014		December 31, 2015	
Investment Category	Market Value	% of Total	Market Value	% of Total	Market Value	% of Total
Cash, Receivables, Cash Equivalents	$54,488,495	5.65%	$57,917,293	6.18%	$55,478,018	6.38%
Property and Building	2,017,457	0.21%	1,950,018	0.21%	1,882,580	0.22%
U.S. Government & Agency Issued Bonds	55,038,301	5.71%	54,142,975	5.77%	41,978,559	4.82%
Corporate Bonds	48,769,735	5.06%	49,771,651	5.31%	52,959,179	6.09%
Foreign Investments (bonds and stocks)	97,267,831	10.09%	81,572,508	8.70%	110,538,386	12.70%
Common and Preferred Stocks	275,848,250	28.63%	277,686,810	29.61%	237,621,917	27.31%
Mutual Funds	348,698,374	36.19%	337,202,390	35.96%	301,300,977	34.63%
Real Estate Partnerships	49,057,339	5.09%	49,040,921	5.23%	49,354,157	5.67%
Credit Opportunity Investments	9,530,937	0.99%	9,939,430	1.06%	0	0.00%
Alternative Investments	22,868,215	2.37%	18,556,714	1.98%	18,784,567	2.16%
Other Assets	0	0.00%	0	0.00%	149,439	0.02%
Total	**$963,584,934**	**100.0%**	**$937,780,710**	**100.0%**	**$870,047,779**	**100.0%**

Public School Retirement System of the City of St. Louis

For the fiscal year ended December 31, 2015, the PSRSSTL portfolio posted a loss of 0.5%, ranking 67th within the Investor Force Universe (IFU) of Public Funds. For the three-year and five-year periods ending December 31, 2015, the PSRSSTL portfolio ranked 71st during both periods, returning 6.4% and 6.3%, respectively.

Investment returns for the retirement system's portfolio, stocks and bonds for the one-year, three-year and five-year periods ending December 31, 2015 are set forth below.

	Annualized Returns for Periods Ended[1] December 31, 2015, net of fees		
Investment Category	**One Year**	**Three Years**	**Five Years**
PSRS Total Portfolio	-0.5%	6.4%	6.3%
Allocation Index[2]	-1.1%	6.7%	6.5%
PSRS Domestic Equities	1.8%	15.0%	12.1%
Russell 3000 Index	0.5%	14.7%	12.2%
PSRS Domestic Bonds	-1.6%	2.0%	4.6%
Barclays Aggregate	0.5%	1.4%	3.2%
Barclays High Yield	-4.5%	1.7%	5.0%
PSRS International Equities	0.3%	6.1%	5.5%
MSCI EAFE Index	-0.8%	5.0%	3.6%
PSRS Emerging Market Equities	-14.9%	-8.0%	-7.2%
MSCI Emerging Markets Index	-14.9%	-6.8%	-4.8%
PSRS Global Bonds	-2.7%	-3.4%	-0.5%
Citi World Gov Bond Index	-3.6%	-2.7%	-0.1%

[1]The investment returns in the schedule are annualized by calculating the time weighted rates of return for the time period.

[2]The Allocation Index is comprised of various equity, fixed income, hedge fund, real estate and Treasury bill indices in proportion to the asset weights within the pension fund.

Asset Allocation and Investment Managers
As of December 31, 2015 (in thousands)

	RELATIVE TO:	TOTAL PORTFOLIO						ASSET CLASS	
ASSET CLASS		MARKET VALUES		TARGET VALUES		VARIANCE		MARKET VALUE	
Money Manager	Management Style	$	%	$	%	Value	%	Value	%
LARGE CAP GROWTH DOMESTIC EQUITIES		89,512	10.3%	47,741	5.5%	41,771	4.8%		
Holland Capital Management	Large Cap Growth							31,807	35.5%
Intech	Large Cap Growth							24,098	26.9%
TCW Asset Management	Large Cap Growth							33,607	37.5%
LARGE CAP CORE DOMESTIC EQUITIES		4,978	0.6%	17,360	2.0%	(12,382)	-1.4%		
Mellon Stock Index Fund	Large Cap Core							4,978	100.0%
LARGE CAP VALUE DOMESTIC EQUITIES		75,411	8.7%	47,741	5.5%	27,670	3.2%		
Chicago Equity Partners	Large Cap Value							44,141	58.5%
The Edgar Lomax Company	Large Cap Value							31,270	41.5%
MID CAP GROWTH DOMESTIC EQUITIES		25,160	2.9%	26,041	3.0%	(881)	-0.1%		
New Amsterdam Partners	Mid Cap Growth							25,160	100.0%
SMALL/MICRO CAP DOMESTIC EQUITIES		64,071	7.4%	52,081	6.0%	11,990	1.4%		
Westfield Capital Management	Small Cap Growth							21,852	34.1%
Systematic Financial Management	Small Cap Value							23,244	36.3%
Dimensional Fund Advisors (DFA)	Micro Cap							18,975	29.6%
GLOBAL TACTICAL ASSET ALLOCATION		104,248	12.0%	104,162	12.0%	86	0.0%		
GMO	Balanced Fund							34,882	33.5%
Mellon Global Alpha	Balanced Fund							36,669	35.2%
PIMCO	Balanced Fund							32,697	31.4%
GLOBAL EQUITIES [1]		41,005	4.7%	43,401	5.0%	(2,396)	-0.3%		
Ativo Capital Partners	Global Equities							10,472	25.5%
Brown Capital Management	Global Equities							10,526	25.7%
Strategic Global Advisors	Global Equities							20,007	48.8%
INTERNATIONAL EQUITIES		112,354	12.9%	164,923	19.0%	(52,569)	-6.1%		
Dimensional Fund Advisors (DFA)	Emerging Markets							11,292	10.1%
OFI Global Asset Management	Emerging Markets							19,234	17.1%
Pyramis Global Advisors	International Equities							41,484	36.9%
Causeway	International Equities							40,344	35.9%
CORE DOMESTIC BONDS		67,380	7.8%	69,441	8.0%	(2,061)	-0.2%		
EARNEST Partners	Core Domestic Bonds							13,487	20.0%
Mellon Bond Index Fund	Core Domestic Bonds							670	1.0%
Manulife Asset Management (formerly MFC)	Core Domestic Bonds							43,412	64.4%
NCM Capital	Core Domestic Bonds							9,811	14.6%
HIGH YIELD DOMESTIC BONDS		40,030	4.6%	43,401	5.0%	(3,371)	-0.4%		
Loomis Sayles	High Yield Bonds							40,030	100.0%
EMERGING MARKETS DEBT [2]		0	0.0%	26,041	3.0%	(26,041)	-3.0%		
Lazard Asset Management	Emerging Markets							0	0.0%
GLOBAL BONDS		35,936	4.1%	43,401	5.0%	(7,465)	-0.9%		
Mondrian	Global Bonds							35,936	100.0%
HEDGED STRATEGIES		80,266	9.2%	78,122	9.0%	2,144	0.2%		
EnTrust Capital	Fund of Funds							21,601	26.9%
Passport Capital	Global Strategy Direct							10,860	13.5%
Permal Asset Management	Fund of Funds							22,619	28.2%
Standard Pacific Capital	Global Strategy Direct							10,505	13.1%
Whitebox Advisors	Multi-Strategy Direct							14,681	18.3%
REAL ESTATE		49,354	5.7%	43,401	5.0%	5,953	0.7%		
UBS Trumbull Property & Income Funds	Commercial Real Estate							49,354	100.0%
PRIVATE EQUITY & PRIVATE DEBT		18,785	2.2%	43,401	5.0%	(24,616)	-2.8%		
Secondary, Distressed, Mezzanine, Fund of Funds, Debt	Limited Partnerships							18,785	100.0%
REAL ASSETS		15,139	1.7%	17,360	2.0%	(2,221)	-0.3%		
Wellington Management Co. (in liquidation) [3]	Commodities							15,139	100.0%
CASH *(Does Not Include Managers' Residual Cash)*		44,388	5.1%	0	0.0%	44,388	5.1%		
U.S. Bank (checking & investment accounts)	Cash Accounts							44,388	
TOTAL (000's Omitted)		**$868,017**	**100.0%**	**$868,017**	**100.0%**			**$868,017**	

The target values shown above represent the Asset Allocation Policy adopted by the Board of Trustees on April 8, 2015. [1]Progress Investments Management Co. was hired in 2015 to manage a global equities portfolio comprised of emerging managers with funding provided by reallocating from other equity investments. Monroe Capital was hired to manage a $10 million commitment to private debt; funding will come from cash as called. [2]In October 2015, Lazard Asset Management was hired to manage the allocation to emerging markets debt and under legal review on December 31, 2015; the System's investment portfolio was rebalanced to fund the new asset class in early 2016. [3]Wellington Management was terminated in 2015 and liquidated in early 2016; the stake in the asset class remains under review.

Domestic Equity Investments

Domestic Equity Performance & Characteristics	
2015 Return	1.8%
Average Market Capitalization	$66.0 Billion
P/E Ratio	24.1
Price/Book Ratio	5.1
Five-Year Annualized Return	12.1%

PSRSSTL Ten Largest Domestic Equity Holdings

Company	% of Holdings	Company	% of Holdings
Alphabet “C”	1.5%	Cisco Systems	1.0%
Visa “A”	1.3%	Pfizer	1.0%
Exxon Mobil	1.2%	Priceline Group	0.9%
Apple	1.1%	First American Prime	0.9%
Amazon.com	1.1%	General Electric	0.9%

Top Ten Contributors to the PSRSSTL Domestic Equity Portfolio Relative to the Russell 3000 Stock Index

Company	Contribution %	Return	Company	Contribution %	Return
Dyax	0.2%	97.1%	Visa “A”	0.1%	11.5%
Alphabet “C”	0.1%	24.7%	Globus Medical	0.1%	34.7%
Kinder Morgan	0.1%	-45.1%	Salesforce.com	0.1%	12.9%
Pacira Pharm.	0.1%	86.8%	Athena Health	0.1%	20.7%
Servicenow	0.1%	24.6%	Apple	0.1%	-4.2%

Bottom Ten Contributors to the PSRSSTL Domestic Equity Portfolio Relative to the Russell 3000 Stock Index

Company	Contribution %	Return	Company	Contribution %	Return
Microsoft	-0.4%	26.2%	Amgen	-0.1%	-18.0%
Chipotle	-0.1%	-33.4%	Fortinet	-0.1%	-26.6%
Rent-A-Center	-0.1%	-37.3%	El DuPont de Nemours	-0.1%	39.0%
Home Depot	-0.1%	-15.0%	JetBlue Airlines	-0.1%	-12.1%
Under Armour	-0.1%	-16.7%	Proctor & Gamble	-0.1%	11.4%

A complete list of portfolio holdings is available for a fee based on preparation time and the cost of materials. The information shown reflects securities held for the fiscal year ended December 31, 2015, excluding pooled or mutual funds.

PSRSSTL Domestic Bond Portfolio Performance & Characteristics	
2015 Return	-1.6%
Average Yield to Maturity	4.2%
Average Duration	5.8 Years
Average Quality Rating	A
Five-Year Annualized Return	4.6%

The PSRSSTL Investment & Operating Guidelines require the average duration (interest rate sensitivity) of the PSRSSTL domestic bond portfolio to remain seven years or less. Since the average duration of the PSRSSTL domestic bond portfolio was 5.8 years at the end of fiscal year 2015, the System's domestic bond money managers met this requirement in 2015.

PSRSSTL Domestic Bond Portfolio Quality Ratings	Percentage of PSRSSTL Domestic Bond Portfolio
AAA	5.7%
AA	36.2%
A	9.8%
BBB	14.2%
BB and Below	27.3%
Not Rated	6.7%

The PSRSSTL Board of Trustees requires the overall average quality rating of high-grade fixed income investments to be “AA” or better and the average quality rating of securities held in high-yield fixed income investments to be "B" or better. Since more than 50% of the PSRSSTL domestic bond portfolio was rated “BBB” or better at the end of fiscal year 2015, the System's domestic bond money managers exceeded the plan's requirements for the year.

A complete list of portfolio holdings is available for a fee based on preparation time and the cost of materials. The information shown reflects securities held for the fiscal year ended December 31, 2015, excluding pooled or mutual funds.

Public School Retirement System of the City of St. Louis

Brokerage Commissions Paid
Year Ended December 31, 2015

Company	Commissions	Company	Commissions	Company	Commissions
Abel Noser	$ 3.40	Exane SA	$ 426.72	MKM Partners	$ 895.20
Baader Bank	313.19	FBR Capital Markets	214.20	Morgan Stanley	6,540.74
Baird & Company	611.05	First Clearing	41.20	Needham & Company	780.00
Barclays Capital	27,043.88	First Southwest Company	5,673.40	North South Capital	323.80
BB&T Securities	53.60	Goldman Sachs	10,861.60	Oppenheimer & Co.	311.40
Bear Stearns Securities	41.74	Goodbody	507.74	Penserra Securities	7,418.70
Berenberg Gossler	571.61	Guzman & Company	3,647.29	Pershing Securities	7,609.92
Bloomberg Tradebook	2,124.76	HSBC	1,129.58	Piper Jaffray	3,172.56
BMO Capital Markets	373.40	Instinet	9,402.14	Raymond James	1,165.20
Brean Capital	260.40	ISI Group	242.20	RBC Capital Markets	806.85
Broadcort Cap Corp	7,030.67	ITG	15,685.95	Redburn Partners	499.81
BTIG, LLC	250.90	Ivy Securities Inc.	6,791.15	Rosenblatt Securities	1,844.54
Cabrera Capital Markets	13,609.92	J P Morgan	6,675.78	Sandler O'Neill & Partners	96.00
Canaccord Genuity Inc.	42.00	Janney Montgomery Scott	78.00	Sanford C. Bernstein & Co	4,803.75
Cantor Clearing House	1,154.40	Jeffries & Co.	2,972.58	Seaport Group Securities	530.02
Cantor Fitzgerald	872.85	JMP Securities	327.60	Simmons & Co.	189.60
Cap Institutional Services	20,134.30	Jones Trading	1,052.10	Societe General	4,686.68
Cheevers & Co., Inc.	1,247.79	KCG Americas	1,776.77	State Street	28,652.38
Citigroup	4,097.56	Keefe Bruyette & Woods	37.20	Stephens Inc.	16.80
CLSA Limited	495.04	Keybanc Capital Markets	684.60	Sterne Agee Leach Inc	102.00
Convergex Execution Solutions	48,275.63	King CL & Associates	4,307.73	Stifel Nicolaus & Co.	885.05
Cowen & Co.	355.80	Leerink Swann & Co.	616.00	Sturdivant & Co.	6,729.40
Craig Hallum	129.20	Liquidnet Inc.	8,674.82	Sungard Brokerage	258.90
Credit Agricole Securities	14.00	Longbow Securities LLc	1,556.60	Suntrust Capital	72.00
Credit Research & Trading	45.00	Loop Capital Markets	17,820.14	Telsey Advisory Group	16.08
Credit Suisse Securities	11,855.36	M. Ramsey King Securities	333.07	UBS	8,711.13
Daiwa	1,320.31	Macquarie Securites	2,213.29	Wedbush Morgan Securities	1,206.70
Davidson & Co.	44.00	Merrill Lynch	11,656.41	Weeden & Co.	2,277.77
Deutsche Bank Securities	3,439.50	Mischler Financial Group	1,307.24	Wells Fargo Securities	538.60
Dougherty Company	523.60	Mizuho Securities USA	791.92	William Blair & Co.	488.43
				Williams Capital Group	6,757.87
				2015 Total Commissions	**$362,227.76**

Public School Retirement System
of the City of St. Louis

Investment Managements Fees and Expenses
Years Ended December 31, 2015 and 2014

Investment management fees	2015	2014
Ativo Capital Management	$ 33,585	$ -
Batterymarch Financial Management	54,452	127,085
Brown Capital Management	33,915	-
Causeway Capital Management	276,918	298,042
Chicago Equity Partners	172,251	195,017
Earnest Partners	36,277	52,832
Edgar Lomax Company	173,858	195,051
Entrust Capital Diversified Fund LTD	306,577	316,850
GMO, LLC	2,446	-
Holland Capital Management	206,277	211,582
Intech Investment Management	133,596	138,116
Loomis Sayles & Company, LP	253,966	283,310
Manulife Asset Management	135,618	143,304
Mellon Capital Management	318,627	308,185
Mondrian Investment Partners	163,818	180,059
NCM Capital	28,445	-
New Amsterdam Partners	97,758	102,500
OFI Global Asset Management	185,963	78,970
Passport II LP	217,191	-
Pyramis Global Advisors Trust	271,074	278,136
Standard Global Equity	157,571	53,830
Strategic Global	65,431	-
Systematic Financial Management	252,091	267,040
TCW Asset Management Company	210,542	215,108
UBS Realty Investors LLC	499,785	499,291
US Bank Trust (custodian)	148,771	149,027
Wellington Trust Company	169,346	203,167
Westfield Capital Management	239,473	252,448
Whitebox Multi-Strategy Fund, L.P.	229,782	-
Total investment management fees	5,075,404	4,548,950
NEPC, LLC (investment consultant)	189,605	196,336
Banking services	41,930	47,279
Total investment expenses	$ 5,306,939	$ 4,792,565

"through benefit programs and services which are soundly financed and…

Actuarial Section

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Principal, Retirement

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June 2015

Mr. Andrew Clark
Executive Director
PSRS of the City of St. Louis
3641 Olive Street, Suite 300
St. Louis, MO 63108-3601

Dear Members of The Public School Retirement System of the City of St. Louis Board:

Actuarial Certification

The annual actuarial valuation required for the Public School Retirement System of the City of St. Louis has been prepared as of January 1, 2015 by Buck Consultants. The purposes of the report are to:

(1) determine the required annual contributions from the board of education, the retirement system, and the charter schools; and

(2) present the valuation results of the System as of January 1, 2015.

This report is submitted in accordance with Section 169.450-16 Revised Statutes of Missouri (R.S. Mo.). The required contribution to the System from the board of education, the retirement system, and the charter schools is computed in accordance with Section 169.490 R.S. Mo. The amount of the required contribution is stated on page 72. Information with respect to financial disclosures under GASB 67 and 68 may be found in the Financial Section of this report.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data and financial information provided to us by the System, to determine a sound value for the System liability. The employee data has not been audited, but it has been reviewed and found to be consistent, both internally and with prior years' data. The validity of the valuation results is dependent upon the accuracy of the data and financial information provided.

This actuarial valuation is based on the same actuarial assumptions and methods as those used in the prior actuarial valuation, except for those noted under Changes from the Prior Valuation. A summary of all assumptions and methods is presented beginning on page 84. All assumptions used in this valuation are as adopted by the Board. The assumptions fairly represent past and anticipated future experience of the System. The assumptions used are individually reasonable and reasonable in the aggregate. In selecting economic assumptions, the interest rate of 8% is based upon a review of the existing portfolio structure and a review of recent experience. The salary increase assumption is based upon actual experience and future expectations of inflation, merit, and productivity components.

Mr. Andrew Clark
PSRS of the City of St. Louis

June 2015
Page 2

Future contribution requirements may differ from those determined in the valuation because of:

(1) differences between actual experience and anticipated experience based on the assumptions;

(2) changes in actuarial assumptions or methods;

(3) changes in statutory provisions;

(4) differences between actuarially required contributions and actual contributions.

Buck Consultants prepared the Annual Required Contribution schedule, 10-year Schedules of Employer Contributions, Actuarial Assumptions, Schedule of Actuarial Present Values of Projected Benefit Payments, and Schedule of Projection of Fiduciary Net Position found in the Financial Section of this report.

Buck Consultants prepared the Annual Required Contribution schedule, Actuarial Balance Sheet, Schedule of Funding Progress, schedule of Projected Unit Credit Funding Status, Prioritized Solvency Test Results, Development of the Actuarial Value of Assets worksheet, History of the Expense and Contingency Reserve, Investment Performance worksheets, Member Census data, and all tables found in the actuarial Summary of Methods and Assumptions in this Actuarial Section.

The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein, and are available to answer questions regarding this report.

We believe that the assumptions and methods used for funding purposes are individually and in aggregate, reasonable and in combination represent a best estimate of anticipated experience under the plan. We believe that this report conforms to requirements of the Missouri statutes, and where applicable, other federal and accounting laws, regulations and rules, as well as generally accepted actuarial principles and practices.

Sincerely,

Stephen B Siepman

Stephen B. Siepman, FSA, EA, MAAA
Principal, Consulting Actuary

Troy Jaros

Troy Jaros, FSA, EA, MAAA
Consultant, Retirement Actuary

Report Highlights

This report has been prepared by Buck Consultants to:

- Present the results of a valuation of the Public School Retirement System of the City of St. Louis as of January 1, 2015; and
- Determine the required contribution rate for 2016.

After the summary and analysis of the valuation results, this report is divided into sections. One section contains the results of the valuation and includes the experience of the System during the 2014 plan year, the actuarially required costs and funded levels.

Another section contains information on retirement system assets, including the market value of assets, the calculation of actuarial value of assets, the contingency reserve and asset returns.

The final section of this report describes the basis of the valuation. It summarizes the System provisions, provides information relating to the System members, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

Experience Gains and losses

Under the actuarial funding method used to determine the contribution, actuarial gains (or losses) result in a decrease (or increase) in the normal cost rate. Actuarial gains (or losses) result from differences between the actual experience of the System and the expected experience based upon the actuarial assumptions. Annual gains (or losses) should be expected because short-term deviations from expected long-term average experience are common.

For 2015, total actuarial gains due to plan experience were $7.0 million. Roughly $5.0 million of this amount is a loss attributable to the System's actuarial rate of return on assets which was 7.3% or 0.7% lower than the assumed rate of return of 8.0%. By comparison, the rate of return on the market value of assets during 2014 was 3.8%. The difference in these returns is primarily due to less-than-assumed investment performance during 2014. At January 1, 2015, the actuarial value of assets of $926.9 million was above the market value of assets (excluding the expense and contingency reserve) by approximately $19.8 million.

Roughly $12.0 million of the total actuarial gain is attributable to demographic experience.

Assumption Changes

For the 2015 valuation, the mortality assumption was changed. A detailed description of the change can be found in the basis of the valuation section under the summary of methods and assumptions. In total, the assumption change increased actuarial liability by approximately $1.6 million.

Normal cost rate

The normal cost is determined annually and equals the product of the normal cost rate times covered payroll. For 2015, the annual normal cost due December 31, 2015 was $20,569,969, as compared to $21,885,470 for 2014, a decrease primarily due to the aforementioned actuarial gain, partially offset by the impact due to the change of assumptions. The annual normal cost rate decreased from 8.65% to 8.05% due to the experience gains. Covered payroll increased slightly from $243.3 million to $245.7 million.

Accrued liability amortization

The actuarial accrued liability contribution is determined as the amount necessary to amortize the remaining Unfunded Frozen Actuarial Accrued Liability (UFAAL) over a period of 30 years from January 1, 2006, when the Board of Trustees acted to re-determine the UFAAL. This portion of the contribution only changes to reflect changes in benefits, changes in actuarial assumptions and methods, and variations in the remaining UFAAL due to deviations between actual and expected contributions. Employer contributions for 2014 were $4.5 million more than the annual required contribution, which reduced the UFAAL more than expected. However, the changes in actuarial assumptions from the previous valuation increased the UFAAL by $1.6 million. As a result, the net amortization payment decreased from $16,711,760 to $16,640,783. The amortization payment component of the contribution rate decreased from 6.9% to 6.8% of covered payroll due to the increase in payroll resulting from the net increase in the active population by more than 100.

Required contribution and timing

In 2001, the Board of Education agreed to institute a one-year lag for future years. Therefore, this actuarial valuation is used to determine the actual contribution rate for 2016. The dollar amount of the actual contribution decreased to $37,210,752 for 2016 from $38,597,230 for 2015. As a percentage of covered payroll, the contribution rate for 2016 decreased to 15.14% from 15.87% for 2015.

Annual Required Contribution

	Board of Education		Retirement System		Charter Schools		Total	
2015								
Normal cost contribution	$	16,035,241	$	43,946	$	4,490,782	$	20,569,969
Actuarial accrued liability contribution		12,972,260		35,551		3,632,972	$	16,640,783
Annual required contribution (ARC)		29,007,501		79,497		8,123,754	$	37,210,752
Covered payroll		191,534,175		524,915		53,640,493	$	245,699,583
ARC as % of covered payroll		15.14%		15.14%		15.14%		15.14%
2014								
Normal cost contribution	$	17,618,983	$	47,607	$	4,218,880	$	21,885,470
Actuarial accrued liability contribution		13,453,867		36,353		3,221,540	$	16,711,760
Annual required contribution		31,072,850		83,960		7,440,420	$	38,597,230
Covered payroll		195,853,519		529,203		46,897,293	$	243,280,015
ARC as % of covered payroll		15.87%		15.87%		15.87%		15.87%

	January 1, 2015	January 1, 2014
System Assets		
Expense and contingency reserve	$ 29,868,370	$ 30,439,781
Market value, excluding expense & contingency reserve	907,062,130	932,277,584
Actuarial value	926,905,797	922,922,386
System Liabilities		
Unfunded actuarial accrued liability	$ 166,687,451	$ 170,472,382
Projected Unit Credit (PUC) Actuarial Accrued Liability	$1,166,064,968	$1,174,584,948
PUC Funding Ratios		
Actuarial value funding ratio	79.5%	78.6%
Market value funding ratio	77.8%	79.4%

(1) Investment Experience

Our actuarial calculations were based upon the assumption that the System's assets earn 8.00%. The approximate market value rate of return during 2014 was 3.75%. The approximate actuarial value rate of return was 7.26%.

(2) Demographic Experience

The number of active members increased from 4,880 to 5,011 for the period. The average age of active members increased by 0.12 years, the average service decreased by 0.14 years, and the average annual salary decreased $820. There were small changes in the inactive statistics as well. The membership statistics can be found under Member Census Information.

(3) Salary Increases

The average annual salary increased 1.6% between January 1, 2014 and January 1, 2015. Total annual covered payroll increased 1.0% between January 1, 2014 and January 1, 2015.

(4) Changes in Methods from the Prior Valuation

There have been no changes in methods since the prior valuation.

(5) Changes in Assumptions from the Prior Valuation

The healthy mortality assumption was updated for another year of improvement. Details of this assumption change can be found in the Summary of Methods and Assumptions. The net effect of changes was to increase the actuarially required employer contribution by 0.01% of covered payroll.

(6) Changes in Benefit Provisions from the Prior Valuation

There have been no changes in benefit provisions since the prior valuation.

(7) Other Changes

There have been no other changes since the prior valuation.

(8) Summary

The overall effect of experience during the period, along with the changes in assumptions, resulted in an increase in the funding ratio utilizing the actuarial value of assets from 78.6% to 79.5%. The total contribution rate decreased from 15.87% to 15.14% of covered payroll.

Actuarial Balance Sheet as of January 1, 2015

Actuarial assets		
Actuarial value of present assets		$ 926,905,797
Actuarial present value of future participant contributions		90,660,962
Actuarial present value of future employer contributions for:		
Normal costs		145,934,295
Unfunded actuarial accrued liability		166,687,451
Total present and future assets		$ 1,330,188,505
Actuarial liabilities		
Actuarial present value of benefits now payable		$ 867,305,309
Actuarial present value of benefits payable in the future:		
Active participants	$ 437,561,880	
Terminated vested participants	19,958,161	
Terminated non-vested participants	5,363,155	
Total payable in the future		462,883,196
Total liabilities for benefits		$ 1,330,188,505
Surplus / (deficit)		0

Funding Progress

The Retirement System uses the "frozen entry age actuarial cost" funding method. Please refer to the actuarial Summary of Methods and Assumptions for an explanation on the method. Here is the schedule of the System's funding progress over the last ten years.

Schedule of Funding Progress

Last Ten Years

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a % of Annual Covered Payroll ((b – a) / c)
2006	$ 983,828,243	$ 1,122,583,775	$ 138,755,532	87.6%	$ 227,035,801	61.1%
2007	$ 1,003,428,983	$ 1,150,263,339	$ 146,834,356	87.2%	$ 222,387,289	66.0%
2008	$ 1,014,923,381	$ 1,158,921,113	$ 143,997,732	87.6%	$ 225,190,968	63.9%
2009	$ 963,851,408	$ 1,099,891,716	$ 136,040,308	87.6%	$ 234,582,326	58.0%
2010	$ 950,709,944	$ 1,076,002,070	$ 125,292,126	88.4%	$ 241,958,133	51.8%
2011	$ 944,356,735	$ 1,066,270,852	$ 121,914,117	88.6%	$ 218,308,239	55.8%
2012	$ 925,389,359	$ 1,090,318,706	$ 164,929,347	84.9%	$ 234,760,091	70.3%
2013	$ 914,494,335	$ 1,085,124,658	$ 170,630,323	84.3%	$ 225,893,514	75.5%
2014	$ 922,922,386	$ 1,093,394,768	$ 170,472,382	84.4%	$ 243,280,015	70.1%
2015	$ 926,905,797	$ 1,093,593,248	$ 166,687,451	84.8%	$ 245,699,583	67.8%

Projected Unit Credit Funding Ratios

The funding objective of the System is to meet long-term pension obligations through contributions that remain approximately level from year to year as a percentage of covered payroll.

Funding ratios provide a measure of how much progress has been made towards achieving this objective. For this purpose, the System's liabilities are determined using the projected unit credit cost method. Under this method, liabilities are determined for each participant using only service already performed, but anticipating the impact of future salary growth on the projected pension obligation attributable to current active participants.

Here is a comparison of this liability measure to the value of assets to produce a snapshot measure of the System's funding ratios.

Projected Unit Credit Funding Status

As of January 1, 2015 the Projected Unit Credit Actuarial Accrued Liability (AAL) was:

1.	Retired members and beneficiaries currently receiving pensions and terminated members not yet receiving pensions	$ 892,626,625
	a. Current active participants	
	i. Accumulated member contributions, including interest	116,755,946
	ii. Employer-financed pensions	156,682,397
	Total Projected Unit Credit Actuarial Accrued Liability	$ 1,166,064,968

As of January 1, 2015 the Projected Unit Credit AAL was funded as follows:

2.	Net assets available for pensions at actuarial value	$ 926,905,797
3.	Unfunded Projected Unit Credit AAL at actuarial value	239,159,171
4.	Actuarial value funding ratio, (2) / (1)	79.5%
5.	Net assets available for pensions at market value	$ 907,062,130
6.	Unfunded Projected Unit Credit AAL at market value	259,002,838
7.	Market value funding ratio, (5) / (1)	77.8%

Prioritized Solvency Test

Another way to check the funding progress of the System is through a prioritized solvency test. In a prioritized solvency test, the plan's present assets (cash and investments) are sequentially allocated and compared with three priorities of liabilities as follows:

- Liability 1: Active participant contributions, accumulated with interest;
- Liability 2: The liabilities for future benefits to current inactive participants and beneficiaries; and
- Liability 3: The liabilities for future benefits to current active participants for prior service.

Ideally, progress in funding of these liability groups will normally be exhibited with Liability 1 attaining 100% coverage first, then Liability 2, and finally Liability 3. Note that 100% funding of Liability 3 does not mean that the System has completed its funding of benefits since additional benefits typically are expected to be earned in the future. Here is a history of the System's funding progress under this test.

Prioritized Solvency Test Results (1998 – 2015)

Valuation date January 1	Active participants' accumulated contributions	Retirees, beneficiaries and inactive participants	Active participants (employer-financed)	Valuation assets	Percent covered by valuation assets		
	(1)	(2)	(3)		(1)	(2)	(3)
1998	122,227,173	296,455,647	252,445,749	644,429,672	100%	100%	89%
1999	130,705,014	276,290,128	303,953,494	694,250,672	100%	100%	95%
2000	129,398,364	353,852,977	288,213,016	770,090,498	100%	100%	100%
2001	127,086,325	414,052,293	269,590,438	828,097,298	100%	100%	100%
2002	116,506,785	476,104,516	372,221,726	861,128,076	100%	100%	72%
2003	115,570,837	492,633,382	361,818,972	873,260,102	100%	100%	73%
2004	106,021,476	528,287,121	364,459,284	901,996,455	100%	100%	73%
2005	89,710,662	518,880,414	368,306,240	935,328,638	100%	100%	89%
2006	90,001,111	661,353,685	319,920,373	983,828,243	100%	100%	73%
2007	96,223,413	712,467,372	305,409,824	1,003,428,983	100%	100%	64%
2008	98,112,123	781,006,957	249,244,208	1,014,923,381	100%	100%	54%
2009	104,576,264	801,995,237	187,035,147	963,851,408	100%	100%	31%
2010	110,054,510	805,831,292	195,185,151	950,709,944	100%	100%	18%
2011	103,178,297	842,643,351	169,510,764	944,356,735	100%	100%	0%
2012	116,268,566	850,498,527	189,084,439	925,389,359	100%	95%	0%
2013	120,355,959	849,412,565	190,553,739	914,494,335	100%	93%	0%
2014	114,092,991	896,477,122	164,014,835	922,922,386	100%	90%	0%
2015	116,755,946	892,626,625	156,682,397	926,905,797	100%	91%	0%

Actuarial Value of Assets

The amount of assets used in the actuarial valuation is known as the "actuarial value of assets." The method is discussed under the Summary of Methods and Assumptions. The development of the actuarial value of assets is shown here.

Development of the Actuarial Value of Assets

1.	Actuarial value of assets as of January 1, 2014	$ 922,922,386
2.	Participant contributions	11,887,933
3.	Employer contributions	41,757,458
4.	Benefit payments and expenses	114,433,049
5.	Investment increment at 8.00%, 8% x {(1) + .5 x [(2) – (4)]}	69,731,986
6.	Expected actuarial value on January 1, 2015, (1) + (2) + (3) – (4) + (5)	931,866,714
7.	Market value of assets on January 1, 2015	936,930,500
8.	Expense and contingency reserve on January 1, 2015, prior to adjustment	29,868,370
9.	Adjustment to the investment contingency reserve	0
10.	Excess of market value over expected actuarial value, (7) – (6) – (8) – (9)	(24,804,584
11.	Market value adjustment, 20% x (10)	(4,960,917)
12.	Actuarial value of assets as of January 1, 2015, (6) + (11)	926,905,797

Expense and Contingency Reserve

An important element in the development of the actuarial value of assets is the expense and contingency reserve. The amount of the reserve is determined pursuant to a policy adopted by the Board of Trustees.

Effective January 1, 1996, the Board of Trustees revised Rule X, which governs the determination of the amount of the expense and contingency reserve. The expense portion of the reserve is the sum of:

1. The estimated annual operating expenses for the ensuing year:
2. An amount equal to the liability for non-insurance supplements;
3. An amount equal to the liability for insurance supplements for those participants participating in the program on January 1; and
4. The estimated amount of insurance supplements to be paid for participants expected to retire and participate in the program during the ensuing year.

The investment contingency portion of the reserve is intended to help cover significant shortfalls in the actuarial rate of return. When a shortfall of more than 1% occurs, a portion of the reserve is released equal to one half of the amount of the shortfall up to 2% plus any remaining shortfall. When the rate of return exceeds the assumed rate of return by more than 1%, the reserve is increased subject to a maximum reserve of 5% of the market value of the Retirement Fund. The addition equals one half of the amount of the excess up to 2% plus any remaining excess.

Since the actuarial return on assets was within 1% of 8% during 2014, the reserve would not be adjusted, even if the entire contingency reserve had not been released in 2009. Here is the history of the expense and contingency reserve:

History of the Expense and Contingency Reserve
(1997 – 2015)

January 1	Expense reserve	Investment contingency reserve	Total expense and contingency reserve
1997	$25,403,190	$ 5,220,821	$30,624,011
1998	30,891,555	24,100,041	54,991,596
1999	22,142,759	45,972,067	68,114,826
2000	27,992,032	50,003,862	77,995,894
2001	29,837,776	50,003,743	79,841,519
2002	23,527,529	50,003,743	73,531,272
2003	24,952,255	37,759,976	62,712,231
2004	26,028,780	37,759,976	63,788,756
2005	27,170,188	45,115,876	72,286,064
2006	32,534,770	45,115,876	77,650,646
2007	29,864,946	50,732,410	80,597,356
2008	31,987,370	57,234,574	89,221,944
2009	30,555,388	0	30,555,388
2010	29,903,107	0	29,903,107
2011	29,480,465	0	29,480,465
2012	29,564,563	0	29,564,563
2013	29,181,897	0	29,181,897
2014	30,439,781	0	30,439,781
2015	29,868,370	0	29,868,370

Investment Performance

The fund had a rate of return of 7.26% on an actuarial value basis, which is 0.74% below the assumed rate of return of 8.00%. In accordance with Rule X, no amounts would have been transferred from the investment contingency portion of the reserve, because the preliminary actuarial rate of return was within 1% of the assumed rate of return. Further, the contingency reserve was exhausted at January 1, 2009, so no additional amounts are available.

The rate of return on an actuarial value basis is intended to be a more stable rate of return and fluctuate less than rates of return on a market value basis. Thus, the rate of return on an actuarial basis is not always a fair measure of the annual investment performance of the fund. Another indicator of actual performance during the year is the rate of return on a market value basis.

There are several different methods of approximating the rates of return on investments of the trust fund. Here is a brief comparison of the actuarial assumed rate of return as compared with rates of return on market and actuarial value bases:

Market Value Basis

The rate of return on a market value basis is the ratio of the appreciation (or depreciation) of assets less contributions plus disbursements to the market value at the beginning of the year plus the average of the receipts and disbursements made during the year. This may be approximated as follows:

i.	A = Market value of assets as of January 1, 2014	$	962,717,365
ii.	B = Market value of assets as of January 1, 2015		936,930,500
iii.	C = Contributions during the period		53,645,391
iv.	D = Disbursements during the period		114,433,049
v.	Rate of return: $\frac{B - A + D - C}{A + ½\ (C - D)}$		3.75%
vi.	Actuarial assumed rate of return for 2014		8.00%
vii.	Difference between actual and assumed rates of return, (v) – (vi)		-4.25%

Actuarial Value Basis

The rate of return on an actuarial value basis is approximated using the same method:

i.	A = Actuarial value of assets as of January 1, 2014	$	922,922,386
ii.	B = Actuarial value of assets as of January 1, 2015		926,905,797
iii.	C = Contributions during the period		53,645,391
iv.	D = Disbursements during the period		114,433,049
v.	Rate of return: $\frac{B - A + D - C}{A + ½\ (C - D)}$		7.26%
vi.	Actuarial assumed rate of return for 4		8.00%
vii.	Difference between actual and assumed rates of return, (v) – (vi)		-0.74%

Plan Provisions and Members Census

The plan provisions of the System and the census of members are the foundation of the valuation, since these are the present facts upon which benefit payments will depend.

Summary of Plan Provisions

Participants

All persons regularly employed by the board of education, charter schools, and employees of the board of trustees are in the System.

Retirement age

Normal
Age 65 or any age if age plus the years of credited service equals or exceeds 85 (Rule of 85)

Early
Age 60 with 5 years of service

Service retirement allowance

a. 2% (1-1/4% if terminated prior to July 1, 1999) times years of credited service, subject to a maximum of 60%
b. Times average final compensation (AFC)
c. Subject to a maximum of 60% of AFC.
   i. AFC is the highest average compensation for any three consecutive years of the last 10 years of service.
   ii. Compensation is the regular wages plus what your employer pays towards your health and welfare benefits.
   iii. Minimum monthly benefit is $10.00 for each year of credited service, up to 15 years, retirement age 65 and over.
   iv. Unused sick leave is added to a participant's credited service and age.

Early retirement benefit

Service retirement allowance reduced five-ninths of one percent for each month of commencement prior to age 65 or the age at which the Rule of 85 would have been satisfied had the employee continued working until that age, if earlier.

Disability benefit

Service retirement allowance using actual service, or 25% of AFC if larger, provided that in no case will the benefit exceed that payable if service had continued to age 65.

a. Disability must be incurred while an employee as determined by the medical board and approved by the board of trustees.
b. The participant must have a minimum of five years of credited service and not be eligible for normal retirement.

Continued disability is subject to routine verification.

Withdrawal benefit

Accumulated contributions of participant with interest credited to the participant's account.

Summary of Plan Provisions (continued)

Vested benefit

Full vesting on termination of employment after at least five years of service is provided if contributions are left with the System. The full accrued benefit is payable at age 65 or a reduced early retirement benefit prior to age 65.

Retirement options

In lieu of the benefit paid only over the lifetime of the participant, a reduced benefit payable for life of participant with:

Option 1	Same retirement allowance continued after death to the beneficiary.
Option 2	One-half of the retirement allowance continued after death to the beneficiary.
Option 3	Same retirement allowance continued after death to the beneficiary. If the beneficiary predeceases the participant, the retirement allowance is adjusted back to the unreduced allowance.
Option 4	One-half of retirement allowance continued after death to the beneficiary. If the beneficiary predeceases the participant, the retirement allowance is adjusted back to the unreduced allowance.
Option 5	Increased retirement allowance is provided up to age 62, such that benefit provided prior to age 62 is approximately equal to the sum of the reduced retirement allowance paid after age 62 and Social Security.
Option 6	Options 1 and 5 combined.
Option 7	Options 2 and 5 combined.

Survivor benefits

If an active participant dies after completing 18 months of service, leaving a surviving spouse or other dependent beneficiaries, survivor benefits are payable. The widow or dependent beneficiary may elect to receive either a refund of accumulated contributions, or:

a. A survivor who is the widow at least age 62 and married to a participant for at least one year receives $60 a month.
b. A widow with dependent, unmarried children under age 22 receives $60 a month plus $60 per dependent child, not to exceed $180 per month. The benefit ceases when youngest child is age 22 and resumes again under (a) at age 62.
c. If no benefits are payable under (a) or (b), minor children may receive a benefit of $60 per child or $180 divided among them if more than three children.
d. If no benefits are payable under (a), (b) or (c), a dependent parent or parents may receive or share $60 per month upon attaining age 62.

If an active participant dies after completing 5 years of service, the widow or dependent beneficiary may elect to receive either a refund of accumulated contributions or:

a. If the survivor is the widow, a survivor benefit calculated as if the participant had been age 60 at death and elected Option 1, plus $60 per dependent child not to exceed $180 per month.
b. If there is no widow, a survivor benefit calculated as if the participant had been age 60 at death and elected Option 1.

Summary of Plan Provisions (continued)

Return of contributions upon death

If after the death of a participant, no further monthly benefits are payable to a beneficiary under an optional form of payment, or under the survivor benefit provisions, the participant's beneficiary shall be paid the excess, if any, of the participant's accumulated contributions over all payments made to or on behalf of the deceased participant.

DROP

Effective July 1, 2001, active participants may elect to enter the deferred retirement option plan (DROP) for up to four years. Upon entering the DROP, the participant's retirement benefit is frozen and credited to the participant's DROP account. At the end of the DROP, or upon earlier termination of employment, the DROP account is paid in a lump sum or installments, at the participant's option. During the DROP, the participant continues as an active participant, but does not pay contributions. To enter the DROP the participant must be age 65 or meet the Rule of 85. The DROP program is no longer available, ending June 30, 2008.

Contributions by participants

Participants contribute 5% of compensation. Accumulated contributions are credited at the rate of interest established by the board of trustees. The current crediting rate is 5%.

Contributions by employers

As needed to keep the System actuarially sound.

Expenses

Administrative expenses paid out of investment income.

Member Census (Last Two Years)

As of January 1	2014	2015
Active Members		
Number	4,880	5,011
Average Age	43.65	43.77
Average Service	8.08	7.94
Average Annual Base Pay	$ 49,852	$ 49,032
Vested Terminated Members		
Number	462	473
Average Account Balance	$ 27,314	$ 28,080
Non-vested Terminated Members		
Number	1,336	1,539
Average Account Balance	$ 3,525	$ 3,485
Benefit Recipients		
Number	4,689	4,624
Average Age	73.15	73.35
Average Monthly Benefit	$ 1,867	$ 1,894

Note: Please see the Statistical Section for a ten year history of the System's membership census.

Schedule of Active Member Valuation Data (Last Six Years)

Plan Year	Number of Active Members	Annual Payroll	Average Annual Pay	% Increase in Average Pay
2010	4,825	241,959,275	50,147	8.70%
2011	4,336	218,308,928	50,348	0.40%
2012	4,784	234,703,040	49,060	-2.56%
2013	4,786	225,894,414	47,199	-3.79%
2014	4,880	243,277,760	49,852	5.62%
2015	5,011	245,699,352	49,032	-1.64%

Schedule of Retirees & Beneficiaries Added or Removed from Rolls (Last Six Years)

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Plan Year	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowance
2010	N/A		N/A		4,370		N/A	N/A
2011	373		156		4,587	$98,927,501	N/A	$21,567
2012	135	$2,606,505	182	$2,793,752	4,540	98,768,933	-0.16%	21,755
2013	164	3,544,756	188	2,699,920	4,516	99,629,314	0.87%	22,061
2014	313	7,711,256	140	2,288,004	4,689	105,061,832	5.45%	22,406
2015	163	3,774,578	228	3,783,237	4,624	105,066,268	0.02%	22,722

Note: The retirement system began tracking changes to Retiree Payroll in Fiscal Year 2013. The changes will appear in the schedule above as they occur with each new fiscal year.

Summary of Methods and Assumptions

The valuation is based upon the premise that the System will continue in existence, so that future events must also be considered. These future events are assumed to occur in accordance with the actuarial assumptions and concern such events as the earnings of the fund; the number of members who will retire, die or terminate their services; their ages at such termination and their expected benefits.

The following actuarial assumptions and the actuarial cost or funding method have been adopted by the board of trustees to serve as guide in funding the System in a reasonable and acceptable manner.

Interest
8.0% per annum.

Participant account interest crediting rate
5.0% per annum.

Expenses
The rate of interest assumed is net of expenses.

Mortality
Mortality tables mandated by the Pension Protection Act as specified in IRS Regulation 1.430(h) (3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.

Disability Mortality
The RP-2000 Disability Mortality Table is used for disabled participants.

Withdrawal
Withdrawals are assumed to occur at rates based on actual experience of the retirement system. During the first five years of membership, withdrawals are assumed to occur at the following rates:

Year of Membership	Non-charter school employees	Charter school employees
1st	25.0%	30.0%
2nd	20.0%	25.0%
3rd	15.0%	20.0%
4th	12.5%	15.0%
5th	10.0%	10.0%

Salary scale
Salaries are assumed to increase at the rate of 4.5% per year.

Disability
Disabilities are assumed to occur at rates based on the actual experience of the retirement system.

Retirement
Retirements occur at rates based on the actual experience of the retirement system. Unless the age-related rate is greater, for those eligible to retire under the Rule of 85, it is assumed that 25% will retire when first eligible for unreduced benefits with at least 30 years of credited service.

Summary of Methods and Assumptions (continued)

Family Structure

The probability of a participant being married and the probable number of children are based on a table constructed by the Social Security Administration, modified to reflect the experience of the retirement system. For married participants, husbands are assumed to be 3 years older than their wives.

Usage of Cash-out Option

Participants terminating in vested status are given the option of taking a refund of their accumulated participant contributions instead of a deferred retirement benefit. Active members who terminate in the future with a vested benefit are assumed to take a deferred vested annuity, unless a refund of contributions and interest is greater than the actuarial present value of their vested deferred benefit.

Future Benefit Increases or Additional Benefits

When funding is adequate, the Board may authorize cost of living adjustments (COLAs) or an additional monthly payment to retirees (13^{th} check.) This valuation assumes that no future COLAs and no future 13^{th} checks will be awarded.

Actuarial Method – Frozen Entry Age

The actuarial cost method used by the System is the "frozen entry age actuarial cost method." Under this method, on the initial actuarial valuation date for which the cost method is used, the annual cost accruals (individual normal costs for each participant) are determined as a level percentage of pay for each year from entry age until retirement or termination. The UFAAL was originally determined as of January 1, 1981. Entry age is determined at the date each participant would have entered the System. The sum of these individual normal costs for all active participants whose attained ages are under the assumed retirement age is the normal cost for the initial plan year. The excess of all normal costs falling due prior to the initial actuarial valuation date, accumulated with interest, over the plan assets establishes the initial Unfunded Frozen Actuarial Accrued Liability (UFAAL).

The UFAAL is only frozen in that it is not adjusted due to experience gains and losses. Instead, gains and losses are reflected through changes in the normal cost accrual rate. The UFAAL does change, increasing due to interest and additional normal costs, and decreasing due to contributions. Any changes to plan provisions or actuarial assumptions result in a change to the UFAAL. The amount of the change is determined by computing the impact in the actuarial accrued liability as of the valuation date coincident with or next following the change.

Normal costs are calculated as the level percentage of pay required to fund the excess of the actuarial present value of future benefits over the sum of the actuarial value of current assets and the remaining UFAAL.

Effective January 1, 2006, UFAAL was reestablished to better reflect an appropriate relationship between the normal cost and the actuarial accrued liability.

The funding requirement for each plan year is the sum of the "normal cost contribution" (equal to the normal cost for that year), plus the "actuarial accrued liability contribution." The "actuarial accrued liability contribution" is the payment required to amortize the UFAAL over 30 years, from January 1, 2006, the date that it was reestablished.

Summary of Methods and Assumptions (continued)

Valuation of Assets

The actuarial value of assets is determined using the assumed yield method of valuing assets. Under the assumed yield asset valuation method, the prior year's actuarial value is increased at the assumed rate of return with appropriate adjustments for contributions and disbursements to produce an expected actuarial value of assets at the end of the year. The expected actuarial value is compared to the market value of assets less the expense and contingency reserve, and 20% of the difference is added to the expected actuarial value. The actuarial value of assets was "fresh-started" as of January 1, 2006 and set equal to the market value of assets as of that date.

Changes from the Prior Valuation

The mortality tables for non-disabled members were updated to the IRS Static Mortality Tables mandated for use by private pension plans for the 2015 plan year.

Non-Annuitant Rates of Withdrawal, Disability and Retirement

Attained	Withdrawal Rates		Disability Rates		Retirement
Age	Males	Females	Males	Females	Rate*
20	18.50%	18.50%	.000%	.000%	0.00%
25	15.50%	15.50%	.000%	.000%	0.00%
30	11.00%	11.00%	.040%	.040%	0.00%
35	9.00%	9.00%	.040%	.040%	0.00%
40	7.50%	7.50%	.080%	.075%	0.00%
45	4.00%	4.00%	.150%	.100%	0.00%
50	2.50%	2.50%	.200%	.150%	0.00%
55	2.00%	2.00%	.450%	.250%	0.00%
60	1.50%	1.50%	.550%	.325%	20.00%
65	0.00%	0.00%	.000%	.000%	35.00%
70	0.00%	0.00%	.000%	.000%	30.00%
72	0.00%	0.00%	.000%	.000%	100.00%

*The retirement rate for all members less than 60 years old is 20% under the "Rule of 85."

Summary of Methods and Assumptions (continued)

Non-Annuitant Mortality Rates

Death Rates			Death Rates		
Male	Age	Female	Male	Age	Female
.000382	30	.000195	.018659	75	.015484
.000665	35	.000341	.051599	80	.039309
.000848	40	.000449	.094897	85	.067842
.001018	45	.000693	.167928	90	.123259
.001240	50	.001002	.255965	95	.186128
.001704	55	.001985	.271672	96	.196530
.003007	60	.003382	.286932	97	.210554
.004961	65	.005008	.308432	98	.219072
.006305	70	.006550	.323018	99	.226350

Annuitant Mortality Rates

Death Rates			Death Rates		
Male	Age	Female	Male	Age	Female
.000382	30	.000195	.027744	75	.023554
.000665	35	.000341	.051599	80	.039309
.000848	40	.000449	.094897	85	.067842
.001595	45	.000699	.167928	90	.123259
.003586	50	.001607	.255965	95	.186128
.003872	55	.002959	.271672	96	.196530
.005748	60	.005553	.286932	97	.210554
.009840	65	.009282	.308432	98	.219072
.015925	70	.014994	.323018	99	.226350

Disability Mortality Rates

Death Rates			Death Rates		
Male	Age	Female	Male	Age	Female
.022571	30	.007450	.082067	75	.052230
.022571	35	.007450	.109372	80	.072312
.022571	40	.007450	.141603	85	.100203
.022571	45	.007450	.183408	90	.140049
.028975	50	.011535	.267491	95	.194509
.035442	55	.016544	.283905	96	.205379
.042042	60	.021839	.299852	97	.215240
.050174	65	.028026	.315296	98	.223941
.062583	70	.037635	.330207	99	.231387

“prudently administered in an effective and efficient manner.”

Statistical Section

Summary

The statistical section contains information about the System not found elsewhere in the CAFR that is broken down into several different parts.

The first part, found on page 91, is a Schedule of Changes in Fiduciary Net Position for the last 10 fiscal years that provides detail on the additions and deductions from the plan's assets and concludes with the annual change to the fiduciary net position for each year.

The second part, found on pages 92 - 96, contains membership schedules and a graph that detail information about the plan's retired, active and inactive members. The information found on these pages includes census data for retirees by payment option and type of retirement, average benefit payments for the last five fiscal years, covered members for the last ten fiscal years and a summary of membership changes in fiscal year 2015.

There are several charts and graphs on page 97 that contain a number of decades of history on the progress of the plan's market value of assets, employer and employee contributions, and investment income.

The last page in the statistical section provides detail on the plan's legislative history that began on January 1, 1944.

Public School Retirement System of the City of St. Louis

Schedule of Changes in Fiduciary Net Position
Last 10 Fiscal Years Ended December 31st

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Additions by source					(as restated)				(as restated)	
Employer contributions	$ 19,887,885	$ 22,445,608	$ 27,853,996	$ 28,598,502	$ 26,075,146	$ 28,720,193	$ 29,551,964	$ 37,034,907	$ 41,757,458	$ 40,708,503
Employee contributions	10,511,284	10,791,580	11,537,258	12,131,979	11,188,919	11,879,052	12,147,663	11,814,124	11,887,933	11,664,711
Investment income (loss)	128,774,730	103,030,906	(259,438,857)	146,071,959	115,925,274	(5,319,851)	97,514,207	129,102,935	34,857,035	(5,488,658)
Other income				71,391	127,426	131,119	134,813	138,506	143,754	146,007
Total additions(depreciation)	159,173,899	136,268,094	(220,047,603)	186,873,831	153,316,765	35,410,513	139,348,647	178,090,472	88,646,180	47,030,563
Deductions by type*										
Retirement benefits	80,638,120	86,928,394	93,852,021	97,129,242	99,277,919	96,303,329	96,073,967	98,000,369	99,874,101	99,634,429
Survivor benefits						2,540,407	2,595,094	2,654,895	2,784,937	2,877,844
Disability benefits						3,149,322	3,246,806	3,402,037	3,524,388	3,510,745
Health care subsidies	2,712,541	2,726,258	2,781,111	2,794,544	2,808,370	2,825,430	2,752,751	2,726,158	2,696,001	2,600,225
Operating expenses	1,583,964	1,558,874	1,576,882	1,415,026	1,499,302	1,432,914	1,450,265	1,441,183	1,350,390	1,466,261
Contribution refunds	11,252,780	18,559,040	22,910,310	3,765,085	3,203,714	3,242,200	4,773,609	3,690,639	4,203,229	4,761,086
Total deductions by type	96,187,405	109,772,566	121,120,324	105,103,897	106,789,305	109,493,602	110,892,492	111,915,281	114,433,046	114,850,590
Changes in fiduciary net positions	$ 62,986,494	$ 26,495,528	$ (341,167,927)	$ 81,769,934	$ 46,527,460	$ (74,083,089)	$ 28,456,155	$ 66,175,191	$ (25,786,866)	$ (67,820,027)

*Note: The retirement system began providing dollar breakouts of retirement, survivor and disability benefits back to fiscal year 2011 with the annual report for the fiscal year ended December 31, 2013. Prior to fiscal year 2011, this detail is combined in the retirement benefits line item. This detailed information will appear in the schedule of changes in fiduciary net position as it occurs.

Public School Retirement System
of the City of St. Louis

Retired Members and Beneficiaries By Payment Option & Type
On January 1, 2015

Option	Service Benefit	Disability Benefit	Survivor Benefit	Total
0	3,435	204	300	3,939
1	145	18	-	163
2	86	5	-	91
3	187	16	-	203
4	179	7	-	186
5	21	4	-	25
6	10	6	-	16
7	1	-	-	1
Total	4,064	260	300	4,624

Amount of Annual Benefits By Payment Option & Type
On January 1, 2015

Option	Service Benefit	Disability Benefit	Survivor Benefit	Total
0	$ 84,147,431	$ 2,847,228	$ 3,292,597	$ 90,287,256
1	2,687,222	257,498	-	2,944,720
2	1,982,119	124,270	-	2,106,389
3	3,852,963	216,148	-	4,069,111
4	4,620,663	142,656	-	4,763,319
5	560,917	42,869	-	603,786
6	210,093	50,744	-	260,837
7	30,849	-	-	30,849
Total	$ 98,092,257	$ 3,681,413	$ 3,292,597	$ 105,066,267

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Option 4 One-half of retirement allowance continued after death to the beneficiary. If the beneficiary predeceases the participant, the retirement allowance is adjusted back to the unreduced allowance.
Option 5 Increased retirement allowance is provided up to age 62, such that benefit provided prior to age 62 is approximately equal to the sum of the reduced retirement allowance paid after age 62 and Social Security.
Option 6 Options 1 and 5 combined.
Option 7 Options 2 and 5 combined.

Public School Retirement System
of the City of St. Louis

Average Annual Benefit Payments By Payment Option & Type
On January 1, 2015

Option	Service Benefit	Disability Benefit	Survivor Benefit	All
0	$ 24,497	$ 13,957	$ 10,975	$ 22,921
1	18,533	14,305	-	18,066
2	23,048	24,854	-	23,147
3	20,604	13,509	-	20,045
4	25,814	20,379	-	25,609
5	26,710	10,717	-	24,151
6	21,009	8,457	-	16,302
7	30,849	-	-	30,849
All	$ 24,137	$ 14,159	$ 10,975	$ 22,722

Average Monthly Benefit Payments By Payment Option & Type
On January 1, 2015

Option	Service Benefit	Disability Benefit	Survivor Benefit	All
0	$ 2,041	$ 1,163	$ 915	$ 1,910
1	1,544	1,192	-	1,506
2	1,921	2,071	-	1,929
3	1,717	1,126	-	1,670
4	2,151	1,698	-	2,134
5	2,226	893	-	2,013
6	1,751	705	-	1,359
7	2,571	-	-	2,571
All	$ 2,011	$ 1,180	$ 915	$ 1,894

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Option 6 Options 1 and 5 combined.
Option 7 Options 2 and 5 combined.

Public School Retirement System
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Schedule of Average Benefit Payments
Last Five Fiscal Years Ended December 31st

	Years of Service						
Retirement Year(s)	**0 - 5**	**6 - 10**	**11 - 15**	**16 - 20**	**21 - 25**	**26 - 30**	**31+**
2011							
Average Monthly Benefit	$694	$647	$1,029	$1,613	$2,292	$2,855	$2,881
Number of Retirees	6	25	18	17	20	15	13
2012							
Average Monthly Benefit	$399	$620	$1,143	$1,457	$2,171	$3,234	$3,767
Average Monthly Salary *	$3,809	$4,025	$4,642	$4,856	$4,977	$5,901	$6,162
Number of Retirees	5	32	23	19	25	34	15
2013							
Average Monthly Benefit	$414	$617	$985	$1,655	$2,438	$3,105	$3,564
Average Monthly Salary *	$3,920	$4,043	$4,170	$4,771	$5,351	$5,527	$5,888
Number of Retirees	7	36	50	27	58	73	33
2014							
Average Monthly Benefit	$538	$674	$1,077	$1,908	$2,311	$3,382	$3,035
Average Monthly Salary *	$6,007	$4,553	$4,639	$5,438	$5,143	$5,882	$5,123
Number of Retirees	8	24	15	18	18	26	22
2015							
Average Monthly Benefit	$307	$604	$1,188	$1,513	$2,356	$3,031	$3,829
Average Monthly Salary *	$3,211	$3,624	$4,624	$4,526	$5,183	$5,305	$6,436
Number of Retirees	8	20	27	17	18	27	16
2011 - 2015							
Average Monthly Benefit	**$465**	**$631**	**$1,070**	**$1,631**	**$2,342**	**$3,138**	**$3,430**
Average Monthly Salary *	**$4,237**	**$4,061**	**$4,519**	**$4,898**	**$5,164**	**$5,654**	**$5,902**
Number of Retirees	**34**	**137**	**133**	**98**	**139**	**175**	**99**

*Note: The retirement system began tracking average monthly salary during the fiscal year ended December 31, 2012. The average monthly salary will appear in the schedule of average benefit payments as it occurs.

Public School Retirement System
of the City of St. Louis

Schedule of Covered Members
Last Ten Fiscal Years Ended December 31st

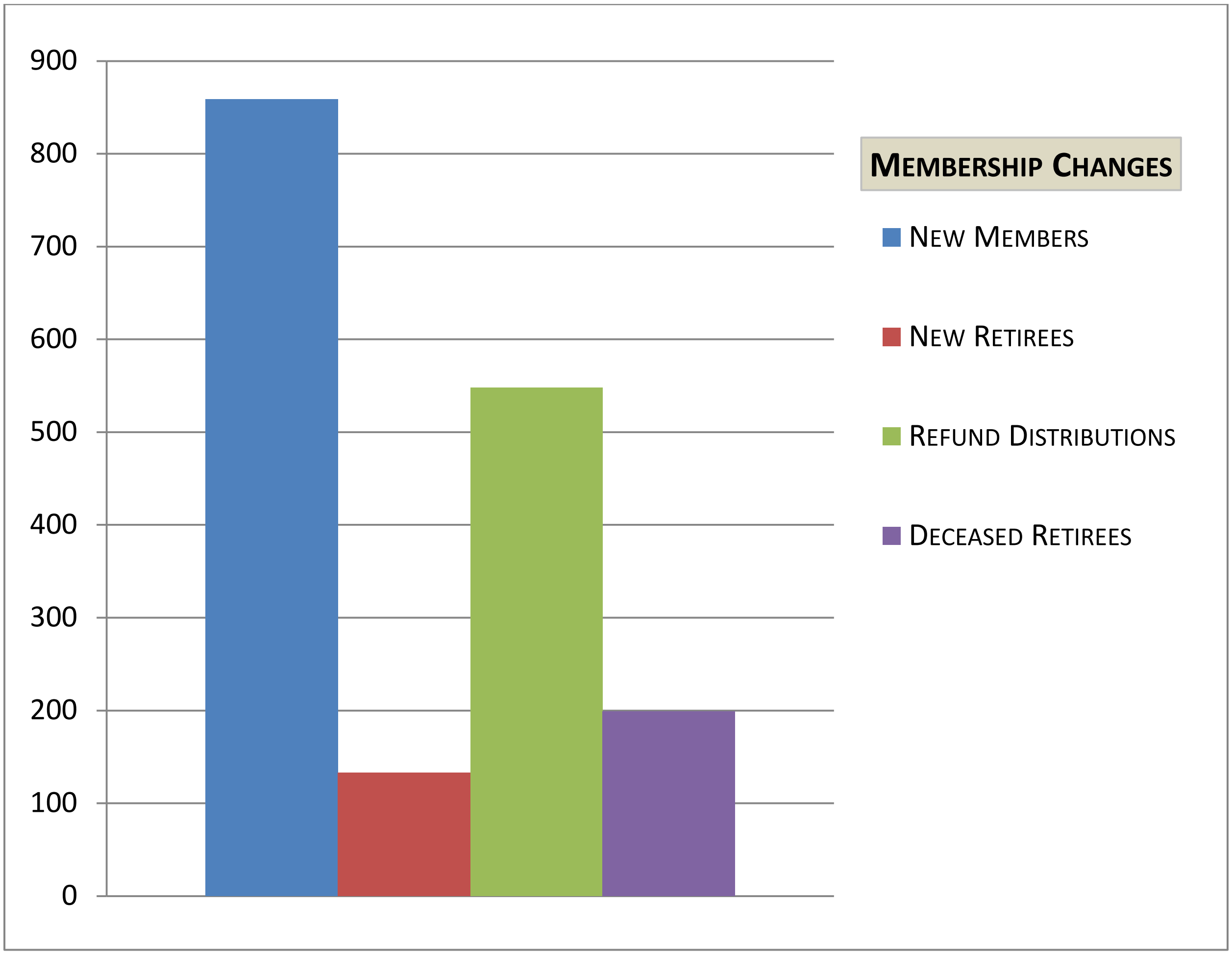
	2015		2014		2013		2012		2011	
Member Type	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**
Active	5,011	43.0%	4,880	42.9%	4,786	43.7%	4,784	42.4%	4,336	40.0%
Inactive	2,012	17.3%	1,798	15.8%	1,643	15.0%	1,958	17.4%	1,935	17.8%
Retired (includes Beneficiaries)	4,624	39.7%	4,689	41.3%	4,516	41.3%	4,540	40.2%	4,587	42.2%
Total	11,647	100%	11,367	100%	10,945	100%	11,282	100%	10,858	100%

	2010		2009		2008		2007		2006	
Member Type	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**
Active	4,825	43.5%	5,085	45.4%	5,021	45.2%	5,010	47.3%	5,156	50.9%
Inactive	1,896	17.1%	1,543	13.8%	1,635	14.7%	1,488	14.1%	952	9.4%
Retired (includes Beneficiaries)	4,370	39.4%	4,570	40.8%	4,456	40.1%	4,084	38.6%	4,026	39.7%
Total	11,091	100%	11,198	100%	11,112	100%	10,582	100%	10,134	100%

The Year in Review

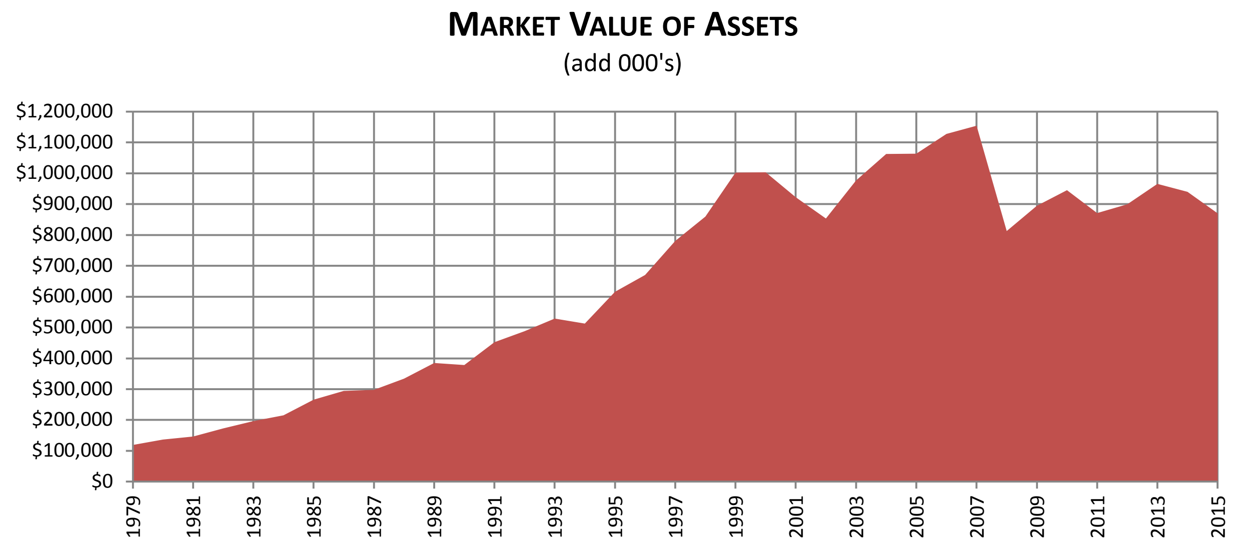
During the fiscal year ended December 31, 2015, PSRSSTL added 859 new members and 133 new retirees to payroll. The retirement system processed 548 refund distributions for members who left the System and bid farewell to 199 retirees due to death.

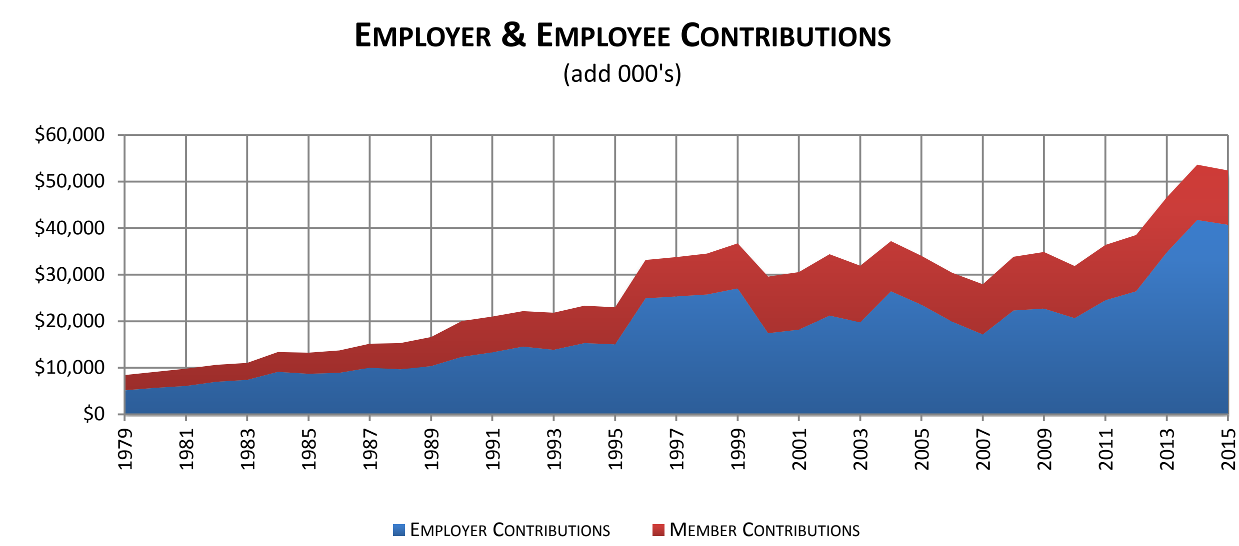
Fiscal Year 2015

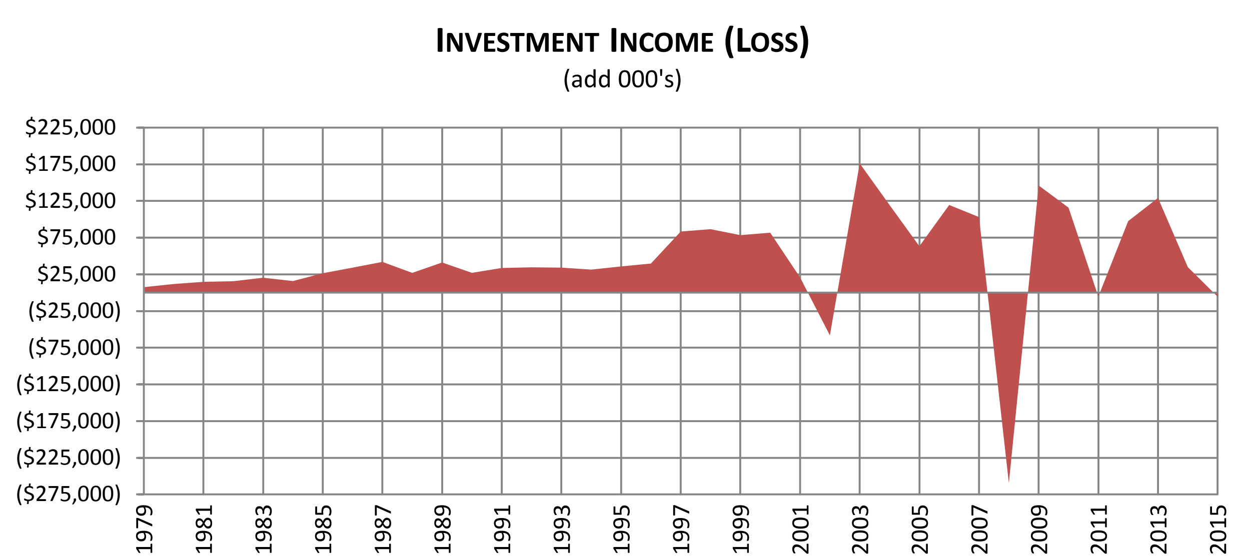


Charts and Graphs

These charts and graphs show changes in market value of assets, contributions, and investment earnings since 1979 when the plan's assets crossed-over $100 million.







Public School Retirement System
of the City of St. Louis

1944	-	Missouri General Assembly formed the retirement system for all full-time employees of the St. Louis Board of Education
1961	-	Plan provisions revised for all future employees, active participants given option to remain in the "old plan" or upgrade to the "new plan"
1969	-	Credited Service allowed for time lost from 1944 - 1947
1972	-	Various Credited Service options added, "old plan" participants granted another opportunity to upgrade to the "new plan," introduction of survivor, disability and minimum benefits
1975	-	First increase in benefits granted to certain teacher retirees
1978	-	Plan provisions upgraded and revised, credited service limits removed, survivor benefits revised, employee contribution rate set at 3% of compensation, Trustees granted rule-making authority, first back-to-work provision for certain retirees
1979	-	Plan provisions revised to allow sick leave balances to be added to credited service and age requirements for retirement, early retirement and survivor benefits revised
1981	-	Plan provisions upgraded, insurance benefits improved, actuarial cost method changed to the "frozen entry age cost method," several administrative changes were made that included the broadening of investment authority for the Board of Trustees
1984	-	Survivor and disability benefits upgraded, second back-to-work provision added for certain retirees
1985	-	First supplemental early retirement benefit added for certain retirees
1987	-	"Old plan" participants granted another opportunity to join "new plan," increased the minimum retirement benefit, several administrative changes made
1988	-	Survivor and supplemental benefits enhanced
1989	-	Certain plan provisions were improved
1990	-	Supplemental benefits extended for certain retirees
1993	-	Supplemental benefits enhanced for certain retirees
1996	-	Credited service purchase allowed for certain periods of lay-offs, investment trustee position replaced with school administrator trustee position, COLA provisions added
1997	-	COLA provision added for certain retirees
1998	-	Employee Contribution rate increased to 4.5%, pension factor set at 2%, catch-up COLA for certain retirees, Board of Education agreed to 8.3% employer contribution rate for three years
1999	-	Employee contribution rate set at 5%
2001	-	COLA provisions added for certain retirees, DROP added until 2005, employer contribution rate set at 8%, actuary to determine annual employer contribution rate beginning in 2002 and future years
2002	-	Credited service rules revised, pre-tax transfers allowed between certain retirement plans, Charter School provisions added and clarified, social security leveling pension benefit options introduced, actuarial provisions revised to allow the Board of Trustees more flexibility, amortization limit set at 30 years
2007	-	Several administrative changes were made, including to allow the Board of Trustees to grant an increase in pension benefits provided certain conditions are met, Board of Trustees annual educational requirements expanded, actuarial cost reporting revised for all Missouri retirement plans
2009	-	State reporting requirements revised for all Missouri retirement plans
2014	-	General provisions revised for all Missouri retirement plans

Public School Retirement System
of the City of St. Louis
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