PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS, MO

A Pension Trust Fund for
Public School Employees

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2011

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

A Pension Trust Fund for Public School Employees

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2011

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

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“The mission of the Public School Retirement System of the City of St. Louis is….

Board of Trustees

An eleven-member Board of Trustees is responsible for general administration of the Retirement System as well as the investment of the System's assets. Active Retirement System 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 School ("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 P. Goodwin	12-31-2012	Active Teacher
Thaha Menkara	12-31-2013	Active Non-teacher
Eural R. Thomas	12-31-2014	Active Non-teacher
Yvette A. Levy	12-31-2015	Active Teacher
Vacant	12-31-2015	Active Administrator

Elected by Retired Members	**Term Ends**	**Trustee Representation**
Joseph Clark	09-30-2013	Retired Non-Teacher
Charles L. Shelton, Jr.	09-30-2015	Retired Teacher

SLPS Board Appointed	**Term Ends**	**Trustee Representation**
Sarah Sise	12-31-2012	SLPS Board of Education
Mona E. Lawton	12-31-2013	SLPS Board of Education
Christina C. Bennett	12-31-2014	SLPS Board of Education
Richard Sullivan	12-31-2015	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, 2012

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

I am pleased to present the *Comprehensive Annual Financial Report (CAFR)* of the Public School Retirement System of the City of St. Louis ("the System" or "the plan") for the year ended December 31, 2011. Management of the System is responsible for the contents 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 as of December 31, 2011.

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 School District, the System, a number of Charter Schools located in the St. Louis Public School 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). A system of internal controls is in place to help management with safeguarding and monitoring assets while promoting efficient operations. These internal controls are designed to protect the System's assets from loss due to unauthorized use or disposition and provide a reasonable assurance that the System executes its financial transactions in accordance with proper authorization.

Please refer to the Management Discussion and Analysis on pages 13 through 16 for an overview of additions and deductions from the plan during 2011.

Investment Activities

The overall investment return for the plan during 2011 was (0.1)%. This investment return was below both the asset allocation policy objective of 8.6% and the actuarial assumption of 8.0%. Thus, the investment managers added no value to the fund for the year. In comparison to other similar public plans, the System's investment return for year 2011 ranked in the top 71% of this universe of public funds 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. This is a critical decision made by the Board of Trustees at least annually 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 information regarding investments 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 primary 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 year 2011, the Funded Ratio was 88.6%, the highest Funded Ratio for the System in over 20 years.

The Actuary calculates an ARC that is adequate to fund the normal costs of the plan plus 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 ($)
2009	9.51%	$21,406,949
2010	8.27%	$19,407,727
2011	10.03%	$24,264,182

Detailed actuarial information can be found in the Actuarial Section of this report.

Legislative Information

There were no major legislative changes in 2011 that directly affected the System. The last change to the System's plan provisions occurred in 2002.

A complete summary of the System's legislative history can be found in the Statistical Section on page 88 of this report.

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, Huber, Ring, Helm & Co., P.C., are contained elsewhere in this report.

The firms that provide professional services to the System appear on page 8 of this section.

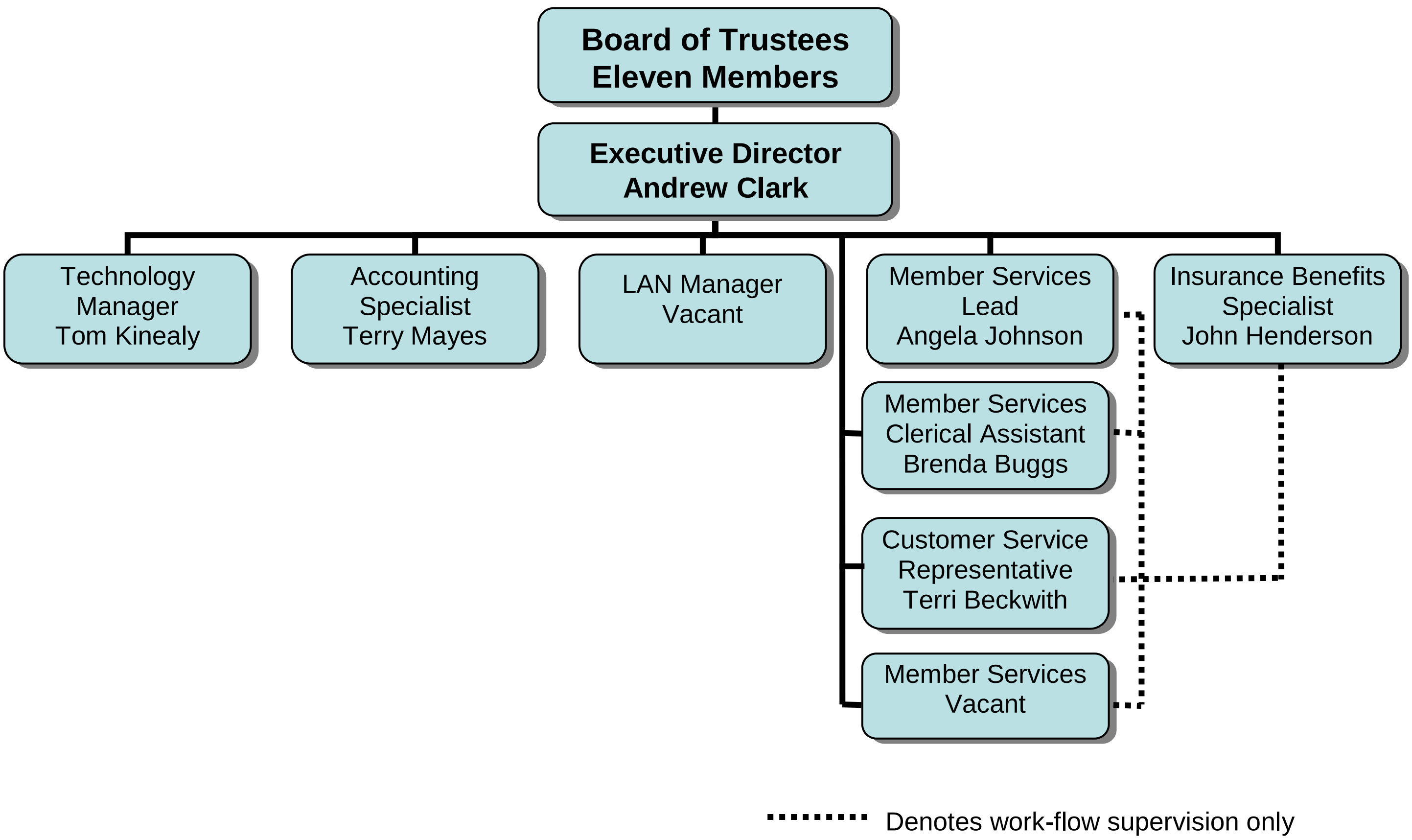
Acknowledgements

I would like to thank the Board of Trustees, staff and consultants whose work contributed to this report and helps to guarantee the continued success of the System.

Sincerely,

Andrew Clark
Executive Director

Organizational Chart



2011 PROVIDERS OF PROFESSIONAL SERVICES

ACTUARIAL SERVICES

Buck Consultants
Stephen Siepman
St. Louis, MO

LEGAL COUNCIL

Bartley Goffstein, LLC
Jeffrey E. Hartnett
St. Louis, MO

AUDITOR

Huber, Ring, Helm & Co., P.C.
Thomas S. Helm, CPA
St. Louis, MO

PROPERTY MANAGEMENT

CB Richard Ellis
St. Louis, MO

INSURANCE CONSULTANT

Longfellow Benefits
Patrick Haraden
Boston, MA

TECHNOLOGY CONSULTING

Jupiter Consulting
St. Louis, MO

Blade Technology
St. Louis, MO

INVESTMENT CONSULTANT

New England Pension Consultants
Michael Cairns
Chicago, IL

FINANCIAL SECTION

Page

"….to enhance the well-being and financial security of our members, retirees and beneficiaries….

Huber, Ring, Helm & Co., P.C.
CPAs • Advisors

1600 S. Brentwood Blvd.
Suite 600
St. Louis, MO 63144-1334

314-962-0300
314-962-9474 (fax)

Independent Auditor's Report

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

We have audited the accompanying statements of plan net assets of the Public School Retirement System of the City of St. Louis (the "System") as of December 31, 2011 and 2010 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our report dated April 11, 2011, we expressed an opinion that the 2010 financial statements did not fairly present the statements of net assets and the related statements of changes in plan net assets in conformity with accounting principles generally accepted in the United States of America because investments in partnerships had been valued at cost. As described in Note 2 to the financial statements, the Company has restated its 2010 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the 2010 financial statements, as presented herein, is different from that expressed in our previous report.

INDEPENDENT AUDITOR'S REPORT

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

As discussed in Note 2 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships, venture capital partnerships and real estate partnerships. Such investments totaled $73,292,125 and $73,254,069 (8% in 2011 and 2010 of total assets) at December 31, 2011 and 2010, respectively. Where a publicly listed price is not available, the management of the System uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of the investments.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Public School Retirement System of the City of St. Louis as of December 31, 2011 and 2010 and changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental management discussion and analysis on pages 3 – 6, and the supplemental schedules of funding progress and employer contributions on pages 25 – 26 are not a required part of the basic financial statements of the System, but are supplemental information required by the Governmental Accounting Standards Board. For the supplemental management discussion and analysis, the schedules of funding progress and employer contributions, and the schedules of operating expenses, schedules of investment expenses, and schedules of professional and consultant fees found on pages 29 – 30, we have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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

St. Louis, Missouri
April 10, 2012

**To clarify, a few page references made in the auditor's report refer to the entire report of Audited Financial Statements prepared by the Auditor. Management has not altered the Independent Auditors Report to fit the format of this Annual Report for the sole purpose of preserving integrity.*

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, 2011. This MD&A should be read in conjunction with the PSRSSTL financial statements and supplemental information.

FINANCIAL HIGHLIGHTS

PSRSSTL net assets were $868,086,018 on December 31, 2011, which represents a decrease of $74,083,089 from December 31, 2010. This decrease is due to the depreciation of the fair market value of investments and indicative of the extreme volatility seen in the financial markets during the latter half of 2011.

The overall investment return for PSRSSTL investments was (.10)% for fiscal year 2011 and 14.9% for fiscal year 2010. The flat investment return in fiscal year 2011 compared to the positive investment return in fiscal year 2010 reflects a volatile financial market in the midst of a slow recovery from the tumultuous financial conditions experienced in 2008 and 2009. While predicting conditions in the marketplace remains challenging for financial experts, the Board of Trustees stands behind a sound Asset Allocation Policy by staying focused on active monitoring of its money managers and long-term investment objectives. The actuarially assumed rate of return remained at 8% during fiscal year 2011.

Additions to net assets were $35 million and $153 million for each of the fiscal years 2011 and 2010. The primary addition to net assets was employer contributions of $29 million in fiscal year 2011 compared to investment income of $115 million in fiscal year 2010. The secondary addition to net assets came from member contributions of $12 million in fiscal year 2011 compared to employer contributions of $26 million in fiscal year 2010.

Deductions from net assets were $109 million and $107 million in fiscal years 2011 and 2010, respectively. The $2 million variance in deductions from net assets between fiscal years 2011 and 2010 is mostly due to the increase in retirement/death benefits to members during fiscal year 2011.

During 2011, the Board of Trustees balanced the Asset Allocation Policy adopted in 2010 by hiring several new money managers. The Board of Trustees added to the Global Asset Allocation investment class by hiring PIMCO and investing $35 million in the firm's All Asset Fund, and by hiring money manager Wellington Management to manage a new $25 million real assets portfolio. The Board of Trustees hired hedge fund money managers EnTrust Capital and Permal Group to replace K-2 Advisors and Mariner Select, respectively; each money manager is responsible for a $20 million hedge fund portfolio. The investments were funded by re-allocating funds within each asset class and from domestic equities.

FINANCIAL STATEMENTS

The PSRSSTL financial report consists of two financial statements, (1) the Statement of Plan Net Assets, and (2) the Statement of Changes in Plan Net Assets. The Statement of Plan Net Assets provides details concerning PSRSSTL assets and related liabilities other than benefit obligations. PSRSSTL net assets reflect the resources available for future benefit payments. The Statement of Changes in Plan Net Assets provides details concerning PSRSSTL financial activity during fiscal year 2011 that lead to the change in plan net assets from fiscal year 2010 to fiscal year 2011.

In addition to the financial statements, the financial report contains notes to the financial statements and supplemental information that provide further information for use in analyzing the financial statements as well as actuarial information related to the funded status of PSRSSTL.

FINANCIAL ANALYSIS

On December 31, 2011, total assets for PSRSSTL were $868,928,446 and comprised of cash, an office building, receivables and investments. Total assets in fiscal year 2011 decreased by 7.9% or $74,226,226 over fiscal year 2010 due to a lower market value of PSRSSTL investments.

On December 31, 2011, total liabilities for PSRSSTL were $842,428 and consisted of accounts payable. Total liabilities in fiscal year 2011 decreased by 14.5% or $143,137 over fiscal year 2010.

On December 31, 2011, net assets held in trust to pay pension benefits were $868,086,018, a decrease of 7.9% or $74,083,089 over fiscal year 2010.

Condensed Statements of Plan Net Assets

			Total Change	
	FY 2011	FY 2010 (as restated)	Amount	Percentage
ASSETS				
Cash	$ 10,605,614	$ 12,255,231	$ (1,649,617)	(13.5)%
Property & building, net	2,152,334	2,219,772	(67,438)	(3.0)%
Receivables	2,095,857	2,186,564	(90,707)	(4.2)%
Investments	854,074,641	926,493,105	(72,418,464)	(7.8)%
Total assets	868,928,446	943,154,672	(74,226,226)	(7.9)%
LIABILITIES				
Accounts payable	842,428	985,565	(143,137)	(14.5)%
Total current liabilities	842,428	985,565	(143,137)	(14.5)%
NET ASSETS	$ 868,086,018	$ 942,169,107	$ (74,083,089)	(7.9)%

REVENUES – ADDITIONS TO PLAN NET ASSETS

The assets that are required to finance PSRSSTL retirement benefits are accumulated through receipt of employer and member contributions as well as through earnings on investments. For fiscal year 2011, employer contributions were $28.7 million; member contributions were $11.9 million; and the net investment loss was $5.3 million.

Employer and member contributions combined increased by $3.3 million in fiscal year 2011 as compared to fiscal year 2010 primarily because of the increase in the required employer contributions from 8.27% of covered compensation in fiscal year 2010 to 10.03% in fiscal year 2011. 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 normal compensation has been in effect since July 1, 1999.

Net investment income was $121 million less in fiscal year 2011 than in fiscal year 2010 because investment earnings were (.10)% for fiscal year 2011 as compared with 14.9% for fiscal year 2010. Net investment income of $(5,319,851) and $115,925,274 in fiscal years 2011 and 2010 reflect gross investment income less investment related expenses such as investment manager and custodial fees.

EXPENSES – DEDUCTIONS FROM PLAN NET ASSETS

The primary deductions from plan net assets were retirement and death benefits paid to retired members and their beneficiaries, retiree healthcare subsidies and refunds to members who retired or terminated employment. PSRSSTL administrative expenses in fiscal year 2011 were approximately 0.17% of assets.

Condensed Statements of Changes in Plan Net Assets

	FY 2011	FY 2010 (as restated)	Total Change Amount	Total Change Percentage
ADDITIONS				
Employer contributions	$ 28,720,193	$ 26,075,146	$ 2,645,047	10.1%
Member contributions	11,879,052	11,188,919	690,133	6.2%
Net investment income (loss)	(5,319,851)	115,925,274	(121,245,125)	(104.6)%
Rental income	131,119	127,426	3,693	2.9%
Total additions (depreciation)	35,410,513	153,316,765	(117,906,252)	(76.9)%
DEDUCTIONS				
Retirement/death benefits	101,993,058	99,277,919	2,715,139	2.7%
Health care subsidies	2,825,430	2,808,370	17,060	0.6%
Administrative expenses	1,432,914	1,499,302	(66,388)	(4.4)%
Refunds to members	3,242,200	3,203,714	38,486	1.2%
Total deductions	109,493,602	106,789,305	2,704,297	2.5%
INCREASE OR (DECREASE) IN NET ASSETS	$ (74,083,089)	$ 46,527,460	$ (120,610,549)	(259.2)%

FINANCIAL SUMMARY

For more than a decade, PSRSSTL investment performance has been calculated consistently, thereby providing a valid basis on which performance can be compared with other public pension funds. During the past ten-year period, PSRSSTL investment returns have performed consistently when compared to other public pension funds with the cumulative PSRSSTL returns ranking in the top 9% of public plans for the ten-year period ended December 31, 2011.

Net plan assets over this same timeframe have fluctuated all the way from a high of $1.15 billion in fiscal year 2007 to a low of $810 million in fiscal year 2008. At the end of fiscal year 2011, net plan assets were $868 million, ending up between the ten-year high and low. This fluctuation in the value of net plan assets from year-to-year can be attributed to financial market conditions that have caused several large spikes followed by big losses of investment returns throughout the past ten-year period.

Over the same period, the funded status of the PSRSSTL plan, using the Government Accounting Standards Board (GASB) calculation method, 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 ratio of the PSRSSTL plan for fiscal year 2011 was 88.6%, the highest funded ratio for PSRSSTL since the system began tracking the ratio under the GASB method in 1992.

The Board of Trustees and the PSRSSTL plan actuary believe 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, and quality investment managers continue to be selected. Despite the losses experienced during the 2011 3rd Quarter, the financial markets continue to recover from the larger losses experienced in 2008 and 2009.

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 PLAN NET ASSETS

DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010 (as restated)
CASH	$ 10,605,614	$ 12,255,231
PROPERTY and BUILDING, net	2,152,334	2,219,772
RECEIVABLES		
Accrued interest and dividends	2,095,857	2,186,564
INVESTMENTS, at fair value		
Cash equivalents	37,627,622	33,566,529
Bonds		
U.S. Government and agency issues	50,200,578	48,690,369
Corporate	51,286,089	68,563,470
Foreign investments (bonds and stocks)	95,408,493	109,773,594
Common and preferred stocks	224,917,277	265,038,827
Mutual funds	301,124,937	303,286,315
Real estate partnerships - insurance contracts	46,725,649	47,890,147
Credit opportunity investments	20,217,520	23,406,472
Limited partnerships	24,660,720	24,201,175
Venture capital partnerships	1,905,756	2,076,207
Total investments	854,074,641	926,493,105
Total assets	868,928,446	943,154,672

LIABILITIES

	2011	2010 (as restated)
CURRENT LIABILITIES		
Accounts payable and accrued expenses	842,428	985,565
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
(A schedule of funding progress is presented on page 36.)	$ 868,086,018	$ 942,169,107

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

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

STATEMENTS OF CHANGES IN PLAN NET ASSETS

YEARS ENDED DECEMBER 31, 2011 AND 2010

ADDITIONS	2011	2010 (as restated)
Employer contributions		
St. Louis Public Schools	$ 19,933,761	$ 16,790,176
Charter Schools	4,521,680	3,843,486
Retirement System	57,964	48,617
Sick leave conversion	4,206,788	5,392,867
Employee contributions		
St. Louis Public Schools	9,480,801	9,297,577
Charter Schools	2,369,287	1,861,472
Retirement System	28,964	29,870
	40,599,245	37,264,065
Net appreciation (depreciation) in fair value of investments		
Cash equivalents	173,183	145,293
Bonds		
U.S. Government and agency issues	4,839,701	2,368,569
Corporate	318,726	12,430,607
Foreign investments	(2,869,585)	7,791,564
Common and preferred stock	6,558,047	51,328,791
Mutual funds	(20,035,929)	32,145,348
Real estate loan		233
Limited partnerships	2,511,653	2,932,154
Real estate partnerships	6,309,362	7,435,595
Venture capital partnerships	(61,874)	461,748
Credit opportunity investments	908,948	2,904,651
	(1,347,768)	119,944,553
Less investment expense	3,972,083	4,019,279
Net investment income (loss)	(5,319,851)	115,925,274
Rental income	131,119	127,426
Net additions	35,410,513	153,316,765

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

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

STATEMENTS OF CHANGES IN PLAN NET ASSETS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010 (as restated)
DEDUCTIONS		
Benefits paid		
Retirement and death benefits	$ 101,993,058	$ 99,277,919
Health care subsidies and supplemental payments	2,825,430	2,808,370
	104,818,488	102,086,289
Operating expenses	1,432,914	1,499,302
Contribution refunds due to death or resignation	3,242,200	3,203,714
Total deductions	109,493,602	106,789,305
INCREASE (DECREASE) IN PLAN NET ASSETS	(74,083,089)	46,527,460
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS BEGINNING OF YEAR		
As previously reported	937,594,203	891,562,918
Adjustment for change in method of reporting for certain investments	4,574,904	4,078,729
Balance at beginning of year, as restated	942,169,107	895,641,647
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS END OF YEAR	$ 868,086,018	$ 942,169,107

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

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF SYSTEM

General

The Public School Retirement System of the City of St. Louis is a funding agency 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 employees of the Public School Retirement System of the City of St. Louis. The System is a multi-employer defined benefit pension plan.

Operations and management of the System are generally prescribed in the Statutes and are supervised by the Board of Trustees.

Membership

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

	January 1, 2011	January 1, 2010
Active members	4,336	4,825
Inactive members	1,935	1,896
Total members not retired	6,271	6,721
Retired members		
Service and survivors	4,312	4,100
Disability	275	418
	4,587	4,518
Total membership	10,858	11,239

Vesting

Full vesting on termination of employment after at least five years of service is provided if contributions are left with the System.

Benefits

Upon retirement at age 65, or at any age if age plus years of credited service total 85 or more (Rule of 85), members receive monthly payments for life of yearly benefits equal to years of

NOTE 1 – DESCRIPTION OF SYSTEM (CONTINUED)

Benefits (continued)

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 with 5 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. Survivors' 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.

Return of Contributions

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

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 employer contribution rate is set each year by the Board of Trustees upon recommendation of the independent actuary.

Expenses

Administrative expenses are paid out of investment income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Plan member contributions are mandatory and are recognized in the period in which contributions are due. Employer contributions to the Plan are also mandatory and are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Prior Period Adjustment

The accompanying financial statements for 2010 have been restated to reflect the change in valuing limited partnerships and venture capital partnerships from the cost basis to fair market value. Accounts that were adjusted during this conversion include limited partnerships, venture capital partnerships, their respective appreciation (depreciation) in fair

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

value of investments and net assets held in trust for pension benefits. The effect of the restatement was to increase the Increase in Plan Net Assets balance for 2010 by $496,175. The correction increased beginning net assets as of January 1, 2011 and 2010 by $4,574,904 and 4,078,729, respectively.

Estimates

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

Receivables

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

Tax Status

The System has been determined to be exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Method Used to Value Investments

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 7 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.

Real estate partnerships – insurance contracts

The System has entered into contracts with several insurance companies. The accounts are credited with actual earnings on the underlying investments and charged for plan withdrawals and administrative expenses charged by the insurance companies. These investments are stated at fair value as determined by the insurance companies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Alternative investments

For alternative investments (venture capital partnerships) 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 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.

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 elected the straight-line method for the depreciation of the building over the estimated life of 40 years.

NOTE 3 – INVESTMENTS

At December 31, 2011 and 2010, investments consisted of the following:

	2011	
	Fair Value	Cost
Cash equivalents	$ 37,627,622	$ 37,627,622
Bonds		
U.S. Government and agency issues	50,200,578	48,410,588
Corporate	51,286,089	50,679,825
Foreign investments	95,408,493	100,001,462
Common and preferred stocks	224,917,277	204,874,313
Mutual funds	301,124,937	243,148,759
Real estate partnerships - insurance contracts	46,725,649	45,752,389
Credit opportunity investments	20,217,520	16,574,127
Limited partnerships	24,660,720	22,148,598
Venture capital partnerships	1,905,756	
	$ 854,074,641	$ 769,217,683

	2010 (as restated)	
	Fair Value	Cost
Cash equivalents	$ 33,566,529	$ 33,566,529
Bonds		
U.S. Government and agency issues	48,690,369	48,526,695
Corporate	68,563,470	60,828,386
Foreign investments	109,773,594	98,639,040
Common and preferred stocks	265,038,827	219,394,685
Mutual funds	303,286,315	206,783,073
Real estate partnerships - insurance contracts	47,890,147	50,742,863
Credit opportunity investments	23,406,472	19,910,294
Limited partnerships	24,201,175	21,702,478
Venture capital partnerships	2,076,207	
	$ 926,493,105	$ 760,094,043

NOTE 4 – OCCUPANCY

The System occupies offices in a building it owns. Occupancy expenses for the years ended December 31, 2011 and 2010 were $27,917 and $30,460, 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 is five years with annual rent ranging from $125,579 to $140,353. There are also five one-year renewal options. Rental income received for the years ended December 31, 2011 and 2010 totaled $131,119 and $127,426, respectively.

NOTE 5 – RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the System to concentrations of credit and market risk consist principally of cash and investments. The System places its temporary cash investments with major financial institutions. At December 31, 2011 and 2010, the System had approximately $11,063,000 and $12,745,000, 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 Reserve 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, 2011 was $12,094,530. A significant portion of the System's investments is held in trust by US Bank of St. Louis, N.A.

On December 30, 2011, the System received $24,084,882 from the St. Louis Board of Education for the 2011 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, 2011, 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.

Mutual Funds	Fair Value	Percentage of Total Investments
The Bank of New York Mellon	$ 44,345,213	5.2%
Real Estate Investments		
UBS Global Asset Management	$ 46,725,649	5.5%

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Credit Risk of Debt Securities

The System's rated debt investments as of December 31, 2011 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.

	Fair Quality Ratings		
Rate Debt InstrumentValue	AAA	AA1	AA2
Corporate bonds and debentures	$ 3,931,175	$ 640,333	$ 1,168,040
Foreign government and corporate obligations	17,578,458		1,542,140
United States government securities	18,178,318		
	$ 39,687,951	$ 640,333	$ 2,710,180
	AA3	A1	A2
Corporate bonds and debentures	$ 974,161	$ 2,063,834	$ 2,475,633
Foreign government and corporate obligations	15,278,889	1,162,663	4,134,937
United States government securities		61,788	
	$ 16,253,050	$ 3,288,285	$ 6,610,570
	A3	BAA1	BAA2
Corporate bonds and debentures	$ 1,285,143	$ 1,715,881	$ 4,656,382
Foreign government and corporate obligations	158,061	3,189,324	536,856
United States government securities			
	$ 1,443,204	$ 4,905,205	$ 5,193,238
	BAA3	BA1	BA2
Corporate bonds and debentures	$ 3,967,857	$ 2,111,038	$ 2,382,421
Foreign government and corporate obligations	404,330	239,902	1,324,864
United States government securities			
	$ 4,372,187	$ 2,350,940	$ 3,707,285

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Credit Risk of Debt Securities (Continued)

	Fair Quality Ratings		
Rate Debt InstrumentValue	BA3	B1	B2
Corporate bonds and debentures	$ 1,612,024	$ 2,913,950	$ 2,017,856
Foreign government and corporate obligations	1,893,202	422,625	61,800
United States government securities			
	$ 3,505,226	$ 3,336,575	$ 2,079,656
	B3	CAA1	CAA2
Corporate bonds and debentures	$ 6,511,332	$ 1,066,238	$ 841,393
Foreign government and corporate obligations	14,550	8,625	273,175
United States government securities			
	$ 6,525,882	$ 1,074,863	$ 1,114,568
	CAA3	CA	C
Corporate bonds and debentures	$ 604,163	$ 372,251	$ 111,443
Foreign government and corporate obligations	503,100	4,011	108,900
United States government securities			
	$ 1,107,263	$ 376,262	$ 220,343
	Unrated		
Corporate bonds and debentures	$ 7,863,541		
Foreign government and corporate obligations	1,209,901		
United States government securities	31,960,472		
	$ 41,033,914		

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Foreign Currency Risk

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

Currency	Cash Equivalents	Debt	Equity	Total
Euros		$ 13,582,992	$ 16,943,662	$ 30,526,654
Australian Dollar	$ 14	216,843		216,857
Swiss Franc			1,685,576	1,685,576
Mexican Peso	70,769	2,441,809		2,512,578
New Zealand Dollar	18			18
Polish Zloty	7	3,239,476		3,239,483
Indian Rupee		673,729		673,729
Indonesian Rupiah		771,893		771,893
Japanese Yen	58,812	17,289,326	4,300,207	21,648,345
Korean Won		792,405	1,455,023	2,247,428
Hong Kong Dollar			664,638	664,638
Canadian Dollar		464,129	485,289	949,418
British Pound Sterling	19		4,661,350	4,661,369
Pence Sterling			936,208	936,208
Singapore Dollar			435,800	435,800
Various			551,348	551,348
	$ 129,639	$ 39,472,602	$ 32,119,101	$ 71,721,342
Foreign investment denominated in US Dollars				23,687,151
				$ 95,408,493

NOTE 5 – RISKS AND UNCERTAINTIES (CONTINUED)

Interest Rate Risk

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

Investment Type	Fair Value	< 1 year	1 - 5 years
Corporate bonds and debentures	$ 51,286,089	$ 161,835	$ 11,741,511
Foreign government and corporate obligations	50,050,313	4,527,733	24,648,118
United States government and agency securities	50,200,578		5,063,760
	$ 151,536,980	$ 4,689,568	$ 41,453,389

Investment Type	6 - 10 years	10+ years
Corporate bonds and debentures	$ 17,716,839	$ 21,665,904
Foreign government and corporate obligations	13,331,510	7,542,952
United States government and agency securities	12,553,895	32,582,923
	$ 43,602,244	$ 61,791,779

NOTE 6 – PROPERTY AND BUILDING

Property and Building as of December 31, 2011 and 2010 consist of:

	2011	2010
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	300,298	232,860
Total Property and Building	$ 2,152,334	$ 2,219,772

NOTE 7 –FAIR VALUE MEASUREMENTS

The System has applied Financial Accounting Standards Board Accounting Standards Codification 820 ("FASB ASC 820"), "Fair Value Measurements and Disclosures" which establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

Level 1 Valuations based on unadjusted quoted prices available for identical assets in active markets that the plan has the ability to access.

Level 2 Valuations based on quoted prices in markets which are not active, or for which all significant inputs are observable, either directly or indirectly, or derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Valuations based on inputs that are unobservable.

Fair value is an exit price that represents the amount that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

Except for the investments discussed below and in Note 3, the System does not have any financial instruments which are required to be measured at fair value on a recurring basis. Non-financial assets such as property and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when impairment is recognized.

The carrying amounts of cash, cash equivalents, accrued interest and dividends, accounts payable and accrued expenses approximate fair value because of the short-term maturity of these items.

The assets' fair value measurement levels within the fair value hierarchy are based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

U.S. Treasury obligations, other government obligations, common stocks, corporate and foreign bonds: Valued based upon the quoted market value as of the last business day of the year as determined by the System's independent investment custodians.

Mutual funds: Valued at quoted market prices based on the net asset value of shares held by the System at year end.

Money market accounts: (Cash equivalents) Valued based on yields currently available on comparable securities of issuers with similar credit rating.

Limited partnerships: Valued based on valuations of the underlying companies of the limited partnerships as reported by the general partner.

Real estate partnerships – Insurance Contracts: Valued at fair value as determined by the insurance companies.

Venture capital partnerships: Valued by investment advisors based upon audited financials, other practices, and other information provided by the underlying investment advisor.

Credit opportunity investments: Valued at quoted market prices based on the net asset value of shares held by the System at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the System believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine fair values of certain instruments could result in a different fair value measurement at the reporting date.

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the System's assets that are measured at fair value as of December 31, 2011:

	Level 1	Level 2	Level 3
Credit opportunity investments	$ 20,217,520		
U.S. Treasury and other government obligations		$ 50,200,578	
Corporate bonds		51,286,089	
Foreign investments		95,408,493	
Common stocks	224,917,277		
Mutual funds	301,124,937		
Money market accounts		37,627,622	
Real estate partnerships - insurance contracts			$ 46,725,649
Limited partnerships			24,660,720
Venture capital partnerships			1,905,756
	$ 546,259,734	$ 234,522,782	$ 73,292,125

The following table sets forth by level, within the fair value hierarchy, the System's assets that are measured at fair value as of December 31, 2010:

	Level 1	Level 2	(Restated) Level 3
Credit opportunity investments	$ 23,406,472		
U.S. Treasury and other government obligations		$ 48,690,369	
Corporate bonds		68,563,470	
Foreign investments		109,773,594	
Common stocks	265,038,827		
Mutual funds	303,286,315		
Money market accounts		33,566,529	
Real estate partnerships - insurance contracts			$ 47,890,147
Limited partnerships			24,201,175
Venture capital partnerships			2,076,207
	$ 591,731,614	$ 260,593,962	$ 74,167,529

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value or cost value of the System's Level 3 assets for the year ended December 31, 2011:

	Venture Capital Partnerships	Limited Partnerships
Balance, beginning of the year as previously reported	$ -	$ 21,702,478
Adjustment for change in reporting method	2,076,207	2,498,697
Balance, beginning of the year as restated	2,076,207	24,201,175
Purchases, sales, issuances, and settlements (net)	108,577	(2,048,628)
Investment income (net)	171,903	
Realized gains (losses)	139,776	2,204,987
Unrealized gains (losses) relating to instruments still held at the reporting date	(590,707)	303,186
Balance, end of year	$ 1,905,756	$ 24,660,720

	Insurance Contracts
Balance, beginning of the year	$ 47,890,147
Purchases, sales, issuances, and settlements (net)	(7,000,000)
Investment income (net)	2,488,949
Realized gains (losses)	(5,564)
Unrealized gains relating to instruments still held at the reporting date	3,825,976
Management fees	(473,859)
Balance, end of year	$ 46,725,649

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value or cost value of the System's Level 3 assets for the year ended December 31, 2010.

	Venture Capital Partnerships	Limited Partnerships
Balance, beginning of the year as previously reported	$ 810,668	$ 19,254,133
Adjustment for change in reporting method	919,707	3,159,022
Balance, beginning of the year as restated	1,730,375	22,413,155
Purchases, sales, issuances, and settlements (net)	(115,916)	(1,144,134)
Investment income (net)	47,880	
Realized gains (losses)	(742,632)	3,592,479
Unrealized gains (losses) relating to instruments still held at the reporting date	1,156,500	(660,325)
Balance, end of year	$ 2,076,207	$ 24,201,175

	Insurance Contracts
Balance, beginning of the year	$ 40,811,416
Purchases, sales, issuances, and settlements (net)	
Investment income (net)	2,704,538
Realized gains	13,801
Unrealized gains relating to instruments still held at the reporting date	4,717,256
Management fees	(356,864)
Balance, end of year	$ 47,890,147

NOTE 8 – SUBSEQUENT EVENT

The System has evaluated subsequent events through April 11, 2011, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

SCHEDULE OF FUNDING PROGRESS
(in millions)

DECEMBER 31, 2011

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)
1996	$ 562.2	$ 664.8	$ 102.6
1997	598.6	716.7	118.1
1998	644.4	759.7	115.3
1999	694.3	846.9	152.6
2000	770.1	937.7	167.6
2001	828.1	1,022.0	193.9
2002	861.1	1,069.8	208.7
2003	873.3	1,063.2	189.9
2004	902.0	1,074.3	172.3
2005	935.3	1,084.4	149.1
2006	983.8	1,122.6	138.8
2007	1,003.4	1,150.2	146.8
2008	1,014.9	1,158.9	144.0
2009	963.9	1,099.9	136.0
2010	950.7	1,076.0	125.3
2011	944.4	1,066.3	121.9

Actuarial Valuation Date January 1,	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1996	84.6 %	$ 206.9	49.6 %
1997	83.5	210.2	56.2
1998	84.8	210.8	54.7
1999	82.0	215.6	70.8
2000	82.1	216.7	77.3
2001	81.0	235.1	82.5
2002	80.5	243.9	85.6
2003	82.1	283.9	66.9
2004	84.0	255.3	67.5
2005	86.3	240.2	62.1
2006	87.6	227.0	61.1
2007	87.2	222.4	66.0
2008	87.6	225.2	63.9
2009	87.6	234.5	58.0
2010	88.4	242.0	51.8
2011	88.6	218.3	55.8

See independent auditor’s report.

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

DECEMBER 31, 2011

Employer Contributions		
Year Ended December 31,	Annual Required Contribution	Percent Contributed
1996	$ 16,619,187	100.1 %
1997	16,876,759	100.2
1998	15,328,067	111.1
1999	13,906,270	124.5
2000	15,543,984	112.3
2001	18,168,580	100.2
2002	19,076,442	100.6
2003	19,517,288	101.2
2004	19,210,506	132.0
2005	19,364,705	121.4
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	*

* To be determined at the end of the year.

The information presented in the required supplemental schedules was determined as part of the actuarial valuation prepared by Buck Consultants at January 1, 2011. Additional information related to the above actuarial valuation follows:

Actuarial cost method:	Frozen entry age.
Rate of investment return:	8.00% for 2011 and 2010, net of expenses.
Turnover or withdrawal rates:	Various by age and year of membership based on actual experience of the
Mortality or death rates:	RP-2000 Combined Healthy Lives
Disability rates:	RP-2000 Combined Healthy Lives
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 auditor's report.

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULES OF OPERATING EXPENSES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Actuarial services	$ 126,165	$ 162,759
Accounting and auditing fees	52,657	47,961
Computer programming and consultation	49,150	54,208
Conventions, conferences, seminars		
Executive Director	447	4,410
Trustees (Page 39)	17,660	20,049
Depreciation expense	67,438	67,438
Dues and subscriptions	4,179	5,969
Employee benefits	2,711	2,987
Furniture and equipment	4,371	9,441
Insurance - group health	68,755	65,255
Insurance - casualty and bonding	75,766	82,861
Legal fees and expenses	70,104	61,845
Medical fees	700	700
Office repairs and maintenance	41,902	51,409
Office supplies and expenses	13,140	16,050
Postage	77,121	52,022
Pension contribution	57,964	48,617
Printing and publishing	31,540	51,039
Occupancy expense	27,917	30,460
Salaries - administrative and clerical	513,845	530,177
Health insurance consultation	37,944	37,944
Payroll taxes	39,309	40,558
Telephone	13,354	15,059
Utilities	27,482	29,007
Miscellaneous expenses	11,293	11,077
	$ 1,432,914	$ 1,499,302

See independent auditor’s report.

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULES OF OPERATING EXPENSES (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

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:

	2011	2010
Transportation and registration	$ 5,068	$ 8,837
Lodging, meals, and miscellaneous	12,592	11,212
Total	$ 17,660	$ 20,049

See independent auditor's report.

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULE OF PROFESSIONAL/CONSULTANT FEES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Actuarial services	$ 126,165	$ 162,759
Accounting and auditing fees	52,657	47,961
Technology consulting	49,150	55,611
Legal expenses	70,104	61,845
Medical fees	700	700
Building property management	27,917	30,460
Health insurance consulting	37,944	37,944
Total fees	$ 364,637	$ 397,280

Note: All supplemental information regarding investment fees and expenses can be found on page 54 of the Investment Section in this report.

INVESTMENT SECTION

Page

“....through benefit programs and services which are….

NEPC, LLC

KRISTIN FINNEY-COOKE, CAIA
SENIOR CONSULTANT

April 13, 2012

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: determining and executing the overall asset allocation strategy of the Plan, drafting of the investment policy of the Plan (and amendment of when necessary), conducting investment manager searches (both traditional and alternative asset classes); conducting custodial services searches, providing ongoing performance evaluation to each individual investment manager, to each asset class composite, and for the overall investment portfolio as a whole, and providing 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 of 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. This balancing of short-term needs versus long-term needs is a key tenant in the overall construction of the portfolio known as the generation of income versus appreciation of assets. To facilitate this demand balance of short term versus long term, the Board has adopted a diversified asset allocation structure that is primarily weighted in equity asset classes, such as US equities and Non-US equities, with offsetting investments in fixed income which provide current income and stability.

The Board continues to work diligently on expanding the alternative investment program, which will further assist in the diversification of the portfolio. Asset classes such as hedge funds are designed to lower the overall volatility of the program, while private equity is designed to provide higher long term performance above what is expected from traditional equity markets. 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, 2011.

Asset Allocation and Investment Performance

As of the December 31st fiscal year end, the Fund was in compliance with the asset allocation policy with 43.1% equities, 21.2% fixed income and credit opportunities, 12.5% global asset allocation strategies, 4.6% hedge funds, 3.9% market neutral, 5.5% real estate, 3.0% private equity, 2.6% real assets, and 3.5% cash.

During the year ending December 31, 2011, the Fund earned -0.1%, which ranked it in the 71st percentile of public funds with assets between $500 million and $2.5 billion within the Independent Consultants Cooperative (ICC) Universe. Over the 12 month period ending December 31, 2011, PSRS underperformed its assumed actuarial return target of 8.0%. Assets decreased from $926.3 million at the end of fiscal year 2010 to approximately $855.5 million as of December 31, 2011. This decrease in assets was predominantly a result of liquidity needs to operate the System. Over the trailing 5 year period ending December 31, 2012, the Fund earned an annualized rate of return of 2.8%, ranking in the 26th percentile of the comparative universe. Over the trailing 10 year period ending December 31, 2012, the Fund earned an annualized rate of return of 6.0%, ranking in the 9th percentile.

Market Commentary

The global equity markets were quite volatile in 2011, faced with optimism about a possible economic recovery coupled with worries about the European debt crisis, inflation in China, US unemployment, unrest in the Middle East, and the downgrade of the US credit rating by the S&P.

In addition, Japan was hit by an earthquake and tsunami in March that resulted in a monumental nuclear crisis, sending the Japanese stock market into a tailspin and global markets along with it. Despite these events, worldwide markets have remained resilient, and as the year ended, improving economic data in the US and European policy moves managed to bolster equity markets.
As a whole, developed markets lagged US Markets, which was a function of weak currency returns and the uncertainty that the Euro cast on international markets. Fears surrounding the Euro and growing inflation concerns in China caused Emerging markets to suffer as investors shed risk. By and large, equity securities moved with little regard for fundamentals and correlations across risky asset classes were elevated.

Equity markets got off to a strong start in 2011 as investors, optimistic about an economic recovery, continued to reallocate assets from bonds to stocks. While the markets cooled off in March in response to unnerving global headlines, most global segments — with the obvious exception of Japan — still ended the first quarter in positive territory.

It was a bumpy ride for global equity markets in the second quarter. The period started on a positive trend, as investors applauded strong corporate earnings results, but macro headlines in May and June quickly derailed market gains. Continued economic fears surrounding the European debt crisis, inflationary concerns in China, poor jobs reports from the US, and ongoing unrest in the Middle East all contributed to lower returns. During the final days of the quarter, the markets rallied sharply neutralizing major losses to end the period anywhere between modestly positive to modestly negative.

The third quarter saw panic-driven declines in the equity markets, with all major equity indices decreasing by double-digit percentages, pushing year-to-date results into negative territory. Fear overshadowed fundamentals as investors focused on macro concerns related to several issues that made headlines: the Eurozone debt crisis, a potential slowdown in China, and, closer to home, the S&P downgrade of the US credit rating and lower-than-expected GDP growth rates. Amid renewed worries about a double-dip recession, there was nowhere to hide in the equity markets.

During the fourth quarter equity markets posted positive results to end another volatile year in which macro headlines overshadowed company fundamentals. After the quarter started out with a huge rally in October, the lack of a clear solution to the European debt crisis caused some divergence in results, with US markets gaining advantage over non-US stocks, and European markets lagging the most. US investors responded favorably to improvements in economic data on unemployment and consumer spending during the quarter. As indicators provided support for moderate US GDP growth, the primary beneficiaries were those market segments deemed as riskier or even previously left for dead.

Equity Index Returns (12/31/11)

Global Equity	Quarter	1 Year	3 Years	5 Years
MSCI World	7.6%	-5.5%	11.1%	-2.4%
US Equity				
S&P 500	11.8%	2.1%	14.1%	-0.3%
Dow Jones Industrial Average	12.8%	8.4%	14.9%	2.4%
NASDAQ Composite	8.2%	-0.8%	19.4%	2.4%
RUSSELL 1000 GROWTH	10.6%	2.6%	18.0%	2.5%
RUSSELL 1000 VALUE	13.1%	0.4%	11.6%	-2.6%
RUSSELL 2000	15.5%	-4.2%	15.6%	0.2%
RUSSELL 2000 GROWTH	15.0%	-2.9%	19.0%	2.1%
RUSSELL 2000 VALUE	16.0%	-5.5%	12.4%	-1.9%
International Equity				
MSCI EAFE	3.3%	-12.1%	7.6%	-4.7%
MSCI Emerging Markets Free	4.4%	-18.4%	20.3%	2.4%
MSCI Europe	5.4%	-11.1%	7.5%	-5.2%
MSCI UK	9.1%	-2.6%	15.0%	-3.2%
MSCI Japan	-3.9%	-14.3%	1.5%	-6.6%
MSCI Far East	-2.7%	-14.7%	3.8%	-5.4%

To start the year off, the global fixed-income markets had a resilient first quarter. US credit sectors in particular posted solid results as the business environment and leading unemployment indicators improved. Over the quarter, markets became concerned with the potential for higher inflation, as well as higher interest rates, as commodity and energy prices continued to rise. In addition, uncertainty surrounding the US fiscal situation came to a head, with the highly politicized budget debate in Washington nearly shutting down the government. Washington's continuing struggle to lay out a fiscal road map for the coming years may ultimately decide the future outlook for the US bond market.

In the second quarter, uncertainty about the sustainability of the US recovery and concerns over the European debt crisis overtook market sentiment. In this environment, high-grade US fixed-income sectors posted strong results. Concerns over domestic inflation subsided as oil prices fell, the housing market remained weak, and unemployment numbers ticked up in many parts of the country. By the end of the quarter, Congress had yet to reach an agreement on the US debt ceiling, furthering anxiety in fixed-income markets.

US high-grade fixed income markets posted strong returns in the third quarter as investors sought safety in US Treasuries, investment grade corporate bonds, and US MBS. Treasury yields fell to remarkably low levels across the yield curve, particularly at the long end, as the Fed's "Operation Twist" drove down long-term interest rates to historic levels. Riskier segments of fixed income markets sold off, including high yield corporate bonds and emerging markets debt.

As the year came to a close, fixed income markets delivered mostly positive returns, with US high yield and hard currency emerging markets debt among the best performing sectors. US high grade credit led investment grade sectors, followed by agency MBS. Riskier segments of bond markets seemed to shrug off persistent concerns over the still unsettled problems brewing in the Eurozone, providing fuel for the rally. The Federal Reserve's "Operation Twist" pushed long-term yields to record lows despite the downgrade of US Treasury securities by Standard & Poor's. Long-term Treasuries and TIPS were the best performing fixed income segments for the year, with both returning well over 20%.

Fixed Income Index Returns (12/31/11)				
Global Fixed Income	**Quarter**	**1 Year**	**3 Years**	**5 Years**
Citi World Gov. Bond	-0.1%	6.4%	4.3%	7.1%
JPM EMBI Plus	-1.0%	-5.2%	3.6%	4.5%
Domestic Fixed Income				
BC Aggregate	1.1%	7.8%	6.8%	6.5%
BC Government	0.8%	9.0%	4.0%	6.6%
BC US Credit	1.7%	8.4%	10.7%	6.8%
BC Mortgage Backed	0.9%	6.2%	5.9%	6.5%
BC Govt/Credit	1.2%	8.7%	6.6%	6.6%
BC TIPS	1.7%	8.9%	8.5%	6.9%
BC High Yield	6.5%	5.0%	24.1%	7.5%
S&P LSTA Lev. Loan	2.9%	1.5%	19.2%	4.2%
90 DAY T-BILL	0.0%	1.0%	1.4%	1.5%
10-Year Bond Yirelds	**Dec-11**	**Sep-11**	**Jun-11**	**Mar-11**
US	1.9%	1.9%	3.2%	3.5%
Germany	1.8%	1.9%	3.0%	3.4%
UK	2.0%	2.4%	3.4%	3.7%
Japan	1.0%	0.9%	1.1%	1.3%

2011 Summary

During the fiscal year, manager changes took place in the Hedge Fund category and new allocations were made in the Global Asset Allocation and Real Assets categories. Two new hedge fund managers were hired during the latter part of the year: Permal and EnTrust. A new asset class was added to the Fund structure as Real Assets (Wellington Management) was funded in August. A new Global Asset Allocation fund managed by PIMCO was added to the mix during March.

Fiscal Year 2011 was a challenging year for investors. Although the Public School Retirement System of the City of St. Louis performance slightly trailed its Policy Index during the 2011 fiscal year, the Fund is well diversified and positioned for the future. Longer term performance continues to uphold our goals and objectives, outperforming our investment policy and comparative Public Fund peer group.

Diversification aims to reduce volatility and mitigate overall plan risk across a range of asset classes with varied return patterns. Our goal is to increase the diversification, when prudent to do so, of the System's assets more broadly within the traditional and non-traditional asset classes for the purpose of reducing volatility, while at the same time enhancing the Fund's ability to generate superior returns throughout all market conditions.

Sincerely,

Kristin R. Finney Cooke, CAIA
Senior Consultant

Fiscal Year Ended December 31, 2011

Investment Policies

The System's assets are invested under the provisions of Rule XIV. – Investment Policies of the Fund's Rules & Regulations established by the Board of Trustees. 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

The Investment and Operating Guidelines are issued for the guidance of fiduciaries, including staff, investment consultants, investment professionals and investment managers in the course of investing and administering the funds of the retirement system, and to assist in measuring the performance of the investment managers and the Fund. Included in the guidelines are specific details for the following items:

- 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 Fund's Rules and Regulations, upon consideration of the advice and recommendations of retained professionals, including the Fund's actuary, accountant, investment managers, investment consultant, and attorney. The Investment Policies and Operating Guidelines are usually reviewed at least once a year to insure their relevance to the Fund's needs and to communicate any material changes thereto to the investment managers.

To view or print the Investment Policies and Guidelines in their entirety, please visit http://www.psrsstl.org./Rules_Regs.htm

Schedule of Investments - December 31, 2011

Investment Category	% of MV	Market Value (MV)	Cost	MV Over (Under) Cost
Cash Equivalents	4.4%	$37,627,622	$37,627,622	$0
U.S. Government and Agency Issues	5.9%	50,200,578	48,410,588	1,789,990
Corporate Bonds	6.0%	51,286,089	50,679,825	606,264
Foreign Corporate & Government Bonds	11.2%	95,408,493	100,001,462	(4,592,969)
Common Stocks	26.3%	224,917,277	204,874,313	20,042,964
Mutual Funds	35.3%	301,124,937	243,148,759	57,976,178
Real Estate - Insurance Contracts	5.5%	46,725,649	45,752,389	973,260
Credit opportunity Investments	2.4%	20,217,520	16,574,127	3,643,393
Alternative Investments	3.1%	26,566,476	22,148,598	4,417,878
Total	**100.0%**	**$854,074,641**	**$769,217,683**	**$84,856,958**

Market Value of Assets by Asset Class – three years ended December 31st

	As of December 31, 2009		As of December 31, 2010		As of December 31, 2011	
Investment Category	Market Value	% of Total	Market Value	% of Total	Market Value	% of Total
Cash, Receivables, Cash Equivalents	$61,958,719	6.9%	$48,008,324	5.1%	$50,329,093	5.8%
Property and Building	2,287,211	0.3%	2,219,772	0.2%	2,152,334	0.2%
U.S. Government and Agency Issued Bonds	37,624,541	4.2%	48,690,369	5.2%	50,200,578	5.8%
Corporate Bonds	66,236,320	7.4%	68,563,470	7.3%	51,286,089	5.9%
Foreign Investments (bonds and stocks)	114,276,055	12.8%	109,773,594	11.6%	95,408,493	11.0%
Common and Preferred Stocks	249,011,409	27.9%	265,038,827	28.1%	224,917,277	25.9%
Mutual Funds	279,655,937	31.3%	303,286,315	32.2%	301,124,937	34.7%
Real Estate - Insurance Contracts	40,811,416	4.6%	47,890,147	5.1%	46,725,649	5.4%
Mortgages	4,068	0.0%	0	0.0%	0	0.0%
Credit opportunity Investments	20,591,527	2.3%	23,406,472	2.5%	20,217,520	2.3%
Alternative Investments	20,064,801	2.2%	26,277,382	2.8%	26,566,476	3.1%
Total	**$892,522,004**	**100.0%**	**$943,154,672**	**100.0%**	**$868,928,446**	**100.0%**

For the year ending December 31, 2011, the total PSRSSTL portfolio posted a slight loss of (0.1)%, ranking 71st within the Investment Consultants' Cooperative (ICC) Universe of Public Funds. For the three-year and five-year periods ending December 31, 2011, the total PSRSSTL portfolio ranked 36th and 26th with 11.5% and 2.8% returns, 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, 2011 are set forth below.

	Annualized Returns for Periods Ended December 31, 2011, net of fees		
Investment Category	**One Year**	**Three Years**	**Five Years**
PSRS Total Portfolio	-0.1%	11.5%	2.8%
Allocation Index*	0.7%	10.7%	2.1%
PSRS Domestic Equities	1.0%	16.5%	1.2%
Russell 3000 Index	1.0%	14.9%	0.0%
PSRS Domestic Bonds	4.1%	13.3%	6.2%
Barclays Capital Aggregate	7.8%	6.8%	6.5%
Barclays Capital High Yield	5.0%	24.1%	7.5%
PSRS International Equities	-11.0%	9.9%	-2.9%
MSCI EAFE Index	-12.1%	7.6%	-4.7%
PSRS Emerging Market Equities	-23.5%	19.4%	1.7%
MSCI Emerging Index	-18.4%	20.1%	2.4%
PSRS Global Bonds	5.8%	7.5%	8.8%
Citigroup World Government	6.4%	4.7%	7.1%

*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, 2011 (000's omitted)

		RELATIVE TO TOTAL PORTFOLIO							
	MANAGEMENT	MARKET VALUE		TARGET VALUE		VARIANCE		MARKET VALUE	
	STYLE	Value	%	Value	%	Value	%	Value	%
LARGE CAP GROWTH DOMESTIC EQUITIES		83,634	9.8%	76,993	**9.0%**	6,641	0.8%		
Buford, Dixon, Harper & Sparrow	Large Cap Growth							19,218	23.0%
Intech	Large Cap Growth							25,712	30.7%
Monetary Management Group	Large Cap Growth							38,704	46.3%
LARGE CAP CORE DOMESTIC EQUITIES		23,188	2.7%	25,664	**3.0%**	(2,476)	-0.3%		
Batterymarch Financial	Large Cap Core							14,639	63.1%
Mellon Equity Index	Large Cap Core							8,549	36.9%
LARGE CAP VALUE DOMESTIC EQUITIES		77,842	9.1%	76,993	**9.0%**	849	0.1%		
Chicago Equity Partners	Large Cap Value							45,979	59.1%
The Edgar Lomax Company	Large Cap Value							31,863	40.9%
MID CAP GROWTH DOMESTIC EQUITIES		25,078	2.9%	25,664	**3.0%**	(586)	-0.1%		
New Amsterdam Partners	Mid Cap Growth							25,078	100.0%
SMALL/MICRO CAP DOMESTIC EQUITIES		56,779	6.6%	59,884	**7.0%**	(3,105)	-0.4%		
Westfield Capital Management	Small Cap Growth							19,065	33.6%
Systematic Financial Management	Small Cap Value							19,972	35.2%
Dimensional Fund Advisors	Small Cap Core							17,742	31.2%
GLOBAL TACTICAL ASSET ALLOCATION (GTAA)		106,748	12.5%	102,658	**12.0%**	4,090	0.5%		
GMO Global Balanced Asset Allocation	Balanced Fund							35,180	33.0%
Mellon Global Alpha I	Balanced Fund							36,498	34.2%
PIMCO All Asset Fund	Balanced Fund							35,070	32.9%
INTERNATIONAL EQUITIES		102,441	12.0%	119,767	**14.0%**	(17,326)	-2.0%		
Battermarch GL Emerging	Emerging Markets							21,879	21.4%
Causeway	International Equities							33,414	32.6%
Dimensional Fund Advisors	Emerging Markets							12,666	12.4%
Pyramis	International Equities							34,482	33.7%
DOMESTIC BONDS		74,697	8.7%	85,548	**10.0%**	(10,851)	-1.3%		
Earnest	Core Domestic Bonds							21,920	29.3%
Mellon Index Bond	Core Domestic Bonds							617	0.8%
MFC	Core Domestic Bonds							52,160	69.8%
HIGH YIELD DOMESTIC BONDS		38,367	4.5%	42,774	**5.0%**	(4,407)	-0.5%		
Loomis Sayles	High Yield Bonds							38,367	100.0%
CREDIT OPPORTUNITIES		20,218	2.4%	17,110	**2.0%**	3,108	0.4%		
Loomis Sayles	Credit Asset Trust							20,218	100.0%
GLOBAL BONDS		48,165	5.6%	51,329	**6.0%**	(3,164)	-0.4%		
Mondrian	Global Bonds							48,165	100.0%
MARKET NEUTRAL STRATEGY		33,661	3.9%	34,219	**4.0%**	(558)	-0.1%		
Blue Rock	Market Neutral							33,661	100.0%
HEDGED STRATEGIES		44,217	5.2%	42,774	**5.0%**	1,443	0.2%		
K2	Cash (10% Holdback)							2,117	4.8%
Mariner	Cash (10% Holdback)							2,661	6.0%
Entrust	Hedge Funds							19,277	43.6%
Permal	Hedge Funds							20,162	45.6%
REAL ASSETS		21,997	2.6%	25,664	**3.0%**	(3,667)	-0.4%		
Wellington	Commodities							21,997	100.0%
REAL ESTATE		46,726	5.5%	42,774	**5.0%**	3,952	0.5%		
UBS Trumbull Property Funds	Real Estate							46,726	100.0%
ALTERNATIVE INVESTMENTS		25,920	3.0%	25,664	**3.0%**	256	0.0%		
Private Equity	Alternative Investments							25,920	100.0%
CASH *(Does Not Include Managers' Residual Cash)*		25,804	3.0%	0	**0.0%**	25,804	3.0%		
PSRSSTL	Cash Accounts							25,804	100.0%
TOTAL		**$855,482**	**100.0%**	**$855,482**	**100.0%**				

The target values shown above represent the current Asset Allocation Policy adopted by the Board of Trustees in 2010. In 2011, the Board of Trustees added to the GTAA asset class by investing in the PIMCO All Asset Fund, hired Wellington as a real assets manager, and hired Entrust and Permal to manage hedge funds by replacing K-2 and Mariner. Funding was provided by reallocating within the asset classes and from equity investments.

DOMESTIC EQUITY INVESTMENTS

2011 Return	1.0%
Average Market Capitalization	$53,558,000,000
P/E Ratio	15.29
Price/Book Ratio	3.34
Five Year Earnings Growth Rate	8.08

Ten Largest Domestic Equity Holdings*

Company	Market Value	Percent of Domestic Equity	Company	Market Value	Percent of Domestic Equity
APPLE INC	4,313,250	1.7%	VERIZON COMM INC	3,320,251	1.3%
CHEVRON CORP	3,770,710	1.5%	UNITEDHEALTH INC	2,708,846	1.1%
CONOCOPHILLIPS	3,735,535	1.4%	EXXON MOBIL CORP	2,569,669	1.0%
PFIZER INC	3,408,754	1.3%	GENERAL ELECTRIC CO	2,441,402	1.0%
INTEL CORP	3,388,283	1.3%	PHILIP MORRIS	2,425,032	0.9%

Ten Best Performing Domestic Equity Holdings for 4th Quarter 2011*

Company	Return	Company	Return
INHIBITEX INC	344.7%	SOLTA MEDICAL INC	151.2%
PACIFIC ETHANOL INC	266.8%	FIRST FIN HLDGS INC	124.1%
BIOFUEL ENERGY CORP	261.9%	NAT FIN HLDGS INTL	119.9%
RSC HOLDINGS INC	159.5%	ROYALE ENERGY INC	118.1%
ARABIAN AMERICAN DEV CO	151.6%	PATRICK INDS INC	115.6%

Ten Worst Performing Domestic Equity Holdings for 4th Quarter 2011*

Company	Return	Company	Return
PC GROUP INC	-96.4%	BIOSANET PHARMA INC	-78.0%
FIRST REGL BANCORP	-95.6%	PSIVIDA CORP	-74.0%
REDDY ICE HLDGS INC	-87.9%	PINNACLE AIRLINES CORF	-72.0%
APPLIED ENERGETICS INC	-80.8%	QUANTUM FUEL SYS TECH	-70.8%
FIBERTOWERCORP	-78.2%	DEARBORN BANCORP INC	-70.1%

*The information shown reflects directly held securities as of December 31, 2011, and does not include pooled fund or mutual fund holdings. The data utilized is supplied by the System’s custodian US Bank. Returns for 4th Quarter include equities held for the full period September 30, 2011 through December 31, 2011.

DOMESTIC BOND INVESTMENTS

In 2011, the PSRSSTL domestic bond portfolio had an average maturity of 8.7 years, average duration of 5.6 years, average quality rating of A-, and earned 4.1%. Here are the summary bond statistics for the fiscal year ending December 31, 2011.

Bond Portfolio Yield to Maturity	Percent of Portfolio*
0.0 – 5.0	52.8%
5.0 – 7.0	12.4%
7.0 – 9.0	13.9%
9.0 – 11.0	7.7%
11.0 – 13.0	1.3%
13+	4.9%
Unclassified	7.0%

Bond Portfolio Average Life	Percent of Portfolio*
0.0 – 1.0	0.4%
1.0 – 3.0	9.0%
3.0 – 5.0	24.8%
5.0 – 10.0	38.8%
10.0 – 20.0	10.6%
20+	9.4%
Unclassified	7.0%

Bond Portfolio Quality Rating	Percent of Portfolio*
TREASURY	11.7%
AGENCY	1.5%
AAA	26.8%
AA-1 TO AA-3	3.6%
A-1 TO A-3	6.6%
BAA-1 TO BAA-3	13.8%
BA-1 TO BA-3	6.5%
B-1 TO B-3	12.7%
CAA TO C	3.5%
NOT RATED	1.3%
UNCLASSIFIED	12.1%

* The information shown reflects directly held securities as of December 31, 2011, and does not include pooled fund or mutual fund holdings. The data utilized is supplied by the System's custodian US Bank. Securities without cusips or with unrecognized cusips are listed as unclassified.

BROKERAGE COMMISSIONS PAID - Year Ended December 31, 2011

Company	Commission Paid	Company	Commission Paid	Company	Commission Paid
Abel Noser	$5,212.05	Exane SA	295.15	Mizuho Securities USA	514.17
Aqua Securities	124.00	First Clearing	$11,381.00	Morgan Stanley	6,914.89
Baird & Company	738.80	Friedman Billings & Ramsey	599.60	Needham & Company	549.00
Barclays Capital	5,245.03	Gleacher & Co.	108.00	Nomura Securities	3,238.80
Blaylock & Co.	403.00	Goldman Sachs	2,644.34	Oppenheimer & Co.	842.40
Bloomberg Tradebook	4,632.37	Guzman & Company	2,982.13	Pacific American Securities	300.68
Bluefin Research	253.60	Instinet	2,824.89	Pacific Crest Securities	190.80
BMO Capital Markets	3.00	Investment Technology Group	19,651.65	Pershing	340.48
BNP Paribas	270.10	ISI Group Inc.	788.00	Pipeline Trading Services	144.50
BNY Convergex	36,697.51	Ivy Securities Inc.	1,194.32	Piper Jaffray	695.60
BOE Securities	178.00	J P Morgan	5,887.49	Pulse Trading	1,083.80
Broadcort Cap Corp	15,193.17	Jackson Partners	159.00	Raymond James	1,057.05
BTIG, LLC	344.40	Janney Securities	244.00	RBC Capital Markets	1,834.40
Cabrera Capital Markets	112.00	Jeffries & Co.	4,894.91	RBS Securities	445.93
Calyon Securities	56.41	JMP Securities	147.60	Rochdale Securities	111.00
Canaccord Genuity Inc.	302.00	JNK Securities	108.00	Rosenblatt Securities	2,087.96
Canadian Imperial Bank	626.18	Jones Trading Institutional	1,424.80	Sandler O'Neill & Partners	114.00
Cantor Fitzgerald	1,678.03	Keefe Bruyette & Woods	665.99	Sanford C. Bernstein & Co	9,184.41
Cap Institutional Services	15,642.79	Keybanc Capital Markets	141.60	Santa Boadilla	27.74
Cheevers & Co., Inc.	240.00	King CL & Associates	148.50	Sidoti & Co.	921.00
Citation Group	1,185.45	Knight Direct	2,387.40	Societe General	2,081.36
Citigroup	5,967.49	Knight Equity Markets	3,177.39	State Street	72,766.89
Clearview	55.00	Lazard Capital	700.00	Stephens Inc.	222.40
Collins Stewart	1,661.20	Leerink Swann & Co.	326.40	Sterne Agee Leach Inc	436.56
Cowen & Co.	1,428.00	Liquidnet Inc.	13,197.92	Stifel Nicolaus & Co.	1,575.60
Craig Hallum	680.00	Longbow Securities LLC	464.00	Suntrust Capital	275.60
CR Argricole	2,024.65	Loop Capital Markets	48.00	Thinkpanmure LLC	240.00
Credit Suisse Securities	15,299.84	Macquarie Securites	2,258.08	UBS	14,610.01
Cuttone & Co.	49.00	Melvin Securities	567.00	Wedbush Morgan Securities	27.20
Dahlman Rose & Co.	116.00	Merrill Lynch	8,682.28	Weeden & Co.	3,215.39
Daiwa	1,368.39	Merriman Curhan Ford & Co.	4.00	Wells Fargo Securities	1,164.40
Davidson & Co.	216.40	Miller Tabak & Co.	366.00	William Blair & Co.	303.20
Deutsche Bank Securities	9,742.50	Mitsubishi	501.78	Williams Capital Group	1,096.32
Electronic Broker Systems	53.58				
				2011 Total Commissions Paid	**$345,384.70**

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS

SCHEDULE OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Investment management fees (by Manager)		
Batterymarch	$ 109,484	$ 120,504
BDH	95,800	86,383
Causeway	256,836	286,307
Chicago Equity	178,622	170,543
Earnest Partners	52,777	49,854
Fidelity	251,781	252,481
GMO	11,010	
Intech	135,377	141,530
John Hancock	159,319	166,110
Lomax	161,242	145,065
Loomis Sayles	308,727	321,618
Mellon	337,160	392,175
Mondrian	221,683	218,176
Monetary	265,244	292,267
New Amsterdam	104,309	103,459
Systematic	229,073	281,677
UBS	473,859	356,865
US Bank	152,055	153,643
Wellington	33,693	
Westfield	209,061	253,708
Total investment management fees	3,747,112	3,792,365
Consultant fees	190,305	191,143
Banking services	33,102	34,083
Foreign taxes paid	1,564	1,688
Total investment expenses	$ 3,972,083	$ 4,019,279

Note: Total investment expenses tie into amounts for investment expenses under net additions on page 18 of the Financial Section of this report.

ACTUARIAL SECTION

Page

"….soundly financed and prudently administered….

PUBLIC SCHOOL RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS, MISSOURI

Actuarial Valuation Report

Plan Year January 1, 2011 – December 31, 2011

June, 2011

buckconsultants A Xerox Company

June 20, 2011

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, 2011 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;

(2) present the valuation results of the System as of January 1, 2011;

(3) develop information used for reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

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 63 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.

231 South Bemiston, Suite 400 • St. Louis, MO 63105
314.725.0114 • 314.725.2724 fax

Mr. Andrew Clark
PSRS of the City of St. Louis
June 20, 2011

This actuarial valuation is based on the same actuarial assumptions and methods as those used in the prior actuarial valuation. A summary of those assumptions and methods is presented beginning on page 75 of this report. All assumptions used in this valuation are as adopted by the Board. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the System.

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.

The undersigned are members of the American Academy of Actuaries and the Society of Actuaries, are fully qualified to provide actuarial services to the System, and are available to answer questions regarding this report.

We believe that the assumptions and methods used for funding purposes and for the disclosures presented in this report satisfy the parameter requirements set forth in the Government Accounting Standards Board (GASB) Statement No. 25. We believe that this report conforms with the 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

Michael D. Mills

Michael D. Mills, FSA, EA, MAAA
Director, Consulting Actuary

buckconsultants

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, 2011;
- Determine the required contribution rate for 2012;
- Provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

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 2010 plan year and information on funded levels.

Another section contains asset information. It includes 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.

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 as or because short-term deviations from expected long-term average experience are common.

For 2011, actuarial losses were approximately $11 million. $9 million of the loss is attributable to the System's actuarial rate of return on assets which was 6.9%, 1.1% less than the assumed rate of return of 8.00%. By comparison, the rate of return on the market value of assets was 13.5%. The difference in these returns is because the actuarial value of assets has not yet fully recognized the asset losses that occurred during 2008. At January 1, 2011, the actuarial value of assets at $944 million remains above market value of assets by approximately $7 million. About $2 million of the loss is attributable to demographic changes.

Normal cost rate

The normal cost is determined annually and equals the product of the normal cost rate times covered payroll. For 2011, the annual normal cost due December 31, 2011 is $14,507,892, as compared to $12,673,767 for 2010, primarily due to the aforementioned actuarial loss. The annual normal cost rate increased from 4.85% to 6.39% due to the above losses and the reduction in active payroll over which to amortize costs. Covered payroll decreased from $242.0 million to $218.3 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 redetermine 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 2010 were $6.7 million more than the annual required contribution, which reduced the UFAAL more than expected. As a result, the amortization payment is reduced from $11,590,415 to $11,420,766. However, it is being spread over a smaller payroll base, so the amortization payment component of the contribution rate increased from 4.8% to 5.3% of covered payroll.

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 2012. The dollar amount of the actual contribution increased to $25,928,658 for 2012 from $24,264,182 for 2011. As a percentage of covered compensation, the contribution rate for 2012 increased to 11.88% from 10.03% for 2011.

Annual Required Contribution

	Board of Education	Retirement System	Charter Schools	Total
2011				
Normal cost contribution	$ 11,630,457	$ 41,350	$ 2,836,085	$ 14,507,892
Actuarial accrued liability contribution	9,155,618	32,552	2,232,596	$ 11,420,766
Annual required contribution	20,786,075	73,902	5,068,681	$ 25,928,658
Covered payroll	175,009,885	622,220	42,676,134	$ 218,308,239
ARC as % of covered payroll	11.88%	11.88%	11.88%	11.88%
2010				
Normal cost contribution	$ 10,411,884	$ 30,276	$ 2,231,607	$ 12,673,767
Actuarial accrued liability contribution	9,521,877	27,688	2,040,850	$ 11,590,415
Annual required contribution	19,933,761	57,964	4,272,457	$ 24,264,182
Covered payroll	198,775,945	578,006	42,604,182	$ 241,958,133
ARC as % of covered payroll	10.03%	10.03%	10.03%	10.03%

	January 1, 2011	January 1, 2010
System Assets		
Expense and contingency reserve	$ 29,480,465	$ 29,903,107
Market value, excluding expense & contingency reserve	908,113,738	861,659,811
Actuarial value	944,356,735	950,709,944
System liabilities		
Unfunded actuarial accrued liability	$ 121,914,117	$ 125,292,126
Actuarial present value of projected accrued benefits	$ 1,115,338,412	$1,111,070,953
Funding Ratio		
Actuarial value funding ratio	84.7%	85.6%
Market value funding ratio	81.4%	77.6%

ANALYSIS OF THE VALUATION

(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 2010 was 13.5%. The approximate actuarial value rate of return was 6.9%.

(2) Demographic Experience

The number of active members decreased from 4,825 to 4,336 for the period. The average age of active members decreased by 0.18 years, the average service decreased by 0.04 years, and the average annual salary increased $201. There were small changes in the inactive statistics as well. The membership statistics are found in the Statistical Section of this report.

(3) Salary Increases

The average annual salary increased 0.4% between January 1, 2010 and January 1, 2011. Total annual covered compensation decreased 9.8% between January 1, 2010 and January 1, 2011, due to the decrease in active membership.

(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

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

(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 resulted in a decrease in the funding ratio from 85.6% to 84.7%. The total contribution rate increased from 10.03% to 11.88% of covered payroll.

Actuarial Balance Sheet as of January 1, 2011

Actuarial assets		
Actuarial value of present assets		$ 944,356,735
Actuarial present value of future participant contributions		89,935,880
Actuarial present value of future employer contributions for:		
Normal costs		115,027,317
Actuarial accrued liability		121,914,117
Total present and future assets		$1,271,234,049
Actuarial liabilities		
Actuarial present value of benefits now payable		$ 811,745,629
Actuarial present value of benefits payable in the future:		
Active participants	$ 428,590,698	
Terminated vested participants	26,463,750	
Terminated nonvested participants	4,433,972	
Total payable in the future		459,488,420
Total liabilities for benefits		$1,271,234,049
Surplus / (deficit)		0

Projected Benefit Obligation Funding Ratios

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.

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 benefit obligation 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 benefits 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 Benefit Obligation Funded Status

As of January 1, 2011 the projected benefit obligation was:

1.	Retired members and beneficiaries currently receiving benefits and terminated members not yet receiving benefits	$ 842,643,351
	a. Current active participants	
	i. Accumulated member contributions, including interest	103,178,297
	ii. Employer-financed benefits	169,510,764
	Total projected benefit obligation	$1,115,332,412

As of January 1, 2011 the projected benefit obligation was funded as follows:

2.	Net assets available for benefits at actuarial value	$ 944,356,735
3.	Unfunded projected benefit obligation	170,975,677
4.	Actuarial value funding ratio, (2) / (1)	84.7%
5.	Net assets available for benefits at market value	$ 908,113,738
6.	Unfunded projected benefit obligation	207,218,674
7.	Market value funding ratio, (5) / (1)	81.4%

Projected Benefit Obligation Funding Ratios (continued)

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 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

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)
1997	118,041,749	272,393,748	251,827,653	598,638,356	100%	100%	83%
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%

Valuation of the System's Assets

The amount of assets used in the actuarial valuation is known as the "actuarial value of assets." The method is discussed in the summary of methods and assumptions on page 77. 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, 2010	$ 950,709,944
2.	Participant contributions	11,188,919
3.	Employer contributions	26,075,146
4.	Benefit payments and expenses	106,789,305
5.	Investment increment at 8.0%, 8% x {(1) + .5 x [(2) – (4)]}	72,232,780
6.	Expected actuarial value on January 1, 2011, (1) + (2) + (3) – (4) + (5)	953,417,484
7.	Market value of assets on January 1, 2011	937,594,203
8.	Expense and contingency reserve on January 1, 2011, prior to adjustment	29,480,465
9.	Adjustment to the investment contingency reserve	0
10.	Excess of market value over expected actuarial value, (7) – (6) – (8) – (9)	(45,303,746)
11.	Market value adjustment, 20% x (10)	(9,060,749)
12.	Actuarial value of assets as of January 1, 2011, (6) + (11)	944,356,735

Valuation of the System's Assets (continued)

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 less than 7% during 2010, a portion of the reserve would normally be released. However, since the entire contingency reserve was released in 2009, nothing further is available to be released. Here is the history of the expense and contingency reserve:

The Expense and Contingency Reserve

January 1	Expense reserve	Investment contingency reserve	Total expense and contingency reserve
1996	$33,702,346	$ 0	$33,702,346
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

Valuation of the System's Assets (continued)

The fund had a rate of return of 6.90% on an actuarial value basis, which is 1.10% below the assumed rate of return of 8.00% for 2010. Normally, in accordance with Rule X, amounts would have been transferred from the investment contingency portion of the reserve, because the preliminary actuarial rate of return would have been less than the assumed rate of return by more than 1%. However, 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 of 13.49%.

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:

Investment Performance

a. 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, 2010	$891,562,918
ii.	B = Market value of assets as of January 1, 2011	937,594,203
iii.	C = Contributions during the period	37,264,065
iv.	D = Disbursements during the period	106,789,305
v.	Rate of return: $\dfrac{B - A + D - C}{A + \frac{1}{2}(C - D)}$	13.49%
vi.	Actuarial assumed rate of return for 2010	8.00%
vii.	Difference between actual and assumed rates of return, (v) – (vi)	5.49%

b. 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, 2010	$950,709,944
ii.	B = Actuarial value of assets as of January 1, 2011	944,356,735
iii.	C = Contributions during the period	37,264,065
iv.	D = Disbursements during the period	106,789,305
v.	Rate of return: $\dfrac{B - A + D - C}{A + \frac{1}{2}(C - D)}$	6.90%
vi.	Actuarial assumed rate of return for 2010	8.00%
vii.	Difference between actual and assumed rates of return, (v) – (vi)	-1.10%

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 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 Information

As of January 1	2010	2011
Active Members		
Number	4,825	4,336
Average Age	44.76	44.58
Average Service	9.08	9.04
Average Annual Base Pay	$ 50,147	$ 50,348
Vested Terminated Members		
Number	627	606
Average Account Balance	$ 29,987	$ 29,113
Non-vested Terminated Members		
Number	1,269	1,329
Average Account Balance	$ 3,188	$ 3,336
Benefit Recipients		
Number	4,370	4,587
Average Age	72.53	72.45
Average Monthly Benefit	$ 1,752	$ 1,797

Retired Members and Beneficiaries

Option	Service benefit	Disability benefit	Survivor benefit	All
0	3,388	228	297	3,913
1	153	15	0	168
2	93	5	0	98
3	176	12	0	188
4	180	7	0	187
5	14	4	0	18
6	10	4	0	14
7	1	0	0	1
Total	4,015	275	297	4,587

Annual Benefit Amounts

Option	Service benefit	Disability benefit	Survivor benefit	All
0	$79,064,805	$2,716,264	$3,027,265	$84,808,334
1	2,777,884	204,944	0	2,982,828
2	2,086,818	95,477	0	2,182,295
3	3,506,985	130,098	0	3,367,083
4	4,557,720	131,635	0	4,689,355
5	327,208	42,869	0	370,077
6	210,093	16,587	0	226,680
7	30,849	0	0	30,849
Total	$92,562,362	$3,337,874	$3,027,265	$98,927,501

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.

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

The RP-2000 Combined Healthy Lives Mortality Table is used for active participants, retired participants and beneficiaries.

Disability Mortality

The RP-2000 Combined Healthy Lives Mortality Table set forward five years is used for disabled participants.

Withdrawal

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

Year of Membership	Non-charter school employees Males	Non-charter school employees Females	Charter school employees Males	Charter school employees Females
1st	17.5%	15.0%	50.0%	50.0%
2nd	15.0%	12.5%	25.0%	25.0%
3rd	10.0%	10.0%	15.0%	15.0%

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), as noted in the summary of plan provisions. In the past, the Board has also sometimes granted 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 results 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

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

Summary of Methods and Assumptions (continued)

Active Member Rates of Withdrawal

Attained Age	Withdrawal Rates Males	Withdrawal Rates Females	Disability Rates Males	Disability Rates Females	Retirement Rate
20	15.00%	15.00%	.000%	.000%	0.00%
25	12.50%	12.50%	.000%	.000%	0.00%
30	9.00%	9.00%	.040%	.040%	0.00%
35	7.00%	7.00%	.040%	.040%	0.00%
40	6.00%	6.00%	.080%	.075%	0.00%
45	3.00%	3.00%	.150%	.100%	0.00%
50	2.00%	2.00%	.200%	.150%	0.00%
55	1.50%	1.50%	.450%	.250%	5.00%
60	1.00%	1.00%	.550%	.325%	7.50%
65	0.00%	0.00%	.000%	.000%	35.00%
70	0.00%	0.00%	.000%	.000%	100.00%

Non-Disabled Life Mortality Rates

Death Rate Male	Age	Death Rate Female	Death Rate Male	Age	Death Rate Female
.000444	30	.000264	.037834	75	.028106
.000773	35	.000475	.064368	80	.045879
.001079	40	.000706	.110757	85	.077446
.001508	45	.001124	.183408	90	.131682
.002138	50	.001679	.267491	95	.194509
.003624	55	.002717	.344556	100	.237467
.006747	60	.005055	.397886	105	.293116
.012737	65	.009706	.400000	110	.364617
.022206	70	.016742	.400000	115	.400000

Disabled Life Mortality Rates

Death Rate Male	Age	Death Rate Female	Death Rate Male	Age	Death Rate Female
.000773	30	.000475	.064368	75	.045879
.001079	35	.000706	.110757	80	.077446
.001508	40	.001124	.183408	85	.131682
.002138	45	.001679	.267491	90	.194509
.003624	50	.002717	.344556	95	.237467
.006747	55	.005055	.397886	100	.293116
.012737	60	.009706	.397886	105	.364617
.022206	65	.016742	.400000	110	.400000
.037834	70	.028106	1.000000	115	1.000000

STATISTICAL SECTION

….in an effective and efficient manner.”

PUBLIC SCHOOL RETIREMENT SYSTEM
OF THE CITY OF ST. LOUIS

SCHEDULE OF TOTAL CHANGES IN PLAN NET ASSETS, LAST 10 FISCAL YEARS

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Additions by source									(as restated)	
Employer contributions	$ 21,213,347	$ 19,742,779	$ 26,406,806	$ 23,514,266	$ 19,887,885	$ 22,445,608	$ 27,853,996	$ 28,598,502	$ 26,075,146	$ 28,720,193
Employee contributions	13,171,337	12,186,084	10,825,664	10,515,674	10,511,284	10,791,580	11,537,258	12,131,979	11,188,919	11,879,052
Investment income (loss)	(58,151,245)	176,197,590	119,511,676	63,349,054	128,774,730	103,030,906	(259,438,857)	146,071,959	115,925,274	(5,319,851)
Other income								71,391	127,426	131,119
Total additions(depreciation)	(23,766,561)	208,126,453	156,744,146	97,378,994	159,173,899	136,268,094	(220,047,603)	186,873,831	153,316,765	35,410,513
Deductions by type										
Retirement and death benefits	57,876,776	61,652,472	68,008,801	73,994,518	80,638,120	86,928,394	93,852,021	97,129,242	99,277,919	101,993,058
Health care subsidies and supplemental payments	2,447,267	2,490,924	2,593,142	2,658,573	2,712,541	2,726,258	2,781,111	2,794,544	2,808,370	2,825,430
Operating expenses	1,263,687	1,401,994	1,391,243	1,756,223	1,583,964	1,558,874	1,576,882	1,415,026	1,499,302	1,432,914
Contribution refunds due to death or resignation	3,281,320	7,090,729	13,274,756	18,067,968	11,252,780	18,559,040	22,910,310	3,765,085	3,203,714	3,242,200
Total deductions by type	64,869,050	72,636,119	85,267,942	96,477,282	96,187,405	109,772,566	121,120,324	105,103,897	106,789,305	109,493,602
Changes in plan net assets	$ (88,635,611)	$135,490,334	$ 71,476,204	$ 901,712	$ 62,986,494	$ 26,495,528	$ (341,167,927)	$ 81,769,934	$ 46,527,460	$ (74,083,089)

Public School Retirement System of the City of St. Louis

Schedule of Average Benefit Payments
(Last Five Years)

	Years of Service						
Retirement Year	**0 - 5**	**6 - 10**	**11 - 15**	**16 - 20**	**21 - 25**	**26 - 30**	**31+**
2007							
Average Monthly Benefit	$292	$483	$814	$1,505	$2,012	$2,532	$2,887
Number of Retirees	5	14	15	35	42	78	129
2008							
Average Monthly Benefit	$379	$514	$913	$1,443	$1,993	$2,735	$3,049
Number of Retirees	11	22	19	14	20	46	133
2009							
Average Monthly Benefit	$275	$469	$725	$1,001	$2,286	$2,545	$3,303
Number of Retirees	5	23	14	14	25	24	22
2010							
Average Monthly Benefit	$569	$724	$919	$1,522	$2,415	$3,039	$3,189
Number of Retirees	8	36	40	31	55	59	84
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
2007 - 2011							
Average Monthly Benefit	**$457**	**$611**	**$927**	**$1,496**	**$2,251**	**$2,745**	**$3,034**
Number of Retirees	**35**	**120**	**106**	**111**	**162**	**222**	**381**

Note: The retirement system will track final average compensation beginning with fiscal year 2012 for future schedules of average benefit payments.

Public School Retirement System of the City of St. Louis

Retired Members and Beneficiaries By Payment Option & Type On January 1, 2011

Option	Service Benefit	Disability Benefit	Survivor Benefit	Total
0	3,388	228	297	3,913
1	153	15	0	168
2	93	5	0	98
3	176	12	0	188
4	180	7	0	187
5	14	4	0	18
6	10	4	0	14
7	1	0	0	1
Total	4,015	275	297	4,587

Amount of Annual Benefits By Payment Option & Type On January 1, 2011

Option	Service Benefit	Disability Benefit	Survivor Benefit	Total
0	$ 79,064,805	$ 2,716,264	$ 3,027,265	$ 84,808,334
1	2,777,884	204,944	-	2,982,828
2	2,086,818	95,477	-	2,182,295
3	3,506,985	130,098	-	3,637,083
4	4,557,720	131,635	-	4,689,355
5	327,208	42,869	-	370,077
6	210,093	16,587	-	226,680
7	30,849	-	-	30,849
Total	$ 92,562,362	$ 3,337,874	$ 3,027,265	$ 98,927,501

Public School Retirement System of the City of St. Louis

Average Annual Benefit Payments By Payment Option & Type On January 1, 2011

Option	Service Benefit	Disability Benefit	Survivor Benefit	All
0	$ 23,337	$ 11,913	$ 10,193	$ 21,673
1	18,156	13,663	-	17,755
2	22,439	19,095	-	22,268
3	19,926	10,842	-	19,346
4	25,321	18,805	-	25,077
5	23,372	10,717	-	20,560
6	21,009	4,147	-	16,191
7	30,849	-	-	30,849
All	$ 23,054	$ 12,138	$ 10,193	$ 21,567

Average Monthly Benefit Payments By Payment Option & Type On January 1, 2011

Option	Service Benefit	Disability Benefit	Survivor Benefit	All
0	$ 1,945	$ 993	$ 849	$ 1,806
1	1,513	1,694	-	1,480
2	1,870	1,591	-	1,856
3	1,661	904	-	1,612
4	2,110	1,567	-	2,090
5	1,948	893	-	1,713
6	1,751	346	-	1,349
7	2,571	-	-	2,571
All	$ 1,921	$ 1,012	$ 849	$ 1,797

Public School Retirement System
of the City of St. Louis

Schedule of Covered Members
(Last Ten Years)

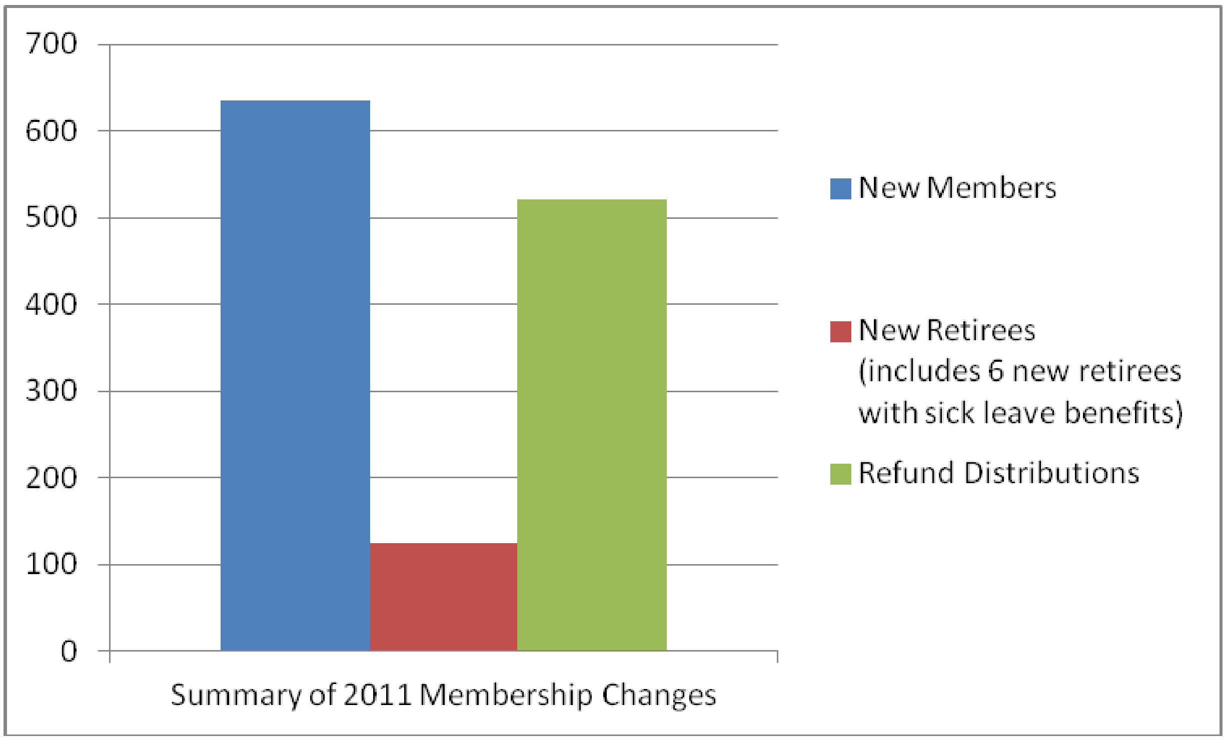
	2011		2010		2009		2008		2007	
Member Type	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**	**Covered Members**	**Percentage of Total**
Active	4,336	40.0%	4,825	43.5%	5,085	45.4%	5,021	45.2%	5,010	47.3%
Inactive	1,935	17.8%	1,896	17.1%	1,543	13.8%	1,635	14.7%	1,488	14.1%
Retired (includes Beneficiaries)	4,587	42.2%	4,370	39.4%	4,570	40.8%	4,456	40.1%	4,084	38.6%
Total	10,858	100%	11,091	100%	11,198	100%	11,112	100%	10,582	100%

	2006		2005		2004		2003		2002	
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	5,156	50.9%	5,549	57.2%	6,074	59.1%	6,928	63.0%	6,589	64.0%
Inactive	952	9.4%	548	5.6%	509	4.9%	494	4.5%	118	1.1%
Retired (includes Beneficiaries)	4,026	39.7%	3,606	37.2%	3,700	36.0%	3,578	32.5%	3,590	34.9%
Total	10,134	100%	9,703	100%	10,283	100%	11,000	100%	10,297	100%

The Year in Review

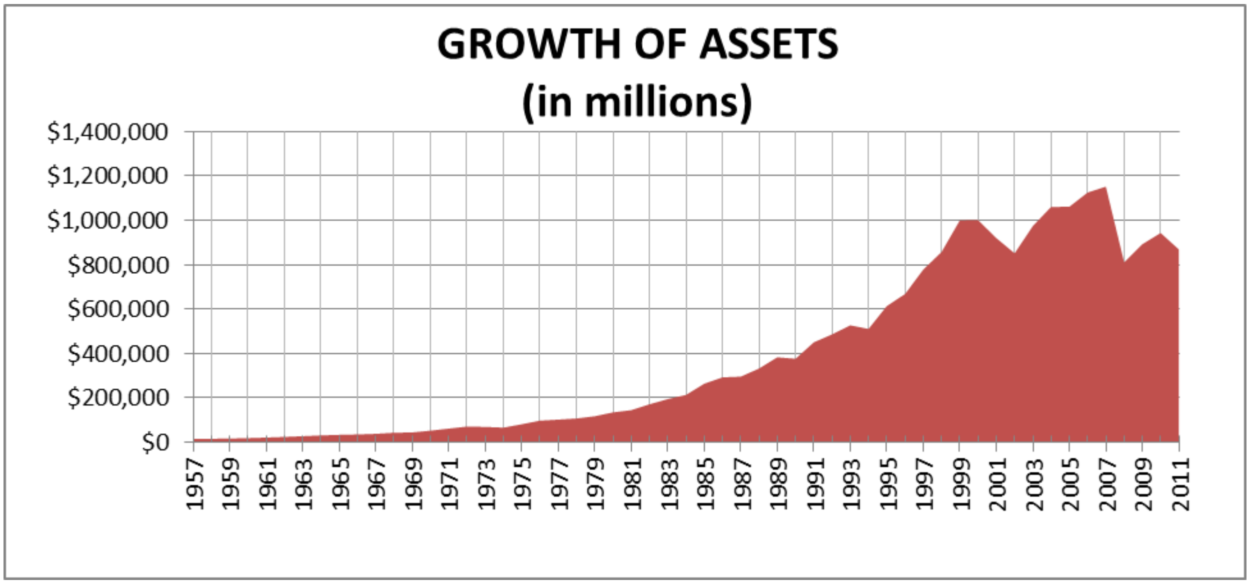
During 2011, PSRSSTL added 125 new retirees to payroll that included 6 approved applications for Supplemental Pension Benefits under the Sick Leave Conversion Program sponsored by St. Louis Public Schools. In addition, the retirement system added 634 new members and processed more than 500 refund distributions for members who left PSRSSTL.

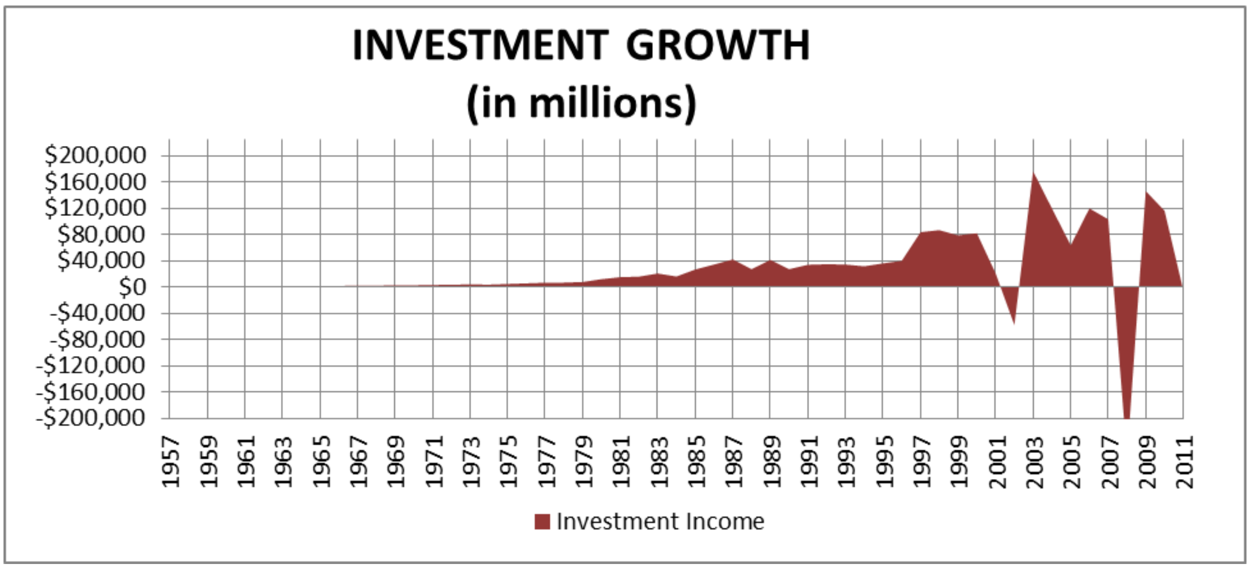
2011 Membership Changes

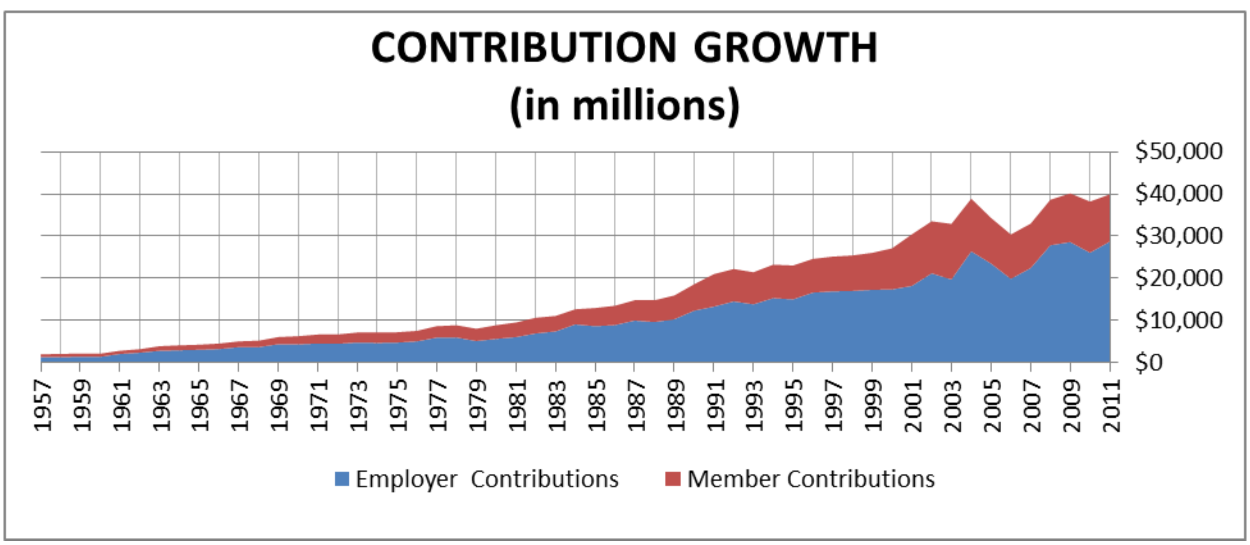


CHARTS AND GRAPHS

The following charts and graphs show the progressive increase of assets, investments and contributions since 1957 when the System's substantial growth first began.







Legislative History of the 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

Public School Retirement System
of the City of St. Louis
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