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**EMPLOYEES RETIREMENT SYSTEM  
OF THE CITY OF ST. LOUIS**

**SCHEDULE OF EMPLOYER ALLOCATIONS  
AND  
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER**

**SEPTEMBER 30, 2014**

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**SEPTEMBER 30, 2014**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Schedules**

We have audited the accompanying schedule of employer allocations of the **Employees Retirement System of the City of St. Louis** as of and for the year ended September 30, 2014, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of the **Employees Retirement System of the City of St. Louis** as of and for the year ended September 30, 2014, and the related notes.

### **Management's Responsibility for the Schedules**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error.

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**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

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**Auditors' Responsibility (Continued)**

In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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

**Opinions**

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for the **Employees Retirement System of the City of St. Louis** as of and for the year ended September 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the **Employees Retirement System of the City of St. Louis** as of and for the year ended September 30, 2014, and our report thereon, dated May 4, 2015, expressed an unmodified opinion on those financial statements.

**Restriction on Use**

Our report is intended solely for the information and use of the **Employees Retirement System of the City of St. Louis** management, trustees, employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*Kiefer Bonfanti & Co. LLP*

St. Louis, Missouri  
September 28, 2015

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

**SCHEDULE OF EMPLOYER ALLOCATIONS  
DETERMINATION OF EMPLOYERS' PROPORTIONATE SHARE  
SEPTEMBER 30, 2014**

<b>Employer</b>	<b>September 30, 2014</b>		<b>September 30, 2013 (Unaudited)</b>	
	<b>Contributions</b>	<b>Proportionate Share</b>	<b>Contributions</b>	<b>Proportionate Share</b>
City	\$ 24,920,746	67.7410293%	\$ 23,431,528	68.2180233%
Firemen's Retirement System	38,471	0.1045741%	28,070	0.0817224%
Police Retirement System	52,740	0.1433610%	51,827	0.1508880%
Parking Meters	468,178	1.2726288%	419,555	1.2214830%
Airport	3,332,599	9.0588655%	3,202,290	9.3230750%
Water	2,143,260	5.8259347%	2,015,341	5.8674184%
Zoo	2,688,327	7.3075677%	2,419,703	7.0446689%
Library	1,542,057	4.1917095%	1,383,974	4.0292708%
Art Museum	1,328,101	3.6101218%	1,160,121	3.3775502%
Mental Health Board	88,253	0.2398945%	70,335	0.2047717%
Tower Grove Park	138,687	0.3769871%	129,386	0.3766915%
Taxicab Commission	40,222	0.1093338%	35,872	0.1044369%
Firefighter's Retirement Plan	6,619	0.0179922%	-	0.0000000%
<b>Total</b>	<b>\$ 36,788,260</b>	<b>100.0000000%</b>	<b>\$ 34,348,002</b>	<b>100.0000000%</b>
Plus: Member contributions	<b>49,335</b>		184,508	
Plus: Transfer payment	<b>79,829</b>		-	
Total Employer Contributions in the Statement of Changes in Fiduciary Net Position (Base Plan)	<b>\$ 36,917,424</b>		<b>\$ 34,532,510</b>	

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

**SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
EMPLOYER PROPORTIONATE SHARE OF COLLECTIVE NET PENSION LIABILITY  
SEPTEMBER 30, 2014**

Employer	September 30, 2014						September 30, 2013 (Unaudited)	
	Proportionate Share	Share of NPL @ 7.09%	Share of NPL @ 9.09%	Share of NPL @ 8.09%	Total Covered Payroll	Share of NPL @ 8.09% as % Payroll	Proportionate Share	Share of NPL @ 8.09%
City	67.7410293%	\$ 168,101,498	\$ 50,501,563	\$ 104,731,965	\$ 167,674,094	62%	68.2180233%	\$ 124,149,688
Firemen's Retirement System	0.1045741%	259,504	77,961	161,678	260,505	62%	0.0817224%	148,726
Police Retirement System	0.1433610%	355,755	106,877	221,645	343,651	64%	0.1508880%	274,600
Parking Meters	1.2726288%	3,158,069	948,757	1,967,566	3,042,238	65%	1.2214830%	2,222,972
Airport	9.0588655%	22,479,860	6,753,468	14,005,586	24,715,857	57%	9.3230750%	16,967,024
Water	5.8259347%	14,457,240	4,343,288	9,007,268	16,242,955	55%	5.8674184%	10,678,090
Zoo	7.3075677%	18,133,959	5,447,859	11,297,967	18,298,592	62%	7.0446689%	12,820,563
Library	4.1917095%	10,401,859	3,124,958	6,480,651	11,698,070	55%	4.0292708%	7,332,853
Art Museum	3.6101218%	8,958,631	2,691,379	5,581,479	9,105,733	61%	3.3775502%	6,146,789
Mental Health Board	0.2398945%	595,306	178,844	370,892	583,862	64%	0.2047717%	372,663
Tower Grove Park	0.3769871%	935,505	281,047	582,846	935,654	62%	0.3766915%	685,539
Taxicab Commission	0.1093338%	271,315	81,509	169,037	261,492	65%	0.1044369%	190,064
Firefighter's Retirement Plan	0.0179922%	44,648	13,413	27,817	38,635	72%	0.0000000%	-
<b>Total</b>	<b>100.0000000%</b>	<b>\$ 248,153,150</b>	<b>\$ 74,550,924</b>	<b>\$ 154,606,398</b>	<b>\$ 253,201,338</b>	<b>61%</b>	<b>100.0000000%</b>	<b>\$ 181,989,571</b>

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

**SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (CONTINUED)  
TOTAL DEFERRED OUTFLOWS AND DEFERRED INFLOWS  
SEPTEMBER 30, 2014**

Employer	Proportionate Share	Proportionate Share of Deferred Outflows				Proportionate Share of Deferred Inflows			
		Experience	Assumption Changes	Investment Return	Changes in Proportion	Experience	Assumption Changes	Investment Return	Changes in Proportion
City	67.7410293%	\$ -	\$ -	\$ -	\$ -	\$ 1,861,897	\$ -	\$ 6,381,439	\$ 650,930
Firemen's Retirement System	0.1045741%	-	-	-	31,257	2,875	-	9,854	-
Police Retirement System	0.1433610%	-	-	-	-	3,941	-	13,509	10,237
Parking Meters	1.2726288%	-	-	-	69,748	34,978	-	119,883	-
Airport	9.0588655%	-	-	-	-	248,988	-	853,380	360,612
Water	5.8259347%	-	-	-	-	160,128	-	548,820	56,644
Zoo	7.3075677%	-	-	-	358,838	200,853	-	688,401	-
Library	4.1917095%	-	-	-	221,663	115,211	-	394,873	-
Art Museum	3.6101218%	-	-	-	317,344	99,225	-	340,084	-
Mental Health Board	0.2398945%	-	-	-	47,908	6,594	-	22,599	-
Tower Grove Park	0.3769871%	-	-	-	409	10,362	-	35,515	-
Taxicab Commission	0.1093338%	-	-	-	6,688	3,004	-	10,296	-
Firefighter's Retirement Plan	0.0179922%	-	-	-	24,568	495	-	1,696	-
<b>Total</b>	<b>100.0000000%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,078,423</b>	<b>\$ 2,748,551</b>	<b>\$ -</b>	<b>\$ 9,420,349</b>	<b>\$ 1,078,423</b>

NOTES TO SCHEDULE OF EMPLOYER ALLOCATIONS  
AND PENSION AMOUNTS BY EMPLOYER  
SEPTEMBER 30, 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***General***

Employer contributions to the **Employees Retirement System of The City of St. Louis** (the System) are calculated on creditable compensation for active members reported by employers. Employer contributions are accrued when earned. Employers are statutorily required to pay a fixed percentage of the compensation.

The Schedule of Employer Allocations (the Schedule) reflects current year employer contributions. Contributions and adjustments to contributions reported in the current fiscal year for service performed in a prior year are recognized as contributions in the current year and included in the Schedule. The Schedule includes the following for each individual employer:

- Employer name
- The amount of employer contributing entity's contributions for the period October 1, 2013 to September 30, 2014 (the fiscal year), offset by the prior year accrual for the same employer.
- The employer contributing entity's contributions as a percentage of total employer contributions.

The Schedule has been rounded and percentage are to the first seven decimal places.

***Basis of Accounting***

Contributions for employers and the net pension liability are recognized on an accrual basis of accounting.

***Use of Estimates in the Preparation of the Schedule***

The preparation of the Schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affects certain amounts and disclosures. Actual results could differ from those estimates.

***Relationship to the System's Basic Financial Statements***

The Schedule also includes reconciliation from total employer contributions included in the Schedule to employer contribution shown in the System's Statement of Changes in Fiduciary Net Position.

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

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Notes to Schedule of Employer Allocations and  
Pension Amounts by Employer (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Components of Net Pension Liability***

The components of net pension liability of the System, for participating employers, as of September 30, 2014, are as follows:

	Measurement Date	
	September 30,	
	2014	2013 (Unaudited)
Total Pension Liability	\$ 935,102,032	\$ 912,479,784
System Fiduciary Net Position	780,495,634	730,490,213
<b>Employers' Net Pension Liability</b>	<b>\$ 154,606,398</b>	<b>\$ 181,989,571</b>
<b>System Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>83.47%</b>	<b>80.06%</b>

***Actuarial Assumptions***

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurements:

<b>VALUATION DATE</b>	October 1, 2013
<b>TIMING</b>	Actuarially determined contribution rates are calculated based on the actuarial valuation at the beginning of the year.
<b>ACTUARIAL COST METHOD</b>	Projected Unit Credit Cost Method
<b>ASSET VALUATION METHOD</b>	5 year smoothing
<b>AMORTIZATION METHOD</b>	Rolling 30-year level dollar amortization of unfunded liability
<b>DISCOUNT RATE</b>	8.00%
<b>INFLATION</b>	3.125%
<b>SALARY INCREASES</b>	3.50% plus merit component based on employee's years of service
<b>MORTALITY</b>	1994 Group Annuity Mortality Table

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

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Notes to Schedule of Employer Allocations and  
Pension Amounts by Employer (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Discount Rate** – The discount rate used to measure the total pension liability was 8.09%. The projection of cash flows used to determine the discount rate assumed that contributions from System members will be made at the current contribution rate. Based on these assumptions, the System’s net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of investment expenses but without reduction for administrative expenses.

**Sensitivity** – GASB 67 requires the disclosure of the sensitivity of the net pension liability to changes in the discount rate. For calculations of Total Pension Liability the actuary has used an assumed long-term expected rate of return of 8.09%, which is the valuation assumed rate of 8.00% increased by 0.09% reflecting administrative expenses. The table below presents the net pension liability if the discount rate were 1% lower or 1% higher than the current rate.

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>7.09%</b>	<b>8.09%</b>	<b>9.09%</b>
<b>Total Pension Liability</b>	\$ 1,028,648,784	\$ 935,102,032	\$ 855,046,558
<b>Plan Fiduciary Net Position</b>	780,495,634	780,495,634	780,495,634
<b>Net Pension Liability</b>	<b>\$ 248,153,150</b>	<b>\$ 154,606,398</b>	<b>\$ 74,550,924</b>

<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	75.88%	83.47%	91.28%
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**Deferred Inflow of Resources and Deferred Outflow of Resources**

Each employer will need to calculate two additional types of deferred outflows of resources and deferred inflows of resources which are employer specific amounts. These amounts relate the (1) net impact from changes in proportion allocation percentage between the periods; and (2) contributions made to the System subsequent to the measurement date and before the end of the employer’s reporting period.

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

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Notes to Schedule of Employer Allocations and  
Pension Amounts by Employer (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Deferred Inflow of Resources and Deferred Outflow of Resources (Continued)***

The employer is solely responsible for its financial statements and, therefore, is responsible for evaluating the information used to recognize and disclose pension amounts in its financial statements. The Schedule of Pension Amounts by Employer calculates each employer's allocation percentage to the collective amounts provided. Similarly, the employer auditor is solely responsible for the audit of the employer's financial statements, and therefore, is responsible for determining the sufficiency of the audit evidence necessary to reduce audit risk to the appropriate level. Nevertheless, the employer and their auditor may use the System's report to provide evidence that the pension amounts allocated to the employer are not materially misstated.

The table below summarizes the current balance of collective Deferred Outflows and Deferred Inflows of Resources along with the net recognition over the next five years:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 2,748,551
Changes in assumptions	-	-
Net difference between projected and actual earnings on System investments	-	9,420,350
<b>Total</b>	<b>\$ -</b>	<b>\$ 12,168,901</b>

Amounts reported as deferred outflows and inflows of resources will be recognized in the pension expense as follows:

Year ended September 30,	Amount
2015	\$ (3,271,273)
2016	(3,271,270)
2014	(3,271,273)
2018	(2,355,085)
2019	-
Thereafter	-
<b>Total</b>	<b>\$ (12,168,901)</b>

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

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Notes to Schedule of Employer Allocations and  
Pension Amounts by Employer (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Deferred Inflow of Resources and Deferred Outflow of Resources  
(Continued)***

The table below shows the employer's proportionate share of recognition over the next five years:

Employer	Proportionate Share of Recognition for FYE					There- after
	2015	2016	2017	2018	2019	
City	\$ (2,432,972)	(2,432,971)	(2,432,972)	(1,595,353)	-	\$ -
Firemen's Retirement System	6,997	6,997	6,997	(2,461)	-	-
Police Retirement System	(8,103)	(8,103)	(8,103)	(3,377)	-	-
Parking Meters	(18,381)	(18,381)	(18,381)	(29,968)	-	-
Airport	(416,545)	(416,545)	(416,545)	(213,345)	-	-
Water	(209,463)	(209,463)	(209,463)	(137,203)	-	-
Zoo	(119,438)	(119,438)	(119,438)	(172,100)	-	-
Library	(63,234)	(63,234)	(63,234)	(98,720)	-	-
Art Museum	(12,314)	(12,314)	(12,314)	(85,023)	-	-
Mental Health Board	8,122	8,122	8,122	(5,651)	-	-
Tower Grove Park	(12,196)	(12,196)	(12,196)	(8,883)	-	-
Taxicab Commission	(1,347)	(1,347)	(1,347)	(2,574)	-	-
Firefighter's Retirement Plan	7,601	7,601	7,601	(427)	-	-
<b>Total</b>	<b>\$ (3,271,273)</b>	<b>(3,271,270)</b>	<b>(3,271,273)</b>	<b>(2,355,085)</b>	<b>-</b>	<b>\$ -</b>

**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS**

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Notes to Schedule of Employer Allocations and  
Pension Amounts by Employer (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Changes in Net Pension Liability***

The following table represents the changes in total pension liability and fiduciary net position for the year ended September 30, 2014:

	<b>Total Pension Liability (a)</b>	<b>System Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
Balance at September 30, 2013	\$ 912,479,784	\$ 730,490,213	\$ 181,989,571
Changes for the year			
Service cost	10,591,910	-	10,591,910
Interest	72,012,146	-	72,012,146
Difference between expected and actual experience	(3,664,735)	-	(3,664,735)
Change in benefit	-	-	-
Change of assumptions	-	-	-
Benefit payments	(56,317,073)	-	(56,317,073)
Contributions - Employer	-	36,788,260	(36,788,260)
Contributions - Employees	-	129,164	(129,164)
Net investment income	-	70,076,027	(70,076,027)
Benefit payments	-	(56,317,072)	56,317,072
Administrative expenses	-	(670,957)	670,957
<b>Net Changes</b>	<b>22,622,248</b>	<b>50,005,422</b>	<b>(27,383,174)</b>
<b>Balance at September 30, 2014</b>	<b>\$ 935,102,032</b>	<b>\$ 780,495,634</b>	<b>\$ 154,606,398</b>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.