



Retirement

CCERDBP

Creve Coeur Employee Retirement Defined Benefit Plan
Annual Report Fiscal Year Ending June 30, 2016

Dear Participants, City Council and Residents,

On behalf of the City of Creve Coeur, I am pleased to present the Creve Coeur Employee Retirement Defined Benefit Plan (CCERDBP) Annual Financial Report of FY2016. This is the second annual report that provides information concerning the status of the retirement plan. The Board of Trustees are responsible for the administration of the retirement plan, the investment policies and monitoring the investment performance of its investment managers.

**Creve Coeur Employee
Retirement Defined
Benefit Plan Board of
Trustees**

During the past year, the City has seen a continued increase in the funding level of the plan. Since a low point of \$12.6 million assets following the 2008-2009 market decline, the plan assets have risen to \$21.9 million in FY2016. This resulted from increased City contributions, employee contributions, and the investment performance.

Members Appointed by City

Council

Chairman Kelly Sullivan

Vice Chairman Michael
Karasick

David Caldwell

Larry Potashnick

The Pension Board meets regularly with its investment managers to discuss investment policies and fund performance. Commerce Bank manages the fixed income investments, and Fiduciary Advisors was selected by the Pension Board in 2013 to manage the equity investments.

The Pension Board also meets with the plan actuary Conduent to review the ability of the fund to meet its future obligations to retirees. As a result of the actuarial evaluations, the Pension Board made two changes in 2015 to the actuarial assumptions used to determine the contributions to the plan which are recommended to the City Council. First, the assumption for future investment performance was decreased from 7.5% to 7.0%. Second, the Pension Board changed the amortization of the 7/1/15 unfunded liability from a 15-year rolling time period to a fixed 10-year period ending 6/30/2025. This change is to ensure that the current unfunded liability will be eliminated by the time the vast majority of current participants have retired. (The plan has been closed to new employees since June, 2006).

Members Appointed by

Employees

John McIntosh

Steve Unser

City Council Liaison

Ellen Lawrence

A key measurement of the ability of the fund to meet future obligations is the Funded Ratio. The Funded Ratio relates the size of the unfunded liabilities to the total actuarial liabilities of the fund. The Funded Ratio is affected by the amount of City and employee contributions, benefit payments, investment performance, and actuarial assumptions such as mortality. From a recent low of 62.5% in 2011, the Funded Ratio increased to 75.9% for 2015 and stood at 78.5% for 2016.

For the fiscal year ending June 30, 2016, the equity portion of the Creve Coeur Pension portfolio was slightly down 0.3%. This compares to the equity portfolio's primary policy index which was down 1.1% and the secondary policy index which was down 1.7%. During this time period, large cap stocks (S&P 500 index) were up 3.99%, but investments in small cap stocks (Russell 2000 index) were down 6.73% and foreign stocks (MSCI EAFE index) were down 10.16%

For the year ended June 30, 2016, the global financial markets were faced with significant volatility. This was caused by weakness in the energy markets, growing fears of recession, as well as the concern over Britain's vote on whether to leave the European Union. As a result, interest rates generally declined over the period, and all major bond sectors posted positive returns for the year. Accordingly, the fixed income component of the plan generated competitive returns. The bond holdings are comprised of a diversified portfolio of investment grade bonds, with an emphasis on high quality corporate bonds. Investment-grade corporate bonds performed well, benefiting solid fundamentals and sustained demand. The fund also holds a diversified assortment of US treasuries, US agencies, asset-backed and mortgage-backed securities and taxable municipal bonds which reported positive returns, as well.

The Pension Board has a fiduciary duty to the participants in the plan. The City Council has consistently endorsed the actions taken by the Pension Board and has consistently budgeted contributions equal to or in excess of the amount recommended by the Pension Board.

I wish to thank the Pension Board of Trustees for their efforts this year. Both the City Council and the Pension Board of Trustees have displayed a dedication to maintaining the financial soundness of the pension plan to ensure the participants will receive the benefits, to which they are entitled.

If you have any questions please contact Lori Obermoeller, Director of Finance, for the City of Creve Coeur, at lobermoeller@crevecoeurmo.gov or (314)-872-2519.

Sincerely,

Lori Obermoeller

Lori Obermoeller
Director of Finance
City of Creve Coeur

Retirement Funding

The retirement benefits are funded by contributions from the City of Creve Coeur, investment income, and by employee contributions. In order to ensure your benefits are available to you, CCEDBP is constantly evaluating the assets relative to the value of the liabilities. The information shown on Table 3 indicates the extent to which the system was funded as of a given year.

The City must contribute the annually required contribution subject to City Council's annual review of the City's financial condition during the budget process that, when combined with present assets and future investment returns, will be sufficient to meet the present and future financial obligations of the retirement system. The City has met or exceeded the actuarial required contributions for the last 15 years.

The market events of 2009 had an extremely negative effect on the pension plan. Since that time, the plan has significantly improved its funding level as a result of increased City contributions, employee contributions and increased market performance. The City remains committed to providing adequate funding for the plan.

\$1,840

Current Monthly Benefit for Members Currently Retired from the CCEDBP

Creve Coeur Employee Retirement Defined Benefit Plan

Member Data

Retired Members

June 30, 2016	CCEDBP
Retired Members	
Average Age	70.5
Average monthly benefit	\$1,839.88

Active Members

Average Age	52
Average Salary (per month)	\$6,092
Average length of service	20.5

Total Membership

Active	50
Terminated-vested	30
Retired	68

Age of Active Participants in Plan

Years Credited Service by Category	Number of Active Participants
30-34	1
35-39	3
40-44	4
45-49	11
50-54	12
55-59	10
60-64	4
65-69	5
Total	50

Facts About the Defined Benefit Pension Plan

- The City has consistently paid or exceeded the annually required contributions to adequately fund the plan.
- The active employees support the plan with a contribution of 3% of their base salary and longevity.
- The major sources of revenue for the plan is investment earnings and City contributions.
- The plan employs professional money managers to maximize investment earnings.
- The City's contribution for FY 2016 was \$1,270,402
- The active employees contributed 3% of base salary and longevity pay totaling \$112,251 in FY 2016.
- The plan was closed to all new employees hired after June 1, 2006.

Table One
FINANCIAL POSITION

PLAN NET ASSETS

The Plan Net Assets schedule shows a snapshot of what the Creve Coeur Employee Defined Pension Plan owns at the end of the Fiscal Year

June-30

	2016	2015	Amount of Change	Percentage Change
ASSETS				
Investments, at fair value:				
Equity:				
Mutual funds	\$ 15,649,800	\$ 15,719,196	\$ (69,396)	-0.44%
Fixed Income				
Managed bond account	\$ 6,052,080	\$ 5,796,363	\$ 255,717	4.41%
Total Increase			\$ -	
Money market funds	\$ 240,037	\$ 256,607	\$ (16,570)	-6.46%
Total Investments	\$ 21,941,917	\$ 21,772,166	\$ 169,751	0.78%
Accrued interest and dividends receivable	\$ 42,229	\$ 38,090	\$ 4,139	10.87%
Unsettled Transactions	\$ 3,080.00			
Total Assets	\$ 21,987,226	\$ 21,810,256	\$ 176,970	0.81%
LIABILITIES				
	-	-		
*NET POSITION-RESTRICTED FOR PENSIONS	\$ 21,987,226	\$ 21,810,256	\$ 176,970	0.81%

*Net Position-Resticted for Pension-the amount of funds available at year end to fund current and future pension liabilities

Table Two
CHANGES IN NET POSITION

	For The Years Ended June 30			
	2016	2015	Amount of Change	Percentage Change
ADDITIONS TO NET POSITION ATTRIBUTED TO:				
Investment income:				
Net appreciation (depreciation) in fair value of investments	\$ (233,017)	\$ (143)	(232,874)	162848.95%
Interest and dividends	553,008	499,552	53,456	10.70%
Total Investment Income	319,991	499,409	(179,418)	-35.93%
Less - Investment management and custodial fees*	39,391	39,807	(416)	-1.05%
Net Investment Income	280,600	459,602	(179,002)	-38.95%
Employer's contributions	1,270,404	1,254,457	15,947	1.27%
Employee contributions	112,251	93,099	19,152	20.57%
Total Additions	1,663,255	1,807,158	(143,903)	-7.96%
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:				
Benefits paid to retirees and beneficiaries:				
Monthly annuitized	1,457,024	1,392,018	65,006	4.67%
Lump-sum	-	-	-	0.00%
Total Benefits Paid To Retirees And Beneficiaries	1,457,024	1,392,018	65,006	4.67%
Administrative expenses:				
Actuarial fees	15,832	14,866	966	6.50%
Fiduciary insurance	5,604	5,585	19	0.34%
Auditing fees	7,400	12,400	(5,000)	-40.32%
Other fees and charges	425	634	(209)	-32.97%
Total Administrative Expenses	29,261	33,485	(4,224)	-12.61%
Total Deductions	1,486,285	1,425,503	60,782	4.26%
INCREASE IN NET POSITION	176,970	381,655	(204,685)	-53.63%
NET POSITION - RESTRICTED FOR PENSIONS, BEGINNING OF YEAR	21,810,256	21,428,601	381,655	1.78%
NET POSITION- RESTRICTED FOR PENSIONS, END OF YEAR	\$ 21,987,226	\$ 21,810,256	176,970	0.81%

*Investment Manager Fees-Investment Manager Fees are as follows:

- 1) Equity \$20,000 annually
- 2) Fixed Income .3% of value of fixed income investment

This is comparative information concerning the Defined Benefit Plan for year 2015-2016. It includes such information as;

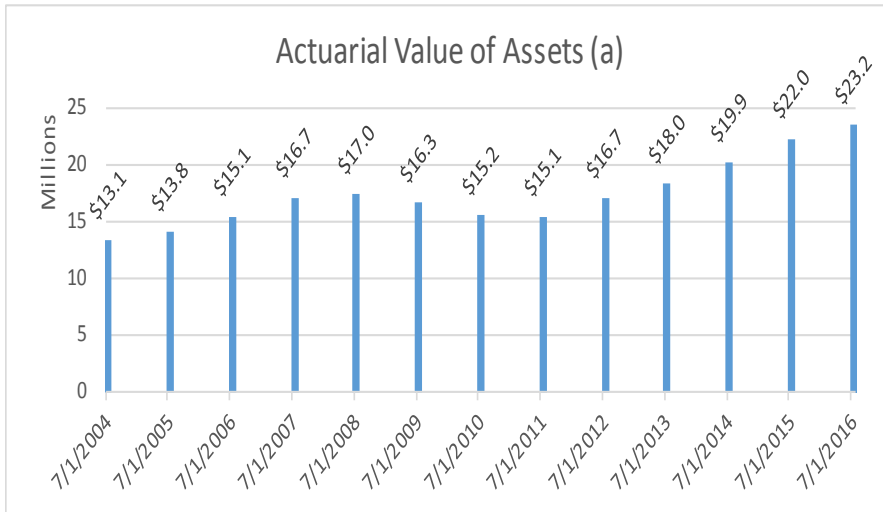
- 1) Participants 2) Annual Benefits 3) Actuarial Liability 4) Actuarial Value of Assets
5) Unfunded Liability 6) Employee Contribution 7) Employer Contribution 8) Funding Levels

Table Three
RETIREMENT PLAN FOR EMPLOYEES OF
THE CITY OF CREVE COEUR
Summary of Valuation Results
(As of July 1 of Applicable Year)

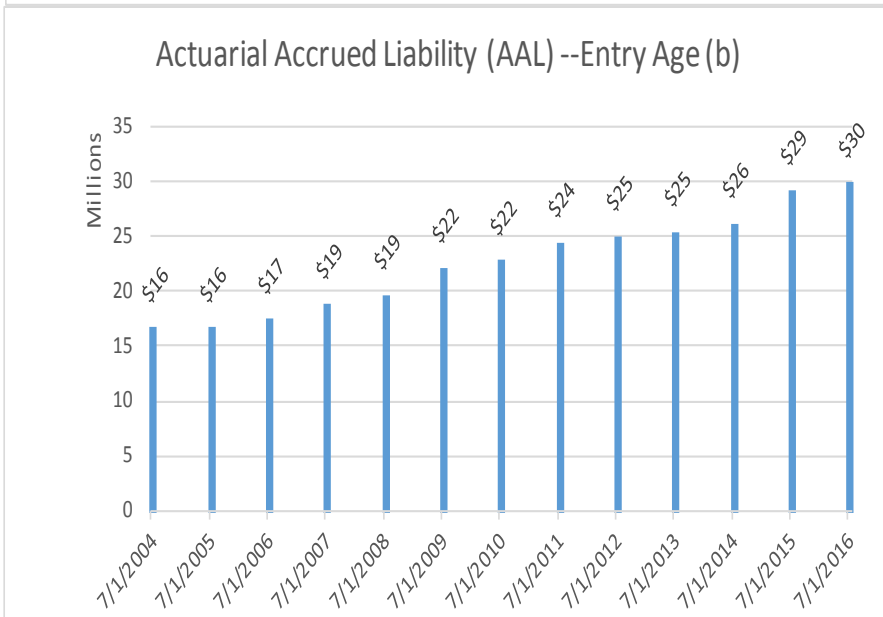
	2016	2015	Amount of Change	Percentage Change
1 Number of Participants				
Active	50	53	-3	-6.00%
Retired & Beneficiaries	68	65	3	4.41%
Vested Terminations	30	32	-2	-6.67%
Total	148	150	-2	-1.35%
2 Covered Payroll	\$3,816,272	\$3,866,480	(\$50,208)	-1.32%
3 Annual Benefits Payable to Retired Participants and Beneficiaries	\$1,487,033	\$1,422,281	\$64,752	4.35%
4 Actuarial Liability				
Active	\$12,055,864	\$12,112,798	(\$56,934)	-0.47%
Retired & Beneficiaries	15,591,791	14,802,008	\$789,783	5.07%
Vested Terminations	1,934,052	2,006,925	(\$72,873)	-3.77%
Total	\$29,581,707	\$28,921,731	(\$659,976)	-2.23%
5 Plan Assets - Actuarial Value	\$23,220,080	\$21,953,637	\$1,266,443	5.45%
6 Unfunded Actuarial Liability (4-5) Additional (Reduction) in Value After July 1, 2015	\$6,361,627 (\$102,134)	\$6,968,094	(\$606,467)	-9.53%
7 Total Normal Cost*	\$337,523	\$409,425	(\$71,902)	-21.30%
8 Expected Employee Contributions As a Percentage of Covered Payroll	\$114,488 3.00%	\$115,994 3.00%	(\$1,506)	-1.32%
9 Employer Normal Cost* As a Percentage of Covered Payroll (7-8)	\$223,035 5.84%	\$293,431 7.59%	(\$70,396)	-31.56%
10 Amortization of Unfunded Actuarial Liability Amortization Period 15 Year Amortization of UAL After July 1, 2015	\$927,196 10 Years (\$10,480)	\$927,196 10 Years	\$0	0.00%
11 Total Employer Cost (with Amortization of Unfunded Actuarial Liability) As a Percentage of Covered Payroll	\$1,139,751 29.87%	\$1,220,627 31.57%	(\$80,876)	-7.10%
12 Funded Ratio (5) / (4)	78.49%	75.91%		

*Normal Cost-the portion of the actuarial present value of plan benefits and expenses allocated to current valuation year.

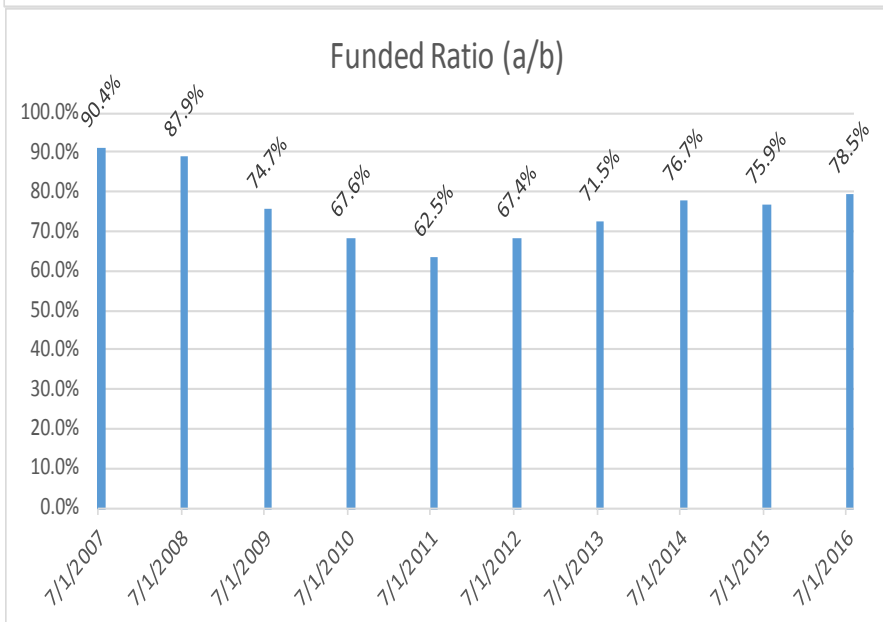
These charts provide historical information concerning the Creve Coeur Pension Plan.



Value of assets as calculated by the Actuary using generally accepted actuarial methodology included a three year smoothing of gains and losses.

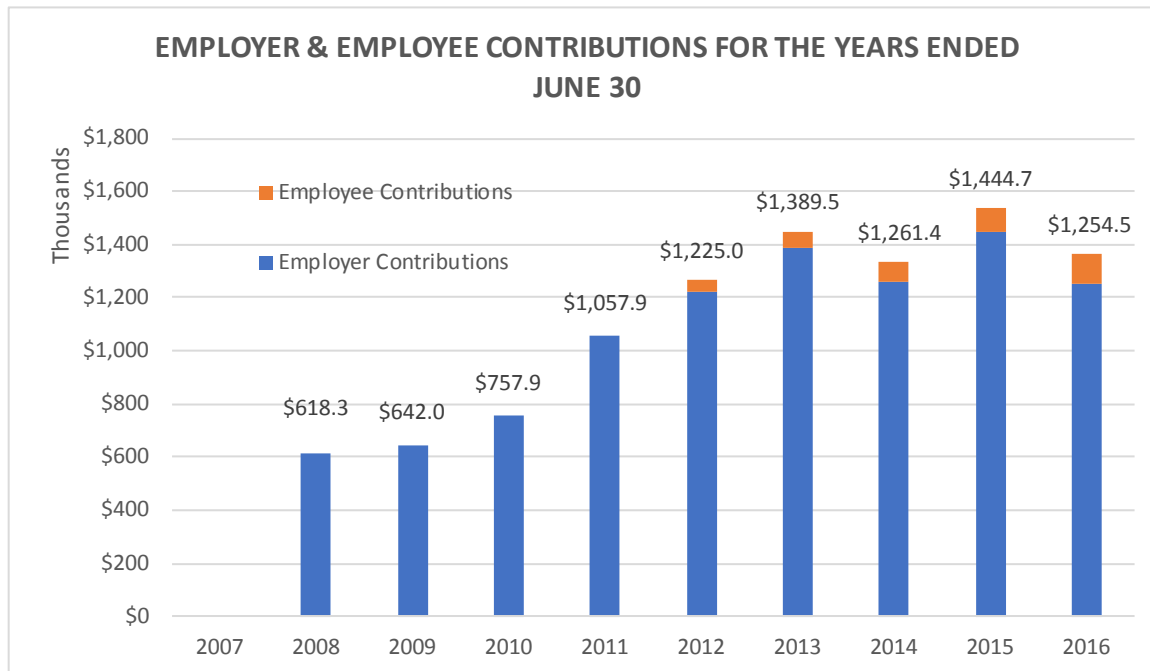
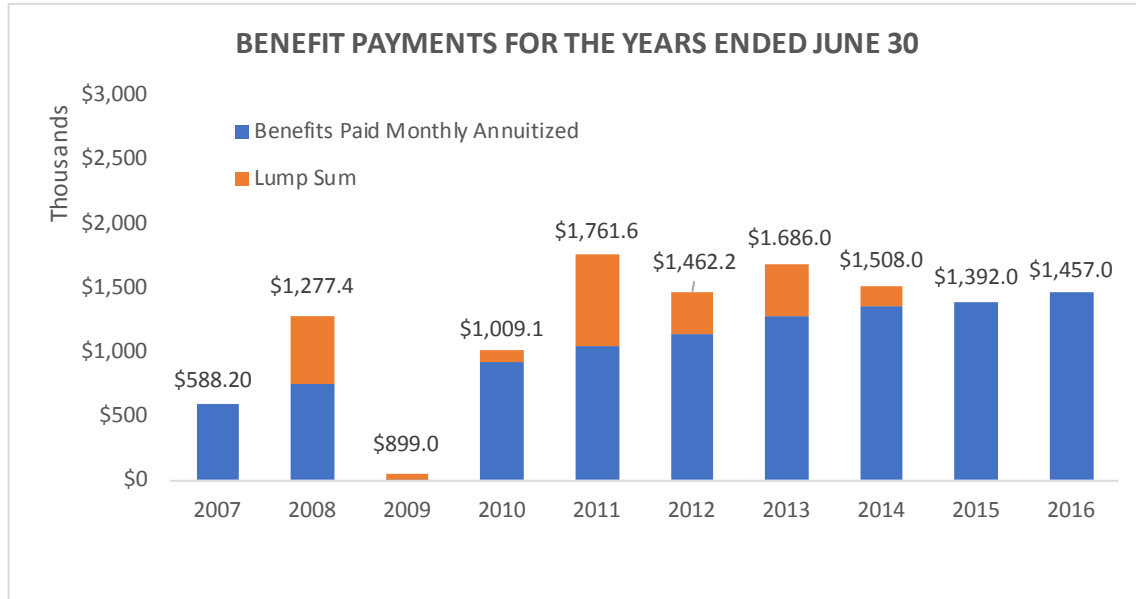


Actuarial liability of pension fund calculated using generally accepted actuarial methodology.



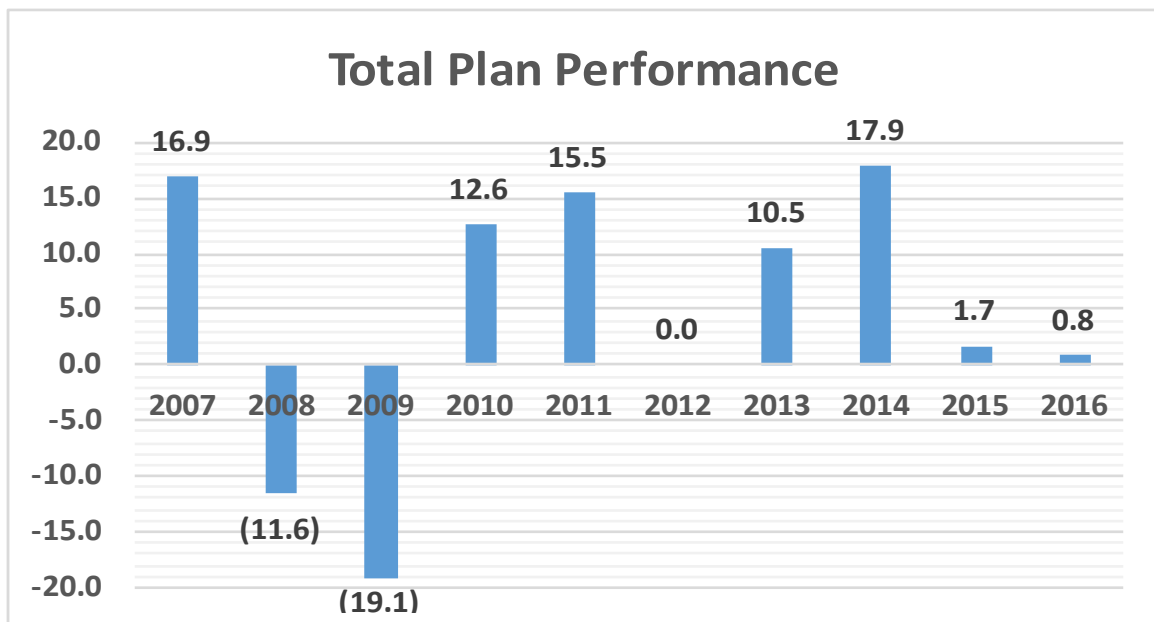
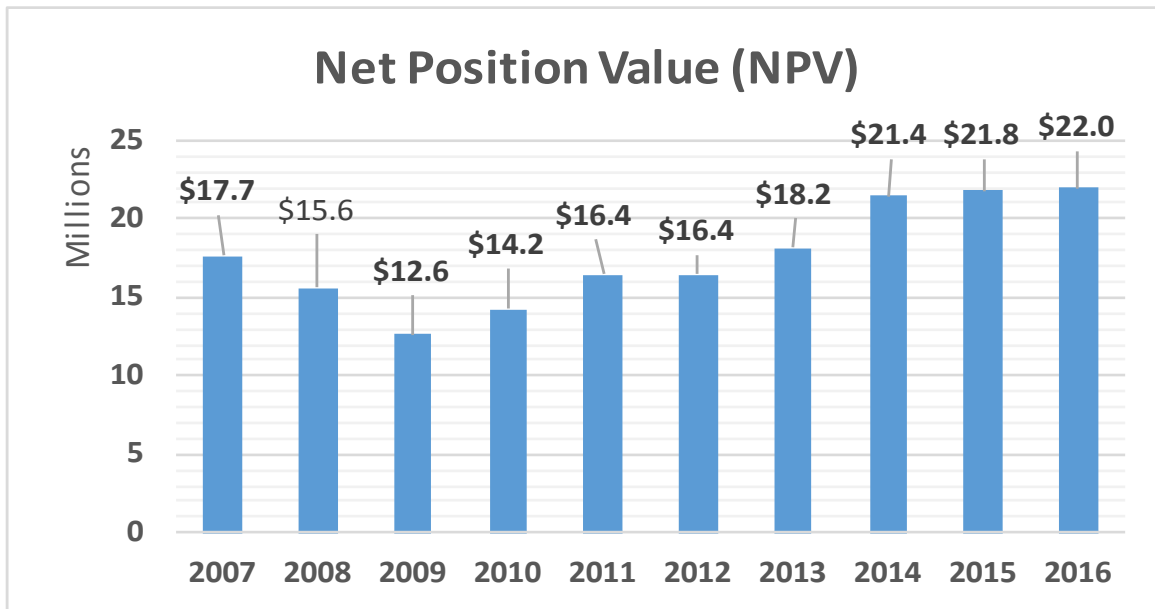
Funded ratio based upon actuarial value of assets divided by actuarial liability.

These schedules provide graphic representation of retiree benefit payments and employer contributions from FY2007 thru FY2016



This schedule provides information concerning the investment performance of plan assets from 2007 thru 2016

PERFORMANCE AND NET POSITION VALUE



Average Rate of Return for Investments per actuarial report;

10 years – 4.9 %

20 years – 5.6