

SPIRE INC
Form 11-K
April 12, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-16681

MISSOURI NATURAL GAS DIVISION OF
LACLEDE GAS COMPANY
WAGE DEFERRAL SAVINGS PLAN
(Full title of the Plan)

SPIRE INC.
700 Market Street
St Louis MO 63101
(Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office)

MISSOURI NATURAL GAS DIVISION OF
LACLEDE GAS COMPANY
WAGE DEFERRAL SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm

Spire Inc. Retirement Plans Committee
Missouri Natural Gas Division of Laclede Gas
Company Wage Deferral Savings Plan
St. Louis, Missouri

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of the Missouri Natural Gas Division of Laclede Gas Company Wage Deferral Savings Plan (the “Plan”) as of October 31, 2016 and 2015, and the related statements of changes in net assets available for benefits (modified cash basis) for the years then ended. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits (modified cash basis) of the Plan as of October 31, 2016 and 2015, and the changes in its net assets available for benefits (modified cash basis) for the years then ended in conformity with accounting principles generally accepted in the United States of America.

St. Louis, Missouri
April 12, 2017

MISSOURI NATURAL GAS DIVISION OF
LACLEDE GAS COMPANY
WAGE DEFERRAL SAVINGS PLAN

Statements of Net Assets Available for Benefits - Modified Cash Basis

	October 31,	
	2016	2015
Cash	\$309	\$—
Investments, at Fair Value	10,475,675	9,732,770
Notes Receivable from Participants	174,694	204,096
NET ASSETS AVAILABLE FOR BENEFITS	\$10,650,678	\$9,936,866

See the accompanying Notes to Financial Statements.

MISSOURI NATURAL GAS DIVISION OF
LACLEDE GAS COMPANY
WAGE DEFERRAL SAVINGS PLAN

Statements of Changes in Net Assets Available for Benefits - Modified Cash Basis

	For the Years Ended October 31,	
	2016	2015
ADDITIONS:		
Contributions:		
Participant	\$405,578	\$371,160
Rollover	3,132	—
Employer	195,605	189,750
Total Contributions	604,315	560,910
Investment Income:		
Interest and dividends	120,624	146,203
Net appreciation in fair value of investments	422,112	420,991
Total Investment Income	542,736	567,194
Interest income on notes receivable from participants	7,472	8,830
TOTAL ADDITIONS	1,154,523	1,136,934
DEDUCTIONS:		
Distributions to participants	439,870	567,368
Administrative fees	841	1,274
TOTAL DEDUCTIONS	440,711	568,642
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS PRIOR TO TRANSFER	713,812	568,292
Transfers from other plans - Net	—	307,094
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	713,812	875,386
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	9,936,866	9,061,480
End of year	\$10,650,678	\$9,936,866

See the accompanying Notes to Financial Statements.

MISSOURI NATURAL GAS DIVISION OF
LACLEDE GAS COMPANY
WAGE DEFERRAL SAVINGS PLAN
Notes to Financial Statements - Modified Cash Basis

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements of the Missouri Natural Gas Division of Laclede Gas Company Wage Deferral Savings Plan (the “Plan”) have been prepared on the basis of cash receipts and disbursements (“Modified Cash Basis”), except that investments in securities reflect fair market value or contract value. The modified cash basis is not in accordance with accounting principles generally accepted in the United States of America but is an acceptable method of reporting under the requirements of the Department of Labor.

Recent Accounting Pronouncements - In May 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2015-07, “Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent),” (“ASU 2015-07”). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value (“NAV”) practical expedient provided by Accounting Standards Codification 820, Fair Value Measurement. It also eliminates certain disclosures for investments eligible to be measured at fair value using the NAV practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Management has reviewed ASU 2015-07 and has determined that the Plan has investments that are measured at NAV utilizing the practical expedient. As permitted by ASU 2015-07, the Plan has adopted this pronouncement for the year ended October 31, 2016 and retrospectively for the year ended October 31, 2015, and its investments in collective trust funds that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy.

Fair Value of Plan Assets – 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy of inputs used to measure fair value includes:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Descriptions of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy are included in Note 3.

Investment Valuation and Income Recognition – The Plan’s investments in common stock and mutual funds are stated at the market value of the underlying assets, which are determined by quoted market prices. Common/collective trusts (“CCTs”) are valued based on information reported by the trust based on its underlying assets and audited financial statements. The Plan also holds units of a CCT that has investments in fully benefit-responsive investment contracts (“FBRICs”). The Plan’s CCT investments in FBRICs are presented at fair value using the Net Asset Value (“NAV”) practical expedient in the Statements of Net Assets Available for Benefits at both October 31, 2016 and 2015.

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. No allowance for credit losses has been recorded as of October 31, 2016 and 2015.

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Net appreciation includes the Plan’s gains and losses on investments bought or sold as well as held during the year.

Use of Estimates – The preparation of financial statements on the modified cash basis requires the Plan sponsor to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Administrative Expenses – The administrative cost of the Plan is paid by Laclede Gas Company (the “Company”), the Plan sponsor and the Plan Administrator. The Company is a wholly owned subsidiary of Spire Inc. (formerly The Laclede Group, Inc.). Participants bear the cost of some individual transactions such as loan fees, dividend pass-through checks, overnight check fees, and purchases of Spire Inc. stock.

Payment of Benefits – Benefit payments are recorded upon distribution. There were no distributions payable to Plan participants as of October 31, 2016 and 2015.

Presentation/Reclassifications – Certain reclassifications have been made to the prior period financial statements to conform to the current period financial statement presentation. These reclassifications had no effect on Net Assets Available for Benefits.

2. INFORMATION REGARDING THE PLAN

The following description pertains to the Plan as in effect during the years ended October 31, 2016 and 2015 and is provided for informational purposes only. In case of conflict or discrepancy with the Plan document, the Plan document governs.

General – The Plan is a defined contribution plan which covers employees of the Missouri Natural Gas Division of Laclede Gas Company who are members of a collective bargaining unit, provided they meet the prescribed eligibility requirements. Assets of the Plan are maintained in trust with Fidelity Management Trust Company (“Trustee”). The Plan sponsor has designated the Spire Retirement Plans Committee as administrator. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Eligibility – To be eligible to participate in the Plan, a participant must be a member of a collective bargaining unit of the Missouri Natural Gas Division of Laclede Gas Company and must complete 90 days of service. Notwithstanding the forgoing, effective November 1, 2015, a participant who would be eligible to participate except that the participant has not satisfied the 90 days of service may contribute to the Plan an eligible rollover contribution.

Contributions – The Plan provides for voluntary participant contributions subject to certain Internal Revenue Code (“IRC”) limitations, up to 75% of the participant's compensation. Participants who attain age 50 by each December 31 are permitted to make additional contributions (catch-up contributions) as permitted by the IRC. Participant contributions are matched 100% in 1% increments up to a maximum of 5% of compensation. Participants may change the amount of their contributions frequently, usually effective within one or two payroll cycles. Participants can make Roth 401(k) contributions to the Plan. Newly hired employees are auto-enrolled in the Plan at a deferral rate of 5%, along with the 5% matching employer contribution, effective on the first pay period after they become eligible, unless they decline to defer or choose an alternative deferral amount in advance.

Vesting – Participant and Company matching contributions are immediately 100% vested.

Investment Options – Contributions to the Plan are invested in one or more investment funds at the option of the participant. A minimum of 1% of the participant's contribution must be directed into each fund selected.

Employee Stock Ownership Plan – The Spire Inc. Employee Stock Ownership Plan (formerly The Laclede Group, Inc. Employee Stock Ownership Plan) (“ESOP”) constitutes a portion of the Plan, not a separate plan. Participant allocated contributions and employer matching contributions are invested directly into the ESOP. A participant may elect to receive dividends on the ESOP shares paid in cash directly to him/her. The election to receive cash dividends shall remain in effect until changed by the participant. Dividends not paid in cash are reinvested under the terms of the Plan.

Participant Accounts – In addition to the participant and Company matching contributions, each participant's account is credited with an allocation of Plan earnings or charged with an allocation of the Plan losses, based on participant account balances, as defined in the Plan document.

Notes Receivable from Participants – Participants may borrow against their individual account balances a minimum of \$500 up to 50% of their account balance, as long as the loan amount does not exceed \$50,000, less the highest outstanding loan balance over the prior twelve months, if any. Loans are taken from investment accounts in the same proportion as the investment funds bear to each other. The maximum repayment period is 234 weeks, except for primary residence loans, which have a maximum repayment period of 494 weeks. Loans are secured by the balance in the participant's account and bear interest at a rate comparable to the rate charged by commercial lenders for similar loans. Participant loans are valued at the outstanding loan balance, plus accrued interest. Delinquent participant loans are reclassified as distributions per the terms of the Plan document. Principal and interest are repaid in level payments through payroll deductions. The interest rate on participant loans outstanding ranged from 4.25% to 4.50% at October 31, 2016.

Payment of Benefits – Distributions are generally made to participants upon separation from service due to retirement, termination of employment, death or total and permanent disability. Participants aged 59-1/2 years or older may elect a partial or total distribution of their account. Distributions are normally made in single lump-sum cash payments; however, participants in the Spire Inc. ESOP may elect to receive their distribution in the form of shares, with the value of fractional shares distributed in cash. Active participants who suffer a financial hardship and cannot obtain funds from other resources, including a loan from the Plan, may apply for a hardship withdrawal. Hardship withdrawals are subject to approval by the Plan administrator and are limited to the participant's elective deferrals, less amounts of previous hardship distributions. Participants making hardship withdrawals may not contribute to the Plan until the first payroll date following the expiration of a six month period after receipt of the hardship withdrawal.

Transfers – The accounts for those participants in the Plan who remain employees of the Company, but who are no longer covered by a collective bargaining agreement, are transferred to the Laclede Gas Company Salary Deferral Savings Plan. Similarly, the accounts of those participants not covered by a collective bargaining agreement, but who later become covered by such an agreement, are transferred to the applicable Company defined contribution plan. Such transfers are reflected as a net amount in the included Statements of Changes in Net Assets Available for Benefits (Modified Cash Basis).

Plan Year – "Plan Year" means the twelve-month period beginning November 1st and ending on the following October 31st. On September 29, 2016, the Company amended the Plan. Effective January 1, 2017, the Plan Year will be the twelve-month period beginning January 1st and ending on the following December 31st. There will be a short Plan Year commencing November 1, 2016 and ending December 31, 2016.

3. INVESTMENTS

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

The Plan holds investments in a stable value fund, which consists of debt and equity securities wrapped by FBRICs. The FBRICs enable the fund to realize a specific known value for the assets if it needs to liquidate them for benefit payments. The FBRICs are issued by banks and insurance companies and serve to preserve the value of the fund's investments by mitigating fluctuations in the market value of the associated underlying investments. These investment contracts are measured daily and may be redeemed daily with no restrictions related to the redemption notice period. However, if redemption does occur, the redeemed funds cannot be reinvested in a competing fund for at least 90 days. There are no reserves against the contract value for credit risk of the contract issuer or otherwise. Certain events, such as layoffs or early retirement incentives, may limit the ability of participants to access their investments at contract value. The likelihood of such events limiting the ability of the Plan to transact at contract value is not probable.

Recurring Measurements – The following table presents the fair value measurements of assets recognized in the accompanying Statements of Net Assets Available for Benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at October 31, 2016 and 2015.

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of

investments with similar characteristics or independent asset pricing services and pricing models,

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the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, and cash flows. Such investments are classified in Level 2 of the valuation hierarchy.

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

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
October 31, 2016	Total			
Mutual funds	\$3,327,567	\$3,327,567	\$—	\$—
Common/collective trusts	4,570,902	—	4,570,902	—
Common Stock - Spire Inc.	2,523,401	2,523,401	—	—
Total investments in the fair value hierarchy	\$10,421,870	\$5,850,968	\$4,570,902	\$—
Common/collective trusts measured at NAV*	53,805			
Total investments	\$10,475,675			
October 31, 2015				
Mutual funds	\$2,656,141	\$2,656,141	\$—	\$—
Common/collective trusts	4,798,946	—	4,798,946	—
Common Stock - The Laclede Group, Inc.	2,224,307	2,224,307	—	—
Stock purchase account	360	360	—	—
Total investments in the fair value hierarchy	\$9,679,754	\$4,880,808	\$4,798,946	\$—
Common/collective trusts measured at NAV*	53,016			
Total investments	\$9,732,770			

Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical *expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the Statements of Net Assets Available for Benefits.

4. TAX STATUS

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated July 29, 2015 that the Plan and related trust are designed in accordance with the applicable sections of the IRC and therefore not subject to tax. However, the letter was issued contingent upon adopting certain proposed amendments. These amendments were not timely adopted, and a Voluntary Correction Program filing has been submitted to the IRS for which the Plan is awaiting approval. Any related penalties or fines will be paid for by the Company and there will be no financial impact to the Plan. Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

6. RELATED-PARTY TRANSACTIONS

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan, including the Company. These transactions qualify as party-in-interest transactions. The Company provides certain administrative services at no cost to the Plan. The Plan incurs expenses related to general administration and recordkeeping. The Company pays a portion of these expenses and certain accounting and auditing fees related to the Plan. The Plan paid \$838 and \$1,269 of recordkeeping fees to the trustee in 2016 and 2015, respectively. At October 31, 2016 and 2015, the Plan held 40,181.537 and 37,976.901 shares, respectively, of common stock of Spire Inc., the Company's parent, with a market basis of \$2,523,401 and \$2,224,307, respectively. During the years ended October 31, 2016 and 2015, the Plan received dividend income of \$76,804 and \$69,965, respectively, from Spire Inc.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Missouri Natural Gas Division of
Laclede Gas
Company Wage Deferral Savings Plan

Date: April 12, 2017 By: /s/ Gerard J. Gorla
Gerard J. Gorla
Vice President, Human Resources

EXHIBIT INDEX

Exhibit No.

23 Consent of Independent Registered Public Accounting Firm

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