



DES MOINES WATER WORKS
Board of Water Works Trustees

Agenda Item No. PEN-II
Meeting Date: July 26, 2016
Chairperson's Signature Yes No

AGENDA ITEM FORM

SUBJECT: 2015 DMWW Pension Plan Audit Reports

SUMMARY:

Our audit firm, RSM US LLP (formerly McGladrey LLP), has completed their audit of our pension plan financial statements for the year ended December 31, 2015. The reports prepared include:

- Des Moines Water Works Pension Plan Financial Report
- Des Moines Water Works Pension Plan Report to the Board of Water Works Trustees

Within their Independent Auditors' Report, RSM has issued an unqualified or "clean opinion" on the financial statements of the pension plan, meaning they found no material misstatements within the financial records.

Kristen Hughes, from RSM, reviewed the reports at the June 14th meeting of the Finance Committee.

FISCAL IMPACT:

No impact to budget.

RECOMMENDED ACTION:

Receive and file 2015 DMWW Pension Plan Financial Audit Reports prepared by RSM US LLP.

BOARD REQUIRED ACTION:

Motion to receive and file 2015 Pension Plan Financial Audit Reports.

<p>_____/_____ Michelle Holland (date) Controller</p>	<p>_____/_____ Peggy Freese (date) Chief Financial Officer</p>	<p>_____/_____ William G. Stowe (date) CEO and General Manager</p>
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Des Moines Water Works Pension Plan

Financial Report
December 31, 2015

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Independent Auditor's Report

RSM US LLP

To the Board of Water Works Trustees
Des Moines Water Works Pension Plan
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Des Moines Water Works Pension Plan (the Plan), a pension trust fund of Des Moines Water Works, which comprise the statements of plan net position as of December 31, 2015 and 2014, and the related statements of changes in plan net position for the years then ended and the related notes to the basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Plan, a pension trust fund of Des Moines Water Works, as of December 31, 2015 and 2014, and the changes in plan net position for the years ended December 31, 2015 and 2014, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the financial statements present only a pension trust fund of Des Moines Water Works and do not purport to, and do not, present the financial position of Des Moines Water Works as of December 31, 2015 and 2014, and the changes in its financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules on pages 12-17 be presented to supplement the Plan financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the Plan financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the Plan financial statements, and other knowledge we obtained during our audits of the Plan financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

RSM US LLP

Davenport, Iowa
June 14, 2016

Des Moines Water Works Pension Plan

**Statements of Plan Net Position
December 31, 2015 and 2014**

	2015	2014
Assets		
Investments, contracts with insurance companies, pooled separate accounts	\$ 48,124,260	\$ 50,674,441
Liabilities, none	-	-
Net position held in trust for pension benefits	\$ 48,124,260	\$ 50,674,441

See notes to basic financial statements.

Des Moines Water Works Pension Plan

Statements of Changes in Plan Net Position Years Ended December 31, 2015 and 2014

	2015	2014
Additions:		
Investment income (loss), including net appreciation (depreciation) in the fair value of pooled separate accounts, interest and dividends	\$ (607,906)	\$ 2,702,829
Employer contributions	911,175	906,542
Total additions	303,269	3,609,371
Deductions:		
Benefit payments	2,826,683	2,696,531
Investment and administrative expenses	26,767	26,661
Total deductions	2,853,450	2,723,192
Net increase (decrease)	(2,550,181)	886,179
Net position held in trust for pension benefits:		
Beginning of year	50,674,441	49,788,262
End of year	\$ 48,124,260	\$ 50,674,441

See notes to basic financial statements.

Des Moines Water Works Pension Plan

Notes to Basic Financial Statements

Note 1. Plan Description

The Plan is administered by the Board of Trustees of Des Moines Water Works. The Plan is a pension trust fund of the Des Moines Water Works.

The following brief summary of the Des Moines Water Works Pension Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General: The Plan is a single-employer, noncontributory defined benefit pension plan providing retirement benefits for all full-time Des Moines Water Works (DMWW) employees and employees who worked at least 1,040 hours in a calendar year or worked during two consecutive calendar quarters prior to September 26, 2012.

The Plan was frozen effective September 26, 2012. After that date, no employee or former employee became an active participant, and no inactive participant or former participant shall again become an active participant in the Plan.

The Plan was restated effective December 31, 2013. After that date, accrued plan benefits were frozen and will not increase due to any changes in average compensation or continuous service after such date.

The following represents the Plan's membership as of December 31, 2015 and 2014:

	2015	2014
Active employees	142	154
Retirees and beneficiaries currently receiving benefits	157	148
Terminated employees entitled to benefits but not yet receiving them	64	64
Total	<u>363</u>	<u>366</u>

Benefits: Benefits vest after five years of continuous service and normal retirement is allowed at or after age 65. Early retirement is allowed without a reduction in benefits beginning at age 55 if the employee's combined years of service and age are 85 or greater (the rule of 85) and is allowed with reduced benefits for vested employees with less than 30 years of service beginning at age 55. The Plan also provides death and disability benefits to vested employees.

As part of the Plan restatement, an active participant's retirement benefit on his or her retirement date shall be equal to their accrued benefit at December 31, 2013 increased by 5.5 percent per year from the later of a) December 31, 2013 or b) earlier of Normal Retirement date or when they meet the rule of 85 (defined above).

Prior to the Plan restatement, the pension benefit formula was based upon a percent of average compensation and the number of years of service with DMWW. A participant's monthly accrued benefit was equal to 1.5 percent of their average monthly compensation times their years of continuous service with DMWW. Average monthly compensation was determined by taking the average monthly compensation for those 60 consecutive full calendar months out of the last 120 latest calendar months which give the highest average.

Administrative expenses: Administrative expenses are paid by the Plan.

Des Moines Water Works Pension Plan

Notes to Basic Financial Statements

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The Plan records are maintained on the accrual basis of accounting. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Use of 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 net position and the Net Pension Liability (NPL) as of the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the NPL. A change in the actuarial assumptions used could significantly change the amount of the NPL reported in the accompanying notes to the financial statements and required supplementary information.

Investment valuation and income recognition: The Plan's investments in pooled separate accounts are stated at fair value based on quoted market prices of the investments held in each account as determined by Principal Life Insurance Company (Principal). 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. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as, held during the year.

Benefits: Benefits are recognized when due and payable in accordance with the terms of the Plan.

Retired life funds: Based on the contract with Principal, Principal has issued retirement annuity certificates to retirees, but the monthly retirement benefits are paid from the plan assets. Principal requires the Plan to maintain a fund to buy retirement annuities for all currently retired employees and their beneficiaries which are called retired life funds. The Plan includes the retired life funds in the Plan's net assets held in trust for pension benefits and includes the retired employees in the actuarial value of accumulated plan benefits. See also Note 6.

Note 3. Funding Policy and Funded Status

The Plan's funding policy provides for periodic employer contributions at rates that are sufficient to accumulate assets to pay benefits to Plan participants. The Plan receives an annual actuarial valuation for the purpose of determining recommended contribution rates. The actuarially-determined recommended contributions for 2015 and 2014 were \$911,175 and \$906,542, respectively.

The total pension liability as of December 31, 2015 was determined using an actuarial valuation date of December 31, 2015. As of December 31, 2015, the total pension liability was \$53,750,496 and the Plan net position was \$48,124,260 resulting in an NPL of \$5,626,236 and 89.5 percent funded (plan net position as a percentage of the total pension liability).

The total pension liability as of December 31, 2014 was determined using an actuarial valuation date of December 31, 2014. As of December 31, 2014, the total pension liability was \$56,238,704 and the Plan net position was \$50,674,441 resulting in an NPL of \$5,564,263 and 90.1 percent funded (plan net position as a percentage of the total pension liability).

As the Plan was frozen to future benefit accruals effective December 31, 2013, annual covered payroll and the ratio of annual covered payroll to NPL are both zero for the years ended December 31, 2015 and 2014.

Des Moines Water Works Pension Plan

Notes to Basic Financial Statements

Note 4. Net Pension Liability and Actuarial Assumptions

The components of the net pension liability of the Plan at December 31, 2015 and 2014 were as follows:

Net Pension Liability of the Plan:

	2015	2014
Total pension liability	\$ 53,750,496	\$ 56,238,704
Plan net position	(48,124,260)	(50,674,441)
Net pension liability	<u>\$ 5,626,236</u>	<u>\$ 5,564,263</u>
Plan net position as a percent of the total pension liability	89.5%	90.1%

Sensitivity analysis: The following presents the net pension liability of the Plan, calculated using the discount ratio of 6.5 percent, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discounted rate that is 1 percent lower or 1 percent higher than the current rate:

	1% Decrease (5.5%)	Current discount rate (6.5%)	1% Increase (7.5%)
2015	\$11,644,484	\$5,626,236	\$505,381
2014	12,988,157	5,564,263	(533,049)

The actuarial assumptions used in the December 31, 2015 and 2014 valuations are presented in the tables below.

December 31, 2015																	
Actuarial valuation:																	
Frequency	Annual																
Cost method	Entry age normal																
Amortization	The amortization method used is Level Dollar Over a Closed Period. The weighted average remaining period is 15 years.																
Assumptions:																	
Long-term rate of return	6.5% per year																
Salary increases	N/A - Attribution is made on an individual basis, beginning with the first period in which the employee's service accrues pension benefit through all assumed exit ages through retirement. The projected inflation rate of 2.5% has been used in place of the projected rate of change in salary.																
Retirement age	Retirement Age Based Table as follows:																
	<table> <thead> <tr> <th style="text-align: center;">Age</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">55</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">56</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">57 - 61</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">62</td> <td style="text-align: center;">20</td> </tr> <tr> <td style="text-align: center;">63</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">64</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">65 and older</td> <td style="text-align: center;">100</td> </tr> </tbody> </table>	Age	Rate	55	25%	56	15	57 - 61	5	62	20	63	5	64	10	65 and older	100
Age	Rate																
55	25%																
56	15																
57 - 61	5																
62	20																
63	5																
64	10																
65 and older	100																
Mortality	Adjusted RP-2014 Mortality with Scale MP-2015 - Generational MI scale, annuitant, male and female.																
Disability	1987 Commissioner's Group Disability Table, six month elimination period, male and female.																
Rate of withdrawal	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.45.																

Des Moines Water Works Pension Plan

Notes to Basic Financial Statements

Note 4. Net Pension Liability and Actuarial Assumptions (Continued)

December 31, 2014

Actuarial valuation:

Frequency Annual
Cost method Entry age normal

Amortization

The amortization method used is a Level Dollar Over a Closed Period.
The weighted average remaining period is 15 years.

Assumptions:

Long-term rate of return 6.5% per year
Salary increases None
Retirement age Retirement Age Based Table as follows:

Age	Rate
55	25%
56	15
57 - 61	5
62	20
63	5
64	10
65 and older	1

Mortality

RP-2014 Mortality with Scale MP-2014 - Generational Annuitant and Non-annuitant, male and female.

Disability

1987 Commissioner's Group Disability Table, six month elimination period, male and female.

Rate of withdrawal

2003 Society of Actuaries Small Plan Age Table, multiplied by 0.45.

Note 5. Plan Termination

The Plan is not subject to Title IV of ERISA; therefore, no benefits are insured by the Pension Benefit Guaranty Corporation.

Although it has not expressed any intention to do so, DMWW may discontinue the Plan at any time in accordance with the provisions of the Plan. In the event the Plan terminates, participants become 100 percent vested in their accrued benefits as of the termination date. DMWW has elected that the assets of the Plan that are available to provide benefits shall be allocated and applied as of the termination date according to the classifications and order of precedence provided under Title IV of ERISA and under any rules, regulations, interpretations or opinion implementing Title IV of ERISA or any other equitable method as determined by the Board of Trustees.

Des Moines Water Works Pension Plan

Notes to Basic Financial Statements

Note 6. Investment Information

The Plan had the following investments as of December 31, 2015 and 2014. Those investments that represent 5 percent or more of the Plan's net position are presented separately.

	2015	2014
Principal Pooled Separate Accounts:		
Fixed Income:		
Core Plus Bond Account	\$ 14,038,548	\$ 15,934,217
Bond Market Index Account	4,765,078	5,371,044
Other Fixed Income	2,285,313	2,358,113
International Equity:		
Overseas Account	3,582,517	3,696,886
Other International Equity	805,650	917,880
Large U.S. Equity:		
Large-Cap Growth I Account	5,141,917	4,677,581
Other Large U.S. Equity	6,832,760	6,802,810
Small/Mid U.S. Equity	2,891,728	2,907,738
Balanced/Asset Allocation	2,056,207	2,302,736
Real Estate	2,817,541	2,443,260
Other, Principal Financial Group Inc. Stock	2,907,001	3,262,176
	<u>\$ 48,124,260</u>	<u>\$ 50,674,441</u>

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit risk and concentration of credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The pooled separate accounts held by the Plan are commingled pools rather than individual securities. As a result, these investments are not rated. See the table above for information regarding concentration of credit risk.

As of December 31, 2015 and 2014, the Plan had investments listed in the table below. Amounts are shown in dollars. Effective duration is shown in years.

	2015		2014	
	Fair Value	Effective Duration	Fair Value	Effective Duration
Fixed Income Investments:				
Core Plus Bond Account	\$ 14,038,547	5.46	\$ 15,934,217	5.43
Bond Market Index Account	4,765,078	5.70	5,371,044	5.54
High Yield I Account	2,285,313	4.24	2,358,113	4.03
Total fixed income investments	<u>21,088,938</u>		<u>23,663,374</u>	
Other investments, non-fixed income investments	<u>27,035,322</u>		<u>27,011,067</u>	
Total investments	<u>\$ 48,124,260</u>		<u>\$ 50,674,441</u>	

Des Moines Water Works Pension Plan

Notes to Basic Financial Statements

Note 6. Investment Information (Continued)

Rate of return: For the years ended December 31, 2015 and 2014, the annual money weighted rate of return on Plan investments, net of investment expense was (1.27) percent and 5.51 percent, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Authorized investments: The Des Moines Water Works Pension Plan's investment policy permits the named fiduciary to consider all asset classes allowed by the Employee Retirement Income Security Act of 1974 (ERISA) as acceptable investment options and to select one or more customized investment portfolios and retain an investment manager to manage the assets of each such portfolio. The following asset classes are permitted for Plan investment options: Stable Value, Domestic Fixed Income, International or Foreign Fixed Income, Real Estate, Domestic Stock, International or Foreign Stock and Balanced/Asset Allocation.

Asset allocation strategy: The Des Moines Water Works Pension Plan's named fiduciary asset allocation strategy shall identify target allocations to eligible asset classes and, where appropriate, suitable ranges within which each asset class can fluctuate as a percent of the total fund. Each asset class is to remain suitably invested at all times in either cash (or cash equivalents) or permitted securities within each class. The asset classes may be rebalanced from time to time to take advantage of tactical misvaluations across major asset classes or investment styles, or to align the current asset mix with strategic targets. The target allocations and long-term expected arithmetic and geometric rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Expected Arithmetic Return	Expected Geometric Return
U.S. Equity - Large Cap	33%	8.80%	7.45%
U.S. Equity - Mid Cap	3	9.10	7.45
U.S. Equity - Small Cap	3	9.55	7.45
Non - U.S. Equity	9	9.20	7.45
REITs	1	8.35	6.55
Real Estate (direct property)	6	6.30	5.95
TIPS	1	4.10	3.90
Core Bond	39	4.25	4.15
High Yield	5	6.30	5.90

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments held by the Plan are not subject to custodial credit risk.

On March 26, 2002, the DMWW Board of Trustees approved a revision to the Principal pension contract to change from an immediate participation guarantee contract to a flexible pension investment fund (FPI) that includes a benefit index feature whereby Principal guarantees the sufficiency of assets for certain retirees. The assets covered by the benefit index (known as retired life funds) totaled \$9,442,628 and \$10,442,636 as of December 31, 2015 and 2014, respectively. The benefit index is available to purchase individual annuities for retired participants and is included in the Plan's net position held in trust for pension benefits and net pension obligation calculations.

Des Moines Water Works Pension Plan

Notes to Basic Financial Statements

Note 7. Tax Status

The Internal Revenue Service (IRS) has ruled in a determination letter dated November 21, 2014 that the Plan is qualified under applicable sections of the Internal Revenue Code and is, therefore, exempt from federal income taxes. The Plan Administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code.

Des Moines Water Works Pension Plan

**Required Supplementary Information
Schedule of Changes in Net Pension Liability
For the Years Ended December 31, 2015 and 2014**

	2015	2014
Total Pension Liability		
Interest	\$ 3,342,170	\$ 3,449,503
Benefit payments	(2,826,683)	(2,696,531)
Service cost	580,106	-
Difference between expected and actual experience	320,599	305,961
Changes in assumptions	(600,245)	542,112
Change in attribution method	(3,304,155)	-
Net change in total pension liability	(2,488,208)	1,601,045
Total pension liability - beginning of year	<u>56,238,704</u>	<u>54,637,659</u>
Total pension liability - end of year	<u>\$ 53,750,496</u>	<u>\$ 56,238,704</u>
Plan Net Position		
Contributions - employer	\$ 911,175	\$ 906,542
Investment income (loss), net of investment expenses 2015 \$22,091; 2014 \$22,219	(629,997)	2,680,610
Benefit payments	(2,826,683)	(2,696,531)
Administrative expenses	(4,676)	(4,442)
Net change in plan net position	(2,550,181)	886,179
Total plan net position - beginning of year	<u>50,674,441</u>	<u>49,788,262</u>
Total plan net position - end of year	<u>\$ 48,124,260</u>	<u>\$ 50,674,441</u>
Net pension liability	<u>\$ 5,626,236</u>	<u>\$ 5,564,263</u>

Information for prior years is unavailable.

See note to required supplementary information.

Des Moines Water Works Pension Plan

**Required Supplementary Information
Schedule of Net Pension Liability and Related Ratio
For the Years Ended December 31, 2015 and 2014**

	2015	2014
Total pension liability - end of year	\$ 53,750,496	\$ 56,238,704
Plan net position - end of year	48,124,260	50,674,441
Net pension liability	<u>\$ 5,626,236</u>	<u>\$ 5,564,263</u>
Plan net position as a percentage of the total pension liability	89.5%	90.1%
Covered employee payroll	*	*
Net pension liability as a percentage of covered payroll	N/A	N/A

Information for prior years is unavailable.

See note to required supplementary information.

*As the Plan was frozen to future benefit accruals effective December 31, 2013, there was no covered payroll for the year ended December 31, 2015 and 2014.

Des Moines Water Works Pension Plan

**Required Supplementary Information
Schedule of Investment Returns
For the Years Ended December 31, 2015 and 2014**

	2015	2014
Annual money-weighted rate of return, net of investment expense	(1.27)%	5.51%

Information for prior years is unavailable.

See note to required supplementary information.

Des Moines Water Works Pension Plan

**Required Supplementary Information
Schedule of Contributions from the Employer
For the Ten Years Ended December 31, 2015**

Plan Year Ended December 31:	Annual Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percent of Covered Payroll
2006	\$ 885,540	\$ 885,990	\$ (450)	\$ 10,773,915	8.22%
2007	679,631	825,000	(145,369)	11,058,383	7.46
2008	545,782	800,000	(254,218)	10,947,799	7.31
2009	1,023,319	1,023,319	-	11,694,902	8.75
2010	1,541,866	1,541,866	-	12,318,720	12.52
2011	2,204,886	2,204,886	-	12,436,915	17.73
2012	2,782,486	2,782,486	-	12,186,884	22.83
2013	2,915,710	2,915,710	-	11,433,783	25.50
2014	906,542	906,542	-	-	N/A
2015	911,175	911,175	-	-	N/A

See note to required supplementary information.

Des Moines Water Works Pension Plan

Note to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated below.

	December 31, 2015																
Actuarial valuation:																	
Frequency	Annual																
Cost method	Entry age normal																
Amortization	The amortization method used is Level Dollar Over a Closed Period. The weighted average remaining period is 15 years.																
Assumptions:																	
Long-term rate of return	6.5% per year																
Salary increases	N/A - Attribution is made on an individual basis, beginning with the first period in which the employee's service accrues pension benefit through all assumed exit ages through retirement. The projected inflation rate of 2.5% has been used in place of the projected rate of change in salary.																
Retirement age	Retirement Age Based Table as follows:																
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56	15																
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64	10																
65 and older	100																
Mortality	Adjusted RP-2014 Mortality with Scale MP-2015 - Generational MI scale, annuitant, male and female.																
Disability	1987 Commissioner's Group Disability Table, six month elimination period, male and female.																
Rate of withdrawal	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.45.																

Des Moines Water Works Pension Plan

Note to Required Supplementary Information

December 31, 2014

Actuarial valuation:

Frequency	Annual
Cost method	Entry age normal

Assumptions:

Long-term rate of return	6.5% per year
Salary increases	None
Retirement age	Retirement Age Based Table as follows:

Age	Rate
55	25%
56	15
57 - 61	5
62	20
63	5
64	10
65 and older	1

Mortality	RP-2014 Mortality with Scale MP-2014 - Generational Annuitant and Non-annuitant, male and female.
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Disability	1987 Commissioner's Group Disability Table, six month elimination period, male and female.
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Rate of withdrawal	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.45.
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