EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

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KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

The Board of Water Commissioners, City and County of Denver, Colorado
Employees' Retirement Plan of the Denver Board of Water Commissioners:

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position and statements of changes in fiduciary net position of the Employee's Retirement Plan of the Denver Board of Water Commissioners (Plan), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 auditors consider 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 financial position of the Employees' Retirement Plan of the Denver Board of Water Commissioners as of December 31, 2014 and 2013, and the changes in financial position, and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in management's discussion and analysis (unaudited), as of December 31, 2014, Denver Board of Water Commissioners adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 7 and the schedules of changes in net pension liability and related ratios, employer contributions, and investment returns on pages 22 through 24 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

KPMG LLP

Denver, Colorado
April 30, 2015

This is an analysis and overview of the financial activities of the Employees' Retirement Plan of the Denver Board of Water Commissioners (Plan) as of and for the years ended December 31, 2014 and 2013. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2014 and 2013, $302.3 million and $289.8 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2014, the net position restricted for pension of the Plan increased by $12.5 million or 4.3%. This compares with a $36.1 million increase or 14.2% in 2013. The increase in the Plan's net position restricted for pension in 2014 and the increase in the Plan's total net position restricted for pension in 2013 are primarily due to changes in the market value of the Plan's investments. Investments increased $12.9 million or 4.5% in 2014 and increased $34.3 million or 13.6% in 2013. Plan returns for 2014 and 2013 were 6.7% and 15.7%, respectively.

Additions to the Plan's net position restricted for pension in 2014 included employer contributions of $14.5 million and a net investment gain of $18.5 million resulting in total additions to the Plan's net position restricted for pension of $33.0 million. Additions to the Plan's net position restricted for pension in 2013 included employer contributions of $15.0 million and a net investment gain of $39.0 million resulting in total additions to the Plan's net position restricted for pension of $54.0 million.

Deductions from the Plan's net position restricted for pension for 2014 were $20.5 million compared to $18.0 million in 2013, an increase of 14.2%. Retirement benefit payments were $20.2 million in 2014 and $17.6 million in 2013 resulting in an increase in benefit payments of $2.6 million or 14.6%.

The Plan's investment objective is to preserve actuarial soundness of the Plan by achieving a long-term return of at least the actuarial earnings rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. As of January 1, 2014 and 2013, the dates of the latest actuarial valuations, the funded ratio for the Plan was 80.8% and 78.9%, respectively.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Plan's financial statements which follow. The statements include the following:

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to Financial Statements
4. Required Supplementary Information by U.S. generally accepted accounting principles

(Continued)

The Statements of Fiduciary Net Position include information about Plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position restricted for pension, as applicable as of December 31, 2014 and 2013.

The Statements of Changes in Fiduciary Net Position show the additions to, deductions from, and net increase (or decrease) in the Plan's net position restricted for pension during 2014 and 2013.

The above financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* (replacing GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB 50, *Pension Disclosures*) and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and all other applicable GASB pronouncements including GASB Statement No. 40, *Deposit and investment Risk Disclosures* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires the reporting of deferred inflows and deferred outflows of resources in separate sections of the Statement of Fiduciary Net Position, which was renamed from Statement of Net Position. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

These financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2014 and 2013, and the activities that occurred during the years. Both financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued by independent outside sources.

Notes to Financial Statements provide additional information that is essential to have a full understanding of the basic financial statements.

Required Supplementary Information prepared in accordance with U.S. generally accepted accounting principles, provides additional information about the Plan's progress in funding its future obligations and the history of the Denver Board of Water Commissioners (Board) contributions to the Plan.

Changes in Net Position Restricted for Pension

The Statements of Fiduciary Net Position display Plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the net position restricted for pension, as applicable at year-end. The Statements of Changes in Fiduciary Net Position provide information on the source of the change in net position restricted for pension during the year. The increase in total assets of $13.1 million or 4.5% in 2014 was the result of a combination of an increase in the fair value of investments, an increase in cash and cash equivalents as well as an increase in receivables. Comparatively, in 2013, total assets increased $35.8 million or 14.1%. The increase in 2013 was the result of a combination of an increase in the fair value of investments and an increase in cash and cash equivalents offset by a decrease in receivables.

(Continued)

Winslow Capital Management, Inc., Advisory Research, Inc. and Denver Investment Advisors LLC reported cash and cash equivalents as of December 31, 2014. Cash and cash equivalents are also held in the custodial cash account used for disbursement of benefit payments and administrative expenses. Many of the other managers have cash holdings from time to time but do not specifically identify them in their reporting.

As of December 31, the Plan's net positions restricted for pension were as follows:

Net Position Restricted for Pension

(Amounts expressed in thousands)

	Years ended December 31			2014 – 2013		2013 – 2012	
	2014	2013	2012	Increase (decrease)	Percentage change	Increase (decrease)	Percentage change
Cash and cash equivalents	$ 3,716	3,580	1,664	136	3.8%	$ 1,916	115.1%
Dividends, interest, and other receivables	364	299	707	65	21.7	(408)	(57.7)
Investments, at fair value	299,073	286,162	251,864	12,911	4.5	34,298	13.6
Total assets	303,153	290,041	254,235	13,112	4.5	35,806	14.1
Total liabilities	814	215	467	599	278.6	(252)	(54.0)
Net position restricted for pension	$ 302,339	289,826	253,768	12,513	4.3%	$ 36,058	14.2%

Liabilities of the Plan for 2014 and 2013 consisted primarily of unpaid, but earned investment manager fees and amounts related to unsettled investment trades. In 2014, liabilities consisted of unsettled trades of $598,600 and outstanding investment expenses of $214,200. In comparison, in 2013, liabilities consisted of unsettled trades of $16,800 and outstanding investment expenses of $193,400. The change in the net position restricted for pension is a function of the change in total assets offset by the change in total liabilities. The Plan recorded an increase in net position restricted for pension of $12.5 million in 2014 and $36.1 million in 2013.

Additions

The funds needed to pay benefits are accumulated from the contributions made by the Board and the income generated from the Plan's investments, including interest, dividends, and proceeds from the sale of individual investments. Any earnings on investments are reported net of investment management expenses. Board contributions for 2014 and 2013 totaled $14.5 million and $15.0 million, respectively. The Board has contributed more than the actuarially determined contribution for nine of the last ten years.

Additions to Net Position Restricted for Pension

(Amounts expressed in thousands)

	Years ended December 31			2014 – 2013		2013 – 2012	
	2014	**2013**	**2012**	**Increase (decrease)**	**Percentage change**	**Increase (decrease)**	**Percentage change**
Employer contributions	$ 14,500	15,000	14,300	(500)	(3.3)%	$ 700	4.9%
Net investment income	18,523	39,023	28,171	(20,500)	(52.53)	10,852	38.5
Total additions, net	$ 33,023	54,023	42,471	(21,000)	(38.9)%	$ 11,552	27.2%

Deductions

Annual Plan expenditures include retirement benefits, death benefits, refunds of employee contributions with associated interest and administrative expenses. The Plan's normal benefit is a single life annuity to retired members, but members may elect to receive benefits in various other forms, including a lump sum or annuities that provide spousal benefits. Please refer to the Plan document for detailed information regarding the Plan. For the year ended December 31, 2014, annual Plan deductions totaled $20.5 million which compares with $18.0 million in 2013. This represents an increase in deductions in 2014 of 14.2% as compared to an increase in 2013 over 2012 of 6.2%. The increase in total deductions in 2014 was primarily due to an increase in benefit payments.

Deductions to Net Position Restricted for Pension

(Amounts expressed in thousands)

	Years ended December 31			2014 - 2013		2013 - 2012	
	2014	**2013**	**2012**	**Increase (decrease)**	**Percentage change**	**Increase (decrease)**	**Percentage change**
Retirement benefits	$ 20,214	17,644	16,604	2,570	14.6%	$ 1,040	6.3%
Death benefits	85	55	100	30	54.5	(45)	(45.0)
Refunds of employee contributions	66	151	94	(85)	(56.3)	57	60.6
Administrative expenses	144	116	124	28	24.1	(8)	(6.5)
Total deductions	$ 20,509	17,966	16,922	2,543	14.2%	$ 1,044	6.2%

Investment Activities

Despite steep selloffs in October and early December, U.S. equity markets reached new all-time highs at the end of 2014 on strong corporate profit growth and continued expectations for accommodative Federal Reserve policies. Interest rates, especially on long-dated bonds, finished 2014 lower than they began the year, which benefitted fixed income markets. The international markets, especially Europe, were negatively impacted by turmoil following the Russian invasion of Ukraine and subsequent conflict within the country. The strong U.S. dollar further detracted from international market returns.

Denver Water's Retirement Plan posted a 6.7% gain (6.4% net of fee return) compared to the Plan's customized benchmark return of 5.4% for 2014. The Real Estate was the best absolute performer posting a 10.8% gain, compared to its benchmark, NCREIF ODCE index return of 12.5%. Equities were the best relative performer during the year, posting 7.6% return and beating the benchmark, MSCI ACWI index by 3.4 percentage points. Fixed Income segment reported 3.7% return for the year versus the Barclays Aggregate Bond index return of 6.0%. The Hedge Fund segment gained 4.4% beating its benchmark by 1.1 percentage points.

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2014 and 2013, and changes in financial status for the years then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Treasurer
Denver Water
1600 W. 12th Ave.
Denver, CO 80204

EMPLOYEES’ RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Statements of Fiduciary Net Position

December 31, 2014 and 2013

		2014	2013
Assets:			
Cash and cash equivalents	$	3,716,400	3,579,800
Dividends, interest and other receivables		364,300	298,600
Investments, at fair value:			
Equities:			
Common stock		15,754,300	14,681,300
Common stock- funds		151,126,400	160,662,300
Preferred stock		138,100	227,800
Other equities		9,551,600	—
Total equities		176,570,400	175,571,400
Fixed income:			
Government bonds		9,373,500	5,214,800
Government bonds-funds		18,617,300	17,783,400
Municipal/provincial bonds		1,772,200	399,300
Corporate bonds		16,657,300	12,638,400
Corporate bonds-funds		—	13,831,400
Other fixed income		15,091,600	14,140,600
Total fixed income		61,511,900	64,007,900
Real estate		30,858,800	25,132,300
Hedge funds of funds		30,131,600	21,450,600
Total investments		299,072,700	286,162,200
Total assets		303,153,400	290,040,600
Liabilities:			
Accrued administrative expense		1,600	5,000
Accrued investment expense		214,200	193,400
Securities payable		598,600	16,800
Total liabilities		814,400	215,200
Net position restricted for pension	$	302,339,000	289,825,400

See accompanying notes to financial statements.

EMPLOYEES' RETIREMENT PLAN
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DENVER BOARD OF WATER COMMISSIONERS

Statements of Changes in Fiduciary Net Position

Years ended December 31, 2014 and 2013

		2014	2013
Additions:			
Employer contributions	$	14,500,000	15,000,000
Investment income:			
Net appreciation in fair value of investments		15,102,800	35,062,100
Interest		2,422,100	1,964,800
Dividends		2,199,500	2,512,300
Real estate income, net of operating expenses		1,283,700	1,226,000
		21,008,100	40,765,200
Less investment expense		(2,484,900)	(1,742,200)
Net investment income		18,523,200	39,023,000
Total additions		33,023,200	54,023,000
Deductions:			
Retirement benefits		20,214,200	17,644,200
Death benefits		85,000	55,000
Refunds of employee contributions		66,400	151,400
Administrative expenses		144,000	115,500
Total deductions		20,509,600	17,966,100
Net increase in fiduciary net position		12,513,600	36,056,900
Net position restricted for pension:			
Beginning of year		289,825,400	253,768,500
End of year	$	302,339,000	289,825,400

See accompanying notes to financial statements.

(1) Plan Description

(a) Plan Administration

The Board of Water Commissioners, City and County of Denver, Colorado (the Board), adopted the Employees' Retirement Plan of the Denver Board of Water Commissioners (Plan) in 1944. It is a defined benefit, single-employer plan covering substantially all regular employees of the Board.

The Board is made up of five members appointed by the Mayor of the City and County of Denver for staggered six-year terms. The Board is the sponsor, administrator and trustee of the assets of the Plan. The Board has delegated certain responsibilities regarding the Plan administration through a delegation resolution to the Director of Human Resources and to the Director of Finance. The delegation resolution instructs the CEO/Manager to create an advisory committee, with representation from the Finance, the Human Resources, and the Legal divisions, for the purpose of making recommendations to the CEO/Manager, the Director of Finance and the Director of Human Resources regarding the Retirement Program. The advisory committee, in and of itself, has no decision-making authority. The Plan is exempt from compliance with the Employee Retirement Income Security Act of 1974, as amended, as it is a governmental plan.

Various asset classes and investment manager styles are used to create a broadly diversified portfolio. The Board develops long-term asset allocation ranges, while the Director of Finance is charged with developing and implementing a current asset allocation and rebalancing strategy which is designed to reflect, and be consistent with the Board-approved long term asset allocation ranges. Please refer to the notes of the financial statements under "Investment Policy" for more information on asset allocations.

(b) Plan Membership

All regular and discretionary employees of the Board become participants of the Plan upon completion of the required introductory period. As of January 1, 2014, there were 1,672 Plan participants: 84 were deferred vested participants, 558 participants were retired, 1,023 participants were active and 7 were on long term disability.

(c) Benefits Provided

Participants become fully vested after 5 years of employment. The normal retirement age is 65. An employee who reaches age 55 and has 5 years of service is eligible to receive a reduced early retirement benefit. Unreduced retirement benefits prior to age 65 are provided for employees who are a minimum of age 55, whose age and years of service totaled 75 on the last day of employment and whose employment ends at age 50 or later. The service requirement for entitlement to spousal benefits is 5 years of service with the benefit commencing when the employee would have reached age 55. The Plan also provides for retirement benefits in the event of total and permanent disability, as determined by the Board.

(Continued)

Terminated vested participants or surviving spouses whose severance date occurs before the attainment of age 55 shall be eligible to elect a full single lump sum payment only in lieu of a monthly pension within 90 days of his or her severance date.

Plan benefits are integrated with Social Security benefits and are determined by a formula defined in the Plan document. The minimum normal benefit amount is calculated by multiplying the Plan participant's number of years of credited service times the amount of the participant's average final compensation times 1.5%. Employees with final income exceeding covered compensation receive an additional 0.45% times years of credited service times average final compensation in excess of covered compensation. The Plan also includes a benefit provision in the event a participant dies prior to the date the member quits, retires or is discharged. In general the participant's spouse or beneficiary will receive 50% of the participant's accrued benefit. The Plan document contains detailed provisions regarding Plan benefits.

Benefits paid by the Plan are adjusted annually by the change in the Consumer Price Index, subject to a minimum payment equal to the amount of the initial benefit and a maximum annual increase of 4.4% for employees retiring on or after September 1, 1995 and 5% for employees who retired before September 1, 1995. Changes in the Consumer Price Index in excess of the amount of the maximum annual adjustment are applied toward future adjustments.

The Board reserves the right to amend the Plan, including its benefit provisions; however, any amendment that substantially impairs the property rights of participants will not become effective until approved by two-thirds of the participants.

(d) Contributions

The Plan was established, and is sponsored and administered by the Board, under authority of Article X, Section 10.1.6 of the Charter of the City and County of Denver, Colorado. The Plan document provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. The Board's funding policy during 2013 and in prior years provided for periodic Board contributions of at least the actuarial required contribution (ARC) sufficient to accumulate the necessary assets to pay benefits when due. On August 28, 2013, the Board adopted the Employees' Retirement Plan Funding Policy effective for 2014 and future years. The policy defines the objectives of the Board in funding the benefits to be paid by the Plan. In accordance with the policy the Board will base its contributions to the Plan on Actuarially Determined Contributions (ADC) calculated annually by an independent actuary, using agreed upon methods and assumptions developed by the Actuarial Standards Board and specified in the funding policy.

The Board made contributions totaling \$14.5 million and \$15.0 million during 2014 and 2013, respectively, in accordance with actuarial valuations performed as of January 1, 2014 and 2013, respectively.

(Continued)

Prior to January 1, 1992, employees were required to contribute to the Plan. The Board amended the Plan to disallow further employee contributions and determined that all amounts previously contributed to the Plan by employees would be refunded, with interest at 5% per annum, upon termination or retirement. Payments of $66,400 and $151,400 were made in 2014 and 2013, respectively, for employees who had retired or were terminated during the respective year. As of December 31, 2014 and 2013, total remaining employee contributions including accrued interest was $84,700 and $127,400, respectively. These amounts are not accrued as liabilities in the accompanying financial statements.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined benefit plans. Employer contributions are recognized when made, because there are no required due dates for contributions. Other additions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan document. Plan expenses, other than benefits and refunds are recognized on the accrual basis in accordance with generally accepted accounting principles.

(b) Plan Expenses

Certain expenses are paid from the assets of the Plan and are recorded as administrative expenses on the financial statements. These expenses include actuarial fees, auditing expenses, benefit payment processing fees, legal fees and other miscellaneous expenses.

Additionally, investment manager fees and investment consulting expenses are recorded as investment expenses.

(c) Fair Value of Investments

Plan investments are reported at fair value. The Plan's custodian provides pricing for all Plan investments. Plan investments in market-traded securities, including U.S. government and agency securities, municipal and corporate bonds and debentures, and common stock are reported at last quoted sales/bid prices provided by independent pricing vendors. Holdings in SEC-registered external investment pools are reported at fair value based upon the Net Asset Value (NAV) of shares/units held at year end, provided by independent pricing vendors. Unitized external investment pools that are not SEC-registered are reported at fair value based upon the NAV of shares/units held at year end, provided by fund administrators. Nonunitized external investment pools are reported at total market values provided by investment managers. Certain individual holdings contained in the pooled funds, such as real estate holdings, bank loans, private financial derivative contracts, etc. are not traded in active markets and/or market quotes are not readily available. These holdings are valued by investment managers in accordance with the authoritative guidance on fair value measurements and disclosures. Valuation policies and procedures are generally described in the investment managers' financial statements. Cash equivalents are valued at cost, which approximates fair value.

(Continued)

(d) Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service (IRS) dated June 11, 2014 for amendments enacted through June 27, 2012, the Plan is exempt from federal income taxes. Although the Plan has been subsequently amended, management of the Board is of the opinion that the Plan, as amended, meets the IRS requirements and, therefore, continues to be tax exempt.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial values at the date of the financial statements. Actual results could differ from these estimates.

(3) Investments

(a) Investment Policy

The Plan's investment policy and any changes to the policy are adopted by the Board acting in its capacity as Trustee of the Plan. The most recent version of the policy was approved on October 8, 2014 and contains updated long-term asset allocation ranges.

The primary objective of the Board's investment policy is to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial return rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. The Board recognizes that the investment objective is long term in nature, and that actual year-to-year returns achieved may be above or below the actuarially assumed rate of return.

Long-term asset allocation ranges are developed based on several factors including: the long-term investment goals of the Plan; the Board's tolerance for short-term losses; the Plan's liquidity needs; and any legal or regulatory requirements.

As of December 31, the Plan's long-term asset allocation ranges were as follows:

Long Term Asset Allocation Ranges

	Allowable range Years ended December 31	
Asset segment	**2014**	**2013**
Equities	35%–70%	35%–70%
Fixed Income	10–50	20–50
Alternative	10–40	5–30

In 2014, the minimum range in fixed income was lowered by 10 percentage points and the minimum and maximum range in alternative investments was increased by 5 and 10 percentage points, respectively.

(b) Concentrations

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of December 31, 2014, the Plan had no investments in any one organization that represented 5% or more of the Plan's net position restricted for pension

(c) Money-Weighted Rate of Return

For the years ended December 31, 2014 and 2013, respectively, the annual money-weighted rate of return on Plan investments, net of investment expense, was 6.4% and 15.4%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

(d) Custody and Management of Assets

During 2014 and 2013, the Northern Trust Company served as asset custodian for all Plan assets. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. Each manager is evaluated periodically against the appropriate benchmark for his/her asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude, termination of investment managers.

During 2014 and 2013, the Plan assets were managed by the following investment managers:

Advisory Research Inc.*	Since January 2012
Babson Capital, LLC	Since August 2013
Blackrock Alternative Investors	Since March 2012
Denver Investment Advisors, LLC	Hired prior to 1978
Dimensional Fund Advisors, LP	Since February 2008
GAM Fund Management Limited	Since March 2012
Harbert Management Corporation	Since July 2014
Harding Loevner Funds, Inc.	Since August 2011
Heitman Capital Management Corporation	Closed October 2013
JP Morgan Investment Management, Inc.	Since November 2005
Lazard Asset Management, LLC	Terminated August 2013
Northern Trust Investments, N.A.	Since July 2006
Pacific Investment Management Company, LLC	Since July 2006
Prudential Real Estate Investors	Since March 2006
Pyramis Global Advisors	Since July 2011
UBS Global Asset Management Global Real Estate	Since May 1998
Vanguard Group, Inc.	Since February 2012
Vontobel Asset Management, Inc.	Since February 2014
Winslow Capital Management, Inc./SEI Trust Company	Since August 2011

* Effective January 1, 2014, Fiduciary Asset Management Inc., a Division of Advisory Research team formally changed its name to Advisory Research Inc.

(e) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

All securities are held in a bank trust account in the Plan's name by the Plan's custodian except for investments in mutual and commingled funds, and limited partnerships, which by their nature, may have an independent custodian for the fund assets. Investments in short-term investment funds and in a domestic equity index fund are held in a SEC-registered pooled fund managed by the fund's custodian bank. At December 31, 2014 and 2013, there were no deposits subject to custodial credit risk.

(f) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Since the debt investment portfolio may contain holdings with prepayments and variable cash flows, an analysis of interest rate risk using the segmented time distribution method is presented in the schedule below:

Schedule of Interest Rate Risk – Segmented Time Distribution of Investment Maturities as of December 31, 2014

Investment type	Fair value	Less than 1 year	1 to 6 years	6 to 10 years	10+ years	Maturity not determined**
Asset-backed securities	$ 450,560	—	356,142	—	94,418	—
Corporate bonds	15,727,049	465,118	8,335,367	5,215,193	1,711,370	1
Government agencies	18,895,762	—	—	278,498	—	18,617,264
Government bonds	8,149,584	569,547	4,732,057	289,502	2,558,478	—
Government mortgage-backed securities	945,463	—	—	—	945,463	—
Municipal bonds	1,772,189	—	—	—	1,772,189	—
Nongovernment-backed C.M.O.'s	479,714	—	—	—	479,714	—
Short-term investments	3,716,134	—	—	—	—	3,716,134
Other fixed income	15,091,637	—	—	—	—	15,091,637
Total	$ 65,228,092	1,034,665	13,423,566	5,783,193	7,561,632	37,425,036

** Amounts represent investments in commingled funds. Maturities of individual securities held by the funds are not reported by the fund.

(g) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of December 31, 2014, the Plan has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded.

(h) Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations to the Plan. There are no Plan-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract that is specific as to permissible credit quality ranges, the average credit quality of the overall portfolios, and issuer concentration.

The quality ratings of investments in fixed income securities as described by Standard and Poor's and Moody's rating organization as of December 31, 2014 are listed below. For securities with split ratings, the lowest rating is shown.

Schedule of Credit Risk as of December 31, 2014

Investment type	Quality rating		Fair value	Percentage of portfolio
Asset-backed securities	AAA/Aaa	$	30,603	0.1%
	AA/Aa		94,418	0.1
	NR/NA[2]		325,539	0.5
Corporate bonds	AA/Aa		1,441,776	2.2
	A/A		5,843,784	9.0
	BBB/Baa		6,234,503	9.6
	BB/Ba		1,867,337	2.9
	NR/NA[2]		339,649	0.5
Government agencies	AA/Aa		278,498	0.4
	NR/NA[3]		18,617,264	28.5
Government bonds	AA/Aa		8,149,584	12.5
Government mortgage-backed securities	NR/NA[1]		945,463	1.5
Municipal bonds	AAA/Aaa		429,346	0.7
	AA/Aa		992,499	1.5
	A/A		138,147	0.2
	BBB/Baa		212,197	0.3
Nongovernment-backed C.M.O.'s	NR/NA[3]		479,714	0.7
Short-term investments	NR/NA[2]		3,716,134	5.7
Other fixed income	NR/NA[3]		15,091,637	23.1
Total fixed income securities		$	65,228,092	100.0%

[1] These ratings are implicitly or explicitly guaranteed by the U.S. government and currently a rating is not provided by the nationally recognized statistical rating organization. The agencies invested are in FHLMC and FNMA.

[2] NR/NA indicates the securities were either not able to be categorized into any other ratings or the rating was not available to the custodian.

[3] NR/NA indicates the securities were either not able to be categorized into any other ratings or the rating was not available because the assets are held in a mutual fund.

(i) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit.

The following table provides the Plan's maximum exposure to foreign currency risk in U.S. dollars as of December 31, 2014:

Schedule of Assets in Foreign Currencies

	Dollar allocation invested in foreign currencies	Percentage of asset class invested in foreign currencies
Equities	$ 40,234,237	22.8%
Hedge funds	4,337,334	14.4
Total	$ 44,571,571	

(j) Derivatives

Derivatives are financial instruments whose values depend upon, or are derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivatives may be used both for hedging and to enhance returns. Derivatives may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over-the-counter derivatives. Derivatives involve special risks and costs and may result in losses to the Plan. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivatives transactions.

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The Plan did not directly own any derivatives as of December 31, 2014 and 2013.

(4) Commitments

The Plan is a party to five private equity limited partnership agreements. Under the terms of the partnership agreements, the Plan has pledged to invest $56,700,300 in portfolios of limited partnerships as of December 31, 2014. Failure by the Plan to fund a capital call is considered a default under the agreements and various penalties, as defined, may be imposed upon the Plan for such failure. The commitment period for all partnerships extends until the Plan's capital commitment is fulfilled, or the partnership's term is reached. At December 31, 2014, the Plan had remaining unfunded capital commitments of $52,475,300. Subsequent to

December 31, 2014 but prior to release of the financial statements $10,580,700 was called and paid resulting in a remaining unfunded amount of $41,894,600.

(5) Net Pension Liability of Denver Water

The components of the net pension liability of Denver Water at December 31, 2014 and 2013 were as follows:

	Years ended December 31, 2014	Years ended December 31, 2013
Total pension liability	$ 348,593,869	337,844,301
Plan net position restricted for pension	(302,339,000)	(289,825,400)
Denver Water's net pension liability	$ 46,254,869	48,018,901
Plan net position restricted for pension as a percentage of the total pension liability	86.73%	85.79%

(a) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015 and January 1, 2014, respectively, calculated based on the discount rate and actuarial assumptions below.

	December 31 2014	December 31 2013
Inflation	3.00%	3.00%
Salary increases	3.50	3.50
Investment rate of return	7.50	7.50

The mortality rates for years 2014 and 2013 were based on the RP-2000 Combined Healthy Mortality Table, blended 50% Blue Collar adjusted and 50% White Collar adjusted, and projected to 2021 using Scale AA.

The actuarial assumptions used in the January 1, 2015 and January 1, 2014 valuation were based on the results of an actuarial experience study for the period 2005 – 2009.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the annualized 30-year geometric mean return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 and 2013 are summarized in the following table.

	January 1,	
	2015	**2014**
Asset class:		
Domestic equity	4.2%	4.2%
International equity	4.2	4.2
Fixed income	2.0	2.0
Hedge funds	2.7	2.7
Real estate	3.7	3.7

(b) Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions would be made at the current actuarially determined contribution rate. Based on these assumptions, the pension plan's net position restricted for pension was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(c) Other Key Actuarial Assumptions

The other key actuarial assumptions that determined the total pension liability as of December 31, 2014 and December 31, 2013 include:

Valuation date	January 1, 2014	January 1, 2013
Measurement date	December 31, 2013	December 31, 2012
Inflation	3.00%	3.00%
Salary increased including inflation	3.50	3.50

(d) Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

		1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
2014 Net pension liability	$	84,924,350	46,254,869	13,420,282
2013 Net pension liability		85,925,373	48,018,901	15,871,536

(6) Related-Party Transactions

An affiliate of the Plan's custodian, Northern Trust Investments, N.A., is an investment manager for the Plan, which managed $55.4 million and $54.9 million of the Plan's investments at December 31, 2014 and 2013, respectively. For the years ended December 31, 2014 and 2013, the Plan incurred approximately $27,800 and $15,100, respectively, in management fees with this investment manager.

(7) Plan Amendment

The Plan was amended on August 13, 2014, with the effective date of May 1, 2013, to define "spouse" to include Colorado civil unions wherever federal tax law defines "spouse" to include a person of the same sex.

Schedule I

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

(Unaudited)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total pension liability:										
Service cost	$ 6,071,395	6,046,257								
Interest on total pension liability	25,043,773	24,051,100								
Effect of plan changes	—	—								
Effect of assumption changes or inputs	—	—								
Effect of economic/demographic (gains) or losses	—	2,037,171								
Benefit payments	(20,365,600)	(17,850,600)								
Net change in total pension liability	10,749,568	14,283,928	—	—	—	—	—	—	—	—
Total pension liability, beginning	337,844,301	323,560,373								
Total pension liability, ending (a)	348,593,869	337,844,301	—	—	—	—	—	—	—	—
Plan fiduciary net position:										
Employer contributions	14,500,000	15,000,000								
Member contributions	—	—								
Investment income net of investment expenses	18,523,200	39,023,000								
Benefit payments	(20,365,600)	(17,850,600)								
Administrative expenses	(144,000)	(115,500)								
Net change in plan fiduciary net position	12,513,600	36,056,900	—	—	—	—	—	—	—	—
Fiduciary net position, beginning	289,825,400	253,768,500								
Fiduciary net position, ending (b)	302,339,000	289,825,400	—	—	—	—	—	—	—	—
Net pension liability, ending = (a) – (b)	$ 46,254,869	48,018,901	—	—	—	—	—	—	—	—
Plan fiduciary net position as a% of total pension liability	86.73%	85.79%								
Covered payroll	$ 71,847,268	71,940,163	71,172,362	69,926,961	70,372,085	65,721,304	60,346,577	58,578,510	57,224,980	55,998,351
Plan's net pension liability as a% of covered payroll	64.38%	66.75%								

See accompanying independent auditors' report.

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Required Supplementary Information

Schedule of Employer Contributions

Year ended December 31, 2014

(Unaudited)

Year ended December 31		Actuarially determined contribution	Actual employer contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a% of covered payroll
2005	$	8,738,577	8,738,635	(58)	55,998,351	15.61%
2006		8,268,755	8,269,119	(364)	57,224,980	14.45
2007		6,981,523	7,277,159	(295,636)	58,578,510	12.42
2008		7,233,450	7,590,475	(357,025)	60,346,577	12.58
2009		11,871,976	14,500,000	(2,628,024)	65,721,304	22.06
2010		12,638,827	12,638,800	27	70,372,085	17.96
2011		12,414,279	15,400,000	(2,985,721)	69,926,961	22.02
2012		12,256,238	14,300,000	(2,043,762)	71,172,362	20.09
2013		11,957,548	15,000,000	(3,042,452)	71,940,163	20.85
2014		13,532,013	14,500,000	(967,987)	71,847,268	20.18

See accompanying independent auditors' report.

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of July 1st of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	Layered
Amortization period at 01/01/2014	15 years
Asset valuation method	3-year smoothed market
Inflation	3.00%
Salary increases	Graded from 6.1% at 1 year of service to 3.6% at 10+ years of service
Investment rate of return	7.5%, net of pension plan investment expenses, including inflation
Cost of living adjustments	3.00%
Retirement age	Table of rates by age and eligibility
Turnover	Table of rates graded by years of service
Mortality	RP-2000 Combined healthy mortality table, blended 50% blue collar adjusted, and projected to 2021 using scale AA.

Schedule III

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Required Supplementary Information

Schedule of Investment Returns

(Unaudited)

Fiscal year ending December 31,	Net money-weighted rate of return
2005	N/A
2006	N/A
2007	N/A
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	15.35%
2014	6.44

See accompanying independent auditors' report.