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DENVER WATER SUPPLEMENTAL RETIREMENT SAVINGS PLAN

Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

DENVER WATER SUPPLEMENTAL RETIREMENT SAVINGS PLAN

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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
Denver Water Supplemental Retirement Savings Plan:

We have audited the accompanying statements of net position and statements of changes in net position of Denver Water Supplemental Retirement Savings Plan (Plan) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Plan's 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 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. 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 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 financial position of the Denver Water Supplemental Retirement Savings Plan as of December 31, 2013 and 2012, and the changes in financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

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Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 7 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 3, 2014

This is an analysis and overview of the financial activities of the Denver Water Supplemental Retirement Savings Plan (SRSP) for the years ended December 31, 2013 and 2012. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2013, $70.3 million was held in trust for the payment of SRSP benefits to the participants as compared to $57.8 million in 2012. This represents an increase in total SRSP net position held in trust of $12.5 million or 21.5%.

Additions to SRSP net position for 2013 and 2012 included participant contributions of $4.2 million and $3.8 million, respectively and the Denver Board of Water Commissioners (Board) matching contributions of $1.8 million in 2013 and $1.7 million in 2012. The net investment income for 2013 was $10.8 million compared to $5.5 million investment income in 2012.

Total deductions from SRSP net position were $5.0 million in 2013 and $2.5 million in 2012. The deductions were comprised of retirement benefit payments of $4.9 million and administrative expense of $58,700 in 2013. In 2012, the deductions were comprised of retirement benefit payments of $2.5 million and administrative expense of $49,700. Total deductions in 2013 were 98.1% more than those in 2012. Total deductions in 2012 were 17.6% less than those in 2011.

The SRSP is a defined contribution plan and its purpose is to enable the participants to accumulate financial assets for their retirement. The Board matches 100% of employee contributions up to 3% of the participating employee's published hourly base pay and salary. As of December 31, 2013, there were 897 employees contributing to the SRSP or 88.5% of all eligible Denver Water employees. As of December 31, 2012, there were 894 employees contributing to the SRSP or 86.3% of all eligible Denver Water employees. There were 1,013 employees eligible to participate in the SRSP as of December 31, 2013 and 1,036 as of December 31, 2012.

Overview of the Financial Statements

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

1. Statements of Net Position

2. Statements of Changes in Net Position

3. Notes to Financial Statements

The Statements of Net Position present the SRSP assets, liabilities and net position as of December 31, 2013 and 2012. The Statements of Changes in Net Position show the additions to and deductions from SRSP net position during 2013 and 2012.

The above financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 34, *Basic Financial Statements – and Management's*

(Continued)

Discussion and Analysis – for State and Local Governments, and all other applicable GASB pronouncements including GASB Statement No. 50, *Pension Disclosures*, which amends certain provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* 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 Net Position*, which was renamed from *Statement of Net Assets*. 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 SRSP assets and liabilities as of December 31 and the activities which occurred during the years presented. 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 based on independent outside sources.

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

Financial Analysis

With the purpose of enabling the employees to accumulate savings for their retirement, the Board has identified the following objectives for the SRSP administration: to offer investment options having diverse risk and return expectations; to undertake all transactions solely in the interest of the participants and beneficiaries; to maintain flexibility in meeting the future needs of the participants; to enable participants to exercise investment control; to allow participants to maximize return within reasonable and prudent levels of risk by selecting from the investment options offered; to include investment options that have reasonable investment management costs; to monitor administration costs to ensure they remain, and to arrange for investment education to be available to the participants.

The Board has engaged Great-West Retirement Services to provide recordkeeping and communication services for the Plan. The Board engages investment experts to monitor and recommend changes in the investment options included in the Plan.

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As of December 31, the SRSP's net position was:

Net Position

(Amounts expressed in thousands)

	Years ended December 31			2013 - 2012		2012 - 2011	
	2013	**2012**	**2011**	**Increase (decrease)**	**Percentage change**	**Increase (decrease)**	**Percentage change**
Mutual funds	$ 57,346	44,448	35,331	12,898	29.0%	$ 9,117	25.8%
Commingled fund	12,433	12,963	13,364	(530)	(4.1)	(401)	(3.0)
Money market fund	212	188	37	24	12.8	151	408.1
Total investments	69,991	57,599	48,732	12,392	21.5	8,867	18.2
Receivables:							
Contributions	285	207	203	78	37.7	4	2.0
Other receivable	9	19	11	(10)	(52.6)	8	72.7
Total receivables	294	226	214	68	30.1	12	5.6
Total assets	70,285	57,825	48,946	12,460	21.5	8,879	18.1
Total liabilities	16	13	11	3	23.1	2	18.2
Net position	$ 70,269	57,812	48,935	12,457	21.5	$ 8,877	18.1

SRSP Activities

The net position increased by $12.5 million or 21.5% in 2013 and by $8.9 million or 18.1% in 2012. Key drivers of the net position changes are discussed below.

(Continued)

Additions

The moneys used to pay benefits are accumulated from the contributions made by the Board and each participant and from income generated by investments, including investment valuation appreciation, interest, and dividends. Earnings on investments are reported net of investment management expenses. The Board's matching contribution for 2013 and 2012 was $1.8 million and $1.7 million, respectively. Net investment income was $10.8 million in 2013 as compared to net investment income of $5.5 million in 2012. Due to the increase in the market values of assets held during the year, net investment income was greater in 2013 versus 2012 and 2011.

Additions to Net Position

(Amounts expressed in thousands)

	Years ended December 31			2013 – 2012		2012 – 2011	
	2013	2012	2011	Increase (decrease)	Percentage change	Increase (decrease)	Percentage change
Employer contributions	$ 1,835	1,743	1,735	92	5.3%	$ 8	0.5%
Participant contributions	4,153	3,827	3,695	326	8.5	132	3.6
Participant rollovers	694	275	9	419	152.4	266	2,955.6
Net investment income	10,752	5,544	(91)	5,208	93.9	5,635	6,192.3
Total additions	$ 17,434	11,389	5,348	6,045	53.1	$ 6,041	113.0

Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2013 and 2012, benefits paid were $4.9 million and $2.5 million respectively, an increase of 99.6% in 2013 over 2012 and a decrease of 18.1% in 2012 over 2011. The change in the amount of benefit payments from year to year is attributed to the number of participants choosing to take lump-sum distributions at retirement in any one year and to changes in the number of participants receiving benefits in the SRSP.

Administrative expenses for the SRSP were $58,700 in 2013 and $49,700 in 2012. The increase in administrative expense is due to an increase in fair market values in 2013 and 2012. In 2013 and 2012, participant investment advisory fees were $10,900 and $3,900, respectively. Please refer to note 4 of the financial statements for a detailed explanation of SRSP administrative expenses.

Deductions from Net Position

(amounts expressed in thousands)

	Years ended December 31			2013 – 2012		2012 – 2011	
	2013	2012	2011	Increase (decrease)	Percentage change	Increase	Percentage change
Benefits paid to participants	$ 4,908	2,459	3,004	2,449	99.6%	$ (545)	(18.1)%
Administrative expenses	58	49	44	9	18.4	5	11.4
Participant investment advisory fees	11	4	1	7	175.0	3	300.0
Total deductions	$ 4,977	2,512	3,049	2,465	98.1	$ (537)	(17.6)

Requests for Information

This discussion and analysis is designed to provide a general overview of the SRSP net position and changes in net position as of December 31, 2013 and 2012 and 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

DENVER WATER SUPPLEMENTAL RETIREMENT SAVINGS PLAN

Statements of Net Position

December 31, 2013 and 2012

Assets	**2013**	**2012**
Investments, at fair value:		
Mutual funds	$ 57,346,200	44,447,500
Commingled fund	12,432,600	12,963,000
Money market fund	212,100	188,600
Total investments	69,990,900	57,599,100
Receivables:		
Employer contributions	68,600	67,200
Employee contributions	217,100	139,800
Other receivables	8,500	19,300
Total receivables	294,200	226,300
Total assets	70,285,100	57,825,400
Liabilities		
Accrued administrative expenses	15,700	13,000
Net position	$ 70,269,400	57,812,400

See accompanying notes to financial statements.

DENVER WATER SUPPLEMENTAL RETIREMENT SAVINGS PLAN

Statements of Changes in Net Position

Years ended December 31, 2013 and 2012

	2013	2012
Additions:		
Investment income:		
Net appreciation in fair value of investments	$ 9,381,400	4,276,500
Dividends	1,355,900	1,251,300
Miscellaneous	14,700	15,800
Net investment income	10,752,000	5,543,600
Contributions:		
Employer contributions	1,834,900	1,743,300
Participant contributions	4,153,300	3,827,400
Participant rollovers	694,200	275,200
Total contributions	6,682,400	5,845,900
Total additions	17,434,400	11,389,500
Deductions:		
Benefits paid to participants	4,907,800	2,458,700
Administrative expenses	58,700	49,700
Participant investment advisory fees	10,900	3,900
Total deductions	4,977,400	2,512,300
Net increase	12,457,000	8,877,200
Net position:		
Beginning of year	57,812,400	48,935,200
End of year	$ 70,269,400	57,812,400

See accompanying notes to financial statements.

(1) Plan Description

The Board of Water Commissioners, City and County of Denver, Colorado (the Board), adopted the Denver Water Supplemental Retirement Savings Plan in 1999 (SRSP). The Board operates a water utility created by the Charter of the City and County of Denver, Colorado.

The following description of the SRSP provides only general information. Participants and all others should refer to the SRSP agreement for a more complete description of the SRSP provisions.

(a) General

The SRSP is a defined contribution plan covering all regular and discretionary employees of Denver Water who have completed the required introductory period and is qualified under section 401(a) paragraph (k) in accordance with the regulations of the Internal Revenue Code of 1986, as amended (IRC). The purpose of the SRSP is to provide supplemental retirement and other related benefits for eligible employees. As of December 31, 2013, there were 897 active employees out of 1,013 eligible employees participating in the SRSP. This compares with 894 active employees participating out of 1,036 eligible employees as of December 31, 2012. The SRSP and the trust established by the SRSP are maintained for the exclusive purpose of providing benefits to eligible employees and their beneficiaries, and for defraying reasonable administrative expenses. The SRSP provisions and contribution requirements are established and may be amended by the Board.

The SRSP is exempt from compliance with the Employee Retirement Income Security Act of 1974, as amended, as it is a governmental plan.

(b) Contributions

Each year a participant may contribute up to 97% of pretax annual compensation but not less than $10 per pay period up to an annual maximum amount as codified by the Internal Revenue Service (IRS). Participants direct the investment of their contributions into various investment options offered by the SRSP. The SRSP offered as investment options twenty four mutual funds (including twelve target date funds), one money market fund and one commingled fund as of December 31, 2013 and 2012. The Board makes a matching contribution in an amount equal to 100% of the first 3% of base compensation that each participant contributes to the SRSP. The SRSP was amended in 2013 to authorize employer discretionary contributions to qualifying participants. In 2013, a discretionary contribution of $25,850 was made. Employer contributions must be made no later than the last day of the Plan Year for which the contribution is made. The employer may suspend, reduce or eliminate future employer contributions and may rescind such action at any time. The matching contribution is allocated to the participants' accounts and is participant directed. Although it has not expressed any intent to do so, the Board may change the amount of or discontinue the matching or discretionary contribution at any time.

(c) Participant Accounts

Each participant's account reflects the cumulative amount of each participant's contribution along with the employer's matching and discretionary contribution including any income, gains, losses, or increases or decreases in market value attributable to the investment of contributions, and further reflects any distributions to the participant or his or her beneficiary and any fees or expenses charged against the participant's account. The amount of the discretionary contribution, if any, for a Plan year is determined by the employer, and subject to Treasury Regulations under IRS Code §415 and 401(a)(17).

(d) Vesting

A participant's interest in his/her participant and employer matching contributions is always fully vested and nonforfeitable. The qualifying participant's interest in his/her discretionary contributions become fully vested upon completing seven years of service, the qualifying participant attaining the age of 65 while employed by the employer, by termination due to the qualifying participant's death or disability, by termination of employment due to serious health conditions of the qualifying participants spouse, and by termination, by the employer for reasons other than serious cause.

In the event of forfeitures due to termination of the qualifying participant prior to vesting the nonvested portion of the qualifying participant's discretionary employer contribution account will be used to pay Plan administrative expenses. Any excess, after paying Plan administrative expenses, will be allocated to participant accounts as employer contributions on the last day of the Plan year during the year of the forfeiture.

(e) Participant Loans

The SRSP does not permit participant loans.

(f) Payment of Benefits

On termination of service, a participant with a balance of $1,000 or less will have the amount automatically distributed in a lump sum as soon as feasibly possible. A participant whose account is greater than $1,000 may elect to receive either a single lump-sum amount equal to the value of the participant's interest in his or her account at termination or take periodic distributions provided they meet minimum distribution requirements of IRC code section 401(a)(9). Distributions must start no later than age 70½. Participants may also specify that funds roll directly from their account to an eligible retirement plan. Upon the death of a participant, the account is paid to the participant's beneficiaries in a single lump sum.

(g) Record Keeping, Custody and Management of Assets

The Board approved a five year contract with Great-West Retirement Services (Great-West) to provide recordkeeping and communication services related to the SRSP effective December 29, 2010. Trust services are provided by Orchard Trust Company, LLC through a separate contract with the Board. Fees for the trust services are paid by the participants. Assets allocated to the various funds are managed by investment professionals hired by the fund.

(h) SRSP Termination

Though it has not expressed any intent to do so, the Board has the right under the SRSP to terminate the SRSP at any time with respect to any or all participants by resolution of the Board. Upon

(Continued)

discontinuance of the SRSP, the account of each participant would remain fully vested and nonforfeitable.

(2) Summary of Significant Accounting Policies

(a) Estimates

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

(b) Basis of Accounting

The SRSP 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 contribution plans. Contributions are recognized when earned without regard to the date of actual collection. Expenses are recognized when due and payable. Benefit payments and refunds are recognized upon distribution. Certain prior year amounts have been re-classified to conform with the current year presentation.

(c) Investment Valuation

The SRSP investments in mutual funds (including a money market fund) and one commingled fund are reported at fair value, which is based on the net asset value (NAV) of shares/units held at year-end. The NAV is used as a practical expedient to fair value. This computation of NAV is performed by the fund company and is reported daily to Great-West.

(d) Income Recognition

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected as net appreciation or depreciation in fair value of investments in the accompanying statements of changes in net position. This is determined as the difference between fair value at the beginning of the year (or date purchased during the year) and selling price or year-end fair value.

(e) Tax Status

The IRS has determined and informed the Board by a letter dated May 24, 2012, that the SRSP and related trust are designed in accordance with applicable sections of the IRC for amendments through September 27, 2011. The SRSP has been amended since receiving the determination letter. The Board and the SRSP tax counsel believe that the SRSP with subsequent amendments is currently designed and operating in compliance with applicable requirements of the IRC.

(3) Investments

The following table lists the investment options available to participants and the value of each option at December 31, 2013 and 2012 (amounts are expressed in thousands):

	2013	2012
American Funds Washington Mutual R6	$ 6,643	5,027
Baron Growth Institutional	1,941	1,268
Cohen & Streers Institutional Global Realty	264	114
Domini Social Equity R	398	361
Dreyfus Cash Management Fund Institutional	212	189
Galliard Retirement Income Fund	12,433	12,963
Harbor International Institutional	5,149	4,054
Perkins Small Cap Value L	3,331	2,594
Pimco High Yield Institutional	1,176	841
Pimco Total Return Institutional	4,258	3,954
T. Rowe Price Growth Stock Fund	5,024	3,780
Vanguard 500 Index Signal	—	3,964
Vanguard Inflation Protected	1,261	1,829
Vanguard Institutional Index Fund	5,476	—
Vanguard Mid Cap Index	6,935	5,303
Vanguard Target Retirement 2010 Inv	31	2
Vanguard Target Retirement 2015 Inv	2,604	2,238
Vanguard Target Retirement 2020 Inv	407	295
Vanguard Target Retirement 2025 Inv	5,349	4,158
Vanguard Target Retirement 2030 Inv	36	3
Vanguard Target Retirement 2035 Inv	2,973	1,831
Vanguard Target Retirement 2040 Inv	351	61
Vanguard Target Retirement 2045 Inv	2,659	2,019
Vanguard Target Retirement 2050 Inv	13	5
Vanguard Target Retirement 2055 Inv	376	190
Vanguard Target Retirement 2060 Inv	223	144
Vanguard Target Retirement Income Inv	468	412
Total investments	$ 69,991	57,599

During 2013 and 2012, the net investment income (including gains and losses on investments bought and sold, as well as income received on investments during the year) was approximately $10.8 million and $5.5 million, respectively.

(4) Administrative Expenses

The majority of investment options available to participants in the SRSP are registered mutual funds. The dollar amount of fees paid by the SRSP for investment management and administrative services on these funds is not separately disclosed. The current recordkeeper, Great-West, assesses 0.0225% of the value of participant account balances as of the last day of each calendar quarter for recordkeeping and communication services to the SRSP. Effective April 2, 2012, most investment options were converted to the lowest cost share class, which nearly eliminated the revenue sharing used to offset Great-West administration fees. The assessed recordkeeping and communication fee for the preceding quarter is now being deducted directly from each participant's account in January, April, July and October. Three funds which continue revenue sharing arrangements with Great-West (T. Rowe Price Growth Stock Fund, Baron Growth Institutional and Cohen & Steers Institutional Global Realty) are excluded from this new fee arrangement. Any revenue from revenue sharing is calculated quarterly and deposited in an unallocated SRSP account. The unallocated account is also used to accumulate any recordkeeping and communication fees withdrawn from Participant accounts, any fund credits received and any income received on excess balances. Excesses and shortages in the unallocated account are disbursed to the SRSP participants at year end at the discretion of the Board. In 2013 and 2012, total disbursements to participants at year-end were $8,500 and $19,300, respectively.

The assessed recordkeeping and communication fee for 2013 totaled $58,700. Revenue sharing from 12(b)(1) fees reported by Great-West for the same period was $9,500 and participant wrap fees totaled $52,900. The assessed recordkeeping and communication fee for 2012 totaled $49,700. Revenue sharing from 12(b)(1) fees reported by Great-West for the same period was $17,800 and participant wrap fees collected totaled $26,900.

(5) Participant Investment Advisory Fees

In 2011, the Plan Sponsor's authorized investment advisory services for Plan participants. The participants may use an online investment advice tool or they can choose to have their account managed as an ancillary service available through the Plan administrator. Participants who choose to use the online investment advice tool pay an annual fee assessed quarterly. Participants choosing to have their account managed pay an annual tiered fee, assessed quarterly, based on the participant's account balance. In 2013 and 2012, total participant investment advisory fees paid were $10,900 and $3,900, respectively.

(6) Risks and Uncertainties

(a) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the SRSP 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 SRSP, and are held by either the counterparty or the counterparty's trust department or agent but not in the SRSP name.

The SRSP investments are evidenced by mutual fund shares and commingled fund units. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, investments in mutual funds should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The SRSP investment is the mutual fund share and commingled fund unit, not the underlying security. Additionally, investments in open-end mutual funds are not subject to custodial credit risk disclosures.

(b) Concentration Risk

Concentration risk is the credit risk of loss attributed to the magnitude of an investment in a single issuer. If 5% or more of the total assets of the SRSP are invested with one issuer then the investment is considered to have concentration risk. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from concentration of credit risk requirements. The SRSP investment options are all diversified mutual funds and one commingled fund and are not subject to and therefore do not have concentration risk.

(c) Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The SRSP investment policy does not specifically address the quality rating of the investments. Each participant is responsible for determining the risks and commensurate returns of their portfolio. The SRSP investment options are all diversified mutual funds and one commingled fund and therefore do not have credit risk. The mutual funds and commingled fund have not been rated by any nationally recognized rating agency (Moody's, Fitch and Standard & Poor's rating agencies).

(d) Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Some of the mutual funds held by the SRSP invest in debt instruments that are subject to interest rate risk. The schedule presented below provides an indication of the interest rate risk associated with the funds holding debt obligations as of the most recent information available:

Schedule of maturity, duration and credit quality

	Average effective maturity	**Average effective duration**	**Average credit quality**
Target Date Funds:			
Vanguard Target Retirement 2010 Inv	6.63	5.11	AA
Vanguard Target Retirement 2015 Inv	7.02	5.35	AA
Vanguard Target Retirement 2020 Inv	7.56	5.68	AA
Vanguard Target Retirement 2025 Inv	7.56	5.68	AA
Vanguard Target Retirement 2030 Inv	7.56	5.68	AA
Vanguard Target Retirement 2035 Inv	7.56	5.67	AA
Vanguard Target Retirement 2040 Inv	7.56	5.68	AA
Vanguard Target Retirement 2045 Inv	7.56	5.68	AA
Vanguard Target Retirement 2050 Inv	7.56	5.68	AA
Vanguard Target Retirement 2055 Inv	7.56	5.69	AA
Vanguard Target Retirement 2060 Inv	7.56	5.69	AA
Vanguard Target Retirement Income Inv	6.49	5.03	AA
Fixed Income Mutual Funds:			
PIMCO High Yield Institutional	3.54	4.95	NR
PIMCO Total Return Institutional	5.15	4.42	NR
Vanguard Inflation Protected	8.20	7.58	AAA

NR means the credit quality was either not rated or not available

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The SRSP diversified selection of mutual funds encourages the participants to employ diversification, asset allocation, and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of their portfolio.

The SRSP exposure to foreign currency risk measured by fund allocation to foreign securities as of the most recent information available is summarized in the table below (amounts are expressed in thousands):

Schedule of assets invested in foreign securities

		Dollar allocation invested in foreign securities	Percentage of fund invested in foreign securities
American Funds Washington Mutual R6	$	445	6.7%
Baron Growth Institutional		103	5.3
Cohen & Steers Institutional Global Realty		134	50.5
Domini Social Equity R		24	6.1
Harbor International Institutional		4,994	97.0
Perkins Small Cap Value L		83	2.5
PIMCO High Yield Institutional		186	15.8
PIMCO Total Return Institutional		341	8.0
T. Rowe Price Growth Stock Fund		246	4.9
Vanguard Institutional Index Fund		104	1.9
Vanguard Mid Cap Index		201	2.9
Vanguard Target Retirement 2010 Inv		9	28.6
Vanguard Target Retirement 2015 Inv		745	28.6
Vanguard Target Retirement 2020 Inv		116	28.6
Vanguard Target Retirement 2025 Inv		1,530	28.6
Vanguard Target Retirement 2030 Inv		10	28.5
Vanguard Target Retirement 2035 Inv		853	28.7
Vanguard Target Retirement 2040 Inv		100	28.5
Vanguard Target Retirement 2045 Inv		758	28.5
Vanguard Target Retirement 2050 Inv		4	28.5
Vanguard Target Retirement 2055 Inv		106	28.1
Vanguard Target Retirement 2060 Inv		63	28.1
Vanguard Target Retirement Income Inv		134	28.6
Total	$	11,289	

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(7) SRSP Amendments

Effective June 12, 2013, the SRSP was amended to provide a mechanism whereby the employer may make discretionary contributions to a qualified participant's account. The Board may decide the amount of contributions to the qualified participant's account annually, based upon annual performance evaluations, subject to annual contribution limits announced by the IRS.

The SRSP was amended on June 27, 2012 effective January 1, 2012 to adopt certain technical amendments pursuant to the IRS determination letter dated May 4, 2012, to accommodate the new methods of paying plan administration fees from participant accounts and to reflect recent changes to Denver Water Personnel Policies.