



June 15, 2022

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

RSM US LLP

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Attention: Graham Gillette, Chairperson

This letter is to inform the Board of Water Works Trustees of the Des Moines Water Works Pension Plan (the Plan) about significant matters related to the conduct of our audit as of and for the year ended December 31, 2021, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

## Our Responsibilities With Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated March 9, 2022. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

## Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated March 29, 2022 regarding the planned scope and timing of our audit and identified significant risks.

## Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the Plan's significant accounting practices, including significant accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

### Significant Estimates:

- **Fair Value of Investments**  
The Plan's investments are stated fair value and the net appreciation or depreciation in fair value is recognized in the statement of changes in plan net position. Investments in pooled separate accounts are reported at fair value, using net asset value (NAV) as a practical expedient.

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- **Net Pension Liability and Actuarial Assumptions**

Net pension liability is disclosed in the notes to the financial statements. The Plan uses an actuary to calculate the total position liability based on assumptions established by the Plan from past history and approved by management. Assumptions and estimates include the expected rate of investment return on plan assets, the interest rate used to determine the present value of liabilities, and certain employee-related factors. The employee-related factors include turnover, retirement age and mortality. These factors and the estimated rate of return are based upon historical and general market data. Management and the Board of Water Works Trustees review the actuarial results.

## **Audit Adjustments and Uncorrected Misstatements**

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

## **Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in documents containing the Plan's audited financial statements is to read the information and consider whether its content or manner of its presentation is materially inconsistent with the financial information covered by our auditor's report or whether it contains a material misstatement of fact. We are aware that the Plan's financial statements are included in the Des Moines Water Works' financial report.

## **Consultation With Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

## **Management Representations**

Attached is a copy of the management representation letter.

## **Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Des Moines Water Works Pension Plan.

This report is intended solely for the information and use of the Board of Water Works Trustees and is not intended to be, and should not be, used by anyone other than this specified party.

*RSM US LLP*

June 15, 2022

RSM US LLP  
4622 Pennsylvania Ave.  
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Kansas City, MO 64112

This representation letter is provided in connection with your audits of the financial statements of Des Moines Water Works Pension Plan (the Plan) a component unit of Des Moines Water Works, which comprise the statements of plan net position as of December 31, 2021 and 2020; the related statements of changes in plan net position for the years then ended; and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements present fairly, in all material respects, the plan net position and changes in plan net position in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 15, 2022:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated March 9, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. The plan is a component unit of Des Moines Water Works.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

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6. The methods, assumptions and data used to fair value investments and determine the net pension liability are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: The Plan's investments in pooled separate accounts are stated at net asset value. The actuarial assumptions used in determining the total net pension liability disclosed in the notes to the financial statements are derived from management's valuation specialist. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. We have also appropriately considered alternative assumptions or outcomes through evaluating the fair value assigned to the investments and the assumptions utilized to determine the net pension liability. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.
7. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with requirements of U.S. GAAP.
8. There were no events subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.
9. We are not aware of any known actual or possible litigation and claims that would be required to be disclosed in accordance with U.S. GAAP.
10. We have no intention to terminate the Plan.
11. We have properly reported and disclosed amendments to the Plan instrument, if any.
12. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
13. We agree with the findings of the specialist in evaluating the Actuarially Determined Contribution (ADC) and Net Pension Liability (NPL) and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
14. With respect to drafting the financial statement services performed in the course of the audit:
  - a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed; and made an informed judgement of the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgements and decisions that were made.
15. We have no knowledge of any uncorrected misstatements in the financial statements.

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### Information Provided

16. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
- b. Additional information that you have requested from us for the purpose of the audits;
- c. Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence;
- d. The currently effective version of the Plan document, the trust agreement or insurance contracts, and all related amendments. The Plan was most recently amended on December 15, 2015, and effective as of January 1, 2015;
- e. All correspondence, filings, reports and determinations with the Internal Revenue Service (IRS) relating to the Plan's maintenance of its tax-exempt status;
- f. All Plan financial records and related data;
- g. All minutes of the meetings of the Plan's Finance and Audit Committee of the Board of Des Moines Water Works Trustees; and
- h. Actuarial valuation reports and other reports prepared by the actuary for the Plan and the Plan sponsor.

17. All transactions have been recorded in the accounting records and are reflected in the financial statements. The Plan Sponsor's management designated an individual with sufficient skills, knowledge and experience to oversee the financial statement preparation services. This individual performed a detailed review of the financial statements, consisting of the following procedures:

- Reconciliation of the trust activity to the financial statements.
- Review and approval of all journal entries proposed by you, if any, including the review of supporting documentation and explanations.
- Review and approval of the adequacy of financial statement disclosures.
- Review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements.
- Applying analytical procedures to financial statements.

18. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

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19. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
20. We have no knowledge of allegations of fraud or suspected fraud affecting the Plan's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
21. We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan in communications from employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators or others.
22. We are not aware of any pending or threatened litigation and claims, violations or possible violations of laws and regulations, or other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements, and neither we nor the Plan Sponsor, or others acting on behalf of the Plan, have consulted legal counsel concerning litigation and claims or other matters affecting the Plan.
23. We have disclosed to you the identity of all of the Plan's related parties and all the related-party relationships and transactions of which we are aware.
24. We are aware of no significant deficiencies or material weaknesses in the design or operation of internal controls that could adversely affect the Plan's ability to record, process, summarize and report financial data.
25. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
26. The Plan has satisfactory title to all owned assets that are recorded at fair value, and all liens, encumbrances or security interests have been properly disclosed.
27. Investment securities category of custodial credit risk, interest rate risk, and concentrations of credit risk have been properly disclosed.
28. With respect to the actuarial liabilities reflected in the financial statements:
  - a. The information provided to the Plan's actuary to perform the valuation is accurate and there have been no omissions from the participants' data provided to the Plan's actuary for the purpose of determining the total pension liability and other actuarially determined amounts in the financial statements.
  - b. There have been no changes in the actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements other than those disclosed in the actuary's report and financial statements.

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- c. There have been no changes in Plan provisions between the actuarial valuation date and the date of this letter.
29. We have answered your questions about the Plan's tax compliance to the best of our knowledge and belief.
30. There have been no communications, whether written or oral, from regulatory agencies concerning noncompliance with, or deficiencies in, the operation of the Plan.
31. We have complied with (a) all aspects of debt and contractual agreements, including provisions of the Plan that would have a material effect on the financial statements in the event of noncompliance and (b) all participant eligibility and coverage requirements of the Plan.
32. We are not aware of any instances of noncompliance or suspected noncompliance with laws or regulations.
33. The IRS has determined and informed the Plan Sponsor, by a letter dated November 21, 2014, that the Plan is qualified and the trust established under the Plan is tax-exempt under the appropriate sections of the IRC. We have operated the Plan and trust in a manner that did not jeopardize this tax status.
34. We have reviewed the complementary user entity control considerations of the Service Organization Controls (SOC 1) Report for Principal Life Insurance Company Retirement Plan Processing Services dated November 19, 2021 for the period ended September 30, 2021, and we believe all applicable controls are properly designed and implemented and operating effectively.
35. There are no:
  - a. Material period-end adjusting entries affecting prior annual periods.
  - b. Investments in default or considered to be uncollectible.
  - c. Guarantees, whether written or oral, under which the Plan is contingently liable to a bank or other lending institution.
  - d. Financial instruments with off-balance-sheet-risk.
36. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

### **Supplementary Information**

37. With respect to schedule of changes in net pension liability, net pension liability and related ratio, investment returns and contributions from the employer presented as required by GASB to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary is measured and presented in accordance with the guidelines prescribed by U.S. GAAP.

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- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. The underlying significant assumptions or interpretations regarding the measurement or presentation of such information are the actuarial assumptions for the Plan.

38. We have omitted Management's Discussion and Analysis, which is required to supplement the basic financial statements. We do not believe this missing information has any impact on the basic financial statements.

Des Moines Water Works Pension Plan

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Ted Corrigan  
Chief Executive Officer

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Amy Kahler  
Chief Financial Officer


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Michelle Holland  
Controller

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Doug Garnett  
Director of Human Resources,  
Plan Administrator