ROCKWELL AUTOMATION INC
Form 11-K
June 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One):
ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
Commission file number 1-12383

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Rockwell Automation 1165(e) Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: Rockwell Automation, Inc., 1201 South 2nd Street, Milwaukee, Wisconsin 53204

ROCKWELL AUTOMATION 1165(e) PLAN

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All other schedules required by Section 2520.103-10 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Rockwell Automation 1165(e) Plan
Employees and Participants therein:

We have audited the accompanying statements of net assets available for benefits of the Rockwell Automation 1165(e) Plan (the Plan) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of Form 5500, Schedule I, Part I - Schedule of Assets (Held at End of Year), December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the 2015 financial statements as a whole.

/s/ BAKER TILLY VIRCHOW KRAUSE, LLP
Milwaukee, Wisconsin
June 8, 2016

ROCKWELL AUTOMATION 1165(e) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Investment in Master Trust, at fair value (Note 3)	$3,923,152	$3,822,795
Notes receivable from participants	86,283	32,418
Total assets	4,009,435	3,855,213
Adjustment from fair value to contract value for interest in Master Trust relating to fully benefit-responsive investment contracts	(7,380)	(11,404)
NET ASSETS AVAILABLE FOR BENEFITS	$4,002,055	$3,843,809

See Notes to Financial Statements.

ROCKWELL AUTOMATION 1165(e) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	$ 3,843,809	$ 3,719,351
ADDITIONS:		
Income/(loss):		
Interest in income (loss) of Master Trust	(25,909)	139,834
Interest on notes receivable from participants	3,252	1,641
Total income/(loss)	(22,657)	141,475
Contributions:		
Employer	56,264	54,834
Employee	145,285	138,135
Total contributions	201,549	192,969
Total additions	178,892	334,444
DEDUCTIONS:		
Payments to participants or beneficiaries	20,092	209,255
Administrative expenses	554	731
Total deductions	20,646	209,986
NET INCREASE	158,246	124,458
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 4,002,055	$ 3,843,809

See Notes to Financial Statements.

ROCKWELL AUTOMATION 1165(e) PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. DESCRIPTION OF THE PLAN

The following brief description of the Rockwell Automation 1165(e) Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Summary Plan Description and Plan document for more complete information.

a. General - The Plan is a defined contribution savings plan sponsored by Rockwell Automation, Inc. (“Rockwell Automation”). The Plan covers all employees in Puerto Rico who elect to participate in the Plan. The Rockwell Automation Employee Benefit Plan Committee and the Plan Administrator control and manage the operation and administration of the Plan. Popular de Puerto Rico (the “Trustee”) is the trustee of the Plan. Fidelity Management Trust Company and its affiliates (“Fidelity”) has custody of the Plan’s assets and manages the assets along with several other investment managers. Fidelity is the trustee of the Rockwell Automation Defined Contribution Master Trust (the “Master Trust”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Participants in the Plan may invest in a suite of mutual funds, core investment options and a brokerage option. In addition, the Rockwell Automation Stock Fund was available in 2015 and 2014.

b. Participation - The Plan provides that eligible employees electing to become participants may contribute up to a maximum of 50% of base compensation, as defined in the Plan document. However, contributions by highly compensated participants are limited to 16% of the participant’s base compensation. Participant contributions can be made either before or after Puerto Rico taxation of a participant’s base compensation.

Newly hired employees are automatically enrolled at a 3% pre-tax contribution rate after 30 days of employment. Rockwell Automation contributes an amount equal to 50% of the first 6% of base compensation contributed by the participants. All Rockwell Automation matching contributions are made to the Rockwell Automation Stock Fund. Participants may elect to transfer a portion or all of their holdings in the Rockwell Automation Stock Fund to one or more of the other investment funds.

c. Investment Elections - Participants may contribute to any or all of the funds that are available for investments in 1% increments. Participants may change such investment elections on a daily basis. If a participant does not have an investment election on file, contributions are made to one of the Fidelity Freedom K Funds, based on the participant’s projected retirement date.

d. Unit Values - Participants do not own specific securities or other assets in the various funds, but have an interest therein represented by units valued as of the end of each business day. However, voting rights are extended to participants in proportion to their interest in each stock fund and each mutual fund, as represented by common units. Participants’ accounts are charged or credited for Plan earnings or losses from investments, as the case may be, with the number of units properly attributable to each participant.

e. Vesting - Each participant is fully vested at all times in the portion of the participant’s account that relates to the participant’s contributions and earnings thereon. Rockwell Automation’s matching contributions and earnings are vested after the participant has completed three years of vesting service, attains the age of 65 or dies while an employee of Rockwell Automation, as defined in the Plan document.

f. Notes Receivable From Participants - A participant may obtain a loan in an amount as defined in the Plan document (not less than $1,000 and not greater than the lower of $50,000, reduced by the participant's highest outstanding loan balance during the 12 month period before the date of the loans, or 50% of the participant's vested account balance less any outstanding loans) from the balance of the participant's account. Loans are secured by the remaining balance in the participant's account. Interest is charged at a rate equal to the prime rate plus 1% as of the last day of the month before the loan is requested. The loans can be repaid through payroll deductions over terms of 12, 24, 36, 48 or 60 months, or up to 120 months for the purchase of a primary residence, or repaid in full after a minimum of one month. Payments of principal and interest are credited to the participant's account. Participants may have up to two outstanding loans at any time from the Plan.

g. Forfeitures - When certain terminations of participation in the Plan occur, the nonvested portion of the participant's account represents a forfeiture, as defined in the Plan document. Forfeitures remain in the Plan and subsequently are used to reduce Rockwell Automation's contributions to the Plan in accordance with ERISA. However, if the participant is re-employed with Rockwell Automation and fulfills certain requirements, as defined in the Plan document, the participant's account will be restored. As of December 31, 2015 and 2014, forfeited nonvested accounts totaled $4,085 and $857, respectively. During the year ended December 31, 2015, there was no reduction in Rockwell Automation contributions from forfeited non-vested accounts. During the year ended December 31, 2014, Rockwell Automation contributions were reduced by $2,783 from forfeited non-vested accounts.

h. Plan Termination - Although Rockwell Automation has not expressed any current intent to terminate the Plan, Rockwell Automation has the authority to terminate or modify the Plan and to suspend contributions to the Plan in accordance with ERISA. If the Plan is terminated or contributions by Rockwell Automation are discontinued, each participant's employer contribution account will be fully vested. Benefits under the Plan will be provided solely from Plan assets.

i. Withdrawals and Distributions - Active participants may withdraw certain amounts up to their entire vested interest when the participant attains the age of 59-1/2. Active participants may also withdraw certain amounts when financial hardship is demonstrated. Participant vested amounts are payable upon retirement, death or other termination of employment.

j. Expenses – A majority of Plan fees and expenses, including fees and expenses associated with the provision of administrative services by external service providers, are paid from Plan assets with the remainder being paid by Rockwell Automation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Valuation of Investments - The net assets of the Master Trust are stated at fair value. Benefit responsive investment contracts held in the Master Trust are then adjusted and stated at contract value. If available, quoted market prices are used to value investments. Quoted market prices are based on the last reported sales price on the last business day of the year; securities traded on the over-the-counter market and listed securities for which no sale was reported on that date are valued at bid quotations. In instances where quoted market prices are not available, securities are stated at fair value as determined by independent investment brokerage firms and insurance companies. Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

The Plan invests in investment contracts through a separate account fund (the “Stable Value Fund”). The Statements of Net Assets Available for Benefits present the fair value of the investment in the separate account fund as well as the adjustment of the investment in the separate account fund from fair value to contract value relating to the investment contracts. The Statements of Changes in Net Assets Available for Benefits are presented on a contract value basis.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the dividend payable date.

b. Notes Receivable From Participants – Notes receivable from participants are valued at their unpaid principal balance plus any accrued interest.

c. Fair Value Measurements – Accounting Standards Codification (“ASC”) Topic 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 – Valuation based on quoted prices in active markets for identical assets or liabilities that the Master Trust has the ability to access. Since the valuation is based on quoted prices that are readily and regularly available in the active market, valuation of these investments does not entail a significant degree of judgment.

Level 2 – Valuation based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Valuation methodology for these assets include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

d. Use of Estimates - Estimates and assumptions made by the Plan’s management affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases to Plan assets during the reporting period. Actual results could differ from those estimates.

e. Payment of Benefits - Benefits are recorded when paid.

f. Risks and Uncertainties - The Plan invests in various investments. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

g. Subsequent Events – Management has evaluated the impact of all subsequent events through June 8, 2016, the date the Plan’s financial statements were available to be issued, and determined that all subsequent events have been appropriately recognized and disclosed in the accompanying financial statements.

3. MASTER TRUST

The Plan’s investments are held in the Master Trust account at Fidelity. Use of the Master Trust permits the commingling of the trust assets of a number of benefit plans of Rockwell Automation and its subsidiaries for investment and administrative purposes. Although assets are commingled in the Master Trust, Fidelity maintains supporting records for the purpose of allocating the net earnings or loss of the investment accounts to the various participating plans.

The Master Trust investments are valued at fair value at the end of each day. If available, quoted market prices are used to value investments. If quoted market prices are not available, the fair value of investments is estimated primarily by independent investment brokerage firms and insurance companies.

The net earnings or loss of the accounts for each day are allocated by Fidelity to each participating plan based on the relationship of the interest of each plan to the total of the interests of all participating plans.

The net assets of the Master Trust at December 31, 2015 and 2014 are summarized as follows:

	2015	2014
Investments:		
Mutual funds	$1,528,672	$95,339,504
Lifecycle commingled pools	627,935,654	673,394,399
Common collective trusts	699,208,353	598,521,436
Separate account funds	1,218,991,171	1,340,143,881
Brokerage accounts	64,287,989	63,429,627
Total investments at fair value	2,611,951,839	2,770,828,847
Accrued fees	(69,359)	(89,697)
Net assets at fair value	2,611,882,480	2,770,739,150
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(4,560,199)	(8,820,305)
Net assets	$2,607,322,281	$2,761,918,845