

2021 | ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2021
Denver, Colorado



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Denver, Colorado

Prepared by
Finance Division

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April 21, 2022

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Annual Comprehensive Financial Report of Denver Water for the year ended December 31, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP, Certified Public Accountants, has issued an unmodified opinion on Denver Water's financial statements for the year ended December 31, 2021. The Independent Auditors' Report is located at the front of the Financial Section of this report.

The Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Report

This report is presented in three sections as follows:

- I. **Introductory Section**, which includes this letter of transmittal, principal officials, organizational chart, and the Certificate of Achievement for Excellence in Financial Reporting for the previous year's report.
- II. **Financial Section**, which includes the Independent Auditors' Report on the financial statements, MD&A, the basic financial statements, and supplemental schedules.
- III. **Statistical Section**, which includes financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information, generally presented on a multi-year basis.

Profile of Denver Water

In 1918, Denver residents voted to create a five-member Board of Water Commissioners and to purchase the Denver Union Water Company's water system for approximately \$14 million, creating Denver Water. The five-member Board of Water Commissioners (the Board) structure is still in existence, governed under the Charter of the City and County of Denver Article X.

Denver Water is a public entity funded by water rates, hydropower revenues, and new tap fees, rather than taxes. Today, Denver Water is Colorado's oldest and largest water utility. Its service area covers more than 335 square miles, including the City of Denver and several suburban distributors. The majority of Denver's water comes from rivers and streams fed by mountain snowmelt. The South Platte River, Blue River, Williams Fork River, and Fraser River watersheds are Denver Water's primary water sources, but it also uses water from the South Boulder Creek, Ralston Creek, and Bear Creek watersheds. A system of reservoirs, networked by tunnels and canals, provides water to approximately 1.5 million people. Three major treatment plants - Marston, Moffat and Foothills - maintain water quality under the watchful eye of the Denver Water Quality Control Laboratory.

The mission of Denver Water is as follows:

To serve our customers by being a national leader in delivering clean water, operating and maintaining a reliable and resilient system, and protecting the water resources of the West.

Although Denver Water is not legally required to adopt budgetary accounting and reporting, the annual budget serves as the foundation for Denver Water's financial planning and control. The budget process involves:

- Annual Business Plan and Strategic Plan Alignment

Annually, Denver Water analyzes progress toward its Strategic Plan goals and objectives, and identifies key strategic priorities to help achieve these objectives. This exercise culminates in the creation of the Annual Business Plan. The Annual Business Plan is a high-level summary of the work the organization is committed to accomplish in the upcoming year. It describes the connection of each activity to a Strategic Plan perspective, goal and objective, the organizational metric the activity is intended to move, and the corresponding annual budget amount and estimated total cost. The Annual Business Plan includes organizational priorities, organizational programs, and continuous improvement activities. Progress towards objectives of the Annual Business Plan is reviewed with the Board on a quarterly basis. The Annual Business Plan is developed for the following year by the end of the second quarter and forms the basis for the annual budget.

- Capital and Financial Planning

Denver Water maintains multi-year operating, capital and financial plans that are aligned with the Strategic Plan and informed by the Integrated Resource Plan (IRP). The Infrastructure Master Plan takes a multidisciplinary look at Denver Water operations and facilities to identify projects in the Capital Plan. The Capital Plan forecasts additions, improvements, and replacements to system facilities based on projected demands for water, Federal and State laws and regulations, and ongoing system requirements. The Operations and Maintenance Plan includes the ongoing costs of operating and maintaining the system and the impact of the Capital Plan on operations. The Financial Plan combines the Capital and Operations and Maintenance plans and determines the level of revenue adjustments needed to meet annual revenue requirements and funding sources for capital improvements for the next several years. The annual revenue requirements include operating expenses, debt service on existing and proposed bonds, and capital expenditures. These expenditures are offset through miscellaneous revenues such as hydropower, customer-related fees, system development charges, bond proceeds, participation, and interest income. The net requirement is the amount recovered through the user rates. The multi-year Financial Plan helps keep year-over-year volatility in annual water rates to a minimum. Alternative financial plans that address potential revenue shortfalls are also analyzed as a part of the long-range planning effort. These long-range plans are used as the starting point for the annual budget.

- Annual Budget Preparation

The budget development process is the formal method through which Denver Water ensures alignment between fiscal resources and organizational priorities for the upcoming year. It results in an Approved Budget, which is the defined plan of revenue and expense activities for the year. The Approved Budget is the main internal control document used to monitor and manage revenues and expenditures for Denver Water. The budget is presented to the Board in November at the annual Budget Workshop. Official approval by the Board occurs in December.

Factors Affecting Economic Condition

The information displayed in the financial statements presents Denver Water's current *financial position*, i.e., its *existing* resources and claims on those resources. The following information is provided to help assess Denver Water's economic condition, i.e., both existing and future resources and claims on those resources. Stated differently, economic condition reflects not only today's financial position, but also the prospects that today's financial position will improve or decline.

Local Economy

Denver is the center of economic activity in the state of Colorado. Major industries include aerospace, broadcast and telecommunications, healthcare and wellness, financial services, bioscience, energy, and IT-software. Water is essential to making Colorado beautiful and to ensuring the quality of life we enjoy. An overview of the Denver metropolitan area can be found in Section D, *Demographic and Economic Information*, in the Statistical Section.

As the City of Denver lifts Covid-19 restrictions, Denver Water continues to monitor the potential impact of fluctuating energy costs, inflation and supply chain concerns.

Long-Term Financial Planning – Major Initiatives

Lead Reduction Program

- Denver Water is continuing work on the Lead Reduction Program. This was initiated because of sampling results in 2012 that showed lead levels at 2 parts per billion over the lead action level under the Safe Drinking Water Act (SDWA), which triggered a study of Denver Water's corrosion control treatment. As a result, in March 2018, the Colorado Department of Public Health and Environment designated orthophosphate as the optimal corrosion control treatment for Denver Water's system. Because of concerns with the impact of orthophosphate treatment on its system and the impact of increased phosphorus loading on the South Platte watershed and regional wastewater treatment plants, Denver Water applied for a variance from the SDWA to implement its Lead Reduction Program, which overall is more protective of public health than orthophosphate. In December 2019, this variance was approved by state and federal agencies. This program involves: adjusting the pH level in the water to reduce the risk of lead getting into the drinking water, replacing lead service lines that bring water from the mains to customer houses at no direct charge to the customer, and providing water filters that are certified to remove lead to all customers with known or suspected lead service lines until six months after their line is replaced. The program was implemented in 2020 with replacement of all lead service lines to be completed within 15 years. In 2021, Denver Water met or exceeded all regulatory targets by replacing roughly 4,700 lead service lines, over 200 more than regulations require. The estimated cost of the program is approximately \$681 million.

The North System Renewal

Denver Water intends to invest over \$1.3 billion in renewing and expanding the North System to address supply vulnerability.

- The Gross Reservoir Expansion project will raise the existing Gross Dam by 131 feet, creating an additional 77,000 acre-feet of storage in Gross Reservoir and providing an estimated 18,000 acre-feet of annual water to the North System. The City of Arvada is a key financial stakeholder in the project and will provide funding for one-sixth of the project costs and receive one-sixth of the project's expected annual water supply. All federal and state approvals have been obtained, and Denver Water is proceeding with the construction of the dam per the Federal Energy Regulatory Commission's (FERC) order to start

construction by July 16, 2022, and finish by July 16, 2027. A lawsuit filed at the end of 2018 by environmental groups against the U.S. Army Corps of Engineers (Corps) and the U.S. Fish and Wildlife Service (USFWS), regarding the Corps' National Environmental Protection Act (NEPA) process and the USFWS' Endangered Species Act (ESA) process, was dismissed by the U.S. District Court. Petitioners have appealed to the 10th Circuit Court of Appeals and that litigation is ongoing, however, petitioners have not sought to enjoin construction. In 2021, Denver Water and Boulder County entered into an agreement that marks the final step in a nearly 20-year federal, state and local review to permit the project. The agreement commits Denver Water to project mitigation measures in Boulder County, and in exchange, Boulder County agrees that the project may proceed, with construction expected to begin in April 2022.

- The Northwater Treatment Plant (NTP) will supplement the existing Moffat Water Treatment Plant (WTP) with a state-of-the-art facility designed to improve reliability and operational flexibility. The NTP will be capable of treating 75 million gallons per day (MGD) with room to expand. A portion of the existing Moffat WTP is projected to remain in service through 2040, and the project includes improvements at the Moffat site to convey treated water from both NTP and Moffat to the distribution system. The project is currently under construction and will be operational by 2024.
- The Conduit 16 replacement project replaced over 8.5 miles of large diameter water pipe connecting the new NTP to the Denver Water distribution system at the Moffat WTP. The Conduit 16 replacement project was completed in 2021.

Revenue adjustments identified in the 2022 Financial Plan are set at levels to meet annual revenue requirements, debt service coverage, and target reserves. Revenue requirements include annual operation and maintenance expenses, payments on existing and proposed debt service, the Lead Reduction Program, and rate-funded capital projects. Denver Water uses a combination of debt and cash reserves to maintain leveled annual revenue adjustments to meet these requirements. The use of debt to fund specific capital projects distributes the annual cost of facilities over time rather than requiring the full amount in any one year. The adopted revenue adjustment for 2022 was effective beginning January 1, 2022. This adjustment is expected to produce 4.0% of additional revenue over a 12-month period, assuming normal weather and consumption. The Financial Plan is updated annually.

Relevant Financial Policies and Practices – Investment Balance

Denver Water established a comprehensive set of financial policies and practices as a basic framework for the financial management of Denver Water and its planning and budgeting process. These policies and practices are listed in the Budget Book. Two investment balance related policies and practices are as follows:

Balanced Budget

The Board of Water Commissioners has not adopted an official policy on a balanced budget. Our practice is to balance the budget by the planned use or contribution to investment balances.

Cash Reserves

The Charter of the City and County of Denver specifically allows the accumulation of reserves “sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, and betterments, including those reasonably required for anticipated growth of the Denver Metropolitan area and to provide for Denver’s general welfare.”

Denver Water began 2022 with an actual cash and investment balance of \$404 million, at fair value. The 2022 budget projects this balance to increase by receipts of \$534 million and decrease by expenditures of \$721 million, resulting in a projected 2022 ending balance of \$217 million (see schedule of Budget to Actual - Receipts and

Expenditures, Last 5 Years in the Statistical Section for details). Note 2, *Deposits and Investments*, in the Financial Section provides more information on Denver Water’s investments.

Strategic Plan

The Strategic Plan is the overarching document that defines the vision, perspectives, goals, and objectives of the organization. Denver Water refreshes its Strategic Plan incrementally to ensure that it resonates with its customers and employees, the current plan was updated April 2022.

There are four guiding principles in the Strategic Plan which are used to evaluate all decisions and purposefully move the organization toward its vision to sustain vibrant communities that value water as a legacy for future generations:

1. **We are customer-centric.** We strive to earn the support and trust of our customers – everyone who pays for our service or uses our water. They are our top priority, and we are motivated to serve them.
2. **We are industry leaders.** We understand, help develop, implement and share best industry practices. We are forward-thinking – we anticipate future trends and look for and responsibly implement progressive solutions. We are adaptable, resilient and experts in our work.
3. **We take the long-term view.** We weigh the consequences of our decisions and actions against multiple scenarios to preserve future options and the sustainability of our community and the environment. We provide the best possible outcome for our customers and future generations.
4. **We are inclusive.** We embrace and promote an inclusive and diverse culture where all employees play a role in speaking openly, listening to understand and suspending judgement. Because we are better together through our unique backgrounds and perspectives, we intentionally seek multiple points of view to ensure the best possible outcomes.

Additionally, the Strategic Plan is built on four foundational elements called Strategic Perspectives. Aligning business goals to the Strategic Perspectives gives the organization a balanced and holistic approach to creating goals and objectives. All goals, objectives, strategies and initiatives should align to one of the Strategic Perspectives. To achieve the organization’s vision, each perspective needs to have equal focus. The Strategic Perspectives are listed below:

- **Excellent Operations.** Advance resilient infrastructure and efficient processes to deliver clean water, reliably.
 - Plan, build, operate and sustain our infrastructure to meet customers’ current and long-term water needs, given a warming climate and uncertain future.
 - Apply new insight and best practices to drive customer value and continuous improvement in our day-to-day operations.
 - Plan and operate our system and facilities to strengthen our resiliency.
- **Inspired People.** Foster a passionate and purpose-driven culture rooted in inclusion, adaptation and excellence.
 - Encourage all staff to pursue meaningful opportunities to deliver on our mission.
 - Model inclusion and willingness to try new approaches in our pursuit of excellence.

- **Strong Financials.** Balance near-term investment with sound long-range planning to ensure good value for our customers.
 - Manage our financial plan in a manner that supports our strategic objectives.
 - Make financial decisions keeping in mind the best long-term interests of our customers.
- **Trusted Leader.** Lead the water industry in serving our communities and protecting the water resources of the West.
 - Advance local, statewide and Western region efforts to protect Colorado’s water.
 - Collaborate and partner to sustain vibrant, healthy and water-smart communities.
 - Build trust within our communities by engaging customers and doing the right thing.

SEC Periodic Disclosure Requirements

Rule 15c2-12 requires Participating Underwriters to determine that the issuer of municipal securities has undertaken in a written agreement for the benefit of holders of such securities to provide annual financial information in a timely manner to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system. The Government Finance Officers’ Association of the United States and Canada (GFOA) recommends that the disclosure be contained in the Annual Comprehensive Financial Report. The disclosure that Denver Water has undertaken to provide in order that Participating Underwriters may comply with this rule can be found in the following sections:

Budgetary Controls	Section I - Letter of Transmittal
Audited Financial Statements	Section II - Financial Section
System Development Charges and Participation Receipts	Section II - Financial Section
Total Outstanding Indebtedness	Section II - Financial Section
The Service Area	Section III - Statistical Section
Number of Customer Accounts	Section III - Statistical Section
Receipts and Expenditures	Section III - Statistical Section
Total Treated Water Delivered/Consumption	Section III - Statistical Section

Information for prior years and information related to the City and County of Denver is available on the Municipal Securities Rulemaking Board’s EMMA website at <https://www.emma.msrb.org>.

Awards, Recognition and Acknowledgements

Annual Comprehensive Financial Report: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the 33rd consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Annual Budget: Denver Water received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2021. This is the 30th consecutive year Denver Water has received this award. To qualify for this award, Denver Water’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Urban Land Institute Impact Chair’s Award: Denver Water was honored by the Urban Land Institute for best practices in land use and real estate for the Operations Complex Redevelopment project.

Mayor's Design Award: Denver Water was recognized by the City of Denver as one of the best examples in the city of architecture, exterior design and place-making for the Administration Building.

Sustainable Water Utility Management Award: Denver Water was recognized by the Association of Municipal Water Agencies for innovative and successful efforts in economic, social and environmental endeavors.

WateReuse Awards for Excellence – The Advocacy Achievement Award: This award is for significant achievements in advancing policy, legislation or regulations that facilitate greater adoption of recycled water. Denver Water was recognized for successful efforts to expand Colorado's Regulation 84 to allow dual plumbing in public buildings and localized reclaimed water system requirements.

CDPHE Water Quality Control Division Commitment Award: Denver Water was recognized for its commitment to the culture of health, for the work in distributing face masks to water and wastewater employees during the pandemic.

USGBC Leadership Award – Mountain Region: This award is given to exemplary leaders around the world who are creating the next generation of sustainable, healthy, equitable and resilient buildings, cities and communities. Denver Water received this award for the Administration Building.


Greenway Foundation Hero of the River Award: Denver Water was recognized for the development and execution of the Lead Reduction Program.

PRSA Gold Pick Awards: The Public Affairs team received three awards at the Public Relations Society of America (PRSA) Colorado Chapter Gold Picks Awards Ceremony for the team's work on the Lead Reduction Program, including PRSA's top-ranking awards for community outreach, multicultural communications and best overall entry.

2021 Forest Service Chief's Honor Award: Denver Water was recognized by the chief of the United States Forest Service for the collaboration efforts in Summit County for forest health and wildfire risk reduction, of which Denver Water's From Forest to Faucets initiative is a part.

We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for unfailing support in maintaining the highest standards of professionalism in the management of Denver Water's finances.

Sincerely,



James S. Lochhead
CEO/Manager



Angela C. Bricmont
Chief Finance Officer

BOARD OF WATER COMMISSIONERS



**Top from left, Gary Reiff, Craig Jones;
Bottom from left, Stephanie Donner, Tyrone Gant, Dominique Gómez**

Gary Reiff, President
Senior Advisor, UCHealth

*Commissioner since September 2017;
Term expires 2023.*

Craig Jones, First Vice President
Managing Director, Colony Group's Rocky Mountain Region

*Commissioner since October 2017;
Term expires 2023.*

Stephanie Donner, Vice President
General Counsel and Head of Government Relations,
Inspire Clean Energy, LLC

*Commissioner since July 2021;
Term expires 2027.*

Tyrone Gant, Vice President
Director of Treasury Management and Commercial Banking Fee
Income Manager, Vectra Bank Colorado

*Commissioner since August 2021;
Term expires 2027.*

Dominique Gómez, Vice President
Deputy Director, Colorado Energy Office

*Commissioner since July 2021;
Term expires 2027.*

LAST 20 COMMISSIONERS

Malcolm M. Murray	Aug 1987 to Jul 1993	William R. Roberts	Jul 1997 to Oct 2005
Donald L. Kortz	Aug 1987 to Jul 1993	Harris D. Sherman	Dec 2005 to Feb 2007
Monte Pascoe	Sep 1983 to Jul 1995	Denise S. Maes	Jul 1995 to Jul 2007
Romaine Pacheco	Jul 1989 to Jul 1995	Susan D. Daggett	Nov 2007 to Jan 2009
Hubert A. Farbes, Jr.	Jul 1985 to Jul 1997	George B. Beardsley	Feb 2004 to Mar 2009
Ronald L. Lehr	Jul 1993 to Apr 1999	Thomas A. Gougeon	Aug 2004 to Jul 2017
Joe Shoemaker	Jul 1995 to Jul 2001	Penfield W. Tate III	Oct 2005 to Jul 2017
Andrew D. Wallach	Jul 2001 to Aug 2003	John Lucero	Jul 2007 to Jul 2021
Daniel E. Muse	Feb 2000 to Nov 2003	Paula Herzmark	Apr 2009 to Jul 2021
Richard A. Kirk	Jul 1993 to Oct 2005	Greg Austin	Jul 2009 to Jul 2021

EXECUTIVE LEADERSHIP AND ORGANIZATIONAL CHART



General Counsel
JESSICA R. BRODY



CEO/Manager
JAMES S. LOCHHEAD



Chief of Internal Audit
DENIS GORGEMANS*



Chief of Staff
JULIE A. ANDERSON



Chief of Finance
ANGELA C. BRICMONT



Chief of Admin Services
BRIAN D. GOOD



Chief of Engineering
ROBERT J. MAHONEY



Chief of Water Resource Strategy
RICHARD MARSICEK



Chief of Ops. Maintenance
THOMAS J. ROODE



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Denver Water
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

**DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO**

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INDEPENDENT AUDITORS' REPORT

Board of Water Commissioners
Denver Water
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Board of Water Commissioners, City and County of Denver, Colorado (Denver Water), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Denver Water's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of Denver Water, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Denver Water and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Denver Water's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Denver Water's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Denver Water's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Denver Water Pension Contributions, and Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denver Water's basic financial statements. The Other Supplementary Information (as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Other Supplementary Information (as listed in the table of contents) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
April 21, 2022

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DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2021

The following is Management's Discussion and Analysis (MD&A) of the financial activities of the Board of Water Commissioners (DBA Denver Water) for the year ended December 31, 2021. This information should be read in conjunction with the basic financial statements which follow.

FINANCIAL HIGHLIGHTS

Denver Water's financial position is reflected by the change in net position, which improved 4% during 2021, compared to 5% during 2020.

- **Operating income** was \$67.7 million in 2021 compared to \$93.9 million in 2020, a decrease of 28%.
- **Income before capital contributions** was \$36.7 million in 2021 compared to \$75.5 million in 2020, a decrease of 51%.
- **Capital contributions** were \$60.6 million in 2021 compared to \$43.6 million in 2020, an increase of 39%.
- **Net position** increased \$97.3 million in 2021 compared to \$119.1 million in 2020, a decrease of \$21.8 million.
- **Capital asset additions** were \$326.8 million in 2021 compared to \$359.0 million in 2020, a decrease of 9%.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to Denver Water's basic financial statements, which are comprised of five components: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, 4) Notes to the Basic Financial Statements, and 5) Required Supplementary Information. Denver Water also provides certain supplementary information which is presented for additional analysis and is not a required part of the basic financial statements.

The **Statement of Net Position** presents information on all of Denver Water's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, with the difference between the two reported as **net position**. "Deferred outflows of resources" is defined as consumption of net assets that is applicable to a future reporting period rather than the current reporting period. "Deferred inflows of resources" is defined as an acquisition of net assets that is applicable to a future reporting period rather than the current reporting period. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Denver Water is improving or declining.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how Denver Water's net position changed during the years presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue and earned but unused paid time off) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the financial outcomes of Denver Water's activities and can be used to determine whether Denver Water has successfully recovered all its economic costs through its water rates, capital contributions, and other charges.

The **Statement of Cash Flows** reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the years presented.

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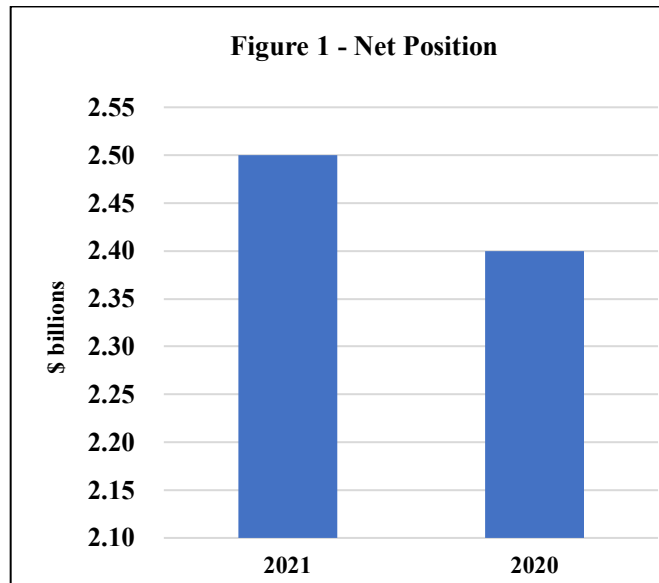
The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as Denver Water's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and any subsequent events.

Required Supplementary Information provides the detail in support of the changes in the net pension liability and information pertaining to Denver Water's actuarially determined contributions to the pension plan, and changes in the other postemployment benefits (OPEB) liability.

Other Supplementary Information provides details of Denver Water's bonded debt.

NET POSITION

As discussed above, net position may serve over time as a useful indicator of Denver Water's financial position. Denver Water's net position was \$2.5 billion at December 31, 2021, an increase of \$97.3 million or 4% from December 31, 2020 (see Figure 1, Figure 2 and Table 1).



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Table 1 - Condensed Statements of Net Position
(amounts expressed in thousands)

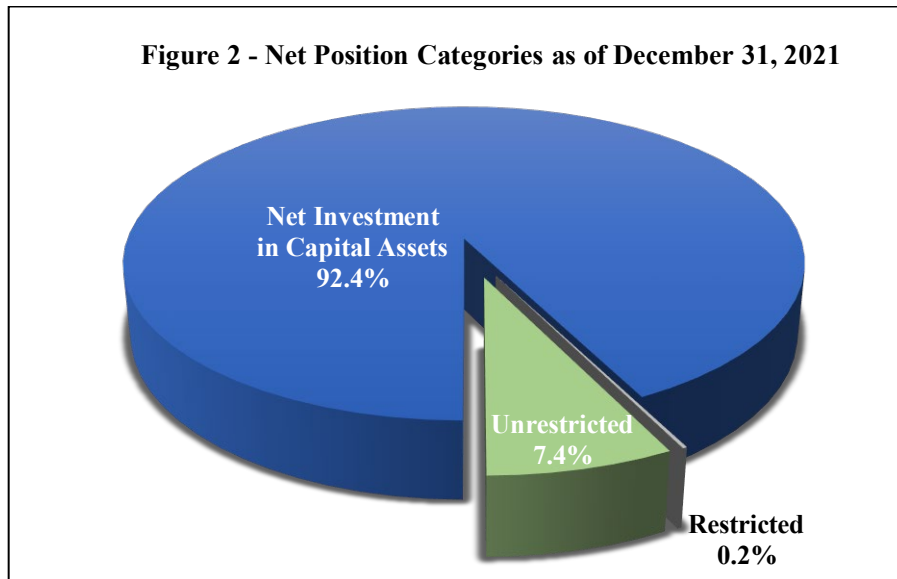
	As of December 31,		2021 - 2020	
	2021	2020	Increase (Decrease)	% Change
Current and other assets	\$ 455,815	\$ 299,116	\$ 156,699	52%
Capital assets, net	3,240,866	2,980,200	260,666	9%
Total assets	3,696,681	3,279,316	417,365	13%
Deferred outflows of resources	49,160	49,562	(402)	(1)%
Total assets and deferred outflows	3,745,841	3,328,878	416,963	13%
Current liabilities	108,274	103,831	4,443	4%
Noncurrent liabilities	1,118,634	806,299	312,335	39%
Total liabilities	1,226,908	910,130	316,778	35%
Deferred inflows of resources	26,862	23,960	2,902	12%
Total liabilities and deferred inflows	1,253,770	934,090	319,680	34%
Net position				
Net investment in capital assets	2,303,963	2,210,363	93,600	4%
Restricted	4,415	4,527	(112)	(2)%
Unrestricted	183,693	179,898	3,795	2%
Total net position	\$ 2,492,071	\$ 2,394,788	\$ 97,283	4%

The largest portion of Denver Water's net position reflects its investment in capital assets, less any related debt used to acquire those assets. Denver Water uses these capital assets to provide water; consequently, these assets are not available for future spending. Although Denver Water's investment in its capital assets is reported net of related debt, the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be liquidated to repay these liabilities.

A small portion of Denver Water's net position represents resources that are subject to external restrictions on how they may be used. Denver Water's 2021 and 2020 restricted net positions consisted of debt service reserve, debt reserve funds for revenue bonds, and amounts restricted for a motor vehicle claims reserve.

The remaining balance of Denver Water's net position represents unrestricted net position and may be used to meet Denver Water's ongoing obligations to creditors.

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Denver Water's increase in net position during 2021 of \$97.3 million indicates an improved financial position.

Other changes in the Statements of Net Position were as follows:

- **CURRENT AND OTHER ASSETS** increased in 2021 by \$156.7 million, or 52% from 2020. The increase was primarily due to the Series 2021A bond proceeds, changes in investment strategy reflecting current investment opportunities, and prepaid expenses for the upcoming Water Resource Center lease.
- **NET CAPITAL ASSETS** increased in 2021 by \$260.7 million, or 9% from 2020. The increase was due to asset additions, partially offset by increased accumulated depreciation and asset retirements (see Table 8 for current year additions).
- **DEFERRED OUTFLOWS OF RESOURCES** decreased in 2021 by \$0.4 million from 2020. The decrease was primarily the result of the amortization of pension, OPEB, and loss on previous bond refunding deferred outflows into expense. These decreases were offset by the actuarial determined differences in expected and actual demographic and economic experience on the pension and OPEB plans.
- **CURRENT LIABILITIES** increased in 2021 by \$4.4 million, or 4% from 2020. The increase was primarily the result of an increase in vendor accounts payable and legal settlement accruals at the end of 2021.
- **NONCURRENT LIABILITIES** increased in 2021 by \$312.3 million, or 39% from 2020. The increase was primarily the result of the Series 2021A Revenue Bond issuance. This increase was partially offset by a decrease in the actuarially calculated pension liability which reflected market conditions as of the December 31, 2020 measurement date.
- **DEFERRED INFLOWS OF RESOURCES** increased in 2021 by \$2.9 million from 2020. The increase was primarily due to net investment gains associated with differences between the expected and actual earnings on pension plan investments. This was offset by the amortization of pension and OPEB deferred inflows into expense.

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CHANGE IN NET POSITION

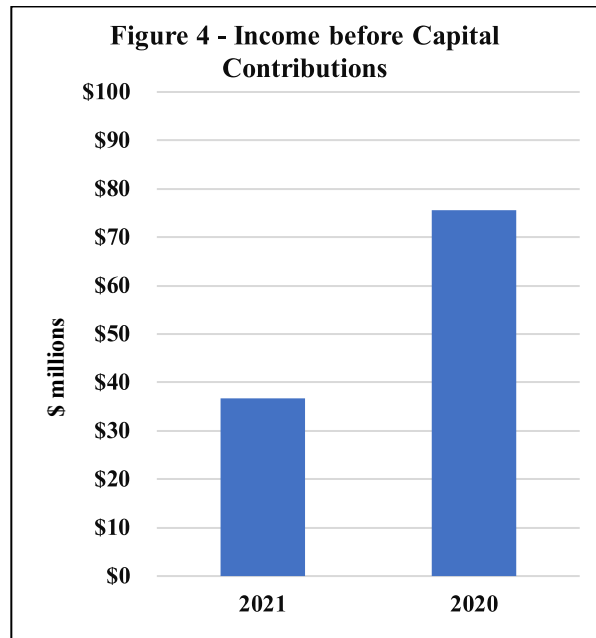
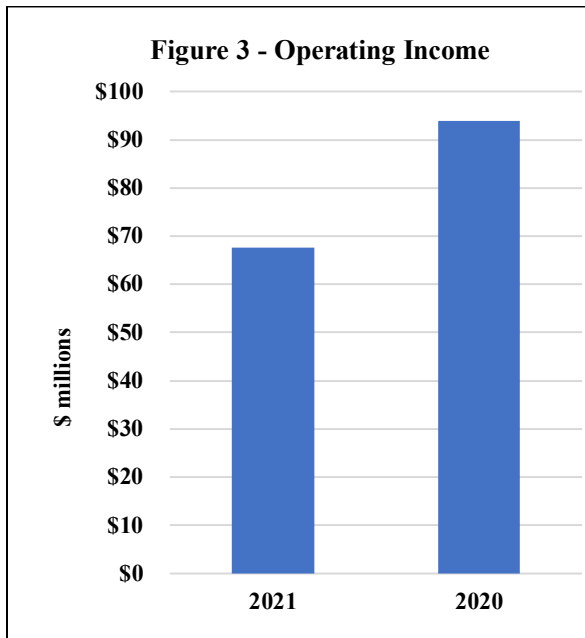
While the Statements of Net Position display Denver Water's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at year-end, the Statements of Revenues, Expenses, and Changes in Net Position provide information on the sources of change in net position during the year. Net position increased \$97.3 million consisting of income before capital contributions of \$36.7 million and capital contributions of \$60.6 million (see Table 2).

<u>Table 2 - Condensed Statements of Revenues, Expenses, and</u>				
<u>Changes in Net Position</u>				
(amounts expressed in thousands)				
	Years Ended December 31,		2021 - 2020	
	2021	2020	Increase (Decrease)	% Change
Operating revenues	\$ 335,994	\$ 357,201	\$ (21,207)	(6)%
Nonoperating revenues	3,655	10,174	(6,519)	(64)%
Total revenues	339,649	367,375	(27,726)	(8)%
Operating expenses	268,318	263,320	4,998	2%
Nonoperating expenses	34,594	28,562	6,032	21%
Total expenses	302,912	291,882	11,030	4%
Income before capital contributions	36,737	75,493	(38,756)	(51)%
Capital contributions	60,546	43,623	16,923	39%
Increase in net position	97,283	119,116	(21,833)	(18)%
Beginning net position	2,394,788	2,275,672	119,116	5%
Ending net position	\$ 2,492,071	\$ 2,394,788	\$ 97,283	4%

There was **operating income** (operating revenues less operating expenses not reflected in Table 2, see *Statement of Revenues, Expenses, and Changes in Net Position*) of \$67.7 million in 2021 compared to \$93.9 million in 2020 (see Figure 3).

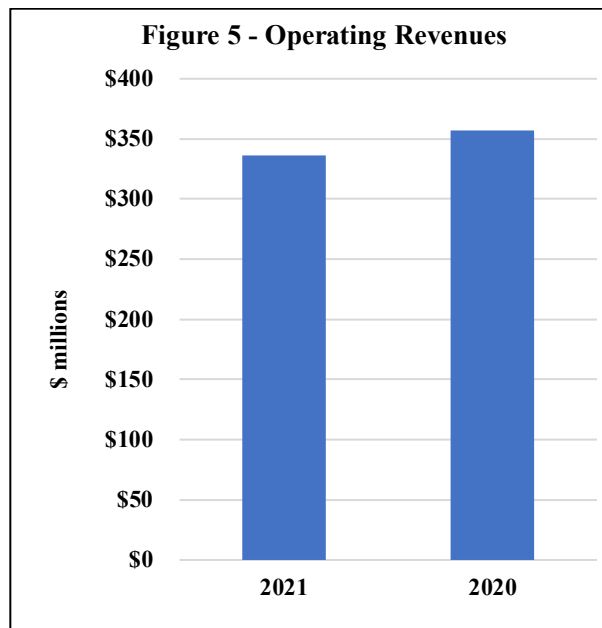
There was **income before capital contributions** of \$36.7 million in 2021 compared to \$75.5 million in 2020 (see Figure 4).

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Specifically, major changes in the Statements of Revenues, Expenses, and Changes in Net Position were as follows:

- **OPERATING REVENUES** decreased in 2021 by \$21.2 million, or 6% from 2020 (see Figure 5 and Table 3).



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	Years Ended December 31,		2021 - 2020	
	2021	2020	Increase (Decrease)	% Change
Water				
Water sales	\$ 323,711	\$ 343,027	\$ (19,316)	(6)%
Power generation and other				
Power sales	3,835	3,874	(39)	(1)%
Special assessments	7,066	6,959	107	2%
Other	1,382	3,341	(1,959)	(59)%
Total power generation and other	12,283	14,174	(1,891)	(13)%
Total operating revenues	\$ 335,994	\$ 357,201	\$ (21,207)	(6)%

Water sales decreased in 2021 due to a reduction in water sold (71.3 billion gallons sold in 2021 compared to 77.0 billion gallons sold in 2020) offset by a rate increase effective January 1, 2021, designed to increase overall system water rate revenue by 1.5%.

Changes in water consumption from year to year are generally directly related to changes in temperature, and inversely related to changes in precipitation, except for mandatory drought restrictions. Longer term changes in consumption are the result of changes in consumer conservation habits and changes in the customer base.

Power sales consist of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Association from seven power generating facilities: Dillon, Foothills, Gross, Hillcrest, Roberts Tunnel, Strontia Springs, and Williams Fork. Because power is generated by use of water turbines, differences in power sales from year to year are caused primarily by increases or decreases in water flows due to weather conditions or interruptions of power-generating operations for repairs and maintenance.

Special assessments consist primarily of delinquent charges, title transfer fees, hydrant, meter related revenue, and distribution inspection charges. Differences from year to year are caused by increases or decreases in one or more of these components.

Other consists primarily of reimbursements for operating expenses and other water delivery charges. Other operating revenue decreased in 2021 by \$2.0 million, or 59%. This decrease was primarily due to a reduction in water delivery charges related to Denver Water intergovernmental agreements and the reclassification of Metro Wastewater Reclamation District's share of the Lead Reduction Program costs to reduce regulated assets.

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- **NONOPERATING REVENUES** decreased in 2021 by \$6.5 million, or 64% from 2020 (see Table 4).

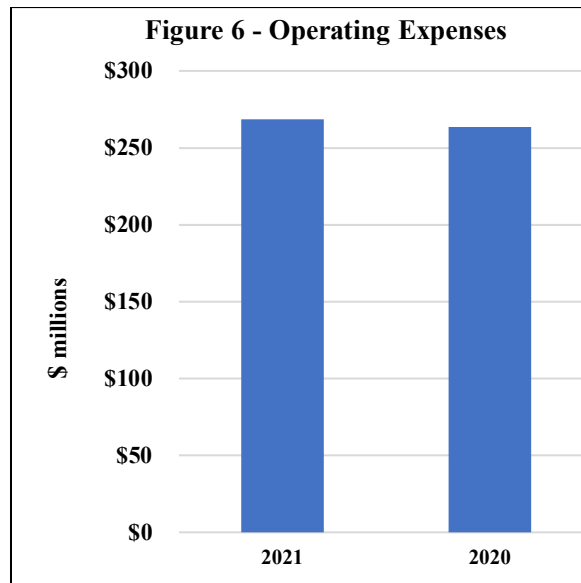
Table 4 - Nonoperating Revenues
(amounts expressed in thousands)

	Years Ended December 31,		2021 - 2020	
			Increase	%
	2021	2020	(Decrease)	Change
Investment income (loss)	\$ (1,334)	\$ 2,890	\$ (4,224)	(146)%
Other nonoperating income	4,989	7,284	(2,295)	(32)%
Total nonoperating revenues	\$ 3,655	\$ 10,174	\$ (6,519)	(64)%

Investment income decreased by \$4.2 million in 2021 primarily due to lower interest rates and mark-to-market impact on outstanding investments.

Other nonoperating income consists primarily of rental revenue, right-of-way licenses, ditch billings, and reimbursement for work performed on behalf of other entities. Other nonoperating income decreased in 2021 by approximately \$2.3 million from 2020. This decrease was primarily due to a reduction in reimbursements for work performed on behalf of others, 2020 interest income for Build America Bonds that were refunded in 2020, and legal settlement receipts in 2020.

- **OPERATING EXPENSES** increased in 2021 by \$5.0 million, or 2% from 2020 (see Figure 6 and Table 5).



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Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,		2021 - 2020	
	2021	2020	Increase (Decrease)	% Change
SOS, pumping, treatment, T&D	\$ 100,878	\$ 93,901	\$ 6,977	7%
General and administrative	93,081	100,059	(6,978)	(7)%
Customer service	13,440	13,669	(229)	(2)%
Depreciation and amortization	60,919	55,691	5,228	9%
Total operating expenses	\$ 268,318	\$ 263,320	\$ 4,998	2%

Major changes to operating expenses were as follows:

Operating expenses increased primarily due to expenses related to the From Forest to Faucets program, the SCADA Network project, the Ralston Dam Modifications project, and other operating project initiatives. In addition, depreciation expense increased due to more capital assets placed in service. This included regulated assets, which is comprised of lead service lines replaced under the Lead Reduction Program. These increases are partially offset by a decrease in the pension expense. Denver Water pension information is reported on a one-year lag; therefore, the calculated 2021 pension expense is based on a measurement date of December 31, 2020. The 2021 pension expense decreased primarily because of the 2020 investment experience and the amortization of deferred gains from 2019 investment experience. This decrease is allocated across the operating expense categories.

- **NONOPERATING EXPENSES** increased in 2021 by \$6.0 million, or 21% from 2020 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,		2021 - 2020	
	2021	2020	Increase (Decrease)	% Change
Interest expense	\$ 25,022	\$ 21,293	\$ 3,729	18%
Loss on disposition of capital assets	4,587	5,754	(1,167)	(20)%
Other nonoperating expense	4,985	1,515	3,470	229%
Total nonoperating expenses	\$ 34,594	\$ 28,562	\$ 6,032	21%

Interest expense increased in 2021 primarily due to Series 2021A bond issuance and a full year of interest on the Series 2020A and 2020B bond issuances.

Loss on disposition of capital assets decreased in 2021 primarily due to fewer conduit and hydrant retirements, and retirements in 2020 for the Ralston spillway project, which is partially offset by an increase in 2021 main retirements.

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Other nonoperating expense consists primarily of insurance, property, and legal claims, debt issuance costs, and nonoperating projects. Other nonoperating expense increased in 2021 by \$3.5 million, or 229%. The increase was primarily due to legal settlements, higher debt issuance costs in 2021, and increased costs related to the No-Fault Main Break program.

- **CAPITAL CONTRIBUTIONS** increased in 2021 by \$16.9 million, or 39% from 2020 (see Table 7).

	Years Ended December 31,		2021 - 2020	
	<u>2021</u>	<u>2020</u>	Increase (Decrease)	% Change
Contributions in aid of construction	\$ 22,310	\$ 21,167	\$ 1,143	5%
System development charges	<u>38,236</u>	<u>22,456</u>	<u>15,780</u>	<u>70%</u>
Total capital contributions	<u>\$ 60,546</u>	<u>\$ 43,623</u>	<u>\$ 16,923</u>	<u>39%</u>

Contributions in aid of construction (CIAC) represent facilities, or cash payments for facilities, conveyed to the distribution system from property owners, governmental agencies, and customers who receive benefit from such facilities. Normally, differences from year to year are attributed to the general level of construction activity in the Denver metropolitan area and are considered earned by the percentage of completion of the projects.

System development charges (SDC) represent fees charged to customers to connect to the water system. Normally, differences from year to year are also driven by the general level of construction activity in the Denver metropolitan area.

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CAPITAL ASSET ACTIVITY

Denver Water's capital assets at December 31, 2021 and 2020 totaled \$3.2 billion and \$3.0 billion, respectively, net of accumulated depreciation and amortization. Capital asset additions in 2021 and 2020 were \$326.8 million and \$359.0 million, respectively, a decrease of \$32.2 million or 9%. The values below represent total additions including amounts associated with completed projects transferred from construction in progress (CIP). Major projects were as follows (see Table 8):

<u>Table 8 - Capital Additions</u>	
Year Ended December 31, 2021	
(amounts expressed in thousands)	
Northwater Treatment Plant	\$ 121,129
Regulated Assets (Lead Service Lines)	61,100
Distribution Mains & Hydrants	43,703
Gross Reservoir	21,485
Treated Water Conduits	20,861
Chatfield Reallocation Orphan Shares	14,879
Hillcrest Pump Station	10,399
Source of Supply	6,694
Roberts Tunnel	5,798
Downstream Reservoirs	5,293
Vehicles and Heavy Equipment	4,952
Foothills Treatment Plant	3,654
Quivas Facility	3,261
Moffat Treatment Plant	1,441
Marston Treatment Plant	982
Williams Fork Penstock Slide	517
Other	681
Total	\$ 326,829

Information on Denver Water's capital assets can be found in Note 4 to the basic financial statements.

LONG-TERM DEBT ACTIVITY

Denver Water executed a 5-year credit agreement with PNC Bank, N.A., effective January 1, 2019, to provide a variable-rate revolving line of credit for a maximum initial principal amount of \$60.0 million. The credit facility contains an option to increase the credit amount to \$80.0 million. The line of credit has a subordinate pledge of and lien on the net revenue of Denver Water. There was a \$0 balance on the line of credit as of December 31, 2021.

Denver Water issued the Series 2021A Master Resolution Water Revenue Bonds on April 21, 2021, in an aggregate principal amount of approximately \$316.8 million. The proceeds from the sale of the Series 2021A bonds were used to finance certain capital improvements to the water works system and plant. On August 13, 2021, the IRS issued a private letter ruling allowing Denver Water to use a portion of the Series 2021A proceeds to replace privately owned lead service lines. Unspent proceeds for the Series 2021A bonds at December 31, 2021, were \$157.4 million.

Denver Water issued the Series 2008 Master Resolution Water Revenue Bonds as direct placement bonds. These were issued as Clean Renewable Energy Tax Bonds as defined in Section 54 of the Internal Revenue Code of 1986. The Series 2008 bonds have an extraordinary mandatory redemption provision in the event the bonds lose

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their tax credit eligibility. In this event, the bonds must be redeemed in full at a redemption price of 100% of the principal plus accrued interest to the date of redemption. The principal amount outstanding as of December 31, 2021 is \$120,000.

Information on Denver Water's long-term debt can be found in Notes 6, 7, and 9 to the basic financial statements and Exhibits II-A through II-D of the other supplementary financial information.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Denver Water's finances for all those with an interest in Denver Water's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Chief Finance Officer
Denver Water
1600 W. 12th Ave.
Denver, CO 80204-3412

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Statement of Net Position
December 31, 2021
(Amounts expressed in thousands)

<u>ASSETS</u>	<u>2021</u>
CURRENT ASSETS:	
Cash (includes \$24,054 restricted for capital projects)	\$ 42,911
Short-term investments including accrued interest	22,995
Restricted investments - capital projects, debt service, and other	111,870
Accounts receivable	28,015
Materials and supplies inventory, at weighted average cost	7,483
Prepaid expenses	11,043
Total current assets	<u>224,317</u>
NONCURRENT ASSETS:	
Capital assets:	
Capital depreciable	3,370,945
Capital non-depreciable	273,222
Regulated assets	145,427
	<u>3,789,594</u>
Less accumulated depreciation and amortization	<u>(1,063,551)</u>
	2,726,043
Construction in progress	514,823
Net capital assets	<u>3,240,866</u>
Other noncurrent assets:	
Long-term investments (includes \$32,896 restricted for capital projects)	225,814
Prepaid expenses and other assets	5,596
Long-term receivable	88
Total other noncurrent assets	<u>231,498</u>
Total noncurrent assets	<u>3,472,364</u>
Total assets	<u>3,696,681</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred amount on refunding	8,543
Pension-related items	35,723
OPEB-related items	4,894
Total deferred outflows of resources	<u>49,160</u>
Total assets and deferred outflows of resources	<u>3,745,841</u>

**DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO**

Statement of Net Position

December 31, 2021

(Amounts expressed in thousands)

<u>LIABILITIES</u>	<u>2021</u>
CURRENT LIABILITIES:	
Accounts payable	\$ 18,732
Payroll and other employee benefits	11,291
Capital contracts (includes retainages of \$18,270)	53,125
Accrued interest on long-term debt	7,024
Unearned revenue	7
Current portion of revenue bonds payable	<u>18,095</u>
Total current liabilities	<u>108,274</u>
NONCURRENT LIABILITIES:	
Revenue bonds payable, net	1,031,618
Customer advances for construction	17,570
Compensated absences	5,561
Net pension liability	41,648
Other postemployment benefits liability	14,036
Waste disposal closure and postclosure care	<u>8,201</u>
Total noncurrent liabilities	<u>1,118,634</u>
Total liabilities	<u>1,226,908</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension-related items	24,288
OPEB-related items	<u>2,574</u>
Total deferred inflows of resources	<u>26,862</u>
Total liabilities and deferred inflows of resources	<u>1,253,770</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,303,963
Restricted for debt service	4,385
Restricted - other	30
Unrestricted	<u>183,693</u>
Total net position	<u>\$ 2,492,071</u>

See accompanying notes to basic financial statements.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2021
(Amounts expressed in thousands)

	2021
OPERATING REVENUES:	
Water	\$ 323,711
Power generation and other	12,283
Total operating revenues	335,994
OPERATING EXPENSES:	
Source of supply, pumping, treatment, and distribution	100,878
General and administrative	93,081
Customer service	13,440
Depreciation and amortization	60,919
Total operating expenses	268,318
OPERATING INCOME	67,676
NONOPERATING REVENUES (EXPENSES):	
Investment loss	(1,334)
Interest expense	(25,022)
Loss on disposition of capital assets	(4,587)
Other income	4,989
Other expense	(4,985)
Total nonoperating expenses, net	(30,939)
INCOME BEFORE CAPITAL CONTRIBUTIONS	36,737
CAPITAL CONTRIBUTIONS:	
Contributions in aid of construction	22,310
System development charges	38,236
Total capital contributions	60,546
INCREASE IN NET POSITION	97,283
NET POSITION:	
Beginning of year	2,394,788
End of year	\$ 2,492,071

See accompanying notes to basic financial statements.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO

Statement of Cash Flows

Year Ended December 31, 2021

(Amounts expressed in thousands)

	2021
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 336,037
Payments for employees and benefits	(133,644)
Payments to suppliers	(89,861)
Other receipts	4,978
Other payments	(3,784)
Net cash provided by operating activities	113,726
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from contributions in aid of construction (CIAC) and prepaid CIAC	4,141
Proceeds from system development charges (SDC) and prepaid SDC	37,897
Proceeds from sales of capital assets	657
Proceeds from long-term revenue bonds, plus premium, less issuance costs	349,984
Acquisition of capital assets	(309,696)
Principal payments for long-term bonds	(18,280)
Interest paid	(32,239)
Net cash provided by capital and related financing activities	32,464
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	375,840
Interest received from investments	1,270
Purchases of investments	(483,096)
Net cash used for investing activities	(105,986)
NET INCREASE IN CASH	40,204
CASH, AT BEGINNING OF YEAR	2,707
CASH, AT END OF YEAR	\$ 42,911

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Statement of Cash Flows
Year Ended December 31, 2021
(Amounts expressed in thousands)

	2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 67,676
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other revenues	4,989
Other expenses	(3,784)
Depreciation and amortization of capital assets	60,919
Change in assets and liabilities:	
Accounts receivable and long-term receivable	43
Materials and supplies inventory	(788)
Prepaid expenses - current	(10,505)
Deferred outflows of resources - pension-related	1,365
Deferred outflows of resources - OPEB-related	(1,819)
Accounts payable	5,021
Payroll and other employee benefits	449
Unearned revenue	(11)
Net pension liability	(13,270)
Other postemployment benefits liability	442
Waste disposal closure and postclosure care	97
Deferred inflows of resources - pension-related	3,300
Deferred inflows of resources - OPEB-related	(398)
Net cash provided by operating activities	\$ 113,726
NONCASH INVESTING, AND CAPITAL AND RELATED FINANCING ACTIVITIES:	
Assets acquired through contributions in aid of construction	\$ 19,858
Assets acquired through contracts payable	53,125
Loss on disposition of capital assets	(5,244)
Amortization of deferred loss on refunding	(856)
Decrease in fair value of investments	(2,447)

See accompanying notes to basic financial statements.

**DENVER WATER FIDUCIARY PENSION TRUST FUND
CITY AND COUNTY OF DENVER, COLORADO**

Statement of Fiduciary Net Position

December 31, 2021

(Amounts expressed in thousands)

	Employees' Retirement Plan
Assets:	
Cash and cash equivalents	\$ 5,568
Receivables:	
Dividends, interest and other receivables	484
Employee contributions	47
Total receivables	531
Investments, at fair value:	
Common stock funds	270,203
Other fixed income funds	99,739
Real estate	56,719
Hedge fund	22,276
Private equity	49,065
Total investments	498,002
Total assets	504,101
Liabilities:	
Accrued administrative expense	40
Accrued investment expense	92
Securities payable	263
Total liabilities	395
Fiduciary net position restricted for pension	\$ 503,706

See accompanying notes to basic financial statements.

DENVER WATER FIDUCIARY PENSION TRUST FUND
CITY AND COUNTY OF DENVER, COLORADO
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021
(Amounts expressed in thousands)

	Employees' Retirement Plan
Additions:	
Employer contributions	\$ 17,500
Employee contributions	2,802
Total contributions	20,302
Investment income:	
Net appreciation in fair value	77,489
Interest	1,593
Dividends	2,815
Real estate income, net of operating expenses	1,247
	83,144
Less investment expense	(2,476)
Net investment income	80,668
Total additions	100,970
Deductions:	
Retirement benefits paid	25,898
Death benefits	40
Refunds of employee contributions	71
Administrative expenses	185
Total deductions	26,194
Net increase in fiduciary net position	74,776
Fiduciary net position restricted for pension:	
Beginning of year	428,930
End of year	\$ 503,706

See accompanying notes to basic financial statements.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Notes to Basic Financial Statements
December 31, 2021

Note

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Water Commissioners (DBA Denver Water) was created under the Charter of the City and County of Denver, Colorado (the City) as an independent, nonpolitical board. Denver Water has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. Denver Water also operates seven hydropower plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Association, for internal consumption, and for repayment to the U.S. Department of Energy for power interference.

Denver Water has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units* and No. 61, *The Financial Reporting Entity: Omnibus*, Denver Water is classified as a special-purpose “other stand-alone government.” A special-purpose other stand-alone government is defined as a legally separate governmental organization that (a) does not have a separately elected governing body and (b) does not meet the definition of a component unit because it does not have a financial benefit or burden relationship with a primary government.

Denver Water is a “related organization” in the City’s financial reporting entity. A related organization is defined as an organization for which a primary government is not financially accountable (because it does not impose its will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization’s governing board.

Denver Water sponsors a trustee, single-employer defined benefit pension plan (the Plan). Denver Water contributes to the Plan based upon actuarial analysis and has fiduciary responsibility for the Plan. The Plan financial statements and investment note are included in the accompanying financial statements as a fiduciary fund of Denver Water. Complete financial statements of the Plan can be obtained from the Denver Water website.

B. Measurement Focus and Basis of Accounting

Denver Water, as a business-type activity, is accounted for in an enterprise fund, which is used to report any activity for which a fee is charged to external users for goods or services. Both Denver Water’s basic financial statements and the financial statements of the fiduciary fund are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the *Statement of Net Position*, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. Under the terms of grant agreements, Denver Water funds certain programs using a combination of cost-reimbursement grants and general revenues. It is Denver Water’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Accounting Standards

Denver Water applies all applicable pronouncements of the GASB.

D. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Restricted Net Position and Flow Assumption for Restricted Net Position

Restricted net position consists of the revenue bonds debt reserve fund, the revenue bonds debt service account, funds restricted for capital projects, motor vehicle claims reserve, and may include amounts restricted under certain grant agreements included in cash and investments. The revenue bonds debt service account is used to pay principal and interest on the revenue bonds as they become due. The revenue bonds debt reserve fund is set aside to pay bondholders

in the event funds are not available at the time the debt payment is due. The restricted funds for capital projects are used to finance certain capital improvements to the water works system and plant. These restricted funds are used for their intended purpose before unrestricted funds.

F. Cash

The definition of cash, for purposes of the *Statement of Cash Flows*, is cash on deposit in the Water Works Fund, cash in lockbox, and cash on hand.

G. Investments

Denver Water’s investments consist of money market investments, local government investment pools, commercial paper, corporate bonds, and U.S. Treasury securities. The money market investments and local government investment pools are measured at net asset value which is generally equivalent to fair value. U.S. Treasury securities are reported at fair value based on quoted market prices. Commercial paper and corporate bonds are reported at fair value based on matrix pricing techniques (see Note 2, *Deposits and Investments*).

H. Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates cost.

I. Capital Assets

Purchased and constructed capital assets are recorded at cost. Regulated assets, which are comprised of costs associated with the Lead Reduction Program, are also recorded at cost. Donated capital assets are recorded at their estimated acquisition value on the date received. Assets are capitalized if they have a cost of \$50,000 or more and have a useful life of more than one year.

Land and water rights are also recorded at cost. Land is not depreciated, and water rights are granted in perpetuity and not amortized. In addition, other non-depreciable assets, including Operations Complex public art and water capacity, are recorded at cost, have unlimited useful lives, and therefore are not depreciated or amortized.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

<u>Capital Asset Useful Lives</u>	
<u>Asset Category</u>	<u>Years</u>
Building and building improvements	15-75
Fleet	7-15
Improvements other than buildings	25-80
Infrastructure	25-80
Machinery and equipment	5-75
Regulated assets	30

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in nonoperating revenues (expenses).

J. Capital Contributions

Capital contributions consist of contributions in aid of construction (CIAC) and system development charges (SDC). CIAC represent facilities, or cash payments for facilities, received from developers, property owners, governmental agencies, or customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the *Statement of Revenues, Expenses, and Changes in Net*

Position, after nonoperating revenues (expenses), when earned. Assets acquired through CIAC are included in capital assets.

K. Employee Compensated Absences

Denver Water's personnel policy provides that employees receive payment for unused paid time off (PTO) up to the maximum allowed at termination. Accumulated unpaid leave is recorded as a liability split between current and long-term based on the average of the prior three years usage.

L. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan) and additions to and/or deductions from the Plan's fiduciary net position have been determined on the accrual basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Plan includes two tiers of benefit provisions, which depend on the employees' date of hire, as well as the inclusion of employee contributions to the Plan. As allowed by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, Denver Water elected to report pension liability information based on a one-year lag. The total pension liability reported as of December 31, 2021, is based on an actuarial measurement date of December 31, 2020.

M. Operating Revenues and Expenses

Operating revenues consist primarily of charges to customers directly or indirectly related to the sale of water. Operating expenses consist of the cost of providing water and power, including administrative expenses and depreciation on capital assets. All other revenues and expenses are classified as nonoperating.

Denver Water accrues for estimated unbilled revenues for water provided through the end of each year from the last reading of the meters, based on the billing cycle.

N. Rates and Fees

Under Article X, Section 10.1.9 of the City Charter, Denver Water is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

Consumption and Service Charges

On October 28, 2020, Denver Water approved a water rate increase, effective January 1, 2021. The rate increase is designed to increase overall total system water rate revenue by 1.5%.

System Development Charges (SDC)

System Development Charges were not adjusted for 2021.

O. Recently Issued Accounting Standards

In 2021, Denver Water implemented GASB Statement No. 98, *Annual Comprehensive Financial Report*. The result of this implementation is replacing "Comprehensive Annual Financial Report" with "Annual Comprehensive Financial Report".

GASB Statement No. 93, *Replacement of Interbank Offered Rates* was also implemented in 2021. The effects, if any, are reflected in the applicable reporting section of the Annual Comprehensive Financial Report.

(2) DEPOSITS AND INVESTMENTS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, Denver Water's deposits may not be returned to it. All of Denver Water's cash deposits at December 31, 2021 were either insured by FDIC or covered by the Colorado Public Deposit Protection Act (PDPA) (C.R.S., 11-10.5-101). Under the PDPA, all deposits exceeding the amount insured by the FDIC are required to be fully collateralized at 102% of the deposits with specific approved securities identified in the act. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institutions' trust department or agent in Denver Water's name.

B. Investments

A reconciliation of cash and investments reported on the *Statement of Net Position* as of December 31, 2021 is as follows:

<u>Cash and Investments</u>	
December 31, 2021	
(amounts expressed in thousands)	
Cash	\$ 18,857
Restricted - capital projects	24,054
Total cash	<u>42,911</u>
Short-term investments including accrued interest	22,995
Restricted investments - capital projects	100,442
Restricted investments - debt service	11,398
Restricted investments - other	30
Total short-term investments	<u>134,865</u>
Long-term investments	192,918
Restricted investments - capital projects	32,896
Total long-term investments	<u>225,814</u>
Total investments	<u>360,679</u>
Total cash and investments	<u>\$ 403,590</u>

Colorado statutes and the City Charter authorize Denver Water to expend funds for the operation of Denver Water, including the purchase of investments. It is the policy of Denver Water to invest funds in priority order to preserve principal, provide liquidity, and to obtain a market rate of return within the constraints of Denver Water's investment policy. Operational needs and prevailing market conditions affect the investment portfolio allocation at year-end. The following table identifies the investment types that are authorized by Denver Water's investment policy, as well as certain provisions of the investment policy that address interest rate risk, credit quality risk, and concentration of credit risk.

Investments Authorized by Denver Water's Investment Policy

December 31, 2021

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Issuer Credit Quality¹</u>	<u>Maximum in Portfolio²</u>	<u>Maximum Investment One Issuer²</u>
U.S. Treasury securities	5 years	Not applicable	No limit	No limit
U.S. agency / Supranational securities	4 years	AA- / Aa3	50%	15%
Commercial paper	270 days	A-1 / P-1	25% ³	5% ⁴
Corporate fixed income securities	3 years	AA- / Aa3	25% ³	5% ⁴
Money market mutual funds	Not applicable	AAA	25%	5%
Local government investment pools	Not applicable	AAA	10%	5%
Certificates of deposit	180 days	AA- / Aa3	15%	10%
Bankers' acceptances	180 days	A-1 / P-1	25% ³	5% ⁴
Repurchase agreements	Overnight	AA- / Aa3	25%	25%
Municipal bonds	5 years	AA- / Aa3	15%	5%

¹ Investments must meet a minimum credit quality rating at time of purchase. Investments that fall below the minimum credit quality may be sold or held to maturity at the discretion of Denver Water. Ratings are S&P/Fitch first and Moody's second.

² Calculated as a percentage of book value of the aggregate cash and investment portfolio at the time of purchase.

³ Maximum concentration in aggregate for commercial paper, corporate fixed income securities, and bankers' acceptances.

⁴ Maximum concentration in a single issuer of commercial paper, corporate fixed income securities, and bankers' acceptances.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Denver Water manages interest rate risk by purchasing investments with varying maturities, continuously investing a portion of the portfolio in readily available funds, limiting total investments maturing in more than three years to 25% of the portfolio, limiting the maximum maturity of investments by type of investment and limiting maximum allocation of callable securities to 15% of the portfolio.

Denver Water's cash and investments, including accrued interest, at December 31, 2021, and their maturities were as follows:

<u>Cash, Current and Long-Term Investments</u>					
December 31, 2021					
(amounts expressed in thousands)					
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities (in years)		
			1 or less	1-3	3-5
U.S. Treasury securities	81.7%	\$ 294,463	\$ 76,456	\$ 170,228	\$ 47,779
Commercial paper	0.8%	3,000	3,000	-	-
Corporate fixed income securities	2.6%	9,394	1,587	7,807	-
Money market funds	6.9%	25,048	25,048	-	-
Local government investment pools	8.0%	28,774	28,774	-	-
Total investments	<u>100.0%</u>	<u>360,679</u>	<u>\$ 134,865</u>	<u>\$ 178,035</u>	<u>\$ 47,779</u>
Cash		42,911			
Total cash and investments		<u>\$ 403,590</u>			

Denver Water's investment policy established maximum concentrations based on total cash, cash equivalents and investments at the time of purchase. There is no requirement to sell investments if the concentration changes at a later date due to market factors.

Credit Risk

Credit risk is the risk that the issuer of a debt security will not fulfill its obligations to the holder of the obligation. National rating agencies assess this risk and assign a credit quality rating for most investments. Presented below are the lowest credit ratings at December 31, 2021, for each investment type.

<u>Investment Ratings</u>						
December 31, 2021						
(amounts expressed in thousands)						
Rating Agencies ¹	U.S. Treasury Securities	Commercial Paper	Corporate Fixed Income Securities	Money Market Mutual Funds	Local Government Investment Pools	Total
AAA/m	\$ -	\$ -	\$ -	\$ 25,048	\$ 28,774	\$ 53,822
AA/Aa	-	-	9,394	-	-	9,394
A-1/P-1	-	3,000	-	-	-	3,000
Not Applicable	294,463	-	-	-	-	294,463
	<u>\$ 294,463</u>	<u>\$ 3,000</u>	<u>\$ 9,394</u>	<u>\$ 25,048</u>	<u>\$ 28,774</u>	<u>\$ 360,679</u>

¹ The rating agencies are S&P, Moody's, and Fitch. Actual credit ratings as of the year-end for each investment type are shown. For securities with split ratings, the lowest rating is shown. Securities that fall below the minimum credit quality may be sold or held at the discretion of Denver Water.

Concentration of Credit Risk

Denver Water's investments comply with the requirements of the investment policy regarding maximum concentrations of securities at the time of purchase. Specific parameters within the investment policy are displayed in the table titled *Investments Authorized by Denver Water's Investment Policy*. Generally accepted accounting principles require disclosure of certain investments in any one issuer that exceed five percent concentration of total investments.

There were no investments in any one issuer, including those within money market funds, that represented five percent or more of Denver Water’s total investments at December 31, 2021.

Fair Value

Denver Water categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing involves using a selection of data points, such as quoted prices, or yield curves to calculate prices for separate financial instruments that can share characteristics similar to the data points. Level 3 inputs are significant unobservable inputs.

Denver Water has the following recurring fair value measurements as of December 31, 2021:

<u>Investments Measured at Fair Value</u>				
December 31, 2021				
(amounts expressed in thousands)				
	12/31/2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury securities	\$ 294,463	\$ 294,463	\$ -	\$ -
Commercial paper	3,000	-	3,000	-
Corporate fixed income securities	9,394	-	9,394	-
Total investments by fair value level	<u>306,857</u>	<u>\$ 294,463</u>	<u>\$ 12,394</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Local government investment pools	28,774			
Money market funds	25,048			
Total investments by NAV	<u>53,822</u>			
Total investments	<u>\$ 360,679</u>			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

<u>Investments Measured at NAV</u>				
December 31, 2021				
(amounts expressed in thousands)				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local government investment pools	\$ 28,774	\$ -	daily	same day
Money market funds	25,048	-	daily	same day
	<u>\$ 53,822</u>	<u>\$ -</u>		

Local government investment pools (LGIP) typically combine the cash of participating jurisdictions and invest the cash in securities allowed under the state’s laws regarding government investments. By pooling funds, participating governments benefit from economies of scale, full-time portfolio management, diversification, and liquidity. Interest is normally allocated to the participants daily, proportionate to the size of the investment. Denver Water currently utilizes two LGIPs, the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Core Fund operated through the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE Core fund redemptions are limited to three per month.

The money market funds include four money market funds that invest in U.S. Treasury securities, federal instrumentality securities, and agency securities. Unitized money market mutual funds are reported at fair value based upon the net asset value of shares/units held at year end, provided by fund administrators. All investments contained in the money market funds are valued in accordance with the authoritative guidance on fair value measurements and disclosures. The funds provide daily liquidity, if needed.

See Note 17 for information regarding the cash and investments held by the Fiduciary Pension Trust Fund.

(3) ACCOUNTS RECEIVABLE

Current and long-term accounts receivable at December 31, 2021, were as described below. Other receivables include receivables for CIAC, SDC, non-potable and hydrant water sales, and power sales. Long-term receivables represent financing arrangements with suburban water districts for the sale of water. Denver Water has no allowance for uncollectible accounts as it relates to water sales since non-payment of receivables may result in discontinuation of service that attaches to the property location. The amounts below include an allowance for uncollectible accounts relating to non-water sales receivables of approximately \$220,000.

<u>Accounts Receivable</u>		
December 31, 2021		
(amounts expressed in thousands)		
Total accounts receivable		
Current		
Water sales	\$ 24,687	88%
Other	3,328	12%
Total current	<u>\$ 28,015</u>	<u>100%</u>
Long-term	<u>\$ 88</u>	
From the City and County of Denver (included above)		
Current		
Water sales	\$ 253	
Total current	<u>253</u>	
Long-term	<u>-</u>	
Total from City and County of Denver	<u>\$ 253</u>	

(4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

Capital Assets					
Year Ended December 31, 2021					
(amounts expressed in thousands)					
	December 31, 2020	Additions	Transfers	Retirements & Sales	December 31, 2021
Capital assets not being depreciated					
Land and land rights	\$ 133,293	\$ -	\$ 83	\$ -	\$ 133,376
Water rights	73,480	-	42,980	-	116,460
Capital lease	42,980	-	(42,980)	-	-
Other non-depreciable ¹	787	-	22,599	-	23,386
Construction in progress	400,917	246,935	(132,000)	(1,029)	514,823
WIP regulated assets	-	61,101	(61,101)	-	-
Total capital assets not being depreciated	<u>651,457</u>	<u>308,036</u>	<u>(170,419)</u>	<u>(1,029)</u>	<u>788,045</u>
Capital assets being depreciated or amortized					
Buildings and improvements	505,293	-	-	(159)	505,134
Improvements other than buildings	2,268,955	18,701	97,697	(5,884)	2,379,469
Machinery and equipment	476,802	92	11,621	(2,173)	486,342
Regulated assets	84,326	-	61,101	-	145,427
Total capital assets being depreciated or amortized	<u>3,335,376</u>	<u>18,793</u>	<u>170,419</u>	<u>(8,216)</u>	<u>3,516,372</u>
Less accumulated depreciation and amortization					
Buildings and improvements	(131,873)	(8,716)	-	26	(140,563)
Improvements other than buildings	(622,672)	(30,734)	-	1,989	(651,417)
Machinery and equipment	(251,927)	(18,660)	-	1,986	(268,601)
Regulated assets	(161)	(2,809)	-	-	(2,970)
Total accumulated depreciation and amortization	<u>(1,006,633)</u>	<u>(60,919)</u>	<u>-</u>	<u>4,001</u>	<u>(1,063,551)</u>
Total capital assets being depreciated or amortized, net	<u>2,328,743</u>	<u>(42,126)</u>	<u>170,419</u>	<u>(4,215)</u>	<u>2,452,821</u>
Total capital assets, net	<u>\$ 2,980,200</u>	<u>\$ 265,910</u>	<u>\$ -</u>	<u>\$ (5,244)</u>	<u>\$ 3,240,866</u>

¹ Other non-depreciable includes Operations Complex public art and water capacity

Depreciation and amortization for the year ended December 31, 2021 was \$60.9 million.

Major retirements during 2021 primarily resulted from abandoned mains, conduits, and hydrants.

(5) RISK MANAGEMENT

Denver Water is exposed to various risks of loss including torts, general liability, property damage (all limited under the Colorado Governmental Immunity Act (CGIA) to \$387,000 per person, per occurrence and \$1,093,000 aggregate per occurrence), and employee life, medical, dental, and accident benefits. As of January 2018, the CGIA limits are adjusted every four years for inflation. Denver Water has a risk management program that includes self-insurance for general and automobile liability, employee medical (including stop-loss coverage), dental, and vision. Denver Water carries commercial property insurance for catastrophic losses, including floods, fires, earthquakes, for scheduled major facilities including the Denver Water Operations Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Treatment Plant, the Recycling Plant, and water turbines. It carries limited insurance for other nonscheduled miscellaneous locations. Denver Water also carries commercial insurance for life, accident, short-term and long-term

disability, employee dishonesty, cyber-attacks, terrorism, malicious attacks, excess general liability, and fiduciary exposure.

Denver Water is self-insured for workers' compensation and carries an excess liability (stop-loss) policy for individual claims exceeding \$500,000. Prior to February 1, 2016, Denver Water was insured for workers' compensation insurance by a large deductible policy whereby Denver Water was responsible for the first \$250,000 per claim with a maximum aggregate cost of \$2.7 million. Several claims remain open under this policy. In addition, Denver Water is at times party to pending or threatened lawsuits under which it may be required to pay certain amounts upon their final disposition. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). IBNR is an estimate based on actuarial analysis and historical experience. At December 31, 2021, outstanding losses including IBNR claims were \$5.1 million and consisted of workers' compensation, motor vehicle, legal claims, and medical and dental benefits. Changes in the balances of these liabilities during 2021 and 2020 were as follows:

Claims Liabilities				
(amounts expressed in thousands)				
	Beginning Balance	Current-year Claims and Changes in Estimates	Claim Payments	Ending Balance
2021	\$ 2,608	\$ 21,991	\$ (19,463)	\$ 5,136
2020	2,078	19,043	(18,513)	2,608

Medical, dental, and workers' compensation claims liabilities are reported in *Payroll and Other Employee Benefits*; motor vehicle and any legal claims are reported in *Accounts Payable* on the *Statement of Net Position*. It is expected the claims will be paid within the next twelve months.

(6) NOTES AND BONDS PAYABLE

Notes Payable

On December 12, 2018, Denver Water executed a 5-year credit agreement with PNC Bank, N.A., effective January 1, 2019, to provide a variable-rate revolving line of credit for a maximum initial principal amount of \$60.0 million. The credit facility contains an option to increase the credit amount to \$80.0 million. The line of credit contains a provision that in the event of default, the lender may take any or all of the following actions: (1) cease making any further advances, (2) convert the loan to a term loan at a specified default rate, (3) cause the default rate to apply to all outstanding amounts drawn on the line and (4) pursue any other remedies to which it is entitled under the credit agreement, at law or in equity. The line of credit has a subordinate pledge of and lien on the net revenue of Denver Water.

The funds drawn on the line of credit will be classified as long-term liabilities because the debt provisions permit refinancing the note on a long-term basis. There was a \$0 balance on the line of credit as of December 31, 2021.

Revenue Bonds Payable

Revenue bonds payable consist of capital improvement and refunding bonds of Denver Water. Denver Water has pledged to repay the bonds and related interest from net revenues and to maintain adequate rates to ensure its ability to do so. Coupon rates for the revenue bonds outstanding at December 31, 2021 ranged from 0.75% to 5.25% each year. The weighted average yield to maturity at issue for outstanding bonds was 2.47% for the year ended December 31, 2021. In accordance with the issuing bond resolutions, Denver Water has established a reserve fund for the revenue bonds totaling \$11.4 million at December 31, 2021.

The refunding Series 2012B, 2014A, 2016B and 2020B resulted in a difference between the reacquisition price and the net carrying amount of the old debt (deferred amount on refunding). This difference, reported in the accompanying basic financial statements as *Deferred Outflows of Resources*, is being amortized using the straight-line method as a component of interest expense through 2040. The remaining unamortized amount of refunding of all bonds considered defeased is \$8.5 million at December 31, 2021.

The Series 2008 Master Resolution Water Revenue Bonds are direct placement bonds and were issued as Clean Renewable Energy Tax Bonds as defined in Section 54 of the Internal Revenue Code of 1986. The Series 2008 bonds have an extraordinary mandatory redemption provision in the event the bonds lose their tax credit eligibility. In this event the bonds must be redeemed in full at a redemption price of 100% of the principal plus accrued interest to the date of redemption. The principal amount outstanding was \$120,000 at December 31, 2021.

A summary of debt maturity for the revenue bonds as of December 31, 2021, is as follows:

Revenue Bonds			
December 31, 2021			
(amounts expressed in thousands)			
<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current	\$ 18,095	\$ 35,026	\$ 53,121
Long-term			
2023	18,965	34,211	53,176
2024	19,470	33,336	52,806
2025	20,395	32,442	52,837
2026	21,360	31,475	52,835
2027-2031	121,900	142,622	264,522
2032-2036	150,475	113,237	263,712
2037-2041	179,325	84,715	264,040
2042-2046	215,315	52,891	268,206
2047-2051	201,685	13,046	214,731
	948,890	537,975	1,486,865
Plus premium	82,728	-	82,728
Total long-term	1,031,618	537,975	1,569,593
	<u>\$ 1,049,713</u>	<u>\$ 573,001</u>	<u>\$ 1,622,714</u>

(7) LEASES

Capital Leases

Denver Water is not currently obligated under any capital leases.

Operating Leases

Denver Water is committed under various cancellable operating leases for property and equipment. Lease expenses for the year ended December 31, 2021, were \$1.0 million. Denver Water expects these leases to be replaced in the ordinary course of business with similar leases.

(8) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

Denver Water operates a landfill and residuals drying beds at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates residuals drying beds near the Ralston Reservoir and at West 41st Avenue and Independence Court for dewatering of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. These sites have been in operation since 1995. State and federal laws and regulations require Denver Water to perform certain closing functions on these disposal sites when they stop accepting residuals, including placing a final cover on the Foothills landfill and performing certain maintenance and monitoring functions at the Foothills landfill for thirty years after closure.

These sites are considered landfills under Colorado solid waste site regulations and therefore are specifically excluded under GASB 83. Although these sites are not “municipal” solid waste landfills and are also outside the scope of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, (GASB No. 18), Denver Water voluntarily implemented the provisions of that statement in 2000 to meet State of Colorado and federal financial assurance requirements discussed below.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, Denver Water reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each *Statement of Net Position* date. In 2016, all active disposal cells at the Foothills landfill were permanently capped. At this time, Denver Water is not disposing of solids at this site. The entire liability for closure costs for the Foothills, Ralston, and 41st and Independence residual drying beds is accrued since they are not “filled” like a landfill but are reusable. The regulations no longer require recording a liability for postclosure care costs for drying beds if they are “clean closed,” which means that all residuals are removed upon closure. Despite this, the postclosure care liability for Ralston drying beds of \$1.2 million has been included in the 2021 financial statements pending revision of the Certificate of Designation from Jefferson County.

Approximately \$8.2 million was reported as *Waste Disposal Closure and Postclosure Care* liability on the *Statement of Net Position*, at December 31, 2021, for the sites as follows:

<u>Waste Disposal Closure and Postclosure Care Liability</u>				
December 31, 2021				
(amounts expressed in thousands)				
	<u>Foothills</u>	<u>Ralston</u>	<u>41st & Independence</u>	<u>Total</u>
Closure costs	\$ 2,940	\$ 2,975	\$ 792	\$ 6,707
Postclosure care costs	337	1,157	-	1,494
	<u>\$ 3,277</u>	<u>\$ 4,132</u>	<u>\$ 792</u>	<u>\$ 8,201</u>

These costs are based on the use of 100% of the Foothills, Ralston, and 41st and Independence drying beds and 24.8% of the active portion of the Foothills landfill at December 31, 2021. Denver Water will recognize the remaining estimated cost of the Foothills postclosure care of \$1.0 million as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be indefinite for the active disposal area of 61.7 acres because Denver Water is not using it for solid waste disposal at this time. The Foothills, Ralston, and 41st and Independence drying beds have an indefinite life.

Denver Water is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. Denver Water chose the “Local Government Financial Test” which includes filing the Annual Comprehensive Financial Report with the State, an unmodified audit opinion, and the implementation of GASB No. 18.

(9) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2021, was as follows:

<u>Long-Term Liabilities</u>					
Year Ended December 31, 2021					
(amounts expressed in thousands)					
	December 31, 2020	2021		December 31, 2021	Due Within
	(Current and Long-Term)	Additions	Reductions	(Current and Long-Term)	One Year
Revenue bonds payable, net	\$ 725,137	\$ 351,185	\$ (26,609)	\$ 1,049,713	\$ 18,095
Customer advances for construction	17,378	4,485	(4,293)	17,570	-
Compensated absences	12,108	113	(3)	12,218	6,657 ¹
Waste disposal closure	8,104	97	-	8,201	-
	<u>762,727</u>	<u>\$ 355,880</u>	<u>\$ (30,905)</u>	<u>1,087,702</u>	<u>\$ 24,752</u>
Less current portion	<u>(24,940)</u>			<u>(24,752)</u>	
Total long-term liabilities	<u>\$ 737,787</u>			<u>\$ 1,062,950</u>	

¹ Included in *Payroll and Other Employee Benefits* on the *Statement of Net Position*.

(10) PENSION PLAN

General Information about the Pension Plan

Plan Description

Denver Water sponsors and administers a trustee, single employer defined benefit pension plan (the Plan). Members of the Plan include substantially all regular and discretionary full-time and part-time employees of Denver Water. The Board, acting as trustee of the Plan, has the authority to establish and amend benefit provisions to the Plan. The Plan contains provisions regarding amendments, including a provision for Tier I employee voting on amendments in specifically described situations.

In December 2016, Denver Water approved changes to the Plan with an effective date of January 1, 2018. Employees hired prior to January 1, 2018, qualify for pension benefits under Tier I of the Plan. Employees hired after January 1, 2018, qualify for pension benefits under Tier II of the Plan. Employees under both Tier I and Tier II of the Plan contribute 3.0% of their compensation. There were no other substantive changes to the Tier I portion of the Plan. The Tier II Plan differs from the Tier I Plan in that the benefit multiplier is 1.75%, special early retirement benefits are under the rule of 85 at a minimum age of 60, and there is no cost-of-living adjustment. Unvested employees under either Tier who leave employment will be refunded their contributions with an established interest rate.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Treasurer, Denver Water, 1600 West 12th Avenue, Denver, CO 80204-3412. It can also be obtained from the Denver Water website.

Benefits Provided

The Plan provides retirement benefits with annual cost-of-living adjustments to Tier I retired members and, if elected by the member, to his or her surviving spouse. Monthly pension benefits for Tier I employees are adjusted at the beginning of each year to reflect the annual rate of change in the Consumer Price Index from the previous year. The increase is limited to 5.0% for members whose severance date occurred before September 1, 1995, and 4.4% for members whose severance date occurred on or after September 1, 1995. Any increase above the 5.0% or 4.4% limit

is “banked” for future years. There is no cost-of-living adjustment for Tier II employees. It also provides a benefit provision in the event a participant dies prior to the member terminating service. Plan benefits for Tier I members 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. Plan benefits for Tier II members are not integrated with Social Security benefits. 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 1.75%. For members hired prior to January 1, 2018, who terminate employment and are rehired on or after January 1, 2018, the benefit calculation is determined by using a combination of both Tier I and Tier II formulas. There are also early retirement options beginning at age 55 for Tier I employees and age 60 for Tier II employees.

Employees Covered by Benefit Terms

At January 1, 2020, the valuation date, the following employees were covered by the benefit terms:

<u>Employees Covered by Pension Plan Benefit Terms</u>	
	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	715
Inactive employees entitled to but not yet receiving benefits	238
Active employees	<u>1,046</u>
	<u>1,999</u>

Contributions

The Board has the authority to establish and amend the contribution requirements to the Plan. Denver Water’s funding policy is established and may be amended by the Board. The Board reserves the right to suspend, reduce, or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

On August 28, 2013, Denver Water adopted the Employees’ Retirement Plan Funding Policy effective for 2014 and future years. The policy was last amended on May 23, 2018. The policy defines the objectives of Denver Water in funding the Plan. The policy sets out principles governing employee and employer contributions to the Plan. The primary funding objectives specified in the policy are to maintain a stable or increasing funded ratio and to minimize volatility of employer contributions. In accordance with the policy, Denver Water 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, while considering any other facts and circumstances relevant to the funding decision. Effective January 1, 2018, the Plan also receives contributions from the participants as described in the Plan document. The Board has discretion to change the contribution rates in the future.

Denver Water contributed \$17.5 million to the Plan for the year ended December 31, 2021. Denver Water employees contributed \$2.8 million in 2021.

Net Pension Liability

Denver Water has elected a measurement date for the current year-end as of the prior year-end. Therefore, the net pension liability reported as of December 31, 2021, was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability for 2021 was determined by an actuarial valuation performed as of January 1, 2020.

Actuarial Assumptions

The Entry Age Normal actuarial cost method was used to measure the total pension liability. The actuarial assumptions included a 7.00% investment rate of return, age-based salary increases ranging from 6.75% to 2.85% per year for funding, and a 2.50% inflation factor. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a three-year period. Effective January 1, 2014, the Plan’s unfunded actuarial accrued liability will be amortized in level dollar amounts over 15 years on a layered basis, which more closely reflects the average period of active service of the Plan members.

Mortality rates used were based on the Combined RP-2014 Healthy Employee Mortality Table projected with the Ultimate MP Scale.

The actuarial assumptions that determined the total pension liability as of January 1, 2020, were based on the results of an actuarial experience study that covered the five-year period ending December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Denver Water contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

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. The target allocation and best estimate of the arithmetic real return for each major asset class are summarized in the following table:

<u>Target Asset Allocation and Long-Term Expected Return</u>		
As of January 1, 2021		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Fixed Income	17%	(0.25)%
Bank Loans	5%	2.30%
Domestic Equity	30%	4.60%
International Equity	20%	4.80%
Private Equity	8%	6.00%
Real Estate	15%	3.75%
Hedge Funds	5%	2.00%
	<u>100%</u>	

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of Denver Water, calculated using the discount rate of 7.00%, as well as what Denver Water's net pension liability would be if it were calculated using the discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Sensitivity of the Net Pension Liability to Changes in Discount Rate</u>			
As of December 31, 2021			
(amounts expressed in thousands)			
	1%	Current	1%
	Decrease	Discount	Increase
	(6.00%)	(7.00%)	(8.00%)
Net pension liability (asset)	\$ 99,023	\$ 41,648	\$ (6,518)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report discussed above.

Changes in the Net Pension Liability

<u>Changes in Net Pension Liability</u>			
As of December 31, 2021			
(amounts expressed in thousands)			
	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/20	\$ 449,816	\$ 394,898	\$ 54,918
Changes for the year			
Service cost	8,590	-	8,590
Interest on total pension liability	31,320	-	31,320
Effect of economic/demographic gains or losses	5,779	-	5,779
Benefit payments	(24,927)	(24,927)	-
Employer contributions	-	17,500	(17,500)
Member contributions	-	2,579	(2,579)
Net investment income	-	39,063	(39,063)
Administrative expenses	-	(183)	183
Net changes	20,762	34,032	(13,270)
Balances at 12/31/21	\$ 470,578	\$ 428,930	\$ 41,648

For the year ended December 31, 2021, Denver Water recognized pension expense of \$8.9 million. At December 31, 2021, Denver Water reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows and Inflows of Resources Related to Pensions</u>		
As of December 31, 2021		
(amounts expressed in thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Economic/demographic gains or losses	\$ 8,507	\$ 1,984
Net difference between projected and actual earnings	-	19,691
Assumption changes	9,716	2,613
Contributions made subsequent to measurement date	17,500	-
Total	<u>\$ 35,723</u>	<u>\$ 24,288</u>

The \$17.5 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, as of December 31, 2021, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Amortization of Deferred Outflows and Inflows</u>	
<u>of Resources Related to Pensions</u>	
As of December 31, 2021	
(amounts expressed in thousands)	
Year ended December 31,	
2022	\$ (1,628)
2023	2,646
2024	(6,520)
2025	(1,345)
2026	782
Thereafter	-
Total	<u>\$ (6,065)</u>

(11) OTHER RETIREMENT PLANS

Denver Water sponsors and administers the Denver Water Supplemental Retirement Savings Plan (SRSP). The SRSP is a 401(k) defined contribution plan. The Board, acting as trustee of the SRSP, has the authority to establish and amend benefit provisions to the SRSP. All regular and discretionary employees are eligible to participate in the SRSP. Under the terms of the SRSP, Denver Water will make a matching contribution to the SRSP's trust fund each year in an amount equal to 100% of each participant's elective contributions, limited to 3.0% of the participant's compensation for the applicable payroll period. During 2021, Denver Water made contributions totaling approximately \$2.3 million and members contributed approximately \$5.2 million to the SRSP. Employee rollovers from other plans to the SRSP were \$0.8 million in 2021.

Denver Water sponsors and administers a deferred compensation plan that is available for its employees, created in accordance with Internal Revenue Code Section 457. The plan is available to all regular and discretionary employees

and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary. Denver Water may make discretionary employer contributions to a qualified participant. Discretionary employer contributions are limited by Treasury Regulations under I.R.S. Code §415, 401(a)(17).

(12) OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

A. Healthcare

Plan Description

Denver Water’s other postemployment benefits (OPEB) plan provides healthcare at a subsidized cost, for employees hired before January 16, 2012. Employees hired after January 16, 2012 can access Denver Water’s group healthcare benefit at full cost, without any subsidy at the minimum age of 60. The postemployment healthcare benefit is provided through a single-employer plan. Denver Water has the authority to establish and amend benefit and funding provisions to the OPEB plan. Payments of OPEB benefits are made on a pay as you go basis in amounts necessary to provide current benefits to recipients. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. This OPEB plan does not issue a separate report.

Benefits Provided

The OPEB plan provides benefits in the form of partially subsidized healthcare costs, until the retiree attains age 65. The benefit is provided through Denver Water’s self-insured health plan to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring under the Special Early Retirement provision of Denver Water’s defined benefit pension plan and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from Denver Water’s defined benefit retirement plan and is not paid out of retirement plan funds. In January 2012, Denver Water discontinued its subsidy for this benefit for employees hired on or after January 16, 2012. However, employees can still access this program upon reaching age 60 and meeting the other eligibility requirements, at full cost. In January 2014, Denver Water changed the minimum eligible age from 55 to 60 years converting it to a maximum five-year benefit, with some transition options.

Employees Covered by Benefit Terms

At January 1, 2020, the valuation date, the following employees were covered by the benefit terms:

<u>Employees Covered by OPEB Plan Benefit Terms</u>	
	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>1,045</u>
Total	<u>1,172</u>

Total OPEB Liability

Denver Water has elected a measurement date for the current year-end as of the prior year-end. Therefore, the OPEB reported as of December 31, 2021 was measured as of December 31, 2020. The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2020.

Actuarial Assumptions and Other Inputs

The Entry Age Normal actuarial cost method was used to calculate the total OPEB liability. The actuarial assumptions included (a) 2.00% discount rate, (b) healthcare cost trend rates, based on the Getzen Model, starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15%, and (c) 29% retiree and long-term disability recipient’s share of benefit-related costs.

Since the plan does not have formal assets, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”.

Mortality rates were based on the RP-2014 Combined Healthy Mortality table projected with the Ultimate MP Scale.

The actuarial assumptions that determined the total OPEB liability as of January 1, 2020, were based on the results of an actuarial experience study that covered the five-year period ending December 31, 2018.

Changes in the Total OPEB Liability

<u>Changes in Total OPEB Liability</u>	
As of December 31, 2021	
(amounts expressed in thousands)	
	Total OPEB Liability (a)
Balances at 12/31/20	\$ 13,594
Changes for the year	
Service cost	481
Interest on total OPEB liability	352
Difference between expected and actual experience	1,294
Changes in assumptions or other inputs	412
Benefit payments	<u>(2,097)</u>
Net changes	<u>442</u>
Balances at 12/31/21	<u>\$ 14,036</u>

Changes in assumptions and other inputs reflect a change in the municipal bond rate from 2.75% to 2.00%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of Denver Water, calculated using the discount rate of 2.00%, as well as what Denver Water’s total OPEB liability would be if it were calculated using the discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Sensitivity of the Net OPEB Liability to Changes in Discount Rate</u>			
As of December 31, 2021			
(amounts expressed in thousands)			
	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB liability	<u>\$ 14,885</u>	<u>\$ 14,036</u>	<u>\$ 13,234</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the total OPEB liability of Denver Water, calculated using the healthcare cost trend rate starting at 7.00% and gradually decreasing to 4.15%, as well as what Denver Water’s total OPEB liability would be if it were calculated using the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

<u>Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates</u>			
As of December 31, 2021			
(amounts expressed in thousands)			
	1% Decrease (6.00% decreasing to 3.15%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.15%)	1% Increase (8.00% decreasing to 5.15%)
Total OPEB liability	\$ 12,872	\$ 14,036	\$ 15,359

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, Denver Water recognized OPEB expense of \$0.7 million. At December 31, 2021, Denver Water reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Outflows and Inflows of Resources Related to OPEB</u>		
As of December 31, 2021		
(amounts expressed in thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,163	\$ 2,345
Assumption changes	1,227	229
Contributions after measurement date	2,504	-
Total	\$ 4,894	\$ 2,574

The \$2.5 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, as of December 31, 2021, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Amortization of Deferred Outflows and Inflows</u>	
<u>of Resources Related to OPEB</u>	
As of December 31, 2021	
(amounts expressed in thousands)	
Year ended December 31,	
2022	\$ (103)
2023	(103)
2024	(103)
2025	(103)
2026	(103)
Thereafter	<u>331</u>
Total	<u>\$ (184)</u>

B. Long-term Disability

Denver Water also provides a long-term disability (LTD) insured plan for each employee who attains regular status. Denver Water has the authority to establish and amend benefit provisions to the LTD insured plan. The insured plan provides for an 84-day elimination period for LTD benefits with a benefit of 60% of pay to a maximum of \$10,000 per month. Benefits are payable during the first two years if the disabled employee is incapable of employment at his or her own occupation with a 20% or more loss in indexed monthly earnings. Thereafter, benefits are payable provided the disabled employee continues to experience 20% or more reduction in indexed monthly earnings while working in any occupation or is incapable of employment at any occupation. Benefit duration depends on age at disability. Benefits are payable to age 65 for disabilities that occur before age 60. If the disability occurs after age 60, benefit duration depends on a benefit payment schedule. Because under the insured plan the obligation for the payment of benefits has been transferred to the insurance company, it is not included in the calculation of the OPEB liability. In 2021, Denver Water paid approximately \$0.3 million in LTD premiums, respectively. This OPEB plan does not issue a separate report.

(13) POLLUTION REMEDIATION LIABILITY

Hillcrest Pump Station

At the end of 2021, a liability was accrued for approximately \$47,000 for asbestos removal at Hillcrest Pump Station. The estimated costs for the asbestos abatement was based on pricing developed by MWH from a preliminary inspection. The pricing includes floor tiles, window glazing, and window caulking. The demolition of the pump station is expected to occur in 2022.

Pollution remediation liabilities are shown in *Accounts Payable* on the *Statement of Net Position*.

(14) CAPITAL CONTRIBUTIONS

Inception-to-date and current year proceeds from contributions in aid of construction (CIAC) and system development charges (SDC) were as follows:

<u>Capital Contributions</u>		
December 31, 2021		
(amounts expressed in thousands)		
	CIAC	SDC
Inception through December 31, 2020	\$ 615,043	\$ 928,256
2021 additions	22,310	38,236
Inception through December 31, 2021	<u>\$ 637,353</u>	<u>\$ 966,492</u>

(15) CONTINGENCIES

In the normal course of business, there are various outstanding legal proceedings, claims, commitments, and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on Denver Water's financial statements.

(16) CONTRACT COMMITMENTS

Contractual commitments as of December 31, 2021, for construction and other purposes are estimated at \$1.0 billion.

The North System Renewal

Denver Water's North System was constructed in the 1930s. Now, 80 years later, the North System requires significant renovations or replacement of pipelines and valves, as well as updating water treatment technology. Denver Water evaluated whether to renovate the existing plant or construct a new plant. An engineering study determined there are more risks associated with renovating existing facilities, and the cost differential between the two options was not significant. The North System Renewal Project is one of the largest construction programs in Denver Water history. It includes the Northwater Treatment Plant, the replacement of Conduit 16, and the expansion of Gross Reservoir. Denver Water intends to invest over \$1.3 billion in renewing and expanding the North System.

The Northwater Treatment Plant and Conduit 16 replacement includes building an 8.5-mile water pipeline, making modifications to the Moffat Treatment Plant, and building the new Northwater Treatment Plant. The centerpiece of the project will be a state-of-the-art treatment plant and pipeline in Jefferson County, north of Golden. The plant will be capable of treating up to 75 million gallons of water a day with room for expansion, and will incorporate sustainability practices throughout its operations, including making use of alternative energy sources like hydropower. Design and early construction of the new treatment plant is complete, and the construction of the new pipeline began in the fall of 2017. The Conduit 16 replacement was completed in 2021. The Northwater Treatment Plant is scheduled to be completed in 2024.

The Gross Reservoir Expansion Project will begin construction April 1, 2022, and will raise the dam height by 131 feet from the current 340 feet to 471 feet. The storage capacity of the Reservoir will be increased from its current capacity of 41,811 acre-feet to approximately 118,811 acre-feet. This is an increase of approximately 77,000 acre-feet, which includes 5,000 acre-feet for an environmental pool. Most of the additional capacity will be used for future challenges such as drought, fires, and growth on the north side of the collection system. The environmental pool will be operated in cooperation with the Cities of Boulder and Louisville to provide additional water for South Boulder Creek during low flow periods. The target completion date for the expansion is mid-2027.

The City of Arvada will participate in the project by paying a percentage of the total costs of the enlargement based on its portion of yield created by the expansion. Assuming the enlargement will produce a yield of 18,000 acre-feet of water and Arvada contracts for its maximum allowable amount of 3,000 acre-feet of the new supply, Arvada's share of the capital costs will be 16.67%.

Lead Reduction Program

In 2020, Denver Water implemented its Lead Reduction Program which was approved by state and federal agencies in December 2019. The main component of the program is the replacement of all lead services lines in the Denver Water service area by the end of 2034 at no direct cost to customers. The lead line replacement is completed under two scenarios: 1) Denver Water proactively identifies lead service lines in the Denver Water service area and specifically targets them for replacement, and 2) Denver Water replaces lead service lines when encountered during other routine water main replacement or major road construction work. Out of the approximately 312,000 service lines Denver Water has in its system, an estimated 64,000 to 84,000 of these are lead. In addition to replacing the lead service lines, Denver Water provides all affected customers with water filters until six months after their line is replaced and increased the pH levels of the water to minimize corrosion of the lead lines. The total program budget is \$681 million. Metro Wastewater Reclamation District will participate in the program by paying up to \$22.5 million to Denver Water in annual installments based on Denver Water meeting its yearly line replacement requirement.

(17) FIDUCIARY PENSION TRUST FUNDS INVESTMENTS

Denver Water's Employees' Retirement Plan (the Plan) is reported as a Fiduciary Pension Trust Fund. The investment information for this plan is included below. The Plan issues a publicly available financial report that includes the basic financial statements. This can be found on the Denver Water website.

EMPLOYEES' RETIREMENT PLAN

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 April 11, 2018. Revisions to the policy included changes to the language concerning proxy voting responsibilities, additions to the language surrounding the liquidity needs of the Plan, additional language that defines the policy review process, modification to the asset class structure by removing private real estate from the alternative asset class to a separate asset class, and revisions to the 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-assumed rate of return 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, 2021, the Plan's long-term asset allocation ranges were as follows:

Employees' Retirement Plan	
<u>Long-Term Asset Allocation Ranges</u>	
Year ended December 31, 2021	
<u>Asset segment</u>	<u>Allowable range</u>
Public Equities	40–65%
Fixed Income	10–40%
Real Estate	10–20%
Alternative	5–20%

Money-Weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 18.8%. 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 each month. The money-weighted rate of return is calculated net of investment expenses.

Custody and Management of Assets

During 2021, the Northern Trust Company served as the Plan's asset custodian. 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 2021, the Plan assets were managed by the following investment managers:

Aberdeen Asset Management, Inc.	Since August 2015
AllianceBernstein, L.P.	Since May 2018
Barings LLC formerly Babson Capital Management, LLC	Since August 2013
BlackRock Institutional Trust Company, N.A.	Since March 2012
Dimensional Fund Advisors, L.P.	Since February 2008
Fidelity Institutional Asset Management	Terminated February 2021
Harbert Management Corporation	Since July 2014
Harding Loevner Funds, Inc.	Since August 2011
Horsley Bridge Venture	Since July 2015
Northern Trust Investments, N.A.	Since July 2006
Pantheon Access (US), L.P.	Since January 2019
Principal Global Investors, LLC	Since March 2016
Riverbridge Collective Investment Trust	Since February 2021
RREEF America, LLC	Since January 2015
UBS Realty Investors, LLC	Since May 1998
Winslow Capital Management, LLC	Terminated March 2021

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. Cash for benefit payments transferred to the benefit payment service provider prior to the payment date is held in an omnibus account held in a commercial bank and not in the Plan's name and therefore, is exposed to custodial risk. As of December 31, 2021, this amount was \$1.9 million. Additionally, on December 31, 2021, \$3.6 million in cash was held within the trust, which was not subject to custodial credit risk.

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.

Employees' Retirement Plan						
<u>Schedule of Interest Rate Risk – Segmented Time Distribution of Investment Maturities</u>						
December 31, 2021						
(amounts expressed in thousands)						
<u>Investment type</u>	<u>Fair value / NAV</u>	<u>< 1 year</u>	<u>1-6 years</u>	<u>6-10 years</u>	<u>10+ years</u>	<u>Maturity not determined¹</u>
Other fixed income funds	\$ 99,739	-	-	-	-	\$ 99,739

¹ Amounts represent investments in commingled funds. Maturities of individual securities held by the funds are not reported by the fund.

Concentration of Credit Risk

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, 2021, the Plan had no single issuer that exceeded 5.0% of total investments. All of the Plan's fixed income investments were placed through external investment pools and therefore not considered subject to concentration of credit risk.

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, 2021, are listed below. For securities with split ratings, the lowest rating is shown.

Employees' Retirement Plan			
<u>Schedule of Credit Risk</u>			
December 31, 2021			
(amounts expressed in thousands)			
<u>Investment type</u>	<u>Quality rating</u>	<u>Fair value</u>	<u>Percentage of asset class</u>
Other fixed income funds	NR/NA ¹	<u>\$ 99,739</u>	100%

¹ 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.

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 Plan holds investments in mutual funds and private equity funds whose underlying securities are invested in multiple foreign currencies and are subject to foreign currency risk.

The following table provides the Plan's maximum exposure to foreign currency risk as a percentage of its asset class as of December 31, 2021:

Employees' Retirement Plan	
<u>Schedule of Assets in Foreign Currencies</u>	
December 31, 2021	
	Percentage of asset class invested in foreign currencies
Common stock funds	29.6%
Private equity	13.4%

Derivative Instruments

Derivative instruments 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. Derivative instruments may be used both for hedging and to enhance returns. They may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over-the-counter derivative instruments. Derivative instruments involve special risks and costs and may result in losses to the Plan. The successful use of derivative instruments requires sophisticated management and, to the extent that derivative instruments are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivative instrument transactions.

Certain commingled funds held by the Plan at year end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative instrument holdings of the commingled fund managers can be found in their respective audited financial statements. The Plan did not directly own any derivative instruments as of December 31, 2021.

Fair Value of Investments

The Plan has the following recurring fair value measurements as of December 31, 2021:

Employees' Retirement Plan				
<u>Investments and Derivative Instruments Measured at Fair Value</u>				
December 31, 2021				
(amounts expressed in thousands)				
	December 31, 2021	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Debt securities:				
Other fixed income funds	\$ 99,739	\$ -	\$ 99,739	\$ -
Total debt securities	99,739	-	99,739	-
Equity securities:				
Common stock funds	270,203	270,203	-	-
Total equity securities	270,203	270,203	-	-
Total investments by fair value level	369,942	\$ 270,203	\$ 99,739	\$ -
Investments measured by the net asset value (NAV)				
Real estate funds	56,719			
Hedge fund	22,276			
Private equity funds	49,065			
Total investments measured at the NAV	128,060			
Total investments measured at fair value	\$ 498,002			

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. The Plan did not hold any investments categorized within Level 3. Pricing for all securities was provided by a third-party pricing vendor and developed in accordance with the provisions of GASB Statement No. 72 *Fair Value Measurement and Application*. The valuation for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2021, are presented on the following table:

Employees' Retirement Plan				
<u>Investments Measured at the NAV</u>				
December 31, 2021				
(amounts expressed in thousands)				
	NAV	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Real estate funds	\$ 56,719	\$ 2,807	Quarterly/None	45-90 days
Hedge fund	22,276	-	Quarterly	45-90 days
Private equity funds	49,065	20,824	None	N/A
Total investments measured at the NAV	\$ 128,060	\$ 23,631		

Real Estate Funds

This fund category includes three open-end and two closed-end real estate funds. Open-end funds are reported at fair value based upon the NAV of shares/units held at year end, provided by fund managers. The closed-end funds, Harbert United States Real Estate Fund V, L.P. and Harbert United States Real Estate Fund VII, L.P., are reported at fair value based upon the net value of the Plan's ownership interest in partners' capital, as provided by the investment manager.

Investments in the open-end real estate funds can be redeemed as of the end of a calendar quarter. Redemption requests are subject to certain restrictions and the availability of cash. Should redemption requests exceed such available cash, the funds prorate available cash among withdrawing investors according to the ratio of the requesting investor's units to the total units of all investors then requesting redemptions. Any redemption request that is not fully honored in any given quarter is deemed effective in following quarters until completed. The funds are not obligated to sell assets, borrow funds, alter investment or capital improvement plans, or reduce reserves in order to honor redemption requests.

The investment in the closed-end funds, which represents approximately 13.8% of the value of all real estate funds in the Plan, cannot be redeemed. Distributions from the fund are received as the underlying investments of the funds are liquidated. It is expected that the fund life of the underlying assets will be 10 years from the initial drawdown date with two one-year extensions, at the discretion of the manager.

Hedge Fund

This fund category includes an investment in a hedge fund that is a multi-strategy fund pursuing a variety of absolute return strategies, investing in a wide range of financial instruments, including, but not limited to, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate or sovereign debt, bonds, notes or other debentures or debt participations, commodities, partnership interests, interests in investment companies, convertible securities, swaps, options (purchased or written), swaptions, futures contracts and other derivative instruments markets and relative value, as well as private investment funds (hedge-fund-of-funds). The fair values of the investments in this category have been determined using the NAV per share of the investments, as provided by the investment manager. The fund limits the amount that can be redeemed each quarter to 25% of each investor's total investment.

Private Equity Funds

This fund category includes investments in five private equity fund-of-funds, which invest in private investment funds. Both Aberdeen U.S. Private Equity Fund VI and Fund VIII, are buyout fund-of-funds, offering a concentrated multi-manager approach with multiple private equity managers along with selective co-investments and secondary investments and focusing on small-to-medium sized companies. Horsley Bridge Venture Fund XI and Fund XIII are venture capital fund-of-funds, investing in established and emerging private equity managers providing seed and early-stage exposure to the technology sector in the United States, Europe, and Asia.

Pantheon is a global private equity fund-of-funds manager. The Pantheon Global Select 2019 fund invests in growth equity, mega-buyouts, large buyout, small/mid buyout, and special situations strategies with one opt-out provision for early-stage venture capital, and two opt-in allocations for secondary investments, and co-investments. The fund is geographically diverse, with 50%-60% of assets to be invested in the U.S., 20%-30% in Europe, and 15%-25% in Asia/other.

Private equity funds are reported at fair value based upon the net asset value of the Plan's ownership interest in partners' capital, as provided by the investment managers.

The investment in the private equity funds-of-funds cannot be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the fund life of the underlying assets will be 12 to 15 years from the initial drawdown date.

(18) SUBSEQUENT EVENTS

Denver Water has evaluated subsequent events through April 21, 2022, which is the date the basic financial statements were available to be issued, and no subsequent events were identified.

REQUIRED SUPPLEMENTARY INFORMATION

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
 REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the Net Pension Liability and Related Ratios
 2012 - 2021
 (amounts expressed in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability										
Service cost	\$ 8,590	\$ 8,127	\$ 9,070	\$ 8,522	\$ 7,330	\$ 6,757	\$ 6,071	\$ 6,046	\$ -	\$ -
Interest	31,320	29,982	29,285	27,728	26,237	25,820	25,044	24,051	-	-
Effect of economic/demographic (gains) or losses	5,779	(525)	6,700	(2,255)	(3,348)	801	-	2,037	-	-
Effect of changes of assumptions	-	(4,004)	-	22,250	-	10,152	-	-	-	-
Benefit payments	(24,927)	(24,800)	(22,055)	(19,927)	(19,932)	(20,693)	(20,365)	(17,850)	-	-
Net change in pension liability	20,762	8,780	23,000	36,318	10,287	22,837	10,750	14,284	-	-
Total pension liability-beginning	449,816	441,036	418,036	381,718	371,431	348,594	337,844	323,560	-	-
Total pension liability-ending (a)	470,578	449,816	441,036	418,036	381,718	371,431	348,594	337,844	-	-
Plan fiduciary net position										
Employer contributions	17,500	16,702	18,000	18,000	14,500	14,500	14,500	15,000	-	-
Member contributions	2,579	1,713	662	-	-	-	-	-	-	-
Net investment income	39,063	58,643	(14,319)	48,273	21,326	2,473	18,523	39,023	-	-
Benefit payments	(24,927)	(24,800)	(22,055)	(19,927)	(19,932)	(20,693)	(20,365)	(17,850)	-	-
Administrative expense	(183)	(183)	(180)	(48)	(52)	(44)	(144)	(116)	-	-
Net change in plan fiduciary net position	34,032	52,075	(17,892)	46,298	15,842	(3,764)	12,514	36,057	-	-
Plan fiduciary net position-beginning	394,898	342,823	360,715	314,417	298,575	302,339	289,825	253,768	-	-
Plan fiduciary net position-ending (b)	428,930	394,898	342,823	360,715	314,417	298,575	302,339	289,825	-	-
Net pension liability-ending (a)-(b)	\$ 41,648	\$ 54,918	\$ 98,213	\$ 57,321	\$ 67,301	\$ 72,856	\$ 46,255	\$ 48,019	\$ -	\$ -
Plan fiduciary net position as a percentage of the total pension liability	91.15%	87.79%	77.73%	86.29%	82.37%	80.39%	86.73%	85.79%	-	-
Covered payroll	\$ 87,877	\$ 81,654	\$ 82,151	\$ 77,159	\$ 75,740	\$ 75,990	\$ 71,847	\$ 71,940	\$ -	\$ -
Net pension liability as a percentage of covered payroll	47.39%	67.26%	119.55%	74.29%	88.86%	95.88%	64.38%	66.75%	-	-

Notes to schedule:

Information prior to 2014 was not available.

Because the measurement date is December 31 of the previous year, these amounts will differ by one fiscal year when comparing to information displayed on the Schedule of Denver Water Pension Contributions.

Included in changes of assumptions are the effects of changes in the discount rate:

2014	7.50%
2016	7.25%
2018	7.00%

Changes in assumptions and other inputs:

Member contributions began in 2018 and were phased in to 3% over three years.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
 REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Denver Water Pension Contributions
 2012 - 2021
 (amounts expressed in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 17,917	\$ 15,953	\$ 16,411	\$ 18,489	\$ 18,089	\$ 14,017	\$ 14,068	\$ 13,532	\$ 11,958	\$ 12,256
Contributions in relation to the actuarially determined contribution	<u>17,500</u>	<u>17,500</u>	<u>16,702</u>	<u>18,000</u>	<u>18,000</u>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	<u>15,000</u>	<u>14,300</u>
Contribution deficiency (excess)	<u>\$ 417</u>	<u>\$ (1,547)</u>	<u>\$ (291)</u>	<u>\$ 489</u>	<u>\$ 89</u>	<u>\$ (483)</u>	<u>\$ (432)</u>	<u>\$ (968)</u>	<u>\$ (3,042)</u>	<u>\$ (2,044)</u>
Covered payroll	\$ 93,383	\$ 87,877	\$ 81,654	\$ 82,151	\$ 77,159	\$ 75,740	\$ 75,990	\$ 71,847	\$ 71,940	\$ 71,172
Contributions as a percentage of covered payroll	18.74%	19.91%	20.45%	21.91%	23.33%	19.14%	19.08%	20.18%	20.85%	20.09%

Notes to schedule:Valuation date:

Actuarially determined contribution rates are calculated as of January 1, the beginning of each fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, layered
Remaining amortization period	15 years
Asset valuation method	3-year smoothed market
Inflation	2.25%
Salary increases	Age-based rates from 6.75% to 2.85%
Investment rate of return	6.50% investment rate of return (net of administrative expenses and including an inflation component of 2.25%)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality rates were based on the Combined RP-2014 Healthy Mortality Table projected with the Ultimate MP Scale.
Cost-of-living adjustment	2.25%

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
 REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the Net Other Postemployment Benefits Liability and Related Ratios
 2012 - 2021
 (amounts expressed in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability										
Service cost	\$ 481	\$ 424	\$ 511	\$ 558	\$ 655	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	352	482	533	700	736	-	-	-	-	-
Effect of economic/demographic (gains) or losses	1,294	3	(1,812)	(1,813)	-	-	-	-	-	-
Effect of changes of assumptions	412	730	(327)	457	-	-	-	-	-	-
Benefit payments	(2,097)	(1,648)	(2,272)	(2,326)	(2,254)	-	-	-	-	-
Net change in total OPEB liability	442	(9)	(3,367)	(2,424)	(863)	-	-	-	-	-
Total OPEB liability-beginning	13,594	13,603	16,970	19,394	20,257	-	-	-	-	-
Total OPEB liability-ending (a)	<u>\$ 14,036</u>	<u>\$ 13,594</u>	<u>\$ 13,603</u>	<u>\$ 16,970</u>	<u>\$ 19,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 87,877	\$ 81,654	\$ 82,151	\$ 78,369	\$ 78,510	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	15.97%	16.65%	16.56%	21.65%	24.70%	-	-	-	-	-

Notes to schedule:

Information prior to 2017 was not available.

There are no assets accumulated in trust for payment of benefits.

Included in changes of assumptions and other inputs are the effects of changes in the discount rate each period. The following are the discounts used in each period:

2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%

OTHER SUPPLEMENTARY INFORMATION

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Revenue Water Improvement and Refunding Bonds Outstanding

December 31, 2021

(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2021	Amount			Bonds Which Are Callable	
		Issued	Retired	Outstanding	Callable	Initial Date
					Amount	Callable
Jun 23, 2008A	0.750%	\$ 1,800	\$ (1,680)	\$ 120	\$ -	Not callable
May 22, 2012A	3.500-5.000%	36,555	(4,515)	32,040	32,040	Dec 15, 2021
Jun 26, 2012B	3.000-5.000%	108,545	(92,230)	16,315	16,315	Dec 15, 2021
Sep 16, 2014A	3.000-5.000%	48,670	(4,645)	44,025	43,730	Dec 15, 2023
May 24, 2016A	2.500-5.000%	94,755	(24,670)	70,085	59,530	Sep 15, 2026
May 24, 2016B	2.000-5.000%	63,470	(13,235)	50,235	33,455	Sep 15, 2026
May 24, 2017A	3.000-5.000%	142,665	(4,680)	137,985	121,010	Sep 15, 2027
May 24, 2017B	3.000-5.000%	41,765	-	41,765	41,765	Sep 15, 2027
May 6, 2020A	3.000-5.250%	141,030	-	141,030	140,270	Sep 15, 2030
May 6, 2020B	2.375-5.000%	126,955	(10,355)	116,600	75,160	Sep 15, 2030
April 21, 2021A	2.000-5.000%	316,785	-	316,785	128,050	Dec 15, 2031
		<u>\$ 1,122,995</u>	<u>\$ (156,010)</u>	966,985	<u>\$ 691,325</u>	
Plus premium				82,728		
Total Revenue Bonds				<u>\$ 1,049,713</u>		

See accompanying Independent Auditors' Report.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Summary of Revenue Bond Debt Service Requirements Outstanding
December 31, 2021
Years 2022 to 2051, inclusive
(amounts expressed in thousands)

Year	Rev. Bond Retirements (Exhibit II-C)	Rev. Bond Interest (Exhibit II-D)	Total Debt Service
2022	\$ 18,095	\$ 35,026	\$ 53,121
2023	18,965	34,211	53,176
2024	19,470	33,336	52,806
2025	20,395	32,442	52,837
2026	21,360	31,475	52,835
2027	22,365	30,466	52,831
2028	23,285	29,554	52,839
2029	24,330	28,621	52,951
2030	25,365	27,588	52,953
2031	26,555	26,393	52,948
2032	27,810	25,137	52,947
2033	28,965	23,898	52,863
2034	30,110	22,628	52,738
2035	31,270	21,365	52,635
2036	32,320	20,209	52,529
2037	33,400	19,026	52,426
2038	34,590	17,989	52,579
2039	35,800	16,999	52,799
2040	37,080	15,933	53,013
2041	38,455	14,768	53,223
2042	39,985	13,479	53,464
2043	41,550	12,137	53,687
2044	43,005	10,681	53,686
2045	44,520	9,167	53,687
2046	46,255	7,427	53,682
2047	48,170	5,513	53,683
2048	49,790	3,892	53,682
2049	51,160	2,524	53,684
2050	52,565	1,117	53,682
2051	-	-	-
	<u>966,985</u>	<u>573,001</u>	<u>1,539,986</u>
Plus premium	<u>82,728</u>	<u>-</u>	<u>82,728</u>
	<u>\$ 1,049,713</u>	<u>\$ 573,001</u>	<u>\$ 1,622,714</u>

See accompanying Independent Auditors' Report.

**DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO**

Schedule of Bond Retirements for Revenue Bonds Outstanding
December 31, 2021
Years 2022 to 2051, inclusive
(amounts expressed in thousands)

Year	Series 2008A Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2014A Improv/Ref	Series 2016A Improv/Ref	Series 2016B Refunding	Series 2017A Improvement	Series 2017B Improvement	Series 2020A Improvement	Series 2020B Refunding	Series 2021A Improvement	Total
2022	\$ 120	\$ 1,045	\$ 5,950	\$ -	\$ 1,975	\$ 3,070	\$ 2,515	\$ -	\$ -	\$ 3,420	\$ -	\$ 18,095
2023	-	1,095	6,200	295	1,965	3,200	2,615	-	-	3,595	-	18,965
2024	-	1,140	995	330	2,105	3,345	2,750	-	-	3,770	5,035	19,470
2025	-	1,185	755	360	2,210	3,495	2,885	-	-	3,970	5,535	20,395
2026	-	1,230	780	390	2,300	3,670	3,030	-	-	4,180	5,780	21,360
2027	-	1,280	805	420	2,395	3,855	3,180	-	-	4,390	6,040	22,365
2028	-	1,340	830	450	2,455	3,930	3,275	-	-	4,620	6,385	23,285
2029	-	1,400	-	475	2,515	4,020	970	2,440	85	4,870	7,555	24,330
2030	-	1,460	-	505	2,585	-	-	3,580	675	8,625	7,935	25,365
2031	-	1,530	-	530	2,660	-	-	3,760	570	9,175	8,330	26,555
2032	-	1,595	-	560	2,735	-	-	3,945	475	9,755	8,745	27,810
2033	-	1,670	-	585	2,820	-	-	4,065	365	10,365	9,095	28,965
2034	-	1,745	-	610	2,905	5,120	-	4,265	-	6,265	9,200	30,110
2035	-	1,820	-	640	2,990	5,310	-	4,480	-	6,540	9,490	31,270
2036	-	1,885	-	665	3,080	5,500	-	4,630	-	6,755	9,805	32,320
2037	-	1,960	-	695	3,180	5,720	-	4,790	-	6,935	10,120	33,400
2038	-	2,040	-	720	3,285	-	4,400	5,810	255	7,130	10,950	34,590
2039	-	2,120	-	750	3,385	-	9,500	-	1,330	7,325	11,390	35,800
2040	-	2,205	-	960	3,485	-	11,265	-	2,500	4,915	11,750	37,080
2041	-	2,295	-	6,350	3,590	-	11,475	-	2,720	-	12,025	38,455
2042	-	-	-	8,885	3,695	-	11,935	-	2,965	-	12,505	39,985
2043	-	-	-	9,240	3,810	-	12,300	-	3,225	-	12,975	41,550
2044	-	-	-	9,610	3,920	-	13,000	-	3,240	-	13,235	43,005
2045	-	-	-	-	4,040	-	13,605	-	13,375	-	13,500	44,520
2046	-	-	-	-	-	-	14,285	-	18,205	-	13,765	46,255
2047	-	-	-	-	-	-	15,000	-	19,110	-	14,060	48,170
2048	-	-	-	-	-	-	-	-	35,435	-	14,355	49,790
2049	-	-	-	-	-	-	-	-	36,500	-	14,660	51,160
2050	-	-	-	-	-	-	-	-	-	-	52,565	52,565
2051	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 120</u>	<u>\$ 32,040</u>	<u>\$ 16,315</u>	<u>\$ 44,025</u>	<u>\$ 70,085</u>	<u>\$ 50,235</u>	<u>\$ 137,985</u>	<u>\$ 41,765</u>	<u>\$ 141,030</u>	<u>\$ 116,600</u>	<u>\$ 316,785</u>	<u>966,985</u>
Plus premium												82,728
												<u>\$ 1,049,713</u>

See accompanying Independent Auditors' Report.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Schedule of Bond Interest for Revenue Bonds Outstanding
 December 31, 2021
 Years 2022 to 2051, inclusive
 (amounts expressed in thousands)

Year	Series 2008A Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2014A Improv/Ref	Series 2016A Improv/Ref	Series 2016B Refunding	Series 2017A Improvement	Series 2017B Improvement	Series 2020A Improvement	Series 2020B Refunding	Series 2021A Improvement	Total
2022	\$ 1	\$ 1,343	\$ 621	\$ 1,699	\$ 2,250	\$ 1,773	\$ 6,301	\$ 1,702	\$ 5,085	\$ 4,713	\$ 9,538	\$ 35,026
2023	-	1,291	383	1,699	2,152	1,619	6,200	1,702	5,085	4,542	9,538	34,211
2024	-	1,247	135	1,685	2,053	1,459	6,069	1,702	5,085	4,363	9,538	33,336
2025	-	1,201	95	1,671	1,948	1,292	5,987	1,702	5,085	4,174	9,287	32,442
2026	-	1,154	72	1,657	1,860	1,117	5,842	1,702	5,085	3,976	9,010	31,475
2027	-	1,105	49	1,645	1,768	933	5,691	1,702	5,085	3,767	8,721	30,466
2028	-	1,047	25	1,633	1,708	856	5,532	1,702	5,085	3,547	8,419	29,554
2029	-	987	-	1,619	1,643	768	5,401	1,703	5,085	3,316	8,099	28,621
2030	-	924	-	1,605	1,574	677	5,352	1,581	5,080	3,073	7,722	27,588
2031	-	858	-	1,590	1,503	678	5,352	1,401	5,045	2,641	7,325	26,393
2032	-	789	-	1,574	1,423	678	5,353	1,214	5,016	2,182	6,908	25,137
2033	-	718	-	1,556	1,341	677	5,352	1,095	4,993	1,695	6,471	23,898
2034	-	642	-	1,537	1,256	678	5,353	892	4,974	1,280	6,016	22,628
2035	-	564	-	1,517	1,169	524	5,353	679	4,974	1,029	5,556	21,365
2036	-	500	-	1,495	1,080	364	5,353	527	4,974	834	5,082	20,209
2037	-	425	-	1,473	980	186	5,352	371	4,974	673	4,592	19,026
2038	-	346	-	1,449	876	-	5,352	204	4,974	500	4,288	17,989
2039	-	265	-	1,423	778	-	5,177	-	4,967	320	4,069	16,999
2040	-	180	-	1,397	676	-	4,796	-	4,914	129	3,841	15,933
2041	-	92	-	1,363	572	-	4,346	-	4,789	-	3,606	14,768
2042	-	-	-	1,109	464	-	3,887	-	4,653	-	3,366	13,479
2043	-	-	-	754	353	-	3,410	-	4,504	-	3,116	12,137
2044	-	-	-	384	239	-	2,794	-	4,408	-	2,856	10,681
2045	-	-	-	-	121	-	2,145	-	4,310	-	2,591	9,167
2046	-	-	-	-	-	-	1,464	-	3,642	-	2,321	7,427
2047	-	-	-	-	-	-	750	-	2,731	-	2,032	5,513
2048	-	-	-	-	-	-	-	-	2,158	-	1,734	3,892
2049	-	-	-	-	-	-	-	-	1,095	-	1,429	2,524
2050	-	-	-	-	-	-	-	-	-	-	1,117	1,117
2051	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1</u>	<u>\$ 15,678</u>	<u>\$ 1,380</u>	<u>\$ 33,534</u>	<u>\$ 29,787</u>	<u>\$ 14,279</u>	<u>\$ 123,964</u>	<u>\$ 21,581</u>	<u>\$ 127,855</u>	<u>\$ 46,754</u>	<u>\$ 158,188</u>	<u>\$ 573,001</u>

See accompanying Independent Auditors' Report.

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III - STATISTICAL SECTION - CONTENTS AND EXPLANATIONS

This part of Denver Water's annual comprehensive financial report presents detailed information as context for an understanding of the information in the financial statements, excluding disclosures, and required supplementary information regarding Denver Water's overall financial health.

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These schedules present trend information to help the reader understand how Denver Water's financial performance and well-being have changed over time.

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These schedules present trend information to help the reader assess Denver Water's primary revenue sources.

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These schedules present demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

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(continued)

III- STATISTICAL SECTION - CONTENTS AND EXPLANATIONS (continued)

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These schedules present information about Denver Water's operations and resources to help the reader understand how Denver Water's financial information relates to the services Denver Water provides and the activities it performs.

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Sources: *Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year or internal Denver Water operating groups.*

Rounding: *Some columns in the statistical section are totaled according to the precision of the numbers entered rather than as displayed, and may not appear to total correctly.*

STATISTICAL SUMMARY: 2012 - 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Population served ¹	1,287,000	1,277,000	1,270,000	1,261,000	1,248,000	1,238,000	1,222,000	1,197,000	1,176,000	1,156,000
Total treated water consumption (million gallons) ²	65,238	70,039	64,788	67,149	63,809	65,004	60,116	61,185	60,212	71,969
Average daily consumption (million gallons)	178.73	191.89	177.50	183.97	174.82	178.09	164.70	167.63	164.97	197.17
Average daily consumption per capita (gallons) ¹	138.88	150.26	139.76	145.89	140.08	143.86	134.78	140.04	140.28	170.57
Maximum daily consumption (million gallons)	369.60	380.45	371.11	396.40	364.92	355.88	344.26	335.20	355.00	398.20
Maximum hour treated water use rate (million gallons per day)	648.00	670.00	572.60	637.00	628.50	592.00	499.30	603.60	591.00	628.00
Raw water storage capacity (acre-feet) ³	570,166	570,196	570,196	569,648	569,648	568,642	569,534	569,534	569,534	569,534
Replacement reservoir storage capacity (acre-feet)	129,487	129,487	129,487	125,993	125,993	122,432	122,432	122,432	122,432	122,432
Supply from South Platte River & Effluent Exchange (acre-feet)	144,595	102,012	151,288	78,967	132,115	158,324	166,561	148,680	142,915	85,765
Supply from Roberts Tunnel/Blue River system (acre-feet)	60,425	65,995	80,424	56,101	86,124	40,795	39,801	77,765	111,564	54,394
Supply from Moffat system (acre-feet)	82,168	78,952	98,804	86,144	79,639	75,551	73,016	73,585	141,159	54,523
Maximum treated water pumping capacity (mgd)	1,050.8	1,050.8	1,048.4	1,048.4	1,048.4	1,048.4	1,048.4	1,007.9	1,007.9	1,003.3
Raw water pumping capacity (mgd)	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2
Treatment plant capacity (mgd) ⁵	560.0	650.0	650.0	650.0	715.0	715.0	715.0	715.0	715.0	715.0
Treated water reservoir capacity (million gallons)	351.8	351.8	351.8	351.8	351.4	351.4	351.4	353.3	353.3	381.7
Raw water supply mains in miles (mountain collection system)	90.9	90.9	87.1	77.5	77.5	77.3	77.4	77.4	77.4	77.5
Raw water supply mains in miles (metropolitan Denver area) ⁷	49.2	49.1	57.8	57.0	57.1	54.3	54.2	54.0	52.3	47.7
Treated water mains in system in miles	3,202.9	3,191.0	3,175.7	3,158.5	3,142.6	3,109.3	3,091.7	3,074.2	3,058.2	3,050.1
Recycled water transmission & distribution mains in miles	75.5	75.5	72.4	71.7	70.4	73.5	67.2	67.0	63.1	49.0
Total active taps - end of year	312,057	312,220	312,283	312,675	312,746	312,876	312,653	312,908	312,228	310,463
Fire hydrants operated and maintained ⁶	21,873	21,465	22,219	21,195	20,967	20,556	20,269	20,030	19,818	19,670
Fire hydrants tested and repaired	19,733	17,438	23,643	24,922	25,990	23,909	18,093	29,506	25,177	25,112
Breaks in mains - Denver	297	423	294	275	275	225	262	191	222	232
Service leaks	431	484	597	538	508	503	542	337	719	402
Total employees (actual)	1,077.5	1,046.5	1,047.7	1,000.7	1,033.3	1,058.0	1,057.3	1,064.6	1,064.9	1,082.5
Additions to capital assets (thousands)	\$ 326,829	\$ 358,985	\$ 221,640	\$ 228,169	\$ 182,880	\$ 152,528	\$ 131,054	\$ 125,374	\$ 93,421	\$ 128,277
Total long-term debt ⁴ (thousands)	\$ 1,049,713	\$ 725,137	\$ 590,026	\$ 615,945	\$ 642,877	\$ 463,553	\$ 416,196	\$ 418,200	\$ 414,013	\$ 434,945

¹ Population estimates are treated water customers only. The estimates for 2012-2020 have been restated due to updates to the State Demographer county projections done prior to 2020.

² In 2021, Denver Water had three potable water treatment facilities.

³ In 2021, Denver Water had 15 raw water reservoirs. This capacity is based on the decreed amounts.

⁴ Long-term debt consists of current and long-term portions of bonds payable and obligations under capital lease, net of discounts and premiums, plus notes payable.

⁵ In 2018, Moffat Treatment Plant capacity was de-rated from 185 MGD to 120 MGD due to construction on Conduit 16. In 2021, Moffat Treatment Plant capacity was further reduced to 80 MGD and Marston Treatment Plant capacity was down rated to 200 MGD due to new chemical capacity designs and solids processing systems.

⁶ In 2019, hydrants values were calculated by O&M. Previous years were calculated by the Assets Recording and Drafting Group.

⁷ In 2020, Conduit 16 was abandoned and is currently being replaced.

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A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Denver Water's financial performance and well-being have changed over time.

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NET POSITION BY COMPONENT^{1,2}: 2012 - 2021

(amounts expressed in thousands)

	2021	2020	Restated 2019 ⁵	2018	Restated 2017 ⁴	2016	2015	Restated 2014 ³	2013	2012
NET POSITION:										
Net investment in capital assets	\$ 2,303,963	\$ 2,210,363	\$ 2,068,071	\$ 1,946,849	\$ 1,803,684	\$ 1,788,250	\$ 1,735,020	\$ 1,641,601	\$ 1,579,642	\$ 1,513,582
Restricted for debt service	4,385	4,497	12,578	14,038	12,743	14,005	12,047	12,375	12,327	12,274
Restricted - other	30	30	56	56	400	500	-	-	-	-
Unrestricted	183,693	179,898	194,967	233,678	263,856	202,692	170,963	171,648	230,159	217,297
Total net position	\$ 2,492,071	\$ 2,394,788	\$ 2,275,672	\$ 2,194,621	\$ 2,080,683	\$ 2,005,447	\$ 1,918,030	\$ 1,825,624	\$ 1,822,128	\$ 1,743,153

¹ Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted.

² This data was extracted from the audited financial statements of Denver Water.

³ The 2014 financial statements were restated as part of the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*.

⁴ The 2017 financial statements were restated as part of the implementation of GASB Statement No. 75 *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*.

⁵ The 2019 beginning net position was restated for the cumulative effect of reversing the amortization taken on the Wolford Mountain capital lease.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION^{1,2}: 2012 - 2021

	(amounts expressed in thousands)									
	2021	2020	Restated 2019 ⁶	2018	Restated 2017 ⁴	2016	2015	Restated 2014 ³	2013	2012
OPERATING REVENUES:										
Water	\$ 323,711	\$ 343,027	\$ 303,728	\$ 307,743	\$ 286,139	\$ 273,238	\$ 241,836	\$ 239,288	\$ 230,482	\$ 271,575
Power generation and other	12,283	14,174	13,427	12,813	12,366	11,216	10,224	11,380	12,141	12,764
Total operating revenues	335,994	357,201	317,155	320,556	298,505	284,454	252,060	250,668	242,623	284,339
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	100,878	93,901	107,693	88,231	84,733	82,418	75,972	83,091	68,722	75,846
General and administrative	93,081	100,059	104,741	99,469	97,926	103,380	81,994	85,347	81,494	66,433
Customer service	13,440	13,669	14,198	11,660	11,001	11,370	9,962	10,851	12,894	13,929
Depreciation and amortization	60,919	55,691	51,345	51,667	62,348	50,352	47,897	45,772	45,805	46,363
Total operating expenses	268,318	263,320	277,977	251,027	256,008	247,520	215,825	225,061	208,915	202,571
OPERATING INCOME	67,676	93,881	39,178	69,529	42,497	36,934	36,235	25,607	33,708	81,768
NONOPERATING REVENUES (EXPENSES):										
Investment income (loss)	(1,334)	2,890	8,394	6,219	2,140	1,603	1,479	1,552	1,488	1,451
Interest expense ⁵	(25,022)	(21,293)	(21,603)	(22,093)	(12,711)	(11,446)	(13,049)	(12,664)	(13,602)	(14,217)
Gain (loss) on disposition of capital assets	(4,587)	(5,754)	(18,475)	(2,823)	(11,443)	(6,348)	(4,720)	(5,394)	(2,171)	(4,331)
Other income	4,989	7,284	8,275	6,982	7,996	7,426	5,595	6,143	6,606	5,882
Other expense	(4,985)	(1,515)	(2,175)	(3,869)	(2,657)	(1,861)	(2,499)	(2,252)	(2,939)	(2,164)
Total nonoperating expenses, net	(30,939)	(18,388)	(25,584)	(15,584)	(16,675)	(10,626)	(13,194)	(12,615)	(10,618)	(13,379)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	36,737	75,493	13,594	53,945	25,822	26,308	23,041	12,992	23,090	68,389
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	22,310	21,167	15,957	19,113	14,781	22,147	33,256	23,190	21,424	17,163
System development charges	38,236	22,456	38,561	40,880	42,486	38,962	36,109	32,736	34,461	19,543
Total capital contributions	60,546	43,623	54,518	59,993	57,267	61,109	69,365	55,926	55,885	36,706
INCREASE IN NET POSITION	97,283	119,116	68,112	113,938	83,089	87,417	92,406	68,918	78,975	105,095
NET POSITION:										
Beginning of year	2,394,788	2,275,672	2,194,621	2,080,683	2,005,447	1,918,030	1,825,624	1,822,128	1,743,153	1,638,058
Cumulative effect of restatements			12,939		(7,853)			(65,422)		
Restated beginning net position			<u>2,207,560</u>		<u>1,997,594</u>			<u>1,756,706</u>		
End of year	\$ 2,492,071	\$ 2,394,788	\$ 2,275,672	\$ 2,194,621	\$ 2,080,683	\$ 2,005,447	\$ 1,918,030	\$ 1,825,624	\$ 1,822,128	\$ 1,743,153

¹ This data was extracted from the audited financial statements of Denver Water.

² Certain reclassifications have been made to prior years' information to conform to the current year presentation.

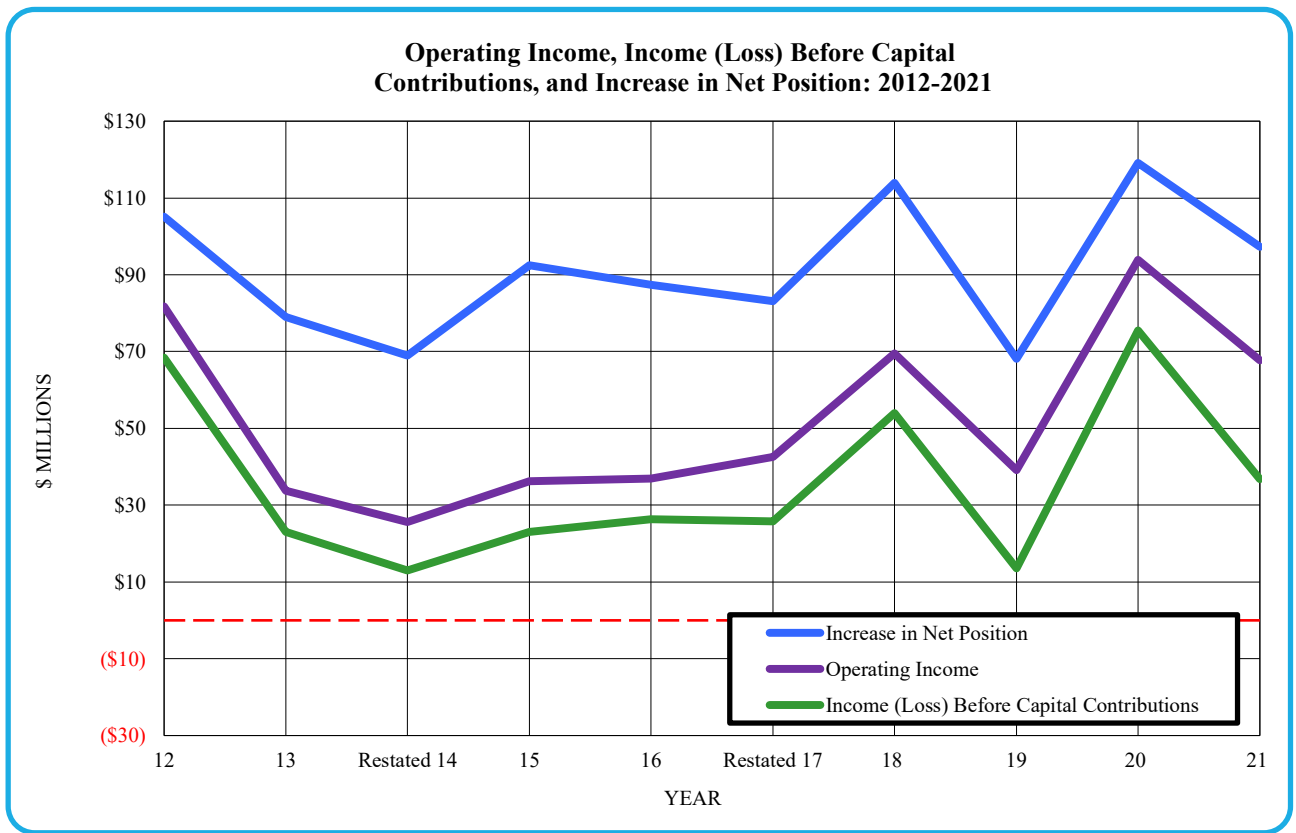
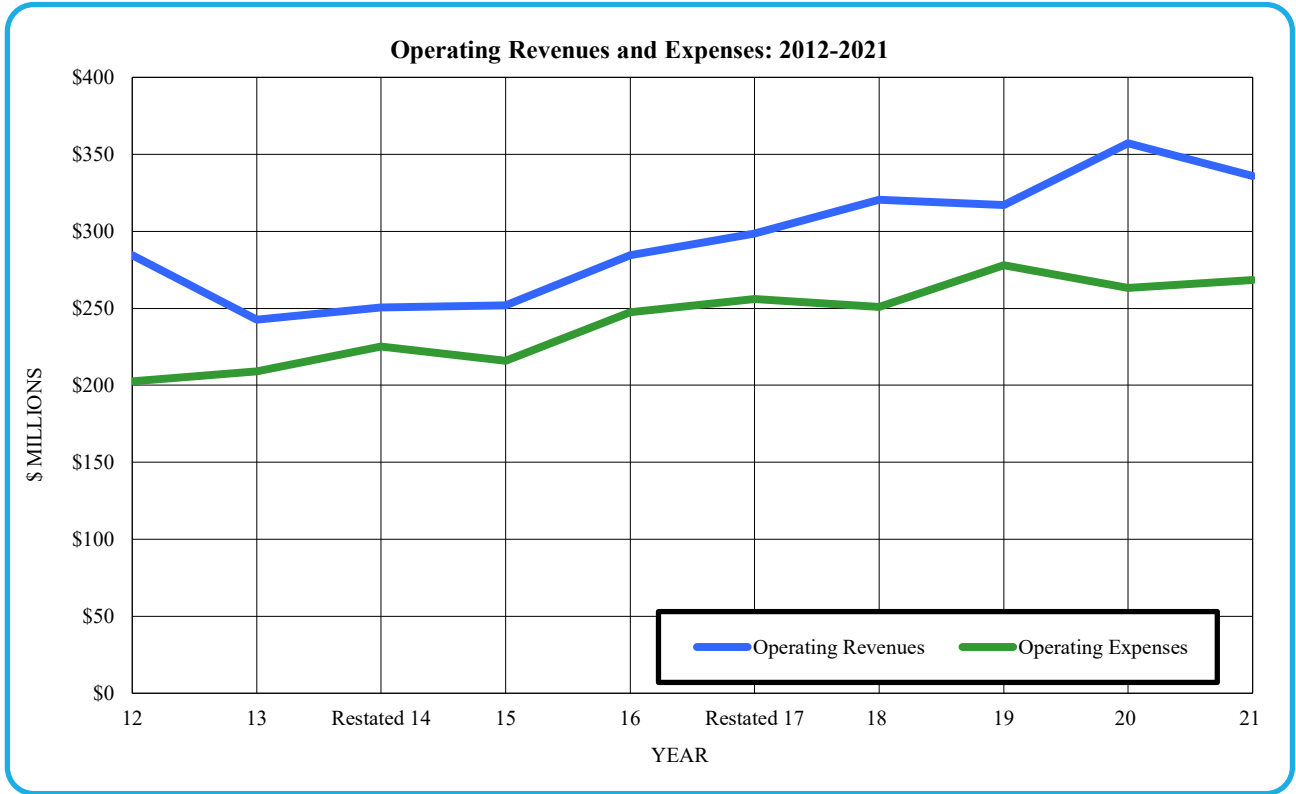
³ The 2014 financial statements were restated as part of the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*.

⁴ The 2017 financial statements were restated as part of the implementation of GASB Statement No. 75 *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*.

⁵ In 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was implemented. As a result, interest related to capital projects is no longer capitalized.

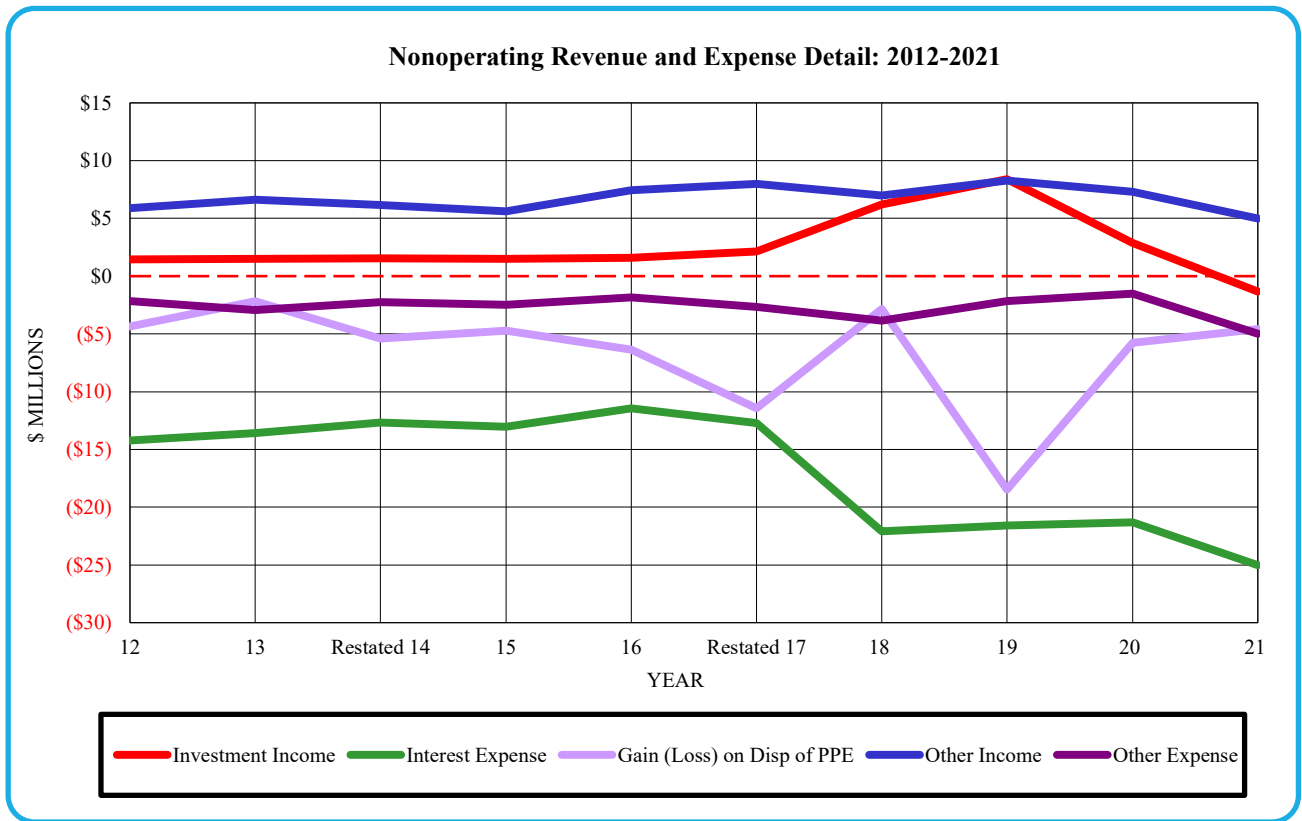
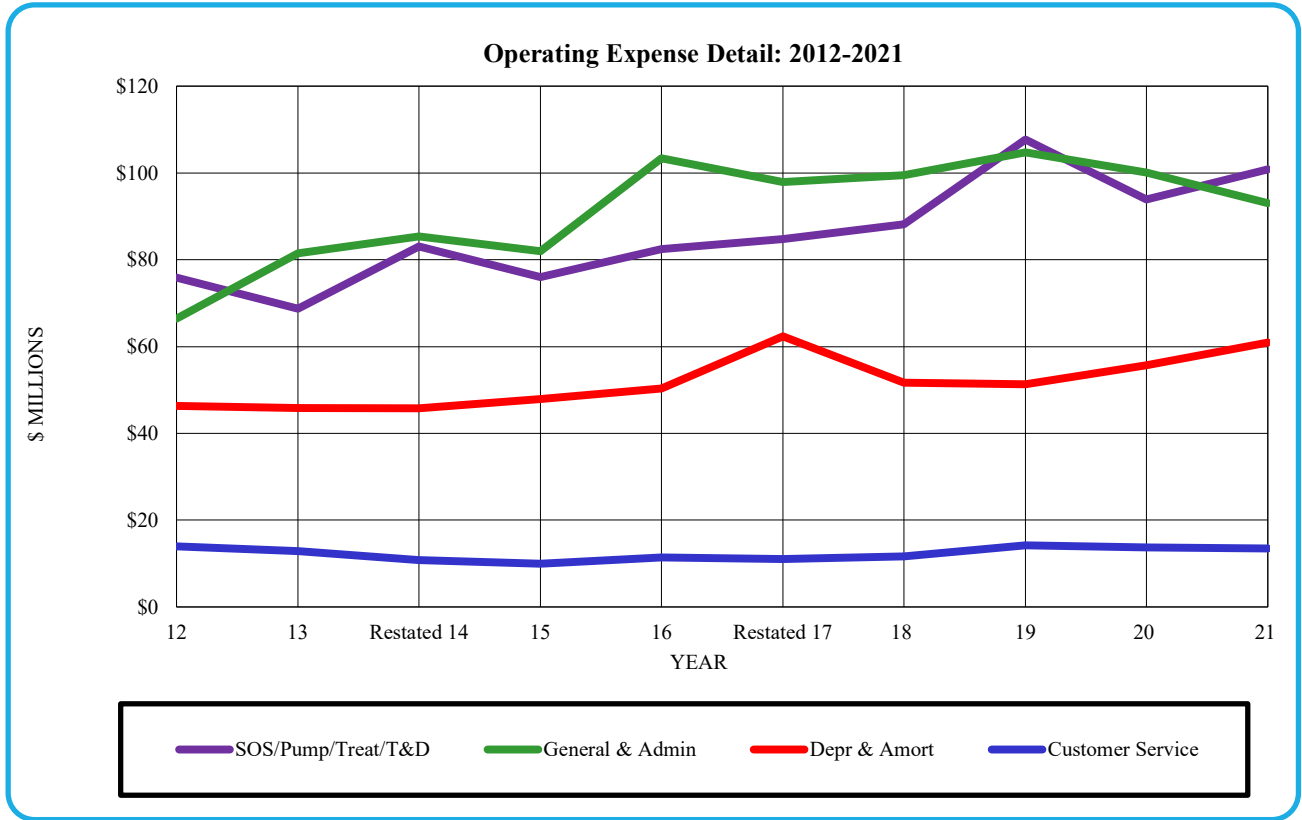
⁶ The 2019 beginning net position was restated for the cumulative effect of reversing the amortization taken on the Wolford Mountain capital lease.

REVENUES, EXPENSES, AND CHANGES IN NET POSITION - 10 YEAR GRAPHS¹: 2012 - 2021



¹ Operating expenses, operating income, income before contributions, and net position were restated for 2014 and 2017 as part of the implementation of new GASB Statements.

(continued)



¹ Operating expenses, operating income, income before contributions, and net position were restated for 2014 and 2017 as part of the implementation of new GASB Statements.

B - REVENUE CAPACITY INFORMATION

*These schedules contain information to help the reader assess
Denver Water's primary revenue sources.*

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CUSTOMER SERVICE DATA: 2012 - 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Active Taps:¹										
Beginning of Year	312,220	312,283	312,691	312,746	312,876	312,653	312,908	312,228	310,463	309,272
Activated During Year	609	789	944	887	992	1,139	1,105	1,250	2,377	1,539
Discontinued During Year	(772)	(852)	(1,352)	(942)	(1,122)	(916)	(1,360)	(570)	(612)	(348)
Net Increase During Year	(163)	(63)	(408)	(55)	(130)	223	(255)	680	1,765	1,191
Total Active Taps - End of Year	312,057	312,220	312,283	312,691	312,746	312,876	312,653	312,908	312,228	310,463
Active Taps:¹										
Inside City	161,218	161,321	161,346	161,670	161,746	161,816	161,611	161,997	161,668	160,205
City and County	1,180	1,188	1,182	1,201	1,215	1,225	1,229	1,236	1,334	1,218
Outside City - Read and Bill	37,063	37,054	37,043	37,048	37,050	37,051	37,020	36,911	36,795	36,637
Outside City - Total Service	36,478	36,471	36,475	36,504	36,466	36,462	36,452	36,408	36,473	36,318
Outside City - Master Meter	76,118	76,186	76,237	76,268	76,269	76,322	76,341	76,356	75,958	76,085
Total Active Taps - End of Year	312,057	312,220	312,283	312,691	312,746	312,876	312,653	312,908	312,228	310,463
Stub-Ins on System ²	1,972	2,649	1,249	1,807	2,203	1,179	766	1,146	811	514
Fire Hydrant Use Permits	717	689	768	741	708	730	673	631	550	518
Turn-Offs Due to Delinquent Accounts ⁶	310	1,942	7,953	8,169	7,287	6,275	4,996	5,630	4,746	5,463
In-Home Water Audits ⁵	-	-	-	119	1,170	1,172	1,005	1,162	976	609
Call Center Calls ³	238,113	220,791	227,166	215,766	218,411	230,002	231,620	214,867	227,736	231,533
Water Quality Calls:										
Taste and Odor	99	137	291	226	176	214	213	180	219	212
Dirty Water	268	278	500	382	359	296	335	300	326	289
Illness Concerns	42	21	65	49	57	49	56	47	50	48
Other ⁴	61	86	3,473	2,650	1,279	654	94	89	192	99
New Taps Made	1,924	2,914	2,115	2,242	2,806	2,710	2,165	2,289	1,941	950

¹ An active tap is defined as a metered connection to the distribution main that has had all fees paid, and is either currently using water, or has used water at any time during the last five consecutive years. This number does not include taps sold to raw water customers.

² A stub-in is a connection made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and is not considered a tap.

³ Call Center calls include calls offered, plus calls handled through the Interactive Voice Response (IVR).

⁴ Starting in 2016, customers were given the opportunity to request lead test kits to test lead levels in the water in their homes. These calls are tracked in the "other" category.

⁵ Water audits decreased significantly due to conservation program changes where the focus has shifted to efficiency and using benchmarks for water use. Going forward, water audits will occur for customers who meet efficiency improvement guidelines.

⁶ Turn-offs due to delinquency decreased significantly in 2020 and 2021 due to the decision to stop turn-offs for periods during the COVID-19 pandemic.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2012 - 2021¹

(amounts expressed in thousands)

		2021	2020	2019	2018	2017	2016 ²	2015	2014	2013	2012
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS 2016 - 2021											
Residential	Inside City	\$ 71,616	\$ 76,009	\$ 65,567	\$ 66,793	\$ 61,877	\$ 58,477	\$ -	\$ -	\$ -	\$ -
	Outside City-Read and Bill	23,257	26,564	21,369	22,205	20,948	21,461	-	-	-	-
	Outside City-Total Service	34,576	40,585	31,577	32,219	27,509	27,095	-	-	-	-
Irrigation	Inside City	5,969	6,693	5,588	5,746	4,681	4,430	-	-	-	-
	Outside City-Read and Bill	3,553	4,329	3,058	3,327	2,830	3,056	-	-	-	-
	Outside City-Total Service	5,223	6,276	4,856	5,062	3,873	4,129	-	-	-	-
Non-Residential	Inside City	59,663	58,117	56,899	56,978	53,396	47,711	-	-	-	-
	Outside City-Read and Bill	12,108	12,791	11,965	12,409	12,583	12,214	-	-	-	-
	Outside City-Total Service	14,874	15,921	14,685	14,383	12,595	11,750	-	-	-	-
		230,839	247,285	215,564	219,122	200,292	190,323	-	-	-	-
A. METERED GENERAL CUSTOMERS 2012 - 2015											
Residential	Inside City	-	-	-	-	-	-	49,842	49,114	48,057	57,504
	Outside City-Read and Bill	-	-	-	-	-	-	17,623	16,938	16,893	20,726
	Outside City-Total Service	-	-	-	-	-	-	21,943	22,113	22,168	28,464
Residential Irrigation	Inside City	-	-	-	-	-	-	1,044	1,028	995	1,363
	Outside City-Read and Bill	-	-	-	-	-	-	770	753	725	1,002
	Outside City-Total Service	-	-	-	-	-	-	682	661	602	766
Small Multi-Family	Inside City	-	-	-	-	-	-	4,974	4,932	4,780	5,281
	Outside City-Read and Bill	-	-	-	-	-	-	477	484	476	505
	Outside City-Total Service	-	-	-	-	-	-	785	781	748	813
Commercial	Inside City	-	-	-	-	-	-	36,651	35,883	33,834	37,074
	Outside City-Read and Bill	-	-	-	-	-	-	8,940	9,010	8,501	9,585
	Outside City-Total Service	-	-	-	-	-	-	9,284	9,434	8,744	9,691
Industrial	Inside City	-	-	-	-	-	-	3,033	3,090	3,139	3,212
	Outside City-Read and Bill	-	-	-	-	-	-	1,102	1,121	1,028	1,624
	Read and Bill Winter/Summer Adj	-	-	-	-	-	-	-	-	-	(1,644)
	Outside City-Total Service	-	-	-	-	-	-	154	143	148	164
Other Irrigation	Inside City	-	-	-	-	-	-	2,567	2,629	2,494	3,709
	Outside City-Read and Bill	-	-	-	-	-	-	1,674	1,584	1,535	2,095
	Outside City-Total Service	-	-	-	-	-	-	2,510	2,426	2,300	3,077
		-	-	-	-	-	-	164,055	162,124	157,167	185,011

See accompanying footnotes on final page of report.

(continued)

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2012 - 2021¹ (continued)

(amounts expressed in thousands)

		2021	2020	2019	2018	2017	2016 ²	2015	2014	2013	2012
B.	PRIVATE FIRE PROTECTION SERVICE 2016 - 2021										
	Sprinklers										
	Inside City	\$ 1,041	\$ 1,013	\$ 982	\$ 955	\$ 928	\$ 895	\$ -	\$ -	\$ -	\$ -
	Outside City-Read and Bill	101	99	97	92	93	88	-	-	-	-
	Outside City-Total Service	173	171	169	163	153	146	-	-	-	-
		1,315	1,283	1,248	1,210	1,174	1,129	-	-	-	-
B.	PRIVATE FIRE PROTECTION SERVICE 2012 - 2015										
	Sprinklers										
	Inside City	-	-	-	-	-	-	868	840	827	1,015
	Outside City-Read and Bill	-	-	-	-	-	-	86	84	71	65
	Outside City-Total Service	-	-	-	-	-	-	142	139	133	122
		-	-	-	-	-	-	1,096	1,063	1,031	1,202
C.	OTHER SALES TO PUBLIC AUTHORITIES 2016 - 2021										
	City & County of Denver										
	Irrigation	3,539	3,941	3,786	3,946	3,336	3,452	-	-	-	-
	Non-Irrigation	2,183	1,954	2,367	2,402	2,349	2,298	-	-	-	-
		5,722	5,895	6,153	6,348	5,685	5,750	-	-	-	-
C.	OTHER SALES TO PUBLIC AUTHORITIES 2012 - 2015										
	City & County of Denver										
	Irrigation	-	-	-	-	-	-	2,626	2,707	2,686	4,087
	Non-Irrigation	-	-	-	-	-	-	2,078	1,927	1,717	1,880
	Other County Agencies										
	Inside City	-	-	-	-	-	-	1,016	971	1,003	1,476
	Outside City-Read and Bill	-	-	-	-	-	-	608	768	625	743
	Outside City-Total Service	-	-	-	-	-	-	750	736	708	964
	State Agencies										
	Inside City	-	-	-	-	-	-	361	361	354	393
	Outside City-Read and Bill	-	-	-	-	-	-	51	46	38	42
	Outside City-Total Service	-	-	-	-	-	-	5	6	7	6
	Federal Agencies										
	Inside City	-	-	-	-	-	-	54	127	133	168
	Outside City-R&B at Denver Rates	-	-	-	-	-	-	31	9	26	26
	Outside City-Read and Bill	-	-	-	-	-	-	44	49	37	48
	Total Service	-	-	-	-	-	-	1	2	2	2
		-	-	-	-	-	-	7,625	7,709	7,336	9,835

See accompanying footnotes on final page of report.

(continued)

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2012 - 2021¹ (continued)

(amounts expressed in thousands)

	2021	2020	2019	2018	2017	2016 ²	2015	2014	2013	2012
D. SALES OF TREATED WATER FOR RESALE 2016 - 2021										
Outside City - Master Meter	\$ 74,189	\$ 74,732	\$ 67,653	\$ 66,910	\$ 64,604	\$ 65,479	\$ -	\$ -	\$ -	\$ -
Outside the Combined Service Area	2,543	4,111	5,038	4,283	4,545	3,704	-	-	-	-
	76,732	78,843	72,691	71,193	69,149	69,183	-	-	-	-
D. SALES OF TREATED WATER FOR RESALE 2012 - 2015										
Outside City - Master Meter	-	-	-	-	-	-	48,906	48,371	47,550	62,968
Outside the Combined Service Area	-	-	-	-	-	-	13,034	13,598	10,729	4,064
	-	-	-	-	-	-	61,940	61,969	58,279	67,032
TOTAL SALES OF TREATED WATER	314,608	333,306	295,656	297,873	276,300	266,385	234,716	232,865	223,813	263,081
<u>SALES OF NONPOTABLE WATER</u>	9,436	10,544	8,656	9,143	8,735	8,133	7,509	5,912	7,043	8,271
TOTAL SALES OF WATER	\$ 324,044	\$ 343,850	\$ 304,312	\$ 307,016	\$ 285,035	\$ 274,518	\$ 242,225	\$ 238,777	\$ 230,856	\$ 271,352

¹ This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this schedule do not agree with amounts on the *Statements of Revenues, Expenses, and Changes in Net Position*. The difference from amounts on an accrual basis is immaterial.

² During 2016, the Board of Directors at Denver Water approved modifications to its rate structures, changes to how Denver Water classifies selected revenues and expenses for financial statement presentation, and the presentation of certain information included in its statistical schedules.

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2012 - 2021¹

(amounts expressed in thousands of gallons)

<u>SALES OF TREATED WATER</u>		2021	2020	2019	2018	2017	2016 ²	2015	2014	2013	2012
A. METERED GENERAL CUSTOMERS 2016-2021											
Residential	Inside City	12,815,473	14,174,959	12,140,925	12,874,463	12,330,988	12,435,755	-	-	-	-
	Outside City-Read and Bill	3,975,452	4,642,888	3,786,607	4,172,241	4,056,528	4,231,865	-	-	-	-
	Outside City-Total Service	4,613,040	5,451,159	4,367,239	4,798,720	4,390,838	4,533,837	-	-	-	-
Irrigation	Inside City	967,467	1,126,724	956,174	1,030,278	895,806	911,999	-	-	-	-
	Outside City-Read and Bill	565,145	715,688	496,711	573,435	509,332	554,832	-	-	-	-
	Outside City-Total Service	660,153	786,459	593,106	679,961	559,663	624,619	-	-	-	-
Non-Residential	Inside City	15,160,810	15,231,416	15,524,638	15,824,790	15,520,778	15,543,153	-	-	-	-
	Outside City-Read and Bill	2,686,913	2,879,034	2,795,512	2,944,739	3,030,397	3,073,586	-	-	-	-
	Outside City-Total Service	2,564,918	2,793,690	2,706,297	2,801,073	2,568,339	2,570,546	-	-	-	-
		44,009,371	47,802,017	43,367,209	45,699,700	43,862,669	44,480,192	-	-	-	-
A. METERED GENERAL CUSTOMERS 2012-2015											
Residential	Inside City	-	-	-	-	-	-	11,359,464	11,603,885	11,629,361	14,052,609
	Outside City-Read and Bill	-	-	-	-	-	-	3,714,016	3,722,505	3,839,625	4,750,696
	Outside City-Total Service	-	-	-	-	-	-	3,957,317	4,051,615	4,150,654	5,225,688
Residential Irrigation	Inside City	-	-	-	-	-	-	215,336	209,084	202,587	283,485
	Outside City-Read and Bill	-	-	-	-	-	-	144,812	145,195	139,779	198,236
	Outside City-Total Service	-	-	-	-	-	-	105,991	107,181	101,655	140,407
Small Multi-Family	Inside City	-	-	-	-	-	-	1,355,336	1,386,032	1,370,868	1,560,394
	Outside City-Read and Bill	-	-	-	-	-	-	120,007	123,537	125,029	135,850
	Outside City-Total Service	-	-	-	-	-	-	160,073	162,590	163,553	184,925
Commercial	Inside City	-	-	-	-	-	-	11,877,715	11,865,891	11,407,418	12,522,805
	Outside City-Read and Bill	-	-	-	-	-	-	2,232,004	2,257,606	2,208,047	2,524,765
	Outside City-Total Service	-	-	-	-	-	-	2,032,945	2,071,909	2,033,840	2,323,899
Industrial	Inside City	-	-	-	-	-	-	1,061,877	1,116,290	1,145,795	1,188,635
	Outside City-Read and Bill	-	-	-	-	-	-	300,802	306,221	297,504	521,752
	Read and Bill Winter/Summer Adj	-	-	-	-	-	-	-	-	-	(519,142)
Other Irrigation	Outside City-Total Service	-	-	-	-	-	-	33,596	31,138	33,138	38,090
	Inside City	-	-	-	-	-	-	543,870	550,833	514,946	786,154
	Outside City-Read and Bill	-	-	-	-	-	-	318,000	307,594	296,929	417,375
	Outside City-Total Service	-	-	-	-	-	-	398,268	396,232	391,745	567,216
		-	-	-	-	-	-	39,931,429	40,415,338	40,052,473	46,903,839

See accompanying footnotes on final page of report.

(continued)

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2012 - 2021¹ (continued)

(amounts expressed in thousands of gallons)

<u>SALES OF TREATED WATER</u>		2021	2020	2019	2018	2017	2016 ²	2015	2014	2013	2012
B. OTHER SALES TO PUBLIC AUTHORITIES 2016-2021											
City & County of Denver	Irrigation	1,177,589	1,353,272	1,289,197	1,513,942	1,166,206	1,266,661	-	-	-	-
	Non-Irrigation	723,848	640,018	868,385	921,556	909,091	914,444	-	-	-	-
		1,901,437	1,993,290	2,157,582	2,435,498	2,075,297	2,181,105	-	-	-	-
B. OTHER SALES TO PUBLIC AUTHORITIES 2012-2015											
City & County of Denver	Irrigation	-	-	-	-	-	-	978,144	1,026,040	1,008,417	1,565,859
	Non-Irrigation	-	-	-	-	-	-	843,730	802,951	763,591	829,144
Other County Agencies	Inside City	-	-	-	-	-	-	302,066	291,796	309,260	445,947
	Outside City-Read and Bill	-	-	-	-	-	-	160,303	190,837	160,096	191,100
	Outside City-Total Service	-	-	-	-	-	-	149,410	146,595	148,160	210,913
State Agencies	Inside City	-	-	-	-	-	-	116,022	117,316	118,520	130,365
	Outside City-Read and Bill	-	-	-	-	-	-	11,139	10,783	9,299	10,205
	Outside City-Total Service	-	-	-	-	-	-	1,088	1,225	1,622	1,557
Federal Agencies	Inside City	-	-	-	-	-	-	20,840	40,390	48,534	60,751
	Outside City-R&B at Denver Rates	-	-	-	-	-	-	6,991	5,341	6,238	6,245
	Outside City-Read and Bill	-	-	-	-	-	-	10,166	11,486	8,493	11,156
	Total Service	-	-	-	-	-	-	296	451	457	367
		-	-	-	-	-	-	2,600,195	2,645,211	2,582,687	3,463,609
C. SALES OF TREATED WATER FOR RESALE 2016-2021											
Outside City - Master Meter		16,293,551	16,569,814	15,436,191	15,877,990	15,481,203	15,767,447	-	-	-	-
Outside the Combined Service Area		523,597	872,063	1,075,729	914,992	995,827	828,540	-	-	-	-
		16,817,148	17,441,877	16,511,920	16,792,982	16,477,030	16,595,987	-	-	-	-
C. SALES OF TREATED WATER FOR RESALE 2012-2015											
Outside City - Master Meter		-	-	-	-	-	-	12,130,614	12,264,584	12,574,045	15,050,805
Outside the Combined Service Area		-	-	-	-	-	-	3,147,757	3,326,368	2,743,233	3,558,092
		-	-	-	-	-	-	15,278,371	15,590,952	15,317,278	18,608,897
TOTAL SALES OF TREATED WATER		62,727,956	67,237,184	62,036,711	64,928,180	62,414,996	63,257,284	57,809,995	58,651,501	57,952,438	68,976,345

¹ This schedule represents actual billings made for water during the year. No accruals were made on unbilled metered accounts.

² During 2016, Denver Water approved modifications to its rate structures, changes to how Denver Water classifies selected revenues and expenses for financial statement presentation, and the presentation of certain information included in its statistical schedules.

OPERATING REVENUE AND RELATED WATER CONSUMPTION: 2021

		Revenue (thousands)	Gallons Sold (thousands)	Number of Customers ¹	Revenue per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential	Inside City	\$ 71,616	12,815,473	142,282	\$ 5.5882
	Outside City-Read and Bill	23,257	3,975,452	32,145	5.8502
	Outside City-Total Service	34,576	4,613,040	34,312	7.4953
Irrigation	Inside City	5,969	967,467	1,553	6.1697
	Outside City-Read and Bill	3,553	565,145	458	6.2869
	Outside City-Total Service	5,223	660,153	655	7.9118
Non-Residential	Inside City	59,663	15,160,810	25,642	3.9353
	Outside City-Read and Bill	12,108	2,686,913	3,113	4.5063
	Outside City-Total Service	14,874	2,564,918	3,941	5.7990
		<u>230,839</u>	<u>44,009,371</u>	<u>244,101</u>	<u>5.2452</u>
B. PRIVATE FIRE PROTECTION SERVICE²					
Sprinklers	Inside City	1,041	-		
	Outside City-Read and Bill	101	-		
	Outside City-Total Service	173	-		
		<u>1,315</u>	<u>-</u>		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City and County of Denver	Irrigation	3,539	1,177,589	737	3.0053
	Non-Irrigation	2,183	723,848	461	3.0158
		<u>5,722</u>	<u>1,901,437</u>	<u>1,198</u>	<u>3.0093</u>
D. SALES OF TREATED WATER FOR RESALE³					
Outside City - Master Meter		74,189	16,293,551	76,118	4.5533
Outside the Combined Service Area		2,543	523,597	-	4.8568
		<u>76,732</u>	<u>16,817,148</u>	<u>76,118</u>	<u>4.5627</u>
TOTAL SALES OF TREATED WATER ⁴		<u>314,608</u>	<u>62,727,956</u>	<u>321,417</u>	<u>5.0154</u>
II. SALES OF NON-POTABLE WATER⁵					
Inside City		1,185	1,418,450	140	0.8354
Outside City		6,427	5,824,840	26	1.1034
Outside the Combined Service Area		1,824	1,317,173	8	1.3848
		<u>9,436</u>	<u>8,560,463</u>	<u>174</u>	<u>1.1023</u>
TOTAL SALES OF WATER ⁶		<u>324,044</u>	<u>71,288,419</u>	<u>321,591</u>	<u>\$ 4.5455</u>
III. OTHER NON-POTABLE WATER DELIVERIES⁵			<u>1,730,248</u>		
TOTAL GALLONS DELIVERED			<u><u>73,018,667</u></u>		

See accompanying footnotes on final page of report.

(continued)

OPERATING REVENUE AND RELATED WATER CONSUMPTION: 2021 (continued)

	Revenue (thousands)	Gallons Sold (thousands)	Number of Customers ¹	Revenue per 1,000 Gallons
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE				
Foothills Treatment Plant	\$ 412			
Strontia Springs	389			
Dillon Dam	558			
Roberts Tunnel	599			
Hillcrest	433			
Williams Fork	320			
Gross Reservoir	1,124			
	<u>3,835</u>			
B. FEES AND OTHER ADJUSTMENTS				
Administrative Fees	3,913			
Penalty Fees	134			
Stub-in, Taps and Meter Fees	1,433			
Hydrant Fees	1,789			
Plan Review, Easement, Distribution Inspection	753			
Other Assessments ⁶	93			
	<u>8,115</u>			
TOTAL OTHER OPERATING REVENUE	<u>11,950</u>			
TOTAL OPERATING REVENUE	<u>\$ 335,994</u>			

¹ Represents the number of active metered services at year-end.

² Private fire protection consumption is unmetered and is considered part of non-revenue water. See "Sales of Treated Water between Denver and Outside City" for this estimate.

³ See "Sales of Treated Water for Resale".

⁴ See "Sales of Treated Water Between Denver and Outside City".

⁵ See "Sales of Non-Potable Water Between Denver and Outside City".

⁶ Other assessments includes accruals for revenue earned on unbilled treated water accounts.

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY: 2021¹

	<u>Revenue</u>		<u>Gallons Sold</u>		Number of Customers
	Amounts (thousands)	% of Total	Amounts (thousands)	% of Total	
I. <u>INSIDE CITY</u>					
A. METERED GENERAL CUSTOMERS					
Residential	\$ 71,616	22.77%	12,815,473	20.43%	142,282
Irrigation	5,969	1.90%	967,467	1.54%	1,553
Non-Residential	59,663	18.96%	15,160,810	24.17%	25,642
	<u>137,248</u>	<u>43.63%</u>	<u>28,943,750</u>	<u>46.14%</u>	<u>169,477</u>
B. PRIVATE FIRE PROTECTION SERVICE²					
Sprinklers	<u>1,041</u>	<u>0.33%</u>	<u>-</u>		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City and County of Denver-Irrigation	3,539	1.12%	1,177,589	1.88%	737
City and County of Denver-Non-Irrigation	2,183	0.69%	723,848	1.15%	461
	<u>5,722</u>	<u>1.81%</u>	<u>1,901,437</u>	<u>3.03%</u>	<u>1,198</u>
TOTAL SALES OF TREATED WATER					
DENVER	<u>144,011</u>	<u>45.77%</u>	<u>30,845,187</u>	<u>49.17%</u>	<u>170,675</u>
Revenue per 1,000 Gallons - Denver			<u>\$ 4.6688</u>		
II. <u>OUTSIDE CITY</u>					
A. METERED GENERAL CUSTOMERS					
Residential - Read & Bill	23,257	7.39%	3,975,452	6.35%	32,145
Irrigation - Read & Bill	3,553	1.13%	565,145	0.90%	458
Non-Residential - Read & Bill	12,108	3.85%	2,686,913	4.28%	3,113
Residential - Total Service	34,576	10.99%	4,613,040	7.35%	34,312
Irrigation - Total Service	5,223	1.66%	660,153	1.05%	655
Non-Residential - Total Service	14,874	4.73%	2,564,918	4.09%	3,941
	<u>93,591</u>	<u>29.75%</u>	<u>15,065,621</u>	<u>24.02%</u>	<u>74,624</u>

See accompanying footnotes on final page of report.

(continued)

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY: 2021¹ (continued)

	<u>Revenue</u>		<u>Gallons Sold</u>		Number of Customers
	Amounts (thousands)	% of Total	Amounts (thousands)	% of Total	
II. <u>OUTSIDE CITY (Continued)</u>					
B. PRIVATE FIRE PROTECTION SERVICE ²					
Sprinklers	\$ 101	0.03%	-		
Sprinklers - Total Service	173	0.05%	-		
	274	0.08%	-		
C. SALES OF TREATED WATER FOR RESALE ³					
Master Meter Distributors	74,189	23.59%	16,293,551	25.98%	76,118
Outside CSA-Fixed Limit Contracts	2,543	0.81%	523,597	0.83%	-
	76,732	24.40%	16,817,148	26.81%	76,118
TOTAL SALES OF TREATED WATER					
OUTSIDE CITY	170,597	54.23%	31,882,769	50.83%	150,742
Revenue per 1,000 Gallons - Outside City			<u>\$ 5.3508</u>		
TOTAL SALES OF TREATED WATER					
	\$ 314,608	100.00%	62,727,956	100.00%	321,417
Revenue per 1,000 Gallons - Total			<u>\$ 5.0154</u>		

¹ This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts.

² Private fire protection consumption is unmetered and is considered part of non-revenue water.

³ See "Sales of Treated Water For Resale".

SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY: 2021¹

	Revenue		Gallons Sold		Number of Customers ²	Revenue per 1,000 Gallons
	Amount (thousands)	% of Total	Amount (thousands)	% of Total		
I. <u>INSIDE CITY</u>						
Raw Water Sales						
City & County of Denver	\$ 89	0.94%	255,274	2.98%	1	\$ 0.3486
All Other	42	0.45%	27,287	0.32%	8	1.5392
	<u>131</u>	<u>1.39%</u>	<u>282,561</u>	<u>3.30%</u>	<u>9</u>	<u>0.4636</u>
Effluent Sales						
City & County of Denver	11	0.12%	32,693	0.38%	1	0.3365
All Other	37	0.39%	45,062	0.53%	5	0.8211
	<u>48</u>	<u>0.51%</u>	<u>77,755</u>	<u>0.91%</u>	<u>6</u>	<u>0.6173</u>
Recycle Sales ¹						
City & County of Denver	147	1.56%	645,255	7.54%	17	0.2278
All Other	859	9.10%	412,879	4.82%	108	2.0805
	<u>1,006</u>	<u>10.66%</u>	<u>1,058,134</u>	<u>12.36%</u>	<u>125</u>	<u>0.9507</u>
 Total Denver	 <u>1,185</u>	 <u>12.56%</u>	 <u>1,418,450</u>	 <u>16.57%</u>	 <u>140</u>	 <u>0.8354</u>
II. <u>OUTSIDE CITY, WITHIN COMBINED SERVICE AREA</u>						
Raw Water Sales-All Others	6,374	67.55%	5,744,104	67.11%	16	1.1097
Effluent Sales-All Others	53	0.56%	80,736	0.94%	10	0.6565
Total Outside City, Within Combined Service Area	<u>6,427</u>	<u>68.11%</u>	<u>5,824,840</u>	<u>68.05%</u>	<u>26</u>	<u>1.1034</u>
III. <u>OUTSIDE COMBINED SERVICE AREA</u>						
Raw Water Sales	586	6.21%	487,993	5.70%	6	1.2008
Effluent Sales	202	2.14%	168,047	1.96%	1	1.2020
Recycle Sales	1,036	10.98%	661,133	7.72%	1	1.5670
Total Outside Combined Service Area	<u>1,824</u>	<u>19.33%</u>	<u>1,317,173</u>	<u>15.38%</u>	<u>8</u>	<u>1.3848</u>
 TOTAL SALES OF NON-POTABLE WATER	 <u>\$ 9,436</u>	 <u>100.00%</u>	 <u>8,560,463</u>	 <u>100.00%</u>	 <u>174</u>	 <u>\$ 1.1023</u>
IV. <u>OTHER NON-POTABLE WATER DELIVERIES</u>						
City Ditch at Washington Park			966,706			
City of Englewood (Cabin-Meadow Exchange)			763,542			
Total Other Non-Potable Water Deliveries			<u>1,730,248</u>			
 TOTAL NON-POTABLE WATER DELIVERIES			<u>10,290,711</u>			

¹ This schedule represents actual billings made for recycled water during the year. No accruals were made for revenue earned on unbilled recycled accounts.

² If the customer uses both raw and effluent water, it will be included in both customer counts.

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER: 2021

		Number of Customers ¹		
		12/31/2021	12/31/2020	Increase (Decrease)
METERED GENERAL CUSTOMERS				
Residential	Denver	142,282	141,627	655
	Outside City	32,145	32,063	82
	Total Service	34,312	34,271	41
Non-Residential	Denver	25,642	25,576	66
	Outside City	3,113	3,097	16
	Total Service	3,941	3,925	16
Irrigation	Denver	1,553	1,533	20
	Outside City	458	455	3
	Total Service	655	642	13
TOTAL METERED GENERAL CUSTOMERS		244,101	243,189	912
PUBLIC AUTHORITIES				
City & County of Denver	Irrigation	737	734	3
	Non-Irrigation	461	458	3
TOTAL PUBLIC AUTHORITIES		1,198	1,192	6
RESALE ACCOUNTS (MASTER METER)²		76,118	76,186	(68)
TOTAL TREATED WATER CUSTOMERS		321,417	320,567	850

¹ Represents the number of active metered services at year-end.

² See "Sales of Treated Water for Resale".

WATER RATE SCHEDULES: 2021^{1,2}

Rate Schedule - 1
Treated Water Rates
For Meters Read On or After January 1, 2021

A. Monthly Fixed Charges, \$ per Bill

Meter Size inches	Inside City of Denver	Outside City		
		Read & Bill	Total Service	Wholesale
5/8" & 3/4"	\$16.46	\$16.46	\$16.46	\$16.46
1"	23.17	23.17	23.17	23.17
1 1/2"	43.98	43.98	43.98	43.98
2"	72.85	72.85	72.85	72.85
3"	154.75	154.75	154.75	154.75
4"	269.55	269.55	269.55	269.55
6"	598.51	598.51	598.51	598.51
8"	1,058.37	1,058.37	1,058.37	1,058.37
10"	1,649.82	1,649.82	1,649.82	1,649.82
12"	2,373.56	2,373.56	2,373.56	2,373.56

B. Treated Water Volume Rates, \$ per 1,000 gallons

Customer Class	Tier Threshold 1,000 gallons	Inside City of Denver	Outside City		
			Read & Bill	Total Service	Wholesale
Single Family Residential					
Tier 1	0 to AWC (note D.3)	\$2.39	\$2.74	\$3.69	N/A
Tier 2	AWC + 15	4.30	4.93	6.64	
Tier 3	Greater than AWC + 15	5.74	6.58	8.86	
Nonresidential (note D.4, D.5)					
Tier 1	0 to AWC	\$2.74	\$3.23	\$4.15	N/A
Tier 2	AWC to 4 x AWC	3.84	4.52	5.81	
Tier 3	Greater than 4 x AWC	4.38	5.17	6.64	
Irrigation					
Winter (Nov 1 through Apr 30)		\$1.44	\$1.52	\$2.01	N/A
Summer (May 1 through Oct 31)		5.76	6.08	8.04	
Wholesale					
Master Meter					\$4.41
Outside the Combined Service Area					4.59

C. Private Fireline

Fireline Size inches	Inside City of Denver	Outside City		
		Read & Bill	Total Service	Wholesale
1"	\$3.82	\$2.59	\$4.02	N/A
2"	6.37	4.31	6.70	
4"	9.85	6.67	10.36	
6"	14.06	9.52	14.80	
8"	24.61	16.67	25.89	
10"	35.16	23.81	36.99	
12"	56.26	38.10	59.18	
16"	140.65	95.25	147.95	
Fire Hydrants	\$14.06	\$9.52	\$14.80	

D. Notes

- 1. Applicability:** See Chapter 2 of Denver Water's Operating Rules.
- 2. Payment:** Bills are due and payable to Denver Water upon issuance. Monthly bills are delinquent 20 days after the billing date. Late charges will be assessed per Denver Water policy.
- 3. Single Family AWC:** A customer's average winter consumption (AWC) is used to determine the Tier 1 threshold. The AWC is calculated by averaging each customer's billed monthly water use from January through March, which is a way of determining essential indoor water use. Denver Water has set the Tier 1 minimum threshold at 5,000 gallons and a maximum of 15,000 gallons. For example, if the customer's AWC is less than 5,000 gallons, Tier 1 is 0 to 5,000 gallons. If the AWC is over 15,000 gallons, Tier 1 is 0 to 15,000 gallons. Volume rates are applied to billed monthly usage.
- 4. Nonresidential AWC:** The Tier 1 threshold is based on each customer's average winter consumption (AWC). This represents demands during the system off-peak period. The AWC is the average of a customer's billed water use for the months of January, February, and March. Volume rates are applied to billed monthly usage. Tier 2 is equal to 4 times the customer's AWC. Tier 3 is for usage in excess of 4 times the AWC.
- 5. Small Multifamily:** Beginning 2016, the small multifamily class (duplex through 5-plex) is now included in the nonresidential class.

(continued)

WATER RATE SCHEDULES: 2021^{1,2} (continued)

Rate Schedule - 2
 Nonpotable Water Rates
 For Meters Read On or After January 1, 2021

A. Monthly Fixed Charges, \$ per Bill

Meter Size inches	Inside City of Denver	Outside City	Outside Combined Service Area
5/8" & 3/4"	\$16.46	\$16.46	\$16.46
1"	23.17	23.17	23.17
1 1/2"	43.98	43.98	43.98
2"	72.85	72.85	72.85
3"	154.75	154.75	154.75
4"	269.55	269.55	269.55
6"	598.51	598.51	598.51
8"	1,058.37	1,058.37	1,058.37
10"	1,649.82	1,649.82	1,649.82
12"	2,373.56	2,373.56	2,373.56

B. Nonpotable Water Volume Rates, \$ per 1,000 gallons

Customer Class	Inside City of Denver	Outside City	Outside Combined Service Area
Recycled			
\$ per 1,000 gallons	\$0.99	N/A	\$1.18
\$ per Acre-Foot	322.59		384.50
Raw Water (Monthly Fixed Charges Not Applicable)			
\$ per 1,000 gallons	\$0.81	\$1.11	\$1.20
\$ per Acre-Foot	263.94	361.69	391.02

C. Notes

- 1. Applicability:** See Chapter 2 of Denver Water's Operating Rules
- 2. Payment:** Bills are due and payable to Denver Water upon issuance. Monthly bills are delinquent 20 days after the billing date. Late charges will be assessed per Denver Water policy.

(continued)

WATER RATE SCHEDULES: 2021^{1,2} (continued)

Rate Schedule - 3
 City and County of Denver Governmental Rates
 For Meters Read On or After January 1, 2021

A. Monthly Fixed Charges, \$ per Bill

Meter Size inches	Fixed Charge
5/8" & 3/4"	\$16.46
1"	23.17
1 1/2"	43.98
2"	72.85
3"	154.75
4"	269.55
6"	598.51
8"	1,058.37
10"	1,649.82
12"	2,373.56

B. Treated Water Volume Rates, \$ per 1,000 gallons

Domestic	
Year-Round	\$2.25
Irrigation	
Winter (Nov 1 through Apr 30)	\$0.96
Summer (May 1 through October 31)	2.40

C. Nonpotable Water Volume Rates, \$ per 1,000 gallons

Raw	\$0.35
Recycled	0.24

D. Private Fireline

Fireline Size inches	Fixed Charge
1"	\$3.82
2"	6.37
4"	9.85
6"	14.06
8"	24.61
10"	35.16
12"	56.26
16"	140.65
Fire Hydrants	\$14.06

E. Notes

- 1. Applicability:** See Chapter 2 of Denver Water's Operating Rules.
- 2. Payment:** Bills are due and payable to Denver Water upon issuance. Monthly bills are delinquent 20 days after the billing date. Late charges will be assessed per Denver Water policy.

(continued)

WATER RATE SCHEDULES: 2021 (continued)

Rate Schedule - 4
(Effective for bills dated on or after April 28, 2013)

	System Development Charges			
	Treated Water			
	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
I. SINGLE FAMILY RESIDENTIAL				
Base Charge	\$3,030		\$4,240	
First 22,000 sq. ft., \$ per sq. ft.	0.70		0.98	
Over 22,000 sq. ft., \$ per sq. ft.	0.35		0.49	
Auxiliary Dwelling Unit ¹	\$1,940		\$2,710	
II. RESIDENTIAL MULTIPLEX				
Base Charge, \$ per unit	\$3,030		N/A	
Lot size charge, \$ per sq. ft.	0.70		N/A	
III. MULTIFAMILY RESIDENTIAL				
Base charge for the first two dwelling units that are on same parcel	\$10,040		\$14,060	
Charge for next 6 dwelling units that are on the same parcel	2,420		3,390	
Charge for each additional dwelling units above 8 that are on the same parcel	1,940		2,710	
IV. IRRIGATION-ONLY				
Minimum charge: first 5,000 sq. ft.	\$5,820		\$8,150	
Over 5,000 sq. ft., \$ per sq. ft.	0.87		1.22	
V. NON-RESIDENTIAL^{2,3,4}				
	<u>Treated Water</u>		<u>Non-Potable Water</u>	
<u>Tap Size</u>	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
3/4"	\$10,730	\$15,030	\$9,370	\$13,120
1"	19,170	26,840	16,730	23,420
1 1/2"	42,180	59,050	36,810	51,540
2"	76,690	107,360	66,930	93,710
VI. MIXED USE⁵ (sum of the following SDC)			<u>Treated Water</u>	
			<u>Inside City</u>	<u>Outside City</u>
Multifamily component			As set forth in Section III of this schedule	
Nonresidential component			\$2.90	\$4.10
\$ per sq. ft. of nonresidential gross floor area irrigation, if applicable			As set forth in Section IV of this schedule	
VII. SPECIAL CONTRACTS, FIXED VOLUME CONTRACTS, & LARGE VOLUME CUSTOMERS				
	<u>Treated Water</u>		<u>Non-Potable Water</u>	
<u>Description</u>	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
Inside the Combined Service Area				
Acre Foot Conversion (\$/AF)	\$18,980	\$26,570	\$16,570	\$23,190
1,000 Gallons Conversion (\$/1,000 gallons)	58.26	81.57	50.85	71.19
Outside the Combined Service Area				
Acre Foot Conversion (\$/AF)	N/A	\$37,210	N/A	\$32,470
1,000 Gallons Conversion (\$/1,000 gallons)	N/A	\$114.10	N/A	\$99.60

System Development Charge Applicability: Licenses for treated and non-potable water taps within the City and County of Denver and Denver Water service areas, including special contracts. System Development Charges are due and payable prior to issuance of a license to the customer.

Note: Several distributor contracts and water service agreements contain negotiated tap ratio conversions per acre foot and some agreements contain negotiated and/or prepaid system development charges. These contracts will continue to be administered utilizing the system development charge calculations and/or tap ratio conversions specified in each of the contracts. Tap credit pools are administered consistent with the applicable water service agreement and Denver Water Operating Rules.

- ¹ Units such as a guest house or carriage house that are detached from the primary residence and contain provisions for sleeping, cooking, and sanitation.
- ² Includes commercial, industrial, and institutional development.
- ³ SDC for nonpotable by tap size apply only to recycled water taps.
- ⁴ Tap sizes greater than two inches are determined on an individual basis using peak demand requirements.
- ⁵ Development containing two or more different principal or primary uses such as residential, office, manufacturing, retail, public or entertainment.

SUMMARY OF WATER RATES: 2012 - 2021

City of Denver - Schedule - 1	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Residential - Consumption Charge per 1,000 Gallons										
0 to AWC ¹	\$ 2.39	\$ 2.36	\$ 2.29	\$ 2.29	\$ 2.55	\$ 2.60	\$ -	\$ -	\$ -	\$ -
AWC + 15	4.30	4.25	4.12	4.12	4.59	4.68	-	-	-	-
Greater than AWC + 15	5.74	5.66	5.50	5.50	6.12	6.24	-	-	-	-
Prior to April 1, 2016										
First 11,000 Gallons	-	-	-	-	-	-	2.75	2.68	2.59	2.54
12,000 - 30,000 Gallons	-	-	-	-	-	-	5.50	5.36	5.18	5.09
31,000 - 40,000 Gallons	-	-	-	-	-	-	8.25	8.04	7.77	7.63
Over 40,000 Gallons	-	-	-	-	-	-	11.00	10.72	10.36	10.17
Residential Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	-
Summer - All Consumption	-	-	-	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1,000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
0 to AWC ^{2,3}	2.74	2.67	2.60	2.60	2.71	2.68	-	-	-	-
AWC to 4 x AWC	3.84	3.74	3.64	3.64	3.79	3.75	-	-	-	-
Greater than 4 x AWC	4.38	4.27	4.16	4.16	4.34	4.29	-	-	-	-
Prior to April 1, 2016										
First 15,000 Gallons ⁴	-	-	-	-	-	-	3.02	2.93	2.83	2.82
Over 15,000 Gallons	-	-	-	-	-	-	3.62	3.52	3.40	3.38
All Other Retail - Consumption Charge per 1,000 Gallons										
0 to AWC ²	2.74	2.67	2.60	2.60	2.71	2.68	-	-	-	-
AWC to 4 x AWC	3.84	3.74	3.64	3.64	3.79	3.75	-	-	-	-
Greater than 4 x AWC	4.38	4.27	4.16	4.16	4.34	4.29	-	-	-	-
Prior to April 1, 2016										
Winter - All Consumption	-	-	-	-	-	-	1.88	1.84	1.78	1.78
Summer - All Consumption	-	-	-	-	-	-	3.76	3.68	3.57	3.57
Irrigation Only- Consumption Charge per 1,000 Gallons										
Winter - All Consumption	1.44	1.40	1.35	1.34	1.27	1.22	1.20	1.20	1.20	1.20
Summer - All Consumption	5.76	5.60	5.40	5.36	5.08	4.88	4.81	4.81	4.81	4.81
Service Charge/Meter Charge										
Monthly 5/8" & 3/4"	16.46	16.13	15.94	15.39	11.86	8.79	-	-	-	-
Monthly 1"	23.17	22.72	22.26	21.44	15.13	10.13	-	-	-	-
Monthly 1 1/2"	43.98	43.17	41.85	40.16	25.28	14.27	-	-	-	-
Monthly 2"	72.85	71.54	69.02	66.14	39.35	20.02	-	-	-	-
Monthly 3"	154.75	152.02	146.11	139.84	79.29	36.33	-	-	-	-
Monthly 4"	269.55	264.83	254.15	243.14	135.26	59.20	-	-	-	-
Monthly 6"	598.51	588.07	563.76	539.15	295.65	124.71	-	-	-	-
Monthly 8"	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-	-	-
Monthly 10"	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-	-	-
Monthly 12"	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-
Prior to April 1, 2016										
Monthly Service Charge	-	-	-	-	-	-	6.74	6.58	6.33	6.33

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2012 - 2021 (continued)

Outside City Read and Bill - Schedule - 1 (continued)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Residential - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ¹	\$ 2.74	\$ 2.72	\$ 2.64	\$ 2.52	\$ 2.68	\$ 2.80	\$ -	\$ -	\$ -	\$ -
AWC + 15	4.93	4.90	4.75	4.54	4.82	5.04	-	-	-	-
Greater than AWC + 15	6.58	6.53	6.34	6.05	6.43	6.72	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	-	-	2.82	2.73	2.61	2.49
12,000 - 30,000 Gallons	-	-	-	-	-	-	5.64	5.46	5.22	4.98
31,000 - 40,000 Gallons	-	-	-	-	-	-	8.46	8.19	7.83	7.47
Over 40,000 Gallons	-	-	-	-	-	-	11.28	10.92	10.44	9.96
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	-
Summer - All Consumption	-	-	-	-	-	-	-	-	-	-
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ^{2,3}	3.23	3.21	3.15	3.12	3.25	3.32	-	-	-	-
AWC to 4 x AWC	4.52	4.49	4.41	4.37	4.55	4.65	-	-	-	-
Greater than 4 x AWC	5.17	5.14	5.04	4.99	5.20	5.31	-	-	-	-
<u>Prior to April 1, 2016</u>										
(Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ⁴	-	-	-	-	-	-	3.43	3.39	3.30	3.21
Over 15,000 Gallons	-	-	-	-	-	-	4.12	4.07	3.96	3.85
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ²	3.23	3.21	3.15	3.12	3.25	3.32	-	-	-	-
AWC to 4 x AWC	4.52	4.49	4.41	4.37	4.55	4.65	-	-	-	-
Greater than 4 x AWC	5.17	5.14	5.04	4.99	5.20	5.31	-	-	-	-
<u>Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	-	-	2.36	2.35	2.26	2.20
Summer - All Consumption	-	-	-	-	-	-	4.72	4.70	4.52	4.41
<u>Irrigation Only - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	1.52	1.52	1.47	1.42	1.38	1.40	1.35	1.31	1.29	1.29
Summer - All Consumption	6.08	6.08	5.88	5.68	5.52	5.60	5.40	5.24	5.15	5.15
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	16.46	16.13	15.94	15.39	11.86	8.79	-	-	-	-
Monthly 1"	23.17	22.72	22.26	21.44	15.13	10.13	-	-	-	-
Monthly 1 1/2"	43.98	43.17	41.85	40.16	25.28	14.27	-	-	-	-
Monthly 2"	72.85	71.54	69.02	66.14	39.35	20.02	-	-	-	-
Monthly 3"	154.75	152.02	146.11	139.84	79.29	36.33	-	-	-	-
Monthly 4"	269.55	264.83	254.15	243.14	135.26	59.20	-	-	-	-
Monthly 6"	598.51	588.07	563.76	539.15	295.65	124.71	-	-	-	-
Monthly 8"	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-	-	-
Monthly 10"	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-	-	-
Monthly 12"	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	6.74	6.58	6.33	6.33

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2012 - 2021 (continued)

Outside City Total Service - Schedule - 1 (continued)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Residential - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ¹	\$ 3.69	\$ 3.68	\$ 3.58	\$ 3.33	\$ 3.30	\$ 3.28	\$ -	\$ -	\$ -	\$ -
AWC + 15	6.64	6.62	6.44	5.99	5.94	5.90	-	-	-	-
Greater than AWC + 15	8.86	8.83	8.59	7.99	7.92	7.87	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	-	-	3.04	3.02	2.93	2.85
12,000 - 30,000 Gallons	-	-	-	-	-	-	6.08	6.04	5.86	5.70
31,000 - 40,000 Gallons	-	-	-	-	-	-	9.12	9.06	8.79	8.55
Over 40,000 Gallons	-	-	-	-	-	-	12.16	12.08	11.72	11.39
<u>Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	-
Summer - All Consumption	-	-	-	-	-	-	-	-	-	-
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u> (Duplexes through Five-Plexes with a Single Meter)										
0 to AWC ^{2,3}	4.15	4.11	3.99	3.78	3.77	3.76	-	-	-	-
AWC to 4 x AWC	5.81	5.75	5.59	5.29	5.28	5.26	-	-	-	-
Greater than 4 x AWC	6.64	6.58	6.38	6.05	6.03	6.02	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 15,000 Gallons ⁴	-	-	-	-	-	-	4.29	4.21	3.99	3.84
Over 15,000 Gallons	-	-	-	-	-	-	5.15	5.05	4.79	4.61
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ²	4.15	4.11	3.99	3.78	3.77	3.76	-	-	-	-
AWC to 4 x AWC	5.81	5.75	5.59	5.29	5.28	5.26	-	-	-	-
Greater than 4 x AWC	6.64	6.58	6.38	6.05	6.03	6.02	-	-	-	-
<u>Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	-	-	2.72	2.70	2.54	2.44
Summer - All Consumption	-	-	-	-	-	-	5.44	5.40	5.08	4.87
<u>Irrigation Only - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	2.01	2.00	1.98	1.85	1.74	1.69	1.64	1.56	1.47	1.39
Summer - All Consumption	8.04	8.00	7.92	7.40	6.96	6.76	6.56	6.24	5.88	5.57
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	16.46	16.13	15.94	15.39	11.86	8.79	-	-	-	-
Monthly 1"	23.17	22.72	22.26	21.44	15.13	10.13	-	-	-	-
Monthly 1 1/2"	43.98	43.17	41.85	40.16	25.28	14.27	-	-	-	-
Monthly 2"	72.85	71.54	69.02	66.14	39.35	20.02	-	-	-	-
Monthly 3"	154.75	152.02	146.11	139.84	79.29	36.33	-	-	-	-
Monthly 4"	269.55	264.83	254.15	243.14	135.26	59.20	-	-	-	-
Monthly 6"	598.51	588.07	563.76	539.15	295.65	124.71	-	-	-	-
Monthly 8"	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-	-	-
Monthly 10"	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-	-	-
Monthly 12"	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	6.74	6.58	6.33	6.33

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2012 - 2021 (continued)

Outside City Master Meter - Schedule - 1	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Consumption Charge per 1,000 Gallons - All Consumption	\$ 4.41	\$ 4.37	\$ 4.25	\$ 4.09	\$ 4.10	\$ 4.15	\$ 4.04	\$ 3.95	\$ 3.81	\$ 3.64
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	16.46	16.13	15.94	15.39	11.86	8.79	-	-	-	-
Monthly 1"	23.17	22.72	22.26	21.44	15.13	10.13	-	-	-	-
Monthly 1 1/2"	43.98	43.17	41.85	40.16	25.28	14.27	-	-	-	-
Monthly 2"	72.85	71.54	69.02	66.14	39.35	20.02	-	-	-	-
Monthly 3"	154.75	152.02	146.11	139.84	79.29	36.33	-	-	-	-
Monthly 4"	269.55	264.83	254.15	243.14	135.26	59.20	-	-	-	-
Monthly 6"	598.51	588.07	563.76	539.15	295.65	124.71	-	-	-	-
Monthly 8"	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-	-	-
Monthly 10"	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-	-	-
Monthly 12"	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	6.74	6.58	6.33	6.33
Outside City Master Meter Maintenance - Schedule - 1 (continued)										
Consumption Charge per 1,000 Gallons - All Consumption	-	-	-	-	-	-	-	-	-	4.96
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	-	-	-	-	-	-	-	-	-	6.33
Outside Combined Service Area - Schedule - 1 (continued)										
Treated Water - Consumption Charge per 1,000 Gallons	4.59	4.55	4.55	4.55	4.48	4.44	4.44	4.44	4.25	4.05
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	16.46	16.13	15.94	15.39	11.86	8.79	-	-	-	-
Monthly 1"	23.17	22.72	22.26	21.44	15.13	10.13	-	-	-	-
Monthly 1 1/2"	43.98	43.17	41.85	40.16	25.28	14.27	-	-	-	-
Monthly 2"	72.85	71.54	69.02	66.14	39.35	20.02	-	-	-	-
Monthly 3"	154.75	152.02	146.11	139.84	79.29	36.33	-	-	-	-
Monthly 4"	269.55	264.83	254.15	243.14	135.26	59.20	-	-	-	-
Monthly 6"	598.51	588.07	563.76	539.15	295.65	124.71	-	-	-	-
Monthly 8"	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-	-	-
Monthly 10"	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-	-	-
Monthly 12"	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	6.74	6.58	6.33	6.33

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2012 - 2021 (continued)

Raw and Recycled - Schedule - 2	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Raw - Consumption Charge per 1,000 Gallons</u>										
Inside City - All Consumption	\$ 0.81	\$ 0.81	\$ 0.71	\$ 0.67	\$ 0.63	\$ 0.50	\$ 0.52	\$ 0.52	\$ 0.50	\$ 0.50
Outside City - All Consumption	1.11	1.11	1.02	0.98	0.98	1.00	0.96	0.91	0.91	0.86
Outside Combined Service Area - All Consumption	1.20	1.20	1.10	1.05	1.05	1.10	1.04	1.04	1.04	1.01
<u>Recycled - Consumption Charge per 1,000 Gallons</u>										
Inside City Recycled - All Consumption	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
Outside Combined Service Area - All Consumption	1.18	1.17	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
<u>Recycled Service Meter Charge</u>										
Monthly 5/8" & 3/4"	16.46	16.13	15.94	15.39	11.86	8.79	-	-	-	-
Monthly 1"	23.17	22.72	22.26	21.44	15.13	10.13	-	-	-	-
Monthly 1 1/2"	43.98	43.17	41.85	40.16	25.28	14.27	-	-	-	-
Monthly 2"	72.85	71.54	69.02	66.14	39.35	20.02	-	-	-	-
Monthly 3"	154.75	152.02	146.11	139.84	79.29	36.33	-	-	-	-
Monthly 4"	269.55	264.83	254.15	243.14	135.26	59.20	-	-	-	-
Monthly 6"	598.51	588.07	563.76	539.15	295.65	124.71	-	-	-	-
Monthly 8"	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-	-	-
Monthly 10"	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-	-	-
Monthly 12"	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	6.74	6.58	6.33	6.33

- ¹ Single Family AWC: A customer's average winter consumption (AWC) is used to determine the Tier 1 threshold. The AWC is calculated by averaging each customer's billed monthly water use from January through March, which is a way of determining essential indoor water use. Denver Water has set the Tier 1 minimum threshold at 5,000 gallons and a maximum of 15,000 gallons. For example, if the customer's AWC is less than 5,000 gallons Tier 1 is 0 to 5,000 gallons. If the AWC is over 15,000 gallons, Tier 1 is 0 to 15,000 gallons. Volume rates are applied to billed monthly usage.
- ² Small Multifamily: For 2016, the small multifamily class (duplex through 5-plex) is now included in the nonresidential class.
- ³ Nonresidential AWC: The Tier 1 threshold is based on each customer's average winter consumption (AWC). This represents demands during the system off-peak period. The AWC is the average of a customer's billed water use for the months of January, February, and March. Volume rates are applied to billed monthly usage. Tier 2 is equal to 4 times the customer's AWC. Tier 3 is for usage in excess of 4 times the AWC.
- ⁴ Monthly usage amounts increase by 6,000 gallons per additional dwelling unit up to 5 dwelling units.

SALES OF TREATED WATER FOR RESALE: 2021

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters^{1,2}

	Revenue (thousands)	Gallons Sold (thousands)	Number of Customers
<u>MASTER METER DISTRIBUTORS</u>			
Alameda Water & Sanitation District	\$ 346	69,034	334
Bancroft-Clover Water & Sanitation District	6,633	1,460,785	8,812
Bonvue Water & Sanitation District	64	13,701	169
Bow-Mar Water & Sanitation District	490	103,075	289
Cherry Creek Valley Water & Sanitation District	3,955	851,993	1,969
Cherry Creek Village Water & Sanitation District	619	133,080	476
City of Edgewater	1,299	280,698	1,483
City of Glendale	1,063	232,107	237
Consolidated Mutual Water Company	11,536	2,566,971	15,639
Crestview Water & Sanitation District	2,694	592,667	4,484
Green Mountain Water & Sanitation District	6,749	1,504,063	10,111
High View Water District	650	142,882	888
Ken-Caryl Water & Sanitation District	3,310	729,999	3,742
Lakehurst Water & Sanitation District	3,993	856,987	5,513
Lakewood Board of Water & Sewer	936	203,164	710
Meadowbrook Water & Sanitation District	778	163,839	1,321
North Pecos Water & Sanitation District	869	180,823	397
North Washington Street Water & Sanitation District	3,232	703,482	3,627
Northgate Water District	-	-	2
South Adams County Water & Sanitation District	3,708	805,010	166
Valley Water District	2,522	553,885	1,778
Wheat Ridge Water District	3,266	708,684	5,822
Willowbrook Water & Sanitation District	2,258	492,298	3,412
Willows Water District	3,202	699,995	4,737
Chatfield South Water District	66	12,063	-
City and County of Broomfield	6,950	1,553,648	-
East Cherry Creek Valley Water District	1,941	411,847	-
Inverness Water District	802	177,364	-
Rocky Mountain Arsenal	35	3,686	-
Suncor Energy USA	2,766	609,318	-
Total Sales of Treated Water for Resale	\$ 76,732	16,817,148	76,118

¹ This schedule represents actual billings made for treated water during the year. No accruals for treated water were made for revenue earned on unbilled accounts.

² Sales on Total Service or Read and Bill contracts are not included.

10 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE: 2021

(non-accrual basis)
(amounts expressed in thousands)

<u>Account Type</u>	Consumption		Revenue	
	Gallons Sold	%	Water Revenue ¹	%
		Total Gallons Sold		Total Water Revenue
Oil and Gas Company	627,558	1.00%	\$ 2,843	0.90%
Public School System	487,372	0.78%	2,189	0.70%
Public Utility	417,545	0.67%	977	0.31%
Housing Authority	336,780	0.54%	1,917	0.61%
Parks System	238,952	0.38%	1,636	0.52%
Retail Grocer - A	158,198	0.25%	504	0.16%
Beverage Company	149,474	0.24%	430	0.14%
Retail Grocer - B	130,311	0.21%	682	0.22%
Hospitals	93,392	0.15%	348	0.11%
State Government	86,800	0.14%	796	0.25%
Total of the 10 largest customers	2,726,382	4.36%	\$ 12,322	3.92%
Total sales of treated water	62,727,956		\$ 314,608	

¹ This column represents actual billings made for treated water and private fire protection service during the year. The difference from amounts on an accrual basis is immaterial. In addition to the 10 largest retail accounts listed, Denver Water provided 1,901 million gallons of treated water to the City and County of Denver. Revenues from these sales were \$5.7 million.

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of Denver Water's current levels of outstanding debt and its ability to issue additional debt in the future.

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RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 2012 - 2021

(amounts expressed in thousands, except debt per capita)

Total Principal Balance Outstanding Debt by Type¹

Year	General Obligation Bonds	Water Revenue Bonds	Revenue Bond Unamortized Premium or (Discount)	Total Water Revenue Bonds	Capital Leases	Notes Payable ⁵	Total	Gross Revenues ^{2,4}	Ratio of Total Debt to Gross Revenue ¹	Estimated Population Served ³	Debt Per Capita
2012	\$ 500	\$ 401,420	\$ 15,594	\$ 417,014	\$ 17,431	\$ -	\$ 434,945	\$ 313,093	1.34	1,156,000	376
2013	-	376,965	11,472	388,437	15,576	10,000	414,013	290,349	1.39	1,176,000	352
2014	-	395,125	9,480	404,605	13,595	-	418,200	297,768	1.37	1,197,000	349
2015	-	368,125	6,593	374,718	11,478	30,000	416,196	305,073	1.34	1,222,000	341
2016	-	438,580	15,758	454,338	9,215	-	463,553	336,713	1.33	1,238,000	374
2017	-	603,415	32,665	636,080	6,797	-	642,877	365,891	1.67	1,248,000	515
2018	-	583,490	28,243	611,733	4,213	-	615,945	381,869	1.55	1,261,000	488
2019	-	564,100	24,475	588,575	1,451	-	590,026	381,248	1.48	1,270,000	465
2020	-	668,480	56,657	725,137	-	-	725,137	394,325	1.70	1,277,000	568
2021	\$ -	\$ 966,985	\$ 82,728	\$ 1,049,713	\$ -	\$ -	\$ 1,049,713	\$ 382,344	2.53	1,287,000	816

¹ Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. The outstanding debt is net of premiums and discounts. Outstanding debt excluding premiums and discounts is used to calculate the ratio of total debt to gross revenue. All bonded debt is secured by revenues.

² Gross Revenues are defined as operating revenues, plus investment income, plus proceeds from sales of capital assets, plus other income, plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* and *Statement of Cash Flows*).

³ Population estimates are treated water customers only. The estimates for 2012-2020 have been restated due to updates to the State Demographer county projections done prior to 2020.

⁴ Certain reclassifications have been made to prior years' information to conform to the current year presentation.

⁵ The lien on notes payable is subordinate and junior to the lien on the revenue bonds outstanding and on future revenue bond issues.

PLEDGED-REVENUE COVERAGE: 2012 - 2021

General Obligation Bonds, Water Revenue Bonds, Notes Payable and Obligations under Capital Lease¹

(amounts expressed in thousands)

Year	Gross Revenues ^{2,4,5}	Less Operating Expenses ^{3,4,5}	Net Available Revenue	Total Debt Service ¹			Coverage including Notes Payable Debt ⁶	Coverage not including Notes Payable Debt
				Principal	Interest	Total		
2012	\$ 313,093	\$ 158,372	\$ 154,721	\$ 24,715	\$ 19,740	\$ 44,455	3.48	3.48
2013	290,349	166,049	124,300	26,810	19,410	46,220	2.69	2.69
2014	297,768	181,541	116,227	28,071	18,673	46,744	2.49	2.49
2015	305,073	170,427	134,646	29,117	18,802	47,919	2.81	2.81
2016	336,713	199,029	137,684	23,828	16,248	40,076	3.44	3.45
2017	365,891	196,317	169,593	22,013	21,673	43,686	3.88	3.89
2018	381,869	203,229	178,640	22,509	26,256	48,765	3.66	3.67
2019	381,248	228,807	152,441	22,151	25,135	47,286	3.22	3.23
2020	394,325	209,144	185,181	22,861	23,512	46,373	3.99	4.00
2021	\$ 382,344	\$ 212,384	\$ 169,960	\$ 18,280	\$ 32,239	\$ 50,519	3.36	3.37

¹ Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. All bonded debt is secured by revenue.

² Gross Revenues are defined as operating revenues, plus investment income, plus proceeds from sales of capital assets, plus other income, plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* and *Statement of Cash Flows*).

³ Operating Expenses are defined as operating expenses plus other expenses minus total depreciation and amortization (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* in the financial statements).

⁴ All items computed as defined in bond covenants. Rate maintenance covenant is 1.10; additional bonds test is 1.2 times average annual debt service. Notes payable debt service and the capital lease are not subject to this covenant.

⁵ Certain reclassifications have been made to prior years' information to conform to the current year presentation.

⁶ Notes payable debt has a subordinate lien to the lien on outstanding revenue bonds and future revenue bond issues.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 2012 - 2021

(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds ¹	Gross Revenues ^{2,4}	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served ³	General Obligation Debt per Capita
2012	\$ 500	\$ 313,093	-	1,156,000	-
2013	-	290,349	-	1,176,000	-
2014	-	297,768	-	1,197,000	-
2015	-	305,073	-	1,222,000	-
2016	-	336,713	-	1,238,000	-
2017	-	365,891	-	1,248,000	-
2018	-	381,869	-	1,261,000	-
2019	-	381,248	-	1,270,000	-
2020	-	394,325	-	1,277,000	-
2021	\$ -	\$ 382,344	-	1,287,000	-

¹ Details regarding outstanding debt can be found in the notes to the financial statements. The Board no longer has authority to issue general obligation bonds of the City.

² Gross Revenues are defined as operating revenues, plus investment income, plus proceeds from sales of capital assets, plus other income, plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* and *Statement of Cash Flows*).

³ Population estimates are treated water customers only. The estimates for 2012-2020 have been restated due to updates to the State Demographer county projections done prior to 2020.

⁴ Certain reclassifications have been made to prior years' information to conform to the current year presentation.

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2012 - 2021

(amounts expressed in thousands, except debt per capita)

Year	Water Revenue Bonds ¹	Gross Revenues ^{2,4}	Ratio of Water Revenue Debt to Gross Revenue	Estimated Population Served ³	Water Revenue Debt per Capita
2012	\$ 401,420	\$ 313,093	1.28	1,156,000	347
2013	376,965	290,349	1.30	1,176,000	321
2014	395,125	297,768	1.33	1,197,000	330
2015	368,125	305,073	1.21	1,222,000	301
2016	438,580	336,713	1.30	1,238,000	354
2017	603,415	365,891	1.65	1,248,000	484
2018	583,490	381,869	1.53	1,261,000	463
2019	564,100	381,248	1.48	1,270,000	444
2020	668,480	394,325	1.70	1,277,000	523
2021	\$ 966,985	\$ 382,344	2.53	1,287,000	751

¹ Details regarding outstanding debt can be found in the notes to the financial statements. The numbers above are principal balances only and exclude discounts, premiums, and deferred amounts on advance refundings; therefore, they do not agree with numbers presented in the basic financial statements, exhibits, or the statistical summary.

² Gross Revenues are defined as operating revenues, plus investment income, plus proceeds from sales of capital assets, plus other income, plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* and *Statement of Cash Flows*).

³ Population estimates are treated water customers only. The estimates for 2012-2020 have been restated due to updates to the State Demographer county projections done prior to 2020.

⁴ Certain reclassifications have been made to prior years' information to conform to the current year presentation.

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

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DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021

The following is general information concerning the economic and demographic conditions in the City and County of Denver (Denver or the City) and the immediate vicinity. The statistics presented below have been obtained from the sources indicated and represent the most current information available from such sources. However, certain information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation.

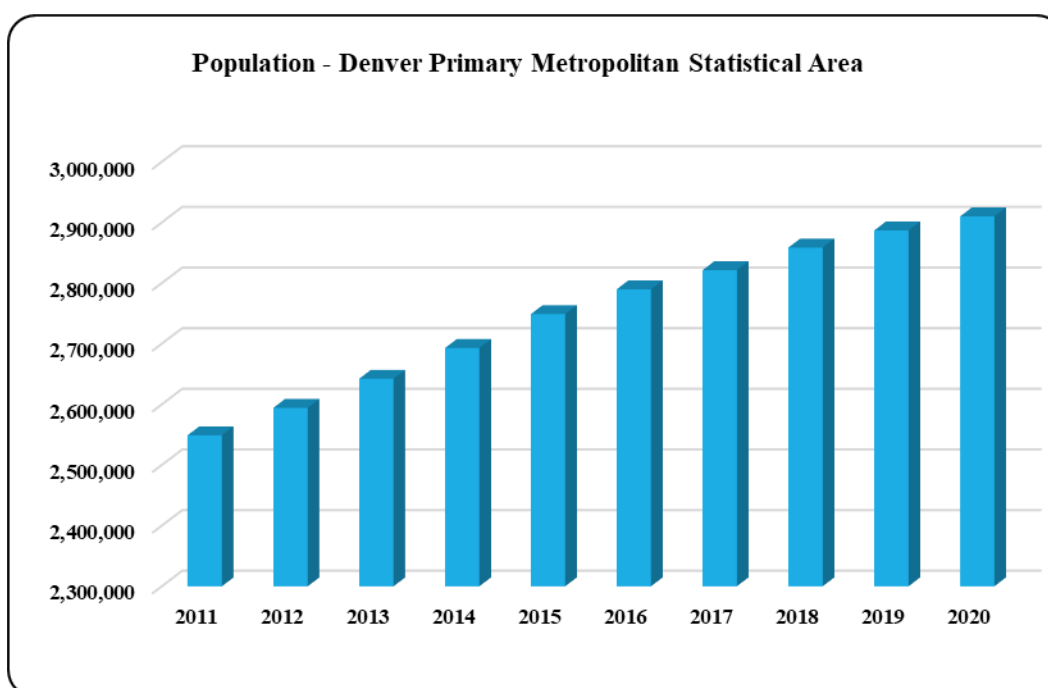
Population

The following table sets forth population statistics for Denver, the Denver Primary Metropolitan Statistical Area (PMSA) and the State of Colorado. The Denver PMSA includes the counties of Adams, Arapahoe, Denver, Douglas, and Jefferson.

Population Estimates			
Year	Denver	Denver PMSA	State of Colorado
2011	620,229	2,549,059	5,123,550
2012	632,924	2,594,255	5,194,662
2013	645,302	2,642,273	5,270,883
2014	658,632	2,692,972	5,347,654
2015	675,534	2,748,921	5,446,593
2016	686,468	2,789,730	5,529,629
2017	693,134	2,821,327	5,599,589
2018	702,679	2,858,678	5,676,913
2019	710,143	2,886,878	5,734,913
2020	717,632	2,910,035	5,782,914
2021	n/a	n/a	n/a

(n/a = not available)

Source: Colorado Department of Local Affairs, Division of Local Government, State Demography Office.



DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021
(continued)

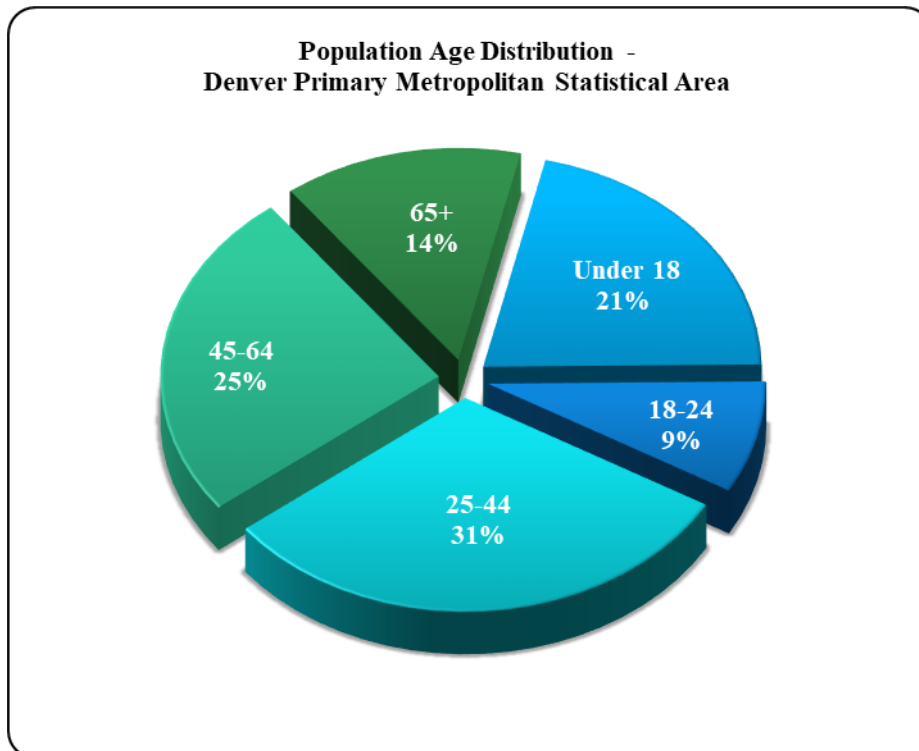
Population Age Distribution

The following table sets forth a forecasted age distribution profile for Denver, the Denver PMSA, and the State of Colorado for 2021.

Age Groups	Percent of Population		
		Denver	State of
	Denver	PMSA	Colorado
Under 18	18.6%	21.2%	21.3%
18-24	8.0%	8.5%	9.7%
25-44	37.2%	31.1%	29.0%
45-64	23.9%	25.2%	24.6%
65+	12.3%	14.0%	15.5%

(Columns may not add to 100% due to rounding)

Sources: Colorado Department of Local Affairs, Division of Local Government, State Demography Office.



DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021
(continued)

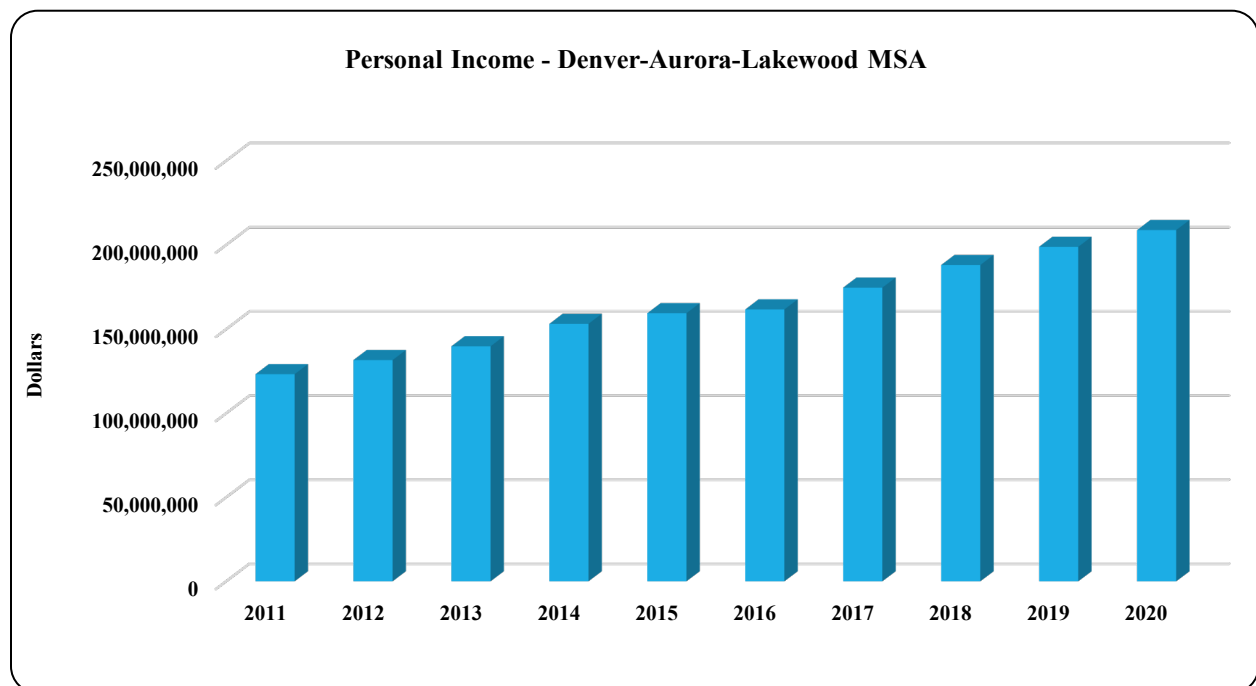
Income

The following tables set forth recent annual personal income and per capita personal income levels for Denver, the Denver-Aurora-Lakewood Metropolitan Statistical Area (MSA), the State of Colorado and the United States from 2011 through 2020 as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The Denver-Aurora-Lakewood MSA includes the counties of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park.

Personal Income				
Year	Denver	Denver-Aurora-Lakewood MSA	State of Colorado	United States
2011	\$ 33,265,817	\$ 123,297,104	\$ 223,492,650	\$ 13,330,436,000
2012	36,282,777	131,697,083	236,759,086	14,003,346,000
2013	39,713,923	139,868,643	249,512,681	14,189,228,000
2014	44,812,655	153,191,702	271,410,156	14,969,527,000
2015	45,388,448	159,505,929	284,836,823	15,681,233,000
2016	44,100,994	161,745,100	289,672,968	16,092,713,000
2017	51,726,642	174,693,549	309,657,658	16,845,028,000
2018	55,635,820	188,111,119	331,955,386	17,681,159,000
2019	60,356,359	198,907,554	350,390,096	18,402,004,000
2020	62,823,116	208,852,979	370,392,116	19,607,447,000
2021	n/a	n/a	n/a	n/a

(n/a = not available. All dollar estimates are in thousands of current dollars not adjusted for inflation. Last updated: November 16, 2021 - new estimates for 2011-2019.)

Source: United States Bureau of Economic Analysis.

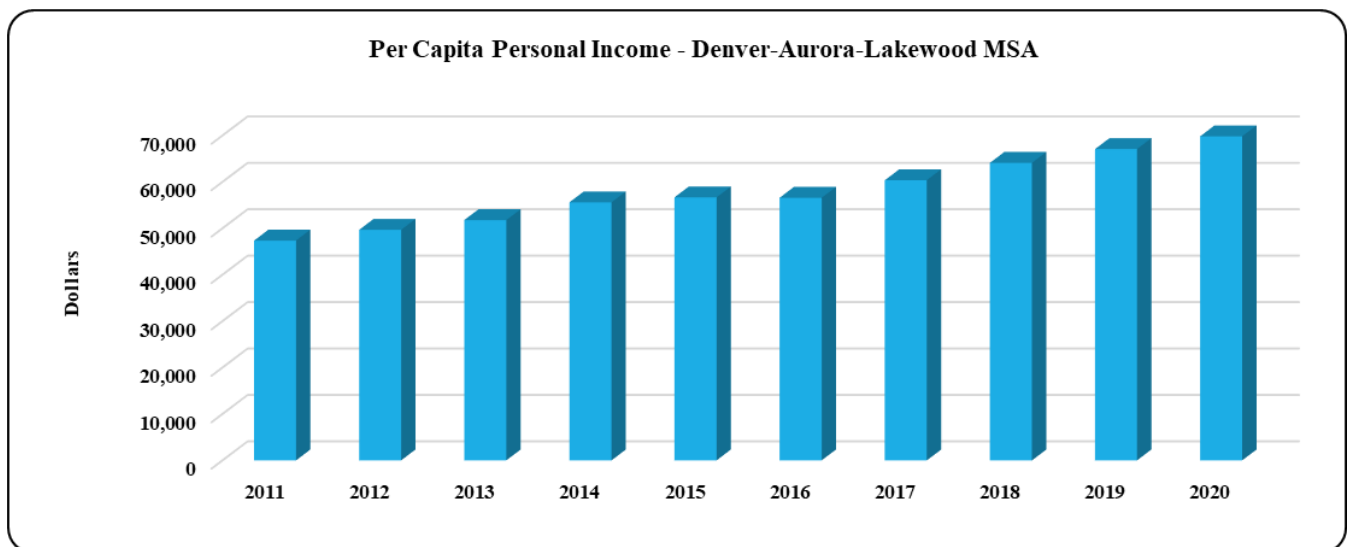


DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021
 (continued)

Per Capita Personal Income					
Year	Denver	Denver-Aurora-Lakewood MSA	State of Colorado	United States	
2011	\$ 53,633	\$ 47,363	\$ 43,635	\$	42,783
2012	57,141	49,680	45,586		44,614
2013	61,167	51,775	47,339		44,894
2014	67,434	55,602	50,706		47,017
2015	66,423	56,675	52,222		48,891
2016	63,339	56,584	52,251		49,812
2017	73,385	60,371	55,125		51,811
2018	77,667	64,114	58,267		54,098
2019	83,192	67,089	60,848		56,047
2020	85,411	69,822	63,776		59,510
2021	n/a	n/a	n/a		n/a

(n/a = not available. All dollar estimates are in thousands of current dollars not adjusted for inflation. Last updated: November 16, 2021 - new estimates for 2011-2019.)

Source: United States Bureau of Economic Analysis.

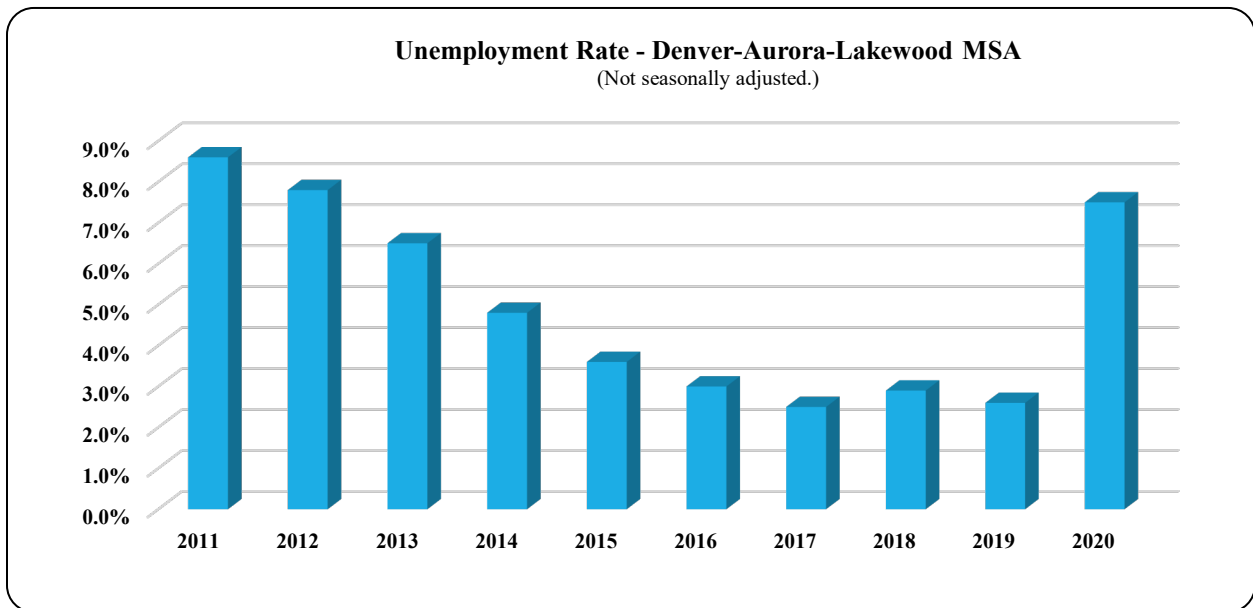


DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021
(continued)

Employment

The following table sets forth recent total labor force, employment and unemployment statistics for Denver, the Denver-Aurora-Lakewood MSA and the State of Colorado. The national unemployment rate is estimated to be approximately 6.7% as of December 2020.

Source: United States Bureau of Labor and Statistics.



DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021
(continued)

Local Area Employment Statistics (Not seasonally adjusted)				
Denver				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	% Unemployment Rate
2011	351.4	1.4%	31.3	8.9%
2012	356.6	1.5%	28.3	7.9%
2013	362.6	1.7%	23.7	6.5%
2014	368.7	1.7%	17.7	4.8%
2015	375.6	1.9%	13.4	3.6%
2016	385.1	2.5%	11.5	3.0%
2017	398.1	3.4%	10.2	2.6%
2018	410.4	3.1%	12.1	2.9%
2019	419.8	2.3%	10.9	2.6%
2020	423.8	1.0%	34.9	8.2%
2021	n/a	n/a	n/a	n/a
Denver-Aurora-Lakewood MSA				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	% Unemployment Rate
2011	1,428.2	0.7%	123.0	8.6%
2012	1,444.0	1.1%	113.1	7.8%
2013	1,463.4	1.3%	95.3	6.5%
2014	1,486.8	1.6%	71.3	4.8%
2015	1,506.0	1.3%	53.5	3.6%
2016	1,541.9	2.4%	45.6	3.0%
2017	1,587.4	3.0%	40.2	2.5%
2018	1,634.2	2.9%	47.7	2.9%
2019	1,666.4	2.0%	42.6	2.6%
2020	1,669.9	0.2%	125.6	7.5%
2021	n/a	n/a	n/a	n/a
State of Colorado				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	% Unemployment Rate
2011	2,730.3	0.5%	236.8	8.7%
2012	2,749.2	0.7%	219.4	8.0%
2013	2,766.1	0.6%	186.6	6.7%
2014	2,800.7	1.2%	139.6	5.0%
2015	2,825.8	0.9%	105.8	3.7%
2016	2,894.2	2.4%	90.7	3.1%
2017	2,982.5	3.1%	78.5	2.6%
2018	3,071.4	3.0%	93.2	3.0%
2019	3,126.1	1.8%	83.0	2.7%
2020	3,122.2	-0.1%	226.8	7.3%
2021	n/a	n/a	n/a	n/a

Source: United States Bureau of Labor and Statistics.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021
(continued)

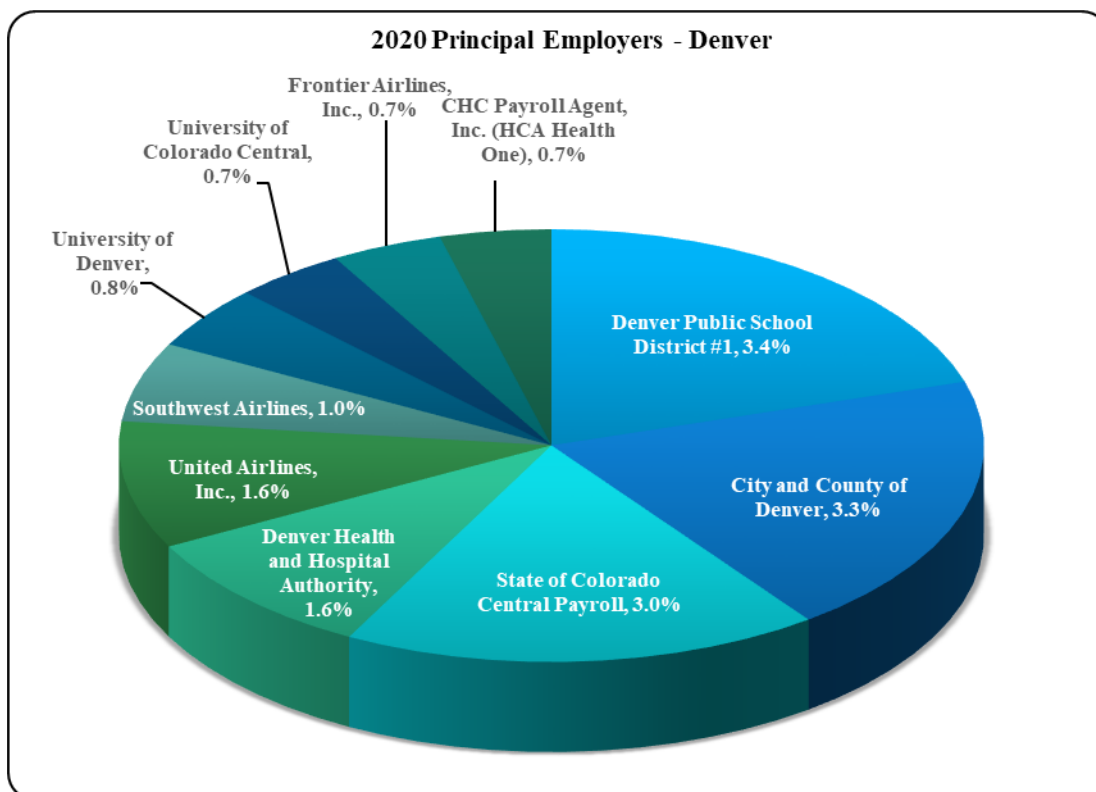
Principal Employers

The following table sets forth the ten largest employers in Denver for the current year and the period nine years prior, the number of persons each entity employs, and the percentage of total employment that each represents.

Employer	2020			2011		
	Employees	Rank	% of	Employees	Rank	% of
			Total City Employment			Total City Employment
Denver Public School District #1	14,957	1	3.4%	13,051	1	2.7%
City and County of Denver	14,675	2	3.3%	11,695	2	2.5%
State of Colorado Central Payroll	13,201	3	3.0%	9,879	3	2.1%
Denver Health and Hospital Authority	7,000	4	1.6%	7,396	4	1.6%
United Airlines, Inc.	7,000	5	1.6%	6,744	6	1.5%
Southwest Airlines	4,450	6	1.0%			
University of Denver	3,770	7	0.8%	4,241	8	0.9%
University of Colorado Central	3,085	8	0.7%	3,435	10	0.7%
Frontier Airlines, Inc.	3,070	9	0.7%			
CHC Payroll Agent, Inc. (HCA Health One)	3,000	10	0.7%	3,781	7	1.0%
Deloitte Consulting LLP				7,314	5	1.6%
U.S.D.A. National Finance Center				3,904	9	0.8%
Total	74,208		16.8%	71,440		15.4%

(2021 data not available at time of publication.)

Source: City and County of Denver Annual Report. Based on 2020 and 2011 Occupational Privilege Tax Remitters.



DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2021
(continued)

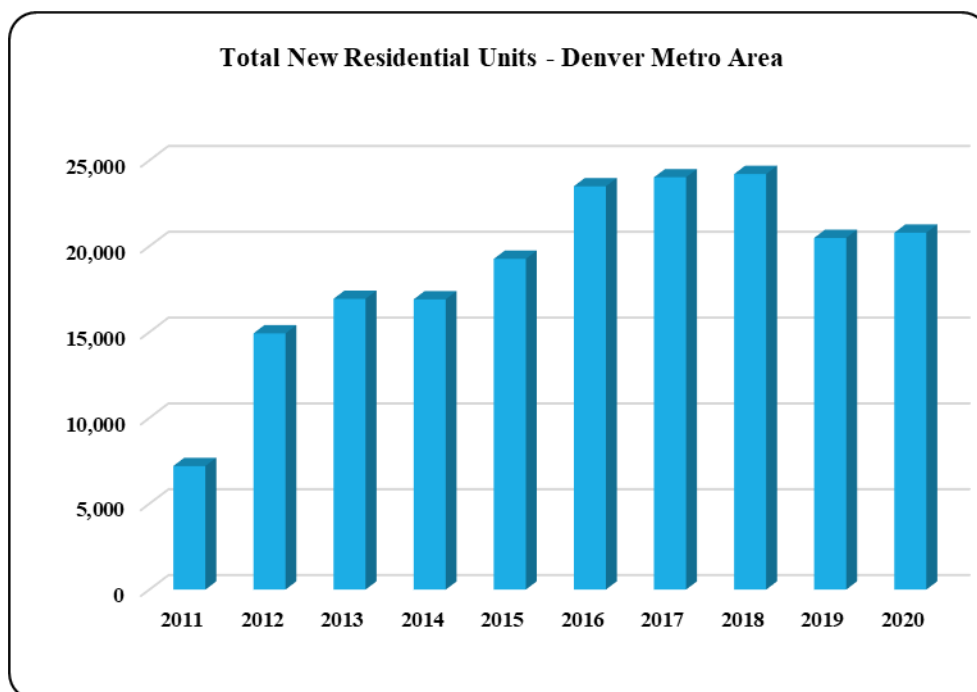
New Residential Building Construction

Set forth in the following table are recent historical residential building permit statistics for Denver and the Denver metropolitan area (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties).

New Residential Units in Denver and the Denver Metropolitan Area								
Year	Denver				Denver Metropolitan Area			
	Single-Family Detached	Single-Family Attached	Multi-Family	Total	Single-Family Detached	Single-Family Attached	Multi-Family	Total
2011	703	147	1,835	2,685	3,885	309	3,005	7,199
2012	1,056	166	4,356	5,578	5,947	299	8,679	14,925
2013	1,284	256	4,330	5,870	7,396	399	9,145	16,940
2014	1,710	287	3,961	5,958	8,396	440	8,074	16,910
2015	1,847	134	5,920	7,901	9,786	422	9,061	19,269
2016	1,887	374	5,581	7,842	10,663	532	12,301	23,496
2017	2,370	198	7,957	10,525	11,419	384	12,218	24,021
2018	2,428	110	5,340	7,878	12,248	400	11,561	24,209
2019	2,257	7	5,066	7,330	11,401	192	8,896	20,489
2020	1,167	0	3,892	5,059	11,307	451	9,036	20,794
2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(n/a = not available. Single-family attached permits consists of structures with 2-4 units.)

Source: Metro Denver Economic Development Corporation based on U.S. Census Bureau.



E - OPERATING INFORMATION

These schedules contain information about Denver Water's operations and resources to help the reader understand how Denver Water's financial information relates to the services Denver Water provides and the activities it performs.

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EMPLOYEES BY DIVISION¹: 2012 - 2021

Division/Section²	2021^{10,11}	2020^{6,7,8,9}	2019	2018	2017^{4,5}	2016³	2015	2014	2013	2012
Administrative Services										
Chief Administrative Officer	1.0	1.0	37.0	38.0	37.0	33.0	-	-	-	-
Contract Control	2.0	2.0	-	-	-	-	-	-	-	-
GIS	9.0	6.0	-	-	-	-	-	-	-	-
Information Security Office	5.0	3.0	-	-	-	-	-	-	-	-
Information Technology	94.8	89.8	-	-	-	-	-	-	-	-
Procurement	7.0	9.0	-	-	-	-	-	-	-	-
Records & Print Shop	10.0	11.0	-	-	-	-	-	-	-	-
Recreation Management	6.0	6.0	6.0	6.0	6.0	6.0	-	-	-	-
Safety & Security	20.0	18.0	12.5	12.0	12.0	13.0	-	-	-	-
Sustainability & Env. Compliance	5.0	7.0	-	-	-	-	-	-	-	-
	159.8	152.8	55.5	56.0	55.0	52.0	-	-	-	-
Engineering										
Chief Engineering Officer	7.8	9.8	14.8	12.8	12.8	13.0	7.8	7.8	7.8	7.8
Asset Recording	7.0	7.0	7.0	8.0	8.0	7.0	7.0	8.0	10.0	7.0
Construction Management	24.0	23.0	26.0	23.0	28.0	28.0	27.0	28.0	24.0	25.0
Distribution & Property Mgmt Admin	32.0	32.0	31.0	30.0	29.0	31.0	38.0	37.0	41.0	39.0
Hydraulics	7.0	7.0	7.0	7.0	7.0	-	-	-	-	-
Programs & Projects	62.0	62.0	57.8	58.8	56.0	53.0	55.0	58.0	58.0	57.9
Survey	24.0	24.0	27.0	24.0	24.0	26.0	23.0	25.0	25.0	25.0
Technical Support Services	5.0	5.0	-	-	-	-	-	-	-	-
	168.8	169.8	170.6	163.6	164.8	158.0	157.8	163.8	165.8	161.7
Finance										
Chief Finance Officer	3.0	3.0	3.0	2.0	-	2.0	2.0	2.0	1.0	1.0
Accounting, Payroll, AP	17.0	17.0	19.0	16.0	18.0	17.0	20.0	20.0	20.0	20.0
Budget/Financial Planning & Performance	4.0	5.0	5.0	5.0	3.0	2.0	4.0	3.0	3.0	3.0
Customer Care	27.3	-	-	-	-	-	-	-	-	-
Controller	-	-	-	-	3.0	2.0	1.0	1.0	1.0	-
Finance Computer Support	-	-	-	-	-	-	-	-	1.0	2.0
Purchasing & Contracting	-	-	-	-	-	-	12.0	11.0	11.0	11.0
Rate Administration	2.0	2.0	2.0	2.0	2.0	-	1.0	3.0	3.0	3.0
Records & Document Administration	-	-	-	-	-	-	8.8	7.8	8.8	9.0
Sales & Support	27.0	-	-	-	-	-	-	-	-	-
Treasury	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0
	88.3	35.0	37.0	33.0	34.0	31.0	56.8	56.8	57.8	58.0
Manager & Staff										
Chief Executive Officer, Internal Audit	10.0	-	-	-	-	-	-	-	-	-
Chief of Staff, Cont. Improvement, L&OD	12.0	-	-	-	-	-	-	-	-	-
Human Resources	13.0	-	-	-	-	-	-	-	-	-
Manager & Staff	-	49.0	28.8	31.3	35.4	25.0	10.0	15.0	11.0	10.0
Office of General Counsel	14.0	-	-	-	-	-	-	-	-	-
Public Affairs	29.6	-	-	-	-	-	-	-	-	-
	78.6	49.0	28.8	31.3	35.4	25.0	10.0	15.0	11.0	10.0

See accompanying footnotes on final page of report.

(continued)

EMPLOYEES BY DIVISION¹: 2012 - 2021 (continued)

	2021 ^{10,11}	2020 ^{6,7,8,9}	2019	2018	2017 ^{4,5}	2016 ³	2015	2014	2013	2012
Operations and Maintenance										
Chief OM Officer	3.0	1.0	6.0	5.0	6.0	7.0	5.0	6.0	3.0	4.0
Customer Service - Field	52.0	-	-	-	-	-	-	-	-	-
Emergency Management	-	-	-	-	-	4.0	2.0	2.0	2.0	-
Instrumentation & Ctrl Systems	-	-	-	-	-	-	18.0	11.0	14.0	12.0
Maintenance & Warehouse	-	-	-	-	-	106.0	106.0	102.0	113.0	115.0
Safety & Loss Control	-	-	-	-	-	11.0	10.0	15.0	15.0	16.0
Source of Supply	52.0	50.0	50.0	52.0	58.0	56.0	58.0	57.0	57.0	59.0
Support Services	80.0	79.0	77.0	86.0	92.0	-	-	-	-	-
Treated Water Operations	-	-	-	-	-	53.0	55.0	62.0	58.0	59.0
Water Distribution	240.0	217.0	218.0	194.0	190.0	136.0	122.0	132.0	142.0	144.0
Water Quality & Treatment	118.0	116.0	109.0	102.0	118.0	35.0	44.0	44.0	42.0	37.0
Water Treatment	-	-	-	-	-	86.0	85.0	87.0	84.0	88.0
	545.0	463.0	460.0	439.0	464.0	494.0	505.0	518.0	530.0	534.0
Water Resource Strategy										
Chief Water Resource Strategy Officer	1.0	-	-	-	-	-	-	-	-	-
Environmental & Watershed Planning	9.0	-	-	-	-	-	-	-	-	-
Raw Water Supply	5.0	-	-	-	-	-	-	-	-	-
Water Resources Analysis	6.0	-	-	-	-	-	-	-	-	-
Water Resource Efficiency	5.0	-	-	-	-	-	-	-	-	-
Water Resources Planning	6.0	-	-	-	-	-	-	-	-	-
Water Rights	5.0	-	-	-	-	-	-	-	-	-
	37.0	-	-	-	-	-	-	-	-	-
Customer Relations										
Chief Customer Relations Officer	-	-	-	-	-	-	3.0	2.0	2.0	2.0
Central Services	-	-	-	-	-	-	-	2.6	2.6	1.0
Customer Care	-	-	-	-	-	-	29.3	30.3	31.3	42.8
Customer Service - Field	-	-	-	-	-	-	48.0	49.0	51.0	64.0
Quality Assurance & Reporting	-	-	-	-	-	-	8.0	7.0	8.0	-
Sales Administration	-	-	-	-	-	-	9.0	9.0	9.0	13.0
	-	-	-	-	-	-	97.3	99.9	103.9	122.8
External Affairs										
Chief External Affairs Officer	-	5.0	6.0	7.0	6.0	-	-	-	-	-
Communications & Marketing	-	11.0	13.0	13.0	13.0	-	-	-	-	-
Community Outreach & Youth Education	-	11.6	-	-	-	-	-	-	-	-
Conservation & Community Outreach	-	-	18.0	17.0	17.0	-	-	-	-	-
Customer Care	-	37.3	35.0	35.5	37.8	-	-	-	-	-
Customer, Distributor, Gov't Relations	-	5.0	4.0	1.0	1.0	-	-	-	-	-
Customer Service - Field	-	52.0	50.0	51.0	52.0	-	-	-	-	-
Environmental & Watershed Planning	-	8.0	8.0	8.0	8.0	-	-	-	-	-
Raw Water Supply	-	4.0	4.0	5.0	4.0	-	-	-	-	-
Sales & Support	-	17.0	17.0	17.0	17.0	-	-	-	-	-
Water Resources Analysis	-	5.0	5.0	6.0	6.0	-	-	-	-	-
Water Resource Efficiency	-	8.0	-	-	-	-	-	-	-	-
Water Resources Planning	-	7.0	8.0	7.0	8.0	-	-	-	-	-
Water Rights	-	6.0	7.0	7.0	7.0	-	-	-	-	-
	-	176.9	175.0	174.5	176.8	-	-	-	-	-

See accompanying footnotes on final page of report.

(continued)

EMPLOYEES BY DIVISION¹: 2012 - 2021 (continued)

	2021 ^{10,11}	2020 ^{6,7,8,9}	2019	2018	2017 ^{4,5}	2016 ³	2015	2014	2013	2012
Human Resources	-	-	25.0	26.0	28.0	31.0	29.0	32.0	25.0	24.8
Legal	-	-	-	-	-	13.0	14.0	14.4	14.6	13.6
Information Technology	-	-	95.8	96.3	100.3	104.0	110.4	92.5	80.8	74.5
Planning										
Chief Planning Officer	-	-	-	-	-	4.0	2.0	3.0	3.0	3.0
Demand Planning	-	-	-	-	-	4.0	3.0	4.0	4.0	4.0
Environmental Planning	-	-	-	-	-	7.0	6.0	5.6	5.6	5.6
Hydraulics	-	-	-	-	-	-	10.0	10.0	10.0	10.0
Raw Water Supply	-	-	-	-	-	5.0	6.0	6.0	6.0	6.0
Treated Water Planning	-	-	-	-	-	9.0	-	-	-	-
Water Resources Planning	-	-	-	-	-	4.0	4.0	4.0	3.0	3.0
Water Resources Analysis	-	-	-	-	-	9.0	10.0	10.0	11.0	11.0
Water Rights	-	-	-	-	-	6.0	7.0	6.0	7.0	7.0
	-	-	-	-	-	48.0	48.0	48.6	49.6	49.6
Public Affairs										
Chief Public Affairs Officer	-	-	-	-	-	3.0	3.0	3.0	3.0	2.0
Communications & Marketing	-	-	-	-	-	14.0	12.0	-	11.6	10.4
Conservation	-	-	-	-	-	-	17.0	16.0	17.0	15.0
Conservation & Community Outreach	-	-	-	-	-	29.0	-	11.0	-	-
Customer Care	-	-	-	-	-	31.0	-	-	-	-
Customer Relations	-	-	-	-	-	-	9.0	7.0	7.0	6.8
Customer Service - Field	-	-	-	-	-	52.0	-	-	-	-
Sales & Support	-	-	-	-	-	16.0	-	-	-	-
	-	-	-	-	-	145.0	41.0	37.0	38.6	34.2
Total	1,077.5	1,046.5	1,047.7	1,019.7	1,058.3	1,101.0	1,069.3	1,078.0	1,077.1	1,083.2

¹ Number of employees includes regular and introductory employees, including LTEs (limited-term employees). Temporary and project employees are not included. The source of the data is Human Resources employee records.

² Section names may have changed due to business needs.

³ In 2016, the Legal division was added to the Manager & Staff division. The Customer Relations division was added to the Public Affairs division. The Administrative Services division was new.

⁴ In 2017, Planning and Public Affairs were combined to create the External Affairs division. As part of this transition, Hydraulics moved to Engineering.

⁵ In 2017, the FTEs for each division's chief were reclassified to Manager & Staff.

⁶ In 2020, the Information Technology (IT) division became a section under Administrative Services. As part of this transition, the Information Security Office was moved out of IT into its own section, and Access Control moved under Safety & Security.

⁷ In 2020, for clarity of reporting, sections previously reported under Chief Administrative Officer in Administrative Services have been ungrouped.

⁸ In 2020, the Conservation & Community Outreach section was reclassified to Community Outreach & Youth Ed. and Water Resource Efficiency.

⁹ In 2020, the Human Resources (HR) division became a section under Manager & Staff. As part of this transition, the Clinic section moved from HR to Safety & Security.

¹⁰ In 2021, the External Affairs division was reorganized. Customer Service - Field moved to Operations and Maintenance; Customer Care and Sales & Support moved to Finance; Communications & Marketing, Community Outreach & Youth Education, and Customer, Distributor, Gov't Relations moved to Public Affairs under Manager & Staff. The remainder of the sections moved to a new division called Water Resource Strategy.

¹¹ In 2021, for clarity of reporting, sections previously reported under the Manager & Staff division have been ungrouped.

CAPITAL ASSETS BY FUNCTION: 2012 - 2021

(amounts expressed in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
CAPITAL ASSETS NOT BEING DEPRECIATED										
Land and land rights	\$ 133,376	\$ 133,293	\$ 130,438	\$ 130,445	\$ 129,789	\$ 99,108	\$ 99,098	\$ 115,291	\$ 115,304	\$ 115,107
Water rights and other	116,460	73,480	73,480	70,472	70,472	105,785	105,785	75,550	75,550	74,161
Capital lease ¹	-	42,980	42,980	-	-	-	-	-	-	-
Other non-depreciable ²	23,386	787	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	514,823	400,917	290,239	340,438	265,757	259,690	163,266	171,215	124,244	117,862
Total capital assets not being depreciated	788,045	651,457	537,137	541,355	466,018	464,583	368,149	362,056	315,098	307,130
CAPITAL ASSETS BEING DEPRECIATED										
Buildings and improvements	505,134	505,293	494,351	413,792	405,375	199,329	201,538	281,772	279,280	254,796
Improvements other than buildings	2,379,469	2,268,955	2,160,818	2,086,796	1,971,680	2,044,423	2,002,297	1,955,572	1,890,470	1,860,363
Machinery and equipment	486,342	476,802	449,362	430,287	412,683	392,963	393,007	246,368	246,433	221,915
Regulated assets	145,427	84,326	-	-	-	-	-	-	-	-
Total capital assets being depreciated	3,516,372	3,335,376	3,104,531	2,930,875	2,789,738	2,636,715	2,596,842	2,483,712	2,416,183	2,337,074
Less accumulated depreciation										
Buildings and improvements	(140,563)	(131,873)	(123,465)	(124,083)	(117,420)	(48,453)	(47,372)	(76,257)	(72,278)	(68,216)
Improvements other than buildings	(651,417)	(622,672)	(596,435)	(588,296)	(563,245)	(596,587)	(570,105)	(578,572)	(549,357)	(520,020)
Machinery and equipment	(268,601)	(251,927)	(238,366)	(239,589)	(227,197)	(211,396)	(200,614)	(121,358)	(112,055)	(101,296)
Regulated assets	(2,970)	(161)	-	-	-	-	-	-	-	-
Total accumulated depreciation	(1,063,551)	(1,006,633)	(958,266)	(951,968)	(907,862)	(856,436)	(818,091)	(776,187)	(733,690)	(689,532)
Total capital assets being depreciated, net	2,452,821	2,328,743	2,146,265	1,978,907	1,881,876	1,780,279	1,778,751	1,707,525	1,682,493	1,647,542
TOTAL CAPITAL ASSETS, NET	\$ 3,240,866	\$ 2,980,200	\$ 2,683,402	\$ 2,520,262	\$ 2,347,894	\$ 2,244,862	\$ 2,146,900	\$ 2,069,581	\$ 1,997,591	\$ 1,954,672

¹ In 2019, the \$12.9 million of amortization taken on the Wolford Mountain capital lease was reversed, and the 2019 beginning net position was restated. Because the underlying assets were determined to be intangible, the lease was also reclassified into the "Capital Assets Not Being Depreciated" category. In previous years, this was reported in Improvements other than buildings in the "Capital Assets Being Depreciated" section. In 2020, the final payment was made on the capital lease and Denver Water took ownership of its proportional share of the water right in 2021.

² Other non-depreciable includes Operations Complex public art and water capacity.

BUDGET TO ACTUAL - RECEIPTS AND EXPENDITURES

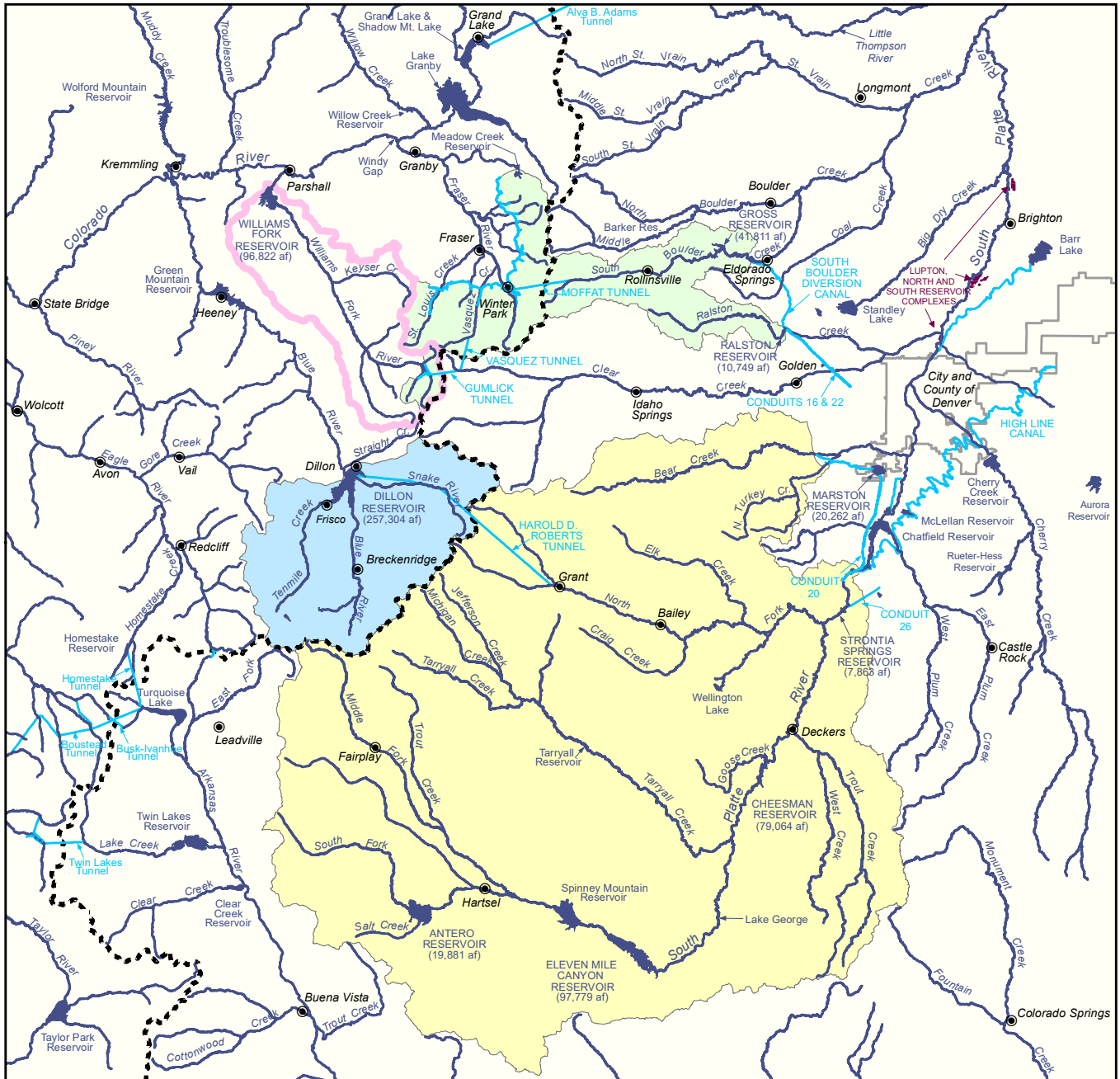
BUDGET TO ACTUAL COMPARISON 2017 - 2021 AND 2022 BUDGET (BUDGET BASIS)

(amounts expressed in thousands)	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>	
	Budget	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
BEGINNING CASH & INVESTMENTS	\$ 403,590	\$ 258,734	\$ 258,734	\$ 276,326	\$ 276,326	\$ 364,170	\$ 364,170	\$ 449,379	\$ 449,379	\$ 287,394	\$ 287,394	
<u>RECEIPTS FROM:</u>												
Sale of water	326,191	311,270	323,079	306,147	342,903	296,208	303,157	282,658	306,941	269,481	284,304	
Nonoperating, interest & other	20,698	21,080	20,438	24,265	34,849	26,315	29,195	23,524	27,728	20,305	29,456	
System development charges	34,988	22,000	37,897	29,985	22,553	40,058	38,668	34,000	41,045	34,035	42,486	
Developer participation, reimb., & grants	32,239	5,510	4,153	8,032	3,662	10,616	7,137	4,800	5,756	-	9,640	
	414,116	359,860	385,567	368,429	403,967	373,197	378,157	344,982	381,470	323,821	365,886	
Sale of bonds or issuance of notes	120,000	350,000	351,185	155,000	158,629	60,000	-	60,000	-	205,000	205,864	
Total receipts	534,116	709,860	736,752	523,429	562,596	433,197	378,157	404,982	381,470	528,821	571,750	
<u>LESS EXPENDITURES FOR:</u>												
Operations, maintenance & refunds	232,090	208,590	217,864	221,115	208,218	207,617	212,837	197,515	207,767	201,270	197,455	
Debt service	55,786	50,351	50,519	46,169	46,372	47,649	47,286	49,149	48,765	45,456	43,686	
	287,876	258,941	268,383	267,284	254,590	255,266	260,122	246,664	256,532	246,726	241,141	
Capital improvements (new facilities)	379,154	290,680	266,116	222,679	264,885	179,775	156,992	137,895	147,012	125,237	117,330	
System replacements	48,447	60,832	51,939	70,077	73,809	69,490	56,715	53,148	59,660	53,081	44,651	
Equipment	5,212	5,202	4,861	3,650	3,933	4,302	4,361	5,483	5,687	6,507	6,405	
	432,813	356,714	322,916	296,405	342,627	253,567	218,068	196,526	212,359	184,825	168,386	
Total expenditures	720,689	615,655	591,299	563,689	597,217	508,833	478,190	443,190	468,891	431,551	409,527	
Cash balance adjustment ¹			(597)		17,029		12,189		2,212		(238)	
ENDING CASH & INVESTMENTS	<u>\$ 217,016</u>	<u>\$ 352,939</u>	<u>\$ 403,590</u>	<u>\$ 236,066</u>	<u>\$ 258,734</u>	<u>\$ 288,534</u>	<u>\$ 276,326</u>	<u>\$ 411,171</u>	<u>\$ 364,170</u>	<u>\$ 384,664</u>	<u>\$ 449,379</u>	

GENERAL EXPLANATION OF VARIANCES:

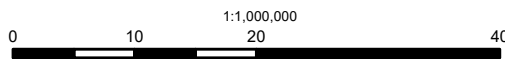
¹ The cash balance adjustment is due to a timing difference between cash payments that were made in January but were accrued for in December.

City and County of Denver Board of Water Commissioners Water Collection System



LEGEND

 South Platte Collection System	 Town
 Roberts Tunnel Collection System	 Continental Divide
 Moffat Collection System	 Major Canal or Aqueduct
 Williams Fork Reservoir Watershed	 Major Stream or River
 Major Lake or Reservoir	



Scale number is accurate when printed at 8.5 x 11 inches in size.



Map Date: 12/30/2021
 Author: Denver Water GIS
 Sources: USGS-NHD, DENVER WATER,
 DOLA, NRCS, CDWR

OPERATING INDICATORS BY FUNCTION: 2012 - 2021

Supply:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Raw water collected (acre-feet)	287,188	246,959	330,516	221,212	297,878	274,670	279,378	300,030	395,638	194,682
Supply from South Platte River & Effluent Exchange (acre-feet)	144,595	102,012	151,288	78,967	132,115	158,324	166,561	148,680	142,915	85,765
Supply from Roberts Tunnel/Blue River (acre-feet)	60,425	65,995	80,424	56,101	86,124	40,795	39,801	77,765	111,564	54,394
Supply from Moffat System (acre-feet)	82,168	78,952	98,804	86,144	79,639	75,551	73,016	73,585	141,159	54,523
Percent of total water collected (acre-feet)										
Percent from South Platte System	50%	41%	46%	36%	44%	58%	60%	50%	36%	44%
Percent from Roberts Tunnel/Blue River System	21%	27%	24%	25%	29%	15%	14%	26%	28%	28%
Percent from Moffat System	29%	32%	30%	39%	27%	27%	26%	24%	36%	28%
Raw water reservoir storage capacity (acre-feet) ¹	570,166	570,196	570,196	569,648	569,648	568,642	569,534	569,534	569,534	569,534
Replacement reservoir storage capacity (acre-feet)	129,487	129,487	129,487	125,993	125,993	122,432	122,432	122,432	122,432	122,432
Total reservoir storage capacity (acre-feet) ²	699,074	699,683	699,683	695,641	695,641	691,074	691,966	691,966	691,966	691,966
Reservoir storage (acre-feet), January 1	528,197	577,192	520,813	586,617	568,124	582,015	601,493	611,625	471,380	620,603
Percent of capacity	75.5%	82.5%	74.9%	84.3%	82.2%	84.1%	86.9%	88.4%	68.1%	89.7%
Reservoir storage (acre-feet), December 31 ²	539,535	528,197	577,192	520,813	586,617	568,124	582,015	601,493	611,625	471,380
Percent of capacity	77.2%	75.5%	82.5%	74.9%	84.3%	82.2%	84.1%	86.9%	88.4%	68.1%
Number of hydropower plants	7	7	7	7	7	7	7	7	7	7
Power generation in KWH (excluding power purchased)	50,374,494	68,451,988	52,929,656	63,127,191	76,948,391	67,436,291	61,586,646	60,209,003	74,461,486	80,636,429
Value of power generation (excluding power purchased)	\$ 3,834,897	\$ 3,873,932	\$ 3,892,135	\$ 4,420,800	\$ 4,510,456	\$ 4,337,858	\$ 3,913,171	\$ 4,403,373	\$ 4,746,456	\$ 4,757,687

Pumping:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of treated water pump stations	18	18	18	18	18	18	18	18	18	18
Maximum treated water pumping capacity (mgd)	1,050.8	1,050.8	1,048.4	1,048.4	1,048.4	1,048.4	1,048.4	1,007.9	1,007.9	1,003.3
Treated water pumping energy costs	\$ 2,930,451	\$ 2,527,672	\$ 3,335,873	\$ 3,135,017	\$ 2,959,900	\$ 2,903,926	\$ 2,816,438	\$ 3,287,803	\$ 2,964,275	\$ 3,040,371
Raw water pumping capacity (mgd)	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2

Transmission and Distribution:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Miles of pipe installed, net of reductions	12.0	13.5	17.2	15.9	33.3	17.6	17.5	16.1	8.1	9.0
Miles of raw water supply mains (mountain collection system)	90.9	90.9	87.1	77.5	77.5	77.3	77.4	77.4	77.4	77.5
Miles of raw water supply mains (metropolitan Denver area) ⁷	49.2	49.1	57.8	57.0	57.1	54.3	54.2	54.0	52.3	47.7
Miles of treated water mains in system	3,202.9	3,191.0	3,175.7	3,158.5	3,142.6	3,109.3	3,091.7	3,074.2	3,058.2	3,050.1
Miles of recycled water mains in system	75.5	75.5	72.4	71.7	70.4	73.5	67.2	67.0	63.1	49.0
Number of treated water valves operated and maintained	88,375	87,507	86,624	85,565	84,674	83,171	82,250	81,262	80,265	78,889
Number of recycled water valves in system	1,632	1,632	1,612	1,604	1,459	1,538	1,512	1,380	1,188	979
Number of hydrants operated and maintained ⁶	21,873	21,465	22,219	21,195	20,967	20,556	20,269	20,030	19,818	19,670
Fire hydrants tested and repaired	19,733	17,438	23,643	24,922	25,990	23,909	18,093	29,506	25,177	25,112
Breaks in mains - Denver	297	423	294	275	275	225	262	191	222	232
Service leaks	431	484	597	538	508	503	542	337	719	402
Treated water main leak detection program:										
Miles of pipe surveyed	567	754	814	660	1,384	922	808	1,290	615	1,022
Visible leaks pinpointed	132	141	142	182	183	134	131	160	116	137
Non-visible leaks detected	56	68	56	58	100	68	62	110	61	93

See accompanying footnotes on final page of report.

(continued)

OPERATING INDICATORS BY FUNCTION: 2012 - 2021 (continued)

Treatment and Water Quality:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Acre-feet	200,208	214,942	198,827	206,074	195,822	199,489	184,489	187,771	184,785	220,864
Population ³	1,287,000	1,277,000	1,270,000	1,261,000	1,248,000	1,238,000	1,222,000	1,197,000	1,176,000	1,156,000
Treated water reservoir capacity (million gallons) ⁴	351.8	351.8	351.8	351.8	351.4	351.4	351.4	353.3	353.3	381.7
Treated water consumption (million gallons)	65,238	70,039	64,788	67,149	63,809	65,004	60,116	61,185	60,212	71,969
Average daily consumption (million gallons)	178.73	191.89	177.50	183.97	174.82	178.09	164.70	167.63	164.97	197.17
Average daily gallons per capita	138.88	150.26	139.76	145.89	140.08	143.86	134.78	140.04	140.28	170.57
Maximum daily consumption (million gallons)	369.60	380.45	371.11	396.40	364.92	355.88	344.26	335.20	355.00	398.20
Maximum hour treated water use rate (million gallons per day)	648.00	670.00	572.60	637.00	628.50	592.00	499.30	603.60	591.00	628.00
Precipitation in inches - Annual	15	11	16	13	15	14	28	20	22	12
Precipitation in inches - 4/1 to 9/30	11	6	11	9	12	8	19	15	18	9
Water Quality Samples:										
Watershed	9,709	7,600	7,120	5,222	6,624	6,826	5,544	1,669	1,140	1,243
Treatment plant	2,278	2,151	1,976	2,222	3,233	3,168	4,443	1,358	1,225	1,566
Distribution system	21,503	20,805	20,727	13,521	15,909	16,575	18,953	11,316	10,674	9,728
Other	14,960	12,431	11,683	7,700	14,890	5,599	6,538	2,258	3,126	1,157
Lead and copper	33,061	38,511	28,560	7,697	7,570	-	-	-	-	-
Total Samples Collected	81,511	81,498	70,066	36,362	48,226	32,168	35,478	16,601	16,165	13,694
Microbiological analyses completed	16,530	14,425	14,471	15,346	22,568	11,407	11,208	12,070	9,845	9,338
Chemical and field analyses completed	208,016	280,952	404,222	160,241	147,819	49,829	56,885	54,181	52,554	40,080
Total Analyses Performed	224,546	295,377	418,693	175,587	170,387	61,236	68,093	66,251	62,399	49,418
Treatment Plant Capacity (million gallons per day):										
Plant										
Foothills Dual-Media	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0
Marston Dual-Media	200.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
Moffat Rapid-Sand	80.0	120.0	120.0	120.0	185.0	185.0	185.0	185.0	185.0	185.0
Total Capacity (million gallons per day) ^{5,8,9}	560.0	650.0	650.0	650.0	715.0	715.0	715.0	715.0	715.0	715.0

Chemical Treatment:

Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

Plant	Total Cost	Pounds of Chemicals Used
Foothills	\$ 4,231,063	32,554,439
Moffat	\$ 1,380,918	9,678,795
Marston	\$ 1,404,790	10,831,483
Recycling	\$ 568,921	3,576,305
	\$ 7,585,692	56,641,022

See accompanying footnotes on final page of report.

(continued)

OPERATING INDICATORS BY FUNCTION: 2012 - 2021 (continued)

TREATED WATER QUALITY SUMMARY: TREATMENT PLANT EFFLUENT AVERAGES - 2021

Analysis of Effluent Water	Foothills	Marston	Moffat
<u>General</u>			
Alkalinity, Total as CaCO ₃ (mg/L)	55.5	67.3	43.0
Chlorine, Total (mg/L)	1.84	1.83	1.78
Hardness as CaCO ₃ (mg/L)	97.5	112.7	57.8
pH (SU)	8.85	8.85	8.82
Specific Conductance (µS/cm)	283.0	331.0	168.00
Temperature (°C)	9.7	9.9	10.0
Total Dissolved Solids (mg/L)	184.7	210.3	102.8
Turbidity (NTU)	0.041	0.027	0.028
<u>Metals Direct Analyses</u>			
Aluminum (µg/L)	47.9	31.4	16.2
Barium (µg/L)	37.8	39.5	20.3
Boron (µg/L)	12.2	16.1	2.0
Calcium (mg/L)	27.9	31.7	18.8
Magnesium (mg/L)	6.8	8.2	2.6
Manganese (µg/L)	12.7	6.5	0.00
Molybdenum (µg/L)	9.6	10.1	0.80
Potassium (mg/L)	2.0	2.1	0.78
Sodium (mg/L)	21.1	25.1	11.2
Uranium (µg/L)	0.0	0.0	0.00
<u>Ions (mg/L)</u>			
Chloride	20.5	25.4	9.1
Fluoride	0.67	0.66	0.67
Nitrate + Nitrite-Nitrogen	0.02	0.0	0.00
o-Phosphate	0.00	0.0	0.00
Sulfate	50.5	54.0	24.0
<u>Disinfection Precursor and By-Products (µg/L)</u>			
Total Organic Carbon (mg/L)	1.7	1.8	1.9
Haloacetic Acids (µg/L)	15.1	12.0	15.9
Total Trihalomethanes (µg/L)	19.5	19.2	20.2

¹ In 2021, Denver Water had 17 raw water reservoirs. This capacity is based on current reservoir capacity.

² The reservoir storage as of December 31, 2019 and historical total supply capacity was revised in 2020 to be consistent with current measurement processes.

³ Population estimated based on treated water customers only. The estimates for 2012-2020 have been restated due to updates to the State Demographer county projections done prior to 2020.

⁴ In 2021, Denver Water had three potable water treatment facilities.

⁵ In 2018, Moffat Treatment Plant capacity was de-rated from 185 MGD to 120 MGD due to construction on Conduit 16.

⁶ In 2019, hydrants values were calculated by O&M. Previous years were calculated by ARG.

⁷ In 2020, Conduit 16 was abandoned and is currently being replaced.

⁸ In 2021, Marston Treatment Plant capacity was downrated to 200 MGD due to new chemical capacity designs and solids processing systems.

⁹ In 2021, Moffat Treatment Plant's peak capacity was reduced to 80 MGD.

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