EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Financial Statements

December 31, 2020

(With Independent Auditors' Report Thereon)

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2020, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns on pages 24-26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2021, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
April 22, 2021

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Management's Discussion and Analysis

December 31, 2020

(Unaudited)

This is an analysis and overview of the financial activities of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan) as of and for the year ended December 31, 2020. This information should be read in conjunction with the financial statements and notes, which follow.

Financial Highlights

As of December 31, 2020, and 2019, $428.9 million and $394.9 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2020, the fiduciary net position restricted for pension of the Plan increased by $34.0 million or 8.6% as compared to 2019. The increase in 2020 was primarily due to changes in the fair value of the Plan's investments. The change in the appreciation in the fair value of investments decreased $18.6 million or 33.1%, in 2020 over 2019.

Additions to the Plan's fiduciary net position restricted for pension in 2020 included employer and employee contributions of $17.5 million and $2.6 million, respectively, and net investment income of $39.0 million resulting in total additions to the Plan's fiduciary net position restricted for pension of $59.1 million.

Deductions from the Plan's fiduciary net position restricted for pension for 2020 were $25.1 million. The majority of the 2020 deductions were from retirement benefit payments of $24.8 million.

The Plan's investment objective is to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial earnings rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. As of December 31, 2020, the Plan's fiduciary net position restricted for pension as a percentage of the total pension liability was 91.2%.

Overview of the Financial Statements

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

1. Statement of Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position
3. Notes to Financial Statements
4. Required Supplementary Information

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Management's Discussion and Analysis

December 31, 2020

(Unaudited)

The Statement of Fiduciary Net Position includes information about the Plan's assets, liabilities and fiduciary net position restricted for pension, as of December 31, 2020. The Statement of Changes in Fiduciary Net Position shows the additions to, deductions from, and net increase (or decrease) in the Plan's fiduciary net position restricted for pension during 2020.

These financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2020, and the activities that occurred during the year. The financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued by independent outside sources.

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

Required Supplementary Information prepared in accordance with U.S. generally accepted accounting principles provides additional information about the Plan's progress in its ability to meet its future obligations. It also provides the history of the Denver Board of Water Commissioners (Board) contributions to the Plan and investment returns for the last 10 years.

Changes in Fiduciary Net Position Restricted for Pension

The Statement of Fiduciary Net Position displays Plan assets, liabilities, and fiduciary net position restricted for pension at year-end. The Statement of Changes in Fiduciary Net Position provides information on the source of the change in fiduciary net position restricted for pension during the year. When compared to 2019, the increase in total assets of $33.7 million, or 8.5%, in 2020 was primarily the result of the appreciation in the fair value of investments.

As of December 31, 2020, and 2019 the Plan's fiduciary net position was:

Fiduciary Net Position Restricted for Pension
(In thousands)

	Years ended December 31		2020 – 2019	
	2020	2019	Increase (decrease)	Percentage change
Cash and cash equivalents	$ 3,591	$ 3,720	$ (129)	(3.5)%
Dividends, interest, and other receivables	111	506	(395)	(78.1)
Investments, at fair value	425,368	391,134	34,234	8.8
Total assets	429,070	395,360	33,710	8.5
Total liabilities	140	462	(322)	(69.7)
Fiduciary net position restricted for pension	$ 428,930	$ 394,898	$ 34,032	8.6%

Two of the investment managers in the Plan, Winslow Capital Management, Inc. and Harbert Management Corporation, reported cash and cash equivalents as of December 31, 2020, totaling $120 thousand and $147 thousand, respectively. Many of the other managers have cash holdings from time to time, but do not specifically identify them in their statements of assets. Cash and cash equivalents are also held in the custodial cash account used for rebalancing, disbursement of benefit payments and administrative expenses. Additionally, starting in 2018, the Plan began using a third-party administrator (TPA) for benefit payment services. Cash is transferred monthly from the custodial cash account to the TPA for recurring retiree benefit payments occurring at the beginning of the following month, as well as any ad hoc benefit payments. As of December 31, 2020, $1.9 million was held with the TPA for benefit payments to be paid in January of 2021 and $1.4 million was held in the Plan's custodial bank.

Total liabilities of the Plan for 2020 were $140 thousand and consisted primarily of outstanding investment manager expenses of $100 thousand. The change in the fiduciary net position restricted for pension is a function of the change in total assets offset by the change in total liabilities. The Plan recorded an increase in fiduciary net position restricted for pension of $34.0 million in 2020 over 2019.

Additions

The funds needed to pay benefits are accumulated from the contributions approved by the Board, employee contributions, proceeds from the sale of individual investments, and the income generated from the Plan's investments, including interest and dividends. Earnings on Plan investments are reported separately from fees charged by investment managers. Investment fees are reported using the best information available to Plan management. Board-approved contributions for 2020 totaled $17.5 million and employee contributions totaled $2.6 million. The Board has approved contributions in the amounts above the actuarially determined contribution net of employee contributions for eight of the last ten years.

Additions to Fiduciary Net Position Restricted for Pension
(In thousands)

	Years ended December 31		2020 – 2019	
	2020	2019	Increase (decrease)	Percentage change
Employer contributions	$ 17,500	$ 16,702	$ 798	4.8%
Employee contributions	2,579	1,713	866	50.6
Net investment income	39,062	58,643	(19,581)	33.4
Total additions, net	$ 59,141	$ 77,058	$ (17,917)	(23.3)%

Deductions

Annual Plan outflows include retirement benefits, death benefits, refunds of employee contributions with associated interest and administrative expenses. The Plan's normal benefit is a single life annuity to retired members, but members may elect to receive benefits in various other forms, including a lump sum or annuities that provide spousal benefits upon the death of the member. For the year ended December 31, 2020, annual plan deductions totaled $25.1 million.

Deductions to Fiduciary Net Position Restricted for Pension
(In thousands)

	Years ended December 31		2020 - 2019	
	2020	2019	Increase (decrease)	Percentage change
Retirement benefits	$ 24,843	$ 24,750	$ 93	0.4%
Death benefits	59	35	24	68.6
Refunds of employee contributions	24	14	10	71.4
Administrative expenses	183	183	—	—
Total deductions	$ 25,109	$ 24,982	$ 127	0.5%

Investment Activities

2020 was characterized by significant swings as the S&P 500 Index fell 33.8% from February 19 to its low on March 23. This precipitous fall was followed by a three-day trading session which saw the S&P 500 Index rise nearly 17.6%, marking one of the fastest snapbacks on record. Despite the numerous developments that were historically unprecedented, investors with government and central bank support resiliently pushed the S&P 500 Index to an 18.4% return for the year. International stocks continued their multi-year trend of lagging U.S. stocks providing a 10.7% return as measured by the MSCI ACWI ex US Index. Global yield curves finished the year lower than the start as central banks around the world cut interest rates due to the pandemic. U.S. Treasury yields fell across the curve, with the short and intermediate portions of the curve dropping more than 100 basis points as the Federal Reserve lowered its target interest rate to near zero while stabilizing the credit markets through Treasury bond and mortgage-backed security purchases. The Fed continued to purchase bonds throughout 2020 and indicated that target rates would most likely remain near zero through 2023. Fixed income strategies with longer duration benefited most from the Fed's interest rate cuts which propelled the Bloomberg Barclays UST Duration: 10+ Years Index to rise 17.8% for the year. The Bloomberg Barclays U.S. Aggregate Bond Index, a proxy for intermediate term corporate bonds, returned 7.5%. Crude oil (WTI) ended the year just short of $50, below the $60 per barrel at the beginning of the year, but far better than the $20 per barrel in April. U.S. unemployment ended the year at 6.7%, reaching a high of 14.7% in April as the country shutdown due to the pandemic. Nominal wages increased 5.4% as lower wage earners fell out of the economy due to job losses. The Consumer Price Index rose 1.4% in 2020. This is the smallest increase since 2015 and is below the 1.7% average rate over the last ten years. The U.S. real gross domestic product (GDP) increased at an annual rate of 4.1% in the fourth quarter of 2020. According to the Bureau of Economic Analysis (BEA) the increase reflects both the continued economic recovery from the sharp declines earlier in the year and the ongoing impact of the COVID-19 pandemic, including new restrictions and closures that took effect in some areas of the United States.

Denver Water's Retirement Plan (the Plan) delivered a positive return of 10.5% (10.3% net of fees) for the year but lagged its custom target index on a relative basis by 266 basis points for the period. The Plan's Domestic Equity asset class returned 17.3% for the year compared to the Denver Board of Water (DBOW) Domestic Equity Index benchmark return of 20.9%. The International Equity asset class return 9.9% compared to the DBOW International Equity Index benchmark return of 10.7%. The Fixed Income asset class returned 6.5% compared to the DBOW Bloomberg Barclays U.S. Aggregate benchmark return of 7.5%. The Private Equity asset class returned 19.3% compared to the Russell 3000 Index + 2.5% benchmark return of 23.9%. The Real Estate asset class returned -0.6% compared to the DBOW New RE Blend of 0.8%. Lastly, the Hedge Fund asset class returned 8.3% versus the HFR Fund of Funds Composite benchmark of 10.9%. On an absolute basis, the best performing asset class was Private Equity providing a period return of 19.3%, with the lowest performing asset class being Real Estate returning -0.6% for the year.

Requests for Information

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

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

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Statement of Fiduciary Net Position
December 31, 2020
(In thousands)

		2020
Assets		
Cash and cash equivalents	$	3,591
Dividends, interest and other receivables		74
Employee contribution receivable		37
Investments, at fair value		
Equities		
Common stock funds		244,483
Fixed income		
Other fixed income funds		86,171
Real estate		47,478
Hedge fund		20,922
Private equity		26,314
Total investments		425,368
Total assets		429,070
Liabilities		
Accrued administrative expense		39
Accrued investment expense		100
Securities payable		1
Total liabilities		140
Fiduciary net position restricted for pension	$	428,930

See accompanying notes to financial statements

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Statement of Changes in Fiduciary Net Position
Year ended December 31, 2020
(In thousands)

		2020
Additions		
Employer contributions	$	17,500
Employee contributions		2,579
Investment income		
Net appreciation in fair value of investments		37,623
Interest		1,163
Dividends		1,765
Real estate income, net of operating expenses		901
		41,452
Less investment expense		(2,390)
Net investment income		39,062
Total additions		59,141
Deductions		
Retirement benefits		24,843
Death benefits		59
Refunds of employee contributions		24
Administrative expenses		183
Total deductions		25,109
Net increase in fiduciary net position		34,032
Fiduciary net position restricted for pension:		
Beginning of year		394,898
End of year	$	428,930

See accompanying notes to financial statements

(1) Plan Description

(a) Plan Administration

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

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

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

(b) Plan Membership

All regular and discretionary employees of the Board become participants of the Plan upon completion of the required introductory period. As of January 1, 2020, there were 1,999 Plan participants: 175 were deferred vested participants, 702 participants were retirees, 1,046 participants were active, 63 participants were terminated and due a refund, and 13 were on long-term disability.

Effective January 1, 2018, the Plan was amended to allow for employee contributions. Two membership tiers were created to define Plan membership as of a specific date of employment. Tier one members are defined as employees hired prior to January 1, 2018, which includes employees hired prior to January 1, 2018 who were in their required introductory period during the first portion of 2018. Tier two members are defined as employees hired or rehired on or after January 1, 2018.

(c) Benefits Provided

Participants become fully vested after five years of employment. The normal retirement age is 65. Tier one members who reach age 55 and have 5 years of service are eligible to receive a reduced early retirement benefit. Unreduced retirement benefits prior to age 65 are provided for Tier one members who are a minimum of age 55, whose age and years of service total 75 on the last day of employment and whose employment ends at age 50 or later.

Tier two members who reach age 60 and have 5 years of service are eligible to receive a reduced early retirement benefit. Unreduced retirement benefits prior to age 65 are provided for employees who are 60 years of age or older and whose age and years of service total 85 on the last day of employment.

The service requirement for entitlement to spousal benefits is 5 years of service with the benefit commencing when the employee would have reached age 55 for Tier one members and age 60 for Tier two members. The Plan also provides for retirement benefits in the event of total and permanent disability, as determined by the Board.

Terminated vested participants or surviving spouses whose severance date occurs before the attainment of age 55 for Tier one members and age 60 for Tier two members, shall be eligible to elect a full single lump sum payment only in lieu of a monthly pension within 90 days of his or her severance date.

Plan benefits for Tier one 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 two 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 one and Tier two formulas.

The Plan also includes a benefit provision in the event a participant dies prior to the date the member quits, retires or is discharged. In general, the participant's spouse or beneficiary will receive 50% of the participant's accrued benefit. The Plan document contains detailed provisions regarding Plan benefits.

Benefits paid by the Plan are adjusted annually by the change in the Consumer Price Index, subject to a minimum payment equal to the amount of the initial benefit and a maximum annual increase of 4.4% for employees retiring on or after September 1, 1995 and 5% for employees who retired before September 1, 1995. Changes in the Consumer Price Index in excess of the amount of the maximum annual adjustment are applied toward future adjustments. Members with Tier one service shall be entitled to the cost-of living adjustment solely for benefits attributable to Tier one service. Tier two members are not entitled to a cost-of-living adjustment.

The Board reserves the right to amend the Plan, including its benefit provisions; however, any major changes (except termination of the Plan) made by the Board for employees hired prior to January 1, 2018 will not become effective until approved by two-thirds of the participants. Any change to the Plan made by the Board for employees hired or rehired on or after January 1, 2018 does not require the approval of employees, and employees hired or rehired on or after January 1, 2018, do not have any right to approval with respect to any changes to the Plan.

(d) Contributions

The Plan was established, and is sponsored and administered by the Board, under authority of Article X, Section 10.1.6 of the Charter of the City and County of Denver, Colorado. The Plan document provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. The Board's funding policy defines the objectives of the Board in funding the benefits to be paid by the Plan. On August 28, 2013, the Board adopted changes to the funding policy effective for 2014 and future years. The changes redefined the funding guidelines by basing the Board's contributions to the Plan on an Actuarially Determined Contribution (ADC) calculated annually by an independent actuary, using agreed upon methods and assumptions in accordance with the Actuarial Standards Board and specified in the funding policy. Subsequently, on June 28, 2017, the funding policy was updated, which modified its objective to include employee contributions to the Plan and modified its determination of the Board's contribution to include the Plan's funding valuation results and any other facts and circumstances relevant to the funding decision. In 2020, the Board and members of the Plan made contributions totaling $17.5 million and $2.6 million, respectively. Plan contributions were made in accordance with actuarial funding valuations performed as of January 1, 2020.

Employees hired prior to January 1, 2018 contribute 3% of their compensation to the Plan. Employee contributions for this group were phased in over three years with a 1% increase each year beginning in 2018. Employees hired after January 1, 2018 contribute 3% of their compensation beginning immediately upon hire. All employee contributions on or after January 1, 2018 are credited with an interest rate of 2.5% compounded annually. Non-vested members who leave employment are eligible to receive an actuarial equivalence of a full single lump sum payment that will not be less than the member's contribution plus associated interest. As of December 31, 2020, the total balance of non-vested member contributions plus associated interest was $1.2 million. There were $24 thousand in refunds of contributions and interest to non-vested members in 2020.

Prior to January 1, 1992, employees were required to contribute to the Plan. The Board amended the Plan to disallow further employee contributions and determined that all amounts previously contributed to the Plan by employees would be refunded, with interest at 5% per annum, upon termination or retirement. Refunds of contribution and interest payments of $2 thousand were made in 2020 for employees who retired or were terminated during the respective year. As of December 31, 2020, for employees that contributed to the Plan prior to 1992, the total remaining employee contributions including accrued interest was $34 thousand. This amount is not accrued as a liability in the accompanying financial statements.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

The financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements, Statement No. 67, *Financial Reporting for Pension Plans* (replacing GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB 50, *Pension Disclosures*) and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and all other applicable GASB pronouncements including GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

(b) Plan Expenses

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

Additionally, investment manager fees and investment consulting expenses are recorded as investment expenses. Some investment managers assess performance fees that are netted against gains or losses and are not separately reported to the Plan. The fees are included in the net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position. Management calculates these performance fees based on the contractual agreement between the investment managers and the Plan.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents consists of cash held with separate account managers and the Plan's TPA to pay for retirement benefits. Cash equivalents held at the custodial bank are in the form of short-term investment funds invested overnight and available for liquidation daily.

(3) Investments

(a) *Investment Policy*

The Plan's investment policy and any changes to the policy are adopted by the Board acting in its capacity as Trustee of the Plan. The most recent version of the policy was approved on 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, 2020, the Plan's long-term asset allocation ranges were as follows:

Long Term Asset Allocation Ranges

Asset segment	Allowable range Year ended December 31, 2020
Public Equities	40–65%
Fixed Income	10–40
Real Estate	10–20
Alternative	5–20

(b) *Money-Weighted Rate of Return*

For the year ended December 31, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense, was 9.9%. 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.

(c) Custody and Management of Assets

During 2020, 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 2020, 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, LP	Since February 2008
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
Fidelity Institutional Asset Management	Since July 2011
RREEF America LLC	Since January 2015
UBS Realty Investors, LLC	Since May 1998
Winslow Capital Management, LLC	Since August 2011

(d) 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, 2020, this amount was $1.9 million. Additionally, on December 31, 2020, $1.4 million in cash was held within the trust and $267 thousand of cash was held with separate account managers, which were not subject to custodial credit risk.

(e) *Interest Rate Risk*

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

Schedule of Interest Rate Risk
Segmented Time Distribution of Investment Maturities
as of December 31, 2020

Investment type (In thousands)		**Fair value/NAV**	**Less than 1 year**	**1 to 6 years**	**6 to 10 years**	**10+ years**	**Maturity not determined**[1]
Other fixed income funds	$	86,171	—	—	—	—	86,171

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

(f) *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, 2020, the Plan had no single issuer that exceeded 5% 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.

(g) *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, 2020 are listed below. For securities with split ratings, the lowest rating is shown.

Schedule of Credit Risk as of December 31, 2020

Investment type (In thousands)	**Quality rating**		**Fair value**	**Percentage of asset class**
Other fixed income funds	NR/NA[1]	$	86,171	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.

(h) 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, 2020:

Schedule of Assets in Foreign Currencies

	Percentage of asset class invested in foreign currencies
Equities	
Common stock funds	30.0%
Private equity	10.6

(i) 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, 2020.

(j) Fair Value of Investments

The Plan has the following recurring fair value measurements as of December 31, 2020:

Investments and Derivative Instruments Measured at Fair Value

		December 31, 2020 (In thousands)		
		Fair Value Measurements Using		
	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Other fixed income funds	$ 86,171	$ -	$ 86,171	$ -
Total debt securities	86,171	-	86,171	-
Equity securities				
Common stock funds	244,483	225,782	18,701	-
Total equity securities	244,483	225,782	18,701	-
Total investments by fair value level	330,654	$ 225,782	$ 104,872	$ -
Investments measured by the net asset value (NAV)				
Real estate funds	47,478			
Hedge fund	20,922			
Private equity funds	26,314			
Total investments measured by the NAV	94,714			
Total investments measured at fair value	$ 425,368			

Equity securities, fixed income funds and common stock funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt 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, 2020 are presented on the following table.

Investments Measured at the NAV

December 31, 2020 (In thousands)

	NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible	Redemption Notice Period
Real estate funds	$ 47,478	$ 5,286	Quarterly/None	45-90 days
Hedge fund	20,922	-	Quarterly	45-90 days
Private equity funds	26,314	29,783	None	N/A
Total investments measured at the NAV	$ 94,714	$ 35,069		

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 with the fund managers 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 14.7% of the value of the investments in this type, 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 draw down 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 VI, L.P. and Fund VIII, are buyout fund-of-funds, offer a concentrated multi-manager approach with multiple private equity managers along with selective co-investments and secondary investments and focuses on small-to-medium sized companies. Horsley Bridge Venture XI, L.P. 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 draw down date.

(k) Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service (IRS) dated June 11, 2014 for amendments enacted through June 27, 2012, the Plan is exempt from federal income taxes. While the Plan has been subsequently amended and restated since 2012, the IRS no longer issues determination letters to confirm its federal income tax exemption. The Board has retained outside counsel to ensure the Plan's continued compliance to meet IRS requirements and, therefore, the Plan is believed to maintain its tax exemption.

(l) Use of Estimates

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

(4) Net Pension Liability of Denver Water

The components of the net pension liability of Denver Water at December 31, 2020 were as follows:

		Years ended December 31, 2020 (In thousands)
Total pension liability	$	470,578
Plan fiduciary net position restricted for pension		(428,930)
Denver Water's net pension liability	$	41,648
Plan fiduciary net position restricted for pension as a percentage of the total pension liability		91.2%

(a) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to the measurement date of December 31, 2020 and calculated based on the discount rates and actuarial assumptions below.

	Year ended December 31, 2020
Inflation	2.5%
Salary increases: age-based rates from	6.8 to 2.9
Investment rate of return	7.0

The mortality rates for 2020 were determined using the Combined RP-2014 Healthy Employee Mortality Tables projected with the Ultimate MP Scale for pre-retirement. Post-retirement rates were determined by using the Combined RP-2014 Healthy Annuitant Mortality Tables projected with the Ultimate MP Scale. The mortality rates for 2020 for post-disablement were determined using the Combined RP-2014 Disabled Annuitant Mortality Tables projected with the Ultimate MP Scale.

The actuarial assumptions used in the January 1, 2020 valuation were based on an actuarial experience study for the period from January 1, 2015 through January 1, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table.

	December 31, 2020	
	Target Allocation	**Long-Term Expected Real Rate of Return**
Asset class:		
Domestic fixed income	17.0%	(0.3)%
Domestic equity	30.0	4.6
International equity	20.0	4.8
Private equity	8.0	6.0
Real estate	15.0	3.8
Hedge funds	5.0	2.0
Bank loans	5.0	2.3
	100.0%	

(b) Discount Rate

The discount rate used in the 2020 actuarial valuation to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed Plan member contributions would be made at the current actuarially determined contribution rate and employer contributions would be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on these assumptions, the pension plan's fiduciary net position restricted for pension was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0% for 2020 as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

(In thousands) **2020**	**1% Decrease 6.00%**	**Current discount rate 7.00%**	**1% Increase 8.00%**
Net pension liability/(asset)	$ 99,023	41,648	(6,518)

(5) Related-Party Transactions

An affiliate of the Plan's custodian, Northern Trust Investments, N.A., is an investment manager for the Plan, which managed \$88.7 million of the Plan's investments as of December 31, 2020. For the year ended December 31, 2020, the Plan incurred approximately \$15 thousand in management fees with this investment manager.

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

(Unaudited)

Schedule I (In thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability:										
Service cost	$ 8,590	$ 8,127	$ 9,070	$ 8,523	$ 7,330	$ 6,757	$ 6,071	$ 6,046	$ —	$ —
Interest on total pension liability	31,320	29,981	29,285	27,728	26,237	25,820	25,044	24,051	—	—
Effect of plan changes	—	—	—	—	—	—	—	—	—	—
Effect of assumption changes or inputs	—	(4,004)	—	22,250	—	10,152	—	—	—	—
Effect of economic/demographic (gains) or losses	5,779	(525)	6,700	(2,255)	(3,348)	801	—	2,037	—	—
Benefit payments, including refund of employee contributions	(24,927)	(24,799)	(22,055)	(19,927)	(19,932)	(20,693)	(20,366)	(17,850)	—	—
Net change in total pension liability	20,762	8,780	23,000	36,319	10,287	22,837	10,749	14,284	—	—
Total pension liability, beginning	449,816	441,036	418,036	381,717	371,430	348,593	337,844	323,560	—	—
Total pension liability, ending (a)	470,578	449,816	441,036	418,036	381,717	371,430	348,593	337,844	—	—
Plan fiduciary net position:										
Employer contributions	17,500	16,702	18,000	18,000	14,500	14,500	14,500	15,000	—	—
Employee contributions	2,579	1,713	662	—	—	—	—	—	—	—
Investment income net of investment expenses	39,063	58,642	(14,319)	48,273	21,326	2,473	18,523	39,023	—	—
Benefit payments, including refund of employee contributions	(24,927)	(24,799)	(22,055)	(19,927)	(19,931)	(20,694)	(20,365)	(17,851)	—	—
Administrative expenses	(183)	(183)	(180)	(48)	(52)	(44)	(144)	(116)	—	—
Net change in plan fiduciary net position	34,032	52,075	(17,892)	46,298	15,843	(3,765)	12,514	36,056	—	—
Fiduciary net position, beginning	394,898	342,823	360,715	314,417	298,574	302,339	289,825	253,769	—	—
Fiduciary net position, ending (b)	428,930	394,898	342,823	360,715	314,417	298,574	302,339	289,825	—	—
Net pension liability, ending = (a) – (b)	$ 41,648	$ 54,918	$ 98,213	$ 57,321	$ 67,300	$ 72,856	$ 46,254	$ 48,019	$ —	$ —
Plan fiduciary net position as a % of total pension liability	91.2%	87.8%	77.7%	86.3%	82.4%	80.4%	86.7%	85.8%	—	—
Covered payroll	$ 87,877	81,654	82,151	77,159	75,740	75,990	71,847	71,940	—	—
Plan's net pension liability as a % of covered payroll	47.4%	67.3%	119.6%	74.3%	88.9%	95.9%	64.4%	66.8%	—	—

See accompanying independent auditors' report.

This schedule is intended to show 10 years of information. Additional years will be displayed when they become available.

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Required Supplementary Information

Schedule of Employer Contributions
(Unaudited)

Schedule II (In thousands) Year ended December 31	Actuarially determined contribution	Actual employer contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a % of covered payroll
2011	$ 12,414	$ 15,400	$ (2,986)	$ 69,927	22.0%
2012	12,256	14,300	(2,044)	71,172	20.1
2013	11,958	15,000	(3,042)	71,940	20.9
2014	13,532	14,500	(968)	71,847	20.2
2015	14,068	14,500	(432)	75,990	19.1
2016	14,017	14,500	(483)	75,740	19.1
2017	18,089	18,000	89	77,159	23.3
2018	18,489	18,000	489	82,151	21.9
2019	16,411	16,702	(291)	81,654	20.5
2020	15,953	17,500	(1,547)	87,877	19.9

See accompanying Independent Auditors' Report.

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	Layered
Amortization period at 01/01/2014	15 years
Asset valuation method	3-year smoothed market
Inflation	2.50%
Salary increases	Age-based rates from 6.75% to 2.85%
Investment rate of return	7.00%, net of pension plan investment expenses, including inflation
Cost of living adjustments	2.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pre-retirement – Combined RP-2014 Healthy Employee Mortality Tables projected with the Ultimate MP scale. Post-retirement – Combined RP-2014 Healthy Annuitant Mortality Tables projected with the Ultimate MP scale. Post-disablement – Combined RP-2014 Disabled Annuitant Mortality Tables projected with the Ultimate MP scale.

EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS

Required Supplementary Information

Schedule of Investment Returns
(Unaudited)

Schedule III

Fiscal year ending December 31,	Net money-weighted rate of return
2011	N/A
2012	N/A
2013	15.4%
2014	6.4
2015	0.8
2016	7.2
2017	15.3
2018	-4.0
2019	17.1
2020	9.9

This schedule is intended to show 10 years of information. Additional years will be displayed when they become available.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of fiduciary net position, and the related statement of changes in fiduciary net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
April 22, 2021