Denver Board of Water Commissioners

Employees' Retirement Program

Employees' Retirement Plan

Denver Water 401 (k) Retirement Savings Plan

Denver Water 457 Deferred Compensation Plan

2017 Annual Report

Treasury Department, Denver Board of Water Commissioners 1600 W. 12th Avenue,

Denver Co 80204-3412, Phone: 303-328-6410

DENVER WATER

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I. INTRODUCTORY SECTION (UNAUDITED)

DENVER WATER

1600 West 12th Ave
Denver, CO 80204-3412
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Letter of Transmittal

June 1, 2018

To the Board of Water Commissioners and Participants in the Plans of the Denver Water Retirement Program:
We are pleased to present the Annual Report of the Retirement Program of the Denver Board of Water Commissioners for the fiscal year ended December 31, 2017. The Retirement Program includes three trusteed funds ("Plans") and two additional, unfunded benefits. The trusteed funds are the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Defined Benefit Plan" or "DB Plan"), the Denver Water Supplemental Retirement Savings Plan ("401(k) Plan" or "SRSP") and the Denver Water 457 Deferred Compensation Plan ("457 Plan"). The 401(k) Plan and the 457 Plan are collectively referred to as the "Defined Contribution Plans" or "DC Plans". This report contains audited financial statements only for the trusteed plans. The two unfunded benefits are a Retiree Medical Coverage Program and a Retirement Financial Planning Reimbursement Program. Although the two unfunded benefits are discussed briefly in this letter, financial statements were not prepared for either of the unfunded benefits nor are they discussed in the other sections of this Annual Report.

The report is divided into five sections: An Introductory Section, a Financial Section, an Investment Section, an Actuarial Section, and a Statistical Section.

Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the report, including the financial statement presentation, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control 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. To the best of management's knowledge and belief, the data is accurate in all material respects and presents fairly the financial position and results of operations of the Plans.

CliftonLarsonAllen LLP audited the three financial statements included in this document, and issued an unqualified ("clean") opinion on each of those financial statements for the year ended December 31, 2017. The independent accountant's report is the first page of each set of statements, all of which are included in the Financial Section of this report. Accounting principles accepted in the United States of America, (GAAP) require that management provide a narrative overview and analysis of the financial status of each plan to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). Each set of financial statements in the Financial Section includes the MD&A just after the auditor's report. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Introductory Section contains information about the administrative organization, the Trustee, or the Sponsor of each Plan included in the Retirement Program, the Denver Water Retirement Program Committee and the Consultants and Advisors who provide advice concerning the various elements of the Retirement Program. The Financial Section contains the audited financial statements of the Plans and other required supplementary information. The Investment Section contains a report on investment activity, investment policies, investment results, and various investment schedules. The Actuarial Section contains the actuarial assumptions and methods used in the DB Plan, a summary of DB Plan provisions, the results of the annual actuarial valuation, and other actuarial statistics. The Statistical Section presents other significant data pertaining to the Plans, such as trend information on DB Plan expenses and revenues as well as information about the retired members of the DB Plan.

Background of the Retirement Program

The Denver Board of Water Commissioners ("Board") is a five-member board appointed by the Mayor of Denver, Colorado to oversee the operations of the water utility that serves Denver and a large part of the Denver metropolitan area ("Denver Water"). Denver Water was created by the people of Denver by the Charter of the City and County of Denver, Colorado ("City"). Article X, Section 10.1.6 of the City Charter grants to the Board authority to establish and amend benefit provisions for Denver Water employees.

The ***Employees' Retirement Plan of the Denver Board of Water Commissioners*** was established on June 1, 1944 as a defined benefit, single-employer plan covering substantially all regular and discretionary employees of the Board. The Board is the sponsor, administrator and trustee of the assets of the DB Plan. The assets are held in custody by The Northern Trust Company. When it was first adopted, the DB Plan benefit was set at $3 for each year of service with a maximum monthly payment of $100. Employees were required to contribute $3 per month. Part-time employees and those who were hired after the age of 50 were not permitted to participate in the plan. Payments did not begin until the age of 70 and they could have been delayed for up to three years. Over the years, the DB Plan has evolved. In 1971, cost of living adjustments were added. In 1981, employee contributions were eliminated. In 1985, early retirement at age 55 with 15 years of service became available, but at a reduced amount. In 1995, the Rule of 75 was adopted, permitting an unreduced retirement at the age of 55 with 20 years of service. In 1996, part-time employees were allowed to participate in the DB Plan, and in 2001 the 35-year cap on years of service used for computing benefits was eliminated.

In December 2016, the Board approved several changes to the Plan with an effective date of January 1, 2018. Employees hired prior to January 1, 2018 will contribute 3% of their compensation to be phased in over three years beginning in 2018. A second-tier plan was created for employees hired after January 1, 2018. These employees are required to contribute 3% of their compensation beginning immediately upon hire, will have a benefit multiplier of 1.75%, are eligible for special early retirement benefits under the rule of 85 at a minimum age of 60, and no cost of living adjustment. Employees who leave employment and choose not to receive a pension benefit will be refunded their contributions with an established rate of interest.

For employees hired prior to January 1, 2018, the DB Plan provides normal, special early (Rule of 75), and late retirement benefit options with limited annual cost-of-living adjustments, disability benefits and death benefits. Participants become fully vested after five (5) years of employment. DB Plan benefits are integrated with Social Security benefits and are determined by a formula defined in the DB Plan document. A more detailed explanation of benefits is outlined in the Summary of DB Plan Provisions in the Actuarial Section of this report.

As of December 31, 2017, there were 1,825 participants in the DB Plan, including 1,034 active members, 658 retirees and beneficiaries and 120 terminated employees entitled to benefits but not receiving them yet.

The ***Denver Water Supplemental Retirement Savings Plan*** was established pursuant to Section 401(k) of the Internal Revenue Code (IRC), effective January 1, 1999. It is a single-employer defined contribution plan. All regular and discretionary employees are eligible to participate in the 401(k) Plan upon completion of a required introductory period. Denver Water matches 100% of each Participant's contribution up to 3% of the Participant's published base compensation. The SRSP provides for immediate vesting of all contributions. Participation in the SRSP is voluntary. Empower Retirement Service is the administrator of the SRSP. At the end of 2017 there were 927 active participants with balances and 263 terminated participants with balances. 91% of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2017.

Denver Water established a 457 Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code (IRC) in 1987. Assets from that plan were transferred to the ***Denver Water 457 Deferred Compensation Plan***, when it was established on January 3, 2001. All regular or discretionary employees are eligible to participate in the 457 Plan upon completion of a required introductory period. Denver Water does not contribute to the plan and employee participation is voluntary*. Empower Retirement Service is the administrator of the SRSP. At the end of 2017, there were 484 active participants with balances and 181 terminated participants with balances. 39% of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2017.

Denver Water offers a ***Retirement Financial Planning Reimbursement Program*** designed to encourage eligible employees to consult with a Certified Financial Planner (CFP®) of their choice about their retirement planning needs. Reimbursement requires certification that the services did not include tax preparation, legal, accounting or brokerage services, as the program is designed to be a tax-free reimbursement for "qualified retirement planning services" as described in Internal Revenue Code section 132(m). The Program is available to all employees with 5 years of credited service or more and has the maximum lifetime benefit of $2,000. 19 employees used the counseling services during 2017 and 7 of those employees have subsequently retired. The total 2017 expenditures on the Retirement Financial Planning Reimbursement Program were $25,921.

Denver Water began offering the Retiree Medical Coverage Program in 1995, which also was the first-year employees were able to retire under the Rule of 75. The benefit is in the form of partially subsidized health care costs, until the retiree attains age 65. The retiree's coverage ceases after the retire becomes Medicare-eligible at age 65, the retiree's coverage ceases. At that point, a spouse may elect to remain in the program until age 65, and other dependents may also elect to remain in the program until the dependent attains the cut-off age for active employee dependents. Full cost premiums are charged to the spouse or the dependent if there is an election to remain in the program after the retiree's coverage ends. The benefit is provided through the Board'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 (Rule of 75) provision of the Board's defined benefit pension plan, taking an immediate distribution of pension benefits, 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 the Board's defined benefit retirement plan and is not paid out of retirement plan funds. In January 2012, the Board discontinued its contribution for this benefit for employees hired on or after January 16, 2012. However, these employees can still access this program at full cost upon meeting the Rule of 75. The Board approved changes in the eligibility requirements for Postemployment Healthcare Benefits in 2013. The minimum eligible age changed from 55 to 60 years while the Rule of 75 remained intact, converting it to a maximum five-year benefit. Certain employees, who had completed 25 years of service as of the end of 2013, retained the right to receive subsidy, available at the time of their retirement, if retired under the Rule of 75, but before reaching age 65. For all other employees, the minimum retirement age to be eligible for benefits was raised to age 60. As of the end of 2017, 165 retirees were receiving this benefit.

Effective with the issuance of the December 31, 2007 financial statements, The Governmental Accounting Standards Board ("GASB") Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", requires Denver Water to accrue the cost of this benefit over the period of employment, much as a defined pension benefit is now accrued. Denver Water is in compliance with GASB Statement No. 45 and is accruing the liabilities related to health care coverage for Early Retirees as presented in its financial statements. Denver Water is not required to, and has not, established an irrevocable trust to accumulate assets for payment of future retiree health benefits. Payments of benefits are made on a pay-as-you-go basis in amounts necessary to provide current benefits to recipients. The annual expense for this benefit is calculated based on the annual required contribution as computed by the actuary. The expense recorded in 2017 was $1.4 million and $2.3 million was paid as benefits under the plan (approximately 72% of estimated premium equivalent costs). Retirees receiving benefits contributed $893,000, or approximately 28% of the estimated premium equivalent costs. The Net OPEB Obligation for postemployment healthcare benefits as of the end of the year was $9.2 million.

**Does not include discretionary contributions*

Major Initiatives in 2017

- **DB Plan changes approved by the Board -** In 2017 the Board approved changes to the Plan Document in response to the Plan changes that were made in December of 2016. The major change included:
    - Addition of Tier two Plan with the retirement formula for Tier two members of 1.75% times their average final compensation times their years of service and removal of social security integration.
    - Tier two members to be eligible for early retirement at age 60 with 5 years of service with reduced benefit.
    - Tier two average final compensation changed to the highest 60 consecutive months in 10 years.
    - A previously vested employee reemployed within two years after receiving a lump sum payment may have previous credited service restored if the employee repays the lump sum within 60 days with 8% interest.
    - Addition of an election to receive a refund of accumulated contributions for non-vested members. The interest rate credited on refunds of employee contributions made on or after January 1, 2018 will be 2.5% compounded annually.
    - Elimination of mandatory distributions except for required minimum distributions.
    - Addition of a requirement that a person rehired on or after January 1, 2018 be placed in Tier two.
    - Addition of a time limit on restoration of credited service for reemployed non-vested members who took a refund of contributions.
    - Clarification of the actuarial table used for actuarial equivalence for the level income option,
    - Clarification of the Plan language regarding the partial lump sum calculation.
    - Addition of definitions of exempt, non-exempt, and part-time employees to clarify the calculation of the 1,000 hours worked for purposes of determining credited services.

- **Change in actuarial assumptions for the DB Plan.** In August 2016 the Board approved changes to the actuarial assumptions for the plan with an effective date of January 1, 2017. The expected rate of return on investments was lowered from 7.25% to 7.00% and the fully generational mortality table RP 2014 with projection scale MP 2016 was adopted. The updated assumptions reflect the long-term return expectations as well as longer life expectancy

- **DC Plans' document changes made in 2017**. The following Plan document changes were made throughout the year based on the recommendations made by the Board's Legal Counsel for retirement plans:
    - On December 6, 2017, both plans were amended to revise the definition of compensation and the definition of spouse and permitted deferral of compensation as a percentage or a dollar amount.
    - On April 2017 the 457 Plan was amended to allow employees to defer their paid time off (PTO) and any back pay in accordance with the IRS 457(b) requirements.

- **Manager Changes in the DB Plan.** The Chief Finance Officer, with the assistance of the Investment Consultant for the DB Plan, approved the following changes in the investment manager lineup for the DB Plan:
    - Domestic Equity Manager Advisory Research was terminated in the fourth quarter of 2017 in response to fund underperformance over the five-year period and possible changes in the treatment of UBTI for tax exempt institutions.

- **DC Plan Fund Changes:**
    - Global Sustainability Index (NSRIX) was selected as a replacement for Domini Impact Equity fund.
    - T. Rowe Price Growth Stock fund (PRGFX) was mapped to a lower share class of the same fund, T. Rowe Price Growth Stock I (PRUFX) and a new target retirement fund, Vanguard Target Retirement 2065 (VLXVX) was added to the lineup effective 11/15/2017.

Investments

As discussed in more detail in both the Financial Section and the Investment Section, assets of all Plans are held in trust for the exclusive benefit of participants and beneficiaries. Investment activities have been delegated to professional investment managers. The investment managers engaged by the Defined Benefit Plan as of December 31, 2017 are listed on page 86 of the report; funds included in the Defined Contribution Plans are listed on page 99 of the report. Activities of the professional managers are reviewed and evaluated quarterly by the investment consultant for each plan, the Retirement Program Committee (RPC), and Denver Water's Finance staff.

The investments in the Defined Benefit Plan returned 15.6% (gross of fees) during 2017, compared to the target benchmark return of 15.7% and the actuarial assumed rate of return of 7.00%. The annualized rate of return on assets of the Defined Benefit Plan was 7.9% over the last three years and 9.2% over the last five years. Returns on Defined Contribution Plans vary depending on the choices made by each participant.

A summary of the current investment objectives and guidelines for each fund, additional information concerning allocation of the DB Plan's assets, and more detailed information about investment performance is included in the Investment Section of this report.

Funding

As of January 1, 2018, the Funded Ratio of the DB Plan was 80.8%, compared to 78.3% the year before. Over the past ten years the Funded Ratio ranged from a low of 72.7% (01/01/09) to a high of 84.9% (01/01/16). More information about funding of the DB Plan, including a multi-year Schedule of Funding Progress, is provided in the Actuarial Section of this report.

Funding of the Defined Contribution Plans is primarily from employee contributions. Denver Water currently matches 100% of employee contributions to the 401(k) plan up to 3% of published base pay.

Professional Services

Professional consultants and advisors are engaged as necessary to perform professional services that are essential to the effective and efficient operation of the Plan. Opinions from the Independent Auditor for the Financial Statements of each of the Plans, an opinion from the actuary for the DB Plan, and a report from the Investment Performance Measurement Consultant to the DB Plan are included in this report. The consultants engaged to assist the CEO/Manager, various staff members, and the Board are listed on pages 15 - 19.

Acknowledgements

The compilation of this report reflects the combined effort of Denver Water's staff. It is intended to provide complete and reliable information about the Defined Benefit Plan and the Defined Contribution Plans. It will be made available to all members of the Denver Water Retirement Program.

We would like to express our appreciation to the Denver Water staff, specifically the members of the Retirement Program Committee and their support staff, the advisors, and to the many other people who have worked so diligently in the preparation of this report and toward the successful operation of the Denver Water Retirement Program.

Respectfully submitted,

James S. Lochhead, CEO/Manager

Gail Cagle
Chief Human Resources Officer, RPC Co-Chair

Angela Bricmont
Chief Finance Officer, RPC Co-Chair

A. Organizational Chart of the Employees' Retirement Program

Denver Water Board

- 5 members appointed by the Mayor of Denver
- Serves as Trustee of the Defined Benefit Plan and Sponsor of the Defined Contribution Plans
- Approves changes to the Retirement Program
- Approves Investment and funding policies for the Retirement Program
- Approves actuarial assumptions and methods for the Retirement Plan

Chief Finance Officer

Co-Chair of the RPC

- Recommends financial, investment and actuarial policies
- Performs cost analysis
- Implements investment and funding policies
- Arranges for annual financial audits and actuarial evaluations
- Recommends annual Retirement Plan contribution

CEO / Manager:

- Approves technical Plan amendments
- Decides benefit appeals
- Arranges for fiduciary Liability insurance
- Appoints Retirement Program Committee members

Chief Human Resources Officer

Co-Chair of the RPC

- Responsible for day-to -day administration of the Plans
- Responsible for administrative vendor relations
- Recommends administrative and plan design policies

Investment Managers

Make day-to-day investment decisions

Retirement Program Committee (RPC)

Advises Board/CEO/Manager and Chief Finance Officer/ Chief Human Resources Officer on issues regarding the Retirement Program

Trust Fund Custodians

- Hold assets
- Disburse payments to participants

Consultants, Vendors and Advisors

Provide specialized advice

More information about investment professionals who provide services to the Retirement Program and their fees can be found on the following pages:19, 86, 93, 99 and 104.

B. Denver Board of Water Commissioners

The Denver Board of Water Commissioners is the Sponsor of the Retirement Program and acts as Trustee of the Defined Benefit Plan.

BOARD OF WATER COMMISSIONERS - As of December 31, 2017

Top from left, Paula Herzmark, John R. Lucero,
Bottom from left, Greg Austin, Gary Reiff, Craig Jones

Paula Herzmark, President Executive Director, Denver Health Foundation	*Commissioner since April 2009;* *Term expires July 2019.*
John R. Lucero, First Vice President Former Deputy Director, Mayor's Office of Economic Development, Currently Principal, Lucero Development Services	*Commissioner since July 2007;* *Term expires July 2021*
H. Gregory Austin, Vice President Former Partner, Holland & Hart LLP.	*Commissioner since July 2009;* *Term expires July 2019*
Gary Reiff, Vice President Chief Legal Officer, UCHealth	*Commissioner since October 2017;* *Term expires July 2023.*
Craig Jones, Vice President Managing Director, Colony Group's Rocky Mountain Region	*Commissioner since October 2017;* *Term expires July 2023.*

LAST 20 COMMISSIONERS

John A. Yelenick	Jul 1969 to Aug 1987
Marguerite S. Pugsley	May 1978 to Aug 1987
Elizabeth A. Hennessey	Nov 1985 to Jul 1989
Malcolm M. Murray	Aug 1987 to Jul 1993
Donald L. Kortz	Aug 1987 to Jul 1993
Monte Pascoe	Sep 1983 to Jul 1995
Romaine Pacheco	Jul 1989 to Jul 1995
Hubert A. Farbes, Jr.	Jul 1985 to Jul 1997
Ronald L. Lehr	Jul 1993 to Apr 1999
Joe Shoemaker	Jul 1995 to Jul 2001
Andrew D. Wallach	Jul 2001 to Aug 2003
Daniel E. Muse	Feb 2000 to Nov 2003
Richard A. Kirk	Jul 1993 to Oct 2005
William R. Roberts	Jul 1997 to October, 2005
Harris D. Sherman	Dec 2005 to Feb 2007
Denise S. Maes	Jul 1995 to Jul 2007
Susan D. Daggett	Nov 2007 to Jan 2009
George B. Beardsley	Feb 2004 to Mar 2009
Thomas A. Gougeon	Aug 2004 to July 2017
Penfield W. Tate	Oct 2005 to July 2017

C. Key Members of the Retirement Program Committee

The Retirement Program Committee ("RPC") – Responsible for advising the CEO/Manager with respect to retirement issues, was created by resolution of the Board in September 2005. The terms of the 2005 resolution were revised in 2013. Under the resolution, the Board retained full authority to approve substantive changes to the Retirement Program, investment and funding policies, and actuarial methods and assumptions. The 2013 resolution clarifies that the Retirement Program Committee will make recommendations to the Chiefs, the CEO/Manager or the Board, as appropriate, but will not have decision-making authority. The RPC is co-chaired by the Chief Human Resources Officer and Chief Finance Officer and includes key representatives from Treasury, HR Benefits and the Legal Division. The CEO/manager issued a Policy that further describes the RPC's purpose, responsibilities, duties and procedures in November 2013. The primary purpose of the RPC, as outlined in the Executive Guideline, is to provide advice and recommendation to the co-chairs regarding proposed changes to the Retirement program, communication strategies, contractual obligations, legal and tax compliance and education and outreach.

James S. Lochhead - CEO / Manager since June 2010. Responsible for approving amendments to the Plans necessary to maintain tax qualified status, deciding benefit appeals, and arranging for fiduciary liability insurance for Plan fiduciaries. The CEO/Manager reports to the Board at least annually regarding the status of the Program and appoints members of the Retirement Program Committee.

Gail Cagle - Chief Human Resources Officer since January 2014; co-chair of the RPC. The Chief Human Resources Officer administers the Plans with regard to participants, including data maintenance, disclosures, calculations, payment of benefits and other similar duties. She is also responsible for communicating with participants and beneficiaries, recommending to CEO/Manager any changes to the Plans necessary to retain their tax qualified status evaluating and recommending changes in Program design and providing information related to the administration of the Program to the Board and the CEO/manager no less frequently than semi-annually.

Angela C. Bricmont - Chief Finance Officer since July 2010, co-chair of the RPC. The Chief Finance Officer recommends investment policy, actuarial methods and assumptions and annual contributions to the DB Plan. The Chief Finance Officer also analyzes and advises the Board and the CEO/Manager about the total cost impact of Program changes recommended by the Chief Finance Officer, implements investment and funding policies approved by the Board, allocates cash flow for the payment of benefits and other obligations, rebalances Plan assets, selects and monitors investment managers, auditors, actuaries and other financial experts. The Chief Finance Officer is responsible for reporting the financial activities and status of the Program to the Board and the CEO/Manager at least semi-annually.

Deb B. Engleman - Senior Benefits Administrator since June 1993; member RPC. The Chief Human Resources Officer has assigned to Ms. Engleman responsibility for daily monitoring, administration and evaluation of various employee benefit policies and programs and recommending changes to these programs. Ms. Engleman also administers external benefit-related contracts.

Usha Sharma – Treasurer since April 2009. The Chief Finance Officer has delegated various responsibilities pertaining to the Plans, including the preparation of this Annual Financial Report, to the Treasurer and her subordinates.

Kris Bates – Office of General Council; Ms. Bates has been employed by Denver Water since 2004; member RPC. Ms. Bates works with outside subject matter legal experts to advise the Chief Finance Officer and the Chief Human Resources Officer.

Aneta M. Rettig – Finance Supervisor with Denver Water since March 2006; member RPC; supports the Treasurer in fulfilling her responsibilities pertaining to the Plans.

Jeff Bogner - Finance Analyst since August 2012; member RPC; supports the Treasurer in fulfilling her responsibilities pertaining to the Plans.

D. Consultants and Advisors

Consulting Services

Actuary	Gabriel Roeder Smith & Company	7900 East Union Avenue, Suite 650 Denver, Colorado 80237
Benefit Consultant	Gallagher Benefit Services, Inc.	6399 South Fiddler's Green Circle Suite 200 Greenwood Village, CO 80111
Legal Counsel	Davis Graham & Stubbs LLP	1550 17th Street, Suite 500 Denver, CO 80202
Performance Evaluation	The Northern Trust Company	50 S. LaSalle Street, Chicago, IL 60675
Investment Advisor (DB Plan)	Callan Associates Inc.	1900 16th Street Suite 1175 Denver, CO 80202
Investment Advisor (DC Plans)	Ellwood Associates	6400 S Fiddlers Green Cir Greenwood Village, CO 80111

Asset Custodian

The Northern Trust Company (DB Plan)	50 S. LaSalle Street, Chicago, IL 60675
Empower Retirement (formerly Great-West Retirement Services) (DC Plans)	8515 East Orchard Road, 10T2 Greenwood Village, CO 80111

Independent Auditor

CliftonLarsonAllen	370 Interlocken Boulevard, Suite 500 Broomfield, Colorado 80021

Information regarding investment managers who provide services to the Plans and information regarding fees paid to the Program's professional service providers and investment managers can be found in the *Investment Section*.

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II. FINANCIAL SECTION

A. Employees' Retirement Plan

1. Independent Auditors Report

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

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 statements of fiduciary net position and statements 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 years ended December 31, 2017 and 2016, 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.

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

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, 2017 and 2016, and the respective changes in fiduciary net position for the years 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 Schedules of Changes in Net Pension Liability and Related Ratios, Employer Contributions and Investment Returns on pages 24-26 are 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 19, 2018, 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 result of that testing, and not to provide an opinion on the effectiveness of the Plan's 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

Broomfield, Colorado
April 19, 2018

**CliftonLarsonAllen LLP was not engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in such report and that the Board has not requested the consent of CliftonLarsonAllen LLP for the inclusion of its report therein.*

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Employees' Retirement Plan of the Denver Board of Water Commissioners (Plan) as of and for the years ended December 31, 2017 and 2016. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2017, and 2016, $360.7 million and $314.4 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2017, the fiduciary net position restricted for pension of the Plan increased by $46.3 million or 14.7%. This compares with a $15.8 million increase or 5.3% in 2016. The increase in the Plan's fiduciary net position restricted for pension in 2017 and 2016 are primarily due to changes in the fair value of the Plan's investments. Net appreciation in the fair value of investments increased $27.8 million or 154.1% in 2017, and increased $14.9 million or 5.1% in 2016.

Additions to the Plan's fiduciary net position restricted for pension in 2017 included employer contributions of $18.0 million and net investment income of $48.3 million resulting in total additions to the Plan's fiduciary net position restricted for pension of $66.3 million. Additions to the Plan's fiduciary net position restricted for pension in 2016 included employer contributions of $14.5 million and net investment income of $21.3 million resulting in total additions to the Plan's fiduciary net position restricted for pension of $35.8 million

Deductions from the Plan's fiduciary net position restricted for pension for 2017 and 2016 were $19.9 million. The majority of the 2017 and 2016 deductions were from retirement benefit payments of $19.8 million in each year.

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 January 1, 2017, and 2016, the dates of the latest actuarial valuations, the funded ratio for the Plan was 79.9% and 84.9%, respectively

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

The Statements of Fiduciary Net Position include information about Plan assets, liabilities and net position restricted for pension, as applicable as of December 31, 2017 and 2016.

The Statements of Changes in Fiduciary Net Position show the additions to, deductions from, and net increase (or decrease) in the Plan's net position restricted for pension during 2017 and 2016.

The above 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* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires the reporting of deferred inflows and deferred outflows of resources in separate sections of the Statement of Fiduciary Net Position, which was renamed from Statement of Net Position. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

These financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2017 and 2016, and the activities that occurred during those years. Both financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued 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 funding its future obligations and the history of the Denver Board of Water Commissioners (Board) contributions to the Plan.

Changes in Net Position Restricted for Pension

The Statement of Fiduciary Net Position Display Plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the net position restricted for pension, as applicable at year-end. The Statement of Changes in Fiduciary Net Position provides information on the source of the change in net position restricted for pension during the year. The increase in total assets of $46.2 million or 14.7% in 2017 was primarily the result of an increase in the fair value of investments. Comparatively, in 2016, total assets increased $15.8 million or 5.3%. Similar to 2017, the increase in 2016 was primarily the result of an increase in the fair value of investments

Winslow Capital Management, Inc. and Advisory Research, Inc. reported cash and cash equivalents as of December 31, 2017. Cash and cash equivalents are also held in the custodial cash account used for disbursement of benefit payments and administrative expenses. 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 retiree benefit payments. As of December 31, 2017, $1.6 million was held with the TPA for benefit payments to be paid in January 2018. Many of the other managers have cash holdings from time to time, but do not specifically identify them in their reporting.

As of December 31, 2017, 2016 and 2015, the Plan's net position was:

Net Position Restricted for Pension

(Amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	2016	2015	Increase (decrease)	Percentage change	Increase (decrease)	Percentage change
Cash and cash equivalents	$ 3,517	4,096	3,272	$ (579)	(14.1)%	$ 824	25.2%
Dividends, interest, and other receivables	410	438	425	(28)	(6.4)	13	3.1
Investments, at fair value	356,882	310,055	295,137	46,827	15.1	14,918	5.1
Total assets	360,809	314,589	298,834	46,220	14.7	15,755	5.3
Total liabilities	94	172	260	(78)	(45.3)	(88)	(33.8)
Net position restricted for pension	$ 360,715	314,417	298,574	$ 46,298	14.7%	$ 15,843	5.3%

Liabilities of the Plan for 2017 and 2016 consisted primarily of unpaid, but earned investment manager fees. In 2017, liabilities consisted primarily of outstanding investment expenses of $94,400. In comparison, in 2016, liabilities consisted primarily of unsettled trades of $7,600 and outstanding investment expenses of $163,600. The change in the 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 net position restricted for pension of $46.3 million in 2017 and an increase of $15.8 million in 2016.

Additions

The funds needed to pay benefits are accumulated from the contributions approved by the Board and the income generated from the Plan's investments, including interest, dividends, and proceeds from the sale of individual investments. Any earnings on investments are reported net of investment management expenses. Board-approved contributions for 2017 and 2016 totaled $18.0 and $14.5 million, respectively. The Board has approved contributions of amounts more than the actuarially determined contribution for eight of the last ten years.

Additions to Net Position Restricted for Pension

(Amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	2016	2015	Increase (decrease)	Percentage change	Increase (decrease)	Percentage change
Employer contributions	$ 18,000	14,500	14,500	3,500	$ 24.1%	$ —	—%
Net investment income	48,273	21,326	2,473	26,947	126.4	18,853	762.4
Total additions, net	$ 66,273	35,826	16,973	30,447	$ 85.0%	$ 18,853	111.1%

Deductions

Annual Plan expenditures 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. Please refer to the Plan document for detailed information regarding the Plan. For the year ended December 31, 2017 and 2016, annual Plan deductions totaled $19.9 million.

Deductions to Net Position Restricted for Pension

(Amounts expressed in thousands)

	Years ended December 31			2017 - 2016		2016 - 2015	
	2017	2016	2015	Increase (decrease)	Percentage change	Increase (decrease)	Percentage change
Retirement benefits	$ 19,824	19,808	20,581	$ 16	0.1%	$ (773)	(3.8)%
Death benefits	80	105	85	(25)	(23.8)	20	23.5
Refunds of employee contributions	23	18	28	5	27.8	(10)	(35.7)
Administrative expenses	48	52	44	(4)	(7.7)	8	18.2
Total deductions	$ 19,975	19,983	20,738	$ (8)	(0.04)%	$ (755)	(3.6)%

Investment Activities

The U.S. economy ended year 2017 recording a 2.6% gain in GDP in the fourth quarter after growth above 3% in each of the prior two quarters. Stock markets hit a number of record highs despite unease around geopolitics and the impact of multiple natural disasters throughout the year as synchronized global economic growth and rising corporate profits produced a new sense of optimism. In both the developed and emerging markets, the technology sector was the largest contributor to the equity markets as innovation and potential spurred the top performers in the sector. The job market continued to improve with over 2.1 million new jobs added during the year, unemployment reached a generational low of 4.1% in the U.S., and retail sales rose. Oil prices have recovered from the sharp decline of several years ago, which spurred top-line inflation, but core inflation (net of food and energy) remained below the Fed's target of 2%. A historic revision to the tax code became law at the end of the year, which included a substantial corporate tax cut.

Denver Water's Retirement Plan posted a 15.6% gain (15.4% net of fee return), slightly below the Plan's customized benchmark return of 15.7% for 2017. The international equity segment was the best absolute and relative performer, posting a 29.0% gain for the year, 1.8 percentage points above MSCI ACWI Net index return, followed by domestic public equities with 22.6% return. Private equity segment posted 18.3% return. Hedge fund manager recorded 9.0% gain for the year, outperforming benchmark index, HFR Fund of Funds Composite, by 1.3 percentage points. Real Estate managers returned 9.2% during 2017, above the benchmark NCREIF ODCE index return of 6.9%. The fixed Income segment reported a 3.8% return for the year versus the Barclays Aggregate Bond index return of 3.5%.

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2017 and 2016, and changes in financial status for the years then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

3. Basic Financial Statements

a. Statements of Fiduciary Net Position

		2017	2016
Assets:			
Cash and cash equivalents	$	3,517,200	4,096,000
Dividends, interest and other receivables		410,400	438,200
Investments, at fair value:			
Equities:			
Common stock		—	11,050,900
Common stock funds		209,316,700	156,920,300
Total equities		209,316,700	167,971,200
Fixed income:			
Other fixed income funds		55,017,500	51,791,400
Total fixed income		55,017,500	51,791,400
Real estate funds		52,168,600	56,126,000
Hedge funds		33,981,500	31,164,900
Private equity funds		6,397,500	3,001,600
Total investments		356,881,800	310,055,100
Total assets		360,809,400	314,589,300
Liabilities:			
Accrued administrative expense		—	1,100
Accrued investment expense		94,400	163,600
Securities payable		—	7,600
Total liabilities		94,400	172,300
Net position restricted for pension	$	360,715,000	314,417,000

See accompanying notes to financial statements.

b. Statements of Changes in Fiduciary Net Position

	2017	2016
Additions:		
Employer contributions	$ 18,000,000	14,500,000
Investment income:		
Net appreciation in fair value of investments	45,806,700	18,030,600
Interest	810,200	1,201,100
Dividends	2,646,200	2,376,400
Real estate income, net of operating expenses	1,258,700	1,994,000
	50,521,800	23,602,100
Less investment expense	(2,248,500)	(2,276,000)
Net investment income	48,273,300	21,326,100
Total additions	66,273,300	35,826,100
Deductions:		
Retirement benefits	19,824,300	19,808,500
Death benefits	80,000	105,000
Refunds of employee contributions	23,100	18,100
Administrative expenses	47,900	52,100
Total deductions	19,975,300	19,983,700
Net increase in fiduciary net position	46,298,000	15,842,400
Net position restricted for pension:		
Beginning of year	314,417,000	298,574,600
End of year	$ 360,715,000	314,417,000

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 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 (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 Chief Human Resources Officer and to the Chief Finance Officer. The delegation resolution instructs the CEO/Manager to create an advisory committee, with representation from the Finance, the Human Resources, and the Legal divisions, for the purpose of making recommendations to the CEO/Manager, the Chief Finance Officer and the Chief Human Resources Officer 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, 2017, there were 1,776 Plan participants: 106 were deferred vested participants, 639 participants were retired, 1,019 participants were active and 12 were on long term disability.

Effective January 1, 2018 the Plan was amended to allow for employee contributions. A first and second tier membership was created to define Plan members as of a specific date of employment. Tier one members are defined as employees hired prior to January 1, 2018, which includes an employee hired prior to January 1, 2018 who is in his or her 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. These changes are expected to lower long-term liability of the Plan and help keep the Board's annual contribution stable.

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 during 2014 and in prior years provided for periodic Board contributions of at least the actuarially required contribution (ARC) sufficient to accumulate the necessary assets to pay benefits when due. On August 28, 2013, the Board adopted the Employees' Retirement Plan Funding Policy effective for 2015 and future years. The policy defines the objectives of the Board in funding the benefits to be paid by the Plan. In accordance with the policy the Board 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 and specified in the funding policy. The Board made contributions totaling $18.0 million and $14.5 million in accordance with actuarial valuations performed as of January 1, 2017 and 2016, respectively.

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. Payments of $23,100 and $18,100 were made in 2017 and 2016, respectively, for employees who had retired or were terminated during the respective year. As of December 31, 2017, and 2016, total remaining employee contributions including accrued interest was $35,800 and $50,900, respectively. These amounts are not accrued as liabilities in the accompanying financial statements.

Effective January 1, 2018 employees hired prior to January 1, 2018 will contribute 3% of their compensation that will be phased in over three years with a 1% increase each year beginning in 2018. Employees hired after January 1, 2018 will 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.

Note 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. 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.

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 classified as investment expenses. Investment expenses are based upon the best information management has as of the year-end.

c. Fair Value of Investments

The Governmental Accounting Standards Board (GASB) implemented statement 72, which addresses accounting and financial reporting issues related to fair value measurements. This Statement 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. The Plan has adopted GASB statement 72 and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2017 and 2016:

Investments and Derivative Instruments Measured at Fair Value
($ in thousands)

			2017		
			Fair Value Measurements Using		
		December 31, 2017	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	$	55,018		55,018	
Total debt securities		55,018	-	55,018	-
Equity securities					
Common stock funds		209,317	191,058	18,259	
Total equity securities		209,317	191,058	18,259	-
Total investments by fair value level	$	264,335	191,058	73,277	-
Investments measured by the net asset value (NAV)					
Real estate funds	$	52,169			
Hedge funds		33,981			
Private equity funds		6,397			
Total investments measured by the NAV		92,547			
Total investments measured at fair value	$	356,882			

			2016		
			Fair Value Measurements Using		
		December 31, 2016	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	$	51,791	-	51,791	-
Total debt securities		51,791	-	51,791	-
Equity securities					
Common stock	$	11,051	11,051	-	-
Common stock funds		156,920	141,250	15,670	-
Total equity securities		167,971	152,301	15,670	-
Total investments by fair value level	$	219,762	152,301	67,461	-
Investments measured by the net asset value (NAV)					
Real estate funds	$	56,126			
Hedge funds		31,165			
Private equity funds		3,002			
Total investments measured by the NAV		90,293			
Total investments measured at fair value	$	310,055			

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. Pricing for all securities was provided by a third-party pricing vendor and developed in accordance with the provisions of GASB Statement No. 72. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2017 and 2016 is presented on the following table:

Investments Measured at the NAV

($ in thousands)

2017

	NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate funds	$ 52,169	$ 1,762	Quarterly/None	45-90 days
Hedge funds	33,981	-	Quarterly	45-90 days
Private equity funds	6,397	5,971	None	N/A
Total investments measured at the NAV	$ 92,547	$ 7,733		

2016

	NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate funds	$ 56,126	$ 2,152	Quarterly/None	45-90 days
Hedge funds	31,165	-	Quarterly	45-90 days
Private equity funds	3,002	9,381	None	N/A
Total investments measured at the NAV	$ 90,293	$ 11,533		

a. Real Estate Funds

This fund category included three open-end and one closed-end real estate fund. 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 fund, Harbert United States Real Estate Fund V, L.P., is 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 fund, which represent approximately 21.8 percent 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 underlying assets of the funds will be liquidated over the next 7 to 10 years.

b. Hedge Funds

This fund category includes investment in one 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. As of December 31, 2017, the Plan had a balance of $21,632 as a holdback withheld by Visium Global Fund, LP, under the terms of the investment agreement, following the Manager's termination and subsequent closure of the fund. The holdback constituted approximately 0.4% of the Plan's investment as of May 4, 2016, the date of termination. The timing of the distribution of the holdback will be determined by the Manager.

c. Private Equity Funds

This fund category includes investments in two private equity fund-of-funds, which invest in private investment funds. Aberdeen U.S. Private Equity VI, L.P., which is a buyout fund-of-funds, offers a concentrated multi-manager approach with 14-16 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., which is a venture capital fund-of-funds, is expected to invest in 15-20 established and emerging private equity managers providing seed and early stage exposure to the technology sector in the United States, Europe and Asia.

Private equity funds are reported at fair value based upon the net 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 can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 12 to 15 years.

d. 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. Although the Plan has been subsequently amended, the Board is of the opinion that the Plan, as amended, meets the IRS requirements and, therefore, continues to be tax exempt.

e. 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.

Note 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 September 28, 2016 and contains a few minor edits to clarify the language of the document.

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 return rate 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, the Plan's long-term asset allocation ranges were as follows:

Long Term Asset Allocation Ranges

Asset segment	Allowable range Years ended December 31 2017	2016
Equities	35%–70%	35%–70%
Fixed Income	10–50	10–50
Alternative	10–40	10–40

b. *Money Weighted Rate of Return*

For the years ended December 31, 2017 and 2016, respectively, the annual money-weighted rate of return on Plan investments, net of investment expense, was 15.3% and 7.2%. 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 in each month. The money-weighted rate of return is calculated net of investment expenses.

c. *Custody and Management of Assets*

During 2017 and 2016, the Northern Trust Company served as asset custodian for all Plan assets. 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 2017 and 2016, the Plan assets were managed by the following investment managers:

Aberdeen Asset Management Inc.	Since August 2015
Advisory Research Inc.	Since January 2012
Babson Capital Management LLC	Since August 2013
BlackRock Alternative Advisors	Since March 2012
BlackRock Institutional Trust Company N.A.	Since May 2016
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
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
Vanguard Group, Inc.	Since February 2012
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 immediately 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 the custodial risk. As of December 31, 2017, $1.6 million was subject to custodial credit risk. In 2016, the Plan did not use a third-party benefit payment service provider and there were no deposits 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, 2017

Investment type		Fair value/NAV	Less than 1 year	1 to 6 years	6 to 10 years	10+ years	Maturity not determined**
Other fixed income funds	$	55,017,504					55,017,504
Total	$	55,017,504	—	—	—	—	55,017,504

**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. As of December 31, 2017, the Plan has no single issuer that exceeds 5% of total investments. 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.

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, 2017 are listed below. For securities with split ratings, the lowest rating is shown.

Schedule of Credit Risk as of December 31, 2017

Investment type	Quality rating		Fair value	Percentage of asset class
Other fixed income funds	NR/NA[1]	$	55,017,504	100%
Total fixed income securities		$	55,017,504	

[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 hedge 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 in U.S. dollars as of December 31, 2017:

Schedule of Assets in Foreign Currencies

		Dollar allocation invested in foreign currencies	Percentage of asset class invested in foreign currencies
Equities			
Common stock funds	$	67,305,278	32.15
Hedge funds		16,661,319	49.03
Private equity		27,433	0.01
Total	$	83,994,030	

I. Derivatives

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

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The Plan did not directly own any derivatives as of December 31, 2017 and 2016.

Note 4 – Commitments

As of December 31, 2017, the Plan was a party to three limited partnership agreements with real estate and private equity managers that have unfunded capital commitments. Failure by the Plan to fund a capital call is considered a default under the agreements and various penalties, as defined, may be imposed upon the Plan for such failure. The commitment period for all partnerships extends until the Plan's capital commitment is fulfilled, or the partnership's term is reached. At December 31, 2017, the Plan had remaining unfunded capital commitments of $7.7 million. Subsequent to December 31, 2017, but prior to release of the financial statements $707,400 was called and paid resulting in a remaining unfunded amount of $7.0 million.

Note 5 – Net Pension Liability of Denver Water

The components of the net pension liability of Denver Water at December 31, 2017 and 2016 were as follows:

		Years ended December 31,	
		2017	2016
Total pension liability	$	418,035,917	381,718,280
Plan fiduciary net position restricted for pension		(360,715,000)	(314,417,000)
Denver Water's net pension liability	$	57,320,917	67,301,280
Plan fiduciary net position restricted for pension as a percentage of the total pension liability		86.29%	82.37%

a. Actuarial Assumptions

In August 2016 the Board approved a change to the expected rate of return on investments from 7.25% to 7.0% and the adoption of the fully generational mortality table RP 2014 with projection scale MP 2016. The updated assumptions reflect the long-term return expectations as well as longer life expectancy and are effective January 1, 2017.

The total pension liability was determined by an actuarial valuation as of January 1, 2017 and January 1, 2016 with a measurement date of December 31 and calculated based on the discount rates and actuarial assumptions below.

	December 31	
	2017	2016
Inflation	2.75%	2.75%
Salary increases: age-based rates from	6.25 to 3.35	6.25 to 3.35
Investment rate of return	7.00	7.25

The mortality rates for 2017 were determined using the 50/50 male/female blend of RP-2014 Healthy Annuitant Mortality Table, and projected to 2028 using the MP-2016 Projection Scale. In 2016, the mortality rates were based on the RP-2000 Combined Healthy Mortality Table, and projected to 2020 using Scale BB.

The actuarial assumptions used in the January 1, 2017 and the January 1, 2016 valuation were based on an actuarial experience study for the period 2011-2015.

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 annualized long-term geometric mean return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 and 2016 are summarized in the following table.

	January 1, 2017		January 1, 2016	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:				
Domestic fixed income	17.00%	0.75%	15.00%	0.75%
Domestic equity	30.00	4.60	37.50	5.10
International equity	20.00	4.75	20.00	5.30
Private equity	8.00	5.10	—	—
Real estate	15.00	3.50	17.50	3.75
Hedge funds	5.00	2.80	10.00	3.00
Bank loans	5.00	2.10	—	—
	100.00%		100.00%	

b. Discount Rate

The discount rate used in the 2017 and 2016 actuarial valuation to measure the total pension liability was 7.00% and 7.25%, respectively. The projection of cash flows used to determine the discount rate assumed contributions would be made at the current actuarially determined contribution rate. Based on these assumptions, the pension plan's 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 7.00% and 7.25% for 2017 and 2016, respectively, 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.

	1% Decrease	Current discount rate	1% Increase
2017	**6.00%**	**7.00%**	**8.00%**
Net pension liability	$ 105,633,103	57,320,917	15,563,911
2016	**6.25%**	**7.25%**	**8.25%**
Net pension liability	$ 109,419,946	67,301,280	31,427,540

Note 6 - Related Party Transactions

An affiliate of the Plan's custodian, Northern Trust Investments, N.A., is an investment manager for the Plan, which managed $76.1 million and $50.8 million of the Plan's investments at December 31, 2017 and 2016, respectively. For the years ended December 31, 2017 and 2016, the Plan incurred approximately $27,700 and $22,800, respectively, in management fees with this investment manager.

Note 7 – Plan Amendment

In December of 2017, the Plan was amended with an effective date of January 1, 2018 to clarify the actuarial table used for actuarial equivalence for the level income option, clarification of which provisions apply to members hired prior to January 1, 2018 and rehired on or after January 1, 2018, and clarification on the non-specific Plan language regarding the partial lump sum calculation so that it is consistent with the full lump sum calculation.

On March 22, 2017 the Plan was amended to add definitions of exempt, non-exempt, and part-time employees to clarify the calculation of the 1,000 hours worked for purposes of determining credited services. In addition, the Board approved needed changes to the Plan in response to amendments to the Plan that occurred in December of 2016. In order to implement these changes, a number of amendments to the Plan were required. The following changes were made:

- The addition of definitions of Tier one and Tier two members.
- Employee contributions from both tiers will be paid from pre-tax dollars.
- Added an election to receive a refund of accumulated contributions for non-vested members.
- The interest rate credited on refunds of employee contributions made on or after January 1, 2018 will be 2.5% compounded annually.
- Eliminate mandatory distributions except for required minimum distributions.
- Require a person rehired on or after January 1, 2018 be placed in Tier two. Credited services is retained by the member if money is left in the Plan or is restored. Benefit is calculated under two formulas for rehired Tier one employees.
- Provide for a time limit on restoration of credited service for reemployed non-vested members who took a refund of contributions. Member must be reemployed within two years of termination. Member must repay the refund of accumulated contributions with 8% interest within 60 days of reemployment otherwise they will forfeit their prior credited services. Can be repaid with after tax dollars or a trustee to trustee transfer from a qualifying plan

Tier Two Members:

- Changed the retirement formula for Tier two members to 1.75% times their average final compensation times their years of service and will not be integrated with social security.
- Early retirement is at age 60 with 5 years of service with reduced benefit.
- Tier two members cannot vote on major changes to the Plan.
- Changed average final compensation to the highest 60 consecutive months in 10 years.
- A previously vested employee reemployed within two years after receiving a lump sum payment may have previous credited service restored if the employee repays the lump sum within 60 days with 8% interest.

In December 2016, the Board approved changes to the Plan with an effective date of January 1, 2018. Employees hired prior to January 1, 2018 will contribute 3% of their compensation that would be phased in over three years beginning in 2018. For employees hired after January 1, 2018, there will be a second-tier plan for which employees will contribution 3% of their compensation beginning immediately upon hire, a benefit multiplier of 1.75%, special early retirement benefits under the rule of 85 at a minimum age of 60, and no cost of living adjustment. Employees who leave employment and choose not to receive a pension benefit will be refunded their contributions with an established rate of interest.

On November 16, 2016 with an effective date of September 2, 2016, the Plan was amended to define the terms spouse, husband, and wife as an individual lawfully married to another individual for federal tax purposes and to define spouse to include a party to a Colorado civil union.

In August 2016 the Board approved changes to the actuarial assumptions of the plan with an effective date of January 1, 2017. The expected rate of return on investments was lowered from 7.25% to 7.0% and the fully generational mortality table RP 2014 with projection scale MP 2016 was adopted. The updated assumptions reflect the long-term return expectations as well as longer life expectancy.

Effective for distributions after December 18, 2015, the Plan was amended to allow rollover contributions from the Plan to a SIMPLE IRA. The participant's non-spouse beneficiary may elect to have any portion of the Plan's distributions paid in a direct trustee-to-trustee transfer to an individual retirement account or as an annuity. If the Plan participant dies before benefit distributions, the required minimum distribution in the year of death may not be transferred.

5. Note 8 – Required Supplementary Information.

a. *Schedule of Changes in Net Pension Liability and Related Ratios*

Schedule I

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability:									
Service cost	$ 8,522,238	7,329,581	6,756,642	6,071,395	6,046,257				
Interest on total pension liability	27,727,520	26,237,195	25,820,051	25,043,773	24,051,100				
Effect of plan changes	—	—	—	—	—				
Effect of assumption changes or inputs	22,249,786	—	10,152,400	—	—				
Effect of economic/demographic (gains) or losses	(2,254,507)	(3,347,806)	801,448	—	2,037,171				
Benefit payments	(19,927,400)	(19,931,600)	(20,693,500)	(20,365,600)	(17,850,600)				
Net change in total pension liability	36,317,637	10,287,370	22,837,041	10,749,568	14,283,928	—	—	—	—
Total pension liability, beginning	381,718,280	371,430,910	348,593,869	337,844,301	323,560,373				
Total pension liability, ending (a)	418,035,917	381,718,280	371,430,910	348,593,869	337,844,301	—	—	—	—
Plan fiduciary net position:									
Employer contributions	18,000,000	14,500,000	14,500,000	14,500,000	15,000,000				
Member contributions	—	—	—	—	—				
Investment income net of investment expenses	48,273,300	21,326,100	2,473,300	18,523,200	39,023,000				
Benefit payments	(19,927,400)	(19,931,600)	(20,693,500)	(20,365,600)	(17,850,600)				
Administrative expenses	(47,900)	(52,100)	(44,200)	(144,000)	(115,500)				
Net change in plan fiduciary net position	46,298,000	15,842,400	(3,764,400)	12,513,600	36,056,900	—	—	—	—
Fiduciary net position, beginning	314,417,000	298,574,600	302,339,000	289,825,400	253,768,500				
Fiduciary net position, ending (b)	360,715,000	314,417,000	298,574,600	302,339,000	289,825,400	—	—	—	—
Net pension liability, ending = (a) – (b)	$ 57,320,917	67,301,280	72,856,310	46,254,869	48,018,901	—	—	—	—
Plan fiduciary net position as a% of total pension liability	86.29%	82.37%	80.38%	86.73%	85.79%				
Covered payroll	$ 77,159,061	75,740,030	75,990,457	71,847,268	71,940,163				
Plan's net pension liability as a% of covered payroll	74.29%	88.86%	95.88%	64.38%	66.75%				

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

b. Schedule of Employer Contributions

Schedule II

Year ended December 31		Actuarially determined contribution	Actual employer contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a% of covered payroll
2008	$	7,233,450	7,590,475	(357,025)	60,346,577	12.58
2009		11,871,976	14,500,000	(2,628,024)	65,721,304	22.06
2010		12,638,827	12,638,800	27	70,372,085	17.96
2011		12,414,279	15,400,000	(2,985,721)	69,926,961	22.02
2012		12,256,238	14,300,000	(2,043,762)	71,172,362	20.09
2013		11,957,548	15,000,000	(3,042,452)	71,940,163	20.85
2014		13,532,013	14,500,000	(967,987)	71,847,268	20.18
2015		14,067,795	14,500,000	(432,205)	75,990,457	19.08
2016		14,016,685	14,500,000	(483,315)	75,740,030	19.14
2017		18,088,990	18,000,000	88,990	77,159,061	23.33

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	2.75
Salary increases	Age-based rates from 6.25% to 3.35%
Investment rate of return	7.00%, net of pension plan investment expenses, including inflation
Cost of living adjustments	2.75%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Turnover	Table of rates graded by years of service
Mortality	Pre-retirement – Combined RP-2014 Healthy Employee Mortality Tables projected with scale MP-2016. Post-retirement – Combined RP-2014 Healthy Annuitant Mortality Tables projected with scale MP-2016. Post-disablement – Combined RP-2014 Disabled Annuitant Mortality Tables projected with scale MP-2016.

c. Schedule of Investment Returns

Schedule III

Fiscal year ending December 31,	Net money-weighted rate of return
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	15.35%
2014	6.44%
2015	0.81%
2016	7.16%
2017	15.30%

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

6. Additional Supplementary information (unaudited)

a. Schedule of Administrative Expense

	2017	2016
Actuarial Services	$39,500	$40,010
Audit Services	8,375	12,065
Total Administrative Expenses	47,875	52,075
Average Assets[1]	$337,392,100	$306,495,800
Administrative Expenses as a percentage of Average Assets	0.014%	0.017%

1Average Assets are calculated based on total assets less securities payable.

b. Schedule of Investment Expenses

	2017	2016
Aberdeen Asset Management	$83,929	$71,400
Advisory Research Inc.	80,231	80,231
Babson Capital Management LLC	69,932	69,932
Blackrock Alternative Investors	340,749	340,749
BlackRock Institutional Trust Company N.A.	19,268	10,259
Denver Investment Advisors, LLC		21,638
Dimensional Fund Advisors LP	216,823	166,941
Harbert Management Corporation	166,200	186,074
Harding Loevner Funds, Inc.	279,166	230,461
Horsley Bridge Venture	36,000	36,000
JP Morgan Investment Management, Inc.	-	68,518
Northern Trust Investments, N. A.	27,679	22,836
Pacific Investment Management Company, LLC	-	25,252
Principal Global Investors, LLC	174,863	141,034
Prudential Real Estate Investors	-	(1,206)
Fidelity Institutional Asset Management	111,588	93,455
RREEF America LLC	123,194	161,809
UBS Realty Investors, LLC	112,400	135,807
Vanguard Group, INC.	51,036	46,403
Visium Asset Management	333	55,735
Vontobel Asset Management Inc.	-	18,227
Winslow Capital Management, LLC	104,177	85,180
Total payments to investment advisors	2,059,620	2,066,734
Investment Consulting Expense	86,785	85,000
Investment Performance Reporting Expense	102,187	124,298
Total Investment Expenses	$2,248,592	$2,276,033
Average Assets	$337,566,000	$306,495,800
Investment Expenses as a Percentage of Average Assets	0.666%	0.743%

B. Denver Water Supplemental Retirement Savings Plan

1. Independent Auditor's Reports

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INDEPENDENT AUDITORS' REPORT

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water Supplemental Retirement Savings Plan
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position and statements of changes in fiduciary net position of the Denver Water Supplemental Retirement Savings Plan (the Plan), as of and for the years ended December 31, 2017 and 2016, 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.

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water Supplemental Retirement Savings Plan

Opinions

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, 2017 and 2016, and the respective changes in fiduciary net position for the years 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 3-6 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 19, 2018, 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 result of that testing, and not to provide an opinion on the effectiveness of the Plan's 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

Broomfield, Colorado
April 19, 2018

**CliftonLarsonAllen LLP was not engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in such report and that the Board has not requested the consent of CliftonLarsonAllen LLP for the inclusion of its report therein.*

2. Management's Discussion and Analysis (unaudited)

This is an analysis and overview of the financial activities of the Denver Water Supplemental Retirement Savings Plan (SRSP) for the years ended December 31, 2017 and 2016. This information should be read in conjunction with the financial statements and notes, which follow.

Financial Highlights

As of December 31, 2017, $105.9 million was held in trust for the payment of SRSP benefits to the participants as compared to $87.8 million in 2016. This represents an increase in total SRSP fiduciary net position held in trust of $18.1 million or 20.7%.

Additions to the SRSP fiduciary net position for 2017 and 2016 included participant contributions of $4.3 and 4.5 million, respectively. Total Denver Board of Water Commissioners (Board) matching contributions in 2017 and 2016 were $2.0 million in each year. The Board also contributed an additional $4.8 million in 2017 due to a one-time non-elective contribution for the purpose of buying out employees' paid leave. The net investment income for 2017 was $14.3 million compared to $5.9 million in 2016. The increase in net investment income from 2016 to 2017 is primarily the result of market appreciation.

Total deductions from the SRSP fiduciary net position were $8.2 million in 2017 and $5.4 million in 2016. The deductions comprised retirement benefit payments of $8.1 million, participant investment advisory fees of $26,100, and administrative expenses of $76,900 in 2017. In 2016, the deductions comprised retirement benefit payments of $5.4 million, participant investment advisory fees of $17,800, and administrative expense of $62,300. Total deductions in 2017 were 51.3% more than those in 2016.

The SRSP is a defined contribution plan and its purpose is to enable the participants to accumulate financial assets for their retirement. The Board matches 100% of employee contributions up to 3% of the participating employees' published hourly base pay and salary. As of December 31, 2017, there were 904 employees contributing to the SRSP, or 91% of all eligible Denver Water employees. In comparison, as of December 31, 2016, there were 928 employees contributing to the SRSP, or 91% of all eligible Denver Water employees. There were 993 employees eligible to participate in the SRSP as of December 31, 2017 and 1,017 as of December 31, 2016.

Overview of the Financial Statements

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

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to Financial Statements

The Statements of Fiduciary Net Position present the SRSP assets, liabilities and fiduciary net position as of December 31, 2017 and 2016. The Statements of Changes in Fiduciary Net Position show the additions to and deductions from SRSP fiduciary net position during 2017 and 2016.

The above 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. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.
These financial statements provide a snapshot of the SRSP assets and liabilities as of December 31 and the activities which occurred during the years presented. Both financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued based on independent outside sources.

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

Financial Analysis

The following section provides further detail of the activities within the SRSP as well as additions and deductions to the Plan. Additions to the SRSP consist of participant and employer contributions, participant rollovers, interest income on outstanding participant loans, miscellaneous income and net investment income. Deductions to the Plan are the result of benefit payments to participants, administrative expenses, and participant investment advisory fees. Comparative financial schedules depict the changes between the years 2017, 2016 and 2015.

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

Fiduciary Net Position
(Amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	2016	2015	Increase (decrease)	Percentage change	Increase (decrease)	Percentage change
Mutual funds	$ 89,528	71,074	64,287	18,454	26.0%	$ 6,787	10.6%
Commingled fund	13,409	13,058	12,785	351	2.7	273	2.1
Money market fund	855	1,470	715	(615)	(41.8)	755	105.6
Total investments	103,792	85,602	77,787	18,190	21.2	7,815	10.0
Receivables:							
Contributions	235	244	262	(9)	(3.7)	(18)	(6.9)
Participant loans	1,929	1,920	1,543	9	0.5	377	—
Other receivable	—	2	8	(2)	(100.0)	(6)	(75.0)
Total receivables	2,164	2,166	1,813	(2)	(0.1)	353	19.5
Total assets	105,956	87,768	79,600	18,188	20.7	8,168	10.3
Total liabilities	8	5	18	3	60.0	(13)	(72.2)
Fiduciary net position	$ 105,948	87,763	79,582	18,185	20.7%	$ 8,181	10.3%

SRSP Activities

The fiduciary net position increased by $18.1 million or 20.7% in 2017 and by $8.2 million or 10.3% in 2016. Additional details for the change in fiduciary net position are discussed on the following pages.

Additions

The moneys used to pay benefits are accumulated from the contributions made by the Board and each participant and from income generated by investments, including investment valuation appreciation, interest, and dividends. Earnings on investments are reported net of investment management expenses. The Board's matching contributions for 2017 and 2016 were $2.0 million. In 2016, the Board approved a new paid leave program in which, on a one-time basis only, any paid leave over an employees' target balance would be bought out by the employer and placed in the employees' retirement account. The increase in employer contributions from 2016 to 2017 of $4.8 million was due to a one-time non-elective employer contribution for the purpose of buying out the employees' paid leave. Net investment income was $14.3 million in 2017 as compared to net investment income of $5.9 million in 2016. The increase of net investment income from 2016 to 2017 was primarily due to market appreciation in fair value.

Additions to Fiduciary Net Position
(Amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	2016	2015	Increase (decrease)	Percentage change	Increase (decrease)	Percentage change
Employer contributions	$ 6,770	2,034	1,988	4,736	232.8%	$ 46	2.3%
Participant contributions	4,259	4,484	4,463	(225)	(5.0)	21	0.5
Participant rollovers	986	1,155	1,298	(169)	(14.6)	(143)	(11.0)
Participant loan interest	82	67	23	15	22.4	44	191.3
Miscellaneous income	24	25	21	(1)	(4.0)	4	19.0
Net investment income	14,299	5,858	114	8,441	144.1	5,744	5,038.6
Total additions	$ 26,420	13,623	7,907	12,797	93.9%	$ 5,716	72.3%

Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2017 and 2016, benefits paid were $8.1 million and $5.4 million respectively, an increase of 51.7%. In comparison, benefits paid to participants decreased 11.0% in 2016 over 2015. The change in the amount of benefit payments from year to year is attributed to the number of participants choosing to take lump-sum distributions at retirement in any one year and to changes in the number of participants receiving benefits in the SRSP.

Administrative expenses for the SRSP were $76,900 in 2017 and $62,300 in 2016. Administrative fees are calculated based upon a percentage of the fair value of investments. In 2017 and 2016, participant investment advisory fees were $26,100 and $17,800, respectively. Please refer to note 4 of the financial statements for a detailed explanation of SRSP administrative expenses.

Deductions from Fiduciary Net Position
(amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	2016	2015	Increase	Percentage change	Increase (decrease)	Percentage change
Benefits paid to participants	$ 8,132	5,362	6,025	2,770	51.7%	$ (663)	(11.0)%
Administrative expenses	77	62	71	15	24.2	(9)	(12.7)
Participant investment advisory fees	26	18	20	8	44.4	(2)	(10.0)
Total deductions	$ 8,235	5,442	6,116	2,793	51.3%	$ (674)	(11.0)%

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2017 and 2016, and changes in financial status for the years then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

Basic Financial Statements

a. Statements of Net Position

Assets		2017	2016
Investments, at fair value:			
Mutual funds	$	89,527,700	71,074,300
Commingled fund		13,408,800	13,057,500
Money market fund		855,700	1,470,600
Total investments		103,792,200	85,602,400
Receivables:			
Employer contributions		76,900	77,500
Employee contributions		158,100	166,800
Participant loans		1,928,800	1,919,900
Other receivables		—	1,500
Total receivables		2,163,800	2,165,700
Total assets		105,956,000	87,768,100
Liabilities			
Accrued administrative expenses		7,500	4,800
Fiduciary net position	$	105,948,500	87,763,300

See accompanying notes to financial statements.

b. Statement of Changes in Net Position

	2017	2016
Additions:		
Investment income:		
Net appreciation in fair value of investments	$ 10,133,100	3,609,300
Dividends	4,165,100	2,248,300
Net investment income	14,298,200	5,857,600
Contributions:		
Employer contributions	6,770,000	2,033,800
Participant contributions	4,259,200	4,483,900
Participant rollovers	986,300	1,154,800
Total contributions	12,015,500	7,672,500
Other additions:		
Miscellaneous income	24,000	25,700
Participant loan interest	82,300	67,300
Total other additions	106,300	93,000
Total additions	26,420,000	13,623,100
Deductions:		
Benefits paid to participants	8,131,800	5,362,100
Administrative expenses	76,900	62,300
Participant investment advisory fees	26,100	17,800
Total deductions	8,234,800	5,442,200
Net increase	18,185,200	8,180,900
Fiduciary net position:		
Beginning of year	87,763,300	79,582,400
End of year	$ 105,948,500	87,763,300

See accompanying notes to financial statements.

3. Notes to the Financial Statements

Note 1 – Plan Description

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

The 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 of the Plan. The Board has delegated certain responsibilities regarding the Plan administration through a delegation resolution to the Chief Human Resources Officer and to the Chief Finance Officer. The delegation resolution instructs the CEO/Manager to create an advisory committee, with representation from the Finance, the Human Resources, and the Legal divisions, for the purpose of making recommendations to the CEO/Manager, the Chief Finance Officer and the Chief Human Resources Officer regarding the Retirement Program, including this SRSP. The advisory committee, in and of itself, has no decision-making authority.

The Board has engaged with Great West Life & Annuity Insurance Company d/b/a Empower Retirement (Empower Retirement) to provide recordkeeping and communication services for the Plan. The Board engages investment experts to monitor and recommend changes in the investment options included in the Plan.

a. General

The SRSP is a defined contribution plan covering all regular and discretionary employees of Denver Water who have completed the required introductory period and is qualified under section 401(a) paragraph (k) in accordance with the regulations of the Internal Revenue Code of 1986, as amended (IRC). The purpose of the SRSP is to provide supplemental retirement and other related benefits for eligible employees. As of December 31, 2017, there were 904 active employees out of 993 eligible employees participating in the SRSP. This compares with 928 active employees out of 1,017 eligible employees participating in the SRSP as of December 31, 2016. The SRSP and the trust established by the SRSP are maintained for the exclusive purpose of providing benefits to eligible employees and their beneficiaries, and for defraying reasonable administrative expenses. The SRSP provisions and contribution requirements are established and may be amended by the Board.

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

b. Contributions

Each year a participant may contribute up to 97% of pretax annual compensation, but not less than $10 per pay period up to an annual maximum amount as codified by the Internal Revenue Service (IRS). Participants direct the investment of their contributions into various investment options offered by the SRSP. The Board makes a matching contribution in an amount equal to 100% of the first 3% of base compensation that each participant contributes to the SRSP. The SRSP was amended in 2013 to authorize employer discretionary contributions to qualifying participants. There were no discretionary contributions in 2017 and $27,050 of discretionary contributions in 2016.

Employer contributions must be made no later than the last day of the Plan year for which the contribution is made. The employer may suspend, reduce or eliminate future employer contributions and may rescind such action at any time. The matching contribution is allocated to the participants' accounts and is participant directed.

Although it has not expressed any intent to do so, the Board may change the amount of or discontinue the matching or employer discretionary contribution at any time

c. Participant Accounts

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

d. Vesting

A participant's interest in his/her participant and employer matching contributions is fully vested and non-forfeitable.

In addition to the participant's and employer contributions, any discretionary contributions to qualifying participants become fully vested upon completing seven years of service, the qualifying participant attaining the age of 65 while employed by the employer, by termination due to the qualifying participant's death or disability, by termination of employment due to serious health conditions of the qualifying participants spouse, and by termination, by the employer for reasons other than serious cause.

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

e. Participant Loans

Only active employees who participate in the SRSP may request a loan and the participant must have a minimum vested account balance of $2,000.

The minimum loan amount that a participant may request is $1,000 and the maximum is $50,000 or 50% of the vested account balance, whichever is less. The $50,000 maximum loan amount is reduced by the highest loan balance during the past 12 months minus the loan balance on the date a new loan is made. If a participant has an outstanding loan through another qualified plan, 403(b) plan, or a 457 plan maintained by the same employer, the maximum loan amount available must be reduced by the highest outstanding loan balance during the past 12 months. The participant is responsible for ensuring that the aggregated loan amount on all plans sponsored by the same employer is the lesser of $50,000 or 50% of the vested account balance.

The Plan offers two loan options to the participants. One is a General-Purpose Loan that has a term of twelve to sixty (12-60) months. No reason or documentation, other than a signed promissory note, is required when a participant requests a General-Purpose Loan. The other is a Principal Residence Loan that has a term of 72-180 months, which must be utilized for the purchase of a primary residence only.

Participants are charged a loan origination fee that is deducted from the original loan amount as well as an annual administrative fee that is deducted quarterly from the participants account. Outstanding loans are assessed an interest rate of 1% over the prime rate published in the Wall Street Journal on the first business day of the month before the loan is originated. The interest rate for General Purpose Loans are fixed for the life of the loan. For more information regarding the loan policy, participants may refer to the Plan Document.

f. Payment of Benefits

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

g. Record Keeping, Custody and Management of Assets

Effective December 29, 2015, the Board amended the original agreement with Empower Retirement for an additional five years of recordkeeping and communication services related to the SRSP. Trust services are provided by Orchard Trust Company, LLC, through a separate contract with the Board. Fees for the trust services are paid by the participants. Assets allocated to the various funds are managed by investment professionals hired by the fund.

h. SRSP Termination

Though it has not expressed any intent to do so, the Board has the right under the SRSP to terminate the SRSP at any time with respect to any or all participants by resolution of the Board. Upon discontinuance of the SRSP, the account of each participant would remain fully vested and non-forfeitable.

Note 2 – Summary of Significant Accounting Policies

a. Estimates

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

b. Basis of Accounting

The SRSP financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined contribution plans. Contributions are recognized when earned without regard to the date of actual collection. Expenses are recognized when due and payable. Benefit payments and refunds are recognized upon distribution.

c. Income Recognition

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

d. Tax Status

The IRS has determined and informed the Board by a letter dated August 11, 2014, that the SRSP and related trust are designed in accordance with applicable sections of the IRC for amendments through June 12, 2013. The SRSP has been amended since receiving the determination letter. The Board and the SRSP tax counsel believe that the SRSP with subsequent amendments is currently designed and operating in compliance with applicable requirements of the IRC.

Note 3 – Investments

The following table lists the investment options available to participants and the value of each option at December 31, 2017 and 2016 (amounts are expressed in thousands):

		2017	2016
American Beacon Small CP Val Institutional	$	3,765	3,510
American Funds Washington Mutual		9,271	7,628
Baron Growth Institutional		3,108	1,472
Cohen & Streers Institutional Global Realty		770	656
Domini Impact Equity Institutional		—	400
Fidelity Global Ex US Index Premium		1,378	—
Fidelity Total Market Index Institutional		17,666	—
Fidelity US Bond Index Premium		1,114	—
Frost Total Return Bond Institutional		4,486	4,027
Galliard Retirement Income Fund		13,409	13,058
Harbor International Institutional		5,167	4,954
Northern Global Sustainability Index		1,196	—
PIMCO High Yield Institutional		1,945	1,658
T. Rowe Price Growth Stock Fund		—	5,619
T. Rowe Price Growth Stock Fund I		8,344	—
Vanguard Inflation Protected		1,585	1,768
Vanguard Institutional Index Fund		—	8,268
Vanguard Mid Cap Index		—	8,570
Vanguard Target Retirement 2010 Inv		—	135
Vanguard Target Retirement 2015 Inv		2,192	2,163
Vanguard Target Retirement 2020 Inv		2,166	1,913
Vanguard Target Retirement 2025 Inv		9,789	7,592
Vanguard Target Retirement 2030 Inv		808	481
Vanguard Target Retirement 2035 Inv		6,075	4,093
Vanguard Target Retirement 2040 Inv		1,569	921
Vanguard Target Retirement 2045 Inv		4,527	3,675
Vanguard Target Retirement 2050 Inv		273	218
Vanguard Target Retirement 2055 Inv		935	541
Vanguard Target Retirement 2060 Inv		356	505
Vanguard Target Retirement Income Inv		765	306
Vanguard Total Intl BD Idx Admiral		277	—
Vanguard Treasury Money Market Inv		856	1,471
Total investments	$	103,792	85,602

The SRSP offered as investment options 25 mutual funds (including 11 target date funds), one money market fund and one commingled fund as of December 31, 2017. In 2016, the SRSP offered as investment options 26 mutual funds (including 12 target date funds), one money market fund and one commingled fund. The net investment income (including gains and losses on investments bought and sold, as well as income received on investments during the year) during 2017 and 2016 was approximately $14.3 million and $5.9 million, respectively.

a. Fair Value Measurements

The SRSP has the following recurring fair value measurements as of December 31, 2017 and 2016:

Investments Measured at Fair Value
($ in thousands)

			Fair Value Measurements Using		
		December 31, 2017	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					
Mutual Funds	$	89,528	89,528	-	-
Commingled Funds		13,409	-	13,409	-
Total investments by fair value level	$	102,937	89,528	13,409	-
Investments measured at amortized cost					
Money market funds	$	855			
Total investments measured at fair value	$	103,792			

		December 31, 2016	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					
Mutual Funds	$	71,074	71,074	-	-
Commingled Funds		13,058	-	13,058	-
Total investments by fair value level	$	84,132	71,074	13,058	-
Investments measured at amortized cost					
Money market funds	$	1,470			
Total investments measured at fair value	$	85,602			

Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Funds 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.

Note 4 – Administrative Expenses

The majority of investment options available to participants in the SRSP are registered mutual funds. The dollar amount of fees paid by the SRSP for investment management and administrative services on these funds is not separately disclosed. Effective January 2016, the total fee for recordkeeping and communication services was reduced to 0.075% annually (0.00625% monthly). The fee is being calculated and withdrawn from all participant accounts on a monthly basis. Revenue generated from the funds which had revenue sharing arrangements with the recordkeeper (Frost Total Return Bond Institutional, Harbor International Institutional Fund, T. Rowe Price Growth Stock Fund, Northern Global Sustainability, Baron Growth Institutional and Cohen & Steers Institutional Global Realty) were credited to participants with account balances in the revenue-paying fund, based on the average daily balance of the participant's investment in such fund(s) for the month.

In 2017, all fees and fund credits were directly debited or credited from the participant's account. In 2016, the unallocated account was no longer used to accumulate fees and fund credits and any fees or fund credits were directly debited or credited to the participant's account based on their account balance. At the end of 2016, the remaining balance of $1,500 in the unallocated account was reclassified as other receivables and disbursed to SRSP participants.

The assessed recordkeeping and communication fee for 2017 totaled $76,900. Revenue sharing from 12(b) (1) fees reported by the recordkeeper for the same period was $24,000. The assessed recordkeeping and communication fee for 2016 totaled $62,300 and revenue sharing from 12(b)(1) fees reported by the recordkeeper for the same period was $20,400.

Note 5 – Participant Investment Advisory Fees

The plan participants may use an online investment advice tool or they can choose to have their account managed as an ancillary service available through the Plan recordkeeper. Participants who choose to use the online investment advice tool pay an annual fee assessed quarterly. Participants choosing to have their account managed pay an annual tiered fee, assessed quarterly, based on the participant's account balance. In 2017 and 2016, total participant investment advisory fees paid were $26,100 and $17,800, respectively.

Note 6 – Risks and Uncertainties

a. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the SRSP will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the SRSP, and are held by either the counterparty or the counterparty's trust department or agent, but not in the SRSP name.

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

b. Credit Risk

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

c. Interest Rate Risk

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

Schedule of maturity, duration and credit quality

	Average effective maturity (years)	Average effective duration (years)	Average credit quality
Target date funds:			
Vanguard Target Retirement 2015 Inv	7.44	5.83	AA
Vanguard Target Retirement 2020 Inv	8.07	6.24	AA
Vanguard Target Retirement 2025 Inv	8.63	6.62	A
Vanguard Target Retirement 2030 Inv	8.63	6.62	A
Vanguard Target Retirement 2035 Inv	8.63	6.62	A
Vanguard Target Retirement 2040 Inv	8.63	6.62	A
Vanguard Target Retirement 2045 Inv	8.63	6.62	A
Vanguard Target Retirement 2050 Inv	8.63	6.62	A
Vanguard Target Retirement 2055 Inv	8.63	6.61	A
Vanguard Target Retirement 2060 Inv	8.63	6.62	A
Vanguard Target Retirement Income Inv	7.17	5.65	AA
Fixed income mutual funds:			
Fidelity US Bond Index	7.70	5.80	AA
Frost Total Return Bond Institutional	5.80	3.40	BBB+
PIMCO High Yield Institutional	5.30	3.40	AA
Vanguard Inflation Protected	8.50	7.90	AAA
Vanguard Total Intl Bd Index Admiral	9.20	7.80	A
Commingled funds:			
Galliard Retirement Income Fund	3.59	2.82	AA

d. Foreign Currency Risk

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

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

Schedule of assets invested in foreign securities

	Dollar allocation invested in foreign securities	Percentage of fund invested in foreign securities
American Beacon Small CP Val Institutional	$ 107	2.85%
American Funds Washington Mutual	887	9.57
Baron Growth Institutional	66	2.12
Cohen & Streers Institutional Global Realty	362	46.98
Fidelity Global Ex US Index Premium	1,333	96.75
Fidelity Total Market Index Institutional	189	1.07
Fidelity US Bond Index Premium	106	9.56
Frost Total Return Bond Institutional	491	10.94
Harbor International Institutional	4,058	78.54
Northern Global Sustainability Index	496	41.48
PIMCO High Yield Institutional	248	12.75
T. Rowe Price Growth Stock Fund I	533	6.39
Vanguard Target Retirement 2015 Inv	699	31.90
Vanguard Target Retirement 2020 Inv	756	34.90
Vanguard Target Retirement 2025 Inv	3,593	36.70
Vanguard Target Retirement 2030 Inv	300	37.10
Vanguard Target Retirement 2035 Inv	2,284	37.60
Vanguard Target Retirement 2040 Inv	595	37.90
Vanguard Target Retirement 2045 Inv	1,729	38.20
Vanguard Target Retirement 2050 Inv	105	38.30
Vanguard Target Retirement 2055 Inv	357	38.20
Vanguard Target Retirement 2060 Inv	136	38.20
Vanguard Target Retirement Income Inv	224	29.30
Vanguard Total Intl BD Idx Admiral	252	90.81
Total	$ 19,906	

Note 7 – SRSP Amendments

On December 6, 2017, the SRSP was amended to revise the definition of compensation and the definition of spouse and permitted deferral of compensation as a percentage or a dollar amount.

On December 14, 2016, the SRSP was amended with an effective date for distributions after December 18, 2015, to allow rollover contributions from the SRSP to a SIMPLE IRA. The participant's non-spouse beneficiary may elect to have any portion of the SRSP's distributions paid in a direct trustee-to-trustee transfer to an individual retirement account or as an annuity. If the SRSP participant dies before benefit distributions, the required minimum distribution in the year of death may not be transferred.

On November 16, 2016 with an effective date of September 2, 2016, the SRSP was amended to define the terms spouse, husband, and wife as an individual lawfully married to another individual for federal tax purposes and to define spouse to include a party to a Colorado civil union.

Effective January 1, 2016, and only for fiscal years 2016 and 2017, the SRSP was amended to permit the employer to make non-elective contributions to the participant's accounts of the participant's forfeited paid time off that is not or was not convertible to cash. This forfeited paid time off is subject to IRS contribution limitations applicable to non-elective contributions. If the IRS limitations are reached in 2016, any remaining forfeiture of paid time off will be contributed in 2017.

C. Denver Water 457 Deferred Compensation Plan

1. Independent Auditors Report

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water 457 Deferred Compensation Plan
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position and statements of changes in fiduciary net position of the Denver Water 457 Deferred Compensation Plan (the Plan), as of and for the years ended December 31, 2017 and 2016, 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.

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water 457 Deferred Compensation Plan

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, 2017 and 2016, and the respective changes in fiduciary net position for the years 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 3-6 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 19, 2018, 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 result of that testing, and not to provide an opinion on the effectiveness of the Plan's 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

Broomfield, Colorado
April 19, 2018

**CliftonLarsonAllen LLP was not engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in such report and that the Board has not requested the consent of CliftonLarsonAllen LLP for the inclusion of its report therein.*

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Denver Water 457 Deferred Compensation Plan (Plan) for the years ended December 31, 2017 and 2016. This information should be read in conjunction with the Plan financial statements and notes, which follow.

Financial Highlights

As of December 31, 2017, and 2016, respectively, $34.1 million and $32.5 million was held in trust for the payment of benefits to the Plan participants.

Total fiduciary net position increased by $1.6 million or 4.9% in 2017, which compares with an increase in 2016 of $1.7 million or 5.6%. The increase in 2017 was primarily due to the appreciation of fair values. The increase in 2016 was due to a combination of a decrease of benefits paid to participants and the appreciation of fair values.

In 2017, the Plan had net investment income of $4.4 million compared to $1.9 million in 2016. Participant contributions were approximately $2.0 million in 2017 and $2.1 million in 2016.

Deductions from fiduciary net position totaled $4.9 million in 2017 and $2.3 million in 2016 and were primarily for benefit payments to participants.

The Plan is a deferred compensation plan and its primary purpose is to attract and retain qualified personnel by permitting eligible employees to defer a portion of their current income for their retirement. At December 31, 2017, there were 391 participating employees in the Plan, which constituted 39% of all eligible Denver Water employees. This compares to 379 participating employees in the Plan, constituting 37% of all eligible employees in 2016. There were 993 employees eligible for the Plan as of December 31, 2017, compared to 1,017 as of December 31, 2016.

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:

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to Financial Statements

The Statements of Fiduciary Net Position presents the Plan's assets, liabilities and fiduciary net position as of December 31, 2017 and 2016. The Statements of Changes in Fiduciary Net Position show the additions to and deductions from Plan fiduciary net position during 2017 and 2016.

The above 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. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

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

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

Financial Analysis

The following section provides further detail of the activities within the Plan as well as additions and deductions to the Plan. Additions to the Plan consist of participant and employer contributions, participant rollovers, interest income on outstanding participant loans, miscellaneous income, and net investment income. Deductions to the Plan are the result of benefit payments to participants, administrative expenses and participant investment advisory fees. Comparative financial schedules depict the changes between the years 2017, 2016 and 2015.

As of December 31, the Plan fiduciary net position was:

Fiduciary Net Position
(Amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	**2016**	**2015**	**Increase (decrease)**	**Percent change**	**Increase (decrease)**	**Percent change**
Mutual funds	$ 25,363	22,680	21,342	2,683	11.8%	$ 1,338	6.3%
Commingled fund	8,019	8,796	8,982	(777)	(8.8)	(186)	(2.1)
Money market fund	490	788	236	(298)	(37.8)	552	233.9
Total investments	33,872	32,264	30,560	1,608	5.0	1,704	5.6
Receivables:							
Contributions	77	66	100	11	16.7	(34)	(34.0)
Participant loans	194	209	159	(15)	(7.2)	50	31.4
Other receivable	—	1	3	(1)	(100.0)	(2)	(66.7)
Total receivables	271	276	262	(5)	(1.8)	14	5.3
Total assets	34,143	32,540	30,822	1,603	4.9	1,718	5.6
Total liabilities	2	1	7	1	100.0	(6)	(85.7)
Fiduciary net position	$ 34,141	32,539	30,815	1,602	4.9%	$ 1,724	5.6%

Plan Activities

The increase to net position in 2017 was primarily due to the appreciation of the fair value of investments. The total increase in Plan net position was $1.6 million or 4.9%. In 2016, Plan net position increased by $1.7 million or 5.6%, as compared to 2015. Additional details for the change in net position are discussed on the following page.

Additions

The moneys used to pay benefits are accumulated from the contributions made by each participant and from income generated from the participants' investments including investment appreciation, interest and dividends. Earnings on investments are reported net of investment management expenses. Investment income net of investment manager fees during 2017 was $4.4 million as compared to $1.9 million in 2016.

Additions to Fiduciary Net Position
(Amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	**2016**	**2015**	**Increase (decrease)**	**Percent change**	**Increase (decrease)**	**Percent change**
Participant contributions	$ 2,017	2,070	2,188	(53)	(2.6)%	$ (118)	(5.4)%
Employer contributions	—	36	36	(36)	(100.0)	—	—
Participant rollovers	33	2	82	31	1,550.0	(80)	(97.6)
Participant loan interest	9	8	2	1	12.5	6	300.0
Miscellaneous income	9	12	10	(3)	(25.0)	2	20.0
Net investment income	4,427	1,854	327	2,573	138.8	1,527	467.0
Total additions	$ 6,495	3,982	2,645	2,513	63.1%	$ 1,337	50.5%

Deductions

Benefits paid to participants of $4.9 million in 2017 and $2.2 million in 2016 represent the majority of the deductions from the Plan. Benefits paid to participants were 117.9% more in 2017 compared to 2016 and 16.0% less in 2016 compared to 2015. The change in the amount of benefits paid to participants from year to year is attributed to the number of participants choosing to take lump sum distributions at retirement in any one year and to changes in the number of participants receiving benefits in the Plan.

Administrative expenses for 2017 and 2016 were $25,900 and $22,700, respectively. Administrative fees are calculated based upon a percentage of the fair value of investments. In 2017, participant investment advisory fees were $5,500 as compared to $4,500 in 2016. Please refer to note 4 of the financial statements for information regarding administrative expenses.

Deductions from Fiduciary Net Position
(Amounts expressed in thousands)

	Years ended December 31			2017 – 2016		2016 – 2015	
	2017	**2016**	**2015**	**Increase**	**Percent change**	**(decrease)**	**Percent change**
Benefits paid to participants	$ 4,861	2,231	4,127	2,630	117.9%	(1,896)	(45.9)%
Administrative expenses	25	22	29	3	13.6	(7)	(24.1)
Participant investment advisory fees	6	5	6	1	20.0	(1)	(16.7)
Total deductions	$ 4,892	2,258	4,162	2,634	116.7%	(1,904)	(45.7)%

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2017 and 2016, and changes in financial status for the years then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Treasurer
Denver Water

1600 W. 12th Ave.
Denver, CO 80204

3. Basic Financial Statements

a. Statements of Net Position

		2017	2016
Assets:			
Investments, at fair value:			
Mutual funds	$	25,363,300	22,680,100
Commingled fund		8,018,600	8,796,400
Money market fund		490,500	787,600
Total investments		33,872,400	32,264,100
Receivables:			
Participant contributions		77,000	66,400
Other receivable		—	700
Participant loans		193,900	209,200
Total receivables		270,900	276,300
Total assets		34,143,300	32,540,400
Liabilities:			
Accrued administrative expenses		1,500	1,200
Net position	$	34,141,800	32,539,200

See accompanying notes to financial statements.

b. Statements of Changes in Net Position

		2017	2016
Additions:			
Investment income:			
Net appreciation in fair value of investments	$	3,114,900	1,136,700
Dividends		1,311,600	717,600
Net investment income		4,426,500	1,854,300
Contributions:			
Participant contributions		2,017,100	2,069,700
Employer discretionary contributions		—	36,000
Participant rollovers		33,300	2,000
Total contributions		2,050,400	2,107,700
Other additions:			
Miscellaneous income		9,400	11,500
Participant loan interest		8,700	8,300
Total other additions		18,100	19,800
Total additions		6,495,000	3,981,800
Deductions:			
Benefits paid to participants		4,861,000	2,230,900
Administrative expenses		25,900	22,700
Participant investment advisory fees		5,500	4,500
Total deductions		4,892,400	2,258,100
Net increase		1,602,600	1,723,700
Net position:			
Beginning of year		32,539,200	30,815,500
End of year	$	34,141,800	32,539,200

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1 – Plan Description

The Denver Board of Water Commissioners, City and County of Denver, Colorado (Board) operates a water utility created by the Charter of the City and County of Denver. In 1987, the Board initiated a deferred compensation plan and adopted the Conference of Mayors' 457 Plan. The termination of the administrator of the Plan in December 2000 required the Board to adopt a new plan. In January 2001, the Board adopted the Denver Water 457 Deferred Compensation Plan (Plan). All of the investments in the old Plan were sold and the proceeds were used to purchase like kind investments in the new Plan.

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 of the Plan. The Board has delegated certain responsibilities regarding the Plan administration through a delegation resolution to the Chief Human Resources Officer and to the Chief Finance Officer. The delegation resolution instructs the CEO/Manager to create an advisory committee, with representation from the Finance, the Human Resources, and the Legal divisions, for the purpose of making recommendations to the CEO/Manager, the Chief Finance Officer and the Chief Human Resources Officer regarding the Retirement Program, including this Plan. The advisory committee, in and of itself, has no decision-making authority.

The Board has engaged with Great West Life & Annuity Insurance Company d/b/a Empower Retirement (Empower Retirement) to provide recordkeeping and communication services for the Plan. The Board engages investment experts to monitor and recommend changes in the investment options included in the Plan.

The following description of the Plan provides general information. Participants and others should refer to the Plan document for a more complete description of the Plan provisions.

a. General

The Plan is a deferred compensation plan covering all regular and discretionary employees of the Board who have completed the required introductory period. The Plan's primary purpose is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death.

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

b. Contributions

Each year a participant may defer up to an annual maximum amount as codified by the Internal Revenue Service. The Plan will accept transfers, pursuant to Section 457 of the Internal Revenue Code (Code), of amounts deferred by an individual under another eligible deferred compensation plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan was amended in 2013 to authorize employer discretionary contributions to qualifying participants. There were no discretionary contributions in 2017 and $36,000 of discretionary contributions in 2016. Employer contributions must be made no later than the last day of the Plan year for which the contribution is made. The employer may suspend, reduce or eliminate future employer contributions and may rescind such action at any time.

c. Participant Accounts

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

d. Vesting

A participant's interest in his/her participant contributions is fully vested and non-forfeitable. Discretionary contributions to qualifying participants become fully vested upon completing seven years of service, the qualifying participant attaining the age of 65 while employed by the employer, by termination due to the qualifying participant's death or disability, by termination of employment due to serious health conditions of the qualifying participants spouse and by termination by the employer for reasons other than serious cause. In December 2016, the Plan was amended to allow a specified dollar amount of the qualifying participant's discretionary employer contribution to become fully vested and non-forfeitable.

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

e. Participant Loans

Only active Plan participants may request a loan and the participant must have a minimum vested account balance of $2,000. The minimum loan amount that a participant may request is $1,000 and the maximum is $50,000 or 50% of the vested account balance, whichever is less. The $50,000 maximum loan amount is reduced by the highest loan balance during the past 12 months minus the loan balance on the date a new loan is made. If a participant has an outstanding loan through another qualified plan, 403(b) plan, or a 401(k) plan maintained by the same employer, the maximum loan amount available must be reduced by the highest outstanding loan balance during the past 12 months. The participant is responsible for ensuring that the aggregated loan amount on all plans sponsored by the same employer is the lesser of $50,000 or 50% of the vested account balance.

The Plan offers two loan options to the participants. One is a General-Purpose Loan that has a term of twelve to sixty (12-60) months. No reason or documentation, other than a signed promissory note, is required when a participant requests a General-Purpose Loan. The other is a Principal Residence Loan that has a term of 72-180 months, which must be utilized for the purchase of a primary residence only.

Participants are charged a loan origination fee and it is deducted from the original loan amount as well as an annual administrative fee that is deducted quarterly and is assessed to each participant's account. The interest rate assessed to the loans is 1% over the prime rate published in the Wall Street Journal on the first business day of the month before the loan is originated.

The interest rate for General Purpose Loans is fixed for the life of the loan. For more information regarding the loan policy, participants may refer to the Plan Document

f. Payment of Benefits

On termination of service, a participant with a balance of $1,000 or less will have the amount distributed in a lump sum as soon as feasibly possible. A participant whose account is greater than $1,000 may elect to receive either a lump sum amount equal to the value of the participant's interest in his or her account, or leave the balance in the Plan. Distributions from balances left in the Plan must begin no later than age 70½. When balances are paid, participants will receive payment under various payment options defined by the Plan. Upon the death of a participant, a death benefit equal to the value of the participant's account shall be payable to a designated beneficiary. The beneficiary may select from various payment options defined by the Plan.

g. Recordkeeping, Custody and Management of Assets

Effective December 29, 2015, the Board amended the original agreement with Empower Retirement for an additional five years of recordkeeping and communication services related to the Plan. Trust services are provided by Orchard Trust Company, LLC, through a separate contract with the Board. Fees for the trust services are paid by the participants. Assets allocated to the various funds are managed by investment professionals hired by the fund.

Note 2 – Summary of Significant Accounting Policies

a. Estimates

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

b. Basis of Accounting

The 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 contribution plans. Contributions are recognized when earned without regard to the date of actual collection. Expenses are recognized when due and payable. Benefit payments and refunds are recognized upon distribution.

c. Fair Value Measurement

The Governmental Accounting Standards Board (GASB) implemented Statement No. 72, which addresses accounting and financial reporting issues related to fair value measurements. This statement 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. The Plan has adopted GASB Statement No. 72 and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2017:

Investments and Derivative Instruments Measured at Fair Value
($ in thousands)

			Fair Value Measurements Using		
		December 31, 2017	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					
Mutual Funds	$	25,363	25,363	-	-
Commingled funds		8,019	-	8,019	-
Total investments by fair value level	$	33,382	25,363	8,019	-
Investments measured at amortized cost					
Money market funds	$	490			
Total investments measured at fair value	$	33,872			

		December 31, 2016	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					
Mutual Funds	$	22,680	22,680	-	-
Commingled funds		8,796	-	8,796	-
Total investments by fair value level	$	31,476	22,680	8,796	-
Investments measured at amortized cost					
Money market funds	$	788			
Total investments measured at fair value	$	32,264			

Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Funds 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.

d. Income Recognition

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

e. Tax Status

The Plan is intended to be an eligible deferred compensation plan under Section 457(b) of the Code. The Board and the Plan's tax counsel believe that the Plan is currently designed and operating in compliance with the applicable requirements of the Code.

Note 3 – Investments

The following table lists the investment options available to participants and the value of each option at December 31, 2017 and 2016 (amounts are expressed in thousands).

		2017	2016
American Beacon Small CP Val Institutional	$	1,275	1,097
American Funds Washington Mutual		2,138	1,891
Baron Growth Institutional		854	427
Cohen & Streers Institutional Global Realty		246	200
Domini Impact Equity Institutional		—	368
Fidelity Global Ex US Index Premium		258	—
Fidelity Total Market Index Institutional		4,473	—
Fidelity US Bond Index Premium		250	—
Frost Total Return Bond Institutional		1,716	1,624
Galliard Retirement Income Fund		8,019	8,796
Harbor International Institutional		1,448	1,430
Northern Global Sustainability Index		352	—
PIMCO High Yield Institutional		938	838
T. Rowe Price Growth Stock Fund		—	3,256
T. Rowe Price Growth Stock Fund I		3,675	—
Vanguard Inflation Protected		373	462
Vanguard Institutional Index Fund		—	3,558
Vanguard Mid Cap Index		—	1,611
Vanguard Target Retirement 2010 Inv		—	5
Vanguard Target Retirement 2015 Inv		663	614
Vanguard Target Retirement 2020 Inv		803	699
Vanguard Target Retirement 2025 Inv		2,504	1,967
Vanguard Target Retirement 2030 Inv		236	164
Vanguard Target Retirement 2035 Inv		972	746
Vanguard Target Retirement 2040 Inv		254	169
Vanguard Target Retirement 2045 Inv		1,145	871
Vanguard Target Retirement 2050 Inv		96	53
Vanguard Target Retirement 2055 Inv		193	42
Vanguard Target Retirement 2060 Inv		37	261
Vanguard Target Retirement Income Inv		402	327
Vanguard Total Intl BD Idx Admiral		62	—
Vanguard Treasury Money Market Inv		490	788
Total investments	$	33,872	32,264

The Plan offered 25 mutual fund investment options (including eleven target date funds), one money market fund and one commingled fund as of December 31, 2017. In 2016, the Plan offered as investment options 26 mutual funds (including twelve target date funds), one money market fund and one commingled fund. The Plan's investments (including gains and losses on investments bought and sold, as well as income received on investments held during the year) during 2017 and 2016 generated investment income of approximately $4.4 million and $1.9 million, respectively.

Note 4 – Administrative Expenses

The majority of investment options available to participants in the Plan are registered mutual funds. The dollar amount of fees paid by the Plan for investment management and administrative services on these funds is not separately disclosed. Effective January 2016, the total fee for recordkeeping and communication services was reduced to 0.075% annually (0.00625% monthly). The fee is being calculated and withdrawn from all participant accounts on a monthly basis. Revenue generated from the funds which had revenue sharing arrangements with the recordkeeper (Frost Total Return Bond Institutional, Harbor International Institutional Fund, T. Rowe Price

Growth Stock Fund, Northern Global Sustainability, Baron Growth Institutional and Cohen & Steers Institutional Global Realty) were credited to participants with account balances in the revenue-paying fund, based on the average daily balance of the participant's investment in such fund(s) for the month.

In 2017, all fees and fund credits were directly debited or credited from the participant's account. In 2016, the unallocated account was no longer used to accumulate fees and fund credits and any fees or fund credits were directly debited or credited to the participant's account based on their account balance. At the end of 2016, the remaining balance in the unallocated account of $700 was reclassified as other receivables and disbursed to Plan participants.

The assessed recordkeeping and communication fee for 2017 totaled $25,900. Revenue sharing from 12(b) (1) fees reported by the recordkeeper for the same period was $9,400. The assessed recordkeeping and communication fee for 2016 totaled $22,700. Revenue sharing from 12(b) (1) fees reported by the recordkeeper for the same period was $9,100.

Note 5 – Participant Investment Advisory Fees

The Plan participants may use an online investment advice tool or they can choose to have their account managed as an ancillary service available through the Plan recordkeeper. Participants who choose to use the online investment advice tool pay an annual fee assessed quarterly. Participants choosing to have their account managed pay an annual tiered fee, assessed quarterly, based on the participant's account balance. In 2017 and 2016, total participant investment advisory fees paid were $5,500 and $4,500, respectively.

Note 6 – Risks and Uncertainties

a. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the 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.

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

b. Concentration of Credit Risk

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

c. Credit Risk

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

d. Interest Rate Risk

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

Schedule of maturity, duration and credit quality

	Average effective maturity (years)	Average effective duration (years)	Average credit quality
Target date funds:			
Vanguard Target Retirement 2015 Inv	7.44	5.83	AA
Vanguard Target Retirement 2020 Inv	8.07	6.24	AA
Vanguard Target Retirement 2025 Inv	8.63	6.62	A
Vanguard Target Retirement 2030 Inv	8.63	6.62	A
Vanguard Target Retirement 2035 Inv	8.63	6.62	A
Vanguard Target Retirement 2040 Inv	8.63	6.62	A
Vanguard Target Retirement 2045 Inv	8.63	6.62	A
Vanguard Target Retirement 2050 Inv	8.63	6.62	A
Vanguard Target Retirement 2055 Inv	8.63	6.61	A
Vanguard Target Retirement 2060 Inv	8.63	6.62	A
Vanguard Target Retirement Income Inv	7.17	5.65	AA
Fixed income mutual funds:			
Fidelity US Bond Index	7.70	5.80	AA
Frost Total Return Bond Institutional	5.80	3.40	BBB+
PIMCO High Yield Institutional	5.30	3.40	AA
Vanguard Inflation Protected	8.50	7.90	AAA
Vanguard Total Intl Bd Index Admiral	9.20	7.80	A
Commingled funds:			
Galliard Retirement Income Fund	3.59	2.82	AA

e. Foreign Currency Risk

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

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

Schedule of assets invested in foreign securities

		Dollar allocation invested in foreign securities	Percentage of fund invested in foreign securities
American Beacon Small CP Val Institutional	$	36	2.85%
American Funds Washington Mutual		205	9.57
Baron Growth Institutional		18	2.12
Cohen & Streers Institutional Global Realty		116	46.98
Fidelity Global Ex US Index Premium		250	96.75
Fidelity Total Market Index Institutional		48	1.07
Fidelity US Bond Index Premium		24	9.56
Frost Total Return Bond Institutional		188	10.94
Harbor International Institutional		1,137	78.54
Northern Global Sustainability Index		146	41.48
PIMCO High Yield Institutional		120	12.75
T. Rowe Price Growth Stock Fund I		235	6.39
Vanguard Target Retirement 2015 Inv		211	31.90
Vanguard Target Retirement 2020 Inv		280	34.90
Vanguard Target Retirement 2025 Inv		919	36.70
Vanguard Target Retirement 2030 Inv		88	37.10
Vanguard Target Retirement 2035 Inv		365	37.60
Vanguard Target Retirement 2040 Inv		96	37.90
Vanguard Target Retirement 2045 Inv		437	38.20
Vanguard Target Retirement 2050 Inv		36	38.30
Vanguard Target Retirement 2055 Inv		74	38.20
Vanguard Target Retirement 2060 Inv		14	38.20
Vanguard Target Retirement Income Inv		118	29.30
Vanguard Total Intl BD Idx Admiral		56	90.81
Total	$	5,217	

Note 7 – Plan Amendments

On December 6, 2017 the Plan was amended to revise the definition of compensation and the definition of spouse and permitted deferral of compensation as a percentage or a dollar amount.

On April, 2017 the Plan was amended to allow employees to defer their paid time off (PTO) and any back pay in accordance with the IRS 457(b) requirements.

On December 14, 2016 the Plan was amended with an effective date for distributions after December 18, 2015, to allow rollover contributions from the Plan to a SIMPLE IRA.

On November 16, 2016 with an effective date of September 2, 2016, the Plan was amended to define the terms spouse, husband, and wife as an individual lawfully married to another individual for federal tax purposes and to define spouse to include a party to a Colorado civil union.

Effective January 1, 2016, the Plan was amended to re-define the term compensation to include accumulated sick pay, accumulated vacation pay, and back pay. In addition, the Plan was amended to specify that leave cash-outs and regular pay paid after severance from employment are included in includible compensation.
Effective December 16, 2016, the Plan was amended to allow for special vesting of a qualifying participant's discretionary employer contributions to the Plan.

III. INVESTMENT SECTION (UNAUDITED)

A. Employees Retirement Plan

1. Report on Investment Activity

The Northern Trust Company
50 South La Salle Street Chicago, Illinois 60603
(312) 630-6000

NORTHERN TRUST

March 31, 2018

Plan Members, the Board of Trustees & Retirement Program Committee
Denver, Colorado

Dear Employee's Retirement Plan of the Denver Board of Water Commissioners,

This letter reviews the performance for the Denver Water Employees Retirement Plan (DWERP) for the year ended December 31, 2017.

Northern Trust calculates time-weighted performance statistics based on our accounting system's data using the BAI iterative methodology (CFA Institute accepted). Northern Trust evaluates DWERP's performance in relation to market indices, appropriate manager peer groups and other public funds of similar size.
DWERP's primary investment objective is to prudently and expertly invest assets, in accordance with government law and industry practices, in a manner that will help ensure DWERP's ability to pay promised benefits to its members and their beneficiaries. A policy benchmark is constructed that mirrors DWERP's strategic asset allocation policy. This policy benchmark is a custom index based on current asset allocation approved by the Director of Finance. The Board establishes ranges.

Market Environment

Overall, the S&P 500 returned an impressive 21.8% for 2017. Growth outperformed value, continuing the trend of the past few periods as the Russell 3000 Growth returned 29.6% for the year. This was the ninth straight quarter of gains for the S&P 500. Small cap stocks underperformed large cap in the fourth quarter, as the Russell 2000 returned 3.3%. This underperformance followed the year-long trend, as the Russell 2000 returned 14.6% in 2017. The equity market was bolstered during the fourth quarter by a wide variety of factors including imminent tax cuts, a stable economy, low interest rates and low inflation. The US equity market continued to roll along at a torrid pace in what some have deemed the most unpopular bull market in history. In particular, the tax-cut legislation passed by Congress provided heavy potential upside to already healthy corporate earnings across the market. These tax savings will likely spur even more corporate buybacks and further increases in corporate earnings going forward. This combination of positive factors has tilted the market to become quite pricey, although investment managers still see some pockets of opportunity in more affordable areas such as small cap value equity. Additionally, bonds continued to be viewed as expensive, encouraging additional flows into the equity market. Non-financial corporate debt has steadily risen since 2011 and has now reached the levels seen immediately after the last financial crisis, not doubt encouraged by an unprecedented streak of artificially low interest rates. Another product of these uncommon financial times is the steady increase in corporate cash as a percentage of current assets across S&P 500 corporations over the past decade, as the level now hovers around 30% (for reference; this ratio bounced around 20% in the early 2000's).

The International equity markets outpaced the U.S. equity markets during 2017. The MSCI ACWI ex USA ND index gained 27.2% for the year in U.S. dollar terms.

US Fixed Income continues to have a positive outlook, with some moderate changes over the fourth quarter of 2017. The Fed increased interest rates again in December by 25 basis points to a range of 1.25-1.50%, as well as raising the growth forecast for next year to 2.5%. With an increased probability of additional hikes in 2018 and planned reductions to the balance sheet, the yield curve flattened and yields are currently pricing in two hikes for 2018. The Barclay's US Aggregate index gained 3.5% for the year and the Barclay's US Aggregate Government Credit index returned 4.0%.

DWERP Performance

For the calendar year, DWERP's total fund had a time-weighted rate of return of 15.61%. DWERP's performance topped the median return of 14.42% of the TUCS Universe of Public Funds valued at less than $500 million. The plan trailed its strategic policy benchmark by 10 basis points for 2017.

The policy benchmark at year end was comprised of the following indices in the percentages as follows: MSCI ACWI ex USA ND (19.8%), HFR Fund of Funds Composite (10%), BC U.S. Aggregate (17%), NCREIF-ODCE (15%), Russell 3000 (35.2%), and Russell 3000 + 2.5% (3%).

Over the trailing three years ending 12/31/17, DWERP earned a 7.89% annualized return. The trailing 5-year return now stands at 9.18% and is 0.66% ahead of the policy target return. The 10-year trailing return is 4.94% and it trails the benchmark by 0.22%.

DWERP's Domestic equity composite gained 18.99% in 2017, trailing the benchmark return of 21.13%. The 3-year return of 8.90% also trails the benchmark return of 11.12%. Winslow Large Cap Growth redeemed their performance from 2016 by outperforming their benchmark by the widest margin of all domestic equity managers in the plan.

DWERP's real estate investments had success returning of 9.23% for the year. The real estate benchmark return was 6.92%.

DWERP's fixed income composite gained 3.76% for the year. This return outpaced the BB Barclays U.S. Aggregate index return of 3.54%. The 3-year return of 2.81% outpaced the benchmark return of 2.24%.

DWERP's hedge fund composite gained 9.04% for the year. This return outpaced the HFR Fund of Funds Composite rate of 7.76%.

In summary, the portfolio underperformed the total fund benchmark in 2017 by a small margin and its performance ranks above the median of the TUCS Universe of Public Funds valued at $500 million or less. Large total fund returns were driven by the Equity portfolio, which had double digit gains. Being the largest asset allocation within the portfolio, Equities contributed the most to the total fund return. The Real Estate, Hedge Funds, and Fixed Income asset classes produced positive excess return for the year, and combined contributed more than the Equity portfolio on a weighted basis.

Sincerely,
Shane Crea
Senior Consultant, Vice President
The Northern

2. Outline of Investment Policies

Excerpted from the "Statement of Investment Objectives, Policy and Guidelines for the Investment of the Retirement Trust Fund of the Employees' Retirement Plan of Denver Board of Water Commissioners", approved by the Board on September 28, 2016 ("IPS.")

The purpose of the IPS is to provide the Chief Finance Officer, and other staff with a foundation from which to effectively engage and evaluate the performance of Investment Managers and to oversee the management of the Fund in a prudent manner.

The investment objective of the Fund is to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial return rate 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.

All transactions that utilize assets of the Fund will be undertaken for the sole benefit of the Fund and its beneficiaries. The assets will be invested in a manner consistent with the Plan Document and any applicable Federal, State, or Internal Revenue Service laws or regulations. The Fund's assets will be managed with that degree of care, prudence and diligence that a prudent person, acting in a like capacity and familiar with such matters, would use in a similar situation. Investment decisions with respect to individual assets should be evaluated not in isolation but in the context of the entire portfolio and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund.

The Board, in its capacity as Trustee to the Plan, is a fiduciary of the Fund. The Board may, from time to time, delegate some of its Trustee duties. All persons or entities to which duties are delegated will have a fiduciary duty to the Trust and will follow the Prudent Conduct requirements of the Plan Document.

The asset allocation strategy is designed to reflect, and be consistent with, the long-term investment objective expressed in the "Objectives" section of this Policy. In order to achieve this objective, various asset classes and investment manager styles are selected by the Chief Finance Officer to create a broadly diversified portfolio. Both the actuarial return assumption and the asset allocation strategy will change through time to reflect current investment objectives and market conditions. The Board has developed long-term asset allocation ranges based on several factors including: the long-term investment goals of the Plan; the Board's risk tolerance; the Plan's liquidity needs; and any legal or regulatory issues. The allowable long-term asset allocation ranges are outlined in the appendix to the IPS. The current long-term allocation ranges are as follows:

Equities	35-70%
Fixed income	10-50%
Alternatives	10-40%

Although there is no specific allocation to cash, the Board recognizes that it is necessary to hold a portion of the Fund as immediately available funds to pay scheduled and unscheduled benefits and administrative expenses. The appropriate level of cash reserves will depend upon anticipated liquidity needs as determined by the Chief Finance Officer on an ongoing basis.

Investment Managers are given full discretionary authority over the management of their assigned investment portfolio, subject to the Fiduciary Standard stated above and any other policies and guidelines within this Policy and within other guidelines agreed upon by the Chief Finance Officer and the Investment Managers. Separate accounts or pooled funds may be used based upon the most favorable approach for the Fund's circumstances.

Investment Managers have the responsibility to vote proxies related to securities in portfolios they manage on behalf of the Fund in the best interests of the Plan and its beneficiaries. The Chief Finance Officer shall be responsible for voting of the proxies with respect to the pooled funds for the exclusive benefit of the Plan,
Active Investment Managers are expected to outperform their respective passive index designated by the Chief Finance Officer, with the assistance of the Investment Consultant, and rank above median within a peer universe of active Investment Managers over a reasonable period of time. Passive products are expected to produce returns that have minimal tracking error to their target index returns.

The Board has delegated implementation of this Policy to the full-time staff member occupying the position of the Chief Finance Officer. Details concerning the Board's delegation may be found in the 2013 Denver Water Delegation Resolution Regarding the Retirement Program ("Resolution") approved on May 8, 2013. The Chief Finance Officer may assign members of his/her Treasury staff to perform the day to day actions necessary to implement his/her decisions/actions, while retaining his/her fiduciary status. The Chief Finance Officer is directed to review this Policy, including the asset allocation ranges, at a minimum, annually with the Investment Consultant for continued appropriateness, and to recommend changes to the Board when appropriate.

As a supplement to the IPS, the Operating Procedure document created and maintained by the Treasury section since October 2009, is intended to provide the operating instructions to the investment professionals at Denver Water responsible for oversight and day-to-day management of the Fund. The Procedure defines the risk and returns objectives of the Fund, expands on the underlying principles of the Board in the management of the Fund, describes the approved categories of investments and asset mix guidelines, provides guidance for the prudent and effective management of the Fund including constraints, and establishes the process for hiring and monitoring investment managers.

3. Schedule of Investment Managers

Manager	Strategy/Product	Vehicle	Date funded
Domestic Equity Managers			
Winslow Capital Management, LLC	Winslow Large Cap Growth Portfolio	Separately managed account	Since 08/2011
Fidelity Institutional Asset Management	Small/Mid Cap Core Pool	Commingled fund	Since 07/2011
Vanguard Group, Inc	Vanguard Dividend Growth Fund (VDIGX)	Mutual fund	Since 02/2012
Northern Trust Investments, N.A.	NTGI-QM Collective Daily S&P 500 Equity Index Fund	Commingled fund	Since 07/2006
International Equity Managers			
Dimensional Fund Advisors LP	World ex U.S. Value Portfolio (DFWVX)	Institutional mutual fund	Since 02/2008
Harding Loevner Funds, Inc.	International Equity Portfolio (HLMIX)	Institutional mutual fund	Since 08/2011
Fixed Income Managers			
Babson Capital Management LLC	Babson Capital Floating Rate Income Fund	Commingled fund	Since 08/2013
BlackRock Institutional Trust Company, N.A.	The US Debt Index Non-Lendable Fund	Commingled fund	Since 05/2016
Private Equity			
Aberdeen Asset Management Inc.	Aberdeen VI, LP - Buyout Fund	Commingled fund	Since 08/2015
Horsley Bridge Partners	Horsley Bridge XI Venture Fund	Commingled fund	Since 07/2015
Real Estate Managers			
Principal Global Investors, LLC	U.S. Property Separate Account	Commingled fund	Since 03/2016
RREEF America REIT II	RREEF America	Commingled fund	Since 08/2014
Harbert Management Corporation	Harbert United States Real Estate Fund V, LP	Commingled fund	Since 07/2014
UBS Realty Investors, LLC	Trumbull Property Fund	Commingled fund	Since 05/1998
Hedge Fund-of-Funds			
BlackRock Alternative Advisors	BlackRock Appreciation IV	Commingled fund	Since 03/2012
Cash and Equivalent			
Northern Trust Investments, N.A.	The Northern Trust Collective Government STIF	Commingled fund	Since 1988
Managers terminated during 2017			
Advisory Research, Inc.	Master Limited Partnership	Separately managed account	Terminated 11/2017

Fees paid to investment managers are included in the Investment Section on page 93.

4. Schedule of Investment Results

The investment returns for the Employees' Retirement Plan are calculated by the Plan's custodian, The Northern Trust Company. Northern Trust calculates time-weighted performance statistics based on the company's accounting system's data using the BAI iterative methodology (CFA Institute accepted). Northern Trust evaluates the Plan's performance in relation to market indices, appropriate manager peer groups and other public funds of similar size. Returns are reported gross of fees, except for institutional mutual funds.

	Rates of return (%)		
		Annualized	
	1-year	3-year	5-year
Denver Board of Water	**15.61**	**7.89**	**9.18**
Denver Target Index[1]	15.71	7.77	8.52
Median TUCS Public Funds (<$500 Million)	14.42	7.72	9.15
Total Domestic Equity	18.99	8.90	14.09
Russell 3000	21.13	11.12	15.58
Total International Equity	29.03	9.64	8.30
MSCI ACWI ex US	27.19	7.83	6.80
Total Fixed Income	3.76	2.81	2.11
BC Aggregate Bond Index	3.54	2.24	2.10
Real Estate	9.23	11.36	11.68
Real Estate Benchmark[3]	6.92	9.58	10.61
Hedge Fund-of-Funds	9.04	4.05	4.25
HFR Fund of Funds Composite	7.76	2.59	3.99
Private Equity	18.27	-	-
Russell 3000 Index + 2.5%	24.11	-	-
Cash	0.77	0.35	0.22
90 Day T-Bill	0.94	0.44	0.28

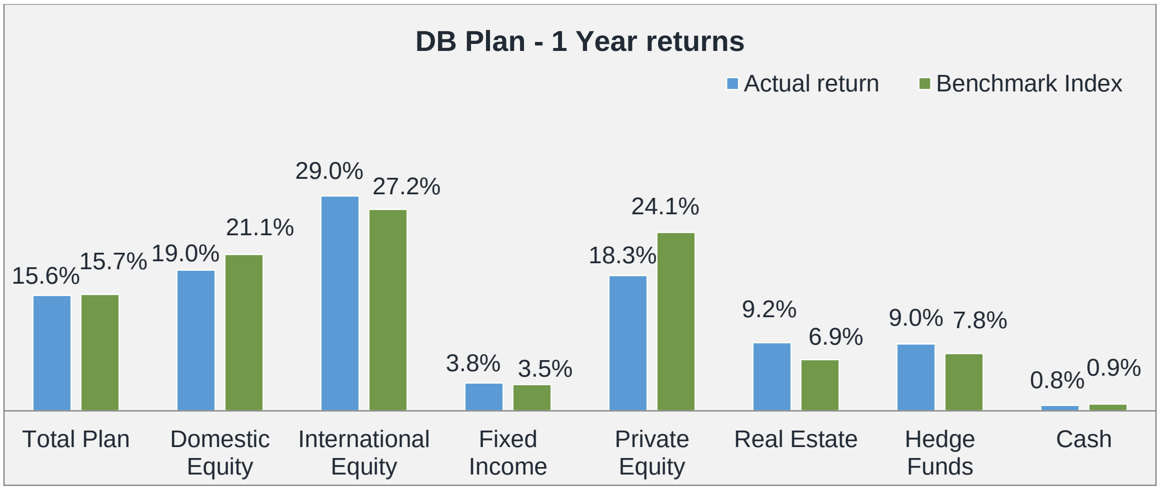
	Rates of return (%)				
	2017	2016	2015	2014	2013
Denver Board of Water	**15.61**	**7.47**	**1.08**	**6.72**	**15.74**
Denver Target Index[1]	15.71	7.19	1.10	5.36	14.32
Median TUCS Public Funds (<$500 Million)	14.42	7.44	0.64	6.72	18.27
Total Domestic Equity	18.99	10.34	-1.64	12.12	33.48
Denver Domestic Equity Index [2]	21.13	12.74	0.48	12.56	33.55
Total International Equity	29.03	8.35	-5.73	-2.15	15.52
MSCI ACWI ex US	27.19	4.50	-5.66	-3.87	15.29
Total Fixed Income	3.76	4.22	0.50	3.71	-1.53
BC Aggregate Bond Index	3.54	2.65	0.55	5.97	-2.02
Real Estate	9.23	9.47	15.50	10.84	13.50
Real Estate Benchmark[3]	6.92	9.27	15.02	12.50	13.94
Hedge Fund-of-Funds	9.04	2.52	0.78	4.41	4.68
HFR Fund of Funds Composite	7.76	0.49	-0.26	3.37	8.96
Private Equity	18.27	10.42	-	-	-
Russell 3000 Index + 2.5%	24.11	15.53	-	-	-
Cash	0.77	0.27	0.02	0.01	0.01
90 Day T-Bill	0.94	0.33	0.06	0.03	0.06

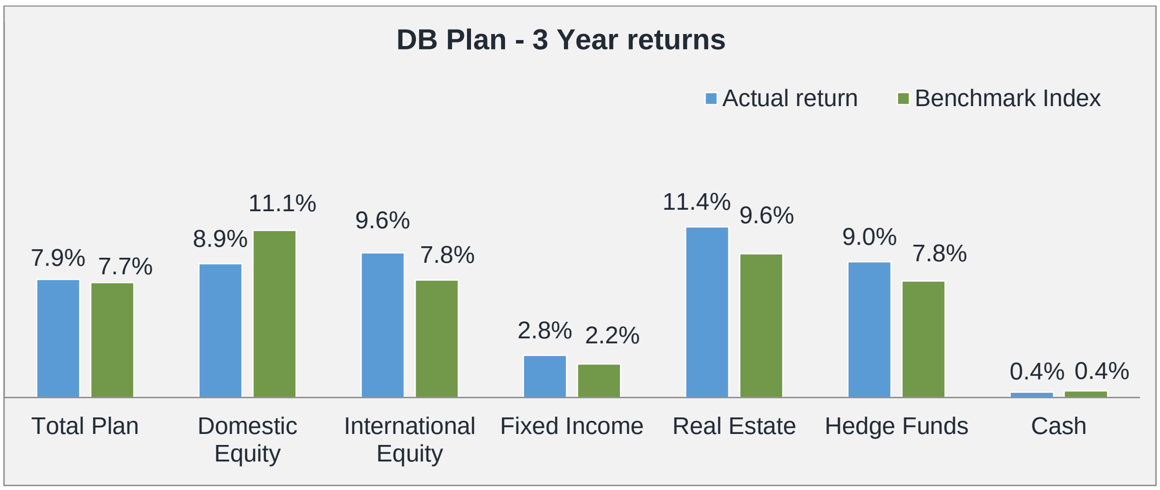
Source: Northern Trust

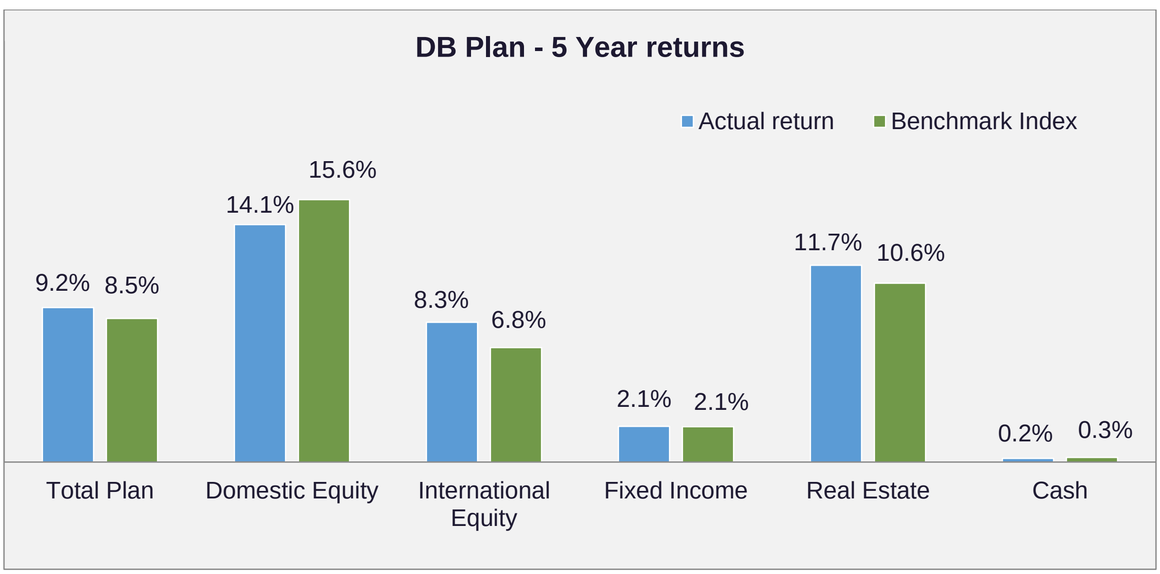
[1] Denver Target Index is a combination of current segment benchmark indices, weighted at the target asset allocations.

[2] Separate benchmarks for domestic (Russell 3000) and international equities (MSCI ACWI ex US) replaced MSCI ACWI ND benchmark used or all equities as of September 30, 2017.

[3] Real Estate Benchmark is a custom blend of NFI ODCE Gross of Fee Index until 6/30/2016 and NFI ODCE Equal Weight Net from 07/01/2017


DB Plan - 1 Year returns
Actual return
Benchmark Index
15.6%
15.7%
19.0%
21.1%
29.0%
27.2%
3.8%
3.5%
18.3%
24.1%
9.2%
6.9%
9.0%
7.8%
0.8%
0.9%
Total Plan
Domestic Equity
International Equity
Fixed Income
Private Equity
Real Estate
Hedge Funds
Cash


DB Plan - 3 Year returns
Actual return
Benchmark Index
7.9%
7.7%
8.9%
11.1%
9.6%
7.8%
2.8%
2.2%
11.4%
9.6%
9.0%
7.8%
0.4%
0.4%
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Hedge Funds
Cash


DB Plan - 5 Year returns
Actual return
Benchmark Index
9.2%
8.5%
14.1%
15.6%
8.3%
6.8%
2.1%
2.1%
11.7%
10.6%
0.2%
0.3%
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Cash

5. Asset Allocation

	Market Value As of 12/31/2017	% of Portfolio	Long Term Asset Allocation Ranges[3]	Target Allocation[4]
Equities	209,427,306	58.3%	**35-70%**	55.0%
Domestic Equity	130,639,642	36.4%		35.0%
Advisory Research MLP	297	0.0%		5.0%
Winslow Large Cap Growth	19,044,939	5.3%		5.0%
Fidelity SMID	18,259,106	5.1%		5.0%
Vanguard Dividend Growth	17,212,836	4.8%		5.0%
NTGI S&P 500	76,122,464	21.2%		15.0%
International Equity	78,787,664	21.9%		20.0%
Harding Loevner International Equity Portfolio	38,285,668	10.7%		10.0%
DFA World ex US Value Fund	40,501,997	11.3%		10.0%
Fixed Income	55,204,084	15.4%	**10-50%**	17.0%
Babson Capital Floating Rate Income Fund	15,044,386	4.2%		5.0%
Blackrock	40,159,698	11.2%		12.0%
Alternatives			**10-40%**	28.0%
Private Equity	6,397,483	1.8%		3.0%
Aberdeen	5,025,812	1.4%		1.5%
Horsley Bridge	1,371,671	0.4%		1.5%
Real Estate	52,366,163	14.6%		15.0%
RREEF America REIT II	13,278,738	3.7%		4.0%
Harbert United States Real Estate Fund V, LP	11,690,043	3.3%		3.5%
Principal	16,198,938	4.5%		4.0%
UBS TPF	11,198,444	3.1%		3.5%
Hedge Funds	33,959,916	9.5%		10.0%
BlackRock Alternative Advisors	33,959,916	9.5%		10.0%
Visium Global FD LP	0	0.0%		--
Cash[1]	1,803,615	0.5%	*N/A*	--
Total Portfolio[2]	**$359,158,567**	**100.0%**		**100.0%**

Source: Northern Trust; data as of 12/31/2017

[1] While the IPS does not quantify an allocation to cash, the Operating Procedure for the DB Plan sets the current target level for cash and cash equivalents at the amount equal to two months of pension payments, or approximately $3 million.
[2] The total market value of the assets in the DB Plan reported by Northern Trust is higher than the net position restricted for pension reported in the Statement of Fiduciary Net Position due to certain accrued administrative and investment expenses not reported by the custodian until paid.
[3]Long Term Asset Allocation ranges are approved by the Board and outlined in the IPS.
[4]The Board charged the Chief Finance Officer with developing and implementing a current asset allocation and rebalancing strategy which is designed to reflect, and be consistent with the long-term investment objective and the long-term asset allocation ranges outlined in the IPS. These target allocation weights are contained in the Operating Procedure.
At December 31, 2017, all asset classes were within their stipulated operational ranges.

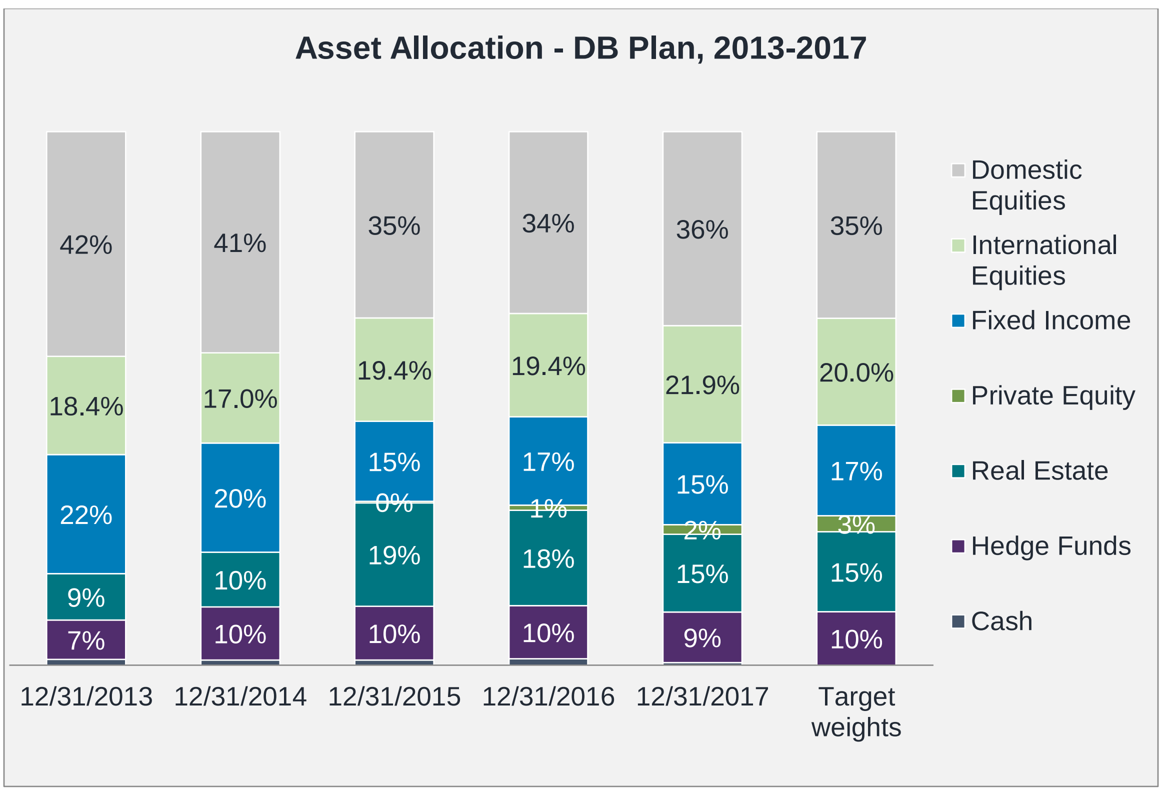
Employees' Retirement Plan – Asset Allocation by Asset Class, 2013-2017

	Market Value As of 12/31/2013	Market Value As of 12/31/2014	Market Value As of 12/31/2015	Market Value As of 12/31/2016	Market Value As of 12/31/2017
Domestic Equities	$122,099,312	$125,325,739	$104,365,862	$107,148,201	130,639,642
International Equities	53,433,278	51,341,596	57,844,581	61,063,115	78,787,664
Fixed Income	64,742,492	61,861,038	44,678,783	51,961,438	55,204,084
Private Equity	-	-	913,966	3,001,589	6,397,483
Real Estate	25,193,029	30,920,643	57,889,003	56,353,856	52,366,163
Hedge Funds	21,450,588	30,131,618	30,231,635	31,164,931	33,959,916
Cash[1]	3,086,411	2,955,296	2,811,588	3,852,051	1,803,615
Total Portfolio[2]	**$290,005,110**	**$302,535,931**	**$298,735,419**	**$314,545,181**	**359,158,567**

Source: Northern Trust

[1] Cash in this schedule differs from the amount reported in the financial statement due to classification differences. The amount of cash and money market mutual funds held within an individual investment portfolio (e.g. equity, fixed income) is reported in the portfolio classification in this schedule, but reported as Cash in the financial statements.

[2] The total market value of the assets in the DB Plan reported by Northern Trust is higher than the net asset value reported in the Statement of Plan Net Assets due to certain accrued administrative and investment expenses not reported by the custodian until paid.



Percentages may not add to 100% due to rounding.

6. Investment Summary

Employees' Retirement Plan – Portfolio by Asset Type as of 12/31/2017

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
Equities	135,986,052	209,316,662	6,107	209,322,769	58.3%
Common stock	133,743,000	5,450,618	6,107	18,940,699	5.3%
Common stock- funds	122,502,079	190,382,070	0	190,382,070	53.0%
Fixed income	54,740,390	55,017,504	186,580	55,204,084	15.4%
Corporate Bonds - funds	54,740,390	55,017,504	186,580	55,204,084	15.4%
Real Estate	45,126,313	52,168,649	197,514	52,366,163	14.6%
Private Equity	5,754,746	6,397,483	0	6,397,483	1.8%
Hedge Funds	28,411,526	33,981,548	0	33,981,548	9.5%
Hedge Funds of Funds	28,411,526	33,981,548	0	33,981,548	9.5%
Cash and Cash Equivalents					0.0%
Funds-short term investment	1,871,290	1,871,290	-1,513	1,869,778	0.5%
Adjustments to Cash	16,742	16,742	0	16,742	0.0%
Pending trade - sales	16,742	16,742	0	16,742	0.0%
Total	**271,907,060**	**358,769,878**	**388,689**	**359,158,567**	**100.0%**

Source: Northern Trust

Totals may not add up due to rounding.

The total market value of the assets in the DB Plan reported by Northern Trust is higher than the net position restricted for pension reported in the Statement of Fiduciary Net Position due to certain accrued administrative and investment expenses not reported by the custodian until paid.

7. List of Largest Holdings by Asset Type

The lists of largest equity and fixed income holdings do not include mutual fund holdings and commingled funds.

Employees' Retirement Plan - Top 10 Equity Holdings (by Market Value) as of 12/31/2017

Security Description	CUSIP	Country	Market Value*	% of Total equities*	% of Total portfolio value*
ALPHABET INC CLASS C	02079K107	United States	523,200.00	0.25%	0.15%
ALPHABET INC CLASS A	02079K305	United States	479,237.00	0.23%	0.13%
APPLE INC	037833100	United States	559,812.84	0.27%	0.16%
FACEBOOK INC COM	30303M102	United States	749,955.00	0.36%	0.21%
MASTERCARD INC CL A	57636Q104	United States	428,348.80	0.20%	0.12%
MICROSOFT CORP COM	594918104	United States	975,156.00	0.47%	0.27%
AMAZON COM INC COM	023135106	United States	953,118.05	0.46%	0.27%
VISA INC COM CL A STK	92826C839	United States	843,748.00	0.40%	0.24%
FACEBOOK INC COM USD0.000006 CL 'A'	30303M102	United States	749,955.00	0.36%	0.21%
SALESFORCE COM INC COM STK	79466L302	United States	654,272.00	0.31%	0.18%
Total top 10 Equities			**6,916,802.69**	**3.3%**	**1.9%**
Total value of equities*			**209,316,662.30**	**100.0%**	**58.3%**
Total value of portfolio*			**$358,769,878.16**	**N/A**	**100.0%**

Source: Northern Trust

**Market value excluding accruals*

Totals may not add up due to rounding.

The complete schedule of holdings at year-end is available upon request.

8. Schedule of Fees and Commissions

Employees' Retirement Plan - Schedule of Fees, 2017

Manager	Assets as of 12/31/2017	Assets as of 12/31/2016	Fees	Annual Management Fee
Aberdeen Asset Management Inc.	$5,025,812	$2,584,031	83,929	0.75% on committed Capital
Advisory Research, Inc.	297	11,113,228	68,748	0.75%
Babson Capital Management LLC	15,044,386	15,116,167	71,358	0.48%
BlackRock Alternative Investors	33,959,916	31,145,610	412,858	1.25%
BlackRock Institutional Trust Company N.A.	40,159,698	36,845,272	19,268	0.05%
Dimensional Fund Advisors LP	40,501,997	31,590,249	216,823	0.60%
Fidelity Institutional Asset Management	18,259,106	15,669,872	111,588	0.65%
Harbert Management Corporation	11,690,043	12,056,237	166,200	annual 1.5% management fee applied only to unreturned, contributed capital plus 20% performance fee on net income
Harding Loevner Funds, Inc.	38,285,668	29,472,867	279,166	0.87%
Horsley Bridge Venture	1,371,671	417,558	36,000	1% on committed capital
Northern Trust Investments, N. A.- S&P 500	76,122,464	50,827,777	27,679	0.05%
Principal Global Investors, LLC	16,198,938	15,696,271	174,863	1.00%
RREEF America LLC	13,278,738	17,626,935	123,194	0.95%
UBS Realty Investors, LLC	11,198,444	10,974,413	112,400	1st $10 mil – 0.95% NAV + 0.20% on cash above 7.5% of NAV + incentive fee of 0.075% for each 1% of outperformance above CPI+5%
Vanguard Group, Inc	17,212,836	15,190,084	51,036	0.31%
Visium Asset Management	-	19,321	333	N/A
Winslow Capital Management, LLC	19,044,939	14,347,240	104,177	0.95%
Total Assets[1]	**$359,158,567**	**$314,545,181**	**$ 2,059,620**	
Investment Consulting Expense			86,785	N/A
Investment Performance Reporting Expense[2]			102,187	N/A
Total Investment Expenses			**$2,248,592**	
Investment Expenses as a percentage of average assets			**0.67%**	
Actuarial Services			39,500	N/A
Audit Services			8,375	N/A
Total Administrative Expenses			**$47,875**	
Total Expenses as a percentage of average assets			**0.68%**	

Source: Denver Water

[1]*Includes cash account. The total market value of the assets in the DB Plan reported by Northern Trust is* higher *than the net asset value reported in the Statement of Plan Net Assets* due to certain accrued administrative and investment expenses not reported by the custodian until paid.

[2]*Includes custody fees.*

Employees' Retirement Plan - Schedule of Broker Commissions by Broker, 2017

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Unassigned Broker	9,783,039.92	29,583,543.98	0.00	0.00	0.000%
Allen & Company LLC	17,260.00	1,150,572.33	517.80	0.03	0.045%
Barclays Bank Plc (All U.K. Offices)	36,625.00	2,546,673.19	1,098.75	0.03	0.043%
BTIG LLC	76,397.00	2,652,158.60	1,527.94	0.02	0.058%
Citation Group (The)	6,150.00	579,139.44	184.50	0.03	0.032%
Citigroup Global Markets Inc.	28,590.00	1,088,237.13	784.20	0.03	0.072%
Cowen And Company, LLC	5,160.00	453,948.09	154.80	0.03	0.034%
Cowen Execution Services LLC	4,417.00	120,800.96	74.25	0.02	0.061%
Credit Suisse Securities (USA) LLC	22,740.00	1,720,152.67	682.20	0.03	0.040%
Deutsche Bank Securities Inc.	7,600.00	418,772.86	228.00	0.03	0.054%
Goldman, Sachs & Co.	15,330.00	766,210.46	459.90	0.03	0.060%
ISI Group Inc.	4,219.00	459,313.19	126.57	0.03	0.028%
ITG Inc.	100.00	8,449.36	3.00	0.03	0.036%
J.P. Morgan Securities LLC	8,350.00	568,707.56	250.50	0.03	0.044%
Jefferies LLC	47,898.00	3,537,353.10	965.45	0.02	0.027%
Jonestrading Institutional Services, LLC	955.00	4,793.52	19.10	0.02	0.398%
Keybanc Capital Markets Inc	450.00	42,846.76	13.50	0.03	0.032%
Leerink Partners LLC	1,100.00	93,744.56	33.00	0.03	0.035%
Liquidnet Inc	217,456.00	5,946,394.29	4,349.12	0.02	0.073%
Merrill Lynch, Pierce, Fenner & Smith Inc	3,065.00	295,338.50	91.95	0.03	0.031%
Morgan Stanley & Co. LLC	60,883.00	1,523,809.89	973.89	0.02	0.064%
Pershing LLC	1,100.00	49,087.16	33.00	0.03	0.067%
Piper Jaffray & Co	3,400.00	149,843.61	102.00	0.03	0.068%
Piper Jaffray & Co.	3,650.00	218,642.53	109.50	0.03	0.050%
RBc Capital Markets, LLC	7,466.00	342,772.82	223.98	0.03	0.065%
Robert W. Baird & Co. Incorporated	196.00	6,407.24	5.88	0.03	0.092%
Sanford C. Bernstein & Co., LLC	5,330.00	535,669.11	159.90	0.03	0.030%
Stifel, Nicolaus & Company, Incorporate	900.00	45,083.52	27.00	0.03	0.060%
UBS Securities LLC	52,080.00	4,405,796.46	1,562.40	0.03	0.035%
Weeden And Co	390.00	18,029.37	3.90	0.01	0.022%
Wells Fargo Bank Minnesota Na	48,498.00	245,995.10	1,454.94	0.03	0.591%

Source: Northern Trust

[1] The table lists all transactions and commissions recorded by Northern Trust. It does not include commissions paid by mutual funds and commingled funds or spread on any fixed income transactions. Transactions for which a broker was not specified (including sales and purchases of shares of mutual funds and commingled funds) are grouped under "Unassigned Broker".

The Trustees of the Employees' Retirement Plan have determined that because neither they nor staff are to be involved in the day-to-day investment of the Fund assets, neither they nor staff are in a position to determine with which brokers an investment manager can obtain the best execution of a transaction. For that reason, the Trustees do not direct commissions to any firm.

B. Denver Water 401(k) Supplemental Retirement Savings Plan/ Denver Water 457 Deferred Compensation Plan

1. Report on Investment Activity

This section was prepared by the Denver Water staff

On December 31, 2017, the market value of assets in the 401(k) Plan totaled $105.9 million, a 21% increase in the Plan asset value compared to December 31, 2016. At year-end 2017, the Plan had 1,190 participants including 927 active participants[1]. Total employee contributions to the 401(k) Plan amounted to $4.3 million in 2017, or an average of $4,590 per year per active participant, while Denver Water's matching contributions totaled $2.0 million (an average of $2,150 per year per active participant)[2]. Slightly over 91% of the eligible Denver Water employees participated in the 401(k) Plan at year-end, compared to a 91% participation rate in 2016.[3]

In 2017, employee contributions to the 401(k) Plan amounted to $4.3 million, while Denver Water's matching

On December 31, 2017, the market value of assets in the 457 Plan totaled $34.1 million, a 4.9% increase in the Plan asset value compared to December 31, 2016. The Plan had 665 participants, including 181 active[1]. During 2017, participant contributions totaled $2.0 million (or an average of $3,030 per year per active participant).[2] Over 39% of the eligible Denver Water employees participated in the 457 Plan at year-end, compared to a 37% participation rate in 2016.

The investment of all contributions in the DC Plans is directed by each participant. Returns vary by participant based upon the timing of contributions and the funds

In 2016, the Board approved a new paid leave program in which, on a one-time basis only, any paid leave over an employees' target balance would be bought out by the employer and placed in the employees' retirement account. The total amount of a one-time non-elective employer contribution for the purpose of buying out the employees' paid leave the buy-out totaled $4.8 million. Both plans were amended in 2013 to allow employer discretionary contributions to qualifying participants. In 2017, there were no discretionary contributions. In 2016 there was a discretionary Board contribution to 401(k) Plan totaled $27,050 and 457 Plan contributions amounted to $36,000. In general, the qualifying participant's interest in his/her discretionary contributions become fully vested upon completing seven years of service or upon attaining the age of 65, with the exception of $36,000 in 457 Plan, which became fully vested on December

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[1] *Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the reporting period.*

[2] *In 2016, an eligible employee was able to make a tax-deferred contribution of up to $17,500 to each Defined Contribution Plan in which he or she was a participant. Participants age 50 or older could contribute an additional $5,500 to each plan as catch-up contributions. For more information on limitation on effective deferrals see "401(k) Resource Guide - Plan Participants - Limitation on Elective Deferrals", "IRS Announces Pension Plan Limitations for 2013" IR-2012-77, Oct. 18, 2012, available on www.irs.gov .*

[3] *For more statistical information about Retirement Program, see the Statistical Section of this Report.*

16,2016. This differs from vesting schedule for regular employee/employer contributions, which are always fully vested and nonforfeitable.

In 2015, both plans were amended to allow borrowing money. In 2017, loans from the 401(k) Plan totaled $1,928,841 and 457 Plan amounted to $193,856.

As noted in the policy statements for both the 401(k) and 457 Plans, the primary objective of the Board is to offer investment options having diverse risk and return expectations so that each participant may construct a portfolio that can be expected to meet his or her individual needs. Investment managers are selected by the Chief Finance Officer, with the assistance of the Retirement Program Committee and the investment consultant for the DC Plans, Ellwood Associates. As of December 31, 2017, participants in either plan had access to twenty-eight (28) investment options representing all major asset classes (of which twelve were Target Retirement Funds focused on various retirement dates). The schedule of investment options available in the DC Plans can be found on page 99. The investment of both employee contributions and the employer-matching contributions is directed by the participants. Page 100 contains investment return information on each fund available to participants. Returns vary by participant based upon the timing of contributions and the funds selected by the participant. Most funds in the lineup had rates of return above the median for their peer group over 1-, 3-, and 5-year periods.

Empower Retirement (formerly Great-West Retirement Services) ("Empower") is the custodian/trustee and the administrator for the Denver Water 401(k) and 457 Plans. Effective in January 2016, the total fee for recordkeeping and communication services was reduced from 0.09% to 0.075% annually. The fee is being calculated and withdrawn from all participant accounts on a monthly basis and any revenue sharing is credited to participants with account balances in a revenue-paying fund which generated the revenue, based on the average daily balance of the participant's investment in such fund(s) for the prior month.

Expense ratios for all funds in the lineup, as well as the revenue sharing amounts received by the Plan administrator, are disclosed to participants in the enrollment package and though the HR page on Inflow. They are disclosed to the general public in the audited financial statements. Current expense ratios, wrap fees and revenue sharing levels are presented in more detail on page 104.

2. Outline of Investment Policies

Denver Water 401(k) Supplemental Retirement Savings Plan

Excerpted from the "Investment Policy Statement for Denver Water Supplemental Retirement Savings Plan (401(k) Plan) ["401(k) IPS"], approved by the Board on March 12, 2014

The purpose of the 401(k) Plan is to enable each Plan participant to accumulate financial assets for retirement. The Board acknowledges that participants may have diverse current and projected needs and objectives. For that reason, the primary objective of the Board is to offer investment options having diverse risk and return expectations so that each participant may construct a portfolio that can be expected to meet his or her individual needs. Within this overall objective, the Board identified the following additional objectives:

- To undertake all transactions solely in the interest of the participants;
- To maintain flexibility in meeting the future needs of participants;
- To enable participants to exercise investment control;
- To allow participants to maximize return within reasonable and prudent levels of risk by selecting from the investment options offered;
- To monitor administration costs to ensure they remain reasonable;
- To arrange for investment education to be available to Participants.

The Board is a fiduciary of the 401(k) Plan. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. As a sponsor of the 401(k) Plan, the Board is responsible for establishing investment policy objectives and guidelines. By resolution dated September 14, 2005 and updated on May 8, 2013, the Board has delegated certain duties related to implementation of the 401(k) IPS to the Chief Finance Officer and the Chief Human Resources Officer. Among the responsibilities delegated to the Chief Finance Officer is the responsibility and authority to determine which investment options will be chosen, and to monitor the continued acceptability of the investment options. It is the policy of the Board to engage experts to assist with these duties.

In the 401(k) IPS, the Board directs the Chief Finance Officer, with the assistance of the Investment Consultant to review long-term performance characteristics of various asset classes and to select broad asset classes for inclusion in the 401(k) Plan which have a long-term return history that is reasonably useful with respect to evaluating its probable future return, its standard deviation, and its correlation with the other selected asset classes. With a focus on balancing the risk and rewards of market behavior, it is the policy of the Board that the investment options made available to participants in the 401(k) Plan be chosen from no fewer than the following asset classes: Domestic Equities, International Equities, Domestic Fixed Income, and Fixed Interest or Stable Value Products. Within each of the broad asset classes, the 401(k) IPS requires that included investment options be diversified with respect to market capitalization, fixed income maturities, and investment style. Investment options that combine various asset classes are also included.

Over a complete market cycle, each investment option's overall annualized total return should perform above the median of portfolios in their Peer Universe. The Chief Finance Officer shall continually monitor and review investment options against this expectation. The Chief Finance Officer has authority to take corrective action by replacing an option if deemed appropriate at any time, on a case-by-case basis.

When evaluating quarterly performance of each investment option, the Chief Finance Officer is directed to focus on:

- Consistency with expected style mandate;
- Material changes in the manager's organization, investment philosophy, and/or personnel;
- Comparisons of the investment option's results to its benchmark;

- The risk associated with each investment option;
- The investment option's performance relative to its Peer Universe.

The Chief Finance Officer is directed to review the 401(k) IPS annually, to consult as necessary with expert advisors, and to suggest updates to the CEO/Manager and the Board as necessary.

Denver Water 457 Deferred Compensation Plan

Excerpted from the "Investment Policy Statement for the Denver Water 457 Deferred Compensation Plan (the "457 Plan, ["457 IPS"])", approved by the Board on March 12, 2014

The Board's involvement in the Denver Water 457 Plan is solely to offer employees an opportunity to make voluntary payroll deferrals to the extent permitted by Internal Revenue Code section 457. The Board's objective is to offer employees reasonable choice in the 457 Plan funding products, and to control the administrative burdens and costs of the 457 Plan to Denver Water and its employees.

For these reasons, it is the policy of the Board that:

- The investment options offered in the 457 Plan will be the same as those offered in the 401(k) Plan;
- The same Record keeper will be used for the 457 Plan as for the 401(k) Plan and recordkeeping information;
- Participants will receive a consolidated participant statement for the two Plans, so that participants can see the effect of their investment allocation decisions more comprehensively.
- In order to maintain the 457 Plan as an eligible deferred compensation plan under section 457 of the Internal Revenue Code, assets of the 457 Plan will be held by an independent custodian and the Board will take such other actions as are necessary to maintain the tax deferred status of the 457 Plan;
- In all investment-related matters not specifically addressed in the 457 IPS, the investment policy for the 401(k) Plan shall be followed.

3. Schedule of Investment Managers

Fund	Ticker	Asset class
Global Real Estate		
Cohen & Steers Instl Global Realty I	CSSPX	Global Real Estate
International Equity		
Harbor International Instl	HAINX	Foreign Stock
Northern Global Sustainability Index	NSRIX	Foreign Stock
Fidelity Global ex US Index Premium	FSGDX	Foreign Stock
Domestic Equity		
Fidelity Total Market Index Instl	FSKTX	All cap domestic equity
Baron Growth Instl	BGRIX	Small Cap Growth
American Beacon Small Cp Val Inst	AVFIX	Small Cap Value
T. Rowe Price Growth Stock	PRUFX	Large Cap Growth
American Funds Washington Mutual R6	RWMGX	Large Cap Value
Fixed Income		
PIMCO High Yield Instl	PHIYX	High Yield Bond
Vanguard Inflation Protected Securities Admin	VAIPX	High Quality Bond – TIPS
Frost Total Return Bond Inst	FIJEX	High Quality Bond
Fidelity U.S. Bond Index Premium	FSITX	Domestic Bond
Vanguard Total International Bond Index Admiral	VTABX	International Bond
Target Date Retirement Funds		
Vanguard Target Retirement Income	VTINX	Multiple Asset Classes
Vanguard Target Retirement 2015	VTXVX	Multiple Asset Classes
Vanguard Target Retirement 2020	VTWNX	Multiple Asset Classes
Vanguard Target Retirement 2025	VTTVX	Multiple Asset Classes
Vanguard Target Retirement 2030	VTHRX	Multiple Asset Classes
Vanguard Target Retirement 2035	VTTHX	Multiple Asset Classes
Vanguard Target Retirement 2040	VFORX	Multiple Asset Classes
Vanguard Target Retirement 2045	VTIVX	Multiple Asset Classes
Vanguard Target Retirement 2050	VFIFX	Multiple Asset Classes
Vanguard Target Retirement 2055	VFFVX	Multiple Asset Classes
Vanguard Target Retirement 2060	VTTSX	Multiple Asset Classes
Vanguard Target Retirement 2065	VLXVX	Multiple Asset Classes
Cash and Equivalent		
Vanguard Treasury Money Market Investor	VUSXX	Money Market
Galliard Retirement Income	n/a	Stable Value

As of December 31, 2017

4. Schedule of Investment Results

The investment returns for the Denver Water 401(k) Supplemental Retirement Savings Plan/ Denver Water 457 Deferred Compensation Plan are provided by the Plans' Investment Consultant, Ellwood. Ellwood derives the information about returns from Morningstar Principia. Total return is calculated by taking the change in a fund's Net Asset Value (NAV), assuming the reinvestment of all income and capital gains distributions during the period, and then dividing by the initial NAV. Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. Ellwood evaluates the Plans' performance in relation to market indices and appropriate manager peer groups. Returns are reported net of fees.

		Rates of Return (%)		
Fund	**Ticker**	**Current Year**	**3-year**	**5-year**
Global Real Estate				
Cohen & Steers Instl Global Realty	CSSPX	12.9%	6.3%	7.4%
Global Real Estate Peer Group		10.4%	4.4%	6.3%
International Equity				
Harbor International Instl	HAINX	22.9%	5.8%	5.2%
MSCI ACWI EX NR USD Index		27.2%	7.8%	6.8%
Northern Global Sustainability Index	NSRIX	21.2%	8.9%	11.4%
MSCI World Index		22.4%	9.3%	11.6%
Fidelity Global ex US Index	FSGDX	27.3%	7.9%	6.5%
MSCI ACWI ex U.S. Index		27.2%	7.8%	6.8%
Domestic Equity				
Fidelity Total Market Index	FSKTX	21.2%	11.1%	15.5%
Dow Jones U.S. Total Stock Market Index		21.2%	11.1%	15.5%
Baron Growth Instl	BGRIX	27.4%	9.1%	13.5%
Small Growth Peer Group		22.2%	10.3%	15.2%
American Beacon Small Cp Val Inst	AVFIX	8.7%	9.4%	13.9%
Small Value Peer Group		7.8%	9.5%	13.0%
T. Rowe Price Growth Stock	PRGFX	33.8%	14.7%	18.0%
Large Growth Peer Group		30.2%	13.7%	17.3%
American Funds Washington Mutual R6	RWMGX	20.5%	11.1%	15.2%
Large Value Peer Group		13.7%	8.7%	14.0%
Fixed Income				
PIMCO High Yield Instl	PHIYX	7.0%	5.8%	5.3%
High Yield Bond Peer Group		7.0%	6.1%	5.6%
Vanguard Inflation Protected Securities Admin	VAIPX	2.9%	1.9%	0.1%
Inflation-Protected Bond Peer Group		3.0%	2.1%	0.1%
Frost Total Return Bond Inst	FIJEX	4.4%	3.2%	3.7%
Intermediate-Term Bond Peer Group		3.5%	2.2%	2.1%
Fidelity US Bond Index Premium	FSITX	3.5%	2.2%	2.0
Barclays Aggregate Bond Index		3.5%	2.2%	2.1
Vanguard Total Intl Bd Idx Admiral	VTABX	2.4%	2.7%	-
Barclays Global Aggregate ex. U.S. Hedged Index		2.5%	2.9%	3.7%
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	8.5%	4.5%	5.0%
Retirement Income Peer Group		8.7%	4.7%	5.2%
Vanguard Target Retirement 2015	VTXVX	11.5%	5.6%	7.3%
Target Date 2011-2015 Peer Group		11.6%	5.8%	7.5%
Vanguard Target Retirement 2020	VTWNX	14.1%	6.6%	8.5%
Target Date 2015-2020 Peer Group		14.2%	6.8%	8.8%
Vanguard Target Retirement 2025	VTTVX	15.9%	7.3%	9.4%
Target Date 2021-2025 Peer Group		16.1%	7.5%	9.6%
Vanguard Target Retirement 2030	VTHRX	17.5%	7.9%	10.1%
Target Date 2026-2030 Peer Group		17.7%	7.9%	10.3%

		Rates of Return (%)		
Fund	**Ticker**	**Current Year**	**3-year**	**5-year**
Vanguard Target Retirement 2035	VTTHX	19.1%	8.4%	10.9%
Target Date 2031-2035 Peer Group		19.3%	8.6%	11.2%
Vanguard Target Retirement 2040	VFORX	20.7%	8.9%	11.5%
Target Date 2036-2040 Peer Group	-	20.9%	9.2%	11.8%
Vanguard Target Retirement 2045	VTIVX	21.4%	9.2%	11.6%
Target Date 2041-2045 Peer Group		21.6%	9.4%	12.0%
Vanguard Target Retirement 2050	VFIFX	21.4%	9.2%	11.6%
Target Date 2046-2050 Peer Group	-	21.6%	9.4%	12.0%
Vanguard Target Retirement 2055	VFFVX	21.4%	9.1%	11.6%
Target Date 2051-2060 Peer Group		21.6%	9.4%	12.0%
Vanguard Target Retirement 2060	VTTSX	21.4%	9.1%	11.6%
Target Date 2051-2060 Peer Group		21.6%	9.4%	12.0%
Cash and Equivalent				
Galliard Retirement Income (gross)	n/a	1.6%	1.6%	1.7%
USTREAS T-Bill Auction Ave 3 Mon Index		0.9%	0.4%	0.3%

Source: Ellwood

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2017	% of the Total Assets	Total Assets as of 12/31/2016	% of the Total Assets
Global Real Estate		**$769,825**	**0.7%**	**$656,388**	**0.8%**
Cohen & Steers Instl Global Realty	CSSPX	$769,825	0.7%	$656,388	0.8%
International Equity		$7,741,506	7.5%	$4,954,100	5.8%
Harbor International Instl	HAINX	$5,167,485	5.0%	$4,954,100	5.8%
Northern Global Sustainability Index	NSRIX	$1,195,822	1.2%	0.00	0.0%
Fidelity Global ex US Index Prem	FSGDX	$1,378,199	1.3%	0.00	0.0%
Domestic Equity		$42,153,187	40.6%	$35,467,301	41.4$
Fidelity Total Market Index	FSKTX	$17,666,084	17.0%	-	0.0%
Baron Growth Instl	BGRIX	$3,108,136	3.0%%	$1,471,642	1.7%
American Beacon Small Cp Val Inst	AVFIX	$3,764,767	3.6%	$3,509,622	4.1%
T. Rowe Price Growth Stock I	PRGFX	$8,343,570	8.0%	$5,619,247	6.6%
American Funds Washington Mutual R6	RWMGX	$9,270,630	8.9%	$7,628,139	8.9%
Domini Social Equity Fund Inst'l	DIEQX	0.00	0.0%	$400,493	0.5%
Vanguard Mid Cap Index I	VMCIX	0.00	0.0%	$8,569,873	10.0%
Vanguard Institutional Index I	VINIX	0.00	0.0%	$8,268,285	9.7%
Fixed Income		$9,409,263	9.1%	$7,454,131	8.7%
PIMCO High Yield Instl	PHIYX	$1,944,687	1.87%	$1,658,447	1.9%
Vanguard Inflation Protected Securities Admin.	VAIPX	$1,586,383	1.53%	$1,768,446	2.1%
Frost Total Return Bond Inst	FIJEX	$4,486,463	4.32%	$4,027,238	4.7%
Fidelity US Bond Index Premium	FNSKX	$1,114,308	1.07%	0.00	0.00%
Vanguard Total Intl Bd Idx Admiral	VTABX	$277,422	0.27%	0.00	0.00%
Target Date Retirement Funds		**$29,453,846**	**28.4%**	**$22,542,373**	**26.3%**
Vanguard Target Retirement Income	VTINX	$764,545	0.7%	$306,236	0.4%
Vanguard Target Retirement 2010	VTENX	0.00	0.0%	$135,318	0.16%
Vanguard Target Retirement 2015	VTXVX	$2,192,299	2.1%	$2,162,812	2.5%
Vanguard Target Retirement 2020	VTWNX	$2,166,154	2.1%	$1,912,794	2.2%
Vanguard Target Retirement 2025	VTTVX	$9,788,675	9.4%	$7,591,638	8.9%
Vanguard Target Retirement 2030	VTHRX	$807,761	0.8%	$480,833	0.6%
Vanguard Target Retirement 2035	VTTHX	$6,075,478	5.9%	$4,092,881	4.8%
Vanguard Target Retirement 2040	VFORX	$1,568,576	1.5%	$921,001	1.1%
Vanguard Target Retirement 2045	VTIVX	$4,527,063	4.4%	$3,674,916	4.3%
Vanguard Target Retirement 2050	VFIFX	$273,128	0.3%	$218,091	0.3%
Vanguard Target Retirement 2055	VFFVX	$934,576	0.9%	$540,607	0.6%
Vanguard Target Retirement 2060	VTTSX	$355,591	0.3%	$505,246	0.6%
Cash and Equivalent		$14,264,573	13.7%	$14,528,072	17.0%
Vanguard Treasury Money Market Inv	VUSXX	$855,816	0.8%	$1,470,562	1.7%
Galliard Retirement Income	n/a	$13,408,757	12.9%	$13,057,510	15.3%
Total		**$103,792,201***	**100.0%**	**$85,602,365**	**100.0%**

Source: Empower Retirement

**Does not include loan balance of $1.9 mil*

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2017	% of the Total Assets	Total Assets as of 12/31/2016	% of the Total Assets
Global Real Estate		**$245,780**	**0.7%**	**$200,256**	**0.6%**
Cohen & Steers Instl Global Realty	CSSPX	$245,780	0.7%	$200,256	0.6%
International Equity		$2,057,893	6.1%	$1,429,908	4.4%
Harbor International Instl	HAINX	$1,448,247	4.3%	$1,429,608	4.4%
Northern Global Sustainability Index	NSRIX	$351,788	1.0%	0.00	0.00%
Fidelity Global ex US Index Prem	FSGDX	$257,858	0.8%	0.00	0.00%
Domestic Equity		$12,415,290	36.7%	$12,206,527	37.8%
Fidelity Total Market Index	FSKTX	$4,472,763	13.2%	-	0.0%
Baron Growth Instl	BGRIX	$854,254	2.52%	$426,526	1.3%
American Beacon Small Cp Val Inst	AVFIX	$1,274,516	3.76%	$1,097,006	3.4%
T. Rowe Price Growth Stock I	PRGFX	$3,675,349	10.85%	$3,255,688	10.1%
American Funds Washington Mutual R6	RWMGX	$2,138,408	6.31%	$1,890,809	5.9%
Domini Social Equity Fund Inst'l	DIEQX	0.00	0.00%	$367,882	1.1%
Vanguard Mid Cap Index I	VMCIX	0.00	0.00%	$1,611,132	5.0%
Vanguard Institutional Index I	VINIX	0.00	0.00%	$3,557,484	11.0%
Fixed Income		$3,339,079	9.9%	$2,924,288	$9.1%
PIMCO High Yield Instl	PHIYX	$938,182	2.8%	$838,185	2.6%
Vanguard Inflation Protected Securities Admin	VAIPX	$373,258	1.1%	$462,208	1.4%
Frost Total Return Bond Inst	FIJEX	$1,715,451	5.1%	$1,623,895	5.0%
Fidelity US Bond Index Premium	FNSKX	$250,199	0.7%	0.00	0.0%
Vanguard Total Intl Bd Idx Admiral	VTABX	$61,989	0.2%	0.00	0.0%
Target Date Retirement Funds		$7,305,224	21.6%	$5,919,410	18.3%
Vanguard Target Retirement Income	VTINX	$402,188	1.19%	$5,140	0.0%
Vanguard Target Retirement 2010	VTEVX	$0	0.00%	$613,506	1.9%
Vanguard Target Retirement 2015	VTXVX	$663,272	1.96%	$699,293	2.2%
Vanguard Target Retirement 2020	VTWNX	$802,854	2.37%	$1,967,336	6.1%
Vanguard Target Retirement 2025	VTTVX	$2,503,952	7.39%	$163,901	0.5%
Vanguard Target Retirement 2030	VTHRX	$235,970	0.70%	$746,119	2.3%
Vanguard Target Retirement 2035	VTTHX	$971,980	2.87%	$169,452	0.5%
Vanguard Target Retirement 2040	VFORX	$254,289	0.75%	$871,334	2.7%
Vanguard Target Retirement 2045	VTIVX	$1,145,299	3.38%	$53,397	0.2%
Vanguard Target Retirement 2050	VFIFX	$95,488	0.28%	$41,936	0.1%
Vanguard Target Retirement 2055	VFFVX	$193,367	0.57%	$260,809	0.8%
Vanguard Target Retirement 2060	VTTSX	$36,565	0.11%	$327,187	1.0%
Cash and Equivalent		**$8,509,107**	**25.1%**	**$9,584,007**	**29.7%**
Vanguard Treasury Money Market Inv	VUSXX	$490,507	1.45%	$787,612	2.4%
Galliard Retirement Income	n/a	$8,018,600	23.67%	$8,796,395	27.3%
Total		**$33,872,373***	**100.0%**	**$32,264,096**	**100.0%**

Source: Empower Retirement

**Does not include loan balance of $0.2 mil*

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2017

Fund	Ticker	Expense Ratio [2]	Admin Fess (%)[3]	Revenue sharing – paid back to Participants (%)[1]	Average Expense Ratio in the Peer Group
Global Real Estate					
Cohen & Steers Instl Global Realty	CSSPX	1.00	0.075	0.10	1.40
International Equity					
Harbor International Instl	HAINX	0.79	0.075	0.10	1.01
Northern Global Sustainability Index	NSRIX	0.31	0.075	0.00	1.04
Fidelity Global ex US Index Prem	FSGDX	0.11	0.075	0.00	1.01
Domestic Equity					
Fidelity Total Market Index	FSKTX	0.04	0.075	0.00	0.88
Baron Growth	BGRIX	1.05	0.075	0.15	1.12
American Beacon Small Cap Val Inst	AVFIX	0.84	0.075	0.00	1.14
T. Rowe Price Growth Stock	PRGFX	0.52	0.075	0.15	0.93
American Funds Washington Mutual R6	RWMGX	0.30	0.075	0.00	0.88
Fixed Income					
PIMCO High Yield Instl	PHIYX	0.30	0.075	0.00	0.86
Vanguard Inflation Protected Securities Admin	VAIPX	0.10	0.075	0.00	0.61
Frost Total Return Bond Inst	FIJEX	0.52	0.075	0.10	0.65
Fidelity US Bond Index Premium	FNSKX	0.05	0.075	0.00	0.65
Vanguard Total Intl Bd Idx Admiral	VTABX	0.12	0.075	0.00	0.88
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2010	VTEVX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2015	VTXVX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2020	VTWNX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2025	VTTVX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2030	VTHRX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2035	VTTHX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2040	VFORX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2045	VTIVX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2050	VFIFX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2055	VFFVX	0.14	0.075	0.00	0.76
Vanguard Target Retirement 2060	VTTSX	0.14	0.075	0.00	0.76
Cash and Equivalent					
Vanguard Treasury Money Market Inv	VUSXX	0.09	0.075	0.00	0.45
Galliard Retirement Income	N/A	0.65	0.075	0.00	0.42
Weighted average (both plans)		**0.38**	**0.075**	**0.025**	

Source: Ellwood

[1] *The dollar amount of fees paid by the Plans for investment management and administrative services on the funds is not separately disclosed. Revenue sharing arrangements with Empower are discussed in more detail in the Report on Investment Activity for the DC Plans (pages 95 to* 96).

[2] *Expense ratios provided by Ellwood Consulting*

[3]*Effective in January 2016, the total fee for recordkeeping and communication services was reduced from 0.09% to 0.075% annually. The fee is being calculated and withdrawn from all participant accounts on a monthly basis and any revenue sharing is credited to participants with account balances in a revenue-paying fund which generated the revenue, based on the average daily balance of the participant's investment in such fund(s) for the prior month.*

IV. ACTUARIAL SECTION (UNDAUDITED)

A. Actuary's Certification Letter

This section is excerpted from the January 1, 2016 Actuarial Valuation Report prepared by Gabriel Roeder Smith & Company and pertains only to the DB Plan

GRS Retirement Consulting

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April 30, 2018

Ms. Usha Sharma
Treasurer
Denver Water
1600 West 12th Avenue
Denver, CO 80204

Re: Actuarial Valuation of the Employees' Retirement Plan of the Denver Board of Water Commissioners as of January 1, 2018

Dear Usha:

We are pleased to present the Report on the actuarial valuation of the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Plan") as of January 1, 2018.

This Report presents the results of the January 1, 2018 actuarial valuation of the Plan. The Report describes the current actuarial condition of the Plan, determines required annual employer contribution rates, and analyzes changes in these required rates. In addition, the Report provides various summaries of the data. This report should not be relied on for any purpose other than the purpose described in the primary communication. Accounting information for purposes of complying with Governmental Accounting Standards Board (GASB) Statements Nos. 67 and 68 is provided in a separate report.

We certify that the information included herein and contained in the January 1, 2018 Actuarial Valuation Report is accurate and fairly presents the actuarial position of the Plan as of the valuation date.

Financing Objectives

The Actuarially Determined Contribution is determined by taking the sum of the normal cost, a component to amortize the unfunded liability and a component to cover administrative expenses. The Board's current funding policy is to contribute an amount each year based on the most recently calculated Actuarially Determined Contribution.

The amortization component is determined using 15-year closed level-dollar amortizations of layered amortization bases. The first base was established using the unfunded liability as of January 1, 2014. Subsequent bases were established at each valuation date by taking the unfunded liability at that time, less the total outstanding balances of the previous amortization balances.

The total actuarially determined contribution has decreased from 23.444% of pay to 23.312% of pay. During 2018, members hired on or after January 1, 2018 will contribute 3% of pay. Members hired prior to that date will contribute 1% of pay in 2018, 2% of pay in 2019, and 3% of pay in 2020. The expected 2018 blended member rate is 1.046%, resulting in a 22.266% of pay net employer contribution.

Ms. Usha Sharma
April 30, 2018
Page 2

Assuming all actuarial assumptions are met, this method of payment of the unfunded liability will result in full funding in 15 years for each layer. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. A schedule of each year's initial base and remaining outstanding balance is illustrated in Exhibit B.5.

Progress Toward Realization of Financing Objectives

The unfunded actuarial accrued liability and the funded ratio (ratio of the actuarial value of assets to the actuarial accrued liability) illustrate the progress toward the realization of certain financing objectives.

Based on the actuarial valuation as of January 1, 2018, the Plan has an unfunded liability of $81.5 million and a funded ratio of 80.8%.

The increase in the funded ratio on an actuarial value of assets basis, from 79.9% to 80.8%, is primarily due to investment gains and the recognition of deferred asset gains and losses. The funded ratio on a market value of assets basis increased from 78.3% to 84.9% primarily due to investment gains greater than expected. A funded ratio less than 100% indicates an actuarially determined contribution that will require a normal cost and an amortization payment. If the contributions equal the ADC, and if all assumptions are met, the funded ratio should improve over time.

Benefit Provisions

All of the benefit provisions reflected in this valuation are those which were in effect on January 1, 2018. Beginning January 1, 2018, current members are required to contribute 1% of bi-weekly compensation to the Plan. The required contribution will increase to 2% in the 2019 Plan Year and 3% in the 2020 Plan Year and thereafter. Members hired on or after January 1, 2018 will contribute 3% of pay. The benefit provisions are summarized in Section D of this Report.

Assumptions and Methods

The assumptions were adopted by the Denver Board of Water Commissioners primarily upon the prior actuary's analysis and recommendations from the 2015 Experience Study. A new discount rate and mortality tables were adopted by the Board effective January 1, 2017. There were no changes in actuarial assumptions and methods since the prior report. These assumptions and methods are detailed in Section F of this Report. The Board has sole authority to determine the actuarial assumptions used for the Plan. In our opinion, the actuarial assumptions used are reasonable.

GRS Retirement Consulting

B. Summary of Actuarial Methods and Assumptions

The actuarial assumptions used in the valuation are intended to estimate future experience affecting projected benefit flow and investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the plan's benefits.

The tables in this section give rates of decrement, referred to in actuarial notation by the general symbol "q'." The underlying theory is described more fully in Jordan, Life Contingencies, Society of Actuaries (Second Edition, 1967), page 277. Any age referred to in a table is always the age of the person at his or her nearest birthday.

Actuarial Cost Method

The actuarial cost method we use to calculate the funding requirements of the Plan is called the entry age normal actuarial cost method.

Under this cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. The portion of the actuarial present value not provided for at the valuation date by future Normal Costs is called the actuarial accrued liability.

Actuarial Value of Assets

The actuarial value of assets is determined by calculating the expected return on the prior year's market value of assets, adjusted for cash flows of contributions and benefit payments for the year, and assuming a 7.00% interest return. The difference between this expected value and the actual return for the plan year is recognized over 3 years. The actuarial value of assets is then the actual market value minus the gains and losses for prior years that are still deferred. The resulting value is limited to between 80% and 120% of the market value of assets.

Annual Required Contribution (Adopted January 1, 2014)

The Actuarially Determined Contribution (ADC) is calculated in accordance with the Funding Policy adopted by the Board. The unfunded actuarial accrued liability (UAAL) is amortized as a level dollar amount over a 15-year period using a layered approach beginning January 1, 2014. The UAAL as of January 1, 2014 will be amortized over a 15-year closed period. Future fluctuations in the UAAL due to plan experience different than assumed or changes in actuarial assumptions, methods or plan provisions will be amortized over a 15-year period beginning with the first valuation date following such change. In the event of a surplus (Actuarial Value of Assets greater than the Actuarial Accrued Liability), all prior amortization bases will be eliminated and the surplus will be amortized over a 30-year open period as a level-dollar amount.

Cost-of-Living Adjustment

For members hired prior to January 1, 2018, the monthly amount of any Pension provided by the Plan may be increased annually of the first day of each January by the change in the U.S. Consumer Price Index (CPI-W) as reported the preceding November. Annual increases may not exceed 5% for members whose severance date occurs prior to September 1, 1995 and 4.4% for members whose severance date occurs after August 31, 1995. Effective January 1, 2017, if the change in the U.S. Consumer Price Index is negative, then it shall be treated as zero. The Cost-of-Living Adjustment granted in 2017 was 2.32%. There are no Cost-of-Living Adjustments for members hired on or after January 1, 2018.

Actuarial Assumptions

Investment return: 7.00% per annum, compounded annually, composed of an assumed 2.75% inflation rate and a 4.25% real rate of return. This rate represents the assumed return, net of all investment expenses.

Salary increase rate: Inflation rate of 2.75%, plus productivity component of 0.50%, plus step-rate/ promotional component as shown

Sample Attained Age	Percentage Increase in Salary			
	Merit	Productivity	Inflation	Total
22	3.0%	0.5%	2.75%	6.25%
27	3.0	0.5	2.75	6.25
32	2.5	0.5	2.75	5.75
37	2.0	0.5	2.75	5.25
42	1.0	0.5	2.75	4.25
47	0.5	0.5	2.75	3.75
52	0.1	0.5	2.75	3.35

Expenses: Administrative expenses are assumed to be $120,000 per year.

Demographic assumptions

Mortality rates (pre- and post-retirement) – Combined RP-2014 Healthy Mortality Tables projected with scale MP to 2016.

Mortality rates (post-disablement) – Combined RP-2014 Disabled Annuitant Mortality Tables, projected with scale MP-2016.

Sample rates are shown below:

Sample Attained Age	Probability of Death Pre-Retirement	Probability of Death Pre-Retirement
	Men	Women
20	0.03%	0.01%
25	0.03	0.01
30	0.04	0.02
35	0.05	0.03
40	0.06	0.04
45	0.08	0.06
50	0.13	0.09
55	0.23	0.15
60	0.43	0.24
65	0.78	0.34
70	1.23	0.52
75	1.91	0.87
80	3.15	1.52
85	6.22	4.04
90	11.58	8.97

Sample Attained Age	Probability of Death Post-Retirement	
	Men	Women
20	0.03%	0.02%
25	0.04	0.07
30	0.07	0.21
35	0.12	0.42
40	0.17	0.65
45	0.23	0.82
50	0.31	1.00
55	0.47	1.29
60	0.70	1.65
65	1.04	1.92
70	1.49	2.34
75	2.21	3.32
80	3.63	5.06
85	6.37	5.17
90	11.45	9.30

Sample Attained Age	Probability of Death Post-Disability	
	Men	Women
20	0.03%	0.02%
25	0.14	0.07
30	0.41	0.21
35	0.82	0.42
40	1.20	0.65
45	1.40	0.82
50	1.57	1.00
55	1.90	1.29
60	2.41	1.65
65	2.99	1.92
70	3.57	2.34
75	4.47	3.32
80	6.22	5.06
85	9.32	7.73
90	14.57	11.52

Disability rates

Graduated rates are used. Sample rates shown below:

Sample Attained Ages	Probability of Disability
25	0.027%
30	0.064
35	0.109
40	0.164
45	0.255
50	0.437
55	0.792
60	1.256

Termination rates (for causes other than death, disability or retirement)

Termination rates are based on service. Termination rates are not applied after a member becomes eligible for a retirement benefit. Rates at selected ages are shown:

Years of Service	Probability of Termination
1	9.00%
2	9.00
3	9.00
4	9.00
5	5.00
6	5.00
7-10	3.00
11-15	2.00
16-29	1.00
30+	0.00

Retirement Rates

Attained Age	Before Eligible for Special Early Retirement	After Eligible for Special Early Retirement
50	0.0%	3.0%
51	0.0	3.0
52	0.0	3.0
53	0.0	3.0
54	0.0	9.0
55	5.0	15.0
56	5.0	15.0
57	5.0	15.0
58	5.0	10.0
59	5.0	10.0
60	5.0	15.0
61	5.0	20.0

62	5.0	20.0
63	0.0	30.0
64	0.0	30.0
65	0.0	30.0
66-69	0.0	30.0
70 & Over	0.0	100.0

Other Assumptions

Percent married: 75% of employees are assumed to be married**.**

Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

Cost of living adjustment: 2.75% per annum.

Deferred vested members and their surviving spouses are assumed to retire at first eligibility for unreduced benefits (age 65, unless eligible for Special Early Retirement, in which case, age 55).

Valuation payroll is based on census data provided (annualized for new hires) and then increasing for one-half year salary increase.

Pay increase timing: Middle of year.

Decrement timing: Decrements of all types are assumed to occur mid-year.

Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Decrement relativity: Decrement rates are used directly, without adjustment for multiple decrement table effects.

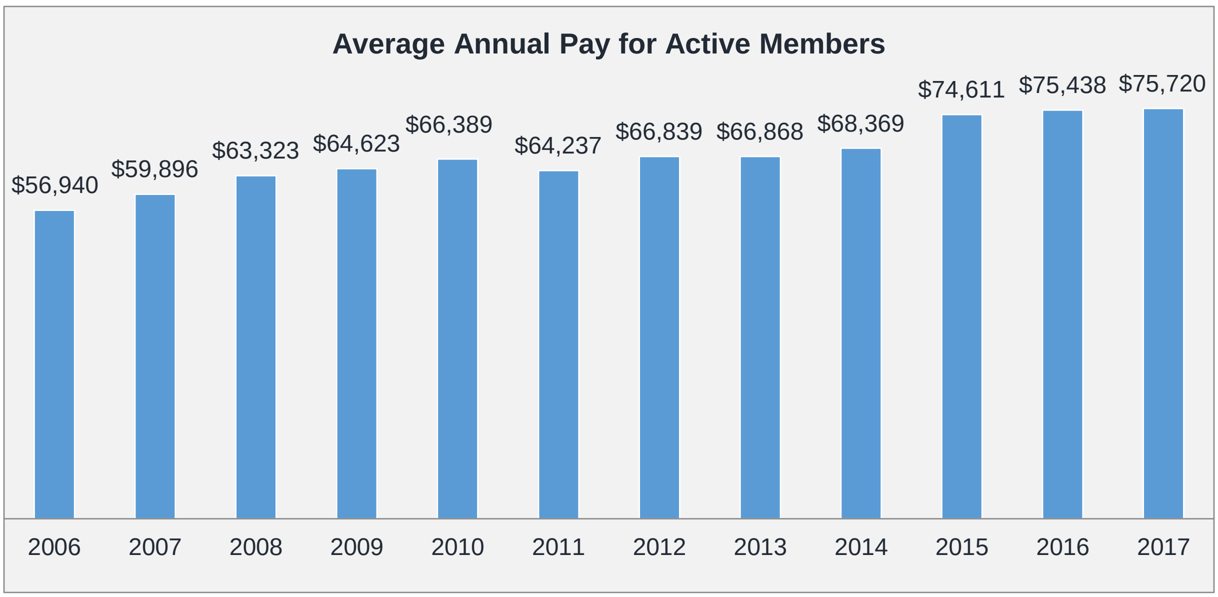
Age at Termination/Retirement	% Electing Lump Sum	% Electing Straight Life Annuity
<40	75%	25%
40+	35%	65%

C. Changes in Actuarial Methods and Assumptions since Prior Year

There were no changes in actuarial methods and assumptions since the prior report.

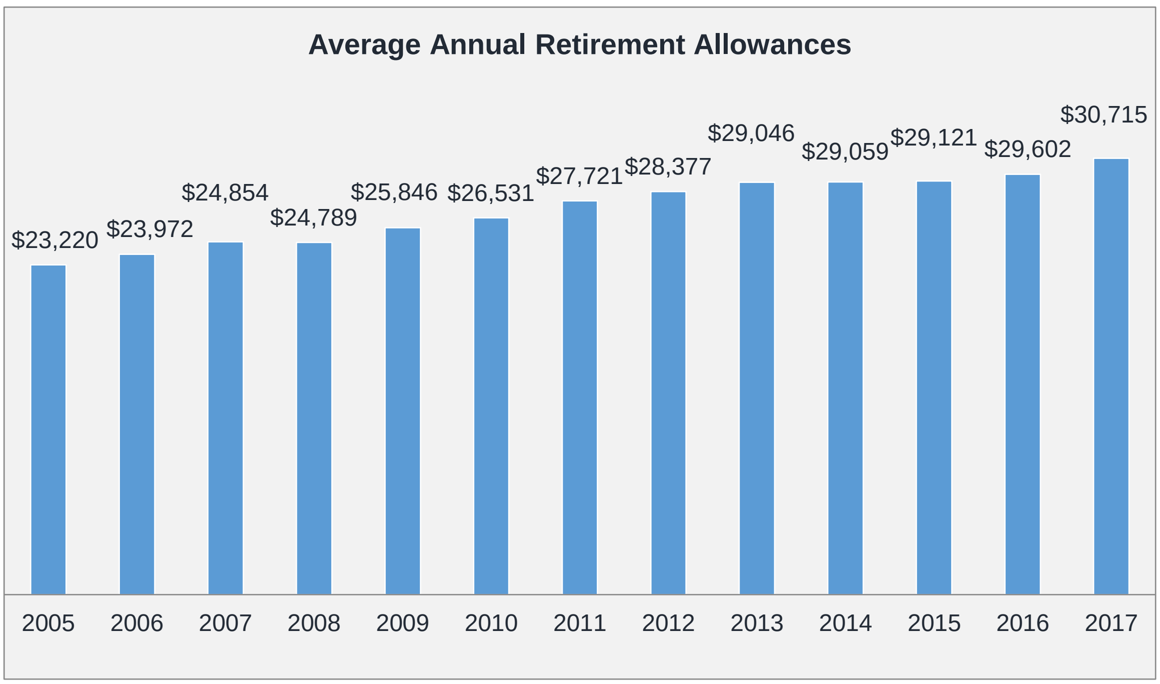
D. Schedule of Active Member Valuation Date

Valuation Date	Number of Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Number of Deferred Vested
1/1/2007	978	$58,578,510	$59,896	5.19%	62
1/1/2008	953	60,346,577	63,323	5.72	80
1/1/2009	1,017	65,721,304	64,623	2.05	77
1/1/2010	1,060	70,372,085	66,389	2.73	79
1/1/2011	1,063	69,926,961	64,237	(3.24)	82
1/1/2012	1,043	71,172,362	66,839	4.05	83
1/1/2013	1,045	71,940,163	66,868	0.04	82
1/1/2014	1,023	71,847,268	68,369	2.24	84
1/1/2015	1,034	75,990,457	74,611	9.13	90
1/1/2016	1,004	75,740,030	75,438	1.11	100
1/1/2017	1,019	77,159,061	75,720	0.37	120



E. Schedule of Retirees and Beneficiaries Added and Removed from Rolls

Plan Year Ending	Number Added to Rolls	Annual Allowances Added to Rolls	Number Removed from Rolls	Annual Allowances Removed from Rolls	Number at End of Year	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
12/31/2005	35	892,330	14	253,150	416	9,659,366	9.36	23,220
12/31/2006	35	1,068,629	24	524,884	427	10,236,256	5.97	23,972
12/31/2007	34	943,437	22	401,607	434	10,786,746	5.38	24,854
12/31/2008	21	600,765	14	334,219	441	10,931,756	1.34	24,789
12/31/2009	24	918,144	19	322,450	446	11,527,450	5.45	25,846
12/31/2010	32	1,066,810	11	204,272	467	12,389,988	7.48	26,531
12/31/2011	31	1,261,199	11	151,079	487	13,500,108	8.96	27,721
12/31/2012	45	1,511,056	13	283,394	519	14,727,770	9,.09	28,377
12/31/2013	56	1,856,554	10	173,084	565	16,411,240	11.43	29,046
12/31/2014	34	943,263	12	296,617	587	16,807,704	3.94	29,059
12/31/2015	45	1,192,656	16	312,120	616	17,938,422	5.16	29.121
12/31/2016	56	1,824,592	21	492,301	651	19,270,714	7.43	29,602
12/31/2017	57	2,113,509	37	774,332	671	20,609,891	6.95	30,715



F. Solvency Test

	Actuarial Accrued Liabilities For				Portion of Accrued Liabilities Covered by Valuation Assets		
Valuation Date	(1) Active Member Contributions	(2) Deferred Vested, Retirees and Beneficiaries	(3) Active Members	Valuation Assets	(1)	(2)	(3)
1/1/2006	746,500	102,162,352	156,656,355	228,774,927	100	100	80.3
1/1/2007	664,800	107,425,967	156,423,105	247,159,884	100	100	88.9
1/1/2008	520,500	119,028,961	155,696,471	255,768,194	100	100	87.5
1/1/2009	495,900	124,774,259	163,394,642	209,770,560	100	100	51.7
1/1/2010	499,600	132,568,017	168,189,298	228,083,245	100	100	56.4
1/1/2011	408,200	142,084,100	153,777,087	218,757,059	100	100	49.6
1/1/2012	353,600	154,303,402	156,786,401	238,384,139	100	100	53.4
1/1/2013	274,800	168,146,325	152,183,674	252,919,993	100	100	55.5
1/1/2014	127,900	191,230,293	146,486,108	272,829,275	100	100	55.6
1/1/2015	90,000	202,360,110	157,097,607	297,670,643	100	100	60.6
1/1/2016	66,000	212,726,742	155,290,362	312,384,696	100	100	64.1
1/1/2017	57,400	241,571,671	160,084,488	320,904,267	100	100	49.5

G. Analysis of Financial Experience

Plan Year Ending	Actuarial (Gains)/Losses			Changes in Plan Provisions	Changes in Assumptions/ Methods	Total (Gain)/Loss
	Asset Sources	Liability Sources	Total			
12/31/2005	(8,695,021)	(731,174)	(9,426,195)	0	0	(9,426,195)
12/31/2006	(4,831,200)	(5,567,912)	(10,399,112)	0	(2,740,658)	(13,139,770)
12/31/2007	(658,453)	3,245,715	2,587,262	0	0	2,587,262
12/31/2008	57,469,750	1,677,274	59,147,024	0	814,878	59,961,902
12/31/2009	(710,044)	(1,354,240)	(2,064,284)	(956,258)	0	(3,020,542)
12/31/2010	24,758,527	(6,215,755)	18,542,772	0	(13,585,635)	4,957,137
12/31/2011	(3,318,033)	2,464,819	(853,214)	0	0	(853,214)
12/31/2012	751,281	(3,476,652)	(2,725,371)	0	0	(2,725,371)
12/31/2013	(3,897,780)	2,052,114	(1,845,666)	0	2,795,982	950,316
12/31/2014	(10,614,132)	964,653	(9,649,479)	0	10,152,400	502,921
12/31/2015	403,252	(3,334,682)	(2,931,430)	0	0	(2,931,430)
12/31/2016	8,445,835	(2,254,507)	6,191,328	0	22,249,786	28,441,114
12/31/2017	(1,876,082)	6,700,482	4,824,400	0	0	4,824,400

H. Analysis of Financial Experience – PLAN YEAR

UAAL, January 1, 2017	$80,809,292
Expected Changes during 2017	-
Expected UAAL, January 1, 2016	$55,698,408
Experience Changes During 2016 Investment (gains)/losses	$(1,876,082)
• Salary changes different than assumed	(1,482,284)
• New and Rehired members	794,634
• Withdrawal Experience	(1,204,626)
• Retirement Experience	3,325,625
• Pensioner Mortality Experience	(246,952)
• Cost of Living Adjustment different than assumed	(943,312)
• Miscellaneous demographic (gains)/losses	2,388,750
• Total Experience Changes	(865,996)
Total Gain/(Loss)	$6,700,482)
Unfunded Actuarial Accrued Liability, January 1, 2017	$80,809,292

I. Summary of Plan Provisions

Plan Year

The Plan Year is the 12-month period beginning January 1 and ending December 31.

Accrued Benefit

The Accrued Benefit for each member is the member's Normal Retirement Benefit calculated using Average Final Compensation and Credited Service as of the calculation date.

Average Final Compensation

A member's Average Monthly Salary, as of a given date, is the average of the highest 36 consecutive completed calendar months of compensation during the last 120 months of employment.

Compensation

Salary is the total compensation paid to a member for services rendered to the Employer, prior to any pre-tax contributions to any qualified cash or deferred compensation arrangement, eligible deferred compensation plan or under a cafeteria plan.

Credited Service

A member shall be credited with one year of Credited Service for each Plan Year in which the member is credited with 1,000 or more Hours of Service.

Employees/Membership

Discretionary Employee or any person employed by the Employer who has satisfactorily completed a Required Introductory Period (typically six months). An Employee shall become a member retroactive to the employee's date of employment upon the completion of the Required Introductory Period.

Employee Contributions

No longer required on or after September 30, 1981

Normal Retirement Date

A member's Normal Retirement Age is the later of age 65 or the date the member completes five years of Credited Service. Normal Retirement Date is the day immediately following the attainment of Normal Retirement Age.

Normal Retirement Benefits

The monthly normal retirement pension payable upon retirement on a member's Normal Retirement Date on or after January 1, 1992, is equal to the larger of the sum of (1) through (4), or (5):

1. $3 times Credited Service before June 1, 1951,

2. $4 times Credited Service after May 31, 1951 and before January 1, 1971,

3. The sum of $2.20 and 2% of Average Final Compensation in excess of $400, times Credited Service after December 31, 1960 and before January 1, 1971,

4. The sum of 1.25% of Average Final Compensation and 0.45% of Average Final Compensation in excess of Covered Compensation, times Credited Service after December 31, 1970,

5. The sum of 1.5% of Average Final Compensation and 0.45% of Average Final Compensation in excess of Covered Compensation, times Credited Service.

Regular Early Retirement

Eligibility:

Age 55 and vested in the Accrued Benefit (5 years of credited service for severance dates on or after April 18, 1995).

Amount:

A member's Regular Early Retirement Benefit is a monthly pension benefit equal to his Accrued Benefit determined as of his Early Retirement Date, reduced by 1/3rd of 1% for each month payments commence prior to the member's Normal Retirement Date.

Special Early Retirement – Rule of 75

Eligibility:

Age 50, plus service equals 75 or more.

Amount:

A member's Special Early Retirement Benefit is a monthly pension benefit equal to his Accrued Benefit determined as of his Special Early Retirement Date, unreduced for earlier commencement. Benefits are payable at the later of age 55 and age at retirement.

Deferred Vested Retirement

Eligibility:

5 or more years of Credited Service.

Amount:

A member's Deferred Vested Retirement shall be equal to the member's Accrued Benefit, payable at the member's Normal Retirement Date. The member may retire with an Early Retirement Benefit upon attainment of age 55 with applicable reductions.

Disability Retirement

Eligibility:

Termination due to Disability.

Amount:

A member's Disability Retirement shall be equal to the member's Normal Retirement Benefit based on Average Final Compensation and Covered Compensation at time of Disability and Credited Service member would have accrued had he continued employment through his Normal Retirement Date (or date of discontinuance of disability benefits, if earlier).

Normal Benefit Form

Life Annuity

Optional Benefit Forms

Optional Benefit Forms are available and equal to the Actuarial Equivalent of the Normal Benefit Form and may be in an amount more than or less than that provided by the Normal Benefit Form depending on the option selected. Such distribution may be as a Joint & 50%, 75%, or 100% Survivor Annuity, with or without a Pop-up Feature, Level Income Option, or a Lump Sum.

Benefit reductions for Joint and Survivor Annuities are specified in the Plan Document. Lump Sum and Level Income benefits are calculated using an actuarial equivalence conversion.

Pre-Retirement Death Benefit

If a member dies prior to commencing benefits, the member's spouse will receive a monthly benefit payable as a Life Annuity in an amount equal to 50% of the member's Accrued Benefit.

Lump Sum Death Benefit

Upon the death of a Retired member receiving a monthly pension, $5,000 shall be paid in a single sum to the member's designated beneficiary.

Cost of Living Adjustment

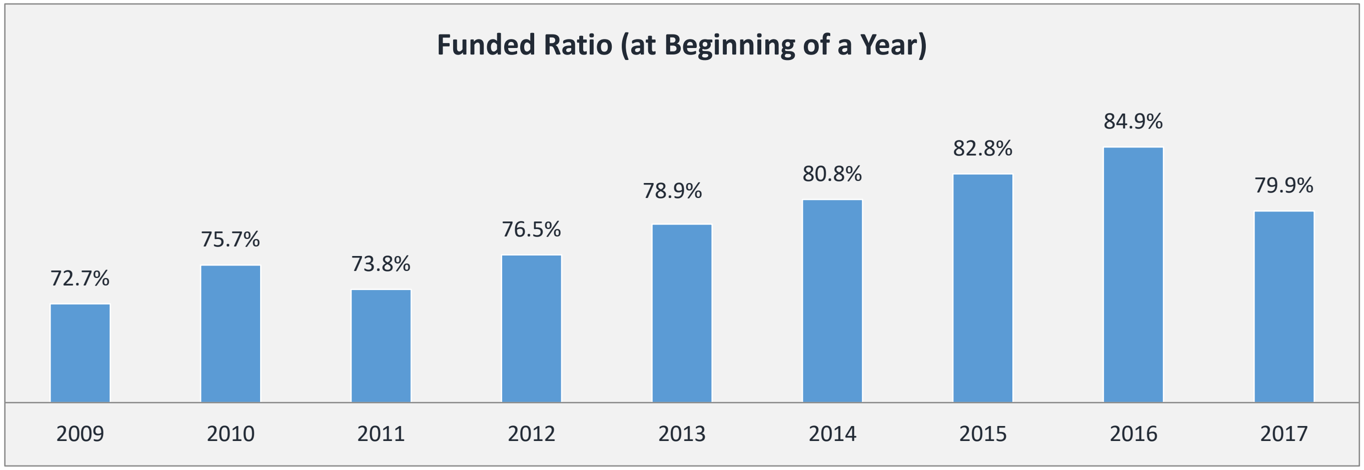
The monthly amount of any Pension provided by the Plan shall be increased or decreased annually of the first day of each January by the change in the U.S. Consumer Price Index (CPI-W) as reported the preceding November. Annual increases may not exceed 5% for members whose severance date occurs prior to September 1, 1995 and 4.4% for members whose severance date occurs after August 31, 1995. The Cost-of-Living Adjustment granted in 2015 was 0.07%.

J. Changes in Plan Provisions

None.

K. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAL as a % of Covered Payroll1 ((b-a)/c)
1/1/2009	209,770,560	288,664,801	78,894,241	72.7	65,721,304	120.0
1/1/2010	228,083,245	301,256,915	73,173,670	75.7	70,372,085	104.0
1/1/2011	218,757,059	296,269,387	77,512,328	73.8	69,926,961	110.8
1/1/2012	238,384,139	311,443,403	73,059,264	76.5	71,172,362	102.7
1/1/2013	252,919,993	320,604,799	67,684,806	78.9	71,940,163	94.1
1/1/2014	272,829,275	337,844,301	65,015,026	80.8	71,847,268	90.5
1/1/2015	297,670,643	359,547,717	61,877,074	82.8	75,990,457	81.4
1/1/2016	312,384,696	368,083,104	55,698,408	84.9	75,740,030	73.5
1/1/2017	320,904,267	401,713,559	80,809,292	79.9	77,159,061	104.7



L. Schedule of Employer Contributions

Plan Year Ending	Annual Required Contribution	Employer Contribution	Percentage Contributed
12/31/2005	8,738,577	8,738,635	100.0
12/31/2006	8,268,755	8,269,119	100.0
12/31/2007	6,981,523	7,277,159	104.2
12/31/2008	7,233,450	7,590,475	104.9
12/31/2009	11,871,976	14,500,000	122.1
12/31/2010	12,638,827	12,638,827	100.0
12/31/2011	12,414,279	15,400,000	124.1
12/31/2012	12,256,238	14,300,000	116.7
12/31/2013	11,957,548	15,000,000	125.4
12/31/2014	13,532,013	14,500,000	107.2
12/31/2015	14,067,795	14,500,000	103.1
12/31/2016	14,268,653	14,500,000	102.0
12/31/2017	17,050,669	18,000,000	103.2

M. Notes to Trend Data

N. Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	15 years (layered), as a level dollar amount (beginning January 1, 2014)
Remaining amortization period	15 years (as of January 1, 2014)
Asset valuation method	3-year smoothing of market value gains or losses
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases	Age-based rates from 6.25% to 3.35%
*Includes inflation at	2.75% and 0.5% productivity

V. STATISTICAL SECTION (UNAUDITED)

This section provides detailed information about the Retirement Plans of the Denver Board of Water Commissioners as a context for understanding the Program's overall financial condition. "Schedules of Additions by Source", "Schedules of Deductions by Type", "Schedules of Benefit and Refund Deductions from Net Assets by Type" and "Schedules of Changes in Net Assets" provide detailed information about the trends of key sources of additions and deductions to assets of Denver Water Retirement Plans, as well as their overall growth. "Schedule of Retired Members by Type of Benefit" contains information regarding the number and type of benefit recipients, and benefit amount for those who retired in 2017. "Schedule of Average Benefit Payment Amounts for Retirees" contains information on the average monthly benefit, average final monthly salary, and number of retired members of the Employees' Retirement Plan of Denver Water (DB Plan) over the last 10 years. Finally, the section entitled "Other Information" contains various tables showing member data for the Plans for the years 2008-2017. All non-accounting data was derived from Denver Water's internal sources and vendor reports and has been updated as of the end of 2017, as available.

A. Employees' Retirement Plan

1. Schedule of Additions by Source, 2008 – 2017

		Employer Contributions[1]			
Fiscal Year Ending	Member Contributions[2]	Dollars	Percentage of Annual Covered Payroll[3]	Net Investment and Other Income[4]	Total
2008	N/A	7,590,500	12.6%	(77,309,700)	(69,719,200)
2009	N/A	14,500,000	22.1%	31,558,700	46,058,700
2010	N/A	12,638,800	18.0%	24,118,400	36,757,200
2011	N/A	15,400,000	22.0%	(2,094,700)	13,305,300
2012	N/A	14,300,000	20.1%	28,171,400	42,471,400
2013	N/A	15,000,000	20.9%	39,023,000	54,023,000
2014	N/A	14,500,000	20.2%	18,523,200	33,023,200
2015	N/A	14,500,000	19.1%	2,473,300	16,973,300
2016	N/A	14,500,000	19.1%	21,326,100	35,826,100
2017	N/A	18,000,000	23.4%	48,273,300	66,273,300

Source: Financial Statements for the Employees' Retirement Plan

[1] Employer cash contributions are made at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. Contribution amounts are rounded to the nearest $100 dollars and do not include interest earned for early payment of contribution.

[2]Effective September 1, 1995, members had the ability to make a voluntary after-tax contributions to the Plan to purchase an additional monthly benefit (pension purchase feature). The additional benefit was in the form of a monthly annuity with no cost-of-living adjustment. No contributions were made under this provision in 1999-2008. The pension purchase feature was eliminated effective July 1, 2009.

[3] Percentage is calculated based on contribution payment made on December 31 of each year. Actual percentage may be lower due to earlier payment of contribution.

[4.] Investment and miscellaneous income (including realized and unrealized gains/losses) net of investment expense.

2. Schedule of Deductions by Type, 2008-2017

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Administrative Expenses	Refunds[1]	Total
2008	15,281,500	47,900	64,600	15,394,000
2009	12,640,900	52,400	88,400	12,781,700
2010	14,143,900	59,800	108,300	14,312,000
2011	15,416,200	123,200	78,000	15,617,400
2012	16,704,300	123,800	93,700	16,921,800
2013	17,699,200	115,500	151,400	17,966,100
2014	20,299,200	144,000	66,400	20,509,600
2015	20,665,500	44,200	28,000	20,737,700
2016	19,913,500	52,100	18,100	19,983,700
2017	19,904,300	47,900	23,100	19,975,300

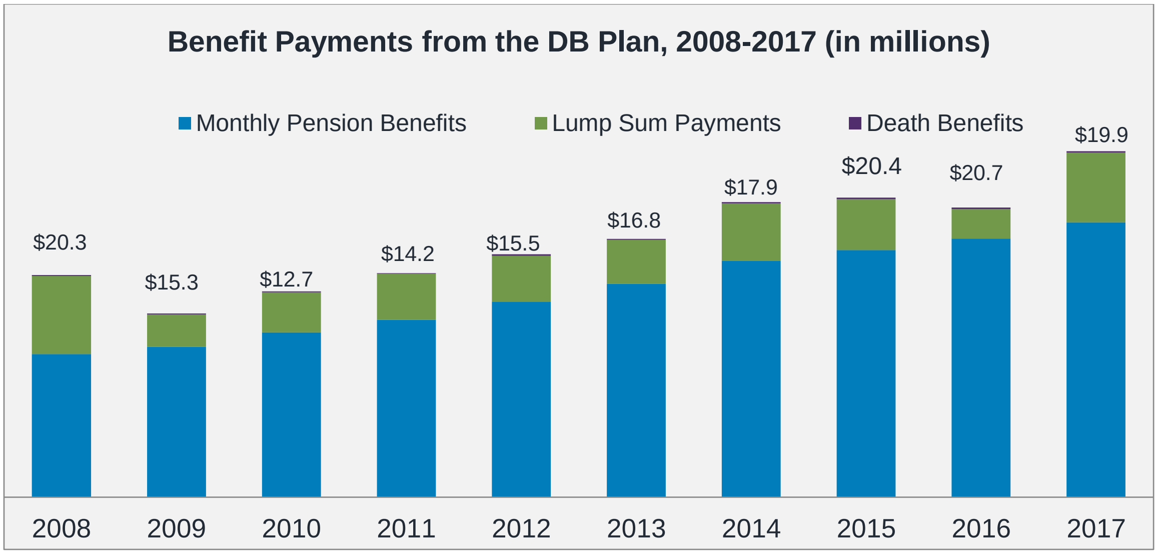
Source: Financial Statements for the Employees' Retirement Plan

[1.] Effective January 1, 1992, the Board determined that all employee contributions to the Denver Water Employees' Retirement Plan would be refunded, with interest at 5%, upon termination or retirement. An amount of $2,480,000 was paid in 1992 to refund amounts contributed by employees who had retired prior to December 1992 or were terminated during 1992. Amounts listed subsequent to 1992 were paid to employees who were terminated or retired in the year listed. Employees stopped making mandatory contributions after September 1981. As of December 31, 2017, and 2016, total remaining employee contributions including accrued interest were $35,800 and $50,900 respectively.

3. Schedule of Benefit Deductions from Net Assets by Type 2008-2017

Fiscal Year Ending	Annual Pension Benefits	Lump Sum Payments	Death Benefits	Total Benefits	Refunds
2008	9,837,000	5,379,500	65,000	15,281,500	64,600
2009	10,350,800	2,215,100	75,000	12,640,900	88,400
2010	11,338,400	2,740,500	65,000	14,143,900	108,300
2011	12,184,400	3,176,800	55,000	15,416,200	78,000
2012	13,442,000	3,167,300	100,000	16,704,340	93,700
2013	14,670,900	3,028,300	55,000	17,699,200	151,400
2014	16,264,600	3,929,600	105,000	20,299,200	66,400
2015	17,041,700	3,538,800	85,000	20,665,500	28,000
2016	17,781,700	2,026,800	105,000	19,913,500	18,100
2017	18,958,515	4,824,400	72,359	23,855,274	23,100

Source: Financial Statements for the Employees' Retirement Plan, Custody Reports



4. Schedule of Changes in Fiduciary Net Position, 2008-2017

Fiscal Year Ending	Total Additions	Total Deductions	Change in Net Assets	Net position restricted for pension, Beginning of Year	Net position restricted for pension, End of Year
2008	(69,719,200)	15,394,000	(85,113,200)	259,922,000	174,808,800
2009	46,058,700	12,781,700	33,277,000	174,808,800	208,085,800
2010	36,757,200	14,312,000	22,445,200	208,085,800	230,531,000
2011	13,305,300	15,617,400	(2,312,100)	250,531,000	228,218,900
2012	42,471,400	16,921,800	25,549,600	228,218,900	253,768,500
2013	54,023,000	17,966,100	36,056,900	253,768,500	289,825,400
2014	33,023,200	20,509,600	12,513,600	289,825,400	302,339,000
2015	16,973,300	20,738,700	(3,764,400)	302,339,000	298,574,600
2016	35,826,100	19,983,700	15,842,400	298,574,600	314,417,000
2017	66,273,300	19,975,300	46,298,000	314,417,000	360,715,000

Source: Financial Statements for the Employees' Retirement Plan

5. Schedule of Retired Members by type of Benefit

Date as of January 1, 2018

Amount of monthly benefit	Number of retirees	Type of retirement*					Option selected #				
		1	2	3	4	5	Life	Opt. 1	Opt. 2	Opt. 3	Def
Deferred	133	0	0	0	13	120	0	0	0	0	133
$1 – $249	54	8	42	4	0	0	41	6	1	6	0
$250 – $499	33	4	25	4	0	0	30	1	1	1	0
$500 – $749	44	9	27	5	3	0	35	3	1	5	0
$750 – $999	30	6	18	5	1	0	23	3	2	2	0
$1,000 – $1,249	38	4	17	15	2	0	30	1	2	5	0
$1,250 – $1,499	33	8	17	8	0	0	23	5	1	4	0
$1,500 – $1,749	41	7	23	9	2	0	31	4	1	5	0
$1,750 – $1,999	28	4	18	4	2	0	19	4	3	2	0
over $2,000	357	42	272	20	23	0	215	88	18	36	0
Totals	791	92	459	74	46	120	447	115	30	66	133

*Type of Retirement
1-Normal retirement
2-Early and special early retirement
3-Survivor
4-Disability
5-Vested terminations with deferred benefits

Option Selected
Life or leveling option
Opt. 1 – 50% J&S with and without pop up
Opt. 2 – 75% J&S with and without pop up
Opt. 3 – 100% J&S with and without pop up
Def. – Deferred benefits

Source: January 1, 2018 Actuarial Valuation Report for Employees' Retirement Plan prepared by GRS

6. Schedule of Average Benefit Payment Amounts for Retirees, 2008-2017

	Years of Credited Service							
Retirement Effective Dates	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
January 1, 2008 to December 31, 2008:								
Average Monthly Benefit	$408.19	$0	$2,277.10	$2,177.18	$3,102.16	$2,718.25	$3,274.88	$2,439.48
Number of Active Retirants	2	0	2	4	4	4	2	18
January 1, 2009 to December 31, 2009								
Average Monthly Benefit	$0	$1,379.36	$0	$0	$3,031.65	$3,711.94	$3,416.99	$3,224.64
Number of Active Retirants	0	2	0	0	4	6	8	20
January 1, 2010 to December 31, 2010								
Average Monthly Benefit	$457.36	$1,018.89	$2,257.99	$1,410.37	$2,424.95	$2,565.34	$3,901.13	$2,676.96
Number of Active Retirants	1	4	2	1	2	7	10	27
January 1, 2011 to December 31, 2011								
Average Monthly Benefit	$0.00	$892.08	$1,235.41	$1,494.81	$2,216.83	$3,747.31	$3,472.47	$2,713.81
Number of Active Retirants	0	3	4	1	1	9	5	23
January 1, 2012 to December 31, 2012								
Average Monthly Benefit	$447.58	$551.04	$1,431.77	$2,077.38	$3,022.27	$3,230.24	$4,105.24	$3,097.40
Number of Active Retirants	2	1	1		8	11	11	33
January 1, 2013 to December 31, 2013								
Average Monthly Benefit	$676.26	$770.75	$1,809.36	$2,273.52	$2,916.17	$3,144.23	$4,463.10	$3,053.70
Number of Active Retirants	1	4	7	7	3	8	18	48
January 1, 2014 to December 31, 2014								
Average Monthly Benefit	$0.00	$951.89	$2,051.16	$1,636.05	$1,843.68	$2,824.24	$3,568.32	$2,297.64
Number of Active Retirants	0	6	3	1	5	3	8	26
January 1, 2015 to December 31, 2015								
Average Monthly Benefit	$759.99	$1,204.97	$1,813.91	$1,828.66	$3,492.23	$4,799.75	$3,447.28	$3,144.63
Number of Active Retirants	4	1	3	2	4	9	6	29
January 1, 2016 to December 31, 2016								
Average Monthly Benefit	$569.31	$1,355,37	$1,418.34	$2,220.23	$3,509.63	$5,501.198	$3,619.08	$3,128.24
Number of Active Retirants	4	4	1	3	9		6	35
January 1, 2017 to December 31, 2017								
Average Monthly Benefit	$757.25	$899.80	$2,338.22	$2,446.01	$2,869.22	$4,248.71	$4,530.66	$2,815.40
Number of Active Retirants	6	6	5	6	2	9	9	43

1. Employees' Retirement Plan – Member Count

			Inactive		
As of	Total	Active[1]	With Deferred Benefits	Retired Members and Beneficiaries	On Long Term Disability
01/01/2009	1,536	1,018	77	424	17
01/01/2010	1,588	1,063	79	435	11
01/01/2011	1,613	1,063	83	456	11
01/01/2012	1,613	1,043	83	477	10
01/01/2013	1,646	1,045	82	511	8
01/01/2014	1,672	1,023	84	558	7
01/01/2015	1,711	1,034	90	582	5
01/01/2016	1,720	1,004	100	604	12
01/01/2017	1,776	1,019	106	639	12
01/01/2018	1,825	1,034	120	658	13

Source: 2009-2018 Actuarial Valuation reports; extracted from "Member Data Reconciliation"

[1] *Includes members on leave of absence as of January 1, 2018.*

2. Employees' Retirement Plan – Active Members

As of	Number of Members on Leave of Absence	Active Only	Average Age	Average Vesting Service	Average Earnings
01/01/2009	1	1,018	46.1	14.1	$64,623
01/01/2010	3	1,060	45.9	13.7	$66,389
01/01/2011	N/A	1,063	46.0	13.4	$64,237
01/01/2012	N/A	1,043	46.4	13.8	$66,839
01/01/2013	N/A	1,045	46.3	13.4	$66,868
01/01/2014	N/A	1,023	46.2	12.9	$68,369
01/01/2015	N/A	1,034	46.3	12.7	$74,611
01/01/2016	N/A	1,004	46.4	12.6	$75,438
01/01/2017	N/A	1,019	46.0	12.2	$75,720
01/01/2018	N/A	1,034	45.3	11.5	$79,449

Source: 2008-2018 Actuarial Valuation reports; extracted from "Active Member Averages"

3. Employees' Retirement Plan – Retiring Members by Type of Benefit Elected, 2008-2017

Fiscal Year Ending	Lump Sum	Partial Lump/Annuity	Annuity Only	Total Retirements
2008	5	3	15	23
2009	5	4	16	25
2010	17	2	25	44
2011	7	0	23	30
2012	12	3	30	45
2013	19	5	43	67
2014	10	4	23	37
2015	11	2	29	42
2016	6	1	34	41
2017	2	1	45	48

Source: 2008-2017 Actuarial Valuation reports; extracted from "Retirements by Type""

4. Employees' Retirement Plan – Retiring Members by Type of Retirement, 2008-2017

Fiscal Year Ending	Normal Retirement	Early Retirement	Special Early (Rule of 75)	Special Early (Rule of 75 Grow-In)	Total Retirements
2008	1	2	20	0	23
2009	0	2	23	0	25
2010	7	11	26	0	44
2011	8	3	19	0	30
2012	9	6	30	0	45
2013	6	14	47	0	67
2014	8	8	20	1	37
2015	14	2	22	4	42
2016	5	7	29	0	41
2017	6	5	31	3	45

Source: 2008-2017 Actuarial Valuation report; extracted from "Retirements by Type"

5. Retired Members (inactive Plan Members) – By Type of Retirement

As of	Normal Retirement	Early and Special Early Retirement	Survivor	Disability Retirements	Vested Terminations	Total Inactive Members
01/01/2009	72	290	54	25	77	518
01/01/2010	68	307	52	19	79	525
01/01/2011	73	316	59	20	82	550
01/01/2012	75	334	60	19	82	570
01/01/2013	83	353	66	18	81	601
01/01/2014	85	396	68	17	83	649
01/01/2015	85	410	77	16	89	677
01/01/2016	89	408	72	47	100	716
01/01/2017	87	434	82	48	106	757
01/01/2018	92	459	74	46	120	791

Source: 2008-2018 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit"."

6. Retired Members (Inactive Plan Members) – By Option Selected

As of	Life or leveling option	50% J&S	75% J& S	100% J&S	Total
01/01/2009	367	90	15	46	518
01/01/2010	370	88	16	51	525
01/01/2011	398	92	15	45	550
01/01/2012	413	96	15	46	570
01/01/2013	345	98	18	50	511
01/01/2014	372	98	25	63	558
01/01/2015	394	100	27	61	582
01/01/2016	406	105	30	63	604
01/01/2017	434	113	29	63	639
01/01/2018	447	115	30	66	658

Source: 2008-2018 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit".

B. Denver Water Supplements Retirement Savings Plan

1. Schedule of Additions by Source, 2008-2017

Fiscal Year Ending	Employee Contributions	Employee Rollovers	Employer Contributions[1]	Net Investment and Other Income[2]	Total
2008	3,253,500	18,200	1,554,200	(8,453,300)	(3,627,400)
2009	3,294,300	62,400	1,647,700	6,157,200	11,161,600
2010	3,562,000	89,200	1,671,100	4,952,000	10,274,300
2011	3,694,600	9,100	1,735,100	(90,900)	5,348,800
2012	3,827,400	275,200	1,743,300	5,543,600	11,389,500
2013	4,153,300	694,200	1,834,900	10,752,000	17,434,400
2014	4,245,800	342,600	1,977,800	4,616,500	11,182,700
2015	4,463,400	1,298,000	1,988,400	157,100	7,907,900
2016	4,483,900	1,154,800	2,033,800	5,950,600	13,623,100
2017	4,259,200	986,300	6,770,000	14,404,500	26,420,000

Source: Financial Statements for 401(k) Supplemental Retirement Savings Plan

[1] Employer's matching contribution is currently 100% of each Participant's contribution up to 3% of the Participant's published base pay for the 401(k) Plan year. Employer's contribution also includes discretionary contributions, as described in the financial statements for the DC Plans.

[2.] Investment, Participant loan interest and miscellaneous income (including realized and unrealized gains/losses) net of investment expense.

2. Schedule of Deductions by Type, 2008-2017

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Expenses[1]	Participant investment advisory fees	Total
2008	1,836,400	75,300	-	1,911,700
2009	2,106,300	79,600	-	2,185,900
2010	2,911,200	83,800	-	2,995,000
2011	3,004,500	44,700	-	3,049,200
2012	2,458,700	49,700	3,900	2,512,300
2013	4,907,800	58,700	10,900	4,977,400
2014	3,573,000	67,200	19,900	3,660,100
2015	6,025,000	71,100	20,400	6,116,500
2016	5,362,100	62,300	17,800	8,180,900
2017	8,131,800	76,900	21.600	8,234,800

Source: Financial Statements for 401(k) Supplemental Retirement Savings Plan

Includes imputed amount of investment and recordkeeping fees.

3. Schedule of Benefit Deductions from Net Assets by Type 2008-2017

Fiscal Year Ending	Retirement	Age 70 1/2 Minimum	Termination of Employment	Hardship Withdrawal	Other[1]	Total Benefits
2008	1,422,200	900	244,000	98,700	70,600	1,836,400
2009	1,655,300	0	201,700	100,900	148,400	2,106,300
2010	2,163,350	0	257,700	122,250	367,900	2,911,200
2011	2,301,600	4,200	326,600	185,300	186,800	3,004,500
2012	1,757,800	1,900	392,600	197,900	108,500	2,458,700
2013	3,603,000	0	736,700	200,700	367,400	4,907,800
2014	2,3745,000	0	565,500	257,000	375,500	3,573,000
2015	3,056,000	0	1,910,000	32,000	1,012,200	6,010,000
2016	2,036,100	17,300	2,082,200	188,400	1,038,100	5,362,100
2017	3,026,400	39,200	4,337,300	87,600	641,300	8,131,800

Source: Empower Retirement, Plan Disbursement Summary

[1]"Other" includes beneficiary payments, Qualified Domestic Relations Order (QDRO) payments, death claims, disability payments, early distributions and taxes withheld.

4. Schedule of Changes in Net Assets, 2008-2017

Fiscal Year Ending	Total Additions	Total Deductions	Change in Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2008	(3,627,400)	1,911,700	(5,539,100)	35,920,600	30,381,500
2009	11,161,600	2,185,900	8,975,700	30,381,500	39,357,200
2010	10,274,300	2,995,000	7,279,300	39,357,200	46,636,500
2011	5,347,900	3,049,200	2,298,700	46,636,500	48,935,200
2012	11,389,500	2,512,300	8,877,200	48,935,200	57,812,400
2013	17,434,400	4,977,400	12,457,000	57,812,400	70,269,400
2014	11,182,700	3,660,100	7,522,600	70,269,400	77,792,000
2015	7,906,900	6,116,500	1,790,400	77,792,000	79,582,400
2016	13,623,100	5,442,200	8,180,900	79,582,400	87,763,300
2017	26,420,000	8,234,800	18,185,200	87,763,300	105,948,500

Source: Financial Statements for 401(k) Supplemental Retirement Savings Plan

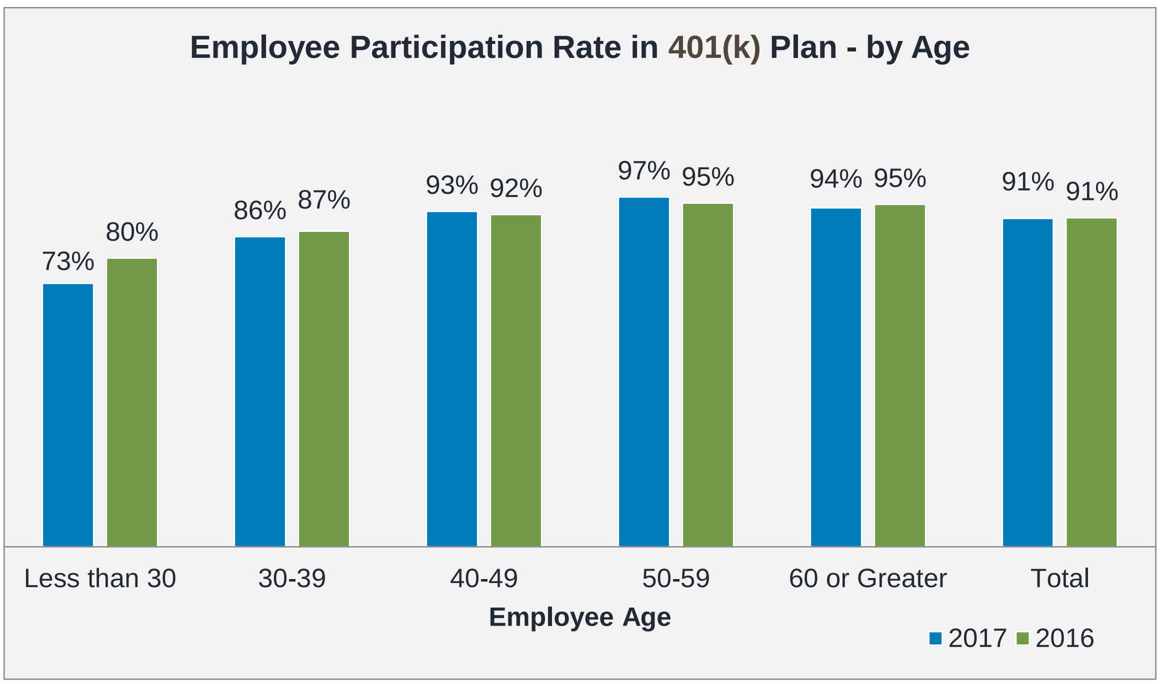
5. Other Information

6. Denver Water 401(k) Supplemental Retirement Savings Plan - Number of Participants

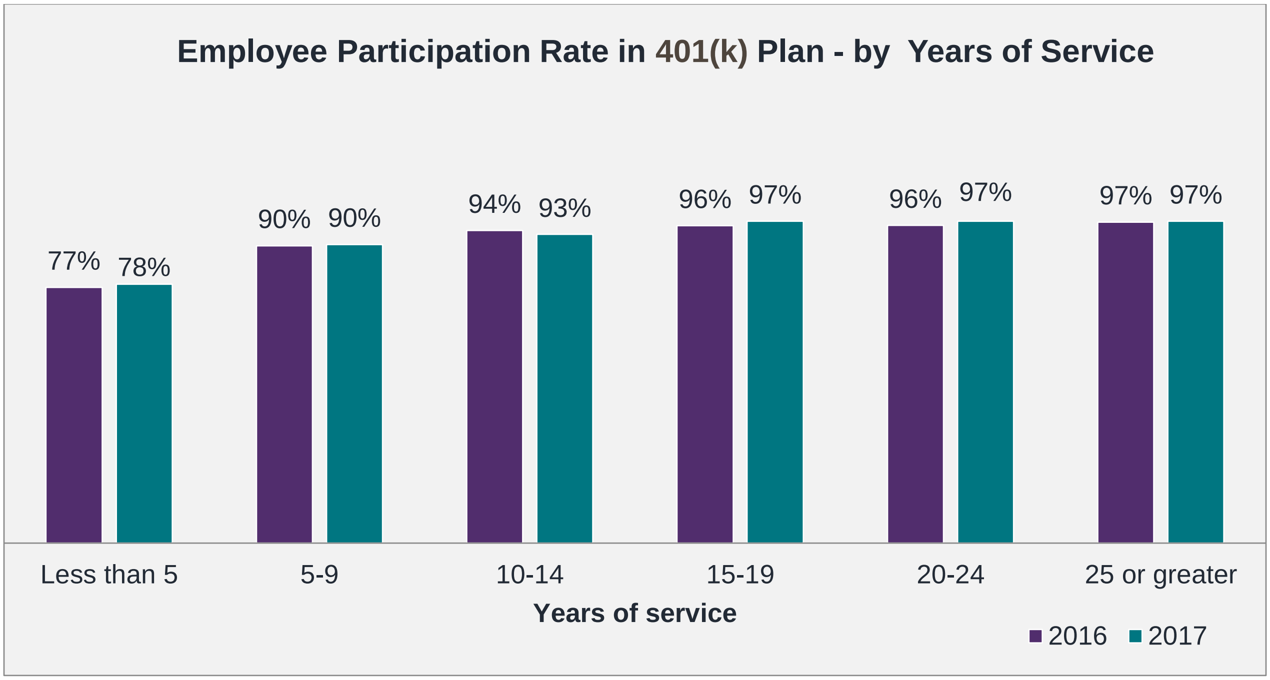
Fiscal Year Ending	Participants[1]			
	Total	Active	Inactive	New enrollments
12/31/2008	1,021	918	103	75
12/31/2009	1,011	926	85	60
12/31/2010	1,010	922	88	N/A
12/31/2011	1,027	930	97	N/A
12/31/2012	1,061	940	121	N/A
12/31/2013	1,092	929	163	N/A
12/31/2014	1 142	957	185	N/A
12/31/2015	1,141	937	204	N/A
12/31/2016	1,189	953	236	N/A
12/31/2017	1,190	927	263	N/A

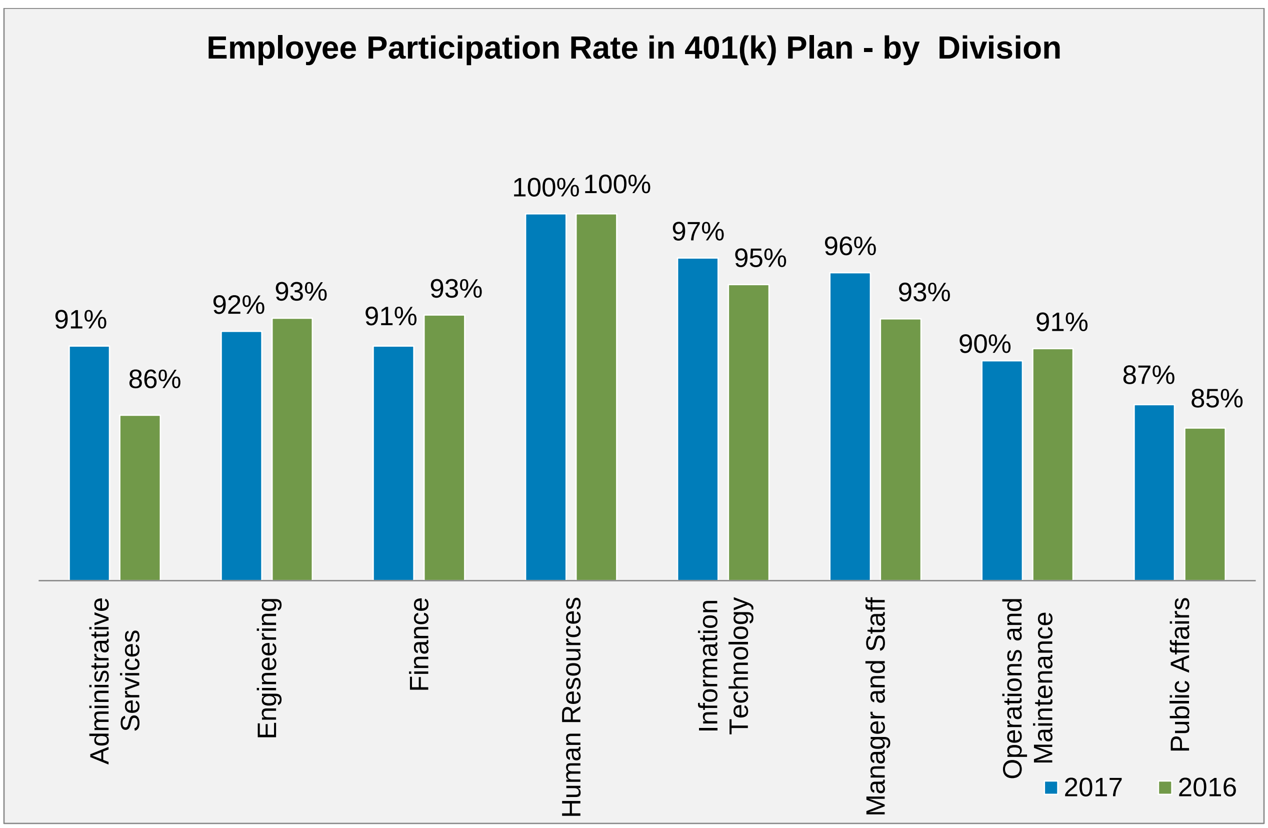
Source: VALIC/ Empower Retirement

[1] Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no longer employed but have a balance.

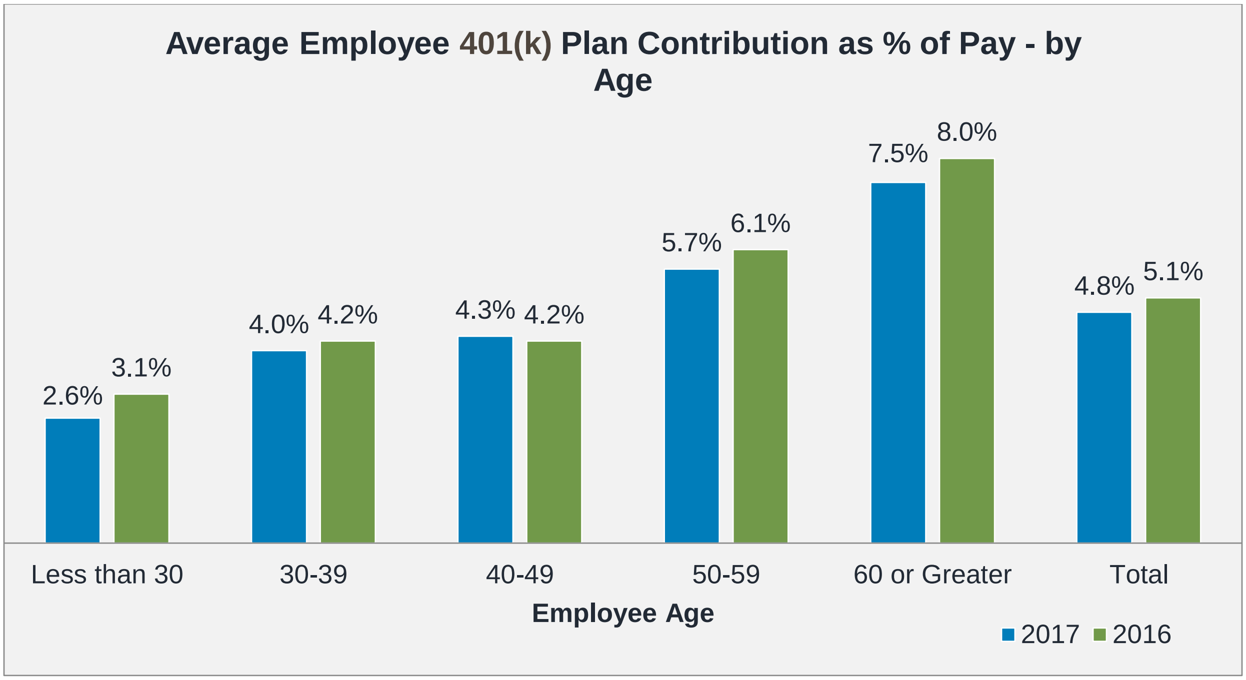


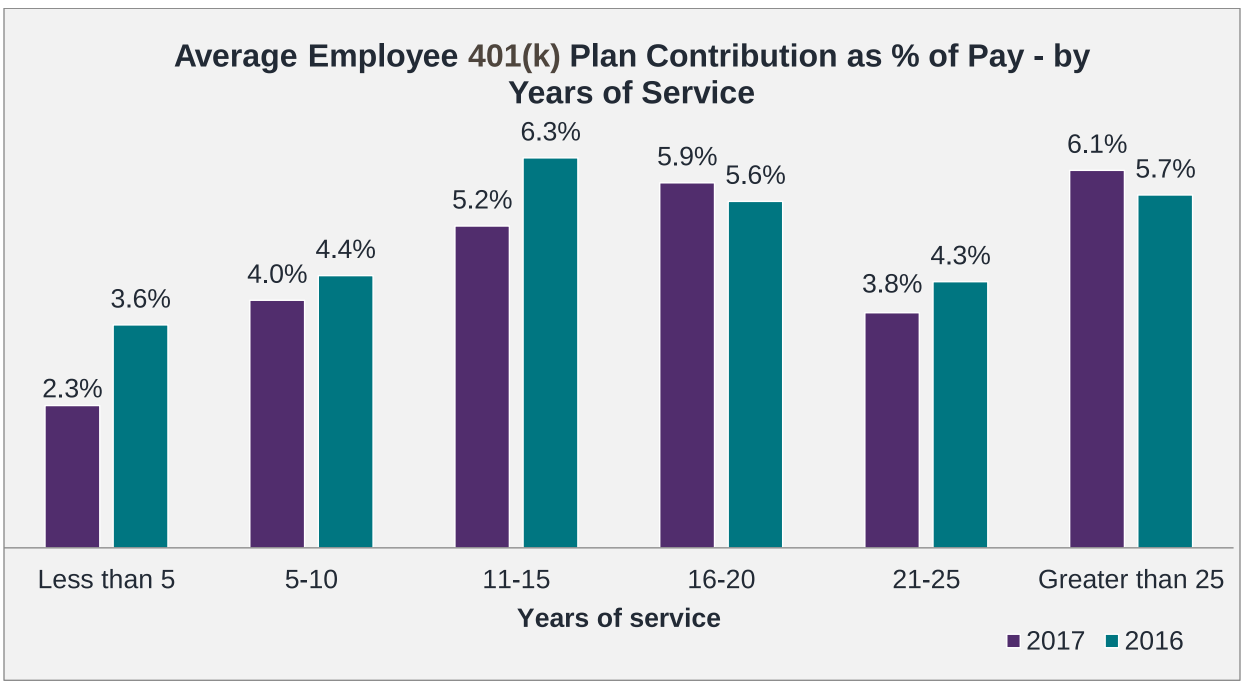
Source: Denver Water, Human Resources database; data as of year-end.





Source: Denver Water, Human Resources database; data as of year-end.





Source: Denver Water, Human Resources database; data as of year-end

C. Denver Water 457 Deferred Compensation Plan

1. Schedule of Additional Source, 2008-2017

Fiscal Year Ending	Participant Contributions	Participant Rollovers	Employer Contributions[1]	Net Investment and Other Income[2]	Total
2008	1,313,500	-	N/A	(4,543,700)	(3,230,200)
2009	1,302,800	-	N/A	3,334,200	4,637,000
2010	1,437,700	-	N/A	2,326,100	3,763,800
2011	1,580,600	1,900	N/A	252,400	1,834,900
2012	1,707,900	12,200	N/A	2,257,800	3,978,000
2013	1,839,600	110,200	23,000	3,936,700	5,909,500
2014	1,878,600	9,400	35,000	1,752,100	3,675,100
2015	2,187,500	82,100	36,000	339,600	2,645,200
2016	2,069,700	2,000	36,000	1,874,300	3,982.000
2017	2,017,100	33,300	-	4,426,500	6,476,900

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

[1] *Employer's contribution also includes discretionary contributions, as described in the financial statements for the DC Plans.*

[2] *Investment and miscellaneous income (including realized and unrealized gains/losses) net of investment expense and participant advisory fees.*

2. Schedule of Deductions by Type, 2008-2017

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Administrative Expenses[1]	Participant investment advisory fees	Total
2008	2,540,800	57,200	-	2,598,000
2009	2,500,700	54,300	-	2,555,000
2010	2,692,400	49,900	-	2,742,300
2011	2,987,700	23,000	-	3,010,700
2012	1,956,500	23500	1,200	1,981,200
2013	2,349,500	25,900	3,200	2,378,600
2014	1,642,900	28,400	5,600	1,676,900
2015	4,126,900	28,600	6,200	4,161,700
2016	2,230,900	22,700	4,500	2,258,100
2017	4,861,000	25,900	5,500	4,892,400

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

[1] *Includes imputed amount of investment and recordkeeping fees.*

3. Schedule of Benefit Deductions from Net Assets by Type, 2008-2017

Fiscal Year Ending	Retirement	Age 70 1/2 minimum	Termination of Employment	Hardship	Other[1]	Total Benefits
2008	2,090,100	7,100	481,000	-	(37,400)	2,540,800
2009	1,846,700	0	337,600	-	316,400	2,500,700
2010	2,085,400	0	372,700	-	234,300	2,692,400
2011	2,761,200	24,300	152,700	8,000	41,500	2,987,700
2012	1,564,900	22,300	279,200	600	88,500	1,956,500
2013	2,147,600	11,100	100,700	17,100	73,000	2,349,500
2014	840,200	11,800	475,000	18,800	297,100	1,642,900
2015	1,262,500	0	2,572,000	2,100	279,500	4,116,100
2016	1,638,400	34,000	438,400	0	120,100	2,230,900
2017	2,755,900	45,800	1,883,100	1,900	174,300	4,861,000

Source: Empower Retirement, Plan Disbursement Summary

[1]" Other" includes beneficiary payments, Qualified Domestic Relations Order (QDRO) payments, death claims, disability payments, early distributions and taxes withheld.

4. Schedule of Changes in Net Assets, 2008-2017

Fiscal Year Ending	Total Additions	Total Deductions	Change In Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2008	(3,230,200)	2,598,000	(5,828,200)	28,706,700	22,878,500
2009	4,637,000	2,555,000	2,082,000	22,878,500	24,960,500
2010	3,763,800	2,742,300	1,021,500	24,960,500	25,982,000
2011	1,834,900	3,010,700	(1,175,800)	25,982,000	24,806,200
2012	3,977,900	1,981,200	1,996,600	24,806,200	26,802,900
2013	5,909,500	2,378,600	3,530,900	26,802,900	30,333,800
2014	3,675,100	1,676,900	1,998,200	30,333,800	32,332,000
2015	2,645,200	4,161,700	(1,516,500)	32,332,000	30,815,500
2016	3,981,800	2,258,100	1,723,700	30,815,500	32,539,200
2017	6,495,000	4,892,400	1,602,600	32,539,200	34,141,800

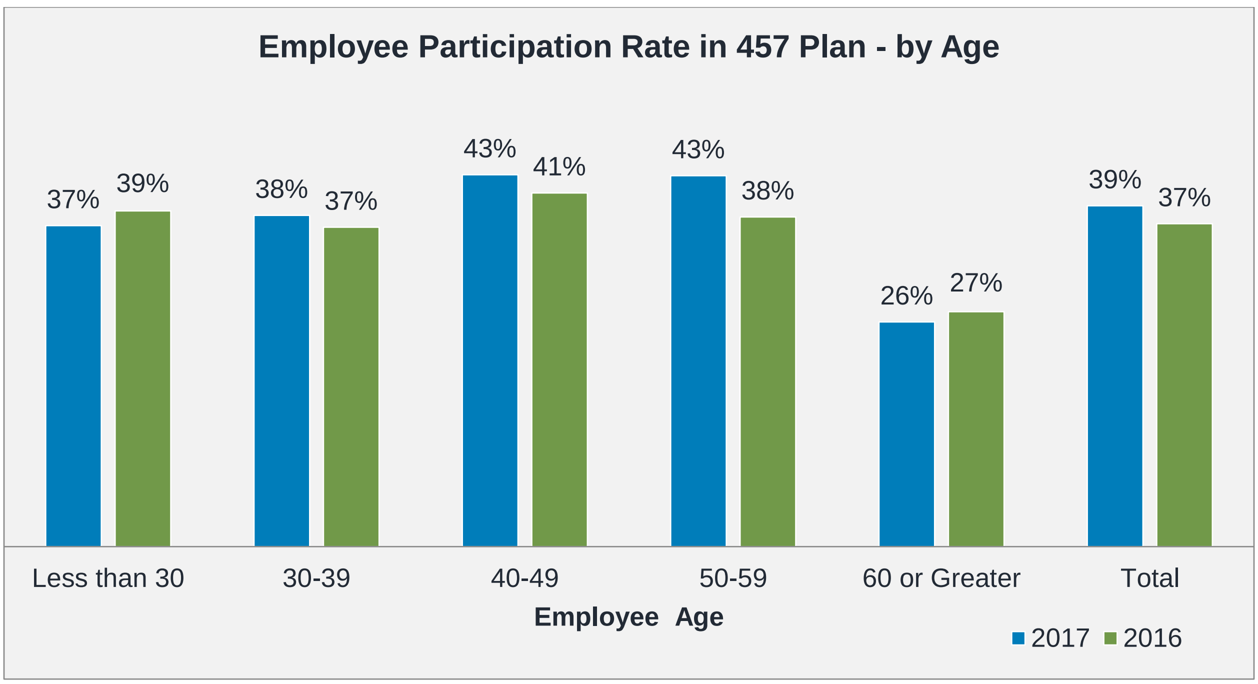
Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

5. Denver Water 457 Deferred Compensation Plan- Number of Participants

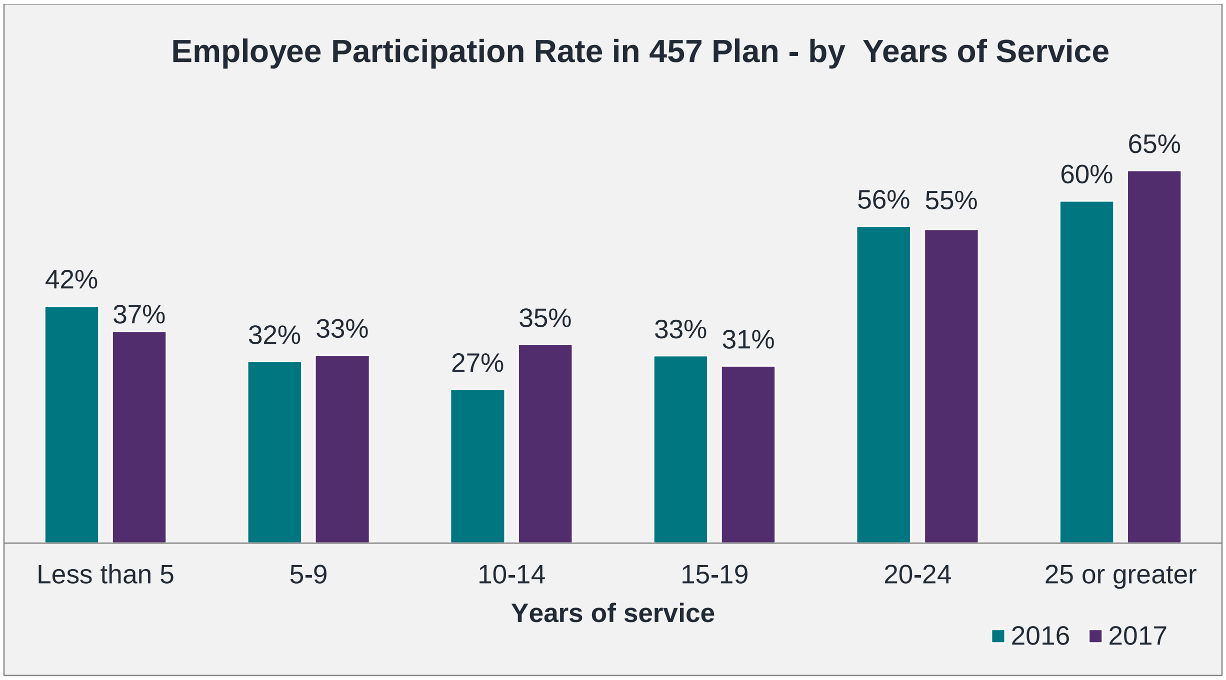
Fiscal Year Ending	Participants[1]			
	Total	Active	Inactive	New Enrollments
12/31/2008	730	336	394	24
12/31/2009	679	314	365	11
12/31/2010	636	278	358	N/A
12/31/2011	619	516	103	N/A
12/31/2012	607	495	112	N/A
12/31/2013	608	467	141	N/A
12/31/2014	621	476	145	N/A
12/31/2015	629	473	156	N/A
12/31/2016	655	493	162	N/A
12/31/2017	665	484	181	N/A

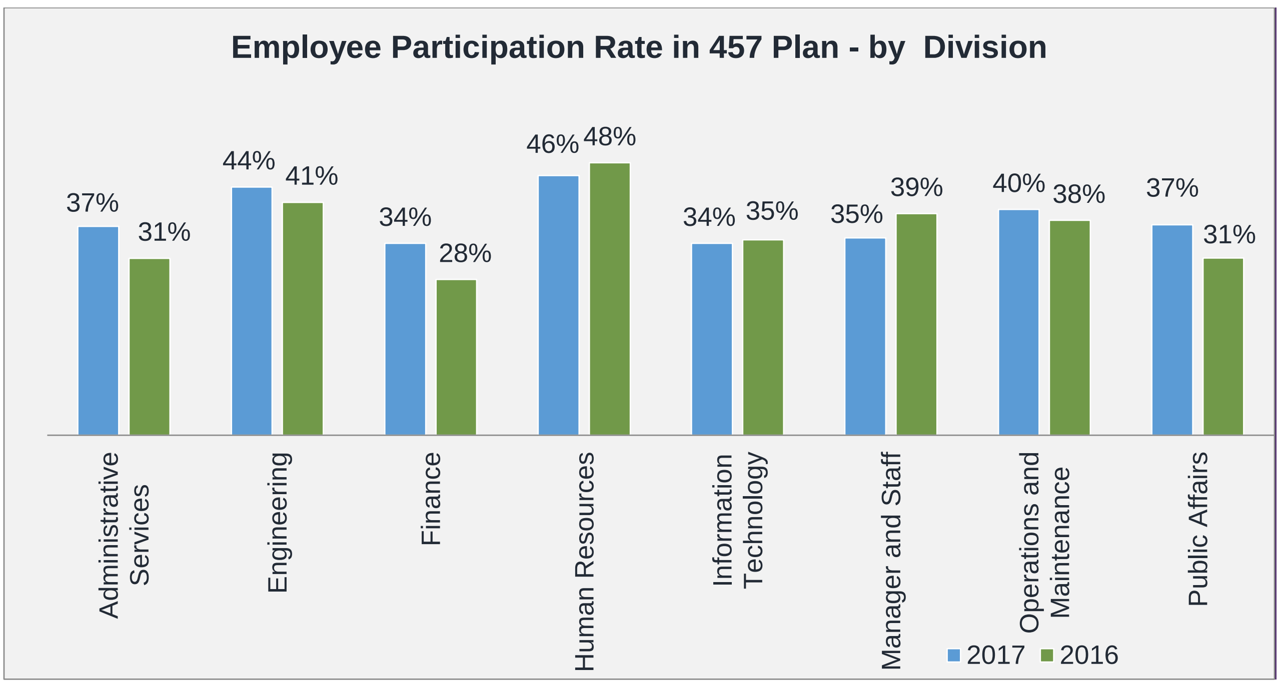
Source: VALIC/ Empower Retirement

[1]Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no longer employed but have a balance.

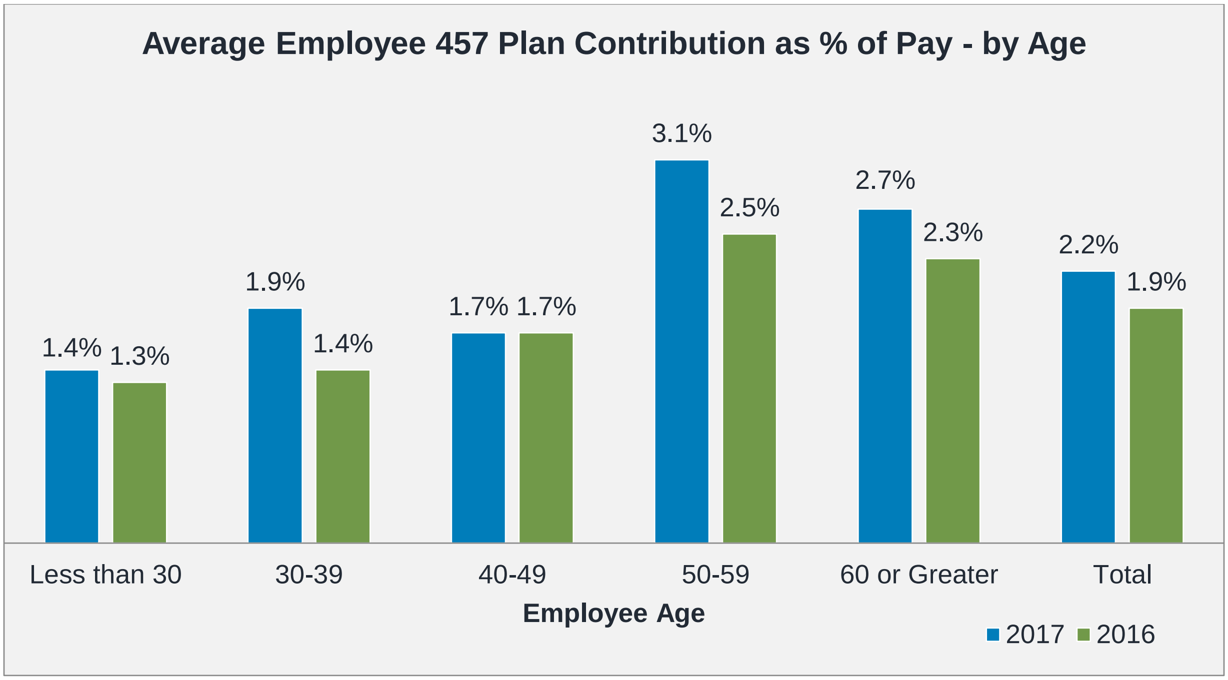


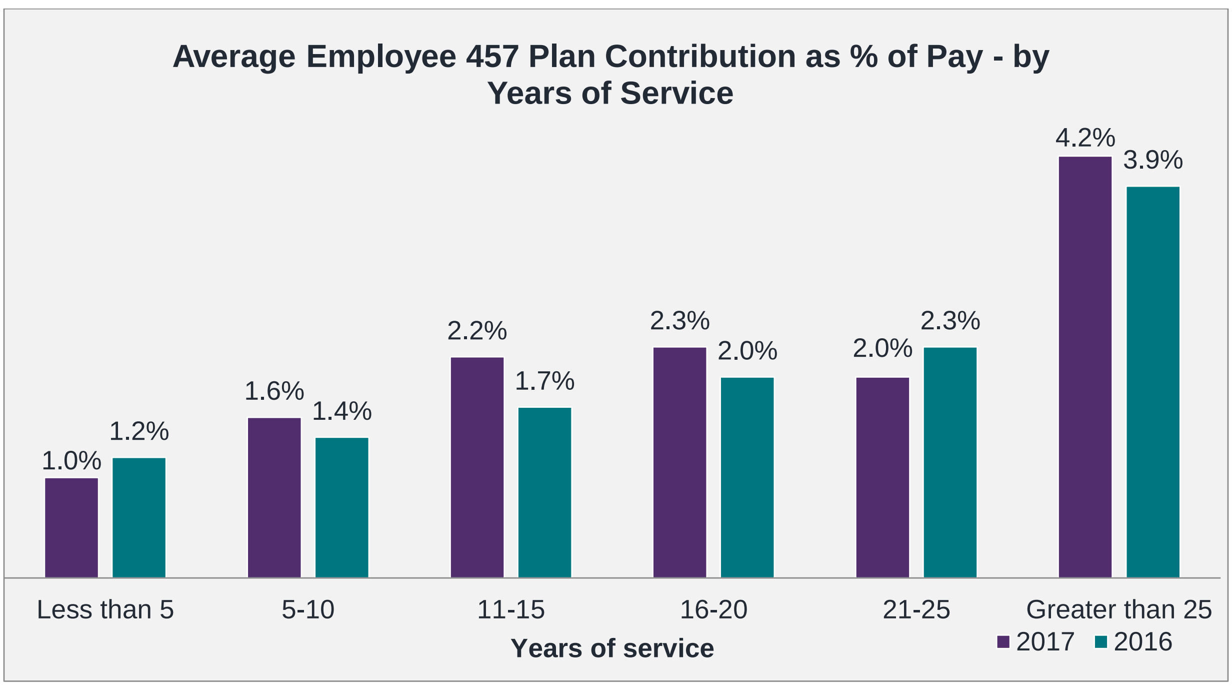
Source: Denver Water, Human Resources database; data as of year-end.





Source: Denver Water, Human Resources database; data as of year-end.





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