

# 2019 | COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2019  
Denver, Colorado



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For the year ended December 31, 2019  
Denver, Colorado

Prepared by  
Finance Department

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May 5, 2020

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report (CAFR) of Denver Water for the year ended December 31, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, 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.

CliftonLarsonAllen LLP, Certified Public Accountants, has issued an unmodified opinion on Denver Water's financial statements for the year ended December 31, 2019. The independent auditors' report is located at the front of the Financial Section of this report.

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

## **The Report**

This report is presented in three sections as follows:

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

## **Profile of Denver Water**

The privately-owned Denver City Water Company was organized in 1870. It was merged into the Denver Union Water Company in 1894, along with several smaller companies serving various parts of a growing Denver. In 1918, Denver residents voted to create a five-member Board of Water Commissioners and to purchase the Denver Union Water Company's water system for approximately \$14 million, creating Denver Water. The five-member Board of Water Commissioners (the "Board") structure is still in existence, governed under the Charter of the City and County of Denver Article X.

Denver Water is a public entity funded by water rates, hydropower revenues and new tap fees, not taxes. Today, its service area covers more than 335 square miles, including the City and several suburban distributors. The majority of Denver's water comes from rivers and streams fed by mountain snowmelt. The South Platte River, Blue River, Williams Fork River and Fraser River watersheds are Denver Water's primary water sources, but it also uses water from the South Boulder Creek, Ralston Creek, and Bear Creek watersheds. A system of reservoirs networked by tunnels and canals provides water to more than 1.5 million people. Three major treatment plants - Marston, Moffat, and Foothills - maintain water quality under the watchful eye of the Denver Water Quality Control Laboratory.

The mission of Denver Water is as follows:

*To expertly manage and supply an essential natural resource to sustain our vibrant community  
— because water connects us all.*

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

- Annual Business Plan and Strategic Plan Alignment  
Prior to the commencement of the annual budget process, updates are made to the Annual Business Plan. A thorough review of ongoing and proposed organizational initiatives is completed to begin determining the organizational priorities for the upcoming year. With help from Section Leaders, Chiefs utilize a filtering tool to show how the initiatives link to the updated Strategic Plan, to identify the demands placed on the business, and to reflect the impact to the Strategic Plan. Initiatives are deferred if they do not have a strong enough business case, and the remaining initiatives are prioritized. Early in this process, multi-year projects and programs that roll from year to year are flagged because they limit the number of new initiatives that can be added. Once completed, the Organizational Scorecard and Dashboard are reviewed and updated, as necessary, to align with the Annual Business Plan and the Strategic Plan. Finally, the Continuous Improvement activities are reviewed and modified to ensure alignment to the Annual Business Plan.
- Long-Range Financial Plan  
Updates to the multi-year financial plan are made annually to determine the level of revenue adjustments needed to meet annual revenue requirements and financial performance measures. The Capital Plan projects additions, improvements, and replacements to water system facilities and infrastructure, based on projected demand for water, federal and state regulations, and ongoing system requirements. The Operations and Maintenance Plan includes the ongoing costs of operating and maintaining the water system and the impact of the Capital Plan on operations. The Financial Plan includes financial performance measures such as debt service coverage, debt to asset ratio, and targeted reserve levels.
- Annual Budget Preparation  
The budget development process is the formal method through which Denver Water ensures alignment between fiscal resources and organizational priorities for the upcoming year. It results in an Approved Budget, which is the defined plan of revenue and expense activities for the year. The Approved Budget is the main internal control document used to monitor and manage revenues and expenditures for Denver Water. The budget is presented to the Board in November at the annual Budget Workshop. Official approval by the Board occurs in December.

### **Factors Affecting Economic Condition**

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

### **Local Economy**

Denver is the center of economic activity in the state of Colorado. Major industries include aerospace, aviation, beverage production, bioscience, broadcasting and telecommunications, energy, financial services, healthcare and wellness, and IT-software. The statewide economy also includes agriculture and tourism. Water is essential to

making Colorado beautiful and to ensuring the quality of life we enjoy. An overview of the Denver metropolitan area can be found in Section D, *Demographic and Economic Information*, in the Statistical Section.

## **Long-Term Financial Planning – Major Initiatives**

### Lead Reduction Program

- In December 2019, state and federal agencies approved Denver Water’s new Lead Reduction Program. This program involves: adjusting the pH level in the water to reduce the risk of lead getting into the drinking water, replacing lead service lines that bring water from the street to customer houses at no charge to the customer, and providing free water filters that are certified to remove lead to all customers with lead service lines until their line is replaced. The program will be rolled out in 2020 with replacement of the lead service lines occurring over the next 15 years. The estimated cost of the program is approximately \$605 million.

### The North System Renewal

- Approximately \$464 million is planned in total project costs for Denver Water’s Gross Reservoir Expansion Project for the evaluation, permitting, mitigation, and construction process to augment our supply to the northern service area adding system balance and protecting against system vulnerabilities. A federal Clean Water Act Section 404 Permit and other state and federal permits have been issued for the project. In December 2018, six environmental groups sued the US Army Corps of Engineers and the US Fish and Wildlife Service arguing that the federal agencies had violated the National Environmental Policy Act, the Clean Water Act, and the Endangered Species Act in permitting the project. Denver Water intervened in the case to defend the federal agencies’ actions and decisions. The Federal Energy Regulatory Commission (FERC) issued a final Supplemental Environmental Assessment in February 2019, which resulted in a finding of No Significant Impact for the project and marked the last federal NEPA process for the project. Denver Water is waiting for the final FERC order, which will authorize construction to begin. Denver Water is continuing to work through the local permitting process.
- Approximately \$600 million is planned in capital cost for Denver Water’s Northwater Treatment Plant (NTP) and Conduit 16 replacement projects. This includes funds for the planning, design, and construction of a new 75-million gallon per day (MGD) Water Treatment Plant (WTP), with room to expand. Upon completion, the NTP will replace the existing Moffat WTP with a state-of-the-art facility designed to improve reliability and operational flexibility. A portion of the existing Moffat WTP will also remain in service through 2040, and the project includes improvements at the Moffat site to convey treated water from both NTP and Moffat to the distribution system.

Revenue adjustments identified in the 2020 Financial Plan are set at levels to meet annual revenue requirements, debt service coverage, and target reserves. Revenue requirements include annual operation and maintenance expenses, payments on existing and proposed debt service, and rate-funded capital projects. Denver Water uses a combination of debt and cash reserves to maintain leveled annual revenue adjustments to meet these requirements. The use of debt to fund specific capital projects distributes the annual cost of facilities over time rather than requiring the full amount in any one year. The adopted revenue adjustment for 2020 was effective beginning January 1, 2020. This adjustment is expected to produce 3.0% of additional revenue over a 12-month period, assuming normal weather and consumption. The Financial Plan is updated annually.



## Relevant Financial Policies and Practices – Investment Balance

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

### Balanced Budget

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

### Cash Reserves

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

Denver Water began 2020 with an actual cash and investment balance of \$276 million, at market value. The 2020 budget projects this balance to increase by receipts of \$524 million and decrease by expenditures of \$564 million, resulting in a projected 2020 ending balance of \$236 million (see schedule of Receipts and Expenditures in the Statistical Section for details).

Note 2, *Deposits and Investments*, in the Financial Section provides more information on Denver Water’s investments. Investment balances in published financial statements are not directly comparable to the budgeted investment balance because different valuation methods are used.

## Strategic Plan

The Strategic Plan is the overarching document that defines the vision, perspectives, goals, and objectives of the organization. Denver Water refreshed its 2017 Strategic Plan in January of 2020 to ensure it was relevant for the next several years and that it resonated with our customers and employees.

There are three guiding principles in the Strategic Plan which are used to evaluate all decisions and purposefully move the organization toward its vision to be the best water utility in the nation:

1. **We are customer-centric.** We strive to earn the support and trust of our customers – everyone who pays for our service or uses our water. They are our top priority, and we are motivated to serve them.
2. **We are industry leaders.** We understand, help develop, implement, and share best industry practices. We are forward thinking – we anticipate future trends and look for and responsibly implement progressive solutions. We are adaptable, resilient and experts in our work.
3. **We take the long-term view.** We weigh the consequences of our decisions and actions against multiple scenarios to preserve future options and the sustainability of our community. We provide the best possible outcome for our customers, as well as future generations.

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

- **Excellent Operations.** An organization that is effective, efficient and strategically driven
  - We strategically align our projects and programs to provide the best value to our customers
  - We employ best business practices in our day-to-day operations to increase efficiency and delivery of service to our customer
  - We lead the utility industry in environmental stewardship and sustainability
- **Strong Financials.** An organization that is financially strong and stable
  - We sustain a financial plan that supports our strategic objectives
  - We make financial decisions keeping in mind the best long-term interests of our customers
- **Inspired People.** An organization that is passionate about our customers and our community
  - We are inspired by our mission, vision and values, and we know we are a part of something meaningful and larger than our own self-interest
  - We have leadership that inspires, fosters meaningful work, and develops our people
- **Trusted Reputation.** An organization with satisfied and supportive customers and strategically effective relationships
  - We go beyond what is expected operating with the highest ethics and integrity
  - We play an integral role in building communities and advancing economic and social health
  - We are the public’s trusted source on water

### SEC Periodic Disclosure Requirements

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

Budgetary Controls	Section I - Letter of Transmittal
Audited Financial Statements	Section II - Financial Section
System Development Charges and Participation Receipts	Section II - Financial Section
Total Outstanding Indebtedness	Section II - Notes 6, 7, 9, Exhibits II - A through II-D
The Service Area	Section III - Statistical Section
Number of Customer Accounts	Section III - Statistical Section
Receipts and Expenditures	Section III - Statistical Section
Total Treated Water Delivered/Consumption	Section III - Statistical Section

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

### Awards, Recognition and Acknowledgements

**Comprehensive Annual Financial Report:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the fiscal year ended December 31, 2018. This was the 31st consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must

satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Annual Budget:** Denver Water received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2019. This is the 28th consecutive year Denver Water has received this award. To qualify for this award, Denver Water's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

**WateReuse Community Water Champion:** The WateReuse Association awarded the Community Water Champion award to Denver Water for the WISE project. The award recognizes utilities that showcase exemplary water reuse projects or systems.

**Climate Registry Gold Status:** The Climate Registry recognized Denver Water's Sustainability Plan with gold status. This is given to organizations addressing climate change by managing and reducing emissions at the subnational level.

**CDPHE Silver Level:** The Colorado Department of Public Health and Environment recognized Denver Water with silver-level status for voluntarily going beyond compliance with state and federal regulations and for being committed to continual environmental improvement.

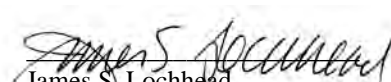
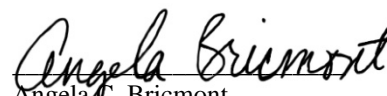
**AWWA President's Award:** The American Water Works Association awarded its President's Award to Marston Treatment Plant. AWWA's Partnership for Safe Water recognizes utilities that demonstrate a commitment to delivering superior quality drinking water to customers.

**Heartland Emmy Award:** Denver Water received an Emmy Award from the National Academy of Television Arts and Sciences, Heartland Division, for Best Historical Documentary for "Written in Water" celebrating our 100th anniversary.

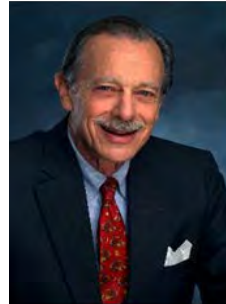
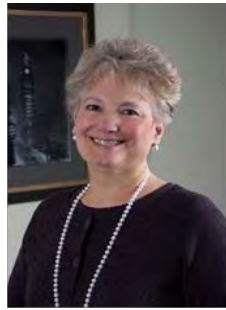
**American Heart Association Gold Level:** Denver Water's wellness program achieved gold-level recognition from the American Heart Association for taking significant steps to build a culture of health in the workplace.

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

Sincerely,

  
James S. Lochhead  
CEO/Manager  
Angela C. Bricmont  
Chief Finance Officer

**BOARD OF WATER COMMISSIONERS**



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

Paula Herzmark, President  
Former Executive Director, Denver Health Foundation

*Commissioner since April 2009;  
Term expires 2020<sup>1</sup>.*

John Lucero, First Vice President  
Principal, Lucero Development Services

*Commissioner since July 2007;  
Term expires 2021.*

Greg Austin, Vice President  
Former Partner, Holland & Hart LLP.

*Commissioner since July 2009;  
Term expires 2020<sup>1</sup>.*

Gary Reiff, Vice President  
Chief Legal Officer, UCHealth

*Commissioner since September 2017;  
Term expires 2023.*

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

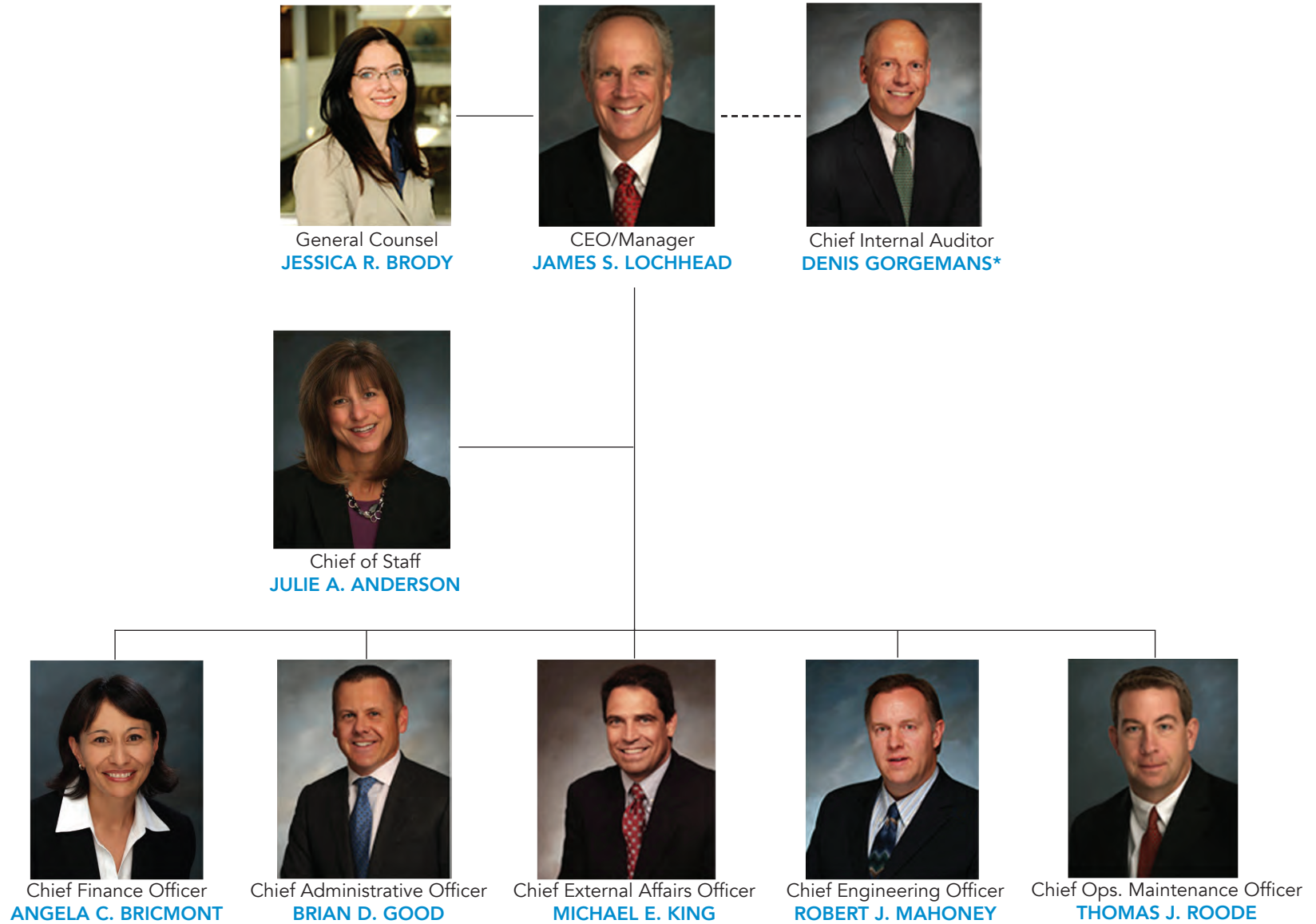
*Commissioner since October 2017;  
Term expires 2023.*

<sup>1</sup> Currently serving until the City of Denver Mayor appoints a new Commissioner

**LAST 20 COMMISSIONERS**

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

# EXECUTIVE LEADERSHIP AND ORGANIZATIONAL CHART







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Denver Water  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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

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## INDEPENDENT AUDITORS' REPORT

Board of Water Commissioners  
Denver Water  
Denver, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board'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 opinions 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. 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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado as of December 31, 2019, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 1.O., beginning net position of the Board was restated to reflect reclassification of a capital lease asset from being amortized to an intangible asset with an indefinite life. As a result, the beginning net position was restated for the amount of amortization taken on the asset in previous years. Our auditors' opinion was not modified with respect to the restatement.

During the fiscal year ended December 31, 2019, the Board adopted the provisions of Governmental Accounting Standards Board (GASB) *Implementation Guide No. 2019-02 – Fiduciary Activities* (the Guide). As a result of the implementation of the Guide, as discussed in Note 1.O., the fiduciary fund net position as of January 1, 2019, was restated to reflect the impact of this adoption. Our auditors' opinion was not modified with respect to the restatement.



Board of Water Commissioners  
Denver Water

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Board Pension Contributions, and Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios as listed in the table of contents 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Other Supplementary Information (as listed in the table of contents) and the Introductory and Statistical Sections, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
May 5, 2020

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

December 31, 2019

The following is Management's Discussion and Analysis ("MD&A") of the financial activities of the Board of Water Commissioners (DBA "Denver Water") for the year ended December 31, 2019. This information should be read in conjunction with the basic financial statements which follow.

**FINANCIAL HIGHLIGHTS**

Denver Water's financial position is reflected by the change in net position, which improved 4% during 2019, compared to 5% during 2018.

- **Operating income** was \$39.2 million in 2019 compared to \$69.5 million in 2018, a decrease of 44%.
- **Income before capital contributions** was \$13.6 million in 2019 compared to \$53.9 million in 2018, a decrease of 75%.
- **Capital contributions** were \$54.5 million in 2019 compared to \$60.0 million in 2018, a decrease of 9%.
- **Net position** increased \$68.1 million as a result of 2019 activity compared to \$113.9 million in 2018.
- **Capital asset additions** were \$221.6 million in 2019 compared to \$228.2 million in 2018, a decrease of 3%.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2019

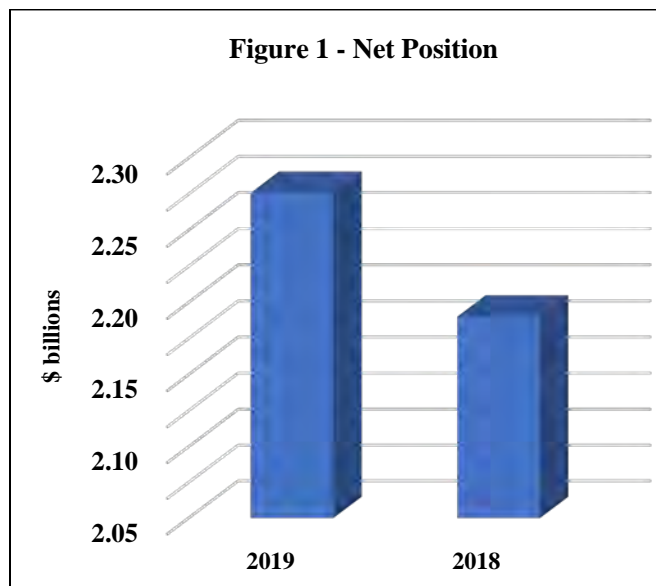
The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as Denver Water's accounting policies, significant account balances and activities, material risks, obligations, commitments,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

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

**Supplementary Information** provides details of Denver Water's bonded debt and fiduciary funds financial statements.

**NET POSITION**

As discussed above, net position may serve over time as a useful indicator of Denver Water's financial position. Denver Water's net position was \$2.3 billion at December 31, 2019, an increase of \$81.0 million or 4% from December 31, 2018. The total increase in net position was comprised of a \$68.1 million increase from 2019 activity plus a restatement of beginning net position of \$12.9 million due to the reversal of the amortization taken on the Wolford Mountain lease. At the time the Wolford Mountain capital lease was originally booked, a determination was made that the underlying assets (water rights and capacity in the reservoir) warranted amortizing the lease over the 80-year useful life of a dam. In 2019, this interpretation was reevaluated and it was determined that the underlying assets were intangible with an indefinite useful life and therefore not amortizable. Accordingly, the amortization taken through 2018 was reversed and the 2019 beginning net position was restated by \$12.9 million for the cumulative effect of the amortization expense (see Figures 1 and 2 and Table 1).



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

	As of December 31,		2019 - 2018	
	2019	2018	Increase (Decrease)	% Change
Current and other assets	\$ 330,674	\$ 413,436	\$ (82,762)	(20)%
Capital assets, net <sup>1</sup>	2,683,402	2,520,262	163,140	6%
Total assets	<b>3,014,076</b>	2,933,698	80,378	3%
Deferred outflows of resources	69,702	52,174	17,528	34%
Total assets and deferred outflows	<b>3,083,778</b>	2,985,872	97,906	3%
Current liabilities	91,362	80,881	10,481	13%
Noncurrent liabilities	710,009	691,808	18,201	3%
Total liabilities	<b>801,371</b>	772,689	28,682	4%
Deferred inflows of resources	6,735	18,562	(11,827)	(64)%
Total liabilities and deferred inflows	<b>808,106</b>	791,251	16,855	2%
Net position:				
Net investment in capital assets	2,068,071	1,959,883	108,188	6%
Restricted	12,634	14,094	(1,460)	(10)%
Unrestricted	194,967	220,644	(25,677)	(12)%
Total net position <sup>1</sup>	<b>\$ 2,275,672</b>	\$ 2,194,621	\$ 81,051	4%

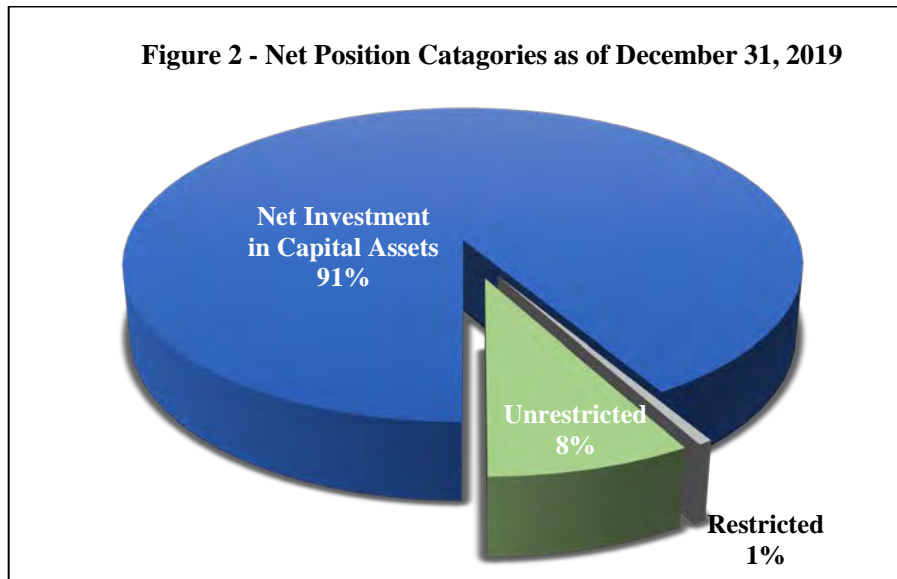
<sup>1</sup> The 2019 beginning net position was restated for the cumulative effect of reversing amortization taken on the Wolford Mountain capital lease. Beginning capital asset balances were also restated.

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

A small portion of Denver Water's net position represents resources that are subject to external restrictions on how they may be used. Denver Water's 2019 and 2018 restricted net positions consisted of debt service reserve, debt reserve funds for revenue bonds, and amounts restricted for a motor vehicle claims reserve.

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

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Denver Water's increase in net position during 2019 of \$68.1 million, before the restatement of beginning net position, indicates an improved financial position.

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

- **CURRENT AND OTHER ASSETS** decreased in 2019 by \$82.8 million, or 20% from 2018. The decrease was primarily due to a budgeted spend down of investments for capital projects and the use of funds from investments restricted to support on-going construction on the Operations Complex Redevelopment Project (OCR).
- **NET CAPITAL ASSETS** increased in 2019 by \$163.1 million, or 6% from 2018. The increase was due to asset additions, offset by increased accumulated depreciation and asset retirements (see Table 8 for current year additions).
- **DEFERRED OUTFLOWS OF RESOURCES** increased in 2019 by \$17.5 million from 2018. The increase was primarily the result of pension-related economic/demographic losses, losses associated with differences between the expected and actual earnings on pension plan investments, and pension and OPEB contributions after the measurement date. These increases are offset by the amortization of OPEB and pension deferred outflows of resources into expense.
- **CURRENT LIABILITIES** increased in 2019 by \$10.5 million, or 13% from 2018. The increase was primarily the result of an increase in accruals for project work completed at the end of 2019.
- **NONCURRENT LIABILITIES** increased in 2019 by \$18.2 million, or 3% from 2018. The increase was primarily the result of an increase in the actuarially calculated pension liability which reflected market conditions at December 31, 2018, offset by debt payments and a decrease in the actuarially calculated OPEB liability.
- **DEFERRED INFLOWS OF RESOURCES** decreased in 2019 by \$11.8 million from 2018. The decrease was primarily due to net investment losses associated with differences between the expected and actual earnings on pension plan investments and the amortization of deferred inflows into pension and OPEB expense. The decrease was offset by economic/demographic gains used in the calculation of the OPEB liability.



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**CHANGE IN NET POSITION**

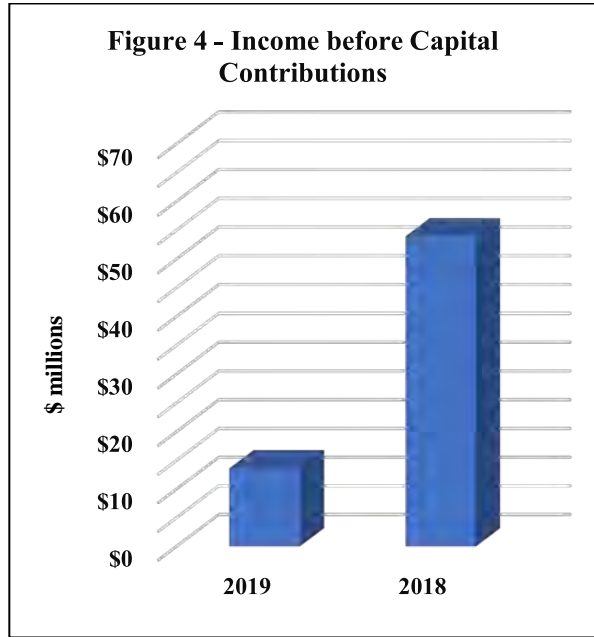
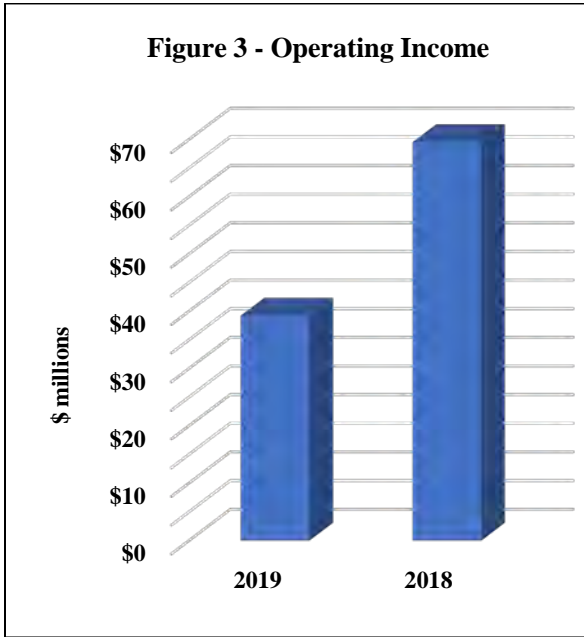
While the Statements of Net Position display Denver Water's assets, liabilities and net position at year-end, the Statements of Revenues, Expenses, and Changes in Net Position provide information on the sources of change in net position during the year. Net position increased \$68.1 million from 2019 activity consisting of income before capital contributions of \$13.6 million and capital contributions of \$54.5 million. The cumulative effect of the Wolford Mountain amortization restatement of 2019 beginning net position was \$12.9 million. The resulting total change in net position was \$81.0 million. (see Table 2).

	Years Ended December 31,		2019 - 2018	
	2019	2018	Increase (Decrease)	% Change
Operating revenues	\$ 317,155	\$ 320,556	\$ (3,401)	(1)%
Nonoperating revenues	16,669	13,201	\$ 3,468	26%
Total revenues	<b>333,824</b>	333,757	\$ 67	0%
Operating expenses	277,977	251,027	\$ 26,950	11%
Nonoperating expenses	42,253	28,785	\$ 13,468	47%
Total expenses	<b>320,230</b>	279,812	\$ 40,418	14%
Income before capital contributions	13,594	53,945	\$ (40,351)	(75)%
Capital contributions	54,518	59,993	\$ (5,475)	(9)%
Increase in net position	<b>68,112</b>	113,938	\$ (45,826)	(40)%
Beginning net position	2,194,621	2,080,683	\$ 113,938	5%
Cumulative effect of Wolford Mtn Amortization	12,939			
Restated beginning net position	<b>2,207,560</b>			
Ending net position	<b>2,275,672</b>	2,194,621	\$ 81,051	4%

There was *operating income* (operating revenues; less operating expenses not reflected in Table 2, see *Statements of Revenues, Expenses, and Changes in Net Position*) of \$39.2 million in 2019 compared to \$69.5 million in 2018 (see Figure 3).

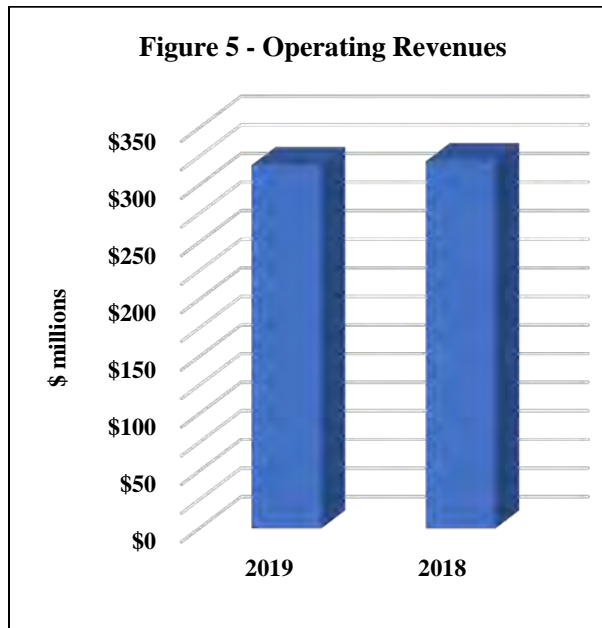
There was *income before capital contributions* of \$13.6 million in 2019 compared to \$53.9 million in 2018 (see Figure 4).

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

- **OPERATING REVENUES** decreased in 2019 by \$3.4 million, or 1% from 2018 (see Figure 5 and Table 3).



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**Table 3 - Operating Revenues**  
(amounts expressed in thousands)

	Years Ended December 31,		2019 - 2018	
	2019	2018	Increase (Decrease)	% Change
Water:				
Water sales	\$ 303,728	\$ 307,743	\$ (4,015)	(1)%
Power generation and other:				
Power sales	3,892	3,944	(52)	(1)%
Special assessments	7,556	7,393	163	2%
Other	1,979	1,476	503	34%
	<b>13,427</b>	12,813	614	5%
Total operating revenues	<b>\$ 317,155</b>	\$ 320,556	\$ (3,401)	(1)%

*Water sales* decreased in 2019 due to a decrease in water sold (70.6 billion gallons sold in 2019 compared to 74.1 billion gallons sold in 2018) offset by a rate increase effective February 1, 2019, designed to increase overall system water rate revenue by 3.0%.

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

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

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

*Other* consists primarily of reimbursements for operating expenses and other water delivery charges.

- **NONOPERATING REVENUES** increased in 2019 by \$3.5 million, or 26% from 2018. (see Table 4).

**Table 4 - Nonoperating Revenues**  
(amounts expressed in thousands)

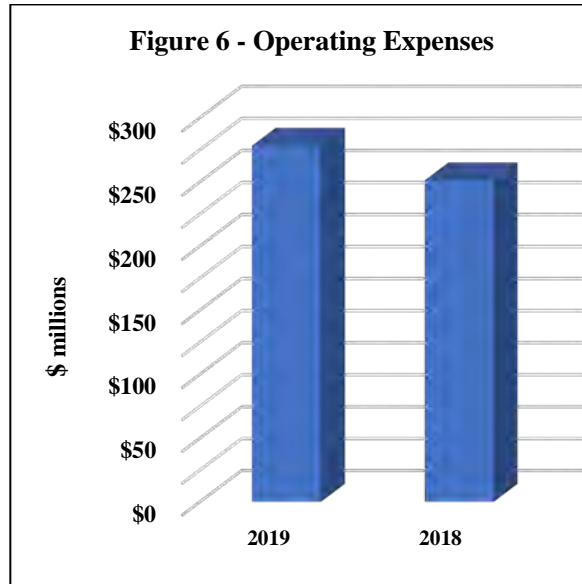
	Years Ended December 31,		2019 - 2018	
	2019	2018	Increase (Decrease)	% Change
Investment income	\$ 8,394	\$ 6,219	\$ 2,175	35%
Other nonoperating income	8,275	6,982	1,293	19%
Total nonoperating revenues	<b>\$ 16,669</b>	\$ 13,201	\$ 3,468	26%

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*Investment income* increased by \$2.2 million in 2019 primarily due to higher overall market performance and changes in fair market value of financial assets.

*Other nonoperating income* increased in 2019 by \$1.3 million from 2018. This increase was primarily due to payments for costs incurred by Denver Water for work performed on behalf of other entities.

- **OPERATING EXPENSES** increased in 2019 by \$27.0 million, or 11% from 2018 (see Figures 6 and Table 5).



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

	Years Ended December 31,		2019 - 2018	
	2019	2018	Increase (Decrease)	% Change
SOS, Pumping, Treatment, T&D	\$ 107,693	\$ 88,231	\$ 19,462	22%
General and administrative	104,741	99,469	5,272	5%
Customer service	14,198	11,660	2,538	22%
Depreciation and amortization	51,345	51,667	(322)	(1)%
Total operating expenses	\$ 277,977	\$ 251,027	\$ 26,950	11%

Major changes to operating expenses were as follows:

Denver Water pension information is reported on a one-year lag; therefore, the actuarially calculated 2019 pension expense reflects the measurement date of 12/31/2018, which includes the 2018 market loss impact. The pension expense increased by \$11.3 million in 2019 primarily because of those losses, which is allocated across the operating expense categories. The other major impact, over \$8.0 million, was due to 2019 operating projects, including ERP-Phase 1 project, the Lead Variance program, the Lead Service Line project, and the C-12 Internal Joint Seals project. Additional cost increases are related to environmental mitigation for the Gross Reservoir Expansion Project, asbestos mitigation on the Hillcrest Tank project, and new estimates for closure and postclosure costs for the drying beds and landfills at Foothills, Ralston, and 41st and Independence sites.

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- **NONOPERATING EXPENSES** increased in 2019 by \$13.5 million, or 47% from 2018 (see Table 6).

<b>Table 6 - Nonoperating Expenses</b>				
(amounts expressed in thousands)				
	Years Ended December 31,		2019 - 2018	
	2019	2018	Increase (Decrease)	% Change
Interest expense	\$ 21,603	\$ 22,093	\$ (490)	(2)%
Loss on disposition of capital assets	18,475	2,823	15,652	554%
Other nonoperating expense	2,175	3,869	(1,694)	(44)%
Total nonoperating expenses	<b>\$ 42,253</b>	<b>\$ 28,785</b>	<b>\$ 13,468</b>	<b>47%</b>

*Interest expense* decreased in 2019 primarily due to a combination of differences in the amount of debt and interest rates paid on the debt.

*Loss on disposition of capital assets* in 2019 was primarily due to assets disposed of as part of the OCR project, abandoned mains, conduits, and hydrants, tanks retired due to CDPHE regulatory requirements at Foothills, the Dillion hydro powerhouse, and caretaker houses at Ralston Reservoir.

*Other nonoperating expense* decreased in 2019 by \$1.7 million, or 44% primarily due to the 2018 professional services related to the Colorado River System Conservation Pilot Project and the 2018 write-off of Federal Emergency Management Agency (FEMA) grants receivable. This decrease was offset by 2019 costs associated with the No-Fault Main break program and the 2019 reduction of the meter shop inventory.

- **CAPITAL CONTRIBUTIONS** in 2019 decreased by \$5.5 million, or 9% from 2018 (see Table 7).

<b>Table 7 - Capital Contributions</b>				
(amounts expressed in thousands)				
	Years Ended December 31,		2019 - 2018	
	2019	2018	Increase (Decrease)	% Change
Contributions in aid of construction	\$ 15,957	\$ 19,113	\$ (3,156)	(17)%
System development charges	38,561	40,880	(2,319)	(6)%
Total capital contributions	<b>\$ 54,518</b>	<b>\$ 59,993</b>	<b>\$ (5,475)</b>	<b>(9)%</b>

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

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

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**CAPITAL ASSET ACTIVITY**

Denver Water’s capital assets at December 31, 2019 and 2018 totaled \$2.7 billion and \$2.5 billion, respectively, net of accumulated depreciation and amortization. Capital asset additions in 2019 and 2018 were \$221.6 million and \$228.2 million, respectively, a decrease of \$6.6 million or 3%. The values below represent total additions including amounts associated with completed projects transferred from construction in progress (CIP). Major projects were as follows (see Table 8):

<b><u>Table 8 - Capital Additions</u></b>	
Year Ended December 31, 2019	
(amounts expressed in thousands)	
Northwater Treatment Plant	\$ 52,503
Distribution Mains & Hydrants	46,607
Operation Complex Development Project	44,471
Treated Water Conduits	18,449
Hillcrest Pump Stations	12,520
Gross Reservoir	10,366
Foothills Treatment Plant	9,491
Marston Treatment Plant	5,821
Moffat Treatment Plant	5,632
Vehicles and Heavy Equipment	4,492
Water Rights	3,008
Downstream Reservoirs	1,942
Source of Supply	1,391
Williams Fork Penstock Slide	1,220
Roberts Tunnel	981
Other	2,746
Total	<u>\$ 221,640</u>

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

**LONG-TERM DEBT ACTIVITY**

Denver Water’s \$30.0 million revolving line of credit issued in 2013 matured in November of 2018. On December 12, 2018, Denver Water executed a 5-year credit agreement with PNC Bank, N.A., effective January 1, 2019, to provide a variable-rate revolving line of credit for a maximum initial principal amount of \$60.0 million. The credit facility contains an option to increase the credit amount to \$80.0 million. The line of credit has a subordinate pledge of and lien on the net revenue of Denver Water. There was \$0 balance on the line of credit at December 31, 2019.

Denver Water issued the Series 2017A Master Resolution Water Revenue Green Bonds on May 23, 2017, in an aggregate principal amount of \$142.7 million. The proceeds from the sale of the Series 2017A are being used to finance the redevelopment of Denver Water’s main operating and administrative complex. Unspent proceeds for the Series 2017A bonds at December 31, 2019 were \$4.8 million.

Denver Water issued the Series 2008 Master Resolution Water Revenue Bonds as direct placement bonds and were issued as Clean Renewable Energy Tax Bonds as defined in Section 54 of the internal revenue code of 1986.

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The Series 2008 bonds have an extraordinary mandatory redemption provision in the event the bonds lose their tax credit eligibility. In this event the bonds must be redeemed in full at a redemption price of 100% of the principal plus accrued interest to the date of redemption. The principal amount outstanding at December 31, 2019 is \$360,000.

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

**REQUESTS FOR INFORMATION**

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

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

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

**Statement of Net Position**

December 31, 2019

(Amounts expressed in thousands)

	<u>ASSETS</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash		\$ 1,975
Short-term investments including accrued interest		202,105
Restricted investments - capital projects, debt service, & other		21,682
Accounts receivable		29,994
Materials and supplies inventory, at weighted average cost		5,364
Prepaid expenses		2,780
Total current assets		<u>263,900</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets:		
Capital depreciable		3,104,531
Capital non-depreciable		203,918
		<u>3,308,449</u>
Less accumulated depreciation and amortization		(958,266)
		<u>2,350,183</u>
Non-depreciable capital lease		42,980
Construction in progress		290,239
Net capital assets		<u>2,683,402</u>
Other noncurrent assets:		
Long-term investments		50,564
Prepaid expenses and other assets		7,264
Long-term receivable		8,946
Total other noncurrent assets		<u>66,774</u>
Total noncurrent assets		<u>2,750,176</u>
Total assets		<u>3,014,076</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred amount on refunding		5,411
Pension-related deferred outflows of resources		62,279
OPEB-related deferred outflows of resources		2,012
Total deferred outflows of resources		<u>69,702</u>
Total assets and deferred outflow of resources		<u>3,083,778</u>



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

**Statement of Net Position**

December 31, 2019

(Amounts expressed in thousands)

<u>LIABILITIES</u>	<u>2019</u>
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 18,496
Payroll and other employee benefits	13,176
Capital contracts (including retainages of \$10,747)	35,422
Accrued interest on long-term debt	4,342
Current portion of revenue bonds payable	18,475
Current portion of obligation under capital lease	1,451
	<hr/>
Total current liabilities	91,362
	<hr/>
<b>NONCURRENT LIABILITIES:</b>	
Revenue bonds payable, net	570,100
Customer advances for construction	15,952
Compensated absences	4,180
Net pension liability	98,213
Other postemployment benefits	13,603
Waste disposal closure and postclosure care	7,961
	<hr/>
Total noncurrent liabilities	710,009
	<hr/>
Total liabilities	801,371
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<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension-related deferred inflows of resources	3,365
OPEB-related deferred inflows of resources	3,370
	<hr/>
Total deferred inflows of resources	6,735
	<hr/>
Total liabilities and deferred inflows of resources	808,106
	<hr/>
<u>NET POSITION</u>	
Net investment in capital assets	2,068,071
Restricted for debt service	12,578
Other Restricted	56
Unrestricted	194,967
	<hr/>
Total net position	\$ 2,275,672
	<hr/> <hr/>

See accompanying notes to basic financial statements.

**DENVER WATER**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
Year Ended December 31, 2019  
(Amounts expressed in thousands)

	2019
<b>OPERATING REVENUES:</b>	
Water	\$ 303,728
Power generation and other	13,427
Total operating revenues	317,155
<b>OPERATING EXPENSES:</b>	
Source of supply, pumping, treatment and distribution	107,693
General and administrative	104,741
Customer service	14,198
Depreciation and amortization	51,345
Total operating expenses	277,977
<b>OPERATING INCOME</b>	39,178
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Investment income	8,394
Interest expense	(21,603)
Loss on disposition of capital assets	(18,475)
Other income	8,275
Other expense	(2,175)
Total nonoperating expenses, net	(25,584)
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	13,594
<b>CAPITAL CONTRIBUTIONS:</b>	
Contributions in aid of construction	15,957
System development charges	38,561
Total capital contributions	54,518
<b>INCREASE IN NET POSITION</b>	68,112
<b>NET POSITION:</b>	
Beginning of year	2,194,621
Cumulative effect of Woford Mountain amortization	12,939
Restated beginning net position	2,207,560
End of year	\$ 2,275,672

See accompanying notes to basic financial statements.

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

**Statement of Cash Flows**

Year Ended December 31, 2019

(Amounts expressed in thousands)

	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 316,379
Payments to employees	(137,611)
Payments to suppliers	(93,580)
Other receipts	8,275
Other payments	(2,175)
	91,288
Net cash provided by operating activities	91,288
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from contributions in aid of construction ("CIAC") and prepaid CIAC	7,137
Proceeds from system development charges ("SDC") and prepaid SDC	38,668
Proceeds from sales of capital assets	1,619
Acquisition of capital assets	(187,664)
Principal payments for long-term bonds	(19,390)
Principal payments for capital lease obligations	(2,761)
Interest paid	(25,135)
	(187,526)
Net cash used by capital and related financing activities	(187,526)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	351,956
Interest received from investments	6,059
Purchases of investments	(265,270)
	92,745
Net cash provided for investing activities	92,745
 <b>NET DECREASE IN CASH</b>	(3,493)
 <b>CASH, AT BEGINNING OF YEAR</b>	5,468
 <b>CASH, AT END OF YEAR</b>	\$ 1,975

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

**Statement of Cash Flows**  
Year Ended December 31, 2019  
(Amounts expressed in thousands)

	2019
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 39,178
Adjustments to reconcile operating income to net cash provided by operating activities-	
Other revenues	8,275
Other expenses	(2,175)
Depreciation and amortization of capital assets	51,345
Change in assets and liabilities-	
Accounts receivable and long-term receivable	(776)
Materials and supplies inventory	(517)
Prepaid expenses - current	(2,532)
Prepaid expenses and other assets - noncurrent	(959)
Deferred outflows of resources - pension-related	(18,709)
Deferred outflows of resources - OPEB-related	671
Accounts payable	(9,699)
Payroll and other employee benefits	80
Net pension liability	40,892
Other postemployment benefits	(3,367)
Waste disposal closure and postclosure care	1,408
Deferred inflows of resources - pension-related	(13,568)
Deferred inflows of resources - OPEB-related	1,741
Net cash provided by operating activities	\$ 91,288
<b>NONCASH INVESTING, AND CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Assets acquired through contributions in aid of construction	\$11,944
Assets acquired through contracts payable	35,422
Loss on disposition of capital assets	(18,475)
Amortization of deferred loss on refunding	(510)
Increase in fair value of investments	2,519

See accompanying notes to basic financial statements.

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

**Statement of Fiduciary Net Position**

December 31, 2019

(Amounts expressed in thousands)

	<u>Employees' Retirement and Savings Plans</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 3,720
Investments, at fair value	
Mutual funds	102,888
Commingled funds	12,869
Money market funds	1,044
Common stock funds	227,400
Other fixed income funds	80,189
Real estate	47,725
Hedge fund	19,320
Private equity	16,500
Total investments	<u>507,935</u>
<b>Receivables</b>	
Dividends, interest and other receivables	418
Employer contributions	99
Employee contributions	302
Participant loans	1,767
Total receivables	<u>2,586</u>
Total assets	<u>514,241</u>
<b>Liabilities:</b>	
Accrued administrative/advisory expense	51
Accrued investment expense	118
Securities payable	306
Total liabilities	<u>475</u>
Fiduciary net position	<u><u>\$ 513,766</u></u>

See accompanying notes to basic financial statements and other supplementary information.

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

**Statement of Changes in Fiduciary Net Position**

Year Ended December 31, 2019

(Amounts expressed in thousands)

	<u>Employees' Retirement and Savings Plans</u>
Additions:	
Employer contributions	\$ 18,786
Employee contributions	6,084
Participant rollovers	427
Total contributions	<u>25,297</u>
Investment income:	
Net appreciation in fair value	73,330
Interest	1,237
Dividends	5,190
Real estate income, net of operating expenses	1,208
	<u>80,965</u>
Less investment expense	(2,289)
Net investment income (loss)	<u>78,676</u>
Other additions:	
Miscellaneous income	13
Participant interest on loans	96
Total other additions	<u>109</u>
Total additions	<u>104,082</u>
Deductions:	
Benefits paid	33,524
Death benefits	35
Refunds of employee contributions	15
Administrative expenses	270
Participant investment advisory fees	56
Total deductions	<u>33,900</u>
Net increase in net position	70,182
Fiduciary net position restricted for pension:	
Beginning of year	342,823
Supplemental savings retirement plan beginning net position	100,761
Restated beginning net position	<u>443,584</u>
End of year	<u><u>\$ 513,766</u></u>

See accompanying notes to basic financial statements and other supplementary information.

**DENVER WATER**  
**CITY AND COUNTY OF DENVER, COLORADO**  
Notes to Basic Financial Statements  
December 31, 2019

Note

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

Denver Water sponsors a Supplemental Retirement Savings Plan (SRSP). The SRSP is a defined contribution plan that is qualified under section 401(a) paragraph (k) of the Internal Revenue Code. Denver Water has fiduciary responsibility for the SRSP plan. The SRSP financial statements and investment notes are included in the accompanying financial statements as a fiduciary fund of Denver Water.

B. Measurement Focus and Basis of Accounting

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

C. Accounting Standards

Denver Water applies all applicable pronouncements of the GASB.

D. Use of Estimates

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



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

Restricted net position consists of both the revenue bonds debt reserve fund, the revenue bonds debt service account, motor vehicle claims reserve, and may include amounts restricted under certain grant agreements included in cash and short-term investments. The revenue bonds debt service account is used to pay principal and interest on the revenue bonds as they become due. The revenue bonds debt reserve fund is set aside to pay bondholders in the event funds are not available at the time the debt payment is due. These restricted funds are used for their intended purpose before unrestricted funds.

F. Cash

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

G. Investments

Denver Water's investments consist of money market investments, local government investment pools, U.S. Treasury, U.S. agency, supranational securities, and corporate notes and bonds. The money market investments and local government investment pools are measured at net asset value which is generally equivalent to fair value. U.S. Treasury, U.S. agency, supranational securities, and corporate notes and bonds investments are fair value based on quoted market prices (see Note 2, *Deposits and Investments*).

H. Materials and Supplies Inventory

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

I. Capital Assets

Purchased and constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated acquisition value on the date received. Assets are capitalized if they have a cost of \$50,000 or more and have a useful life of more than one year.

Land and water rights are also recorded at cost. Land is not depreciated, and water rights are granted in perpetuity and not amortized.

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

<u>Capital Asset Useful Lives</u>	
<u>Asset Category</u>	<u>Years</u>
Building and building improvements	15-75
Fleet	7-15
Improvements (land)	25-80
Infrastructure	25-80
Machinery and equipment	5-75

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

J. Capital Contributions

Capital contributions consist of contributions in aid of construction ("CIAC") and system development charges ("SDC"). CIAC represent facilities, or cash payments for facilities, received from developers, property owners, governmental agencies, or customers who receive benefit from such facilities. SDC represent fees charged to

customers to connect to the water system. Contributions are recognized in the Statements of Revenues, Expenses, and Changes in Net Position, after nonoperating revenues (expenses), when earned. Assets acquired through CIAC are included in capital assets.

#### K. Employee Compensated Absences

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

#### L. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the "Plan") and additions to and/or deductions from the Plan's fiduciary net position have been determined on the accrual basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. In 2016, Denver Water approved changes to the Plan that were effective January 1, 2018. These changes include two 'tiers' of benefit provisions, which depend on the employees' date of hire, as well as the inclusion of employee contributions to the Plan. As allowed by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, Denver Water elected to report pension liability information based on a one-year lag. The total pension liability reported as of December 31, 2019 is based on an actuarial measurement date of December 31, 2018.

#### M. Operating Revenues and Expenses

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

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

#### N. Rates and Fees

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

#### Consumption and Service Charges

On October 23, 2019, Denver Water approved a water rate increase, effective January 1, 2020. The rate increase is designed to increase overall total system water rate revenue by 3.0%.

On November 14, 2018, Denver Water approved a water rate increase, effective February 1, 2019. The rate increase was designed to increase overall total system water rate revenue by 3.0%.

#### System Development Charges ("SDC")

System Development Charges were not adjusted in 2019.

#### O. Restatements

##### Wolford Mountain Restatement

At the time the Wolford Mountain capital lease was originally booked, a determination was made that the underlying assets (water rights and capacity in the reservoir) warranted amortizing the lease over the 80 year useful life of the dam. In 2019, this interpretation was reevaluated and it was determined that the underlying assets were intangible with

an indefinite useful life and therefore not amortizable. This resulted in the reversal of the \$12.9 million amortization taken on the Wolford Mountain lease through 2018, and the 2019 beginning net position was restated for the cumulative effect of that amortization expense. In addition, the lease was reclassified from the 'Improvements other than buildings' to the 'Capital assets not being depreciated' section in note 4.

<u>Reconciliation of Capital Assets</u>				<u>Reconciliation of Net Position</u>	
Year Ended December 31, 2018				Year Ended December 31, 2019	
(amounts expressed in thousands)				(amounts expressed in thousands)	
	As Previously Published	Adjustments	As Restated		
Capital assets not being depreciated:				2019 Beginning Net Position as published	\$ 2,194,621
Land and land rights	\$ 130,445	\$ -	\$ 130,445	Reversal of Accumulated Depreciation	12,939
Water rights	70,472	-	70,472	2019 Beginning Net Position As Restated	\$ 2,207,560
Capital lease	-	42,980	42,980		
Construction in progress	340,438	-	340,438		
Total capital assets not being depreciated	541,355	42,980	584,335		
Capital assets being depreciated:					
Buildings and improvements	413,792	-	413,792		
Improvements other than buildings	2,086,796	(42,980)	2,043,816		
Machinery and equipment	430,287	-	430,287		
Total capital assets being depreciated	2,930,875	(42,980)	2,887,895		
Less accumulated depreciation:					
Buildings and improvements	(124,083)	-	(124,083)		
Improvements other than buildings	(588,296)	12,939	(575,357)		
Machinery and equipment	(239,589)	-	(239,589)		
Total accumulated depreciation	(951,968)	12,939	(939,029)		
Total capital assets not being depreciated, net	1,978,907	(30,041)	1,948,866		
Total capital assets, net	\$ 2,520,262	\$ 12,939	\$ 2,533,201		

#### Fiduciary Pension Trust Funds Restatement

In 2019, Denver Water implemented the guidance provided in GASB 84 Implementation Guide No. 2019-2, which resulted in the addition of the Denver Water Supplemental Savings Retirement Plan (SSRP) as a fiduciary fund of Denver Water. The effect of this implementation was a \$100.8 million restatement to the beginning net position of the Fiduciary Pension Trust Funds to account for the beginning net position of the SSRP.

#### P. Recently Issued Accounting Standards

In 2019, Denver Water implemented GASB Implementation Guide No. 2019-2, *Fiduciary Activities*. This resulted in the Supplemental Retirement Savings Plan (SRSP) being included in the Fiduciary Pension Trust Funds along with the Employees' Retirement Plan. These Funds are incorporated in Denver Water's basic financial statements.

The following GASB statements were implemented in 2018:

GASB Statement No. 83 *Certain Asset Retirement Obligations*.

GASB Statement No. 84 *Fiduciary Activities*

GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB Statement No. 90 *Majority Equity Interests* was evaluated and deemed to have no impact.

(2) DEPOSITS AND INVESTMENTS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, Denver Water's deposits may not be returned to it. All of Denver Water's cash deposits at December 31, 2019 were either insured by FDIC or covered by the Colorado Public Deposit Protection Act ("PDPA") (C.R.S., 11-10.5-101). Under the PDPA, all deposits exceeding the amount insured by the FDIC are required to be fully collateralized at 102% of the deposits with specific approved securities identified in the act. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institutions' trust department or agent in Denver Water's name.

B. Investments

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

<u>Cash and Investments</u>	
December 31, 2019	
(amounts expressed in thousands)	
Cash	\$ 1,975
Short-term investments including accrued interest	202,105
Restricted investments - debt service	16,871
Restricted investments - capital projects	4,755
Restricted investments - other	56
Long-term investments	50,564
Total investments	274,351
Total cash and investments	\$ 276,326

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

**Investments Authorized by Denver Water's Investment Policy**

December 31, 2019

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Issuer Credit Quality<sup>1</sup></u>	<u>Maximum in Portfolio<sup>2</sup></u>	<u>Maximum Investment One Issuer<sup>2</sup></u>
U.S. Treasury securities	5 years	Not applicable	No limit	No limit
U.S. agency / Supranational securities	4 years	AA- / Aa3	50%	15%
Commercial paper	270 days	A-1 / P-1	25% <sup>3</sup>	5% <sup>4</sup>
Corporate fixed income securities	3 years	AA- / Aa3	25% <sup>3</sup>	5% <sup>4</sup>
Money market mutual funds	Not applicable	AAAm	25%	5%
Local government investment pools	Not applicable	AAAm	10%	5%
Certificates of deposit	180 days	AA- / Aa3	15%	10%
Bankers' acceptances	180 days	A-1 / P-1	25% <sup>3</sup>	5% <sup>4</sup>
Repurchase agreements	Overnight	AA- / Aa3	25%	25%
Municipal bonds	5 years	AA- / Aa3	15%	5%

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

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

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

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

**Interest Rate Risk**

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

Denver Water's cash and investments, including accrued interest, at December 31, 2019, and their maturities were as follows:

**Cash, Current and Long-Term Investments**

December 31, 2019

(amounts expressed in thousands)

Investment Type	Percent of Portfolio	Fair Value	Investment Maturities (in years)		
			1 or less	1-3	3-5
U.S. Treasury securities	38.6%	\$ 105,988	\$ 70,506	\$ 35,482	\$ -
U.S. agency securities	11.5%	31,543	16,461	15,082	-
Supranational securities	6.0%	16,564	16,564	-	-
Corporate fixed income securities	24.6%	67,414	67,414	-	-
Money market funds	8.9%	24,254	24,254	-	-
Local government investment pools	10.4%	28,588	28,588	-	-
Total investments	100.0%	274,351	\$ 223,787	\$ 50,564	\$ -
Cash		1,975			
Total cash and investments		\$ 276,326			

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

**Credit Risk**

Credit risk is the risk that the issuer of a debt security will not fulfill its obligations to the holder of the obligation. National rating agencies assess this risk and assign a credit quality rating for most investments. Presented below are the lowest credit ratings at December 31, 2019 for each investment type.

**Investment Ratings**

December 31, 2019

(amounts expressed in thousands)

Rating Agencies <sup>1</sup>	U.S. Treasury Securities	U.S. Agency Securities	Supranational Securities	Corporate Fixed Securities	Money Market Mutual Funds	Local Government Investment Pools	Total
AAA/Aaa	\$ -	\$ -	\$ 16,564	\$ 13,088	\$ -	\$ -	\$ 29,652
AAAm	-	-	-	-	24,254	28,588	52,842
AA/Aa	-	31,543	-	54,326	-	-	85,869
Not Applicable	105,988	-	-	-	-	-	105,988
	\$ 105,988	\$ 31,543	\$ 16,564	\$ 67,414	\$ 24,254	\$ 28,588	\$ 274,351

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

**Concentration of Credit Risk**

Denver Water's investments comply with the requirements of the investment policy regarding maximum concentrations of securities at the time of purchase. Specific parameters within the investment policy are displayed in the table titled Investments Authorized by Denver Water's Investment Policy. Generally accepted accounting principles require disclosure of certain investments in any one issuer that exceed five percent concentration of total investments. The following investments represent five percent or more of Denver Water's total investments at December 31, 2019:

**Concentration of Credit Risk**

(amounts expressed in thousands)

December 31, 2019

Issuer	Type of Security	Fair Value
Apple Inc.	Corporate Fixed Income	\$ 18,572
International Bank for Reconstructions (IBRD)	Supranational	16,564
Federal Home Ln Bk Cons BD	U.S. Agencies	16,659
Federal Home Cr Bk Cons BD	U.S. Agencies	14,884

**Fair Value**

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

Denver Water has the following recurring fair value measurements as of December 31, 2019:

**Investments Measured at Fair Value**

December 31, 2019

(amounts expressed in thousands)

	12/31/2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Treasury securities	\$ 105,988	\$ 105,988	\$ -	\$ -
U.S. agency securities	31,543	-	31,543	-
Supranational securities	16,564	-	16,564	-
Corporate fixed income securities	67,414	-	67,414	-
Total investments by fair value level	<u>221,509</u>	<u>\$ 105,988</u>	<u>\$ 115,521</u>	<u>\$ -</u>
Investments measured at net asset value (NAV):				
Local government investment pools	28,588			
Money market funds	24,254			
Total investments by NAV	<u>52,842</u>			
Total investments	<u>\$ 274,351</u>			

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

<b><u>Investments Measured at NAV</u></b>				
December 31, 2019				
(amounts expressed in thousands)				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Local government investment pools	\$ 28,588	\$ -	Daily	same day
Money market funds	24,254	-	Daily	same day
	<u>\$ 52,842</u>	<u>\$ -</u>		

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

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

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

(3) ACCOUNTS RECEIVABLE

Current and long-term accounts receivable at December 31, 2019 were as described below. Other receivables include receivables for contributions in aid of construction, system development charges, non-potable and hydrant water sales, and power sales. Long-term receivables represent financing arrangements with various suburban water districts for the sale of water. Denver Water has no allowance for uncollectible accounts as it relates to water sales since non-payment of receivables may result in discontinuation of service that attaches to the property location. The amounts below include an allowance for uncollectible accounts relating to non-water sales receivables of approximately \$17,000.

<b><u>Accounts Receivable</u></b>		
December 31, 2019		
(amounts expressed in thousands)		
Total Accounts Receivable		
Current		
Water sales	\$ 23,252	78%
Other	6,742	22%
Total Current	<u>\$ 29,994</u>	<u>100%</u>
Long-term	<u>\$ 8,946</u>	
From the City and County of Denver (included above)		
Current		
Water sales	<u>\$ 754</u>	
Total Current	754	
Long-term	-	
Total from City and County of Denver	<u>\$ 754</u>	



(4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	December 31, 2018	Additions	Transfers	Retirements & Sales	December 31, 2019
Capital assets not being depreciated:					
Land and land rights	\$ 130,445	\$ -	\$ 1	\$ (8)	\$ 130,438
Water rights	70,472	-	3,008	-	73,480
Capital lease <sup>1</sup>	42,980	-	-	-	42,980
Construction in progress	340,438	209,628	(257,856)	(1,971)	290,239
Total capital assets not being depreciated	<u>584,335</u>	<u>209,628</u>	<u>(254,847)</u>	<u>(1,979)</u>	<u>537,137</u>
Capital assets being depreciated:					
Buildings and improvements	413,792	-	94,789	(14,230)	494,351
Improvements other than buildings <sup>1</sup>	2,043,816	11,881	119,540	(14,419)	2,160,818
Machinery and equipment	430,287	131	40,518	(21,574)	449,362
Total capital assets being depreciated	<u>2,887,895</u>	<u>12,012</u>	<u>254,847</u>	<u>(50,223)</u>	<u>3,104,531</u>
Less accumulated depreciation:					
Buildings and improvements	(124,083)	(7,029)	-	7,647	(123,465)
Improvements other than buildings <sup>1</sup>	(575,357)	(27,309)	-	6,231	(596,435)
Machinery and equipment	(239,589)	(17,007)	-	18,230	(238,366)
Total accumulated depreciation	<u>(939,029)</u>	<u>(51,345)</u>	<u>-</u>	<u>32,108</u>	<u>(958,266)</u>
Total capital assets not being depreciated, net	<u>1,948,866</u>	<u>(39,333)</u>	<u>254,847</u>	<u>(18,115)</u>	<u>2,146,265</u>
Total capital assets, net	<u>\$ 2,533,201</u>	<u>\$ 170,295</u>	<u>\$ -</u>	<u>\$ (20,094)</u>	<u>\$ 2,683,402</u>

<sup>1</sup> The 2018 balances were adjusted for a restatement of the amortization on the capital lease. See reconciliation in Note 1 O. The lease was previously reported as 'Improvements other than buildings' and is now shown as a separate line item under 'Capital assets not being depreciated'.

Depreciation and amortization for the year ended December 31, 2019 was \$51.3 million.

Major retirements during 2019 primarily resulted from disposal of assets from the Operations Complex Redevelopment (OCR) project, projects at Ralston and Dillon Reservoirs, retired tanks at the Foothills Treatment Plant, and abandoned mains, conduits, and hydrants.

(5) RISK MANAGEMENT

Denver Water is exposed to various risks of loss including torts, general liability, property damage (all limited under the Colorado Governmental Immunity Act to \$387,000 per person, per occurrence and \$1,093,000 aggregate per occurrence), and employee life, medical, dental, and accident benefits. As of January 2019, these limits are adjusted every three years for inflation. Denver Water has a risk management program that includes self-insurance for liability, employee medical (including stop-loss coverage), dental, and vision. Denver Water carries commercial property insurance for catastrophic losses, including floods, fires, earthquakes and terrorism, for scheduled major facilities including the Denver Water Operations Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Treatment Plant, the Recycling Plant, and water turbines. It carries limited insurance for other nonscheduled miscellaneous locations. Denver Water also carries commercial insurance for life, accident, short-term and long-term disability, employee dishonesty, and fiduciary exposure.

Denver Water is also self-insured for workers' compensation and carries an excess liability (stop-loss) policy for individual claims exceeding \$500,000. Prior to February 1, 2016, Denver Water was insured for workers' compensation insurance by a large deductible policy whereby Denver Water was responsible for the first \$250,000 per claim with a maximum aggregate cost of \$2.6 million. Several claims remain open under this policy. In addition, Denver Water is at times party to pending or threatened lawsuits under which it may be required to pay certain amounts

upon their final disposition. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). IBNR is an estimate based on actuarial analysis and historical experience. At December 31, 2019, IBNR claims, consisting of workers' compensation, and medical and dental benefits were \$2.1 million. At December 31, 2019, there were no legal claims. Changes in the balances of these liabilities during 2018 and 2019 were as follows:

<b>Claims Liabilities</b>				
(amounts expressed in thousands)				
	Beginning Balance	Current-year Claims and Changes in Estimates	Claim Payments	Ending Balance
2019 \$	2,722	\$ 15,988	\$ (16,632)	\$ 2,078
2018	2,781	15,586	(15,645)	2,722

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

(6) NOTES AND BONDS PAYABLE

Notes Payable

On December 12, 2018, Denver Water executed a 5-year credit agreement with PNC Bank, N.A., effective January 1, 2019, to provide a variable-rate revolving line of credit for a maximum initial principal amount of \$60.0 million. The current line of credit replaces a \$30.0 million line of credit with Bank of America, N.A. which expired in November 2018. The credit facility contains an option to increase the credit amount to \$80.0 million. The line of credit contains a provision that in the event of default, the lender may take any or all of the following actions: (1) cease making any further advances, (2) convert the loan to a term loan at a specified default rate, (3) cause the default rate to apply to all outstanding amounts drawn on the line and (4) pursue any other remedies to which it is entitled under the credit agreement, at law or in equity. The line of credit has a subordinate pledge of and lien on the net revenue of Denver Water.

The funds drawn on the line of credit will be classified as long-term liabilities because the debt provisions permit refinancing the note on a long-term basis. There was a \$0 balance on the line of credit as of December 31, 2019.

Revenue Bonds Payable

Revenue bonds payable consists of water revenue improvement and refunding bonds of Denver Water. Denver Water has pledged to repay the bonds and related interest from net revenues and to maintain adequate rates to ensure its ability to do so. Coupon rates for the revenue bonds outstanding at December 31, 2019 ranged from 0.75% to 6.15% each year. The weighted average yield to maturity at issue for outstanding bonds was 3.26% for the year ended December 31, 2019. The weighted average yield to maturity for the Series 2009A and Series 2010B Build America revenue bonds is calculated net of the 35% interest subsidy, less the adjustment for the congressional sequestration. In 2019, the 35% subsidy was reduced by 5.9%. In accordance with the issuing bond resolutions, Denver Water has established a reserve fund for the revenue bonds totaling \$16.9 million at December 31, 2019.

The refunding Series 2012B, 2014A and 2016B resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding"). This difference, reported in the accompanying basic financial statements as a Deferred Outflow of Resources, is being amortized using the straight-line method as a

component of interest expense through 2037. The remaining unamortized amount of refunding of all bonds considered defeased is \$5.4 million at December 31, 2019.

The Series 2008 Master Resolution Water Revenue Bonds are direct placement bonds and were issued as Clean Renewable Energy Tax Bonds as defined in Section 54 of the internal revenue code of 1986. The Series 2008 bonds have an extraordinary mandatory redemption provision in the event the bonds lose their tax credit eligibility. In this event the bonds must be redeemed in full at a redemption price of 100% of the principal plus accrued interest to the date of redemption. The principal amount outstanding was \$360,000 at December 31, 2019.

A summary of debt maturity for the revenue bonds as of December 31, 2019 is as follows:

<b>Revenue Bonds</b>			
December 31, 2019			
(amounts expressed in thousands)			
<u>Year of Maturity:</u>	<u>Principal</u>	<u>Interest<sup>1</sup></u>	<u>Total</u>
Current:	\$ 18,475	\$ 23,962	\$ 42,437
Long-term:			
2021	19,305	23,085	42,390
2022	19,075	22,219	41,294
2023	19,900	21,384	41,284
2024	15,335	20,481	35,816
2025-2029	84,190	91,907	176,097
2030-2034	100,440	73,640	174,080
2035-2039	117,090	51,557	168,647
2040-2044	123,360	27,090	150,450
2045-2049	46,930	4,479	51,409
	545,625	335,842	881,467
Plus premium	24,475	-	24,475
Total long-term	570,100	335,842	905,942
	<u>\$ 588,575</u>	<u>\$ 359,804</u>	<u>\$ 948,379</u>

<sup>1</sup> Excludes Build America Bonds interest subsidy. Amounts received were approximately \$2.1 million in 2019. Denver Water is eligible to receive approximately \$26.9 million over the remaining life of the bonds, subject to appropriations by Congress.

(7) LEASES

Capital Lease

On July 21, 1992, Denver Water entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to Denver Water at the end of the lease term ownership, use and control of 40% of the storage capacity of Wolford, and 40% of the water rights. The present value of the minimum lease payments at the beginning of the lease term, including a \$2.4 million nonrefundable deposit, was \$43.0 million, and Denver Water recorded an asset and obligation under capital lease of that amount in 1992. The project was completed in the fall of 1995. The assets under the Wolford capital lease by major asset class, recorded in Utility Plant under Capital Lease, are as follows:

<b>Assets Under Capital Lease - Wolford Mountain</b>	
December 31, 2019	
(amounts expressed in thousands)	
Nondepreciable capital lease	\$ 42,980

Minimum capital lease payments were \$3.0 million during 2019. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2019:

<b>Obligation Under Capital Lease - Wolford Mountain</b>	
As of December 31, 2019	
(amounts expressed in thousands)	
Year Ending December 31:	
2020	1,500
Total minimum lease payments	1,500
Less interest at 6.75%	(49)
Present value of minimum lease payments (obligation under capital lease)	1,451
Less current portion	(1,451)
Total long-term	\$ -

Operating Leases

Denver Water is committed under various cancellable operating leases for property and equipment. Lease expenses for the year ended December 31, 2019 were \$0.6 million. Denver Water expects these leases to be replaced in the ordinary course of business with similar leases.

(8) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

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

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

During 2013, Colorado revised its solid waste regulations to require reporting for the Foothills and 41<sup>st</sup> and Independence drying beds, which were previously not required to be reported. Also, the change in regulations no longer requires recording a liability for postclosure care costs for drying beds if they are “clean closed,” which means that all residuals are removed upon closure. Despite this, the postclosure care liability for Ralston drying beds of \$1.1 million, has been included in 2019 pending receipt of a revised Certificate of Designation from Jefferson County.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, Denver Water reports a portion of the Foothills closure and postclosure care

costs as an operating expense and liability in each year based on landfill capacity used as of each *Statements of Net Position* date. Denver Water reports the entire liability for closure costs for the Foothills, Ralston, and 41<sup>st</sup> and Independence residual drying beds since they are not “filled” like a landfill but are reusable.

Approximately \$8.0 million was reported as *Waste Disposal Closure and Postclosure Care* liability in the *Statements of Net Position*, at December 31, 2019, for the sites as follows:

<b><u>Waste Disposal Closure and Postclosure Care Liability</u></b>				
December 31, 2019				
(amounts expressed in thousands)				
	Foothills	Ralston	41st & Independence	Total
Closure costs	\$ 2,854	\$ 2,888	\$ 769	\$ 6,511
Postclosure care costs	327	1,123	-	1,450
	<u>\$ 3,181</u>	<u>\$ 4,011</u>	<u>\$ 769</u>	<u>\$ 7,961</u>

These costs are based on the use of 24.8% of the active portion of the Foothills landfill at December 31, 2019, and 100% of the Foothills, Ralston, and 41<sup>st</sup> and Independence drying beds. Denver Water will recognize the remaining estimated cost of the Foothills postclosure care of \$1.0 million as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be approximately 74.2 years for the active disposal area of 61.7 acres. The Foothills, Ralston, and 41<sup>st</sup> and Independence drying beds have an indefinite life.

Denver Water is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. Denver Water chose the “Local Government Financial Test” which includes profitability requirements, minimum general obligation bond ratings, unmodified audit opinions, and the implementation of GASB No. 18.

(9) **CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2019 was as follows:

<b><u>Long-Term Liabilities</u></b>					
Year Ended December 31, 2019					
(amounts expressed in thousands)					
	December 31, 2018	2019		December 31, 2019	Due Within
	(Current and Long-Term)	Additions	Reductions	(Current and Long-Term)	One Year
Revenue bonds payable, net	\$ 611,733	\$ -	\$ (23,158)	\$ 588,575	\$ 18,475
Obligation under capital lease	4,212	-	(2,761)	1,451	1,451
Customer advances for construction	12,779	7,438	(4,265)	15,952	-
Compensated absences	10,402	376	(211)	10,567	6,387 <sup>1</sup>
Waste disposal closure	6,553	1,408	-	7,961	-
	645,679	<u>\$ 9,222</u>	<u>\$ (30,395)</u>	624,506	<u>\$ 26,313</u>
Less current portion	(28,162)			(26,313)	
Total long-term liabilities	<u>\$ 617,517</u>			<u>\$ 598,193</u>	

<sup>1</sup> Included in Payroll and Other Employee Benefits in the Statements of Net Position.

(10) PENSION PLAN

General Information about the Pension Plan

Plan Description

Denver Water sponsors and administers a trustee, single employer defined benefit pension plan, (the “Plan”). Members of the Plan include substantially all regular and discretionary full-time and part-time employees of Denver Water. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to Denver Water. The Plan contains provisions regarding amendments, including a provision for employee voting on amendments in specifically described situations.

In December 2016, Denver Water approved changes to the Plan with an effective date of January 1, 2018. Employees hired prior to January 1, 2018 qualify for pension benefits under Tier 1 of the Plan and will contribute up to 3% of their compensation, phased in at 1% each year, over three years beginning in 2018. There were no other substantive changes to the Tier 1 portion of the Plan. Employees hired after January 1, 2018 qualify for pension benefits under Tier II of the Plan and contribute 3% of their compensation beginning immediately upon hire. The Tier II Plan differs from the Tier I Plan in that the benefit multiplier is 1.75%, special early retirement benefits are under the rule of 85 at a minimum age of 60, and there is no cost of living adjustment. Unvested employees under either Tier, who leave employment will be refunded their contributions with an established rate of interest.

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

Benefits Provided

The Plan provides retirement benefits with limited annual cost-of-living adjustments to Tier 1 retired members and, if elected by the member, to his or her surviving spouse. There is no cost-of-living adjustment for Tier 2 employees. It also provides retirement service in the event of disability, and a \$5,000 death benefit to retirees receiving monthly payments from the plan. Retirement benefits for employees are calculated based on: (a) Tier 1 – the average final compensation during the 36 consecutive months out of the last 120 completed calendar months of employment with Denver Water that produce the highest average or Tier 2 – the average monthly compensation during the 60 consecutive completed calendar months in the last 120 completed calendar month of employment with Denver Water; (b) the “Covered Compensation” for Social Security tax purpose; (c) years of credited service; (d) age when pension benefit begins; and (e) the form chosen to receive pensions benefits. The basic monthly benefit from the Plan for normal retirement for Tier 1 employees at age 65 equals the sum of the following amounts: (1) .015 times the average final compensation times the number of years of credited service, and (2) .0045 times the average final compensation times the amount by which the average final compensation exceeds the covered compensation times the number of years of credited service. The basic monthly benefit from the Plan for normal retirement for Tier 2 employees at age 65 equals the sum of (1) .0175 times the average final compensation times the number of years of credited service. There are also early retirement options beginning at age 55 for Tier 1 employees and age 60 for Tier 2 employees. Monthly pension benefits for Tier 1 employees are automatically adjusted at the beginning of each year to reflect the annual rate of change in the Consumer Price Index from the previous year, limited to 4.4%.

Employees Covered by Benefit Terms

At January 1, 2018, the valuation date, the following employees were covered by the benefit terms:

<b><u>Employees Covered by Pension Plan Benefit Terms</u></b>	
	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	671
Inactive employees entitled to but not yet receiving benefits	120
Active employees	<u>1,034</u>
	<u>1,825</u>

### Contributions

Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend the contribution requirements to Denver Water. Denver Water's funding policy is established and may be amended by Denver Water, which acts as trustee of the Plan. Denver Water reserves the right to suspend, reduce, or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

On August 28, 2013, Denver Water adopted the Employees' Retirement Plan Funding Policy effective for 2014 and future years. The policy was last amended on May 23, 2018. The policy defines the objectives of Denver Water in funding the Plan. The policy sets out principles governing employee and employer contributions to the Plan. The primary funding objectives specified in the policy are to maintain a stable or increasing funded ratio and to minimize volatility of employer contributions. In accordance with the policy, Denver Water will base its contributions to the Plan on Actuarially Determined Contributions ("ADC") calculated annually by an independent actuary using agreed upon methods and assumptions developed by the Actuarial Standards Board, while considering any other facts and circumstances relevant to the funding decision. Effective January 1, 2018, the Plan also receives contributions from the participants as described in the Plan document. Denver Water has discretion to change the contribution rates in the future.

Denver Water contributed \$16.7 million to the Plan for the year ended December 31, 2019. Denver Water employees contributed \$1.7 million in 2019.

### Net Pension Liability

Denver Water has elected a measurement date for the current year-end as of the prior year end. Therefore, the net pension liability reported as of December 31, 2019 was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability for 2019 was determined by an actuarial valuation performed as of January 1, 2018.

### Actuarial Assumptions

The Entry Age Normal actuarial cost method was used to measure the total pension liability. The actuarial assumptions included a 7.00% investment rate of return, age-based salary increases ranging from 6.25% to 3.35% per year for funding, and a 2.75% inflation factor. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Effective January 1, 2014, the Plan's unfunded actuarial accrued liability will be amortized in level dollar amounts over 15 years on a layered basis, which more closely reflects the average period of active service of Plan members.

Mortality rates used were based on the Combined RP-2014 Healthy Employee Mortality Table with scale MP-2016.

The actuarial assumptions that determined the total pension liability as of January 1, 2018, were based on the results of an actuarial experience study performed in 2015.

### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Denver Water contributions will be made at approximately the current actuarially determined contribution rate. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of the 10-year geometric mean return for each major asset class are summarized in the following table:

<b>Target Asset Allocation and Long-Term Expected Return</b>		
As of January 1, 2018		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic fixed Income	17%	1.50%
Bank loans	5%	2.12%
Domestic Equity	30%	4.90%
International Equity	20%	5.00%
Private Equity	8%	6.25%
Real Estate	15%	4.00%
Hedge Funds	5%	3.25%
	<u>100%</u>	

*Sensitivity of the Net Pension Liability to Changes in Discount Rate*

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

<b>Sensitivity of the Net Pension Liability to Changes in Discount Rate</b>			
As of December 31, 2019			
(amounts expressed in thousands)			
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net pension liability	<u>\$150,365</u>	<u>\$98,213</u>	<u>\$54,223</u>

*Pension Plan Fiduciary Net Position*

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



Changes in the Net Pension Liability

<b><u>Changes in Net Pension Liability</u></b>			
As of December 31, 2019			
(amounts expressed in thousands)			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/18	\$ 418,036	\$ 360,715	\$ 67,301
Changes for the year:			
Service cost	9,070	-	9,070
Interest on total pension liability	29,285	-	29,285
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	6,700	-	6,700
Effect of assumption changes or inputs	-	-	-
Benefit payments	(22,055)	(22,055)	-
Employer contributions	-	18,000	(18,000)
Member contributions	-	662	(662)
Net investment income	-	(14,319)	14,319
Administrative expenses	-	(180)	180
Net changes	23,000	(17,892)	40,892
Balances at 12/31/19	\$ 441,036	\$ 342,823	\$ 98,213

For the year ended December 31, 2019, Denver Water recognized pension expense of \$25.3 million. At December 31, 2019, Denver Water reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Deferred Outflows and Inflows of Resources Related to Pensions</u></b>		
As of December 31, 2019		
(amounts expressed in thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Economic/demographic gains or losses	\$ 6,370	\$ 3,365
Net difference between projected and actual earnings	19,648	-
Assumption changes	19,559	-
Contributions made subsequent to measurement date	16,702	-
Total	<u>\$ 62,279</u>	<u>\$ 3,365</u>

The \$16.7 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, as of December 31, 2019, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

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

**Amortization of Deferred Outflows and Inflows  
of Resources Related to Pensions**

As of December 31, 2019

(amounts expressed in thousands)

Year ended December 31,	
2020	\$ 11,970
2021	7,931
2022	7,453
2023	11,727
2024	2,561
Thereafter	<u>570</u>
Total	<u>\$ 42,212</u>

(11) OTHER RETIREMENT PLANS

Denver Water sponsors and administers the Denver Water Supplemental Retirement Savings Plan (“SRSP”). The SRSP is a 401(k) defined contribution plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to Denver Water. All regular and discretionary employees are eligible to participate in the plan. Under the terms of the plan, Denver Water will make a matching contribution to the SRSP’s trust fund each year in an amount equal to 100% of each participant’s elective contributions, limited to 3% of the participant’s base salary for the year. During 2019, Denver Water made contributions totaling approximately \$2.1 million and members contributed approximately \$4.4 million to the SRSP. Employee rollovers from other plans to the SRSP were \$0.4 million in 2019.

Denver Water sponsors and administers a deferred compensation plan that is available for its employees, created in accordance with Internal Revenue Code Section 457. The plan is available to all regular and discretionary employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary. Denver Water may make discretionary employer contributions to a qualified participant. Discretionary employer contributions are limited by Treasury Regulations under I.R.S. Code §415, 401(a)(17).

(12) OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

A. Healthcare

Plan Description

Denver Water’s other postemployment benefits (“OPEB”) plan provides healthcare at a subsidized cost, for employees hired before January 16, 2012. Employees hired after January 16, 2012 can access Denver Water’s group healthcare benefit at full cost, without any subsidy. The postemployment healthcare benefit is provided through a single-employer plan. Denver Water provides this benefit under authority of Article X, Section 10.1.6 of the City Charter, which assigns the authority to establish and amend benefit and funding provisions to Denver Water. Payments of OPEB benefits are made on a pay as you go basis in amounts necessary to provide current benefits to recipients. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. This OPEB plan does not issue a separate report.

Benefits Provided

The OPEB plan provides benefits in the form of partially subsidized healthcare costs, until the retiree attains age 65. The benefit is provided through Denver Water’s self-insured health plan to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring

under the Special Early Retirement (Rule of 75) provision of Denver Water’s defined benefit pension plan and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from Denver Water’s defined benefit retirement plan and is not paid out of retirement plan funds. In January 2012, Denver Water discontinued its subsidy for this benefit for employees hired on or after January 16, 2012. However, employees can still access this program upon reaching age 60, at full cost. In January 2014, Denver Water changed the benefit for those hired after January 16, 2012, by increasing the minimum age from 55 to 60, with some transition options.

Employees Covered by Benefit Terms

At January 1, 2018, the valuation date, the following employees were covered by the benefit terms:

<b><u>Employees Covered by OPEB Plan Benefit Terms</u></b>	
	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	165
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>1,032</u>
Total	<u>1,197</u>

Total OPEB Liability

Denver Water has elected a measurement date for the current year end as of the prior year end. Therefore, the OPEB reported as of December 31, 2019 was measured as of December 31, 2018. The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2018.

Actuarial Assumptions and Other Inputs

The Entry Age Normal actuarial cost method was used to calculate the total OPEB liability. The actuarial assumptions included (a) 3.71% discount rate, (b) healthcare cost trend rates, based on the Getzen Model, starting at 7.5% and gradually decreasing to an ultimate trend rate of 4.25%, and (c) 28% retiree and long-term disability recipient’s share of benefit-related costs. The liability will be amortized in level dollar amounts over 30 years on an open basis.

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

Mortality rates were based on the RP-2014 Combined Healthy Mortality table projected using MP-2016.

The actuarial assumptions that determined the total OPEB liability as of January 1, 2018 were based on the results of an actuarial Assumption Review performed in 2015.

Changes in the Total OPEB Liability

<b><u>Changes in Total OPEB Liability</u></b>	
As of December 31, 2019	
(amounts expressed in thousands)	
	<u>Total OPEB Liability (a)</u>
Balances at 12/31/18	\$ 16,970
Changes for the year:	
Service cost	511
Interest on total OPEB liability	533
Changes in benefit terms	-
Difference between expected and actual experience	(1,812)
Changes in assumptions or other inputs	(327)
Benefit payments	<u>(2,272)</u>
Net changes	<u>(3,367)</u>
Balances at 12/31/19	<u>\$ 13,603</u>

Changes in assumptions and other inputs reflect a change in the municipal bond rate from 3.31% to 3.71%.

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

The following represents the total OPEB liability of Denver Water, calculated using the discount rate of 3.71%, as well as what Denver Water’s total OPEB liability would be if it were calculated using the discount rate that is one percentage point lower or one percentage point higher than the current rate:

<b><u>Sensitivity of the Net OPEB Liability to Changes in Discount Rate</u></b>			
As of December 31, 2019			
(amounts expressed in thousands)			
	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	<u>\$ 14,437</u>	<u>\$ 13,603</u>	<u>\$ 12,818</u>

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

The following represents the total OPEB liability of Denver Water, calculated using the healthcare cost trend rate starting at 7.5% and gradually decreasing to 4.25%, as well as what Denver Water’s total OPEB liability would be if it were calculated using the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

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

As of December 31, 2019

(amounts expressed in thousands)

	1% Decrease (6.5% decreasing to 3.25%)	Healthcare Cost Trend Rates (7.5% decreasing to 4.25%)	1% Increase (8.5% decreasing to 5.25%)
Total OPEB liability	\$ 12,488	\$ 13,603	\$ 14,869

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

For the year ended December 31, 2019, Denver Water recognized OPEB expense of \$0.7 million. At December 31, 2019, Denver Water reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

As of December 31, 2019

(amounts expressed in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,076
Assumption changes	364	294
Contributions after measurement date	1,648	-
Total	\$ 2,012	\$ 3,370

The \$1.6 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, as of December 31, 2019, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020.

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

**Amortization of Deferred Outflows and Inflows  
of Resources Related to OPEB**

As of December 31, 2019

(amounts expressed in thousands)

Year ended December 31,	
2020	\$ (352)
2021	(351)
2022	(351)
2023	(351)
2024	(352)
Thereafter	<u>(1,249)</u>
Total	<u>\$ (3,006)</u>

**B. Long-term Disability**

Denver Water also provides a long-term disability (“LTD”) insured plan for each employee who attains regular status. Denver Water provides this benefit under authority of Article X, Section 10.1.6 of the City Charter, which assigns the authority to establish and amend benefit provisions to Denver Water. The insured plan provides for an 84-day elimination period for LTD benefits with a benefit of 60% of pay to a maximum of \$10,000 per month. Benefits are payable during the first two years if the disabled employee is incapable of employment at his or her own occupation with a 20% or more loss in indexed monthly earnings. Thereafter, benefits are payable provided the disabled employee continues to experience 20% or more reduction in indexed monthly earnings while working in any occupation or is incapable of employment at any occupation. Benefit duration depends on age at disability. Benefits are payable to age 65 for disabilities that occur before age 60. If the disability occurs after age 60, benefit duration depends on a benefit payment schedule. Because under the insured plan the obligation for the payment of benefits has been transferred to the insurance company, it is not included in the calculation of the OPEB liability. In 2019, Denver Water paid approximately \$235,000 in LTD premiums, respectively. This OPEB plan does not issue a separate report.

**(13) POLLUTION REMEDIATION LIABILITY**

**Operations Complex Redevelopment (OCR) Project:**

In 2016, as part of the OCR project, a site assessment determined that a portion of the soil around the Operations Complex was contaminated with Polycyclic Aromatic Hydrocarbons, or ash. The source of the ash is unknown. Approximately \$402,000 was expensed in 2019 for the disposal of the contaminated soils and an additional \$302,000 in remediation costs were incurred for the abatement and testing of the Three Stone and the existing Administration Building. At the end of 2019, a liability was accrued for \$150,000 to dispose of the remaining identified contaminated soil, \$15,000 to import backfill material replacing soils that had been hauled off-site during 2019 and \$35,000 for abatement and testing. The assumptions used to estimate the remaining liability were based on rough order of magnitude cost estimates developed by Mortenson for work already completed, but not yet billed. This work was associated with the removal of contaminated soil and the import of backfill material from the proposed Administration Building basement footprint and the Three Stone Building associated with Phase II construction. The actual costs could vary depending on the full reconciliation of these expenditures.

**Hillcrest Pump Station:**

At the end of 2019, a liability was accrued for \$51,000 for asbestos removal at Hillcrest Pump Station. The estimated costs for the asbestos abatement was based on pricing developed by PetroChem and includes transit panels, window caulking, and boiler removal. The liability also includes abatement for four footing locations.

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

**(14) CAPITAL CONTRIBUTIONS**

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

<b><u>Capital Contributions</u></b>		
December 31, 2019		
(amounts expressed in thousands)		
	<u>CIAC</u>	<u>SDC</u>
Inception through December 31, 2018	\$ 577,919	\$ 867,239
2019 Additions	<u>15,957</u>	<u>38,561</u>
Inception through December 31, 2019	<u>\$ 593,876</u>	<u>\$ 905,800</u>

(15) CONTINGENCIES

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

(16) CONTRACT COMMITMENTS

Contractual commitments as of December 31, 2019 for construction and other purposes are estimated at \$964.7 million.

North System Renewal

Denver Water's North System was constructed in the 1930s, when the surrounding area was mostly farmland. Now, 80 years later, the North System is reaching the end of its lifespan requiring replacement of pipelines, valves and updating water treatment technology. The North System Renewal Project is one of the largest construction projects in Denver Water history. It includes the Northwater Treatment Plant, the replacement of Conduit 16, and the expansion of Gross Reservoir.

The Treatment Plant and Conduit 16 replacement combined have a projected cost of nearly \$600.0 million, which includes building an 8.5-mile water pipeline, making modifications to the Moffat Treatment Plant, and building the new Northwater Treatment Plant. The centerpiece of the project will be a state-of-the-art treatment plant and pipeline in Jefferson County, north of Golden. The plant will be capable of treating up to 75 million gallons of water a day with room for expansion, and will incorporate sustainability practices throughout its operations, including making use of alternative energy sources like hydropower. Design and early construction of the new treatment plant is complete, and the construction for the new pipeline began in the fall of 2017. The entire project is scheduled to be completed in 2024.

The Gross Reservoir Expansion Project will raise the dam height by 131 feet from the current 340 feet to 471 feet. The storage capacity of the Reservoir will be increased from its current capacity of 41,811 acre-feet to approximately 118,811 acre-feet, an increase of approximately 77,000 acre-feet, which includes 5,000 acre-feet for an environmental pool. Most of the additional capacity will be used for future challenges such as drought, fires, and growth on the north side of the collection system. The environmental pool will provide additional water for South Boulder Creek during low flow periods. The target completion date for the expansion is the end of 2026. The estimated cost of the expansion is \$464.0 million.

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

(17) FIDUCIARY PENSION TRUST FUNDS INVESTMENTS

Denver Water has two retirement plans that are reported in Fiduciary Pension Trust Funds. These are the Employees' Retirement Plan (the Plan) and the Employees' Supplemental Savings Retirement Plan (SSRP). The investment information for these plans is included below. Both plans issue a publicly available financial report that includes the basic financial statements. These can be found on the Denver Water website.

A. EMPLOYEES' RETIREMENT PLAN (THE PLAN)

Investment Policy

The Plan's investment policy and any changes to the policy are adopted by the Board acting in its capacity as Trustee of the Plan. The most recent version of the policy was approved on April 11, 2018. Revisions to the policy included changes to the language concerning proxy voting responsibilities, additions to the language surrounding the liquidity needs of the Plan, additional language that defines the policy review process, modification to the asset class structure

by removing private real estate from the alternative asset class to a separate asset class, and revisions to the long-term asset allocation ranges.

The primary objective of the Board's investment policy is to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial-assumed rate of return and to prudently manage the inherent investment risks that are related to the achievement of this goal. The Board recognizes that the investment objective is long-term in nature, and that actual year-to-year returns achieved may be above or below the actuarially assumed rate of return.

Long-term asset allocation ranges are developed based on several factors including: the long-term investment goals of the Plan; the Board's tolerance for short-term losses; the Plan's liquidity needs; and any legal or regulatory requirements.

As of December 31, 2019 the Plan's long-term asset allocation ranges were as follows:

<b>Employees' Retirement Plan</b>	
<b><u>Long-Term Asset Allocation Ranges</u></b>	
Year ended December 31, 2019	
<u>Asset segment</u>	<u>Allowable range</u>
Public Equities	40–65%
Fixed Income	10–40%
Real Estate	10–20%
Alternative	5–20%

Money Weighted Rate of Return

For the year ended December 31, 2019, the annual money weighted rate of return on Plan investments, net of investment expense, was 17.1%. 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.

Custody and Management of Assets

During 2019, 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 2019, the Plan assets were managed by the following investment managers:



Aberdeen Asset Management Inc.	Since August 2015
AllianceBernstein L.P.	Since May 2018
Barings LLC formerly Babson Capital Management LLC	Since August 2013
BlackRock 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
Pantheon Access (US) L.P.	Since January 2019
Principal Global Investors, LLC	Since March 2016
Fidelity Institutional Asset Management	Since July 2011
RREEF America LLC	Since January 2015
UBS Realty Investors, LLC	Since May 1998
Winslow Capital Management, LLC	Since August 2011

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 custodial risk. At December 31, 2019, this amount was \$1.8 million. However, at December 31, 2019, an additional \$1.8 million in cash was held within the trust and \$84 thousand of cash was held with a separate account manager which were not subject to custodial credit risk.

Interest Rate Risk

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

<b>Employees' Retirement Plan</b>						
<b><u>Schedule of Interest Rate Risk – Segmented Time Distribution of Investment Maturities</u></b>						
December 31, 2019						
(amounts expressed in thousands)						
<u>Investment type</u>	<u>Fair value/NAV</u>	<u>&lt; 1 year</u>	<u>1-6 years</u>	<u>6-10 years</u>	<u>10+ years</u>	<u>Maturity not determined<sup>1</sup></u>
Other fixed income funds	\$ 80,189	-	-	-	-	\$ 80,189

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds,

external investment pools, and other pooled investments are excluded. As of December 31, 2019, the Plan had no single issuer that exceeded 5% of total investments.

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, 2019 are listed below. For securities with split ratings, the lowest rating is shown.

<b>Employees' Retirement Plan</b>			
<b><u>Schedule of Credit Risk</u></b>			
December 31, 2019			
(amounts expressed in thousands)			
Investment type	Quality Rating	Fair value	Percentage of Asset Class
Other fixed income funds	NR/NA <sup>1</sup>	<u>\$80,189</u>	100%

<sup>1</sup> NR/NA indicates the securities were either not able to be categorized into any other ratings or the rating was not available to the custodian.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. The Plan holds investments in mutual funds and a hedge fund whose underlying securities are invested in multiple foreign currencies and are subject to foreign currency risk.

The following table provides the Plan's maximum exposure to foreign currency risk as a percentage of its asset class as of December 31, 2019:

<b>Employees' Retirement Plan</b>	
<b><u>Schedule of Assets in Foreign Currencies</u></b>	
December 31, 2019	
	Percentage of asset class invested in foreign currencies
Common stock funds	29.4%
Hedge fund	39.3%
Private equity	7.5%

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 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, 2019.

Fair Value of Investments

The Plan has the following recurring fair value measurements as of December 31, 2019:

<b>Employees' Retirement Plan</b>				
<b><u>Investments and Derivative Instruments Measured at Fair Value</u></b>				
December 31, 2019				
(amounts expressed in thousands)				
	December 31, 2019	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level				
Debt securities				
Other fixed income funds	\$ 80,189	\$ -	\$ 80,189	\$ -
Total debt securities	<u>80,189</u>	<u>-</u>	<u>80,189</u>	<u>-</u>
Equity securities				
Common stock funds	227,400	210,153	17,247	-
Total equity securities	<u>227,400</u>	<u>210,153</u>	<u>17,247</u>	<u>-</u>
Total investments by fair value level	<u>307,589</u>	<u>\$ 210,153</u>	<u>\$ 97,436</u>	<u>\$ -</u>
Investments measured by the net asset value (NAV)				
Real estate funds	47,725			
Hedge fund	19,320			
Private equity funds	16,500			
Total investments measured at the NAV	<u>83,545</u>			
Total investments measured at fair value	<u>\$ 391,134</u>			

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. The Plan did not hold any investments categorized within Level 3. Pricing for all securities was provided by a third-party pricing vendor and developed in accordance with the provisions of GASB Statement No. 72 *Fair Value Measurement and Application*. The valuation for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2019 are presented on the following table:

<b>Employees' Retirement Plan</b>				
<b><u>Investments Measured at the NAV</u></b>				
December 31, 2019				
(amounts expressed in thousands)				
	NAV	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Real estate funds	\$ 47,725	\$ 1,381	Quarterly/None	45-90 days
Hedge fund	19,320	-	Quarterly	45-90 days
Private equity funds	16,500	36,953	None	N/A
Total investments measured at the NAV	<u>\$ 83,545</u>	<u>\$ 38,334</u>		

### Real Estate funds

This fund category includes three open-end and one closed-end real estate funds. Open-end funds are reported at fair value based upon the NAV of shares/units held at year end, provided by fund managers. The closed-end 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 represents approximately 12.2% of the value of the investments in this type, cannot be redeemed. Distributions from the fund are received as the underlying investments of the funds are liquidated. It is expected that the fund life of the underlying assets will be 10 years from the initial draw down date with two one-year extensions, at the discretion of the manager.

### Hedge fund

This fund category includes an investment in 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.

### Private Equity Funds

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

Pantheon is a global private equity fund-of-funds manager. The Pantheon Global Select 2018 fund, will invest in growth equity, mega-buyouts, large buyout, small/mid buyout, and special situation strategies with one opt-out provisions for early-stage venture capital, and two opt-in allocations for secondary investments, and co-investments. The fund intends to focus geographically on the U.S. 50%-60%, Europe 20%-30%, and Asia/Rest-of-World 15%-25%.

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

The investment in the private equity funds of funds 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 fund life of the underlying assets will be 12 to 15 years from the initial draw down date.

A. EMPLOYEES' SUPPLEMENTAL RETIREMENT SAVINGS PLAN (SRSP)

Participant Investment Options

The following table lists the investment options available to participants and the value of each option at December 31, 2019 (amounts are expressed in thousands):

	<u>2019</u>
American Beacon Small CP Val Institutional	\$ 3,892
American Funds Washington Mutual	8,916
Arrowstreet Intl Equity ACWI Ex US Class A	4,209
Baron Growth Institutional	4,616
Cohen & Streers Institutional Global Realty	1,064
Fidelity Global Ex US Index	2,377
Fidelity Total Market Index	17,946
Fidelity US Bond Index	3,354
Frost Total Return Bond Institutional	3,909
Galliard Retirement Income Fund <sup>1</sup>	12,869
Northern Global Sustainability Index	2,080
PIMCO High Yield Institutional	2,164
T. Rowe Price Growth Stock Fund I	8,537
Vanguard Inflation-Protected Secs Adm	2,727
Vanguard Target Retirement 2015 Inv	1,874
Vanguard Target Retirement 2020 Inv	2,743
Vanguard Target Retirement 2025 Inv	11,397
Vanguard Target Retirement 2030 Inv	1,800
Vanguard Target Retirement 2035 Inv	7,254
Vanguard Target Retirement 2040 Inv	2,281
Vanguard Target Retirement 2045 Inv	5,247
Vanguard Target Retirement 2050 Inv	697
Vanguard Target Retirement 2055 Inv	1,419
Vanguard Target Retirement 2060 Inv	552
Vanguard Target Retirement 2065 Inv	28
Vanguard Target Retirement Income Inv	1,110
Vanguard Total Intl BD Idx Admiral	695
Vanguard Treasury Money Market Inv	1,044
Total investments	\$ <u><u>116,801</u></u>

<sup>1</sup> Commingled fund

The Supplemental Retirement Savings Plan (SRSP) offered 26 mutual funds (including 12 target date funds), one money market fund and one commingled fund as investment options as of December 31, 2019. The net investment income (including gains and losses on investments bought and sold, as well as income received on investments during the year) during 2019 was approximately \$20.0 million and is presented within net appreciation in fair value on the Statement of Changes in Fiduciary Net Position.

Fair Value

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.

The SRSP has the following recurring fair value measurements as of December 31, 2019:

<b><u>Employees' Supplemental Retirement Savings Plan</u></b>				
<b><u>Investments Measured at Fair Value</u></b>				
December 31, 2019				
(amounts expressed in thousands)				
	12/31/2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual Funds	\$ 102,888	\$ 102,888	\$ -	\$ -
Commingled Funds	12,869	-	12,869	-
Total investments by fair value level	<u>115,757</u>	<u>\$ 102,888</u>	<u>\$ 12,869</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money market funds	1,044			
Total investments	<u>\$ 116,801</u>			

(18) SUBSEQUENT EVENTS

The Board has evaluated subsequent events through May 5, 2020, which is the date the basic financial statements were available to be issued, and has identified the following subsequent events:

2020 Bond Issuance

The Board is planning to issue a maximum of \$160 million of Series 2020A capital improvement revenue bonds and a maximum of \$145 million Series 2020B refunding bonds on May 6, 2020. The Series 2020A proceeds will be used to fund a portion of capital expenditures for 2020 and reimburse a portion of capital expenditures incurred in 2019. The Series 2019B proceeds will be used to replace certain series of currently outstanding bonds with a lower cost debt.

COVID-19

Denver Water is actively evaluating the Covid-19 situation. Emergency management procedures are in place and there may be an impact to revenues and expenses but the magnitude is unknown.

During the period from January 1, 2020, through May 5, 2020, both domestic and international equity markets have experienced large declines. These losses are not included in the financial statements of Denver Water or its fiduciary funds as of and for the year ended December 31, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

**DENVER WATER**  
**CITY AND COUNTY OF DENVER, COLORADO**  
 REQUIRED SUPPLEMENTARY INFORMATION  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
 2010 - 2019  
 (amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total pension liability</b>										
Service cost	\$ 9,070	\$ 8,522	\$ 7,330	\$ 6,757	\$ 6,071	\$ 6,046	\$ -	\$ -	\$ -	\$ -
Interest	29,285	27,728	26,237	25,820	25,044	24,051	-	-	-	-
Effect of plan changes	-	-	-	-	-	-	-	-	-	-
Effect of economic/demographic (gains) or losses	6,700	(2,255)	(3,348)	801	-	2,037	-	-	-	-
Effect of changes of assumptions	-	22,250	-	10,152	-	-	-	-	-	-
Benefit payments	(22,055)	(19,927)	(19,932)	(20,693)	(20,365)	(17,850)	-	-	-	-
<b>Net change in pension liability</b>	<b>23,000</b>	<b>36,318</b>	<b>10,287</b>	<b>22,837</b>	<b>10,750</b>	<b>14,284</b>	-	-	-	-
<b>Total pension liability-beginning</b>	<b>418,036</b>	<b>381,718</b>	<b>371,431</b>	<b>348,594</b>	<b>337,844</b>	<b>323,560</b>	-	-	-	-
<b>Total pension liability-ending (a)</b>	<b>441,036</b>	<b>418,036</b>	<b>381,718</b>	<b>371,431</b>	<b>348,594</b>	<b>337,844</b>	-	-	-	-
<b>Plan fiduciary net position</b>										
Employer contributions	18,000	18,000	14,500	14,500	14,500	15,000	-	-	-	-
Member contributions	662	-	-	-	-	-	-	-	-	-
Net investment income	(14,319)	48,273	21,326	2,473	18,523	39,023	-	-	-	-
Benefit payments	(22,055)	(19,927)	(19,932)	(20,693)	(20,365)	(17,850)	-	-	-	-
Administrative expense	(180)	(48)	(52)	(44)	(144)	(116)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(17,892)</b>	<b>46,298</b>	<b>15,842</b>	<b>(3,764)</b>	<b>12,514</b>	<b>36,057</b>	-	-	-	-
<b>Plan fiduciary net position-beginning</b>	<b>360,715</b>	<b>314,417</b>	<b>298,575</b>	<b>302,339</b>	<b>289,825</b>	<b>253,768</b>	-	-	-	-
<b>Plan fiduciary net position-ending (b)</b>	<b>342,823</b>	<b>360,715</b>	<b>314,417</b>	<b>298,575</b>	<b>302,339</b>	<b>289,825</b>	-	-	-	-
<b>Net pension liability-ending (a)-(b)</b>	<b>\$ 98,213</b>	<b>\$ 57,321</b>	<b>\$ 67,301</b>	<b>\$ 72,856</b>	<b>\$ 46,255</b>	<b>\$ 48,019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	77.73%	86.29%	82.37%	80.39%	86.73%	85.79%	-	-	-	-
<b>Covered payroll</b>	\$ 82,151	\$ 77,159	\$ 75,740	\$ 75,990	\$ 71,847	\$ 71,940	\$ -	\$ -	\$ -	\$ -
<b>Net position liability as a percentage of covered payroll</b>	119.55%	74.29%	88.86%	95.88%	64.38%	66.75%	-	-	-	-

**Notes to schedule:**

Information prior to 2014 was not available.

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



**DENVER WATER**  
**CITY AND COUNTY OF DENVER, COLORADO**  
 REQUIRED SUPPLEMENTARY INFORMATION  
**Schedule of Denver Water Pension Contributions**  
 2010 - 2019  
 (amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 16,411	\$ 18,489	\$ 18,089	\$ 14,017	\$ 14,068	\$ 13,532	\$ 11,958	\$ 12,256	\$ 12,414	\$ 12,639
Contributions in relation to the actuarially determined contribution	16,702	18,000	18,000	14,500	14,500	14,500	15,000	14,300	15,400	12,639
Contribution deficiency (excess)	<u>\$ (291)</u>	<u>\$ 489</u>	<u>\$ 89</u>	<u>\$ (483)</u>	<u>\$ (432)</u>	<u>\$ (968)</u>	<u>\$ (3,042)</u>	<u>\$ (2,044)</u>	<u>\$ (2,986)</u>	<u>\$ -</u>
Covered payroll	\$ 81,654	\$ 82,151	\$ 77,159	\$ 75,740	\$ 75,990	\$ 71,847	\$ 71,940	\$ 71,172	\$ 69,927	\$ 70,372
Contributions as a percentage of covered payroll	20.45%	21.91%	23.33%	19.14%	19.08%	20.18%	20.85%	20.09%	22.02%	17.96%

**Notes to schedule:**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, layered
Remaining amortization period	15 years
Asset valuation method	3-year smoothed market
Inflation	2.75%
Salary increases	Aged-based rates from 6.25% to 3.35%
Investment rate of return	7.00% investment rate of return (net of administrative expenses and including an inflation component of 2.75%)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality rates were based on the Combined RP-2014 Healthy Mortality Table projected with scale MP-2016.
Cost-of-Living-Adjustment	2.75%

**DENVER WATER**  
**CITY AND COUNTY OF DENVER, COLORADO**  
 REQUIRED SUPPLEMENTARY INFORMATION  
**Schedule of Changes in the Net Other Postemployment Benefits Liability and Related Ratios**  
 2010 - 2019  
 (amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total OPEB liability</b>										
Service cost	\$ 511	\$ 558	\$ 655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	533	700	736	-	-	-	-	-	-	-
Effect of plan changes	-	-	-	-	-	-	-	-	-	-
Effect of economic/demographic (gains) or losses	(1,812)	(1,813)	-	-	-	-	-	-	-	-
Effect of changes of assumptions	(327)	457	-	-	-	-	-	-	-	-
Benefit payments	(2,272)	(2,326)	(2,254)	-	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(3,367)</b>	<b>(2,424)</b>	<b>(863)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total OPEB liability-beginning</b>	<b>16,970</b>	<b>19,394</b>	<b>20,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total OPEB liability-ending (a)</b>	<b>\$ 13,603</b>	<b>\$ 16,970</b>	<b>\$ 19,394</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered payroll</b>	<b>\$ 82,151</b>	<b>\$ 78,369</b>	<b>\$ 78,510</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>16.56%</b>	<b>21.65%</b>	<b>24.70%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to schedule:**

Information prior to 2017 was not available.

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

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

2019 3.71%

2018 3.31%

OTHER SUPPLEMENTARY INFORMATION

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

**Revenue Water Improvement and Refunding Bonds Outstanding**

December 31, 2019

(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2019	Amount			Bonds Which Are Callable	
		Issued	Retired	Outstanding	Callable	Initial Date
					Amount	Callable
Mar 22, 2007A	3.000%	\$ 100,000	\$ (79,890)	\$ 20,110	\$ 20,110	Dec 15, 2017
Jun 23, 2008A	0.750%	1,800	(1,440)	360	-	Not callable
June 2, 2009A	5.000-6.150%	44,000	(3,745)	40,255	40,255	Dec 15, 2019
Sep 28, 2010B	3.375-5.170%	90,000	(8,170)	81,830	78,990	Dec 15, 2020
May 22, 2012A	3.500-5.000%	36,555	(2,575)	33,980	32,040	Dec 15, 2021
Jun 26, 2012B	3.000-5.000%	108,545	(82,790)	25,755	16,315	Dec 15, 2021
Sep 16, 2014A	3.000-5.000%	48,670	(4,645)	44,025	43,730	Dec 15, 2023
May 24, 2016A	2.500-5.000%	94,755	(18,165)	76,590	59,530	Sep 15, 2026
May 24, 2016B	2.000-5.000%	63,470	(6,705)	56,765	33,455	Sep 15, 2026
May 24, 2017A	3.000-5.000%	142,665	-	142,665	121,010	Sep 15, 2027
May 24, 2017B	3.000-5.000%	41,765	-	41,765	41,765	Sep 15, 2027
		<u>\$ 772,225</u>	<u>\$ (208,125)</u>	564,100	<u>\$ 487,200</u>	
Plus premium				24,475		
Total Revenue Bonds				<u>\$ 588,575</u>		

See accompanying independent auditors' report.

**DENVER WATER**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**Summary of Revenue Bond Debt Service Requirements Outstanding**  
December 31, 2019  
Years 2020 to 2049, inclusive  
(amounts expressed in thousands)

Year	Rev. Bond Retirements (Exhibit II-C)	Rev. Bond Interest <sup>1</sup> (Exhibit II-D)	Total Debt Service	Build America Bonds Interest Subsidy <sup>2</sup>
2020	\$ 18,475	\$ 23,962	\$ 42,437	\$ 2,069
2021	19,305	23,085	42,390	2,019
2022	19,075	22,219	41,294	1,960
2023	19,900	21,384	41,284	1,897
2024	15,335	20,481	35,816	1,828
2025	15,715	19,809	35,524	1,781
2026	16,390	19,082	35,472	1,776
2027	17,095	18,324	35,419	1,690
2028	17,625	17,674	35,299	1,651
2029	17,365	17,018	34,383	1,503
2030	18,545	16,326	34,871	1,403
2031	19,355	15,554	34,909	1,297
2032	20,190	14,735	34,925	1,186
2033	20,995	13,957	34,952	1,069
2034	21,355	13,068	34,423	948
2035	22,215	12,154	34,369	822
2036	23,010	11,289	34,299	689
2037	23,880	10,360	34,240	550
2038	24,090	9,386	33,476	406
2039	23,895	8,368	32,263	254
2040	23,255	7,325	30,580	97
2041	23,710	6,372	30,082	-
2042	24,515	5,459	29,974	-
2043	25,350	4,516	29,866	-
2044	26,530	3,418	29,948	-
2045	17,645	2,265	19,910	-
2046	14,285	1,464	15,749	-
2047	15,000	750	15,750	-
2048	-	-	-	-
2049	-	-	-	-
	<u>564,100</u>	<u>359,804</u>	<u>923,904</u>	<u>26,895</u>
Plus premium	<u>24,475</u>	<u>-</u>	<u>24,475</u>	<u>-</u>
	<u>\$ 588,575</u>	<u>\$ 359,804</u>	<u>\$ 948,379</u>	<u>\$ 26,895</u>

<sup>1</sup> Excludes Build America Bonds interest subsidy.

<sup>2</sup> Receipt of Build America Bonds interest subsidy is subject to appropriations by Congress.

See accompanying independent auditors' report.

**DENVER WATER**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**Schedule of Bond Retirements for Revenue Bonds Outstanding**  
 December 31, 2019  
 Years 2020 to 2049, inclusive  
 (amounts expressed in thousands)

Year	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2014A Improv/Ref	Series 2016A Improv/Ref	Series 2016B Refunding	Series 2017A Improvement	Series 2017B Improvement	Total
2020	\$ -	\$ 120	\$ 1,325	\$ 2,840	\$ 945	\$ 3,635	\$ -	\$ 3,735	\$ 3,590	\$ 2,285	\$ -	\$ 18,475
2021	-	120	1,370	2,910	995	5,805	-	2,770	2,940	2,395	-	19,305
2022	-	120	1,420	2,980	1,045	5,950	-	1,975	3,070	2,515	-	19,075
2023	-	-	1,475	3,055	1,095	6,200	295	1,965	3,200	2,615	-	19,900
2024	-	-	1,530	3,140	1,140	995	330	2,105	3,345	2,750	-	15,335
2025	-	-	1,595	3,230	1,185	755	360	2,210	3,495	2,885	-	15,715
2026	-	-	1,660	3,330	1,230	780	390	2,300	3,670	3,030	-	16,390
2027	-	-	1,730	3,430	1,280	805	420	2,395	3,855	3,180	-	17,095
2028	-	-	1,805	3,540	1,340	830	450	2,455	3,930	3,275	-	17,625
2029	-	-	1,885	3,660	1,400	-	475	2,515	4,020	970	2,440	17,365
2030	4,665	-	1,970	3,780	1,460	-	505	2,585	-	-	3,580	18,545
2031	4,900	-	2,065	3,910	1,530	-	530	2,660	-	-	3,760	19,355
2032	5,145	-	2,160	4,050	1,595	-	560	2,735	-	-	3,945	20,190
2033	5,400	-	2,265	4,190	1,670	-	585	2,820	-	-	4,065	20,995
2034	-	-	2,370	4,340	1,745	-	610	2,905	5,120	-	4,265	21,355
2035	-	-	2,480	4,495	1,820	-	640	2,990	5,310	-	4,480	22,215
2036	-	-	2,600	4,650	1,885	-	665	3,080	5,500	-	4,630	23,010
2037	-	-	2,720	4,815	1,960	-	695	3,180	5,720	-	4,790	23,880
2038	-	-	2,850	4,985	2,040	-	720	3,285	-	4,400	5,810	24,090
2039	-	-	2,980	5,160	2,120	-	750	3,385	-	9,500	-	23,895
2040	-	-	-	5,340	2,205	-	960	3,485	-	11,265	-	23,255
2041	-	-	-	-	2,295	-	6,350	3,590	-	11,475	-	23,710
2042	-	-	-	-	-	-	8,885	3,695	-	11,935	-	24,515
2043	-	-	-	-	-	-	9,240	3,810	-	12,300	-	25,350
2044	-	-	-	-	-	-	9,610	3,920	-	13,000	-	26,530
2045	-	-	-	-	-	-	-	4,040	-	13,605	-	17,645
2046	-	-	-	-	-	-	-	-	-	14,285	-	14,285
2047	-	-	-	-	-	-	-	-	-	15,000	-	15,000
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 20,110</u>	<u>\$ 360</u>	<u>\$ 40,255</u>	<u>\$ 81,830</u>	<u>\$ 33,980</u>	<u>\$ 25,755</u>	<u>\$ 44,025</u>	<u>\$ 76,590</u>	<u>\$ 56,765</u>	<u>\$ 142,665</u>	<u>\$ 41,765</u>	564,100
Plus premium												24,475
												<u>\$ 588,575</u>

See accompanying independent auditors' report.

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

**Schedule of Bond Interest for Revenue Bonds Outstanding<sup>1</sup>**

December 31, 2019  
Years 2020 to 2049, inclusive  
(amounts expressed in thousands)

Year	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2014A Improv/Ref	Series 2016A Improv/Ref	Series 2016B Refunding	Series 2017A Improvement	Series 2017B Improvement	Total
2020	\$ 604	\$ 3	\$ 2,407	\$ 3,867	\$ 1,440	\$ 1,030	\$ 1,699	\$ 2,576	\$ 2,099	\$ 6,535	\$ 1,702	\$ 23,962
2021	604	2	2,337	3,768	1,393	853	1,699	2,388	1,919	6,420	1,702	23,085
2022	604	1	2,262	3,664	1,343	621	1,699	2,250	1,772	6,301	1,702	22,219
2023	603	-	2,182	3,553	1,291	383	1,699	2,152	1,619	6,200	1,702	21,384
2024	603	-	2,097	3,431	1,247	135	1,685	2,053	1,459	6,069	1,702	20,481
2025	603	-	2,009	3,300	1,201	95	1,671	1,948	1,292	5,987	1,703	19,809
2026	603	-	1,913	3,161	1,154	73	1,657	1,860	1,117	5,842	1,702	19,082
2027	603	-	1,813	3,015	1,105	49	1,645	1,768	933	5,691	1,702	18,324
2028	603	-	1,709	2,859	1,047	25	1,633	1,708	856	5,532	1,702	17,674
2029	603	-	1,601	2,694	987	-	1,619	1,643	768	5,401	1,702	17,018
2030	603	-	1,488	2,520	924	-	1,605	1,574	678	5,353	1,581	16,326
2031	463	-	1,370	2,337	858	-	1,590	1,503	678	5,353	1,402	15,554
2032	317	-	1,246	2,141	789	-	1,574	1,423	678	5,353	1,214	14,735
2033	161	-	1,116	1,939	718	-	1,556	1,341	678	5,353	1,095	13,957
2034	-	-	980	1,730	642	-	1,537	1,257	677	5,353	892	13,068
2035	-	-	838	1,510	564	-	1,517	1,169	524	5,353	679	12,154
2036	-	-	686	1,283	500	-	1,495	1,080	365	5,353	527	11,289
2037	-	-	526	1,047	425	-	1,473	979	186	5,353	371	10,360
2038	-	-	360	800	346	-	1,448	876	-	5,353	203	9,386
2039	-	-	183	543	265	-	1,423	778	-	5,176	-	8,368
2040	-	-	-	276	180	-	1,397	676	-	4,796	-	7,325
2041	-	-	-	-	92	-	1,363	572	-	4,345	-	6,372
2042	-	-	-	-	-	-	1,109	464	-	3,886	-	5,459
2043	-	-	-	-	-	-	754	353	-	3,409	-	4,516
2044	-	-	-	-	-	-	385	239	-	2,794	-	3,418
2045	-	-	-	-	-	-	-	121	-	2,144	-	2,265
2046	-	-	-	-	-	-	-	-	-	1,464	-	1,464
2047	-	-	-	-	-	-	-	-	-	750	-	750
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 7,577</u>	<u>\$ 6</u>	<u>\$ 29,123</u>	<u>\$ 49,438</u>	<u>\$ 18,511</u>	<u>\$ 3,264</u>	<u>\$ 36,932</u>	<u>\$ 34,751</u>	<u>\$ 18,298</u>	<u>\$ 136,919</u>	<u>\$ 24,985</u>	<u>\$ 359,804</u>

<sup>1</sup> Excludes Build America Bonds interest subsidy. See Exhibit II-B.  
See accompanying independent auditors' report.

**DENVER WATER FIDUCIARY PENSION TRUST FUNDS**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**Statements of Fiduciary Net Position**

December 31, 2019

(amounts expressed in thousands)

	Employees' Retirement Plan	Supplemental Retirement Savings Plan	Total Fiduciary Pension Trust Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,720	\$ -	\$ 3,720
Investments, at fair value			
Mutual funds	-	102,888	102,888
Commingled funds	-	12,869	12,869
Money market funds	-	1,044	1,044
Common stock funds	227,400	-	227,400
Other fixed income funds	80,189	-	80,189
Real estate	47,725	-	47,725
Hedge fund	19,320	-	19,320
Private equity	16,500	-	16,500
Total investments	<u>391,134</u>	<u>116,801</u>	<u>507,935</u>
Receivables			
Dividends, interest and other receivables	418	-	418
Employer contributions	-	99	99
Employee contributions	88	214	302
Participant loans	-	1,767	1,767
Total receivables	<u>506</u>	<u>2,080</u>	<u>2,586</u>
Total assets	<u>395,360</u>	<u>118,881</u>	<u>514,241</u>
<b>Liabilities:</b>			
Accrued administrative/advisory expense	38	13	51
Accrued investment expense	118	-	118
Securities payable	306	-	306
Total liabilities	<u>462</u>	<u>13</u>	<u>475</u>
Fiduciary net position	<u>\$ 394,898</u>	<u>\$ 118,868</u>	<u>\$ 513,766</u>



**DENVER WATER FIDUCIARY PENSION TRUST FUNDS**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**Statements of Changes in Fiduciary Net Position**

Year Ended December 31, 2019

(amounts expressed in thousands)

	Employees' Retirement Plan	Supplemental Retirement Savings Plan	Total Fiduciary Pension Trust Funds
<b>Additions:</b>			
Employer contributions	\$ 16,702	\$ 2,084	\$ 18,786
Employee contributions	1,713	4,371	6,084
Participant rollovers	-	427	427
Total contributions	<u>18,415</u>	<u>6,882</u>	<u>25,297</u>
<b>Investment income:</b>			
Net appreciation in fair value	56,210	17,120	73,330
Interest	1,237	-	1,237
Dividends	2,277	2,913	5,190
Real estate income, net of operating expenses	1,208	-	1,208
	<u>60,932</u>	<u>20,033</u>	<u>80,965</u>
Less investment expense	(2,289)	-	(2,289)
Net investment income (loss)	<u>58,643</u>	<u>20,033</u>	<u>78,676</u>
<b>Other additions:</b>			
Miscellaneous income	-	13	13
Participant interest on loans	-	96	96
Total other additions	<u>-</u>	<u>109</u>	<u>109</u>
Total additions	<u>77,058</u>	<u>27,024</u>	<u>104,082</u>
<b>Deductions:</b>			
Benefits paid	24,750	8,774	33,524
Death benefits	35	-	35
Refunds of employee contributions	15	-	15
Administrative expenses	183	87	270
Participant investment advisory fees	-	56	56
Total deductions	<u>24,983</u>	<u>8,917</u>	<u>33,900</u>
Net increase (decrease) in net position	52,075	18,107	70,182
<b>Fiduciary net position restricted for pension:</b>			
Beginning of year	342,823	100,761	443,584
End of year	<u>\$ 394,898</u>	<u>\$ 118,868</u>	<u>\$ 513,766</u>

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### III - STATISTICAL SECTION - CONTENTS AND EXPLANATIONS

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

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

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

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

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(continued)

III- STATISTICAL SECTION - CONTENTS AND EXPLANATIONS (continued)

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**E - Operating Information** **III - 53**

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

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

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

## STATISTICAL SUMMARY: 2010 - 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Population served <sup>1</sup>	<b>1,323,000</b>	1,306,000	1,275,000	1,249,000	1,210,000	1,172,000	1,161,000	1,147,000	1,135,000	1,125,000
Total treated water consumption (million gallons) <sup>2</sup>	<b>64,787.55</b>	67,149.48	63,808.64	65,003.83	60,115.97	61,185.27	60,212.44	71,968.70	68,260.80	69,695.40
Average daily consumption (million gallons)	<b>177.50</b>	183.97	174.82	178.09	164.70	167.63	165.00	196.64	187.02	190.95
Average daily consumption per capita (gallons) <sup>1</sup>	<b>134</b>	141	137	142	136	143	142	171	165	170
Maximum daily consumption (million gallons)	<b>371.11</b>	396.40	364.92	355.88	344.26	335.20	355.00	398.20	366.40	365.81
Maximum hour treated water use rate (million gallons per day)	<b>572.60</b>	637.00	628.50	592.00	499.30	603.60	591.00	628.00	546.80	577.75
Raw water storage capacity (acre-feet) <sup>3</sup>	<b>570,196</b>	569,648	569,648	568,642	569,534	569,534	569,534	569,534	569,534	561,883
Replacement reservoir storage capacity (acre-feet)	<b>129,487</b>	131,996	125,993	122,432	122,432	122,432	122,432	122,432	122,432	122,432
Supply from South Platte River (acre-feet) <sup>4</sup>	<b>151,288</b>	78,967	132,115	158,324	166,561	148,680	142,915	85,765	117,559	151,891
Supply from Blue River/Roberts Tunnel system (acre-feet)	<b>80,424</b>	56,101	86,124	40,795	39,801	77,765	111,564	54,394	148,643	74,674
Supply from Moffat system (acre-feet)	<b>98,804</b>	86,144	79,639	75,551	73,016	73,585	141,159	54,523	93,763	76,318
Treated water pumping capacity (mgd)	<b>1,048.4</b>	1,048.4	1,048.4	1,048.4	1,048.4	1,007.9	1,007.9	1,003.3	1,003.3	1,095.9
Raw water pumping capacity (mgd)	<b>112.2</b>	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2
Treatment plant capacity (mgd) <sup>6</sup>	<b>650.0</b>	650.0	715.0	715.0	715.0	715.0	715.0	715.0	715.0	715.0
Treated water reservoir capacity (million gallons)	<b>351.8</b>	351.8	351.4	351.4	351.4	353.3	353.3	381.7	371.7	371.7
Raw water supply mains in miles (mountain collection system)	<b>87.1</b>	77.5	77.5	77.3	77.4	77.4	77.4	77.5	77.5	76.9
Raw water supply mains in miles (metropolitan Denver area)	<b>57.8</b>	57.0	57.1	54.3	54.2	54.0	52.3	47.7	47.7	47.1
Transmission & distribution mains (miles) - Inside City and Outside City Total Service Contract distributors	<b>3,175.7</b>	3,158.5	3,142.6	3,109.3	3,091.7	3,074.2	3,058.2	3,050.1	3,041.0	3,037.0
Recycled water transmission & distribution mains (miles)	<b>72.4</b>	71.7	70.4	73.5	67.2	67.0	63.1	49.0	45.0	44.2
Total active taps - end of year	<b>312,283</b>	312,675	312,746	312,876	312,653	312,908	312,228	310,463	309,269	309,562
Fire hydrants operated & maintained	<b>22,219</b>	21,195	20,967	20,556	20,269	20,030	19,818	19,670	19,553	19,439
Fire hydrants tested and repaired	<b>23,643</b>	24,922	25,990	23,909	18,093	29,506	25,177	25,112	26,760	21,103
Breaks in mains - Denver	<b>294</b>	275	275	225	262	191	222	232	313	261
Service leaks	<b>597</b>	538	508	503	542	337	719	402	385	287
Total employees (actual)	<b>1,047.7</b>	1,000.7	1,033.3	1,058.0	1,057.3	1,064.6	1,064.9	1,082.5	1,069.8	1,089.1
Additions to capital assets (thousands)	<b>\$ 221,640</b>	\$ 228,169	\$ 182,880	\$ 152,528	\$ 131,054	\$ 125,374	\$ 93,421	\$ 128,277	\$ 113,071	\$ 125,816
Total long-term debt <sup>5</sup> (thousands)	<b>\$ 590,026</b>	\$ 615,945	\$ 642,877	\$ 463,553	\$ 416,196	\$ 418,200	\$ 414,013	\$ 434,945	\$ 415,644	\$ 449,828

<sup>1</sup> Population estimated based on treated water customers only.

<sup>2</sup> Denver Water has three potable water treatment facilities.

<sup>3</sup> Denver Water has 15 raw water reservoirs.

<sup>4</sup> Supply includes effluent exchanges.

<sup>5</sup> Long-term debt consists of current and long-term portions of bonds payable and obligations under capital lease, net of discounts and premiums, plus notes payable. Effective in 2012, deferred amounts on refunding are no longer included.

<sup>6</sup> In 2018, Moffat Treatment plant capacity was de-rated from 185 MGD to 120 MGD due to construction on Conduit 16.

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## A - FINANCIAL TRENDS INFORMATION

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

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## NET POSITION BY COMPONENT<sup>1,2</sup>: 2010 - 2019

NET POSITION:	(amounts expressed in thousands)									
	Restated 2019 <sup>5</sup>	2018	Restated 2017 <sup>4</sup>	2016	2015	Restated 2014 <sup>3</sup>	2013	2012	2011	2010
Net investment in capital assets	\$ 2,068,071	\$ 1,946,849	\$ 1,803,684	\$ 1,788,250	\$ 1,735,020	\$ 1,641,601	\$ 1,579,642	\$ 1,513,582	\$ 1,454,710	\$ 1,401,820
Restricted for debt service reserve funds	12,578	14,038	12,743	14,005	12,047	12,375	12,327	12,274	13,746	18,912
Other restricted	56	56	400	500	-	-	-	-	-	-
Unrestricted	194,967	233,678	263,856	202,692	170,963	171,648	230,159	217,297	169,602	162,077
Total net position	\$ 2,275,672	\$ 2,194,621	\$ 2,080,683	\$ 2,005,447	\$ 1,918,030	\$ 1,825,624	\$ 1,822,128	\$ 1,743,153	\$ 1,638,058	\$ 1,582,809

<sup>1</sup> Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when constraints placed on net position use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

<sup>2</sup> The above data was extracted from the audited financial statements of Denver Water.

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

<sup>4</sup> The 2017 financial statements were restated as part of the implementation of GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*.

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

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION<sup>1,2</sup>: 2010 - 2019

	(amounts expressed in thousands)									
	Restated 2019 <sup>5</sup>	2018	Restated 2017 <sup>4</sup>	2016	2015	Restated 2014 <sup>3</sup>	2013	2012	2011	2010
<b>OPERATING REVENUES:</b>										
Water	\$ 303,728	\$ 307,743	\$ 286,139	\$ 273,238	\$ 241,836	\$ 239,288	\$ 230,482	\$ 271,575	\$ 239,186	\$ 224,489
Power generation and other	13,427	12,813	12,366	11,216	10,224	11,380	12,141	12,764	11,481	10,187
Total operating revenues	<b>317,155</b>	320,556	298,505	284,454	252,060	250,668	242,623	284,339	250,667	234,676
<b>OPERATING EXPENSES:</b>										
Source of supply, pumping, treatment and distribution	107,693	88,231	84,733	82,418	75,972	83,091	68,722	75,846	79,881	79,400
General and administrative	104,741	99,469	97,926	103,380	81,994	85,347	81,494	66,433	66,077	73,926
Customer service	14,198	11,660	11,001	11,370	9,962	10,851	12,894	13,929	14,394	14,150
Depreciation and amortization	51,345	51,667	62,348	50,352	47,897	45,772	45,805	46,363	48,961	38,322
Total operating expenses	<b>277,977</b>	251,027	256,008	247,520	215,825	225,061	208,915	202,571	209,313	205,798
OPERATING INCOME	<b>39,178</b>	69,529	42,497	36,934	36,235	25,607	33,708	81,768	41,354	28,878
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Investment income	8,394	6,219	2,140	1,603	1,479	1,552	1,488	1,451	1,201	1,336
Interest expense, less capitalized interest	(21,603)	(22,093)	(12,711)	(11,446)	(13,049)	(12,664)	(13,602)	(14,217)	(17,719)	(16,630)
Gain (loss) on disposition of capital assets	(18,475)	(2,823)	(11,443)	(6,348)	(4,720)	(5,394)	(2,171)	(4,331)	(6,011)	(15,533)
Other income	8,275	6,982	7,996	7,426	5,595	6,143	6,606	5,882	6,147	7,931
Other expense	(2,175)	(3,869)	(2,657)	(1,861)	(2,499)	(2,252)	(2,939)	(2,164)	(4,408)	(2,336)
Total nonoperating expenses, net	<b>(25,584)</b>	(15,584)	(16,675)	(10,626)	(13,194)	(12,615)	(10,618)	(13,379)	(20,790)	(25,232)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<b>13,594</b>	53,945	25,822	26,308	23,041	12,992	23,090	68,389	20,564	3,646
<b>CAPITAL CONTRIBUTIONS:</b>										
Contributions in aid of construction	15,957	19,113	14,781	22,147	33,256	23,190	21,424	17,163	17,239	10,861
System development charges	38,561	40,880	42,486	38,962	36,109	32,736	34,461	19,543	17,446	16,942
Total capital contributions	<b>54,518</b>	59,993	57,267	61,109	69,365	55,926	55,885	36,706	34,685	27,803
INCREASE IN NET POSITION	<b>68,112</b>	113,938	83,089	87,417	92,406	68,918	78,975	105,095	55,249	31,449
<b>NET POSITION:</b>										
Beginning of year	2,194,621	2,080,683	2,005,447	1,918,030	1,825,624	1,822,128	1,743,153	1,638,058	1,582,809	1,551,360
Cumulative effect of restatements	12,939		(7,853)			(65,422)				
Restated beginning net position	<b>2,207,560</b>		1,997,594			1,756,706				
End of year	<b>\$ 2,275,672</b>	\$ 2,194,621	\$ 2,080,683	\$ 2,005,447	\$ 1,918,030	\$ 1,825,624	\$ 1,822,128	\$ 1,743,153	\$ 1,638,058	\$ 1,582,809

<sup>1</sup> The above data was extracted from the audited financial statements of Denver Water.

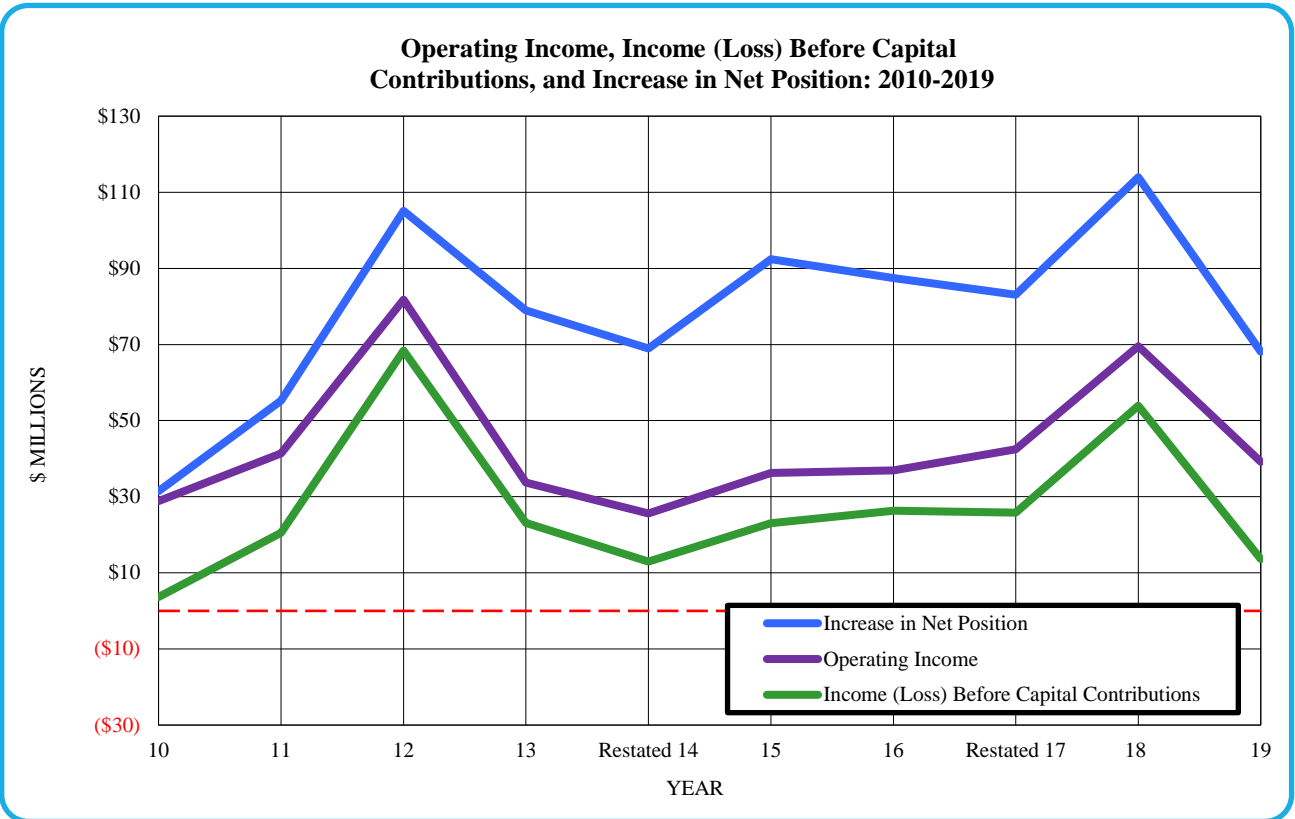
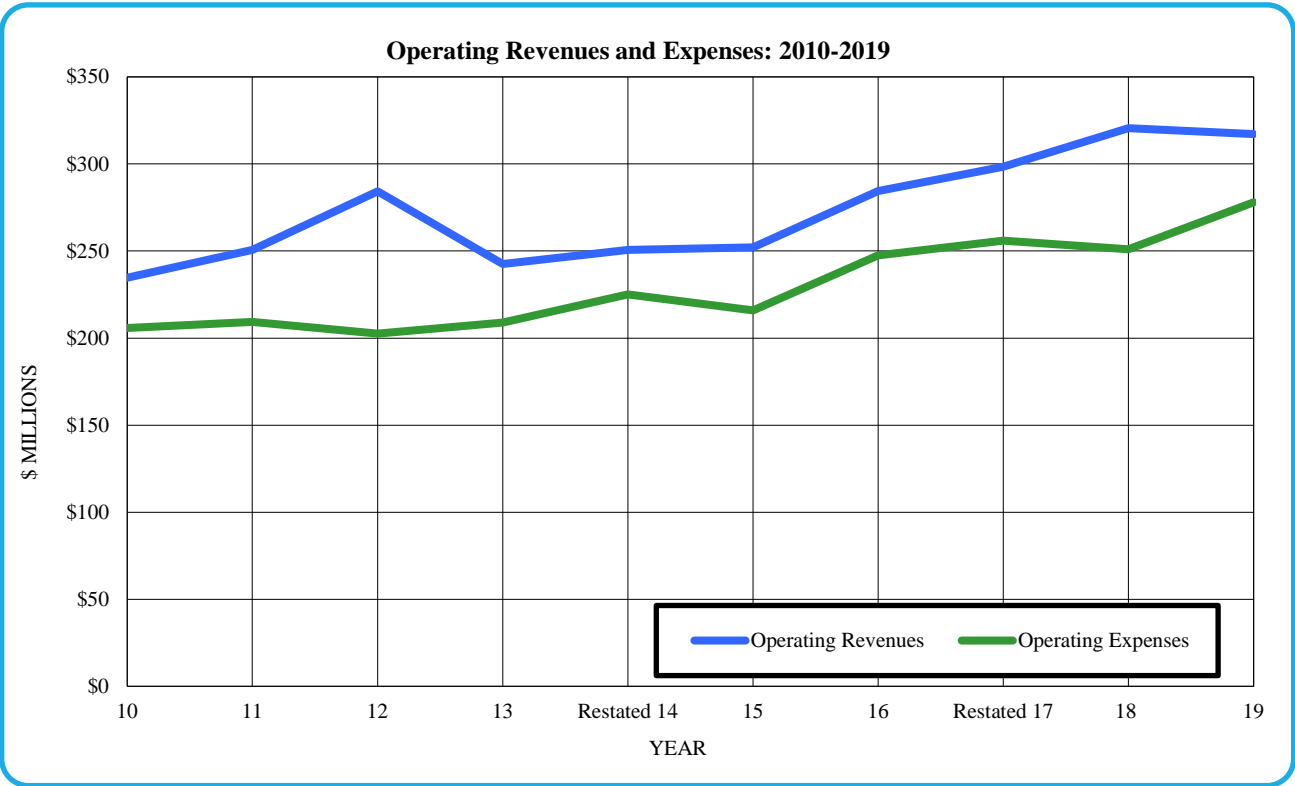
<sup>2</sup> Certain reclassifications have been made to prior years' information to conform to the current year presentation.

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

<sup>4</sup> The 2017 financial statements were restated as part of the implementation of GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*.

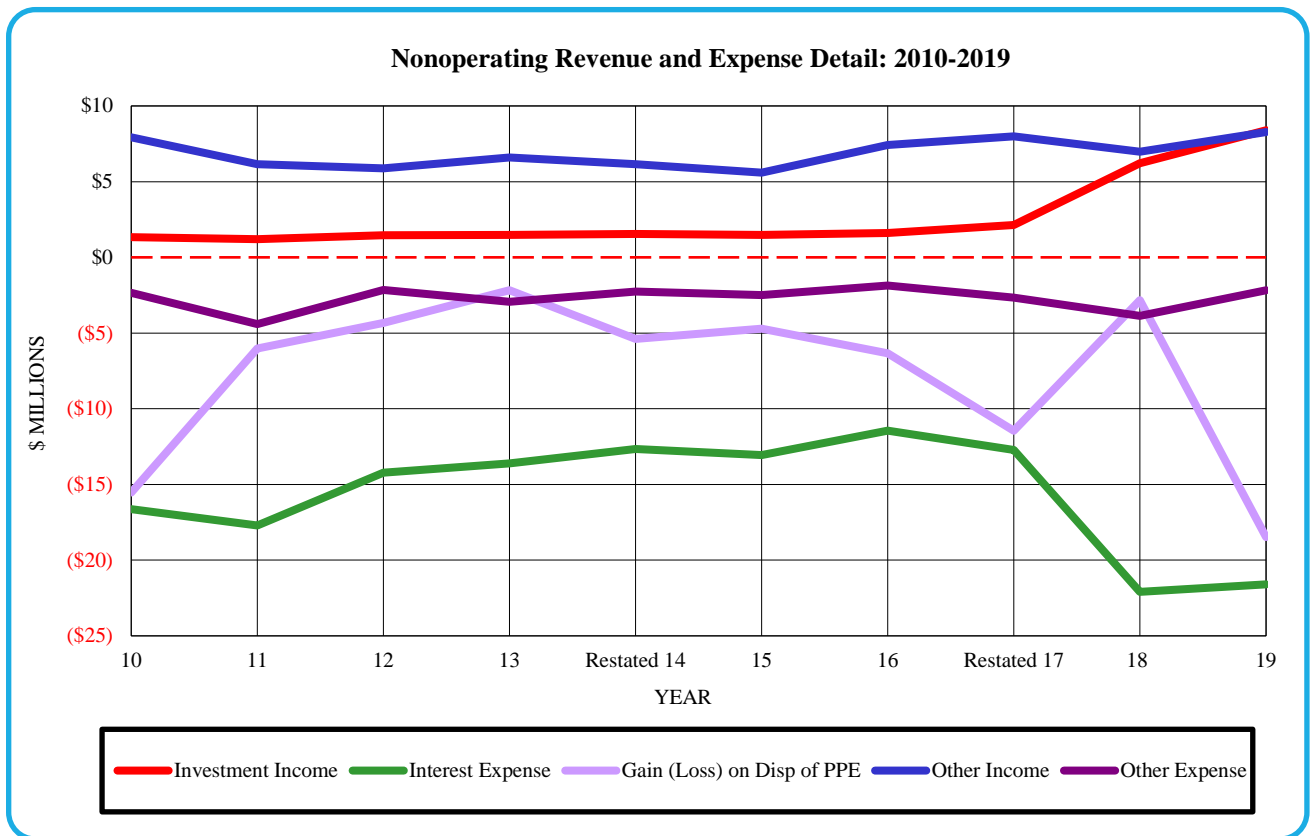
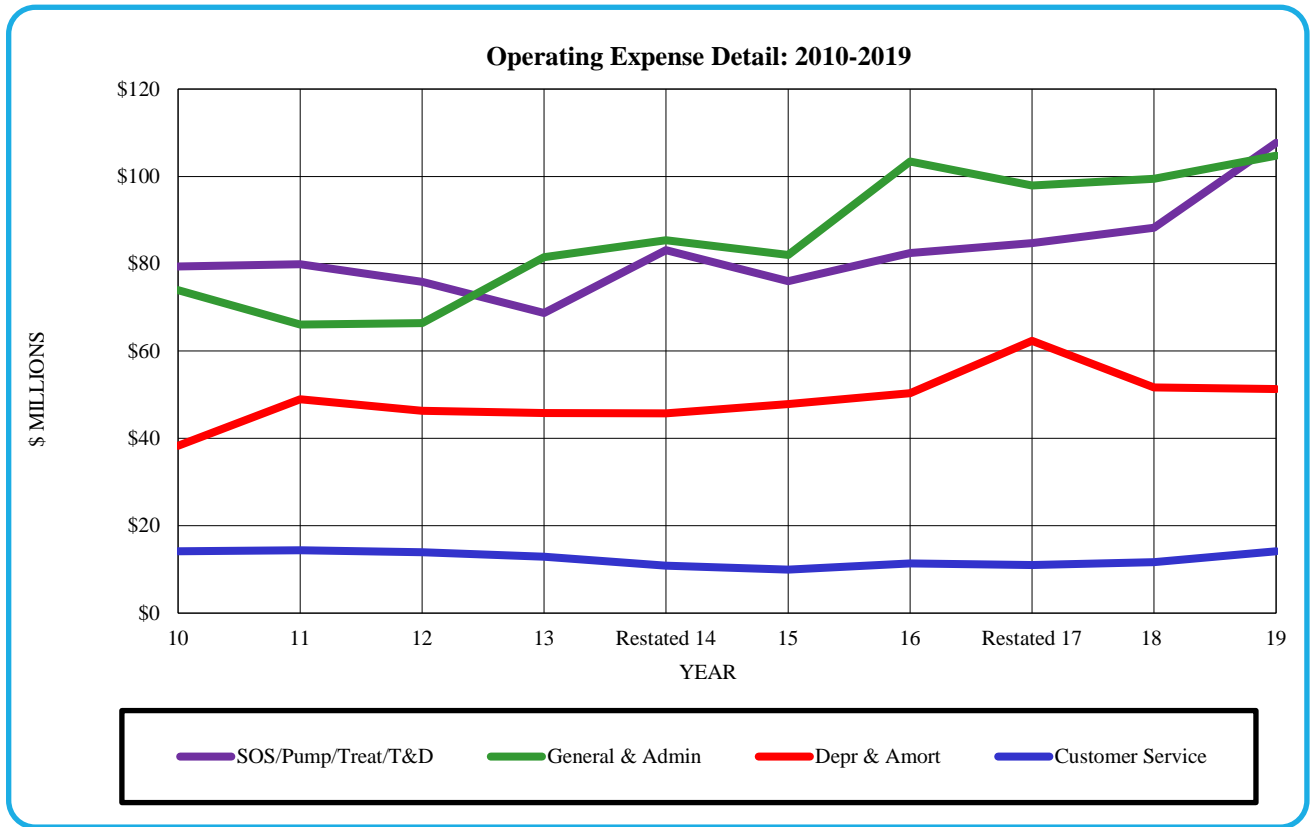
<sup>5</sup> The 2019 beginning net position was restated for the cumulative effect of reversing the amortization taken on the Wolford Mountain capital lease.

REVENUES, EXPENSES AND CHANGES IN NET POSITION - 10 YEAR GRAPHS<sup>1</sup>: 2010 - 2019



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

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

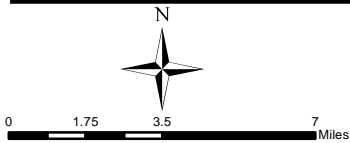
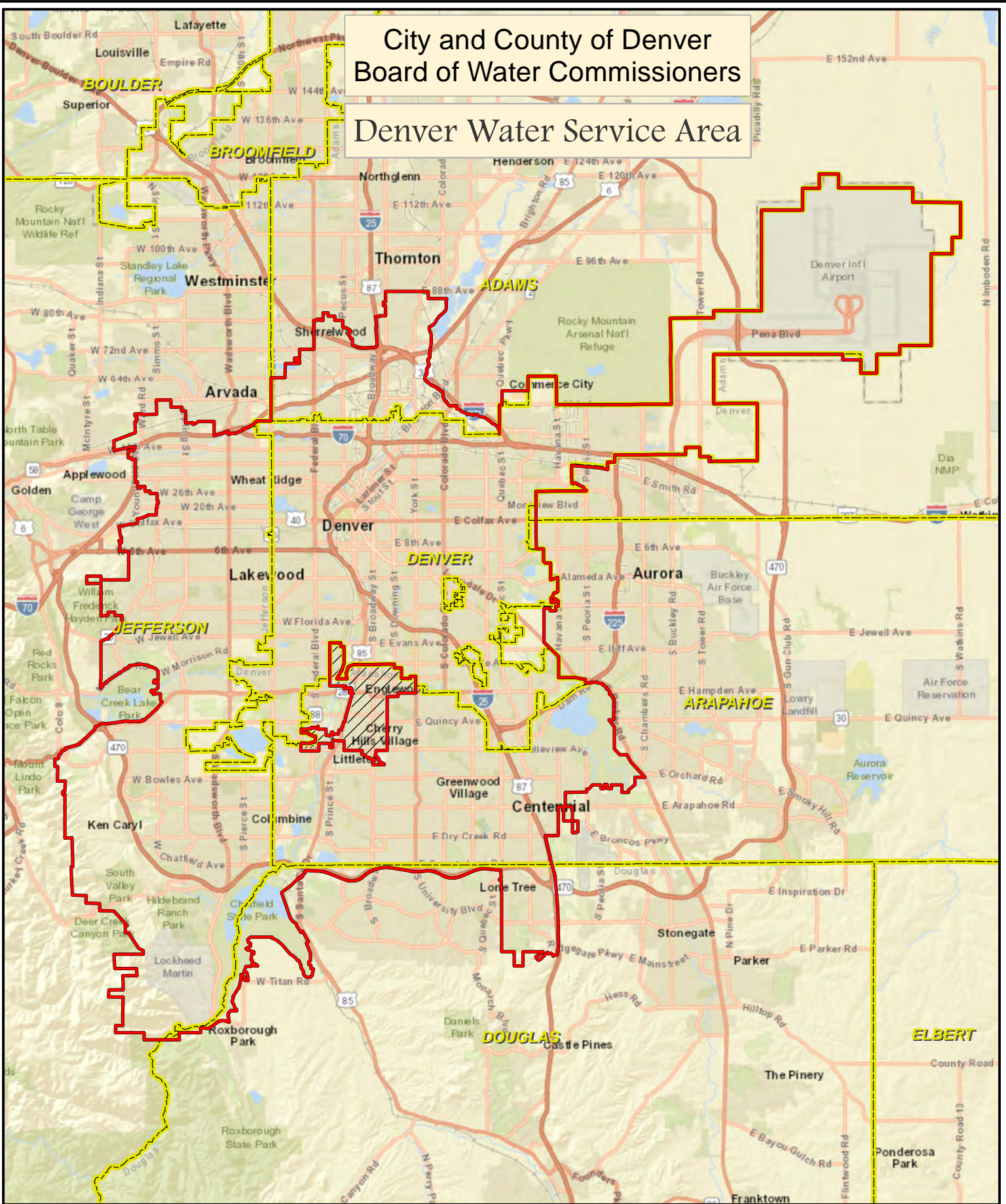
## B - REVENUE CAPACITY INFORMATION

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

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# City and County of Denver Board of Water Commissioners Denver Water Service Area



## Legend

- Denver Water Service Area
- Not served by Denver Water
- County Boundaries



Map Date: 7/15/2019  
 Author: ARG-MLF  
 Source(s):

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**CUSTOMER SERVICE DATA: 2010 - 2019**

	2019	2018	2017	2016	2015	2014	2013	2012	2011 <sup>5</sup>	2010
<u>Active Taps:</u> <sup>1</sup>										
Beginning of Year	312,691	312,746	312,876	312,653	312,908	312,228	310,463	309,272	309,562	310,068
Activated During Year	944	887	992	1,139	1,105	1,250	2,377	1,539	23	886
Discontinued During Year	(1,352)	(942)	(1,122)	(916)	(1,360)	(570)	(612)	(348)	(313)	(1,392)
Net Increase During Year	(408)	(55)	(130)	223	(255)	680	1,765	1,191	(290)	(506)
Total Active Taps - End of Year	312,283	312,691	312,746	312,876	312,653	312,908	312,228	310,463	309,272	309,562
<u>Active Taps:</u> <sup>1</sup>										
Inside City	161,346	161,670	161,746	161,816	161,611	161,997	161,668	160,205	159,302	159,592
City and County	1,182	1,201	1,215	1,225	1,229	1,236	1,334	1,218	1,204	1,277
Outside City - Read and Bill	37,043	37,048	37,050	37,051	37,020	36,911	36,795	36,637	36,542	36,477
Outside City - Total Service	36,475	36,504	36,466	36,462	36,452	36,408	36,473	36,318	36,270	36,376
Outside City - Master Meter	76,237	76,268	76,269	76,322	76,341	76,356	75,958	76,085	75,954	75,840
Total Active Taps - End of Year	312,283	312,691	312,746	312,876	312,653	312,908	312,228	310,463	309,272	309,562
Stub-Ins on System <sup>2</sup>	1,249	1,807	2,203	1,179	766	1,146	811	514	651	367
Fire Hydrant Use Permits	768	741	708	730	673	631	550	518	527	439
AMR (Automatic Meter Reading) Installations <sup>3</sup>	-	-	-	-	-	-	-	-	895	886
Turn-Offs Due to Delinquent Accounts	7,953	8,169	7,287	6,275	4,996	5,630	4,746	5,463	6,125	6,687
In-Home Water Audits <sup>7</sup>	-	119	1,170	1,172	1,005	1,162	976	609	480	409
Call Center Calls <sup>4</sup>	227,166	215,766	218,411	230,002	231,620	214,867	227,736	231,533	221,291	213,065
Water Quality Calls:										
Taste and Odor	291	226	176	214	213	180	219	212	169	221
Dirty Water	500	382	359	296	335	300	326	289	333	309
Illness Concerns	65	49	57	49	56	47	50	48	46	51
Other <sup>6</sup>	3,473	2,650	1,279	654	94	89	192	99	89	128
New Taps Made	2,115	2,242	2,806	2,710	2,165	2,289	1,941	950	906	583

<sup>1</sup> An active tap is defined as a metered connection to the distribution main that has had all fees paid, and is either currently using water, or has used water at any time during the last five consecutive years.

Does not include taps sold to raw water customers.

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

<sup>3</sup> AMR represents large capital investments to replace old batteries in the AMRs, not day to day replacements of meters.

<sup>4</sup> Call Center Calls include calls offered, plus calls handled through the Interactive Voice Response (IVR).

<sup>5</sup> In 2011, there were 895 taps activated during the year. 875 change over taps were double counted in prior years which were corrected in 2011.

<sup>6</sup> Starting in 2016, customers were given the opportunity to request lead test kits to test lead levels in the water in their homes. These calls are tracked in the "other" category.

<sup>7</sup> Water audits decreased significantly due to conservation program changes where the focus has shifted to efficiency and using benchmarks for water use. Going forward, water audits will occur for customers who meet efficiency improvement guidelines.



**WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2010 - 2019**

		(non-accrual basis) <sup>1</sup> (amounts expressed in thousands)									
		2019	2018	2017	2016 <sup>2</sup>	2015	2014	2013	2012	2011	2010
<b>SALES OF TREATED WATER</b>											
<b>A. METERED GENERAL CUSTOMERS 2016 - 2019</b>											
Residential -	Inside City	\$ 65,567	\$ 66,793	\$ 61,877	\$ 58,477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Outside City-Read and Bill	21,369	22,205	20,948	21,461	-	-	-	-	-	-
	Outside City-Total Service	31,577	32,219	27,509	27,095	-	-	-	-	-	-
Irrigation -	Inside City	5,588	5,746	4,681	4,430	-	-	-	-	-	-
	Outside City-Read and Bill	3,058	3,327	2,830	3,056	-	-	-	-	-	-
	Outside City-Total Service	4,856	5,062	3,873	4,129	-	-	-	-	-	-
Non-Residential -	Inside City	56,899	56,978	53,396	47,711	-	-	-	-	-	-
	Outside City-Read and Bill	11,965	12,409	12,583	12,214	-	-	-	-	-	-
	Outside City-Total Service	14,685	14,383	12,595	11,750	-	-	-	-	-	-
		<b>215,564</b>	219,122	200,292	190,323	-	-	-	-	-	-
<b>A. METERED GENERAL CUSTOMERS 2010 - 2015</b>											
Residential -	Inside City	-	-	-	-	49,842	49,114	48,057	57,504	49,853	46,658
	Outside City-Read and Bill	-	-	-	-	17,623	16,938	16,893	20,726	17,739	17,547
	Outside City-Total Service	-	-	-	-	21,943	22,113	22,168	28,464	23,923	24,172
Residential Irrigation -	Inside City	-	-	-	-	1,044	1,028	995	1,363	1,128	1,044
	Outside City-Read and Bill	-	-	-	-	770	753	725	1,002	819	798
	Outside City-Total Service	-	-	-	-	682	661	602	766	632	617
Small multi-family -	Inside City	-	-	-	-	4,974	4,932	4,780	5,281	4,735	4,285
	Outside City-Read and Bill	-	-	-	-	477	484	476	505	437	370
	Outside City-Total Service	-	-	-	-	785	781	748	813	714	606
Commercial -	Inside City	-	-	-	-	36,651	35,883	33,834	37,074	33,705	31,454
	Outside City-Read and Bill	-	-	-	-	8,940	9,010	8,501	9,585	8,557	8,069
	Outside City-Total Service	-	-	-	-	9,284	9,434	8,744	9,691	8,821	8,285
Industrial -	Inside City	-	-	-	-	3,033	3,090	3,139	3,212	2,995	2,820
	Outside City-Read and Bill	-	-	-	-	1,102	1,121	1,028	1,624	2,239	2,101
	Read and Bill Winter/Summer Adj	-	-	-	-	-	-	-	(1,644)	-	-
Other Irrigation -	Outside City-Total Service	-	-	-	-	154	143	148	164	167	184
	Inside City	-	-	-	-	2,567	2,629	2,494	3,709	3,190	2,889
	Outside City-Read and Bill	-	-	-	-	1,674	1,584	1,535	2,095	1,736	1,757
	Outside City-Total Service	-	-	-	-	2,510	2,426	2,300	3,077	2,688	2,567
		-	-	-	-	164,055	162,124	157,167	185,011	164,078	156,223

See accompanying footnotes on final page of report.

(continued)

**WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2010 - 2019 (continued)**

		(non-accrual basis) <sup>1</sup> (amounts expressed in thousands)									
		2019	2018	2017	2016 <sup>2</sup>	2015	2014	2013	2012	2011	2010
B.	PRIVATE FIRE PROTECTION SERVICE 2016 - 2019										
	Sprinklers - Inside City	\$ 982	\$ 955	\$ 928	\$ 895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Outside City-Read and Bill	97	92	93	88	-	-	-	-	-	-
	Outside City-Total Service	169	163	153	146	-	-	-	-	-	-
		<b>1,248</b>	1,210	1,174	1,129	-	-	-	-	-	-
B.	PRIVATE FIRE PROTECTION SERVICE 2010 - 2015										
	Sprinklers - Inside City	-	-	-	-	868	840	827	1,015	985	928
	Outside City-Read and Bill	-	-	-	-	86	84	71	65	51	49
	Outside City-Total Service	-	-	-	-	142	139	133	122	73	70
		-	-	-	-	1,096	1,063	1,031	1,202	1,109	1,047
C.	OTHER SALES TO PUBLIC AUTHORITIES 2016 - 2019										
	City & County of Denver - Irrigation	3,786	3,946	3,336	3,452	-	-	-	-	-	-
	Non-Irrigation	2,367	2,402	2,349	2,298	-	-	-	-	-	-
		<b>6,153</b>	6,348	5,685	5,750	-	-	-	-	-	-
C.	OTHER SALES TO PUBLIC AUTHORITIES 2010 - 2015										
	City & County of Denver - Irrigation	-	-	-	-	2,626	2,707	2,686	4,087	3,148	3,616
	Non-Irrigation	-	-	-	-	2,078	1,927	1,717	1,880	1,583	1,584
	Other County Agencies - Inside City	-	-	-	-	1,016	971	1,003	1,476	1,136	1,040
	Outside City-Read and Bill	-	-	-	-	608	768	625	743	757	891
	Outside City-Total Service	-	-	-	-	750	736	708	964	852	839
	State Agencies - Inside City	-	-	-	-	361	361	354	393	375	362
	Outside City-Read and Bill	-	-	-	-	51	46	38	42	39	37
	Outside City-Total Service	-	-	-	-	5	6	7	6	4	5
	Federal Agencies - Inside City	-	-	-	-	54	127	133	168	198	92
	Outside City-R&B at Denver Rates	-	-	-	-	31	9	26	26	67	31
	Outside City-Read and Bill	-	-	-	-	44	49	37	48	62	530
	Total Service	-	-	-	-	1	2	2	2	2	1
		-	-	-	-	7,625	7,709	7,336	9,835	8,223	9,028

See accompanying footnotes on final page of report.

(continued)

**WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2010 - 2019 (continued)**

	(non-accrual basis) <sup>1</sup> (amounts expressed in thousands)									
	2019	2018	2017	2016 <sup>2</sup>	2015	2014	2013	2012	2011	2010
D. SALES OF TREATED WATER FOR RESALE 2016 - 2019										
Outside City - Master Meter	\$ 67,653	\$ 66,910	\$ 64,604	\$ 65,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outside the Combined Service Area	5,038	4,283	4,545	3,704	-	-	-	-	-	-
	<b>72,691</b>	71,193	69,149	69,183	-	-	-	-	-	-
D. SALES OF TREATED WATER FOR RESALE 2010 - 2015										
Outside City - Master Meter	-	-	-	-	48,906	48,371	47,550	62,968	47,483	43,196
Outside the Combined Service Area	-	-	-	-	13,034	13,598	10,729	4,064	9,886	9,552
	-	-	-	-	61,940	61,969	58,279	67,032	57,369	52,748
TOTAL SALES OF TREATED WATER	<b>295,656</b>	297,873	276,300	266,385	234,716	232,865	223,813	263,081	230,779	219,046
<u>SALES OF NONPOTABLE WATER</u>	<b>8,656</b>	9,143	8,735	8,133	7,509	5,912	7,043	8,271	7,039	6,189
TOTAL SALES OF WATER	<b>\$ 304,312</b>	\$ 307,016	\$ 285,035	\$ 274,518	\$ 242,225	\$ 238,777	\$ 230,856	\$ 271,352	\$ 237,818	\$ 225,235

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

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

**TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2010 - 2019**

		(non-accrual basis) <sup>1</sup> (amounts expressed in thousands of gallons)									
SALES OF TREATED WATER		2019	2018	2017	2016 <sup>2</sup>	2015	2014	2013	2012	2011	2010
<b>A. METERED GENERAL CUSTOMERS 2016-2019</b>											
Residential -	Inside City	12,140,925	12,874,463	12,330,988	12,435,755	-	-	-	-	-	-
	Outside City-Read and Bill	3,786,607	4,172,241	4,056,528	4,231,865	-	-	-	-	-	-
	Outside City-Total Service	4,367,239	4,798,720	4,390,838	4,533,837	-	-	-	-	-	-
Irrigation -	Inside City	956,174	1,030,278	895,806	911,999	-	-	-	-	-	-
	Outside City-Read and Bill	496,711	573,435	509,332	554,832	-	-	-	-	-	-
	Outside City-Total Service	593,106	679,961	559,663	624,619	-	-	-	-	-	-
Non-Residential -	Inside City	15,524,638	15,824,790	15,520,778	15,543,153	-	-	-	-	-	-
	Outside City-Read and Bill	2,795,512	2,944,739	3,030,397	3,073,586	-	-	-	-	-	-
	Outside City-Total Service	2,706,297	2,801,073	2,568,339	2,570,546	-	-	-	-	-	-
		<b>43,367,209</b>	<b>45,699,700</b>	<b>43,862,669</b>	<b>44,480,192</b>	-	-	-	-	-	-
<b>A. METERED GENERAL CUSTOMERS 2010-2015</b>											
Residential -	Inside City	-	-	-	-	11,359,464	11,603,885	11,629,361	14,052,609	13,098,298	13,601,820
	Outside City-Read and Bill	-	-	-	-	3,714,016	3,722,505	3,839,625	4,750,696	4,399,807	4,593,122
	Outside City-Total Service	-	-	-	-	3,957,317	4,051,615	4,150,654	5,225,688	4,794,193	4,959,464
Residential Irrigation -	Inside City	-	-	-	-	215,336	209,084	202,587	283,485	248,861	261,019
	Outside City-Read and Bill	-	-	-	-	144,812	145,195	139,779	198,236	173,346	186,694
	Outside City-Total Service	-	-	-	-	105,991	107,181	101,655	140,407	121,065	124,574
Small multi-family -	Inside City	-	-	-	-	1,355,336	1,386,032	1,370,868	1,560,394	1,495,266	1,525,150
	Outside City-Read and Bill	-	-	-	-	120,007	123,537	125,029	135,850	125,757	118,190
	Outside City-Total Service	-	-	-	-	160,073	162,590	163,553	184,925	172,393	156,313
Commercial -	Inside City	-	-	-	-	11,877,715	11,865,891	11,407,418	12,522,805	12,157,287	12,398,800
	Outside City-Read and Bill	-	-	-	-	2,232,004	2,257,606	2,208,047	2,524,765	2,384,164	2,370,656
	Outside City-Total Service	-	-	-	-	2,032,945	2,071,909	2,033,840	2,323,899	2,223,111	2,248,376
Industrial -	Inside City	-	-	-	-	1,061,877	1,116,290	1,145,795	1,188,635	1,185,642	1,220,187
	Outside City-Read and Bill	-	-	-	-	300,802	306,221	297,504	521,752	690,755	685,581
	Read and Bill Winter/Summer Adj	-	-	-	-	-	-	-	(519,142)	-	-
	Outside City-Total Service	-	-	-	-	33,596	31,138	33,138	38,090	40,772	49,246
Other Irrigation -	Inside City	-	-	-	-	543,870	550,833	514,946	786,154	719,221	747,524
	Outside City-Read and Bill	-	-	-	-	318,000	307,594	296,929	417,375	370,134	416,362
	Outside City-Total Service	-	-	-	-	398,268	396,232	391,745	567,216	520,659	525,479
		-	-	-	-	39,931,429	40,415,338	40,052,473	46,903,839	44,920,731	46,188,557

See accompanying footnotes on final page of report.

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**TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2010 - 2019 (continued)**

	(non-accrual basis) <sup>1</sup>									
	(amounts expressed in thousands of gallons)									
SALES OF TREATED WATER	2019	2018	2017	2016 <sup>2</sup>	2015	2014	2013	2012	2011	2010
<b>B. OTHER SALES TO PUBLIC AUTHORITIES 2016-2019</b>										
City & County of Denver - Irrigation	1,289,197	1,513,942	1,166,206	1,266,661	-	-	-	-	-	-
Non-Irrigation	868,385	921,556	909,091	914,444	-	-	-	-	-	-
	<b>2,157,582</b>	2,435,498	2,075,297	2,181,105	-	-	-	-	-	-
<b>B. OTHER SALES TO PUBLIC AUTHORITIES 2010-2015</b>										
City & County of Denver - Irrigation	-	-	-	-	978,144	1,026,040	1,008,417	1,565,859	1,230,115	1,594,390
Non-Irrigation	-	-	-	-	843,730	802,951	763,591	829,144	763,595	790,149
Other County Agencies - Inside City	-	-	-	-	302,066	291,796	309,260	445,947	368,139	363,214
Outside City-Read and Bill	-	-	-	-	160,303	190,837	160,096	191,100	213,673	261,631
Outside City-Total Service	-	-	-	-	149,410	146,595	148,160	210,913	195,617	208,405
State Agencies - Inside City	-	-	-	-	116,022	117,316	118,520	130,365	130,345	140,865
Outside City-Read and Bill	-	-	-	-	11,139	10,783	9,299	10,205	9,724	10,112
Outside City-Total Service	-	-	-	-	1,088	1,225	1,622	1,557	1,081	1,370
Federal Agencies - Inside City	-	-	-	-	20,840	40,390	48,534	60,751	83,863	38,759
Outside City-R&B at Denver Rates	-	-	-	-	6,991	5,341	6,238	6,245	8,244	12,116
Outside City-Read and Bill	-	-	-	-	10,166	11,486	8,493	11,156	22,629	152,973
Total Service	-	-	-	-	296	451	457	367	375	384
	-	-	-	-	2,600,195	2,645,211	2,582,687	3,463,609	3,027,400	3,574,368
<b>C. SALES OF TREATED WATER FOR RESALE 2016-2019</b>										
Outside City - Master Meter	15,436,191	15,877,990	15,481,203	15,767,447	-	-	-	-	-	-
Outside the Combined Service Area	1,075,729	914,992	995,827	828,540	-	-	-	-	-	-
	<b>16,511,920</b>	16,792,982	16,477,030	16,595,987	-	-	-	-	-	-
<b>C. SALES OF TREATED WATER FOR RESALE 2010-2015</b>										
Outside City - Master Meter	-	-	-	-	12,130,614	12,264,584	12,574,045	15,050,805	14,109,526	14,352,778
Outside the Combined Service Area	-	-	-	-	3,147,757	3,326,368	2,743,233	3,558,092	2,767,464	3,021,344
	-	-	-	-	15,278,371	15,590,952	15,317,278	18,608,897	16,876,990	17,374,122
<b>TOTAL SALES OF TREATED WATER</b>	<b>62,036,711</b>	64,928,180	62,414,996	63,257,284	57,809,995	58,651,501	57,952,438	68,976,345	64,825,121	67,137,047

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

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

**OPERATING REVENUE AND RELATED WATER CONSUMPTION: 2019**

		Revenue (thousands)	Gallons Sold (thousands)	Number of Customers <sup>1</sup>	Revenue per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential	Inside City	\$ 65,567	12,140,925	140,634	\$ 5.4005
	Outside City-Read and Bill	21,369	3,786,607	32,017	5.6433
	Outside City-Total Service	31,577	4,367,239	34,243	7.2304
Irrigation	Inside City	5,588	956,174	1,504	5.8441
	Outside City-Read and Bill	3,058	496,711	452	6.1565
	Outside City-Total Service	4,856	593,106	637	8.1874
Non-Residential	Inside City	56,899	15,524,638	25,373	3.6651
	Outside City-Read and Bill	11,965	2,795,512	3,078	4.2801
	Outside City-Total Service	14,685	2,706,297	3,891	5.4262
		<u>215,564</u>	<u>43,367,209</u>	<u>241,829</u>	<u>4.9707</u>
B. PRIVATE FIRE PROTECTION SERVICE <sup>2</sup>					
Sprinklers -	Inside City	982	-		
	Outside City-Read and Bill	97	-		
	Outside City-Total Service	169	-		
		<u>1,248</u>	<u>-</u>		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver	Irrigation	3,786	1,289,197	724	2.9367
	Non-Irrigation	2,367	868,385	439	2.7257
		<u>6,153</u>	<u>2,157,582</u>	<u>1,163</u>	<u>2.8518</u>
D. SALES OF TREATED WATER FOR RESALE <sup>3</sup>					
	Outside City - Master Meter	67,653	15,436,191	76,237	4.3828
	Outside the Combined Service Area	5,038	1,075,729	-	4.6833
		<u>72,691</u>	<u>16,511,920</u>	<u>76,237</u>	<u>4.4023</u>
	TOTAL SALES OF TREATED WATER <sup>4</sup>	<u>295,656</u>	<u>62,036,711</u>	<u>319,229</u>	<u>4.7658</u>
II. SALES OF NON-POTABLE WATER <sup>5</sup>					
	Inside City	935	1,126,664	115	0.8299
	Outside City	6,066	5,898,029	19	1.0285
	Outside the Combined Service Area	1,655	1,515,958	9	1.0917
		<u>8,656</u>	<u>8,540,651</u>	<u>143</u>	<u>1.0135</u>
	TOTAL SALES OF WATER <sup>6</sup>	<u>304,312</u>	<u>70,577,362</u>	<u>319,372</u>	<u>\$ 4.3118</u>
III. OTHER NON-POTABLE WATER DELIVERIES <sup>5</sup>			<u>1,633,091</u>		
	TOTAL GALLONS DELIVERED		<u>72,210,453</u>		

See accompanying footnotes on final page of report.

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**OPERATING REVENUE AND RELATED WATER CONSUMPTION: 2019 (continued)**

	Revenue (thousands)	Gallons Sold (thousands)	Number of Customers <sup>1</sup>	Revenue per 1,000 Gallons
<b>IV. OTHER OPERATING REVENUE</b>				
<b>A. POWER SALES REVENUE</b>				
Foothills Treatment Plant	\$ 277			
Strontia Springs	388			
Dillon Dam	566			
Roberts Tunnel	896			
Hillcrest	363			
Williams Fork	173			
Gross Reservoir	1,229			
	<u>3,892</u>			
<b>B. FEES AND OTHER ADJUSTMENTS</b>				
Administrative Fees	3,560			
Penalty Fees	117			
Stub-in, Taps and Meter Fees	1,908			
Hydrant Fees	2,182			
Plan Review, Easement, Distribution Inspection	894			
Other Assessments <sup>6</sup>	290			
	<u>8,951</u>			
<b>TOTAL OTHER OPERATING REVENUE</b>	<u>12,843</u>			
<b>TOTAL OPERATING REVENUE</b>	<u>\$ 317,155</u>			

<sup>1</sup> Represents the number of active metered services at year-end.

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

<sup>3</sup> See "Sales of Treated Water for Resale".

<sup>4</sup> See "Sales of Treated Water Between Denver and Outside City".

<sup>5</sup> See "Sales of Non-Potable Water Between Denver and Outside City".

<sup>6</sup> Other Assessments includes accruals for revenue earned on unbilled treated water accounts

## SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY: 2019

(non-accrual basis)<sup>1</sup>

	<u>Revenue</u>		<u>Gallons Sold</u>		Number of Customers
	Amounts (thousands)	% of Total	Amounts (thousands)	% of Total	
<b>I. <u>INSIDE CITY</u></b>					
<b>A. METERED GENERAL CUSTOMERS</b>					
Residential	\$ 65,567	22.17%	12,140,925	19.58%	140,634
Irrigation	5,588	1.89%	956,174	1.54%	1,504
Non-Residential	56,899	19.25%	15,524,638	25.02%	25,373
	<u>128,054</u>	<u>43.31%</u>	<u>28,621,737</u>	<u>46.14%</u>	<u>167,511</u>
<b>B. PRIVATE FIRE PROTECTION SERVICE<sup>2</sup></b>					
Sprinklers	<u>982</u>	<u>0.33%</u>	<u>-</u>		
<b>C. OTHER SALES TO PUBLIC AUTHORITIES</b>					
City and County of Denver-Irrigation	3,786	1.28%	1,289,197	2.08%	724
City and County of Denver-Non-Irrigation	2,367	0.80%	868,385	1.40%	439
	<u>6,153</u>	<u>2.08%</u>	<u>2,157,582</u>	<u>3.48%</u>	<u>1,163</u>
<b>TOTAL SALES OF TREATED WATER</b>					
DENVER	<u>135,189</u>	<u>45.73%</u>	<u>30,779,319</u>	<u>49.61%</u>	<u>168,674</u>
Revenue per 1,000 Gallons - Denver			<u>\$ 4.3922</u>		
<b>II. <u>OUTSIDE CITY</u></b>					
<b>A. METERED GENERAL CUSTOMERS</b>					
Residential - Read & Bill	21,369	7.23%	3,786,607	6.10%	32,017
Irrigation - Read & Bill	3,058	1.03%	496,711	0.80%	452
Non-Residential - Read & Bill	11,965	4.05%	2,795,512	4.51%	3,078
Residential - Total Service	31,577	10.68%	4,367,239	7.04%	34,243
Irrigation - Total Service	4,856	1.64%	593,106	0.96%	637
Non-Residential - Total Service	14,685	4.97%	2,706,297	4.36%	3,891
	<u>87,510</u>	<u>29.60%</u>	<u>14,745,472</u>	<u>23.77%</u>	<u>74,318</u>

See accompanying footnotes on final page of report.

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**SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY: 2019 (continued)**

(non-accrual basis)<sup>1</sup>

	<u>Revenue</u>		<u>Gallons Sold</u>		Number of Customers
	Amounts (thousands)	% of Total	Amounts (thousands)	% of Total	
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE <sup>2</sup>					
Sprinklers	\$ 97	0.03%	-		
Sprinklers - Total Service	169	0.06%	-		
	<u>266</u>	<u>0.09%</u>	<u>-</u>		
C. SALES OF TREATED WATER FOR RESALE <sup>3</sup>					
Master Meter Distributors	67,653	22.89%	15,436,191	24.89%	76,237
Outside CSA-Fixed Limit Contracts	5,038	1.70%	1,075,729	1.73%	-
	<u>72,691</u>	<u>24.59%</u>	<u>16,511,920</u>	<u>26.62%</u>	<u>76,237</u>
TOTAL SALES OF TREATED WATER					
OUTSIDE CITY	<u>160,467</u>	<u>54.27%</u>	<u>31,257,392</u>	<u>50.39%</u>	<u>150,555</u>
Revenue per 1,000 Gallons - Outside City			<u>\$ 5.1337</u>		
TOTAL SALES OF TREATED WATER	<u>\$ 295,656</u>	<u>100.00%</u>	<u>62,036,711</u>	<u>100.00%</u>	<u>319,229</u>
Revenue per 1,000 Gallons - Total			<u>\$ 4.7658</u>		

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

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

<sup>3</sup> See "Sales of Treated Water For Resale".

## SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY: 2019

(amounts expressed in thousands)

	Revenue		Gallons Sold		Number of Customers <sup>2</sup>	Revenue per 1,000 Gallons
	Amount (thousands)	% of Total	Amount (thousands)	% of Total		
<b>I. <u>INSIDE CITY</u></b>						
Raw Water Sales						
City & County of Denver	\$ 57	0.66%	166,545	1.95%	1	\$ 0.3422
All Other	19	0.22%	21,177	0.25%	4	0.8972
	<u>76</u>	<u>0.88%</u>	<u>187,722</u>	<u>2.20%</u>	<u>5</u>	<u>0.4049</u>
Effluent Sales						
City & County of Denver	11	0.13%	31,881	0.37%	1	0.3450
All Other	13	0.15%	18,218	0.21%	3	-
	<u>24</u>	<u>0.28%</u>	<u>50,099</u>	<u>0.59%</u>	<u>4</u>	<u>0.4790</u>
Recycle Sales <sup>1</sup>						
City & County of Denver	132	1.52%	566,338	6.63%	16	0.2331
All Other	703	8.12%	322,504	3.78%	90	2.1798
	<u>835</u>	<u>9.65%</u>	<u>888,842</u>	<u>10.41%</u>	<u>106</u>	<u>0.9394</u>
 Total Denver	 <u>935</u>	 <u>10.80%</u>	 <u>1,126,664</u>	 <u>13.19%</u>	 <u>115</u>	 <u>0.8299</u>
<b>II. <u>OUTSIDE CITY, WITHIN COMBINED SERVICE AREA</u></b>						
Raw Water Sales-All Others	6,018	69.52%	5,851,609	68.51%	12	1.0284
Effluent Sales-All Others	48	0.55%	46,421	0.54%	7	1.0340
Total Outside City, Within Combined Service Area	<u>6,066</u>	<u>70.08%</u>	<u>5,898,029</u>	<u>69.06%</u>	<u>19</u>	<u>1.0285</u>
<b>III. <u>OUTSIDE COMBINED SERVICE AREA</u></b>						
Raw Water Sales	688	7.95%	787,786	9.22%	8	0.8733
Recycle Sales	967	11.17%	728,172	8.53%	1	1.3280
Total Outside Combined Service Area	<u>1,655</u>	<u>19.12%</u>	<u>1,515,958</u>	<u>17.75%</u>	<u>9</u>	<u>1.0917</u>
 TOTAL SALES OF NON-POTABLE WATER	 <u>\$ 8,656</u>	 <u>100.00%</u>	 <u>8,540,651</u>	 <u>100.00%</u>	 <u>143</u>	 <u>\$ 1.0135</u>
<b>IV. <u>OTHER NON-POTABLE WATER DELIVERIES</u></b>						
City Ditch at Washington Park			865,104			
City of Englewood (Cabin-Meadow Exchange)			<u>767,987</u>			
Total Other Non-Potable Water Deliveries			<u>1,633,091</u>			
 TOTAL NON-POTABLE WATER DELIVERIES			<u>10,173,742</u>			

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

<sup>2</sup> If the customer uses both raw and effluent water it will be included in both customer counts.

**ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER - 2019**

		Number of Customers <sup>1</sup>		
		12/31/2019	12/31/2018	Increase (Decrease)
<b>METERED GENERAL CUSTOMERS</b>				
Residential	Denver	<b>140,634</b>	139,156	1,478
	Outside City	<b>32,017</b>	32,469	(452)
	Total Service	<b>34,243</b>	33,710	533
Non-Residential	Denver	<b>25,373</b>	25,228	145
	Outside City	<b>3,078</b>	3,063	15
	Total Service	<b>3,891</b>	3,863	28
Irrigation	Denver	<b>1,504</b>	1,462	42
	Outside City	<b>452</b>	454	(2)
	Total Service	<b>637</b>	619	18
<b>TOTAL METERED GENERAL CUSTOMERS</b>		<b>241,829</b>	240,024	1,805
<b>PUBLIC AUTHORITIES</b>				
City & County of Denver	Irrigation	<b>724</b>	714	10
	Non-Irrigation	<b>439</b>	424	15
<b>TOTAL PUBLIC AUTHORITIES</b>		<b>1,163</b>	1,138	25
RESALE ACCOUNTS (MASTER METER) <sup>2</sup>		<b>76,237</b>	76,268	(31)
<b>TOTAL TREATED WATER CUSTOMERS</b>		<b>319,229</b>	317,430	1,799

<sup>1</sup> Represents the number of active metered services at year-end.

<sup>2</sup> See "Sales of Treated Water for Resale".

## WATER RATE SCHEDULES - 2019

Rate Schedule - 1  
Treated Water Rates  
For Meters Read On or After February 1, 2019

### A. Monthly Fixed Charges, \$ per Bill

Meter Size inches	Inside City of Denver	Outside City		
		Read & Bill	Total Service	Wholesale
5/8" & 3/4"	\$15.94	\$15.94	\$15.94	\$15.94
1"	22.26	22.26	22.26	22.26
1 1/2"	41.85	41.85	41.85	41.85
2"	69.02	69.02	69.02	69.02
3"	146.11	146.11	146.11	146.11
4"	254.15	254.15	254.15	254.15
6"	563.76	563.76	563.76	563.76
8"	996.59	996.59	996.59	996.59
10"	1,553.25	1,553.25	1,553.25	1,553.25
12"	2,234.43	2,234.43	2,234.43	2,234.43

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

Customer Class	Tier Threshold 1,000 gallons	Inside City of Denver	Outside City		
			Read & Bill	Total Service	Wholesale
<b>Single Family Residential</b>					
Tier 1	0 to AWC (note D.3)	\$2.29	\$2.64	\$3.58	N/A
Tier 2	AWC + 15	4.12	4.75	6.44	
Tier 3	Greater than AWC + 15	5.50	6.34	8.59	
<b>Nonresidential (note D.4, D.5)</b>					
Tier 1	0 to AWC	\$2.60	\$3.15	\$3.99	N/A
Tier 2	AWC to 4 x AWC	3.64	4.41	5.59	
Tier 3	Greater than 4 x AWC	4.16	5.04	6.38	
<b>Irrigation</b>					
Winter (Nov 1 through Apr 30)		\$1.35	\$1.47	\$1.98	N/A
Summer (May 1 through Oct 31)		5.40	5.88	7.92	
<b>Wholesale</b>					
Master Meter					\$4.25
Outside the Combined Service Area					4.55

### C. Private Fireline

Fireline Size inches	Inside City of Denver	Outside City		
		Read & Bill	Total Service	Wholesale
1"	\$3.78	\$2.54	\$3.99	N/A
2"	6.31	4.24	6.65	
4"	9.74	6.55	10.28	
6"	13.92	9.36	14.69	
8"	24.36	16.38	25.71	
10"	34.80	23.40	36.72	
12"	55.68	37.43	58.76	
16"	139.20	93.58	146.90	
Fire Hydrants	\$13.92	\$9.36	\$14.69	

### D. Notes

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

(continued)

Rate Schedule - 2  
 Nonpotable Water Rates  
 For Meters Read On or After February 1, 2019

**A. Monthly Fixed Charges, \$ per Bill**

Meter Size inches	Inside City of Denver	Outside City	Outside Combined Service Area
5/8" & 3/4"	\$15.94	\$15.94	\$15.94
1"	22.26	22.26	22.26
1 1/2"	41.85	41.85	41.85
2"	69.02	69.02	69.02
3"	146.11	146.11	146.11
4"	254.15	254.15	254.15
6"	563.76	563.76	563.76
8"	996.59	996.59	996.59
10"	1,553.25	1,553.25	1,553.25
12"	2,234.43	2,234.43	2,234.43

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

Customer Class	Inside City of Denver	Outside City	Outside Combined Service Area
<b>Recycled</b>			
\$ per 1,000 gallons	\$0.99	N/A	\$1.11
\$ per Acre-Foot	322.59		361.69
<b>Raw Water (Monthly Fixed Charges Not Applicable)</b>			
\$ per 1,000 gallons	\$0.71	\$1.02	\$1.10
\$ per Acre-Foot	231.35	332.37	358.44

**C. Notes**

**1. Applicability:** See Chapter 2 of Denver Water's Operating Rules

**2. Payment:** Bills are due and payable to Denver Water upon issuance. Monthly bills are delinquent 20 days after the billing date. Late charges will be assessed per Denver Water policy.

(continued)

**WATER RATE SCHEDULES - 2019 (continued)**

Rate Schedule - 3  
 City and County of Denver Governmental Rates  
 For Meters Read On or After February 1, 2019

**A. Monthly Fixed Charges, \$ per Bill**

Meter Size inches	Fixed Charge
5/8" & 3/4"	\$15.94
1"	22.26
1 1/2"	41.85
2"	69.02
3"	146.11
4"	254.15
6"	563.76
8"	996.59
10"	1,553.25
12"	2,234.43

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

<b>Domestic</b>	
Year-Round	\$2.16
<b>Irrigation</b>	
Winter (Nov. 1 through Apr 30)	\$0.95
Summer (May 1 through October 31)	2.38

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

Raw	\$0.34
Recycled	0.24

**D. Private Fireline**

Fireline Size inches	Fixed Charge
1"	\$3.78
2"	6.31
4"	9.74
6"	13.92
8"	24.36
10"	34.80
12"	55.68
16"	139.20
Fire Hydrants	\$13.92

**E. Notes**

**1. Applicability:** See Chapter 2 of Denver Water's Operating Rules

**2. Payment:** Bills are due and payable to Denver Water upon issuance. Monthly bills are delinquent 20 days after the billing date. Late charges will be assessed per Denver Water policy.

(continued)

**WATER RATE SCHEDULES - 2019 (continued)**

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

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

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

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

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

**SUMMARY OF WATER RATES: 2010 - 2019**

<b>City of Denver - Schedule - 1</b>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Residential - Consumption Charge per 1,000 Gallons</u>										
0 to AWC <sup>1</sup>	\$ 2.29	\$ 2.29	\$ 2.55	\$ 2.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AWC + 15	4.12	4.12	4.59	4.68	-	-	-	-	-	-
Greater than AWC + 15	5.50	5.50	6.12	6.24	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	2.75	2.68	2.59	2.54	2.41	2.11
12,000 - 30,000 Gallons	-	-	-	-	5.50	5.36	5.18	5.09	4.82	4.22
31,000 - 40,000 Gallons	-	-	-	-	8.25	8.04	7.77	7.63	7.23	6.33
Over 40,000 Gallons	-	-	-	-	11.00	10.72	10.36	10.17	9.64	8.44
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	1.00
Summer - All Consumption	-	-	-	-	-	-	-	-	-	4.00
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u> (Duplexes through Five-Plexes with a Single Meter)										
0 to AWC <sup>2,3</sup>	2.60	2.60	2.71	2.68	-	-	-	-	-	-
AWC to 4 x AWC	3.64	3.64	3.79	3.75	-	-	-	-	-	-
Greater than 4 x AWC	4.16	4.16	4.34	4.29	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 15,000 Gallons <sup>4</sup>	-	-	-	-	3.02	2.93	2.83	2.82	2.67	2.33
Over 15,000 Gallons	-	-	-	-	3.62	3.52	3.40	3.38	3.20	2.80
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
0 to AWC <sup>2</sup>	2.60	2.60	2.71	2.68	-	-	-	-	-	-
-	3.64	3.64	3.79	3.75	-	-	-	-	-	-
Greater than 4 x AWC	4.16	4.16	4.34	4.29	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	1.88	1.84	1.78	1.78	1.69	1.54
Summer - All Consumption	-	-	-	-	3.76	3.68	3.57	3.57	3.38	3.08
<u>Irrigation Only- Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	1.35	1.34	1.27	1.22	1.20	1.20	1.20	1.20	1.14	1.00
Summer - All Consumption	5.40	5.36	5.08	4.88	4.81	4.81	4.81	4.81	4.56	4.00
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	15.94	15.39	11.86	8.79	-	-	-	-	-	-
Monthly 1"	22.26	21.44	15.13	10.13	-	-	-	-	-	-
Monthly 1 1/2"	41.85	40.16	25.28	14.27	-	-	-	-	-	-
Monthly 2"	69.02	66.14	39.35	20.02	-	-	-	-	-	-
Monthly 3"	146.11	139.84	79.29	36.33	-	-	-	-	-	-
Monthly 4"	254.15	243.14	135.26	59.20	-	-	-	-	-	-
Monthly 6"	563.76	539.15	295.65	124.71	-	-	-	-	-	-
Monthly 8"	996.59	952.97	519.87	216.30	-	-	-	-	-	-
Monthly 10"	1,553.25	1,485.18	808.25	334.09	-	-	-	-	-	-
Monthly 12"	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	6.74	6.58	6.33	6.33	6.00	5.58

See accompanying footnotes on final page of report.

(continued)



**SUMMARY OF WATER RATES: 2010 - 2019 (continued)**

<b>Outside City Read and Bill - Schedule - 1 (continued)</b>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Residential - Consumption Charge per 1000 Gallons</u>										
0 to AWC <sup>1</sup>	\$ 2.64	\$ 2.52	\$ 2.68	\$ 2.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AWC + 15	4.75	4.54	4.82	5.04	-	-	-	-	-	-
Greater than AWC + 15	6.34	6.05	6.43	6.72	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	2.82	2.73	2.61	2.49	2.36	2.20
12,000 - 30,000 Gallons	-	-	-	-	5.64	5.46	5.22	4.98	4.72	4.40
31,000 - 40,000 Gallons	-	-	-	-	8.46	8.19	7.83	7.47	7.08	6.60
Over 40,000 Gallons	-	-	-	-	11.28	10.92	10.44	9.96	9.44	8.80
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	1.09
Summer - All Consumption	-	-	-	-	-	-	-	-	-	4.36
<u>Small Multi-Family - Consumption Charge per 1000 Gallons</u>										
0 to AWC <sup>2,3</sup>	3.15	3.12	3.25	3.32	-	-	-	-	-	-
AWC to 4 x AWC	4.41	4.37	4.55	4.65	-	-	-	-	-	-
Greater than 4 x AWC	5.04	4.99	5.20	5.31	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
(Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons <sup>4</sup>	-	-	-	-	3.43	3.39	3.30	3.21	3.04	2.71
Over 15,000 Gallons	-	-	-	-	4.12	4.07	3.96	3.85	3.65	3.25
<u>All Other Retail - Consumption Charge per 1000 Gallons</u>										
0 to AWC <sup>2</sup>	3.15	3.12	3.25	3.32	-	-	-	-	-	-
AWC to 4 x AWC	4.41	4.37	4.55	4.65	-	-	-	-	-	-
Greater than 4 x AWC	5.04	4.99	5.20	5.31	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	2.36	2.35	2.26	2.20	2.09	1.99
Summer - All Consumption	-	-	-	-	4.72	4.70	4.52	4.41	4.18	3.98
<u>Irrigation Only - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	1.47	1.42	1.38	1.40	1.35	1.31	1.29	1.29	1.22	1.09
Summer - All Consumption	5.88	5.68	5.52	5.60	5.40	5.24	5.15	5.15	4.88	4.36
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	15.94	15.39	11.86	8.79	-	-	-	-	-	-
Monthly 1"	22.26	21.44	15.13	10.13	-	-	-	-	-	-
Monthly 1 1/2"	41.85	40.16	25.28	14.27	-	-	-	-	-	-
Monthly 2"	69.02	66.14	39.35	20.02	-	-	-	-	-	-
Monthly 3"	146.11	139.84	79.29	36.33	-	-	-	-	-	-
Monthly 4"	254.15	243.14	135.26	59.20	-	-	-	-	-	-
Monthly 6"	563.76	539.15	295.65	124.71	-	-	-	-	-	-
Monthly 8"	996.59	952.97	519.87	216.30	-	-	-	-	-	-
Monthly 10"	1,553.25	1,485.18	808.25	334.09	-	-	-	-	-	-
Monthly 12"	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	6.74	6.58	6.33	6.33	6.00	5.58

See accompanying footnotes on final page of report.

(continued)

**SUMMARY OF WATER RATES: 2010 - 2019 (continued)**

<b>Outside City Total Service - Schedule - 1 (continued)</b>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Residential - Consumption Charge per 1000 Gallons</u>										
0 to AWC <sup>1</sup>	\$ 3.58	\$ 3.33	\$ 3.30	\$ 3.28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AWC + 15	6.44	5.99	5.94	5.90	-	-	-	-	-	-
Greater than AWC + 15	8.59	7.99	7.92	7.87	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	3.04	3.02	2.93	2.85	2.70	2.59
12,000 - 30,000 Gallons	-	-	-	-	6.08	6.04	5.86	5.70	5.40	5.18
31,000 - 40,000 Gallons	-	-	-	-	9.12	9.06	8.79	8.55	8.10	7.77
Over 40,000 Gallons	-	-	-	-	12.16	12.08	11.72	11.39	10.80	10.36
<u>Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	1.26
Summer - All Consumption	-	-	-	-	-	-	-	-	-	5.04
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u>										
(Duplexes through Five-Plexes with a Single Meter)										
0 to AWC <sup>2,3</sup>	3.99	3.78	3.77	3.76	-	-	-	-	-	-
AWC to 4 x AWC	5.59	5.29	5.28	5.26	-	-	-	-	-	-
Greater than 4 x AWC	6.38	6.05	6.03	6.02	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
First 15,000 Gallons <sup>4</sup>	-	-	-	-	4.29	4.21	3.99	3.84	3.64	3.39
Over 15,000 Gallons	-	-	-	-	5.15	5.05	4.79	4.61	4.37	4.07
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
0 to AWC <sup>2</sup>	3.99	3.78	3.77	3.76	-	-	-	-	-	-
AWC to 4 x AWC	5.59	5.29	5.28	5.26	-	-	-	-	-	-
Greater than 4 x AWC	6.38	6.05	6.03	6.02	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	2.72	2.70	2.54	2.44	2.31	2.16
Summer - All Consumption	-	-	-	-	5.44	5.40	5.08	4.87	4.62	4.32
<u>Irrigation Only - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	1.98	1.85	1.74	1.69	1.64	1.56	1.47	1.39	1.32	1.26
Summer - All Consumption	7.92	7.40	6.96	6.76	6.56	6.24	5.88	5.57	5.28	5.04
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	15.94	15.39	11.86	8.79	-	-	-	-	-	-
Monthly 1"	22.26	21.44	15.13	10.13	-	-	-	-	-	-
Monthly 1 1/2"	41.85	40.16	25.28	14.27	-	-	-	-	-	-
Monthly 2"	69.02	66.14	39.35	20.02	-	-	-	-	-	-
Monthly 3"	146.11	139.84	79.29	36.33	-	-	-	-	-	-
Monthly 4"	254.15	243.14	135.26	59.20	-	-	-	-	-	-
Monthly 6"	563.76	539.15	295.65	124.71	-	-	-	-	-	-
Monthly 8"	996.59	952.97	519.87	216.30	-	-	-	-	-	-
Monthly 10"	1,553.25	1,485.18	808.25	334.09	-	-	-	-	-	-
Monthly 12"	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	6.74	6.58	6.33	6.33	6.00	5.58

See accompanying footnotes on final page of report.

(continued)

**SUMMARY OF WATER RATES: 2010 - 2019 (continued)**

<b>Outside City Master Meter - Schedule - 1</b>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Consumption Charge per 1000 Gallons - All Consumption	\$ 4.25	\$ 4.09	\$ 4.10	\$ 4.15	\$ 4.04	\$ 3.95	\$ 3.81	\$ 3.64	\$ 3.45	\$ 3.01
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	15.94	15.39	11.86	8.79	-	-	-	-	-	-
Monthly 1"	22.26	21.44	15.13	10.13	-	-	-	-	-	-
Monthly 1 1/2"	41.85	40.16	25.28	14.27	-	-	-	-	-	-
Monthly 2"	69.02	66.14	39.35	20.02	-	-	-	-	-	-
Monthly 3"	146.11	139.84	79.29	36.33	-	-	-	-	-	-
Monthly 4"	254.15	243.14	135.26	59.20	-	-	-	-	-	-
Monthly 6"	563.76	539.15	295.65	124.71	-	-	-	-	-	-
Monthly 8"	996.59	952.97	519.87	216.30	-	-	-	-	-	-
Monthly 10"	1,553.25	1,485.18	808.25	334.09	-	-	-	-	-	-
Monthly 12"	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	6.74	6.58	6.33	6.33	6.00	5.58

**Outside City Master Meter Maintenance - Schedule - 1 (continued)**

Consumption Charge per 1000 Gallons - All Consumption	-	-	-	-	-	-	-	4.96	4.70	4.45
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	-	-	-	-	-	-	-	6.33	6.00	5.58

**Outside Combined Service Area - Schedule - 1 (continued)**

Treated Water - Consumption Charge per 1000 Gallons	4.55	4.55	4.48	4.44	4.44	4.44	4.25	4.05	3.83	3.36
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	15.94	15.39	11.86	8.79	-	-	-	-	-	-
Monthly 1"	22.26	21.44	15.13	10.13	-	-	-	-	-	-
Monthly 1 1/2"	41.85	40.16	25.28	14.27	-	-	-	-	-	-
Monthly 2"	69.02	66.14	39.35	20.02	-	-	-	-	-	-
Monthly 3"	146.11	139.84	79.29	36.33	-	-	-	-	-	-
Monthly 4"	254.15	243.14	135.26	59.20	-	-	-	-	-	-
Monthly 6"	563.76	539.15	295.65	124.71	-	-	-	-	-	-
Monthly 8"	996.59	952.97	519.87	216.30	-	-	-	-	-	-
Monthly 10"	1,553.25	1,485.18	808.25	334.09	-	-	-	-	-	-
Monthly 12"	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	6.74	6.58	6.33	6.33	6.00	5.58

See accompanying footnotes on final page of report.

(continued)

**SUMMARY OF WATER RATES: 2010 - 2019 (continued)**

<b>Raw and Recycled - Schedule - 2 (continued)</b>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Raw - Consumption Charge per 1000 Gallons</u>										
Inside City - All Consumption	\$0.71	\$0.67	\$0.63	\$0.50	\$0.52	\$0.52	\$0.50	\$0.50	\$0.47	\$0.47
Outside City - All Consumption	1.02	0.98	0.98	1.00	0.96	0.91	0.91	0.86	0.81	0.77
Outside Combined Service Area - All Consumption	1.10	1.05	1.05	1.10	1.04	1.04	1.04	1.01	0.95	0.90
<u>Recycled - Consumption Charge per 1000 Gallons</u>										
Inside City Recycled - All Consumption	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.93	0.89
Outside Combined Service Area - All Consumption	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.05	0.91
<u>Recycled Service Meter Charge</u>										
Monthly 5/8" & 3/4"	15.94	15.39	11.86	8.79	-	-	-	-	-	-
Monthly 1"	22.26	21.44	15.13	10.13	-	-	-	-	-	-
Monthly 1 1/2"	41.85	40.16	25.28	14.27	-	-	-	-	-	-
Monthly 2"	69.02	66.14	39.35	20.02	-	-	-	-	-	-
Monthly 3"	146.11	139.84	79.29	36.33	-	-	-	-	-	-
Monthly 4"	254.15	243.14	135.26	59.20	-	-	-	-	-	-
Monthly 6"	563.76	539.15	295.65	124.71	-	-	-	-	-	-
Monthly 8"	996.59	952.97	519.87	216.30	-	-	-	-	-	-
Monthly 10"	1,553.25	1,485.18	808.25	334.09	-	-	-	-	-	-
Monthly 12"	2,234.43	2,136.45	1,161.14	478.22	-	-	-	-	-	-
<u>Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	6.74	6.58	6.33	6.33	6.00	5.58

<sup>1</sup> Single Family AWC: A customer's average winter consumption (AWC) is used to determine the Tier 1 threshold.

The AWC is calculated by averaging each customer's billed monthly water use from January through March, which is a way of determining essential indoor water use. Denver Water has set the Tier 1 minimum threshold at 5,000 gallons and a maximum of 15,000 gallons. For example, if the customer's AWC is less than 5,000 gallons Tier 1 is 0 to 5,000 gallons. If the AWC is over 15,000 gallons, tier 1 is 0 to 15,000 gallons. Volume rates are applied to billed monthly usage.

<sup>2</sup> Small Multifamily: Beginning 2016, the small multifamily class (duplex through 5-plex) is now included in the nonresidential class.

<sup>3</sup> Nonresidential AWC: The Tier 1 threshold is based on each customer's average winter consumption (AWC). This represents demands during the system off-peak period. The AWC is the average of a customer's billed water use for the months of January, February, and March. Volume rates are applied to billed monthly usage. Tier 2 is equal to 4 times the customer's AWC. Tier 3 is for usage in excess of 4 times the AWC.

<sup>4</sup> Monthly usage amounts increase by 6,000 gallons per additional dwelling unit up to 5 dwelling units.

**SALES OF TREATED WATER FOR RESALE - 2019**

**Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters<sup>2</sup>**

(non-accrual basis)<sup>1</sup>  
(amounts expressed in thousands)

	Revenue	Gallons Sold (thousands)	Number of Customers
<b><u>MASTER METER DISTRIBUTORS</u></b>			
Alameda Water & Sanitation District	\$ 334	69,590	335
Bancroft-Clover Water & Sanitation District	6,531	1,499,772	8,817
Bonvue Water & Sanitation District	61	13,780	169
Bow-Mar Water & Sanitation District	459	100,328	289
Cherry Creek Valley Water & Sanitation District	3,953	890,875	1,971
Cherry Creek Village Water & Sanitation District	573	128,102	476
City of Edgewater	862	190,040	1,482
City of Glendale	1,203	275,722	237
Consolidated Mutual Water Company	10,707	2,457,267	15,697
Crestview Water & Sanitation District	2,554	590,468	4,492
Green Mountain Water & Sanitation District	6,671	1,550,134	10,112
High View Water District	636	145,965	890
Ken-Caryl Water & Sanitation District	3,073	705,194	3,742
Lakehurst Water & Sanitation District	3,659	816,678	5,515
Lakewood Board of Water & Sewer	904	205,104	721
Meadowbrook Water & Sanitation District	734	158,856	1,321
North Pecos Water & Sanitation District	717	153,312	403
North Washington Street Water & Sanitation District	3,042	690,113	3,634
Northgate Water District	-	-	2
South Adams County Water & Sanitation District	3,390	720,492	166
Valley Water District	2,268	518,216	1,780
Wheat Ridge Water District	3,116	704,654	5,835
Willowbrook Water & Sanitation District	2,020	457,481	3,414
Willows Water District	3,126	712,432	4,737
Aurora Water	185	40,349	-
Chatfield South Water District	20	1,979	-
City and County of Broomfield	6,625	1,539,332	-
East Cherry Creek Valley Water District	1,767	377,702	-
Inverness Water District	691	158,377	-
Rocky Mountain Arsenal	51	5,828	-
Suncor Energy USA	2,759	633,778	-
Total Sales of Treated Water for Resale	<u>\$ 72,691</u>	<u>16,511,920</u>	<u>76,237</u>

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

<sup>2</sup> Sales on Total Service or Read and Bill contracts are not included.

## 10 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2019

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

<u>Account Type</u>	Consumption		Revenue	
	Gallons Sold	%	Water Revenue <sup>1</sup>	%
		Total Gallons Sold		Total Water Revenue
Oil and Gas Company	650,198	1.05%	\$ 2,827	0.96%
Public School System	505,454	0.81%	2,192	0.74%
Public Utility	490,040	0.79%	1,879	0.64%
Housing Authority	342,126	0.55%	1,078	0.36%
Parks System	224,053	0.36%	1,628	0.55%
Retail Grocer - A	153,513	0.25%	472	0.16%
Beverage Company	140,619	0.23%	387	0.13%
State Government	128,619	0.21%	782	0.26%
Retail Grocer - B	118,836	0.19%	506	0.17%
Hospitals	106,735	0.17%	357	0.12%
Total of the 10 largest customers	2,860,193	4.61%	\$ 12,108	4.09%
Total sales of treated water	62,036,711		\$ 295,656	

<sup>1</sup> This column represents actual billings made for treated water and private fire protection service during the year. The difference from amounts on an accrual basis is immaterial. In addition to the 10 largest retail accounts listed, Denver Water provided 2,158 million gallons of treated water to the City and County of Denver. Revenues from these sales were \$6.1 million.

## C - DEBT CAPACITY INFORMATION

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

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## RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 2010 - 2019

(amounts expressed in thousands, except debt per capita)

Total Principal Balance Outstanding Debt by Type <sup>1</sup>													
Year	General Obligation Bonds	Water Revenue Bonds	Revenue Bond Unamortized Premium or (Discount)	Total Water Revenue Bonds	Capital Leases				Total	Gross Revenues <sup>2,4</sup>	Ratio of Total Debt to Gross Revenue <sup>1</sup>	Estimated Population Served <sup>3</sup>	Debt Per Capita
					Certificates of Participation	Other	Notes Payable <sup>5</sup>						
2010	\$ 28,090	\$ 377,665	\$ -	\$ 377,665	\$ 21,630	\$ 20,790	\$ -	\$ -	\$ 448,175	\$ 259,730	1.73	1,135,000	395
2011	23,825	371,560	-	371,560	-	19,166	-	-	414,551	279,682	1.48	1,147,000	361
2012	500	401,420	15,594	417,014	-	17,431	-	-	434,945	313,093	1.34	1,161,000	375
2013	-	376,965	11,472	388,437	-	15,576	10,000	-	414,013	290,349	1.39	1,172,000	353
2014	-	395,125	9,480	404,605	-	13,595	-	-	418,200	297,768	1.37	1,210,000	346
2015	-	368,125	6,593	374,718	-	11,478	30,000	-	416,196	305,073	1.34	1,249,000	333
2016	-	438,580	15,758	454,338	-	9,215	-	-	463,553	336,713	1.33	1,275,000	364
2017	-	603,415	32,665	636,080	-	6,797	-	-	642,877	365,891	1.67	1,306,000	492
2018	-	583,490	28,243	611,733	-	4,213	-	-	615,945	381,869	1.54	1,306,000	472
<b>2019</b>	<b>\$ -</b>	<b>\$ 564,100</b>	<b>\$ 24,475</b>	<b>\$ 588,575</b>	<b>\$ -</b>	<b>\$ 1,451</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 590,026</b>	<b>\$ 381,248</b>	<b>1.48</b>	<b>1,323,000</b>	<b>446</b>

<sup>1</sup> Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. Prior to 2012 the outstanding debt included principal balances only and excluded discounts, premiums, and deferred amounts on advance refundings; therefore, they do not agree with numbers presented in the basic financial statements, exhibits, or the statistical summary. Beginning in 2012 the outstanding debt is net of premiums and discounts. Outstanding debt excluding premiums and discounts is used to calculate the ratio of total debt to gross revenue. All bonded debt is secured by revenues.

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

<sup>3</sup> Population estimates are treated water customers only.

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

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

## PLEDGED-REVENUE COVERAGE: 2010 - 2019

General Obligation Bonds, Water Revenue Bonds, Notes Payable and Obligations under Capital Lease<sup>1</sup>

(amounts expressed in thousands)

Year	Gross Revenues <sup>2,4,5</sup>	Less Operating Expenses <sup>3,4,5</sup>	Net Available Revenue	Total Debt Service <sup>1</sup>			Coverage including Notes Payable Debt <sup>6</sup>	Coverage not including Notes Payable Debt
				Principal	Interest	Total		
2010	\$ 259,730	\$ 168,501	\$ 91,229	\$ 32,164	\$ 19,065	\$ 51,229	1.78	1.78
2011	279,682	164,760	114,922	33,624	22,335	55,959	2.08	2.08
2012	313,093	158,372	154,721	24,715	19,740	44,455	3.48	3.48
2013	290,349	166,049	124,300	26,810	19,410	46,220	2.69	2.69
2014	297,768	181,541	116,227	28,071	18,673	46,744	2.49	2.49
2015	305,073	170,427	134,646	29,117	18,802	47,919	2.81	2.81
2016	336,713	199,029	137,684	23,828	16,248	40,076	3.44	3.45
2017	365,891	196,317	169,593	22,013	21,673	43,686	3.88	3.89
2018	381,869	203,229	178,640	22,509	26,256	48,765	3.66	3.67
<b>2019</b>	<b>\$ 381,248</b>	<b>\$ 228,807</b>	<b>\$ 152,441</b>	<b>\$ 22,151</b>	<b>\$ 25,135</b>	<b>\$ 47,286</b>	<b>3.22</b>	<b>3.23</b>

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

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

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

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

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

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

## RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 2010 - 2019

(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds <sup>1</sup>	Gross Revenues <sup>2,4</sup>	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served <sup>3</sup>	General Obligation Debt per Capita
2010	\$ 28,090	\$ 259,730	0.11	1,125,000	25
2011	23,825	279,682	0.09	1,135,000	21
2012	500	313,093	0.00	1,147,000	-
2013	-	290,349	-	1,161,000	-
2014	-	297,768	-	1,172,000	-
2015	-	305,073	-	1,210,000	-
2016	-	336,713	-	1,249,000	-
2017	-	365,891	-	1,275,000	-
2018	-	381,869	-	1,306,000	-
<b>2019</b>	<b>\$ -</b>	<b>\$ 381,248</b>	<b>-</b>	<b>1,323,000</b>	<b>-</b>

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

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

<sup>3</sup> Population estimates are treated water customers only.

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

## RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2010 - 2019

(amounts expressed in thousands, except debt per capita)

Year	Water Revenue Bonds <sup>1</sup>	Gross Revenues <sup>2,4</sup>	Ratio of Water Revenue Debt to Gross Revenue	Estimated Population Served <sup>3</sup>	Water Revenue Debt per Capita
2010	\$ 377,665	\$ 259,730	1.45	1,125,000	336
2011	371,560	279,682	1.33	1,135,000	327
2012	401,420	313,093	1.28	1,147,000	350
2013	376,965	290,349	1.30	1,161,000	325
2014	395,125	297,768	1.33	1,172,000	337
2015	368,125	305,073	1.21	1,210,000	304
2016	438,580	336,713	1.30	1,249,000	351
2017	603,415	365,891	1.65	1,275,000	473
2018	583,490	381,869	1.53	1,306,000	447
<b>2019</b>	<b>\$ 564,100</b>	<b>\$ 381,248</b>	<b>1.48</b>	<b>1,323,000</b>	<b>426</b>

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

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

<sup>3</sup> Population estimates are treated water customers only.

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

## D - DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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**DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019**

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

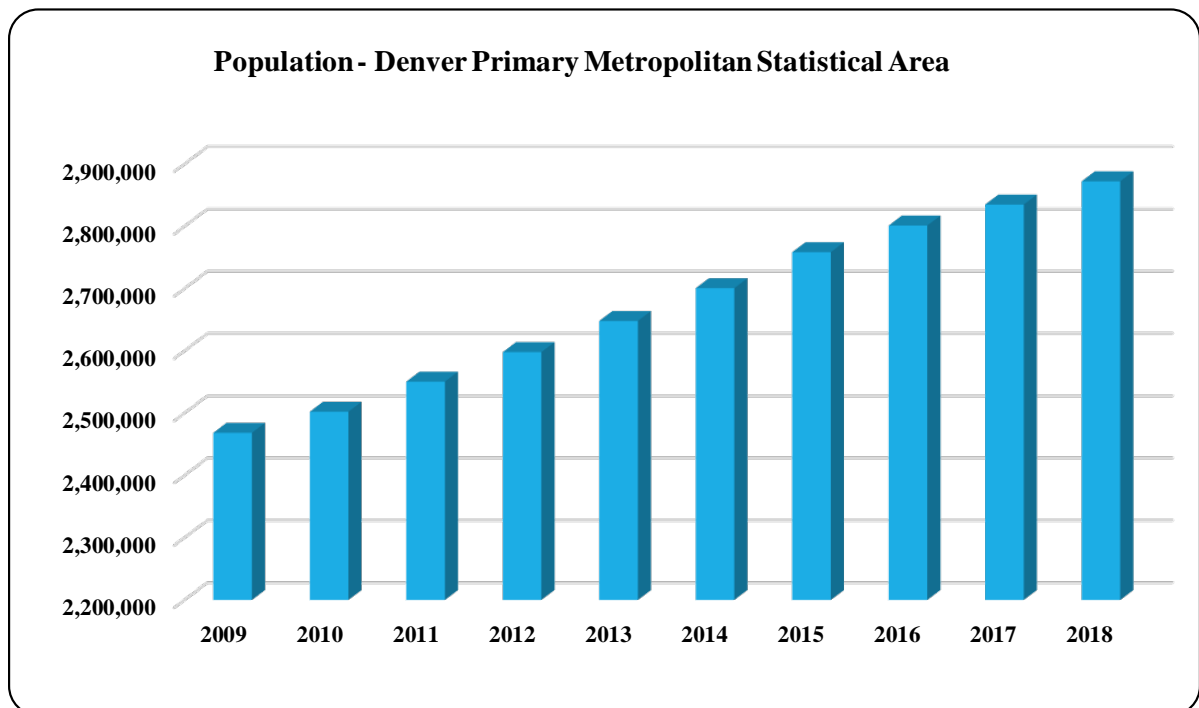
**Population**

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

<b>Population Estimates</b>			
<b>Year</b>	<b>Denver</b>	<b>Denver PMSA</b>	<b>State of Colorado</b>
2009	595,573	2,468,523	4,976,853
2010	604,879	2,502,291	5,050,332
2011	622,051	2,550,714	5,123,692
2012	636,679	2,598,033	5,195,943
2013	650,981	2,648,085	5,272,942
2014	666,237	2,700,823	5,352,866
2015	685,057	2,758,608	5,454,707
2016	698,006	2,801,283	5,542,951
2017	706,914	2,835,067	5,616,567
2018	717,796	2,872,399	5,694,311
2019	n/a	n/a	n/a

(n/a = not available)

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



**DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019**  
 (continued)

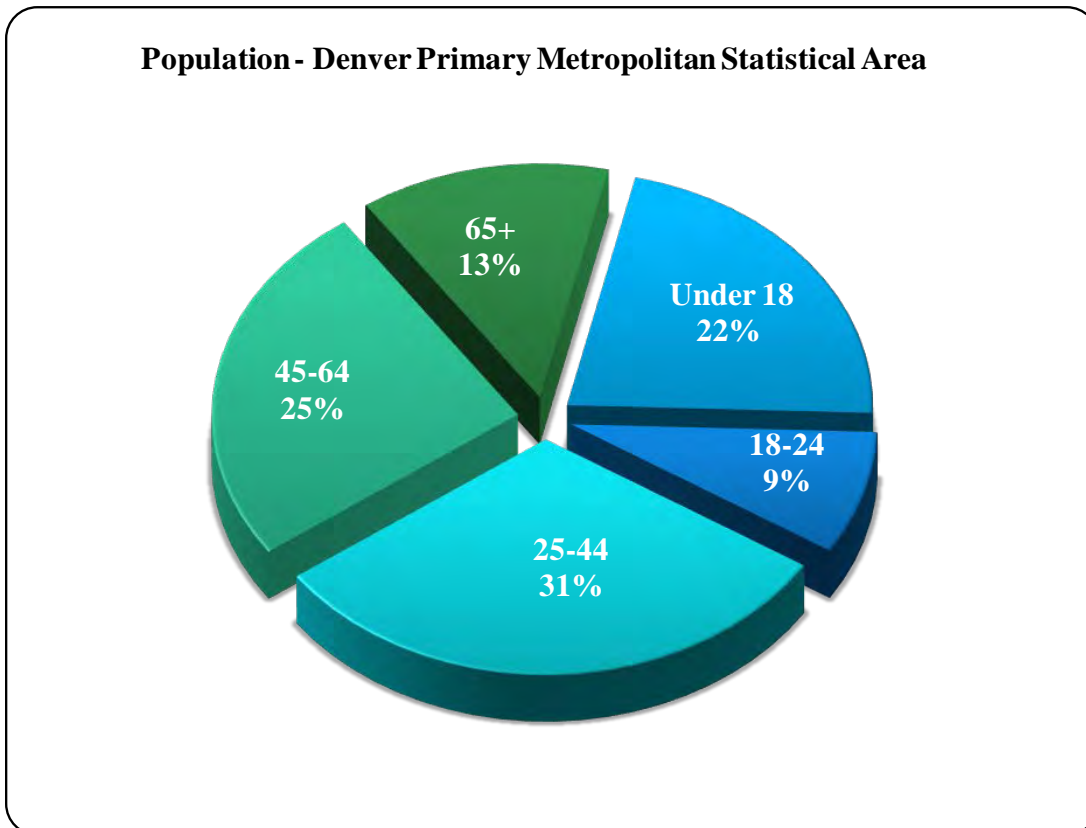
**Age Distribution**

The following table sets forth a forecasted age distribution profile for Denver, the Denver PMSA, and the State of Colorado for 2019.

Age Groups	Forecasted Age Distribution for 2019		
	Percent of Population		
	Denver	Denver PMSA	State of Colorado
Under 18	19.1%	21.9%	21.9%
18-24	7.9%	8.5%	9.7%
25-44	37.5%	31.1%	28.8%
45-64	23.4%	25.3%	24.9%
65+	12.1%	13.3%	14.6%

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

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





**DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019**  
(continued)

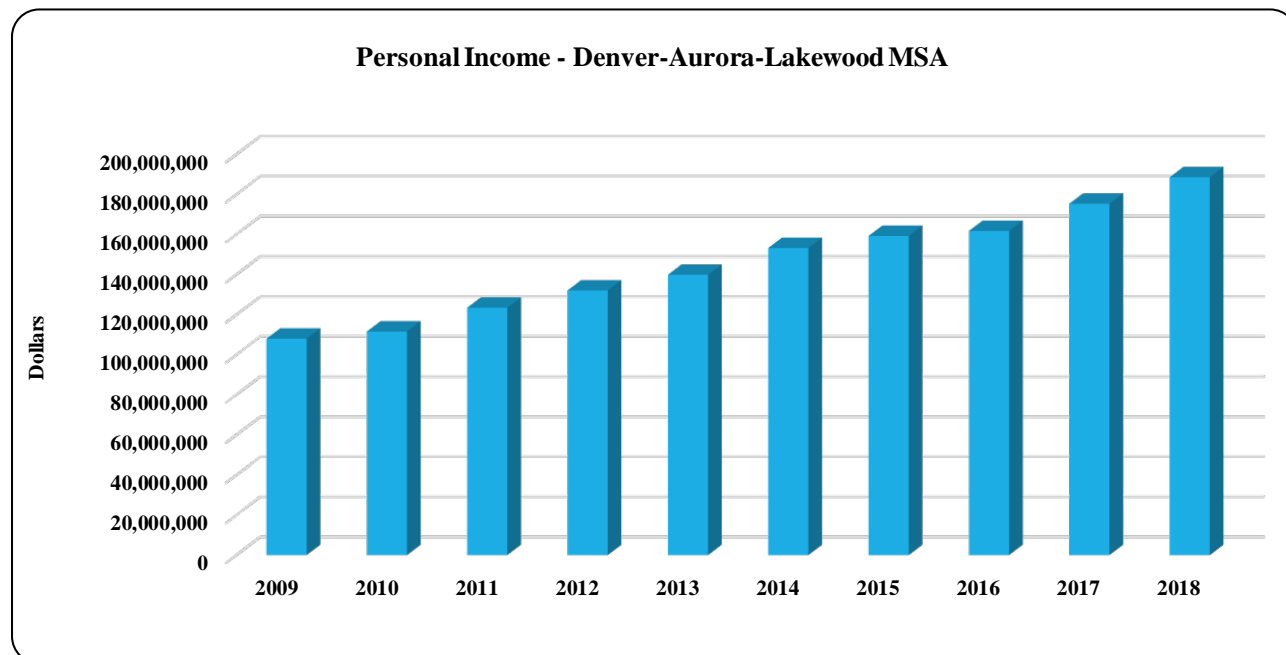
**Income**

The following tables set forth recent annual personal income and per capita personal income levels for Denver, the Denver-Aurora-Lakewood Metropolitan Statistical Area (“MSA”), the State of Colorado and the United States from 2009 through 2018 as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The Denver-Aurora-Lakewood MSA includes the counties of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park.

Personal Income				
Year	Denver	Denver-Aurora-Lakewood MSA	State of Colorado	United States
2009	\$ 27,757,691	\$ 107,975,014	\$ 198,800,165	\$ 12,051,307,000
2010	29,588,942	111,542,391	205,372,353	12,541,995,000
2011	33,654,891	123,428,104	223,153,197	13,315,478,000
2012	36,773,412	132,036,059	237,141,451	13,998,383,000
2013	40,088,405	139,851,369	249,281,621	14,175,503,000
2014	45,241,834	153,209,573	271,307,469	14,982,715,000
2015	45,728,452	159,247,716	284,233,907	15,709,242,000
2016	44,522,399	161,742,657	289,580,620	16,111,636,000
2017	52,481,871	175,325,511	310,754,539	16,870,106,000
2018	57,211,387	188,515,221	332,942,578	17,813,035,000
2019	n/a	n/a	n/a	n/a

(n/a = not available. All dollar estimates are in current dollars not adjusted for inflation.  
Last updated: November 14, 2019 -- new estimates for 2009-2018.)

Source: Colorado Department of Labor and Employment.

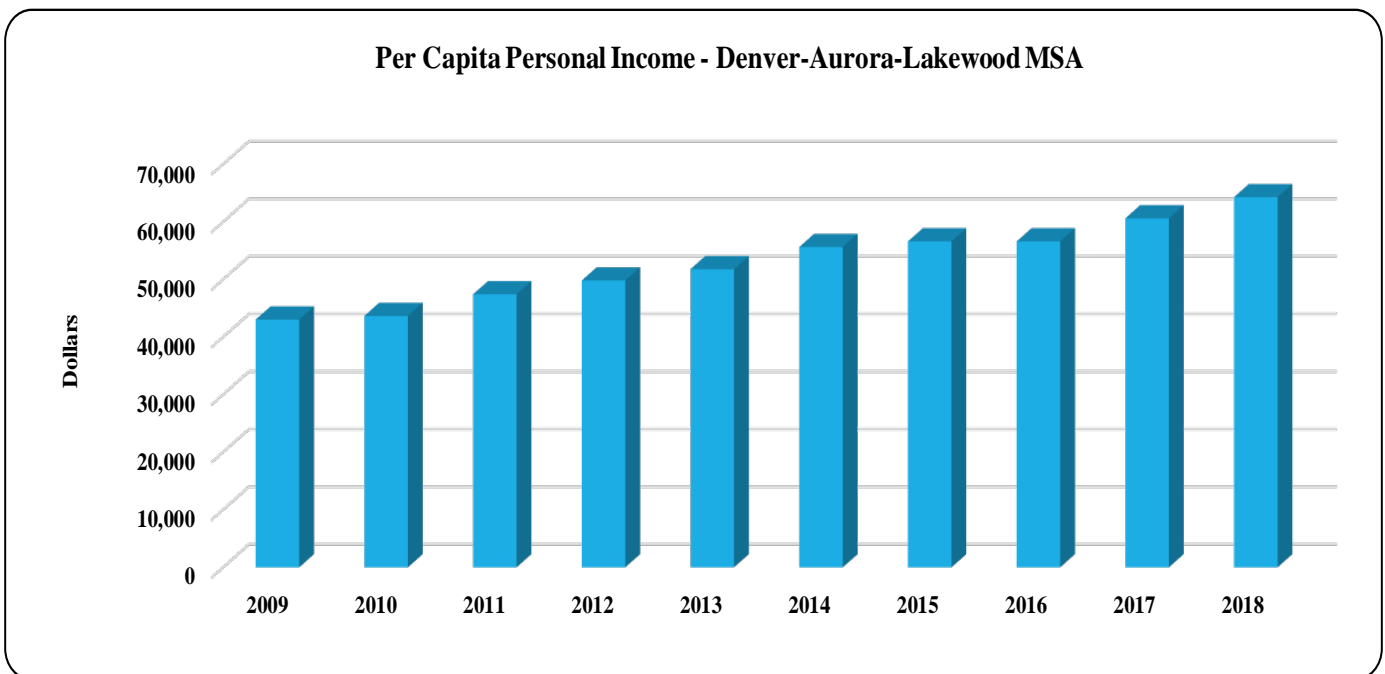


**DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019**  
(continued)

Per Capita Personal Income				
Year	Denver	Denver-Aurora-Lakewood MSA	State of Colorado	United States
2009	\$ 47,126	\$ 43,028	\$ 39,982	\$ 39,284
2010	49,041	43,660	40,682	40,546
2011	54,237	47,418	43,570	42,735
2012	57,886	49,816	45,659	44,599
2013	61,721	51,782	47,298	44,851
2014	68,046	55,619	50,700	47,058
2015	66,887	56,601	52,133	48,978
2016	63,912	56,602	52,262	49,870
2017	74,396	60,604	55,335	51,885
2018	79,849	64,287	58,456	54,446
2019	n/a	n/a	n/a	n/a

(n/a = not available. All dollar estimates are in current dollars not adjusted for inflation.  
Last updated: November 14, 2019 - new estimates for 2009-2018.)

Source: Colorado Department of Labor and Employment.

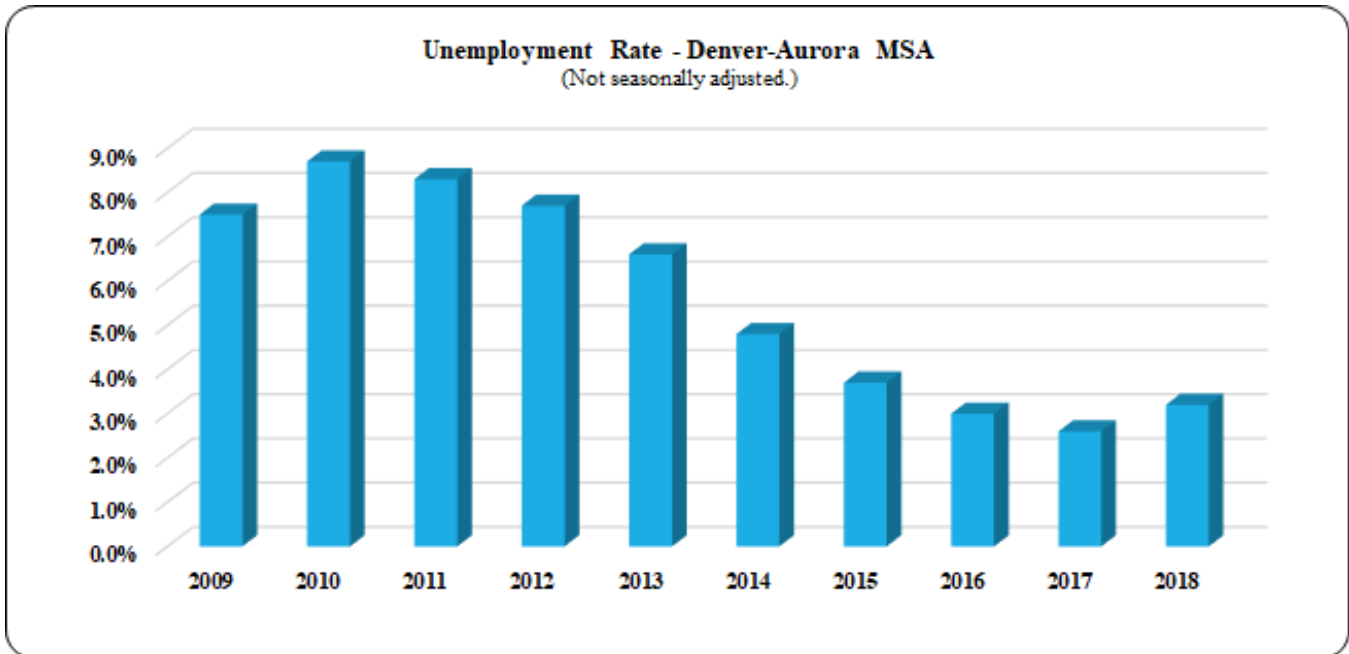


DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019  
(continued)

**Employment**

The following table sets forth recent total labor force, employment and unemployment statistics for Denver, the Denver-Aurora MSA and the State of Colorado. The national unemployment rate is estimated to be approximately 3.9% as of December 2018.

Source: Colorado Department of Labor and Employment.



**DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019**  
(continued)

**Local Area Employment Statistics**

(Not seasonally adjusted)

**Denver**

<b>Year</b>	<b>Labor Force (Thousands)</b>	<b>% Change</b>	<b>Unemployed (Thousands)</b>	<b>% Unemployment Rate</b>
2009	324.3	0.3%	26.3	8.1%
2010	347.6	7.2%	31.7	9.1%
2011	352.2	1.3%	30.3	8.6%
2012	357.7	1.5%	28.1	7.9%
2013	362.8	1.4%	24.1	6.6%
2014	368.9	1.7%	17.7	4.8%
2015	376.0	1.9%	13.8	3.7%
2016	385.4	2.5%	11.8	3.1%
2017	399.4	3.6%	10.5	2.6%
2018	412.8	3.4%	13.1	3.2%
2019	n/a	n/a	n/a	n/a

**Denver-Aurora MSA**

<b>Year</b>	<b>Labor Force (Thousands)</b>	<b>% Change</b>	<b>Unemployed (Thousands)</b>	<b>% Unemployment Rate</b>
2009	1,392.7	-0.1%	104.2	7.5%
2010	1,423.4	2.2%	123.6	8.7%
2011	1,431.2	0.5%	118.8	8.3%
2012	1,448.2	1.2%	112.0	7.7%
2013	1,463.9	1.1%	96.8	6.6%
2014	1,487.8	1.6%	71.6	4.8%
2015	1,507.5	1.3%	55.4	3.7%
2016	1,543.2	2.4%	46.9	3.0%
2017	1,592.6	3.2%	41.7	2.6%
2018	1,646.3	3.4%	52.0	3.2%
2019	n/a	n/a	n/a	n/a

**State of Colorado**

<b>Year</b>	<b>Labor Force (Thousands)</b>	<b>% Change</b>	<b>Unemployed (Thousands)</b>	<b>% Unemployment Rate</b>
2009	2,723.0	0.2%	198.5	7.3%
2010	2,724.4	0.1%	238.0	8.7%
2011	2,736.1	0.4%	228.8	8.4%
2012	2,757.2	0.8%	217.3	7.9%
2013	2,767.2	0.4%	189.6	6.9%
2014	2,802.5	1.3%	140.1	5.0%
2015	2,828.9	0.9%	109.4	3.9%
2016	2,896.8	2.4%	93.3	3.2%
2017	2,992.4	3.3%	81.3	2.7%
2018	3,096.4	3.5%	101.6	3.3%
2019	n/a	n/a	n/a	n/a

Source: Colorado Department of Labor and Employment

**DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019**  
(continued)

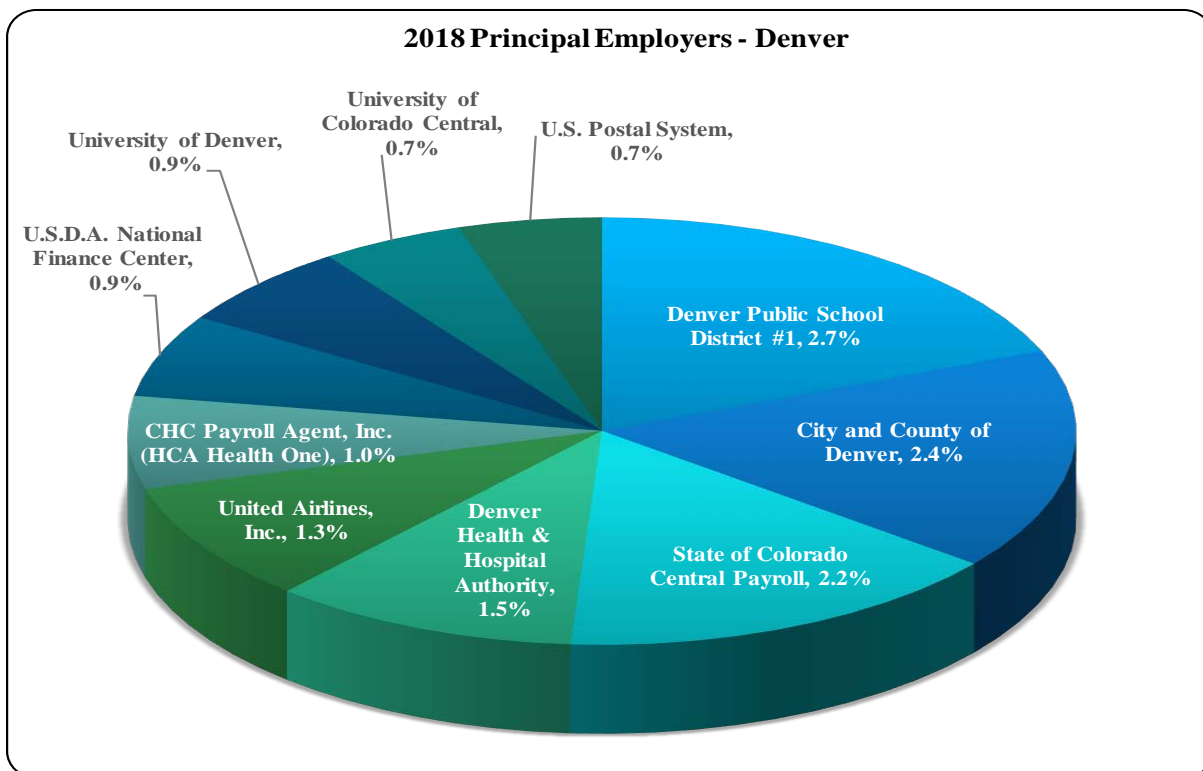
**Principal Employers**

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

Employer	2018			2009		
	Employees	Rank	% of	Employees	Rank	% of
			Total City			Total City
	Employment		Employment			Employment
Denver Public School District #1	12,652	1	2.7%	11,187	1	3.1%
City and County of Denver	11,279	2	2.4%	9,895	2	2.7%
State of Colorado Central Payroll	10,225	3	2.2%	8,522	4	2.4%
Denver Health & Hospital Authority	6,921	4	1.5%	4,808	6	1.3%
United Airlines, Inc.	6,177	5	1.3%	4,903	5	1.4%
CHC Payroll Agent, Inc. (HCA Health One)	4,485	6	1.0%	-	-	-
U.S.D.A. National Finance Center	4,137	7	0.9%	8,546	3	2.4%
University of Denver	4,120	8	0.9%	-	-	-
University of Colorado Central	3,218	9	0.7%	3,332	9	0.9%
U.S. Postal System	3,186	10	0.7%	-	-	-
Quest Corporation	-	-	-	4,177	7	1.1%
Frontier Airlines Inc.	-	-	-	3,352	8	0.9%
King Soopers	-	-	-	2,553	10	0.7%
<b>Total</b>	<b>66,400</b>		<b>14.3%</b>	<b>61,275</b>		<b>16.9%</b>

(2019 data not available at time of publication.)

Source: City and County of Denver annual report. Based on 2018 and 2009 Occupational Privilege Tax Remitters.



**DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2019**  
(continued)

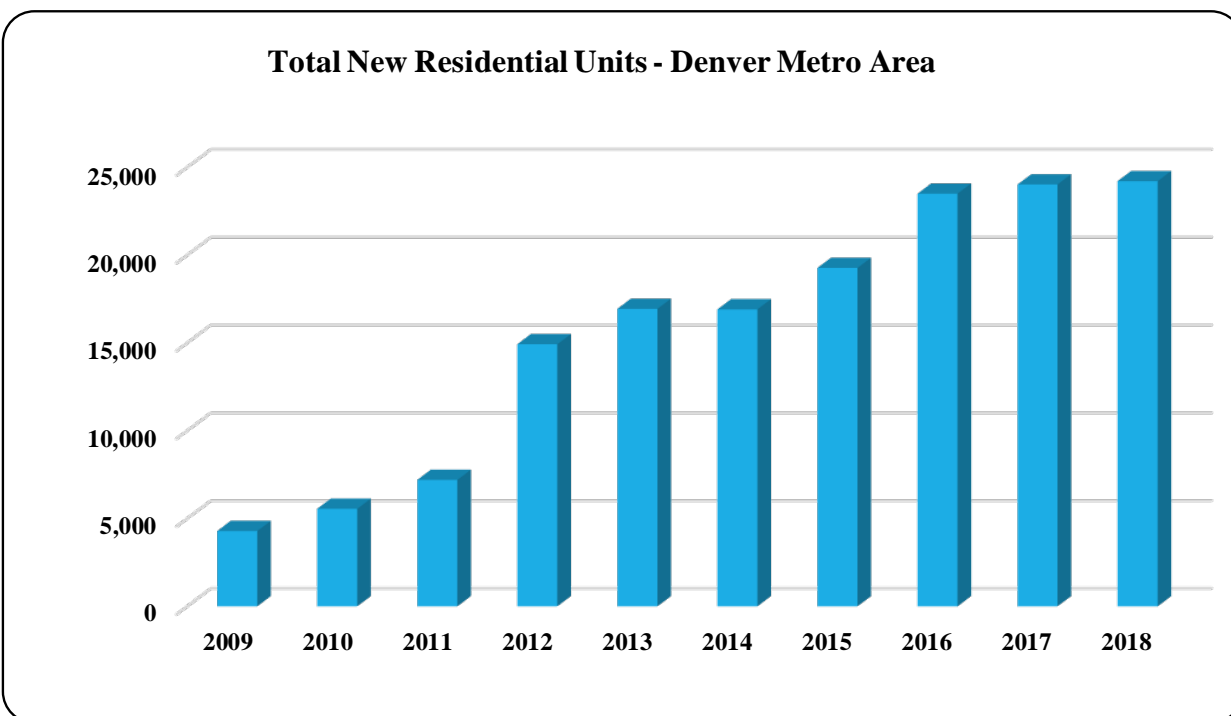
**New Residential Building Construction**

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

New Residential Units in Denver and the Denver Metropolitan Area								
Year	Denver				Denver Metropolitan Area			
	Single-Family Detached	Single-Family Attached	Multi-Family	Total	Single-Family Detached	Single-Family Attached	Multi-Family	Total
2009	485	74	329	888	2,690	133	1,465	4,288
2010	632	130	470	1,232	3,791	285	1,478	5,554
2011	703	147	1,835	2,685	3,885	309	3,005	7,199
2012	1,056	166	4,356	5,578	5,947	299	8,679	14,925
2013	1,284	256	4,330	5,870	7,396	399	9,145	16,940
2014	1,710	287	3,961	5,958	8,396	440	8,074	16,910
2015	1,847	134	5,920	7,901	9,786	422	9,061	19,269
2016	1,887	374	5,581	7,842	10,663	532	12,301	23,496
2017	2,370	198	7,957	10,525	11,419	384	12,218	24,021
2018	2,428	110	5,340	7,878	12,248	400	11,561	24,209
2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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

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



## E - OPERATING INFORMATION

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

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**EMPLOYEES BY DIVISION<sup>1</sup>: 2010 - 2019**

<b>Division/Section<sup>2</sup></b>	<b>2019</b>	2018	2017 <sup>5,6</sup>	2016 <sup>3</sup>	2015	2014	2013	2012	2011 <sup>4</sup>	2010
<b>Manager &amp; Staff</b>	<b>28.8</b>	31.3	35.4	25.0	10.0	15.0	11.0	10.0	7.0	7.0
<b>Human Resources</b>	<b>25.0</b>	26.0	28.0	31.0	29.0	32.0	25.0	24.8	23.8	23.8
<b>Information Technology</b>	<b>95.8</b>	96.3	100.3	104.0	110.4	92.5	80.8	74.5	68.5	68.5
<b>Public Affairs</b>										
Chief Public Affairs Officer	-	-	-	3.0	3.0	3.0	3.0	2.0	6.0	4.0
Conservation & Comm. Outreach	-	-	-	29.0	-	11.0	-	-	8.6	9.6
Communications and Marketing	-	-	-	14.0	12.0	-	11.6	10.4	-	-
Conservation	-	-	-	-	17.0	16.0	17.0	15.0	15.0	17.0
Customer Relations	-	-	-	-	9.0	7.0	7.0	6.8	-	-
Central Services	-	-	-	-	-	-	-	-	-	3.0
Customer Care	-	-	-	31.0	-	-	-	-	-	39.2
CIS Business Support	-	-	-	-	-	-	-	-	-	2.0
Customer Services - Field	-	-	-	52.0	-	-	-	-	-	70.0
Meter Inspection Shop	-	-	-	-	-	-	-	-	-	7.0
Sales & Support	-	-	-	16.0	-	-	-	-	-	20.8
	-	-	-	145.0	41.0	37.0	38.6	34.2	29.6	172.6
<b>Customer Relations</b>										
Chief Customer Relations Officer	-	-	-	-	3.0	2.0	2.0	2.0	2.0	-
Central Services	-	-	-	-	-	2.6	2.6	1.0	3.0	-
Customer Care	-	-	-	-	29.3	30.3	31.3	42.8	42.2	-
Quality Assurance & Reporting	-	-	-	-	8.0	7.0	8.0	-	-	-
Customer Services - Field	-	-	-	-	48.0	49.0	51.0	64.0	66.0	-
Meter Inspection Shop	-	-	-	-	-	-	-	-	7.0	-
Sales Administration	-	-	-	-	9.0	9.0	9.0	13.0	12.8	-
	-	-	-	-	97.3	99.9	103.9	122.8	133.0	-
<b>External Affairs</b>										
Chief External Affairs Officer	<b>6.0</b>	7.0	6.0	-	-	-	-	-	-	-
Conservation & Comm. Outreach	<b>18.0</b>	17.0	17.0	-	-	-	-	-	-	-
Communications and Marketing	<b>13.0</b>	13.0	13.0	-	-	-	-	-	-	-
Customer Relations	<b>4.0</b>	1.0	1.0	-	-	-	-	-	-	-
Customer Care	<b>35.0</b>	35.5	37.8	-	-	-	-	-	-	-
Customer Services - Field	<b>50.0</b>	51.0	52.0	-	-	-	-	-	-	-
Sales & Support	<b>17.0</b>	17.0	17.0	-	-	-	-	-	-	-
Environmental Planning	<b>8.0</b>	8.0	8.0	-	-	-	-	-	-	-
Raw Water Supply	<b>4.0</b>	5.0	4.0	-	-	-	-	-	-	-
Water Resources Analysis	<b>5.0</b>	6.0	6.0	-	-	-	-	-	-	-
Water Resource Planning	<b>8.0</b>	7.0	8.0	-	-	-	-	-	-	-
Water Rights	<b>7.0</b>	7.0	7.0	-	-	-	-	-	-	-
	<b>175.0</b>	174.5	176.8	-	-	-	-	-	-	-

See accompanying footnotes on final page of report.

(continued)

**EMPLOYEES BY DIVISION<sup>1</sup>: 2010 - 2019, (continued)**

	2019	2018	2017 <sup>5,6</sup>	2016 <sup>3</sup>	2015	2014	2013	2012	2011 <sup>4</sup>	2010
<b>Legal</b>	-	-	-	13.0	14.0	14.4	14.6	13.6	13.6	14.6
<b>Finance</b>										
Chief Financial Officer	3.0	2.0	0.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Purchasing & Contracting	-	-	-	-	12.0	11.0	11.0	11.0	9.0	5.0
Records & Document Administration	-	-	-	-	8.8	7.8	8.8	9.0	9.0	9.0
Treasury	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	8.0	7.0
Controller	0.0	0.0	3.0	2.0	1.0	1.0	1.0	-	-	-
Finance Computer Support	-	-	-	-	-	-	1.0	2.0	2.0	2.0
Budget	5.0	5.0	3.0	2.0	4.0	3.0	3.0	3.0	4.0	4.0
Accounting, Payroll, AP	19.0	16.0	18.0	17.0	20.0	20.0	20.0	20.0	20.0	19.0
Rate Administration	2.0	2.0	2.0	-	1.0	3.0	3.0	3.0	3.0	3.0
	<b>37.0</b>	<b>33.0</b>	<b>34.0</b>	<b>31.0</b>	<b>56.8</b>	<b>56.8</b>	<b>57.8</b>	<b>58.0</b>	<b>56.0</b>	<b>50.0</b>
<b>Engineering</b>										
Chief Engineering Officer	14.8	12.8	12.8	13.0	7.8	7.8	7.8	7.8	7.8	6.0
Asset Recording	7.0	8.0	8.0	7.0	7.0	8.0	10.0	7.0	7.0	7.0
Programs & Projects	57.8	58.8	56.0	53.0	55.0	58.0	58.0	57.9	53.9	57.0
Survey	27.0	24.0	24.0	26.0	23.0	25.0	25.0	25.0	26.0	26.0
Hydraulics	7.0	7.0	7.0	-	-	-	-	-	-	-
Construction Management	26.0	23.0	28.0	28.0	27.0	28.0	24.0	25.0	24.0	24.0
Distribution & Property Mgmt Admin	31.0	30.0	29.0	31.0	38.0	37.0	41.0	39.0	40.0	41.0
	<b>170.6</b>	<b>163.6</b>	<b>164.8</b>	<b>158.0</b>	<b>157.8</b>	<b>163.8</b>	<b>165.8</b>	<b>161.7</b>	<b>158.7</b>	<b>161.0</b>
<b>Planning</b>										
Chief Planning Officer	-	-	-	4.0	2.0	3.0	3.0	3.0	3.0	3.0
Environmental Planning	-	-	-	7.0	6.0	5.6	5.6	5.6	5.6	5.6
Raw Water Supply	-	-	-	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Water Resources Analysis	-	-	-	9.0	10.0	10.0	11.0	11.0	9.0	11.0
Water Resource Planning	-	-	-	4.0	4.0	4.0	3.0	3.0	3.0	2.0
Demand Planning	-	-	-	4.0	3.0	4.0	4.0	4.0	4.0	4.0
Treated Water Planning	-	-	-	9.0	-	-	-	-	-	-
Water Rights	-	-	-	6.0	7.0	6.0	7.0	7.0	7.0	7.0
Hydraulics	-	-	-	-	10.0	10.0	10.0	10.0	8.0	8.0
	-	-	-	<b>48.0</b>	<b>48.0</b>	<b>48.6</b>	<b>49.6</b>	<b>49.6</b>	<b>45.6</b>	<b>46.6</b>
<b>Administrative Services</b>										
Chief Administrative Officer	37.0	38.0	37.0	33.0	-	-	-	-	-	-
Safety and Security	12.5	12.0	12.0	13.0	-	-	-	-	-	-
Recreation Management	6.0	6.0	6.0	6.0	-	-	-	-	-	-
	<b>55.5</b>	<b>56.0</b>	<b>55.0</b>	<b>52.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See accompanying footnotes on final page of report.

(continued)

## EMPLOYEES BY DIVISION<sup>1</sup>: 2010 - 2019, (continued)

	2019	2018	2017 <sup>5,6</sup>	2016 <sup>3</sup>	2015	2014	2013	2012	2011 <sup>4</sup>	2010
<b>Operations and Maintenance</b>										
Chief OM Officer	6.0	5.0	6.0	7.0	5.0	6.0	3.0	4.0	4.0	4.0
Source of Supply	50.0	52.0	58.0	56.0	58.0	57.0	57.0	59.0	61.0	60.0
Water Quality & Treatment	109.0	102.0	118.0	35.0	44.0	44.0	42.0	37.0	33.0	33.0
Water Treatment	-	-	-	86.0	85.0	87.0	84.0	88.0	89.0	89.0
Treated Water Operations	-	-	-	53.0	55.0	62.0	58.0	59.0	59.0	57.5
Water Distribution	218.0	194.0	190.0	136.0	122.0	132.0	142.0	144.0	157.0	149.0
Emergency Management	-	-	-	4.0	2.0	2.0	2.0	-	-	-
Support Services	77.0	86.0	92.0	-	-	-	-	-	-	-
Safety and Loss Control	-	-	-	11.0	10.0	15.0	15.0	16.0	14.0	16.0
Instrumentation & Ctrl Systems	-	-	-	-	18.0	11.0	14.0	12.0	11.0	12.0
Maintenance and Warehouse	-	-	-	106.0	106.0	102.0	113.0	115.0	118.0	121.0
	<b>460.0</b>	439.0	464.0	494.0	505.0	518.0	530.0	534.0	546.0	541.5
<b>Total</b>	<b>1,047.7</b>	1,019.7	1,058.3	1,101.0	1,069.3	1,078.0	1,077.1	1,083.2	1,081.8	1,085.6

<sup>1</sup> Number of employees includes regular and introductory employees. Temporary and project employees are not included. The source of the data is Human Resource employee records.

<sup>2</sup> Section names may have changed due to business needs.

<sup>3</sup> In 2016, the Legal Division was added to the Manager & Staff division. The Customer Relations division was added to the Public Affairs division. The Administrative Services division is new.

<sup>4</sup> In 2011, the Customer Relations Division was split out from Public Affairs.

<sup>5</sup> In 2017, Planning and Public Affairs were combined to create a new division External Affairs. Hydraulics Eng. was added to Eng. (formerly was in Planning).

<sup>6</sup> In 2017, the FTEs for each division's chief were reclassified to Manager and Staff.

## CAPITAL ASSETS BY FUNCTION: 2010 - 2019

(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>										
Land and land rights	\$ 130,438	\$ 130,445	\$ 129,789	\$ 99,108	\$ 99,098	\$ 115,291	\$ 115,304	\$ 115,107	\$ 114,149	\$ 113,473
Water rights and other	73,480	70,472	70,472	105,785	105,785	75,550	75,550	74,161	74,100	70,033
Wolford Mountain Capital Lease <sup>1</sup>	42,980	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	290,239	340,438	265,757	259,690	163,266	171,215	124,244	117,862	129,770	110,483
Total capital assets not being depreciated	<b>537,137</b>	541,355	466,018	464,583	368,149	362,056	315,098	307,130	318,019	293,989
<b>CAPITAL ASSETS BEING DEPRECIATED</b>										
Buildings and improvements	494,351	413,792	405,375	199,329	201,538	281,772	279,280	254,796	236,538	224,496
Improvements other than buildings	2,160,818	2,086,796	1,971,680	2,044,423	2,002,297	1,955,572	1,890,470	1,860,363	1,761,486	1,698,311
Machinery and equipment	449,362	430,287	412,683	392,963	393,007	246,368	246,433	221,915	222,362	231,107
Total capital assets being depreciated	<b>3,104,531</b>	2,930,875	2,789,738	2,636,715	2,596,842	2,483,712	2,416,183	2,337,074	2,220,386	2,153,914
Less accumulated depreciation										
Buildings and improvements	(123,465)	(124,083)	(117,420)	(48,453)	(47,372)	(76,257)	(72,278)	(68,216)	(63,781)	(59,093)
Improvements other than buildings	(596,435)	(588,296)	(563,245)	(596,587)	(570,105)	(578,572)	(549,357)	(520,020)	(501,992)	(475,222)
Machinery and equipment	(238,366)	(239,589)	(227,197)	(211,396)	(200,614)	(121,358)	(112,055)	(101,296)	(92,405)	(86,676)
Total accumulated depreciation	<b>(958,266)</b>	(951,968)	(907,862)	(856,436)	(818,091)	(776,187)	(733,690)	(689,532)	(658,178)	(620,991)
Total capital assets being depreciated, net	<b>2,146,265</b>	1,978,907	1,881,876	1,780,279	1,778,751	1,707,525	1,682,493	1,647,542	1,562,208	1,532,923
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 2,683,402</b>	\$ 2,520,262	\$ 2,347,894	\$ 2,244,862	\$ 2,146,900	\$ 2,069,581	\$ 1,997,591	\$ 1,954,672	\$ 1,880,227	\$ 1,826,912

<sup>1</sup> In 2019, the \$12.939 million of amortization taken on the Wolford Mountain capital lease was reversed and the 2019 beginning net position was restated. Because the underlying assets were determined to be intangible with an indefinite life, the lease was also reclassified into the 'Capital Assets Not Being Depreciated' category. In previous years, this was reported in Improvements other than buildings in the 'Capital assets Being Depreciated' section.

## BUDGET TO ACTUAL - RECEIPTS AND EXPENDITURES

### BUDGET TO ACTUAL COMPARISON 2015 - 2019 AND 2020 BUDGET (BUDGET BASIS)

(amounts expressed in thousands)

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017<sup>3</sup></u>		<u>2016<sup>2</sup></u>		<u>2015</u>	
	<b>Budget</b>	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
<b>BEGINNING CASH &amp; INVESTMENTS</b>	\$ 276,326	\$ 364,170	\$ 364,170	\$ 449,379	\$ 449,379	\$ 287,394	\$ 287,394	\$ 240,889	\$ 240,889	\$ 234,924	\$ 234,924	
<b>RECEIPTS FROM:</b>												
Sale of water	306,147	296,208	303,157	282,658	306,941	269,481	284,304	273,112	274,299	269,256	242,225	
Nonoperating, interest & other	24,265	26,315	29,195	23,524	27,728	20,305	29,456	19,482	19,200	19,951	21,184	
System development charges	29,985	40,058	38,668	34,000	41,045	34,035	42,486	20,294	38,752	17,294	36,109	
Developer participation (new facilities), reimbursements & grants	8,032	10,616	7,137	4,800	5,756	-	9,640	8,129	3,239	4,415	10,795	
	368,429	373,197	378,157	344,982	381,470	323,821	365,886	321,017	335,490	310,916	310,313	
Sale of bonds or issuance of notes	155,000	60,000	-	60,000	-	205,000	205,864	56,923	71,238	42,000	30,000	
Total receipts	523,429	433,197	378,157	404,982	381,470	528,821	571,750	377,940	406,728	352,916	340,313	
<b>LESS EXPENDITURES FOR:</b>												
Operations, maintenance & refunds	221,114	207,617	212,837	197,515	207,767	201,270	197,455	196,865	191,060	191,036	185,820	
Debt service	46,169	47,649	47,286	49,149	48,765	45,456	43,686	43,835	41,121	48,822	56,742	
	267,283	255,266	260,122	246,664	256,532	246,726	241,141	240,700	232,181	239,858	242,562	
Capital improvements (new facilities)	222,679	179,775	156,992	137,895	147,012	125,237	117,330	85,758	94,231	29,808	33,011	
System replacements	70,077	69,490	56,715	53,148	59,660	53,081	44,651	51,171	44,941	50,125	44,668	
Equipment	3,650	4,302	4,361	5,483	5,687	6,507	6,405	7,000	7,548	12,700	10,603	
	296,405	253,567	218,068	196,526	212,359	184,825	168,386	143,929	146,720	92,633	88,282	
Indirects to capital	-	-	-	-	-	-	-	-	-	11,527	9,058	
Total expenditures	563,688	508,833	478,190	443,190	468,891	431,551	409,527	384,629	378,901	344,018	339,902	
Cash Balance Adjustment <sup>1</sup>			12,189		2,212		(238)		18,678		5,554	
<b>ENDING CASH &amp; INVESTMENTS</b>	<b>\$ 236,066</b>	<b>\$ 288,534</b>	<b>\$ 276,326</b>	<b>\$ 411,171</b>	<b>\$ 364,170</b>	<b>\$ 384,664</b>	<b>\$ 449,379</b>	<b>\$ 234,200</b>	<b>\$ 287,394</b>	<b>\$ 243,822</b>	<b>\$ 240,889</b>	

**GENERAL EXPLANATION OF VARIANCES:**

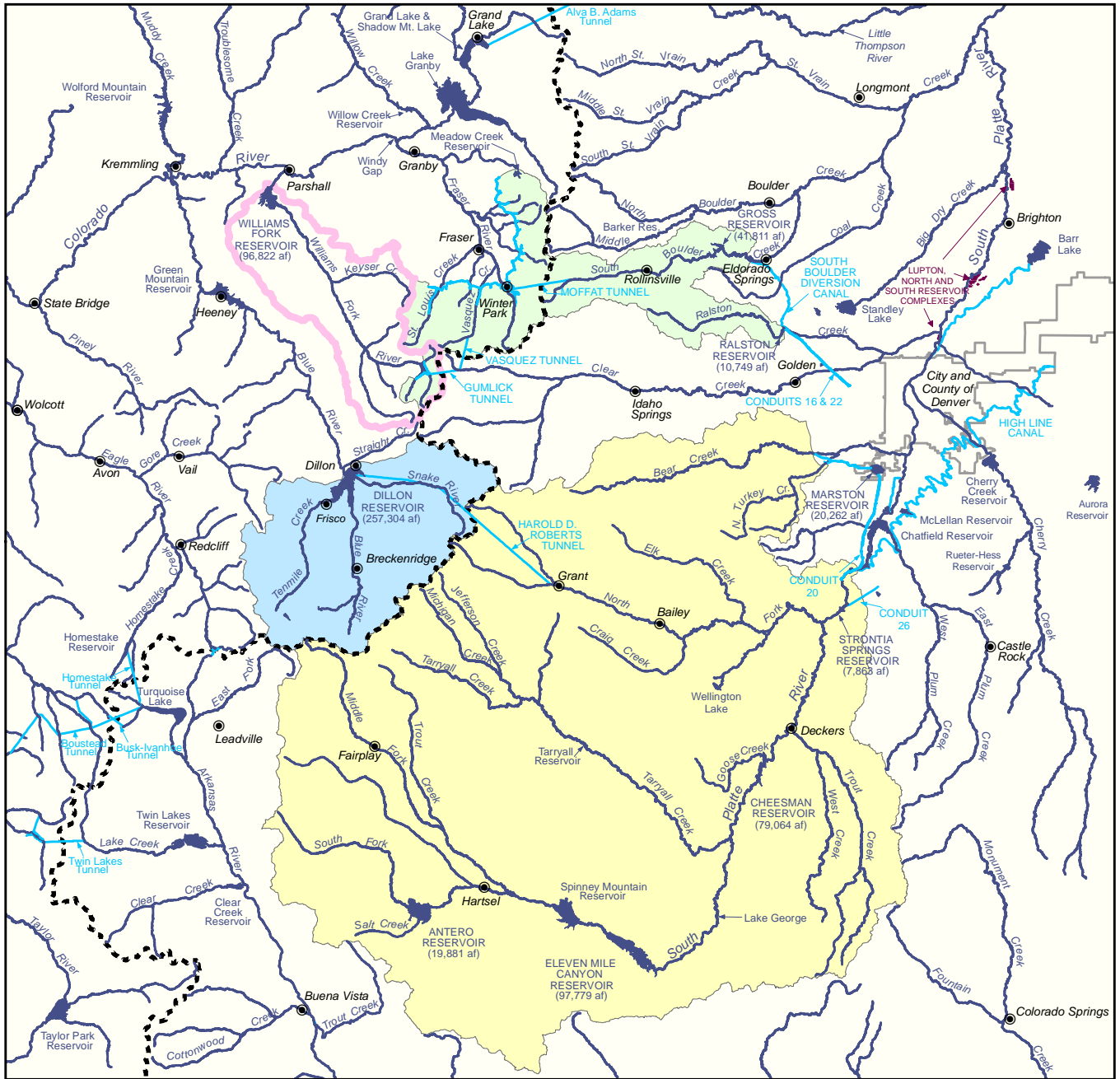
<sup>1</sup> The cash balance adjustment is due to a timing difference between cash payments that were made in January but were accrued for in December.

<sup>2</sup> In 2016, financial system underwent a significant conversion eliminating the allocation of indirect costs to capital. Totals include Applied Labor. The financial system conversion also resulted in changes to the categorization and inclusion/exclusion of certain budgeted costs for the 2016 budget.

<sup>3</sup> Beginning in 2017, totals include Applied Labor. The 2017 budget for Build America Bonds was reclassified from sale of bonds or issuance of notes to nonoperating, interest & other. Variances in operating receipts are generally due to abnormal climatic conditions. Variances in system development charges are generally related to levels of activity in the home building industry. Variances in capital improvements are generally due to changes in project scheduling.

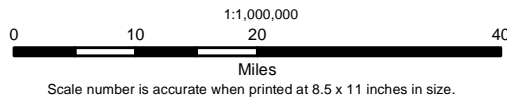
Cash and investments prior to 2017 do not agree with amounts on the statements of net position due to differences in valuation methods. Prior year information has been updated to adjust for timing differences the original reporting period.

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



**LEGEND**

<span style="display: inline-block; width: 20px; height: 10px; background-color: yellow; border: 1px solid black;"></span> South Platte Collection System	<span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%;"></span> Town
<span style="display: inline-block; width: 20px; height: 10px; background-color: lightblue; border: 1px solid black;"></span> Roberts Tunnel Collection System	<span style="border-top: 2px dashed black; width: 20px; display: inline-block;"></span> Continental Divide
<span style="display: inline-block; width: 20px; height: 10px; background-color: lightgreen; border: 1px solid black;"></span> Moffat Collection System	<span style="display: inline-block; width: 20px; border-bottom: 2px solid blue;"></span> Major Canal or Aqueduct
<span style="display: inline-block; width: 20px; height: 10px; background-color: pink; border: 1px solid black;"></span> Williams Fork Reservoir Watershed	<span style="display: inline-block; width: 20px; border-bottom: 2px solid blue;"></span> Major Stream or River
<span style="display: inline-block; width: 20px; height: 10px; background-color: lightblue; border: 1px solid black; border-radius: 50%;"></span> Major Lake or Reservoir	



Map Date: 12/27/2019  
 Author: Denver Water GIS  
 Sources: USGS-NHD, DENVER WATER, DOLA, NRCS, CDWR

**Operating Indicators by Function: 2010 - 2019**

<b>Supply Facts:</b>	<b>2019</b>	2018	2017	2016	2015	2014	2013	2012	2011	2010
Raw water collected in acre feet	<b>330,516</b>	221,212	297,878	274,670	279,378	300,030	395,638	194,682	359,965	302,883
Supply from South Platte River & Effluent Exchange (acre-feet)	<b>151,288</b>	78,967	132,115	158,324	166,561	148,680	142,915	85,765	117,559	151,891
Supply from Roberts Tunnel/Blue River (acre-feet)	<b>80,424</b>	56,101	86,124	40,795	39,801	77,765	111,564	54,394	148,643	74,674
Supply from Moffat System (acre-feet)	<b>98,804</b>	86,144	79,639	75,551	73,016	73,585	141,159	54,523	93,763	76,318
Percent of total water collected in acre - feet:										
Percent from South Platte System	<b>46%</b>	36%	44%	58%	60%	50%	36%	44%	33%	50%
Percent from Roberts Tunnel/Blue River System	<b>24%</b>	25%	29%	15%	14%	26%	28%	28%	41%	25%
Percent from Moffat System	<b>30%</b>	39%	27%	28%	26%	25%	36%	28%	26%	25%
Reservoir storage capacity in acre feet	<b>699,683</b>	676,271	676,271	676,271	676,271	676,271	676,271	676,271	676,271	676,271
Reservoir storage in acre feet, January 1	<b>520,813</b>	586,124	568,124	582,015	601,493	611,625	471,380	620,603	598,580	614,044
Percent of capacity	<b>77.0%</b>	86.7%	84.0%	86.1%	88.9%	90.4%	69.7%	91.8%	88.5%	90.8%
Reservoir storage in acre feet, December 31	<b>570,227</b>	520,813	586,617	568,124	582,015	601,493	611,625	471,380	620,603	598,580
Percent of capacity	<b>84.3%</b>	77.0%	86.7%	84.0%	86.1%	88.9%	90.4%	69.7%	91.8%	88.5%
Power generation in KWH (excluding power purchased)	<b>52,929,656</b>	63,127,191	76,948,391	67,436,291	61,586,646	60,209,003	74,461,486	80,636,429	77,394,064	62,814,395
Value of power generation (excluding power purchased)	<b>\$ 3,892,135</b>	\$ 4,420,800	\$ 4,510,456	\$ 4,337,858	\$ 3,913,171	\$ 4,403,373	\$ 4,746,456	\$ 4,757,687	\$ 5,518,440	\$ 4,659,166

<b>Pumping:</b>	<b>2019</b>	2018	2017	2016	2015	2014	2013	2012	2011	2010
Number of treated water pump stations	<b>18</b>	18	18	18	18	18	18	18	18	18
Maximum pumping capacity in million gallons per day	<b>1,048.4</b>	1,048.4	1,048.4	1,048.4	1,048.4	1,007.9	1,007.9	1,003.3	1,003.3	1,095.9
Pumping energy costs (Treated Water)	<b>\$ 3,335,873</b>	\$ 3,135,017	\$ 2,959,900	\$ 2,903,926	\$ 2,816,438	\$ 3,287,803	\$ 2,964,275	\$ 3,040,371	\$ 2,848,293	\$ 2,515,225

<b>Transmission and Distribution:</b>	<b>2019</b>	2018	2017	2016	2015	2014	2013	2012	2011	2010
Miles of pipe installed, net of reductions	<b>17.2</b>	15.9	33.3	17.6	17.5	16.1	8.1	9.0	4.6	82.4
Miles of pipe in system	<b>3,175.7</b>	3,158.5	3,142.6	3,109.3	3,091.7	3,074.2	3,058.2	3,050.1	3,041.0	3,037.0
Miles of recycled water mains in system	<b>72.4</b>	71.7	70.4	73.5	67.2	67.0	63.1	49.0	45.0	44.2
Number of valves operated and maintained	<b>86,624</b>	85,565	84,674	83,171	82,250	81,262	80,265	78,889	76,721	76,240
Number of recycled water valves in system	<b>1,612</b>	1,604	1,459	1,538	1,512	1,380	1,188	979	865	778
Number of hydrants operated and maintained	<b>22,219</b>	21,195	20,967	20,556	20,269	20,030	19,818	19,670	19,553	19,439
Leak Detection Program:										
Miles of pipe surveyed	<b>814</b>	660	1,384	922	808	1,290	615	1,022	802	801
Visible leaks pinpointed	<b>142</b>	182	183	134	131	160	116	137	199	43
Non-visible leaks detected	<b>56</b>	58	100	68	62	110	61	93	122	100

(continued)

**Operating Indicators by Function: 2010 - 2019 (continued)**

**Treatment and Water Quality:**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Acre-Feet	198,827	206,074	195,822	199,489	184,489	187,771	184,785	220,864	209,485	213,887
Population	1,323,000	1,306,000	1,275,000	1,249,000	1,210,000	1,172,000	1,161,000	1,147,000	1,135,000	1,125,000
Treated water consumption in million gallons	64,788	67,149	63,809	65,004	60,116	61,185	60,212	71,969	68,261	69,695
Average daily consumption in million gallons	178	184	175	178	165	168	165	197	187	191
Maximum daily consumption in million gallons	371	396	365	356	344	335	355	398	366	366
Average daily gallons per capita	134	141	137	142	136	143	142	171	165	170
Maximum hour treated water use rate in million gallons per day	573	637	629	592	499	604	591	628	547	578
Precipitation in Inches - Year	16	13	15	14	28	20	22	12	19	14
Precipitation in Inches - 4/1 to 9/30	11	9	12	8	19	15	18	9	14	10

**Water Quality:**

Watershed	7,120	5,222	6,624	6,826	5,544	1,669	1,140	1,243	817	927
Treatment plant	1,976	2,222	3,233	3,168	4,443	1,358	1,225	1,566	1,073	1,021
Distribution system	20,727	13,521	15,909	16,575	18,953	11,316	10,674	9,728	10,315	8,059
Other	11,683	7,700	14,890	5,599	6,538	2,258	3,126	1,157	1,680	2,108
Lead & Copper	28,560	7,697	7,570	-	-	-	-	-	-	-
Total Samples Collected	70,066	36,362	48,226	32,168	35,478	16,601	16,165	13,694	13,885	12,115
Microbiological analyses completed	14,471	15,346	22,568	11,407	11,208	12,070	9,845	9,338	9,735	9,075
Chemical and Field analyses completed	404,222	160,241	147,819	49,829	56,885	54,181	52,554	40,080	40,703	37,066
Total Analyses Performed	418,693	175,587	170,387	61,236	68,093	66,251	62,399	49,418	50,438	46,141

**Treatment Plant Capacity:**

<u>Plant</u>	<u>Capacity in MGD</u>	<u>Type</u>
Foothills	280.0	Dual-Media
Marston	250.0	Dual-Media
Moffat	120.0	Rapid-Sand
	<b>650.0</b>	

**Chemical Treatment:**

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

<u>Plant</u>	<u>Total Cost</u>	<u>Pounds of Chemicals Used</u>
Foothills	\$ 2,816,808	22,984,958
Moffat	1,181,827	9,245,910
Marston	1,294,744	11,015,591
Recycling	483,024	3,210,004
	<b>\$ 5,776,403</b>	<b>46,456,463</b>

(continued)



## Operating Indicators by Function: 2010 - 2019 (continued)

### TREATED WATER QUALITY SUMMARY: TREATMENT PLANT EFFLUENT AVERAGES - 2019

Analysis of Effluent Water	Foothills	Marston	Moffat
<b><u>General</u></b>			
Alkalinity, Total as CaCO <sub>3</sub> (mg/L)	57.0	65.0	42.5
Chlorine, Total (mg/L)	1.8	1.8	1.7
Hardness as CaCO <sub>3</sub> (mg/L)	95.9	112.4	55.8
pH (SU)	7.8	7.8	7.8
Specific Conductance (µS/cm)	216.0	300.0	95.9
Temperature (°C)	10.2	11.8	10.5
Total Dissolved Solids (mg/L)	192.0	196.8	96.1
Turbidity (NTU)	0.05	0.05	0.04
<b><u>Metals Direct Analyses</u></b>			
Aluminum (µg/L)	30.0	24.1	20.6
Barium (µg/L)	36.1	41.3	18.2
Boron (µg/L)	12.8	15.5	0.0
Calcium (mg/L)	25.7	30.9	18.7
Magnesium (mg/L)	7.8	8.5	2.2
Manganese (µg/L)	16.4	5.4	0.0
Molybdenum (µg/L)	8.4	12.1	0.5
Potassium (mg/L)	1.7	2.0	0.7
Sodium (mg/L)	19.4	20.8	6.9
Uranium (µg/L)	0.0	0.0	0.0
<b><u>Ions (mg/L)</u></b>			
Chloride	21.6	25.6	6.1
Fluoride	0.6	0.6	0.4
Nitrate + Nitrite-Nitrogen	0.0	0.0	0.0
o-Phosphate	0.0	0.0	0.0
Sulfate	50.4	57.4	19.1
<b><u>Disinfection precursor and By-Products</u></b>			
Total Organic Carbon (mg/L)	1.9	2.0	1.8
Haloacetic Acids (µg/L)	12.7	9.5	15.8
Total Trihalomethanes (µg/L)	18.8	13.6	17.9

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