

Denver Board of Water Commissioners Employees' Retirement Program

Employees' Retirement Plan

Denver Water 401 (k) Retirement Savings Plan

Denver Water 457 Deferred Compensation Plan



2019 Annual Report

Treasury Department, Denver Board of Water Commissioners 1600 W. 12th Avenue,
Denver CO 80204-3412, Phone: 303-328-6410



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I. INTRODUCTORY SECTION (UNAUDITED)



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denverwater.org

Letter of Transmittal

June 16, 2020

To the Board of Water Commissioners and Participants in the Plans of the Denver Water Retirement Program:

We are pleased to present the Annual Report of the Retirement Program of the Denver Board of Water Commissioners for the fiscal year ended December 31, 2019. The Retirement Program includes three trustee funds ("Plans") and two additional, unfunded benefits. The trustee funds are the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Defined Benefit Plan" or "DB Plan"), the Denver Water Supplemental Retirement Savings Plan ("401(k) Plan" or "SRSP") and the Denver Water 457 Deferred Compensation Plan ("457 Plan"). The 401(k) Plan and the 457 Plan are collectively referred to as the "Defined Contribution Plans" or "DC Plans". This report contains audited financial statements only for the trustee plans. The two unfunded benefits are a Retiree Medical Coverage Program and a Retirement Financial Planning Reimbursement Program. Although the two unfunded benefits are discussed briefly in this letter, financial statements were not prepared for either of the unfunded benefits nor are they discussed in the other sections of this Annual Report.

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

Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the report, including the financial statement presentation, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of management's knowledge and belief, the data is accurate in all material respects and presents fairly the financial position and results of operations of the Plans.

CliftonLarsonAllen LLP audited the three financial statements included in this document and issued an unmodified ("clean") opinion on each of those financial statements for the year ended December 31, 2019. The independent accountant's report is the first page of each set of statements, all of which are included in the Financial Section of this report. Accounting principles accepted in the United States of America, (GAAP) require that management provide a narrative overview and analysis of the financial status of each plan to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). Each set of financial statements in the Financial Section includes the MD&A just after the auditor's report. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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

actuarial statistics. The Statistical Section presents other significant data pertaining to the Plans, such as trend information on DB Plan expenses and revenues as well as information about the retired members of the DB Plan.

Background of the Retirement Program

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

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

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

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

As of December 31, 2019, there were 1,999 participants in the DB Plan, including 1,046 active members, 702 retirees and beneficiaries, 175 terminated employees entitled to benefits, but not receiving them yet, 63 members who are not yet vested but due refund of contributions and 13 members on long term disability..

The ***Denver Water Supplemental Retirement Savings Plan*** was established pursuant to Section 401(k) of the Internal Revenue Code (IRC), effective January 1, 1999. It is a single-employer defined contribution plan. All regular and discretionary employees are eligible to participate in the 401(k) Plan upon completion of a required introductory period. Denver Water matches 100% of each Participant's contribution up to 3% of the Participant's published base compensation. The SRSP provides for immediate vesting of all contributions. Participation in the SRSP is voluntary. Empower Retirement Service is the administrator of the SRSP. At the end of 2019 there were 875 active participants with balances and 295 terminated participants with balances. 86% of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2019.

Denver Water established a 457 Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code (IRC) in 1987. Assets from that plan were transferred to the **Denver Water 457 Deferred Compensation Plan**, when it was established on January 3, 2001. All regular or discretionary employees are eligible to participate in the 457 Plan upon completion of a required introductory period. Denver Water does not contribute to the plan, with the exception of certain discretionary contributions and employee participation is voluntary. Empower Retirement Service is the administrator of the SRSP. At the end of 2019, there were 395 active participants with balances and 196 terminated participants with balances. 40% of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2019.

Denver Water offers a **Retirement Financial Planning Reimbursement Program** designed to encourage eligible employees to consult with a Certified Financial Planner (CFP®) of their choice about their retirement planning needs. Reimbursement requires certification that the services did not include tax preparation, legal, accounting or brokerage services, as the program is designed to be a tax-free reimbursement for "qualified retirement planning services" as described in Internal Revenue Code section 132(m). The Program is available to all employees with 5 years of credited service or more and has the maximum lifetime benefit of \$2,000. 5 employees used the counseling services during 2019 and 3 of those employees have subsequently retired. The total 2019 expenditures on the Retirement Financial Planning Reimbursement Program were \$6,470.

Denver Water began offering the Retiree Medical Coverage Program in 1995, which also was the first-year employees were able to retire under the Rule of 75. The benefit is in the form of partially subsidized health care costs, until the retiree attains age 65. The retiree's coverage ceases after the retiree becomes Medicare-eligible at age 65. At that point, a spouse may elect to remain in the program until age 65, and other dependents may also elect to remain in the program until the dependent attains the cut-off age for active employee dependents. Full cost premiums are charged to the spouse or the dependent if there is an election to remain in the program after the retiree's coverage ends. The benefit is provided through the Board's self-insured health plan to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring under the Special Early Retirement (Rule of 75) provision of the Board's defined benefit pension plan, taking an immediate distribution of pension benefits, and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from the Board's defined benefit retirement plan and is not paid out of retirement plan funds. In January 2012, the Board discontinued its contribution for this benefit for employees hired on or after January 16, 2012. However, these employees can still access this program at full cost upon meeting the Rule of 75. The Board approved changes in the eligibility requirements for Postemployment Healthcare Benefits in 2013. The minimum eligible age changed from 55 to 60 years while the Rule of 75 remained intact, converting it to a maximum five-year benefit. Certain employees, who had completed 25 years of service as of the end of 2013, retained the right to receive a subsidy, available at the time of their retirement, if retired under the Rule of 75, but before reaching age 65. For all other employees, the minimum retirement age to be eligible for benefits was raised to age 60. As of the end of 2019, 104 retirees were receiving this benefit.

Denver Water is not required to and has not established an irrevocable trust to accumulate assets for payment of future retiree health benefits. Payments of benefits are made on a pay-as-you-go basis in amounts necessary to provide current benefits to recipients. 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 OPEB liability reflected on the Board's 2019 financial statements is \$13.6 million. The annual expense for this benefit is calculated based on the annual required contribution as computed by the actuary. The expense recorded in 2019 was \$627 thousand and \$1.6 million was paid as benefits under the plan. Retirees receiving benefits contributed \$856,037 of premium equivalent costs.

Major Initiatives in 2019

- **DB Plan actuarial assumption changes approved by the Board.** In April 2019 the Board's actuary completed an experience study for the Plan and recommended a number of assumption changes, which were subsequently approved by the Board. The changes include:

- Reducing the inflation assumption to 2.5%
- Reducing the wage inflation assumption to 2.75%
- Slightly increasing the age-based merit and salary scales
- Reducing the disability assumption
- Increasing the assumption for normal retirement rates
- Reducing the assumption for early retirement rates
- Reducing the lump-sum election assumption

Manager Changes in the DB Plan. The Chief Finance Officer, with the assistance of the Investment Consultant for the DB Plan, approved the addition of one new private equity manager, Pantheon L.P., and two new funds from existing private equity managers Aberdeen and Horsley Bridge.

Investments

As discussed in more detail in both the Financial Section and the Investment Section, assets of all Plans are held in trust for the exclusive benefit of participants and beneficiaries. Investment activities have been delegated to professional investment managers. The investment managers engaged by the Defined Benefit Plan as of December 31, 2019 are listed on page 82 of the report, while funds included in the Defined Contribution Plans are listed on page 95 of the report. Activities of the professional managers are reviewed and evaluated quarterly by the investment consultant for each plan, the Retirement Program Committee (RPC), and Denver Water's Finance staff.

The investments in the Defined Benefit Plan returned 17.1% (gross of fees) during 2019, compared to the target benchmark return of 19.1% and the actuarial assumed rate of return of 7.0%. The annualized rate of return on assets of the Defined Benefit Plan was 9.2% over the last three years and 7.2% over the last five years. Returns on Defined Contribution Plans vary depending on the choices made by each participant.

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

Funding

As of January 1, 2020, the Funded Ratio of the DB Plan was 84.5%, compared to 82.6% the year before. Over the past ten years the Funded Ratio ranged from a low of 73.8% (01/01/11) to a high of 84.9% (01/01/16).

More information about funding of the DB Plan, including a multi-year Schedule of Funding Progress, is provided in the Actuarial Section of this report.

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

Professional Services

Professional consultants and advisors are engaged as necessary to perform professional services that are essential to the effective and efficient operation of the Plan. Opinions from the Independent Auditor for the Financial Statements of each of the Plans, an opinion from the actuary for the DB Plan, and a report from the Investment Performance Measurement Consultant to the DB Plan are included in this report. The consultants engaged to assist the CEO/Manager, various staff members, and the Board are listed on pages 13 - 17.

Acknowledgements

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

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

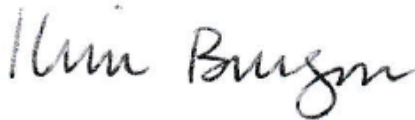
Respectfully submitted,



James S. Lochhead, CEO/Manager

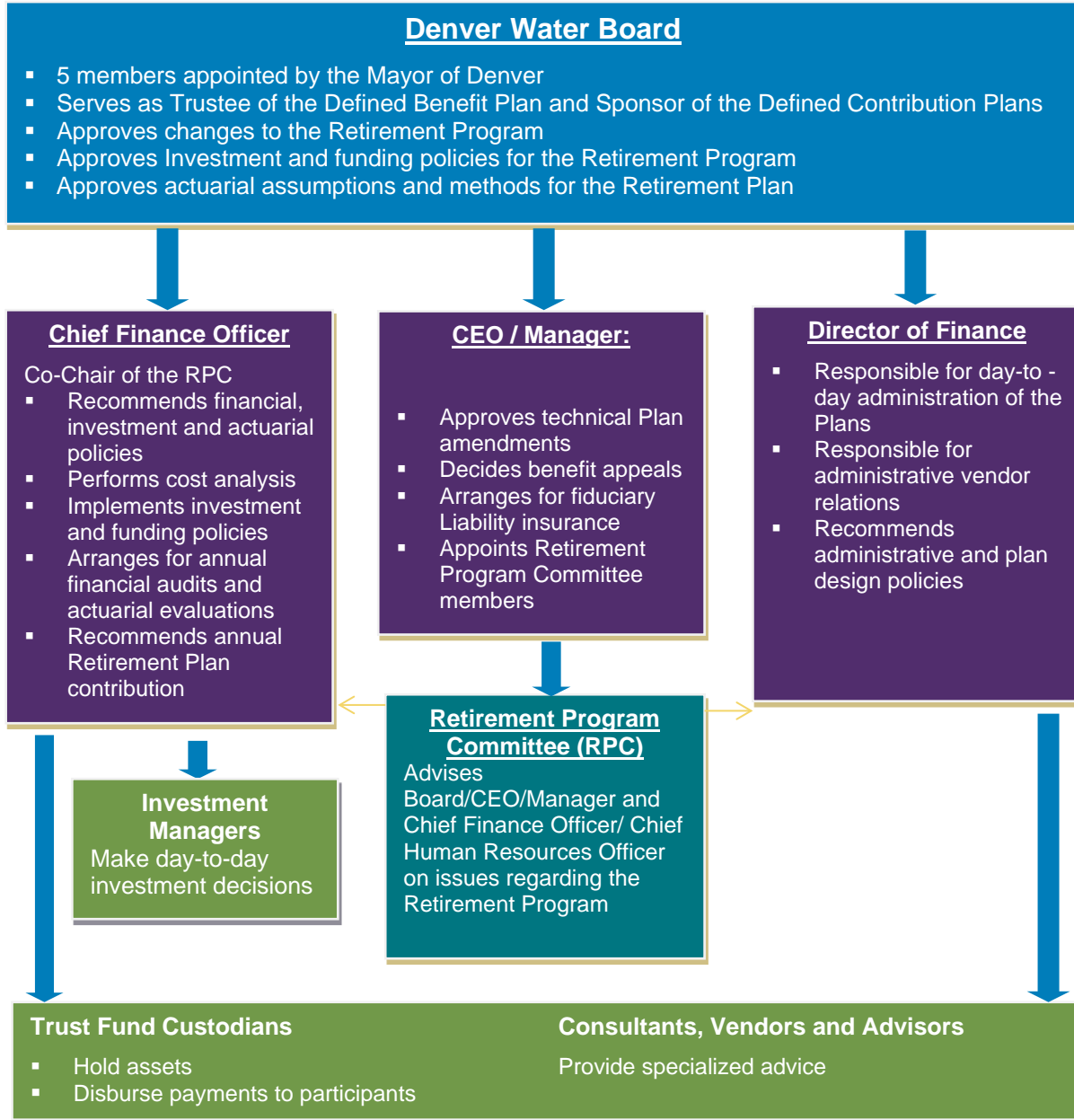


Angela Bricmont
Chief Finance Officer, RPC Co-Chair



Kim Burgess
Director Human Resources

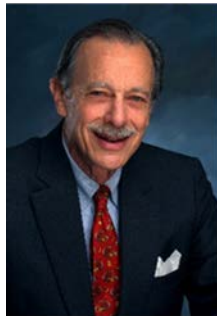
A. Organizational Chart of the Employees' Retirement Program



More information about investment professionals who provide services to the Retirement Program and their fees can be found on the following pages: 82, 89, 95, and 100.

B. Denver Board of Water Commissioners

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



BOARD OF WATER COMMISSIONERS - As of December 31, 2019

**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 July 2019**

John R. Lucero, First Vice President
Former Deputy Director, Mayor's Office of Economic Development, Currently
Principal, Lucero Development Services

*Commissioner since July 2007;
Term expires July 2021*

H. Gregory Austin, Vice President
Former Partner, Holland & Hart LLP.

*Commissioner since July 2009;
Term expires July 2019**

Gary Reiff, Vice President
Chief Legal Officer, UCHealth

*Commissioner since October 2017;
Term expires July 2023.*

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

*Commissioner since October 2017;
Term expires July 2023.*

*Currently serving until the Mayor appoints a new Commissioner.

LAST 20 COMMISSIONERS

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

C. Key Members of the Retirement Program Committee

The Retirement Program Committee ("RPC") - Responsible for advising the CEO/Manager with respect to retirement issues, was created by resolution of the Board in September 2005. The terms of the 2005 resolution were revised in 2013 and again in 2019. Under the resolution, the Board retained full authority to approve substantive changes to the Retirement Program, investment and funding policies, and actuarial methods and assumptions. The 2013 resolution clarifies that the Retirement Program Committee will make recommendations to the Chiefs, the CEO/Manager or the Board, as appropriate, but will not have decision-making authority. The RPC is co-chaired by the Director of Human Resources and Chief Finance Officer and includes key representatives from Finance, HR and the Office of the General Counsel. The CEO/manager issued a Policy that further describes the RPC's purpose, responsibilities, duties and procedures in November 2013. The primary purpose of the RPC, as outlined in the Executive Guideline, is to provide advice and recommendation to the co-chairs regarding proposed changes to the Retirement program, communication strategies, contractual obligations, legal and tax compliance and education and outreach.

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

Kim Burgess – Director of Human Resources; co-chair RPC. Ms. Burgess has served in management and executive roles in Human Resources for more than 30 years and currently manages all human resources activities for Denver Water.

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

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

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

Kris Bates - Office of General Counsel since 2004; member RPC.. Ms. Bates works with outside subject matter legal experts to advise the Chief Finance Officer and the Chief Human Resources Officer.

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

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

D. Consultants and Advisors

Consulting Services

Actuary	Gabriel Roeder Smith & Company	7900 East Union Avenue, Suite 650 Denver, Colorado 80237
Benefit Consultant	Aon	1900 Sixteenth Street Suite 1000 Denver, CO 80202
Legal Counsel	Stinson, LLP	1201 Walnut Street, Suite 2900 Kansas City, MO 64106
Custodian/Performance Evaluation	The Northern Trust Company	50 S. LaSalle Street, Chicago, IL 60675
Investment Advisor (DB Plan)	Callan Associates Inc.	1900 16th Street Suite 1175 Denver, CO 80202
Investment Advisor (DC Plans)	Ellwood Associates	6400 S Fiddlers Green Cir Greenwood Village, CO 80111

Asset Custodian

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

Independent Auditor

CliftonLarsonAllen	370 Interlocken Boulevard, Suite 500 Broomfield, Colorado 80021
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Information regarding investment managers who provide services to the Plans and information regarding fees paid to the Program's professional service providers and investment managers can be found in the *Investment Section*.

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II. FINANCIAL SECTION

A. Employees' Retirement Plan

1. Independent Auditors Report



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2019, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

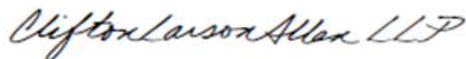
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and Schedules of Changes in Net Pension Liability and Related Ratios, Employer Allocations and Investment Returns on pages 23-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
May 5, 2020

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

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Employees' Retirement Plan of the Denver Board of Water Commissioners (Plan) as of and for the years ended December 31, 2019 and 2018. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2019, and 2018, \$394.9 million and \$342.8 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2019, the fiduciary net position restricted for pension of the Plan increased by \$52.1 million or 15.2%. This compares with a \$17.9 million decrease or 5.0% in 2018. The increase in 2019 and the decrease in 2018 was primarily due to changes in the fair value of the Plan's investments. Net appreciation in the fair value of investments was \$72.6 million or 442.1% in 2019. Comparatively, net depreciation in the fair value of investments was \$62.2 million or 135.9% in 2018.

Additions to the Plan's fiduciary net position restricted for pension in 2019 included employer and employee contributions of \$16.7 and \$1.7 million, respectively, and net investment income of \$58.6 million resulting in total additions to the Plan's fiduciary net position restricted for pension of \$77.1 million. Additions to the Plan's fiduciary net position restricted for pension in 2018 included employer and employee contributions of \$18.0 million and \$662 thousand, respectively, offset with a net investment loss of \$14.3 million resulting in total additions to the Plan's fiduciary net position restricted for pension of \$4.3 million.

Deductions from the Plan's fiduciary net position restricted for pension for 2019 and 2018 were \$25.0 and \$22.2 million, respectively. The majority of the 2019 and 2018 deductions were from retirement benefit payments of \$24.7 and \$22.0 million, respectively.

The Plan's investment objective is to preserve the actuarial soundness of the Plan by achieving a long -term return of at least the actuarial earnings rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. As of January 1, 2019, and 2018, the dates of the latest actuarial funding valuations, the funded ratio for the Plan was 82.6% and 80.8%, respectively.

Overview of the Financial Statements

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

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

The Statements of Fiduciary Net Position include information about Plan assets, liabilities and fiduciary net position restricted for pension, as of December 31, 2019 and 2018.

The Statements of Changes in Fiduciary Net Position show the additions to, deductions from, and net increase (or decrease) in the Plan's fiduciary net position restricted for pension during 2019 and 2018.

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

These financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2019 and 2018, and the activities that occurred during those years. Both financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued by independent outside sources.

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

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

Changes in Net Position Restricted for Pension

The Statement of Fiduciary Net Position displays Plan assets, liabilities, and fiduciary net position restricted for pension at year-end. The Statement of Changes in Fiduciary Net Position provide information on the source of the change in fiduciary net position restricted for pension during the year. The increase in total assets of \$52.4 million or 15.3% in 2019 was primarily the result of an increase in the fair value of investments. Comparatively, in 2018, total assets decreased \$17.8 million or 4.9% and was primarily the result of a decrease in the fair value of investments.

As of December 31, 2019, and 2018 the Plan's fiduciary net position was:

Fiduciary Net Position Restricted for Pension

(Amounts expressed in thousands)

	Years ended December 31		2019 – 2018	
	2019	2018	Increase (decrease)	Percentage change
	Cash and cash equivalents	\$ 3,720	4,435	\$ (715)
Dividends, interest, and other receivables	506	104	402	386.5
Investments, at fair value	<u>391,134</u>	<u>338,429</u>	<u>52,705</u>	<u>15.6</u>
Total assets	395,360	342,968	52,392	15.3
Total liabilities	<u>462</u>	<u>145</u>	<u>317</u>	<u>218.6</u>
Fiduciary net position restricted for pension	<u>\$ 394,898</u>	<u>342,823</u>	<u>\$ 52,075</u>	<u>15.2%</u>

Winslow Capital Management, Inc. was the only investment manager of the Plan that reported cash and cash equivalents of \$84 thousand as of December 31, 2019. Cash and cash equivalents are also held in the custodial cash account used for disbursement of benefit payments and administrative expenses. Starting in 2018, the Plan began using a third-party administrator (TPA) for benefit payment services. Cash is transferred monthly from the custodial cash account to the TPA for retiree benefit payments. As of December 31, 2019, \$1.8 million was held with the TPA for benefit payments to be paid in January of the new year and \$1.8 million was held with the Plan's custodial bank. Many of the other managers have cash holdings from time to time, but do not specifically identify them in their statements of assets.

Total liabilities of the Plan for 2019 were \$462 thousand and consisted primarily of undelivered purchases of securities of \$306 thousand. The change in the fiduciary net position restricted for pension is a function of the change in total assets offset by the change in total liabilities. The Plan recorded an increase in fiduciary net position restricted for pension of \$52.1 million in 2019.

Additions

The funds needed to pay benefits are accumulated from the contributions approved by the Board, employee contributions, and the income generated from the Plan's investments, including interest, dividends, and proceeds from the sale of individual investments. Earnings on Plan investments are reported separately from fees charged by investment managers. Investment fees are reported using the best information available to Plan management. Board-approved contributions for 2019 totaled \$16.7 million and employee contributions totaled \$1.7 million. The Board has approved contributions of amounts more than the actuarially determined contribution for seven of the last ten years.

Additions to Fiduciary Net Positions Restricted for Pension

(in thousands)

	Years ended December 31		Increase (decrease)	Percentage change
	2019	2018		
Employer Contributions	\$16,702	\$18,000	(\$1,298)	(-7.2)%
Employee Contributions	1,713	662	1,051	158.8
Net investment income (loss)	58,643	(14,319)	72,962	(509.5)
Total additions, net	\$77,058	\$4,343	\$72,715	1,674.3%

Deductions

Annual Plan expenditures include retirement benefits, death benefits, refunds of employee contributions with associated interest and administrative expenses. The Plan's normal benefit is a single life annuity to retired members, but members may elect to receive benefits in various other forms, including a lump sum or annuities that provide spousal benefits upon the death of the member. For the year ended December 31, 2019, annual plan deductions totaled \$25.0 million.

Deductions to Fiduciary Net Position Restricted for Pension

(in thousands)

	Years ended December 31		Increase (decrease)	Percentage Change
	2019	2018		
Retirement benefits	\$24,750	\$22,022	\$2,728	12.40%
Death benefits	35	30	5	16.7
Refunds of employee contributions	14	3	11	366.7
Administrative expenses	183	180	3	1.7
Total deductions	\$24,982	\$22,235	\$2,747	12.4%

Investment Activities

The U.S. real gross domestic product (GDP) increased at an annual rate of 2.1% in the fourth quarter of 2019, according to the Bureau of Economic Analysis (BEA), reflecting moderate slowing from 2018. Stocks bounced back from a volatile 2018, with the S&P 500 Index providing a total return of 31.5% and international stocks, as measured by the MSCI ACWI ex US, returning 21.5%, respectively. U.S. stocks were bolstered in large part by government spending, three rate cuts by the Fed, and a healthy macro-environment. International stocks performed well but lagged the U.S. as recession fears and manufacturing slowdowns in several countries created headwinds in international equity markets. Returns in the fixed income market were strong as interest rates declined measuredly throughout the period. The Bloomberg Barclays Multiverse Index, a broad-based measure of the global fixed income bond market returned 7.1% for the period. The U.S. unemployment rate ended the year at 3.5% matching a 50-year low. Nominal wages in the U.S. grew 3.3% and core CPI increased 2.3%, a slight tick up from the 2.2% reported in 2018. Oil prices were relatively stable in 2019, with monthly Brent crude prices ranging from \$59 to \$71 per barrel for the period. Notably, the U.S. oil industry produced just under 13 million barrels per day at the end of 2019, surpassing both Saudi Arabia and Russia in daily production.

Denver Water's Retirement Plan (the "Plan") delivered a positive gain of 17.1% (16.9% net of fees) for the year but lagged its custom target index on a relative basis by 210 basis points for the period. Of note, the cash balance necessary for the daily operation of the Plan contributed approximately 20 basis points of underperformance relative to the custom target index for the period. The Plan's Domestic Equity asset class returned 29.8% for the year compared to the Denver Domestic Equity Index benchmark return of 31.0%. The International Equity asset class returned 19.6% compared to the Denver Board of Water ("DBOW") International Equity Index benchmark return of 21.5%. The Fixed Income asset class returned 8.5% compared to the DBOW Fixed Income Blend benchmark return of 8.7%. The Private Equity asset class returned 5.4% compared to the Russell 3000 Index + 2.5% benchmark return of 34.2%. The Real Estate asset class returned 4.5% compared to the DBOW New RE Blend Index benchmark return of 5.2%. Lastly, the Hedge Fund asset class returned 4.3% versus the HFR Fund of Funds Composite benchmark of 8.4%. On an absolute basis, the best performing asset class was Domestic Equity providing a period return of 29.8%, with the lowest performing asset class being Real Estate returning 4.5% for the year.

Subsequent to the date of the financial statements, domestic and international equities experienced significant losses due to the global COVID-19 pandemic.

Requests for Information

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

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

3. Basic Financial Statements

a. Statements of Fiduciary Net Position

	<u>2019</u>
Assets:	
Cash and cash equivalents	\$ 3,720,300
Dividends, interest and other receivables	418,300
Participant contribution receivable	88,000
Investments, at fair value:	
Equities:	
Common stock	—
Common stock funds	<u>227,399,600</u>
Total equities	<u>227,399,600</u>
Fixed income:	
Other fixed income funds	<u>80,188,800</u>
Total fixed income	80,188,800
Real estate funds	47,725,000
Hedge funds	19,320,300
Private equity funds	16,499,800
Total investments	<u>391,133,500</u>
Total assets	<u>395,360,100</u>
Liabilities:	
Accrued administrative expense	37,700
Accrued investment expense	118,500
Securities payable	<u>305,600</u>
Total liabilities	<u>461,800</u>
Net position restricted for pension	<u>\$ 394,898,300</u>

See accompanying notes to financial statements.

b. Statements of Changes in Fiduciary Net Position

	<u>2019</u>
Additions:	
Employer contributions	\$ 16,701,600
Employee contributions	1,713,400
Investment income:	
Net appreciation in fair value of investments	56,209,700
Interest	1,236,500
Dividends	2,277,000
Real estate income, net of operating expenses	<u>1,208,400</u>
	60,931,600
Less investment expense	<u>(2,288,900)</u>
Net investment income	<u>58,642,700</u>
Total additions	<u>77,057,700</u>
Deductions:	
Retirement benefits	24,749,600
Death benefits	35,000
Refunds of employee contributions	14,600
Administrative expenses	<u>183,200</u>
Total deductions	<u>24,982,400</u>
Net increase in fiduciary net position	52,075,300
Net position restricted for pension:	
Beginning of year	<u>342,823,000</u>
End of year	<u>\$ 394,898,300</u>

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1 – Plan Description

a. Plan Administration

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

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

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

b. Plan Membership

All regular and discretionary employees of the Board become participants of the Plan upon completion of the required introductory period. As of January 1, 2019, there were 1,887 Plan participants: 151 were deferred vested participants, 681 participants were retired, 1,006 participants were active, 34 participants were terminated and due a refund, and 15 were on long-term disability.

Effective January 1, 2018, the Plan was amended to allow for employee contributions. Two membership tiers were created to define Plan membership as of a specific date of employment. Tier one members are defined as employees hired prior to January 1, 2018, which includes an employee hired prior to January 1, 2018 who is in their required introductory period during the first portion of 2018. Tier two members are defined as employees hired or rehired on or after January 1, 2018. These changes are expected to lower the long-term liability of the Plan and help keep the Board's annual contribution stable.

c. Benefits Provided

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

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

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

Terminated vested participants or surviving spouses whose severance date occurs before the attainment of age 55 for Tier one members and age 60 for Tier two members, shall be eligible to elect a full single

lump sum payment only in lieu of a monthly pension within 90 days of his or her severance date.

Plan benefits for Tier one members are integrated with Social Security benefits and are determined by a formula defined in the Plan document. The minimum normal benefit amount is calculated by multiplying the Plan participant's number of years of credited service times the amount of the participant's average final compensation times 1.5%. Employees with final income exceeding covered compensation receive an additional 0.45% times years of credited service times average final compensation in excess of covered compensation.

Plan benefits for Tier two members are not integrated with Social Security benefits. The minimum normal benefit amount is calculated by multiplying the Plan participant's number of years of credited service times the amount of the participant's average final compensation times 1.75%. For members hired prior to January 1, 2018 who terminate employment and are rehired on or after January 1, 2018, the benefit calculation is determined by using a combination of both Tier one and Tier two formulas.

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

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

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

d. Contributions

The Plan was established, and is sponsored and administered by the Board, under authority of Article X, Section 10.1.6 of the Charter of the City and County of Denver, Colorado. The Plan document provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due.

The Board's funding policy defines the objectives of the Board in funding the benefits to be paid by the Plan. On August 28, 2013, the Board adopted changes to the funding policy effective for 2014 and future years. The changes redefined the funding guidelines by basing the Board's contributions to the Plan on an Actuarially Determined Contribution (ADC) calculated annually by an independent actuary, using agreed upon methods and assumptions in accordance with the Actuarial Standards Board and specified in the funding policy. Subsequently, on June 28, 2017, the funding policy was updated, which modified its objective to include employee contributions to the Plan and modified its determination of the Board's contribution to include the Plan's funding valuation results and any other facts and circumstances relevant to the funding decision. In 2019, the Board and members of the Plan made contributions totaling \$16.7 million and \$1.7 million, respectively. Plan contributions were made in accordance with actuarial funding valuations performed as of January 1, 2019.

Effective January 1, 2018, employees hired prior to January 1, 2018 contribute 3% of their compensation that is phased in over three years with a 1% increase each year beginning in 2018. Employees hired after January 1, 2018 contribute 3% of their compensation beginning immediately upon hire. All employee contributions on or after January 1, 2018 are credited with an interest rate of 2.5% compounded annually. Non-vested members who leave employment are eligible to receive an actuarial equivalence of a full single lump sum payment that will not be less than the member's contribution plus associated interest. As of December 31, 2019, the total balance of non-vested member contributions plus associated interest was \$678 thousand. There were \$4 thousand of refunds of contributions and interest of non-vested members in 2019.

Prior to January 1, 1992, employees were required to contribute to the Plan. The Board amended the Plan to disallow further employee contributions and determined that all amounts previously contributed to the Plan by employees would be refunded, with interest at 5% per annum, upon termination or retirement. Refunds of contribution and interest payments of \$10 thousand were made in 2019 for employees who retired or were terminated during the respective year. As of December 31, 2019, for employees that contributed to the Plan prior to 1992, the total remaining employee contributions including accrued interest was \$34 thousand. This amount is not accrued as a liability in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Plan Expenses

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

Additionally, investment manager fees and investment consulting expenses are recorded as investment expenses. Some investment managers assess performance fees that are netted against gains or losses and are not explicitly reported. Management calculates these performance fees based on the contractual agreement between the investment managers and the Plan.

c. Cash and Cash Equivalents

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

Note 3 – Investments

a. Investment Policy

The Plan's investment policy and any changes to the policy are adopted by the Board acting in its capacity as Trustee of the Plan. The most recent version of the policy was approved on April 11, 2018. Revisions to the policy included changes to the language concerning proxy voting responsibilities, addition 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 actuarially-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:

Long Term Asset Allocation Ranges	
Asset segment	Allowable range Years ended December 31 2019
Equities	40%–65%
Fixed Income	10–40
Real Estate	10–20
Alternatives	5–20

b. 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.

c. 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
Alliance Bernstein 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

d. Custodial Credit Risk

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

All securities are held in a bank trust account in the Plan's name by the Plan's custodian except for investments in mutual and commingled funds, and limited partnerships, which by their nature, may have an independent custodian for the fund assets. Investments in short-term investment funds and in a domestic equity index fund are held in a SEC-registered pooled fund managed by the fund's custodian bank. Cash for benefit payments transferred to the benefit payment service provider immediately prior to the payment date is held in an omnibus account held in a commercial bank and not in the Plan's name and therefore, is exposed to 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.

e. Interest Rate Risk

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

Schedule of Interest Rate Risk – Segmented Time Distribution of Investment Maturities as of December 31, 2019						
Investment type	Fair value/NAV	Less than 1 year	1 to 6 years	6 to 10 years	10+ years	Maturity not determined**
Other fixed income funds	\$ 80,189	\$ —	\$ —	\$ —	\$ —	\$ 80,189
Total	\$ 80,189	\$ —	\$ —	\$ —	\$ —	\$ 80,189

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

f. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of December 31, 2019, the Plan had no single issuer that exceeded 5% of total investments.

g. Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations to the Plan. There are no Plan-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract that is specific as to permissible credit quality ranges, the average credit quality of the overall portfolios, and issuer concentration.

The quality ratings of investments in fixed income securities as described by Standard and Poor's and Moody's rating organization as of December 31, 2019 are listed below. For securities with split ratings, the lowest rating is shown.

Schedule of Credit Risk as of December 31, 2019			
Investment type	Quality rating	Fair value	Percentage of asset class
Other fixed income funds	NR/NA ¹	\$ 80,189	100%
Total fixed income securities		\$ 80,189	

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

h. Foreign Currency Risk

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

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

Schedule of Assets in Foreign Currencies	
	Percentage of asset class invested in foreign currencies
Equities	
Common stock funds	29.40
Hedge funds	39.30
Private equity	7.50

i. Derivatives

Derivatives are financial instruments whose values depend upon, or are derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivatives may be used both for hedging and to enhance returns. Derivatives may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over-the-counter derivatives. Derivatives involve special risks and costs and may result in losses to the Plan. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivatives transactions.

Certain commingled funds held by the Plan at 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 and 2018.

j. Fair Value of Investments

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

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

	December 31, 2019	2019 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level (in thousands)				
Debt securities				
Other fixed income funds	\$ 80,189		80,189	
Total debt securities	80,189	-	80,189	-
Equity securities				
Common stock funds	227,400	210,153	17,247	
Total equity securities	227,400	210,153	17,247	-
Total investments by fair value level	\$ 307,589	210,153	97,436	-

Equity securities, fixed income funds and common stock funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. The Plan did not hold any investments categorized within Level 3.

Pricing for all securities was provided by a third-party pricing vendor and developed in accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2019 are presented on the following table.

Investments Measured at the NAV

(\$ in thousands)

	NAV	31-Dec-19 Unfunded Commitment s	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds	19,320	-	Quarterly	45-90 days
Private equity funds	16,500	36,953	None	N/A
Total investments measured at the NA\$	83,545	38,334		

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 Funds

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 fund Pantheon Global Select 2018, will invest in Growth Equity, Mega-Buyouts, Large Buyout, Small/Mid Buyout, and Special Situations 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 value of the Plan's ownership interest in partners' capital, as provided by the investment managers.

The investment in the private equity funds of funds can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 12 to 15 years.

k. Income Taxes

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

l. Use of Estimates

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

Note 4 – Net Pension Liability of Denver Water

The components of the net pension liability of Denver Water at December 31, 2019 were as follows:

	Year ended December 31,
	(\$ in thousands)
	<u>2019</u>
Total pension liability	\$ 449,816
Plan fiduciary net position restricted for pension	<u>(394,898)</u>
Denver Water's net pension liability	<u>\$ 54,918</u>
Plan fiduciary net position restricted for pension as a percentage of the total pension liability	87.80%

a. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to the measurement date of December 31, 2019 and calculated based on the discount rates and actuarial assumptions below.

	Year ended December 31,
	<u>2019</u>
Inflation	2.50%
Salary increases: age-based rates from	6.8 to 2.9
Investment rate of return	7.00%

The mortality rates for 2019 and 2018 were determined using the Combined RP-2014 Healthy Employee Mortality Tables projected with the Ultimate MP scale and scale MP-2016, respectively, for pre and post-retirement. The mortality rates for 2019 and 2018 for post-disablement were determined using the Combined RP-2014 Disabled Annuitant Mortality Tables projected with the Ultimate MP scale and scale MP-2016, respectively.

The actuarial assumptions used in the January 1, 2019 valuation were based on an actuarial experience study for the period 2015 to 2018.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 are summarized in the following table.

	December 31, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:		
Domestic fixed income	17.00%	0.60%
Domestic equity	30.00	6.30
International equity	20.00	6.90
Private equity	8.00	9.80
Real estate	15.00	4.80
Hedge funds	5.00	3.00
Bank loans	5.00	2.20
	100.00%	

b. Discount Rate

The discount rate used in the 2019 actuarial valuation to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed Plan member contributions would be made at the current actuarially determined contribution rate and employer contributions would be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on these assumptions, the pension plan's fiduciary net position restricted for pension was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0% for 2019 as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

(\$ in thousands)	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
<u>2019</u> Net pension liability	\$ 110,230	54,918	8,906

Note 5 – Related-Party Transactions

An affiliate of the Plan's custodian, Northern Trust Investments, N.A., is an investment manager for the Plan, which managed \$79.9 million of the Plan's investments at December 31, 2019. For the year ended December 31, 2019, the Plan incurred approximately \$15 thousand in management fees with this investment manager.

Note 6 - Subsequent Events

During the period from January 1, 2020, through May 27, 2020 both domestic and international equity markets have experienced large declines due to the global COVID-19 pandemic. These losses are not included in the financial statements as of and for the year ended December 31, 2019

Note 7 – Required Supplementary Information.

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

Schedule I (In thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability:									
Service cost	\$ 8,127	9,070	8,522	7,330	6,757	6,071	6,046		
Interest on total pension liability	29,981	29,285	27,728	26,237	25,820	25,044	24,051		
Effect of plan changes	—	—	—	—	—	—	—		
Effect of assumption changes or inputs	(4,004)	—	22,250	—	10,152	—	—		
Effect of economic/demographic (gains) or losses	(525)	6,700	(2,255)	(3,348)	801	—	2,037		
Benefit payments, including refund of employee contributions	(24,799)	(22,055)	(19,927)	(19,932)	(20,693)	(20,366)	(17,850)		
Net change in total pension liability	8,780	23,000	36,318	10,287	22,837	10,749	14,284	—	—
Total pension liability, beginning	441,035	418,035	381,717	371,430	348,593	337,844	323,560		
Total pension liability, ending (a)	449,815	441,035	418,035	381,717	371,430	348,593	337,844	—	—
Plan fiduciary net position:									
Employer contributions	16,702	18,000	18,000	14,500	14,500	14,500	15,000		
Member contributions	1,713	662	—	—	—	—	—		
Investment income net of investment expenses	58,642	(14,319)	48,273	21,326	2,473	18,523	39,023		
Benefit payments, including refund of employee contributions	(24,799)	(22,055)	(19,927)	(19,931)	(20,694)	(20,365)	(17,851)		
Administrative expenses	(183)	(180)	(48)	(52)	(44)	(144)	(116)		
Net change in plan fiduciary net position	52,075	(17,892)	46,298	15,843	(3,765)	12,514	36,056	—	—
Fiduciary net position, beginning	342,823	360,715	314,417	298,574	302,339	289,825	253,769		
Fiduciary net position, ending (b)	394,898	342,823	360,715	314,417	298,574	302,339	289,825	—	—
Net pension liability, ending = (a) – (b)	\$ 54,917	98,212	57,320	67,300	72,856	46,254	48,019	—	—
Plan fiduciary net position as a% of total pension liability	87.8%	77.7%	86.3%	82.4%	80.4%	86.7%	85.8%		
Covered payroll	\$ 81,654	82,151	77,159	75,740	75,990	71,847	71,940		
Plan's net pension liability as a% of covered payroll	67.3%	119.6%	74.3%	88.9%	95.9%	64.4%	66.8%		

See accompanying independent auditors' report.

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

b. Schedule of Employer Contributions

					Schedule II	
Schedule II (In thousands)		Actuarially determined	Actual employer	Contribution deficiency	Covered	Contribution as a % of
Year ended December 31		contribution - Employer	contribution	(excess)	payroll	covered payroll
2010	\$	12,639	\$ 12,639	\$ —	70,372	% 18.00
2011		12,414	15,400	(2,986)	69,927	22.00
2012		12,256	14,300	(2,044)	71,172	20.10
2013		11,958	15,000	(3,042)	71,940	20.90
2014		13,532	14,500	(968)	71,847	20.20
2015		14,068	14,500	(432)	75,990	19.10
2016		14,017	14,500	(483)	75,740	19.10
2017		18,089	18,000	89	77,159	23.30
2018		18,489	18,000	489	82,151	21.90
2019		16,411	16,702	(291)	81,654	20.50

See accompanying independent auditors' report.

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1

Methods and assumptions used to determine contribution rates:

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

c. Schedule of Investment Returns

Schedule III

Fiscal year ending December 31,	Net money- weighted rate of return
2010	N/A
2011	N/A
2012	N/A
2013	15.4%
2014	6.4
2015	0.8
2016	7.2
2017	15.3
2018	-4.0
2019	17.1

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

5. Additional Supplementary information (unaudited)**a. Schedule of Administrative Expense**

	<u>2019</u>	<u>2018</u>
Actuarial Services	\$40,500	\$39,500
Audit Services	9,945	9,655
Benefit payment processor	132,782	130,411
Total Administrative Expense	<u>183,227</u>	<u>179,566</u>
Average Assets ¹	<u>\$395,054,500</u>	<u>\$351,661,200</u>
Administrative Expenses as a Percentage of Average Assets	0.046%	0.051%

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

b. Schedule of Investment Expenses

	<u>2019</u>	<u>2018</u>
Aberdeen Asset Management	\$85,164	\$86,544
Aberdeen Asset Management VIII	20,835	--
Alliance Bernstein	213,252	119,230
Barings LLC	61,094	68,374
Blackrock Alternative Investors	237,148	351,886
BlackRock Institutional Trust Company N.A.	31,557	23,605
Dimensional Fund Advisors LP	209,881	220,072
Harbert Management Corporation	116,296	151,688
Fidelity Institutional Asset Management	103,180	107,442
Harding Loevner Funds, Inc.	265,445	310,501
Horsley Bridge Venture	36,000	36,000
Horsley Bridge XIII	12,501	--
Northern Trust Investments, N. A.	15,033	15,697
Pantheon	187,993	--
Principal Global Investors, LLC	185,099	181,102
RREEF America LLC	132,484	128,391
UBS Realty Investors, LLC	104,275	109,035
Vanguard Group, INC.	--	24,423
Winslow Capital Management, LLC	105,430	108,290
Total payments to investment advisors	2,122,667	2,042,280
Investment Consulting Expense	89,122	88,607
Investment Performance Reporting Expense	77,117	91,665
Total Investment Expenses	\$2,288,905	\$2,222,552
Average Assets	\$395,054,500	\$351,661,200
Investment Expenses as a Percentage of Average Assets	0.58%	0.61%

B. Denver Water Supplemental Retirement Savings Plan

1. Independent Auditor's Reports



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the Denver Water Supplemental Retirement Savings Plan (the Plan), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2019, and the respective change in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

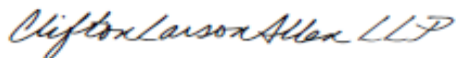
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
May 5, 2020

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

2. Management's Discussion and Analysis (unaudited)

This is an analysis and overview of the financial activities of the Denver Water Supplemental Retirement Savings Plan (SRSP) for the year ended December 31, 2019. This information should be read in conjunction with the financial statements and notes, which follow.

Financial Highlights

As of December 31, 2019, \$118.9 million was held in trust for the payment of SRSP benefits to the participants as compared to \$100.8 million in 2018. This represents an increase in total SRSP fiduciary net position held in trust of \$18.1 million or 18.0%.

Additions to the SRSP fiduciary net position for 2019 included participant contributions of \$4.4 million and participant rollovers of \$427 thousand. Total Denver Board of Water Commissioners (Board) matching contributions in 2019 were \$2.1 million and the net investment income was \$20.0 million.

Total deductions from the SRSP fiduciary net position were \$8.9 million in 2019. The deductions comprised retirement benefit payments of \$8.8 million, participant investment advisory fees of \$56 thousand, and administrative expenses of \$86 thousand. Total deductions in 2019 were 7.4% more than those in 2018.

The SRSP is a defined contribution plan and its purpose is to enable the participants to accumulate financial assets for their retirement. The Board matches 100% of employee contributions up to 3% of the participating employees' published hourly base pay and salary.

As of December 31, 2019, there were 1,013 employees eligible to participate in the SRSP, of which 875 employees were contributing to the SRSP, or 86% of all eligible Denver Water employees.

Overview of the Financial Statements

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

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

The Statement of Fiduciary Net Position presents the SRSP assets, liabilities and fiduciary net position as of December 31, 2019. The Statement of Changes in Fiduciary Net Position shows the additions to and deductions from SRSP fiduciary net position during 2019.

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

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

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

Financial Analysis

The following section provides further detail of the activities within the SRSP as well as additions and deductions to the Plan. Additions to the SRSP consist of participant and employer contributions, participant rollovers, interest income on outstanding participant loans, miscellaneous income and net investment income. Deductions to the Plan are the result of benefit payments to participants, administrative expenses, and participant investment advisory fees. Comparative financial schedules depict the changes between the years 2019 and 2018.

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

Fiduciary Net Position				
(Amounts expressed in thousands)				
	Years ended December 31		2019 – 2018	
	2019	2018	Increase (decrease)	Percentage change
Mutual funds	\$ 102,888	84,892	\$ 17,996	21.2%
Commingled fund	12,869	12,619	250	2.0
Money market fund	1,044	1,030	14	1.4
Total investments	<u>116,801</u>	<u>98,541</u>	<u>18,260</u>	<u>18.5</u>
Receivables:				
Contributions	313	267	46	17.2
Participant loans	1,767	1,953	(186)	(9.5)
Other receivable	—	—	—	—
Total receivables	<u>2,080</u>	<u>2,220</u>	<u>(140)</u>	<u>(6.3)</u>
Total assets	<u>118,881</u>	<u>100,761</u>	<u>18,120</u>	<u>18.0</u>
Total liabilities	13	—	13	—
Fiduciary net position	<u>\$ 118,868</u>	<u>100,761</u>	<u>18,107</u>	<u>18.0%</u>

SRSP Activities

The fiduciary net position increased by \$18.1 million or 18.0% in 2019 over 2018. Additional details for the change in fiduciary net position are discussed on the following pages.

Additions

The money used to pay benefits is accumulated from the contributions made by the Board and each participant and from income generated by investments, including investment valuation appreciation, interest, and dividends. Earnings on investments are reported net of investment management expenses. The Board's matching contributions for 2019 were \$2.1 million and the net investment income was \$20.0 million. The increase of net investment income from 2018 to 2019 was primarily due to market appreciation in fair value of investments.

Additions to Fiduciary Net Position

(Amounts expressed in thousands)

	Years ended December 31		2019 – 2018	
	2019	2018	Increase (decrease)	Percentage change
	Employer contributions	\$ 2,084	2,050	34
Participant contributions	4,371	4,352	19	0.4
Participant rollovers	427	1,154	(727)	(63.0)
Participant interest on loans	96	84	12	14.3
Miscellaneous income	13	16	(3)	(18.8)
Net investment income(loss)	20,033	(4,537)	24,570	541.5
Total additions	\$ 27,024	3,119	23,905	766.4%

Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2019, benefits paid were \$8.8 million, indicating an increase of 7.0%. The change in the amount of benefit payments from year to year is attributed to the number of participants choosing to take lump-sum distributions at retirement in any one year and to changes in the number of participants receiving benefits in the SRSP.

Administrative expenses for the SRSP were \$86 thousand in 2019. Administrative fees are calculated based upon a percentage of the fair value of investments. In 2019, participant investment advisory fees were \$56 thousand. Please refer to note 4 of the financial statements for a detailed explanation of SRSP administrative expenses.

Deductions from Fiduciary Net Position

(In thousands)

	Years ended December 31		2019 – 2018	
	2019	2018	Increase (decrease)	Percentage change
Benefits paid to participants	\$ 8,774	8,197	\$ 577	7.0%
Administrative expenses	86	84	2	2.4
Participant investment advisory fees	57	25	32	128.0
Total deductions	\$ 8,917	8,306	\$ 611	7.4%

Subsequent to the date of the financial statements, domestic and international equities experienced significant losses due to the global COVID-19 pandemic.

Requests for Information

This discussion and analysis is designed to provide a general overview of the SRSP fiduciary net position and changes in fiduciary net position as of December 31, 2019 for the year then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

Basic Financial Statements

a. Statements of Net Position

Assets	2019
Investments, at fair value:	
Mutual funds	\$ 102,888,400
Commingled fund	12,868,700
Money market fund	<u>1,044,100</u>
Total investments	<u>116,801,200</u>
Receivables:	
Employer contributions	98,900
Employee contributions	214,400
Participant loans	1,767,000
Other receivables	<u>—</u>
Total receivables	<u>2,080,300</u>
Total assets	118,881,500
Liabilities	
Accrued administrative expenses	<u>13,100</u>
Fiduciary net position	<u>\$ 118,868,400</u>

See accompanying notes to financial statements.

b. Statement of Changes in Net Position

**DENVER WATER SUPPLEMENTAL RETIREMENT
SAVINGS PLAN**

Statements of Changes in Net Position

Year ended December 31, 2019

	<u>2019</u>
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 17,119,900
Dividends	<u>2,913,400</u>
Net investment income	<u>20,033,300</u>
Contributions:	
Employer contributions	2,084,100
Participant contributions	4,371,100
Participant rollovers	<u>427,000</u>
Total contributions	6,882,200
Other additions:	
Miscellaneous income	95,600
Participant loan interest	<u>13,300</u>
Total other additions	108,900
Total additions	<u>27,024,400</u>
Deductions:	
Benefits paid to participants	8,774,000
Administrative expenses	86,600
Participant investment advisory fees	<u>56,600</u>
Total deductions	<u>8,917,200</u>
Net increase	18,107,200
Fiduciary net position:	
Beginning of year	<u>100,761,200</u>
End of year	<u>\$ 118,868,400</u>

3. Notes to the Financial Statements

Note 1 – Plan Description

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

The Board is made up of five members appointed by the Mayor of the City and County of Denver for staggered six-year terms. The Board is the sponsor of the Plan. The Board has delegated certain responsibilities regarding the Plan administration through a delegation resolution to the Director of Human Resources and to the Chief Finance Officer. The delegation resolution instructs the CEO/Manager to create an advisory committee, with representation from the Finance, Human Resources, and Legal divisions, for the purpose of making recommendations to the CEO/Manager, the Chief Finance Officer and the Director of Human Resources regarding the Retirement Program, including this SRSP. The advisory committee, in and of itself, has no decision-making authority.

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

The following description of the SRSP provides only general information. Participants and all others should refer to the SRSP agreement for a more complete description of the SRSP provisions.

a. General

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

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

b. Contributions

Each year a participant may contribute up to 97% of pretax annual compensation, but not less than \$10 per pay period up to an annual maximum amount as codified by the Internal Revenue Service (IRS). Participants direct the investment of their contributions into various investment options offered by the SRSP. The Board makes a matching contribution in an amount equal to 100% of the first 3% of base compensation that each participant contributes to the SRSP. The SRSP was amended in 2013 to authorize employer discretionary contributions to qualifying participants. There was \$29 thousand of discretionary contributions in 2019.

Employer contributions must be made no later than the last day of the Plan year for which the contribution is made. The employer may suspend, reduce or eliminate future employer contributions and may rescind such action at any time. The matching contribution is allocated to the participants' accounts and is participant directed. Although it has not expressed any intent to do so, the Board may change the amount of or discontinue the matching or employer discretionary contribution at any time.

c. Participant Accounts

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

d. Vesting

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

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

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

e. Participant Loans

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

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

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

Participants are charged a loan origination fee that is deducted from the original loan amount as well as an annual administrative fee that is deducted quarterly from the participants account.

Outstanding loans are assessed an interest rate of 1% over the prime rate published in the Wall Street Journal on the first business day of the month before the loan is originated. The interest rate for General Purpose Loans are fixed for the life of the loan. For more information regarding the loan policy, participants may refer to the Plan Document.

f. Payment of Benefits

On termination of service, a participant with a balance of \$1 thousand or less will have the amount automatically distributed in a lump sum as soon as feasibly possible. A participant whose account is greater than \$1 thousand may elect to receive either a single lump-sum amount equal to the value of the participant's interest in his or her account at termination or take periodic distributions provided they meet minimum distribution requirements of IRC code section 401(a)(9). Distributions must start no later than age 70^{1/2}. Participants may also specify that funds roll directly from their account to an eligible retirement plan. Upon the death of a participant, the account is paid to the participant's beneficiaries in a single lump sum.

g. Record Keeping, Custody and Management of Assets

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

h. SRSP Termination

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

Note 2 – Summary of Significant Accounting Policies

a. Estimates

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

b. Basis of Accounting

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

c. Income Recognition

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net realized and unrealized gains and losses are reflected as net appreciation or depreciation in fair value of investments in the accompanying statements of changes in fiduciary net position. This is determined as the difference between fair value at the beginning of the year (or date purchased during the year) and selling price or year-end fair value.

d. Tax Status

The SRSP is intended to be an eligible employee retirement plan under Section 401(a) of the Code. The Board and the SRSP's tax counsel believe that it is currently designed and operating in compliance with the applicable requirements of the Code.

Note 3 – Investments

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

	2019
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	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>\$ 116,801</u>

The 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.

a. Fair Value Measurements

The SRSP has the following recurring fair value measurements as of December 31, 2019 and 2018:

Investments Measured at Fair Value
(\$ in thousands)

	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Mutual Funds	\$ 102,888	102,888	-	-
Commingled Funds	12,869	-	12,869	-
Total investments by fair value level	\$ 115,757	102,888	12,869	-
Investments measured at amortized cost				
Money market funds	\$ 1,044			
Total investments measured at fair value	\$ 116,801			

Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Funds classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

Note 4 – Administrative Expenses

The majority of investment options available to participants in the SRSP are registered mutual funds. The dollar amount of fees paid by the SRSP for investment management and administrative services on these funds are not separately disclosed. The fees are calculated and withdrawn from all participant accounts on a monthly basis.

Revenue generated from the funds that had revenue sharing arrangements with the recordkeeper (Frost Total Return Bond Institutional, Northern Global Sustainability, Baron Growth Institutional and Cohen & Steers Institutional Global Realty) were credited to participants with account balances in the revenue-paying fund, based on the average daily balance of the participant's investment in such fund(s) for the month.

The assessed recordkeeping and communication fee for 2019 totaled \$86 thousand. Revenue sharing from 12(b)(1) fees reported by the recordkeeper for the same period was \$13 thousand.

Note 5 – Participant Investment Advisory Fees

The plan participants may choose to either manage their investments themselves, use an online investment advice tool, or they can choose to have their account managed as an ancillary service available through the Plan recordkeeper. Participants who choose to use the online investment advice tool pay an annual fee assessed quarterly. Participants choosing to have their account managed pay an annual tiered fee, assessed quarterly, based on the participant's account balance. In 2019, total participant investment advisory fees paid were \$56 thousand.

Note 6 – Risks and Uncertainties

a. Custodial Credit Risk

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

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

b. Concentration of Credit Risk

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

c. Credit Risk

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

d. Interest Rate Risk

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

Schedule of maturity, duration and credit quality

	Average effective maturity (years)	Average effective duration (years)	Average credit quality of underlying securities
Target date funds:			
Vanguard Target Retirement 2015 Inv	7.43	5.92	AA
Vanguard Target Retirement 2020 Inv	7.84	6.21	A
Vanguard Target Retirement 2025 Inv	8.77	6.85	A
Vanguard Target Retirement 2030 Inv	8.77	6.85	A
Vanguard Target Retirement 2035 Inv	8.77	6.84	A
Vanguard Target Retirement 2040 Inv	8.78	6.86	A
Vanguard Target Retirement 2045 Inv	8.78	6.86	A
Vanguard Target Retirement 2050 Inv	8.78	6.86	A
Vanguard Target Retirement 2055 Inv	8.78	6.86	A
Vanguard Target Retirement 2060 Inv	8.77	6.85	A
Vanguard Target Retirement 2065 Inv	8.79	6.87	A
Vanguard Target Retirement Income Inv	7.28	5.81	AA
Fixed income mutual funds:			
Fidelity US Bond Index	7.70	5.75	AA
Frost Total Return Bond Institutional	4.93	2.98	BBB
PIMCO High Yield Institutional	4.57	2.85	—
Vanguard Inflation-Protected Secs Adm	8.30	7.38	AAA
Vanguard Total Intl Bd Index Admiral	9.90	8.26	A
Commingled funds:			
Galliard Retirement Income Fund	3.42	2.82	A

e. Foreign Currency Risk

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

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

Schedule of assets invested in foreign securities

	Percentage of fund invested in foreign securities
American Beacon Small CP Val Institutional	2.2%
American Funds Washington Mutual	8.2
Arrowstreet Intl Equity ACWI Ex US Class A	99.4
Baron Growth Institutional	2.4
Cohen & Streers Institutional Global Realty	45.5
Fidelity Global Ex US Index	96.4
Fidelity Total Market Index	1.0
Fidelity US Bond Index	8.8
Frost Total Return Bond Institutional	15.1
Northern Global Sustainability Index	38.1
PIMCO High Yield Institutional	12.3
T. Rowe Price Growth Stock Fund I	12.1
Vanguard Target Retirement 2015 Inv	31.3
Vanguard Target Retirement 2020 Inv	34.2
Vanguard Target Retirement 2025 Inv	37.0
Vanguard Target Retirement 2030 Inv	37.4
Vanguard Target Retirement 2035 Inv	37.9
Vanguard Target Retirement 2040 Inv	38.3
Vanguard Target Retirement 2045 Inv	38.8
Vanguard Target Retirement 2050 Inv	38.8
Vanguard Target Retirement 2055 Inv	38.8
Vanguard Target Retirement 2060 Inv	38.7
Vanguard Target Retirement 2065 Inv	38.8
Vanguard Target Retirement Income Inv	30.0
Vanguard Total Intl BD Idx Admiral	95.0

Note 7 – SRSP Amendments

Effective November 20, 2019, the SRSP was amended to disallow flat dollar contributions by participants.

Note 8 – Subsequent Events

During the period from January 1, 2020, through May 27, 2020 both domestic and international equity markets have experienced large declines due to the global COVID-19 pandemic. These losses are not included in the financial statements as of and for the year ended December 31, 2019.

C. Denver Water 457 Deferred Compensation Plan

1. Independent Auditors Report



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the Denver Water 457 Deferred Compensation Plan (the Plan), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2019, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

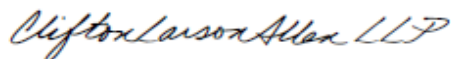
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
May 5, 2020

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

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Denver Water 457 Deferred Compensation Plan (Plan) for the year ended December 31, 2019. This information should be read in conjunction with the Plan financial statements and notes, which follow.

Financial Highlights

As of December 31, 2019, \$38.1 million was held in trust for the payment of Plan benefits to the participants as compared to \$32.7 million in 2018.

Total fiduciary net position increased by \$5.5 million or 16.8% in 2019. The increase in 2019 was primarily due to changes in the fair values of the Plan's investments.

In 2019, the Plan had a net investment income of \$5.8 million and participant contributions were approximately \$2.1 million.

Deductions from fiduciary net position totaled \$2.6 million in 2019 and were primarily for benefit payments to participants.

The Plan is a deferred compensation plan and its primary purpose is to attract and retain qualified personnel by permitting eligible employees to defer a portion of their current income for their retirement. At December 31, 2019, there were 1,013 employees eligible for the Plan, of which 395 participating employees were contributing to the Plan, or 39% of all eligible Denver Water employees.

Overview of the Financial Statements

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

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

The Statement of Fiduciary Net Position present the Plan's assets, liabilities and fiduciary net position as of December 31, 2019. The Statement of Changes in Fiduciary Net Position show the additions to and deductions from Plan fiduciary net position during 2019.

The above financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements, Statement No. 67, *Financial Reporting for Pension Plans* (replacing GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB 50, *Pension Disclosures*), and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*, and all other applicable GASB pronouncements.

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

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

Financial Analysis

The following section provides further detail of the activities within the Plan as well as additions and deductions to the Plan. Additions to the Plan consist of participant and employer contributions, participant rollovers, interest income on outstanding participant loans, miscellaneous income, and net investment income. Deductions to the Plan are the result of benefit payments to participants, administrative expenses, and participant investment advisory fees. Comparative financial schedules depict the changes between the years 2019 and 2018.

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

	Fiduciary Net Position			
	(Amounts expressed in thousands)			
	Years ended December 31		2019 – 2018	
	2019	2018	Increase (decrease)	Percent change
Mutual funds	\$ 29,779	24,989	4,790	19.2%
Commingled fund	7,034	6,780	254	3.7
Money market fund	963	605	358	59.2
Total investments	<u>37,776</u>	<u>32,374</u>	<u>5,402</u>	<u>16.7</u>
Receivables:				
Contributions	113	84	29	34.5
Participant loans	261	209	52	24.9
Other receivable	—	—	—	—
Total receivables	<u>374</u>	<u>293</u>	<u>81</u>	<u>27.6</u>
Total assets	38,150	32,667	5,483	16.8
Total liabilities	3	—	3	—
Fiduciary net position	<u>\$ 38,147</u>	<u>32,667</u>	<u>5,480</u>	<u>16.8%</u>

Plan Activities

The increase to net position in 2019 was primarily due to appreciation in the fair value of investments. The total increase in Plan net position was \$5.5 million or 16.8% over 2019. Additional details for the change in net position are discussed on the following page.

Additions

The money used to pay benefits is accumulated from the contributions made by each participant and from income generated from the participants' investments including investment appreciation, interest and dividends. Earnings on investments are reported net of investment management expenses. Investment income net of investment manager fees during 2019 was \$5.8 million.

(Amounts expressed in thousands)

	Years ended December 31		2019 – 2018	
	2019	2018	Increase (decrease)	Percent change
Participant contributions	\$ 2,105	2,108	(3)	(0.1)%
Employer contributions	25	25	—	—
Participant rollovers	128	583	(455)	(78.0)
Participant loan interest	11	9	2	22.2
Miscellaneous income	4	5	(1)	(20.0)
Net investment income	5,827	(1,075)	6,902	642.0
Total additions	\$ 8,100	1,655	6,445	389.4%

Deductions

Benefits paid to participants of \$2.6 million in 2019 represent the majority of the deductions from the Plan. Benefits paid to participants were 16.7% less in 2019 compared to 2018. The change in the amount of benefits paid to participants from year to year is attributed to the number of participants choosing to take lump sum distributions at retirement in any one year and to changes in the number of participants receiving benefits in the Plan.

Administrative expenses for 2019 were \$27 thousand. Administrative fees are calculated based upon a percentage of the fair value of investments. In 2019, participant investment advisory fees were \$14 thousand. Please refer to note 4 of the financial statements for information regarding administrative expenses.

Subsequent to the date of the financial statements, domestic and international equities experienced significant losses due to the global COVID-19 pandemic.

Deductions from Fiduciary Net Position

(Amounts expressed in thousands)

	Years ended December 31		2019 – 2018	
	2019	2018	Increase	Percent change
Benefits paid to participants	\$ 2,580	3,098	(518)	(16.7)%
Administrative expenses	27	27	—	—
Participant investment advisory fees	14	5	9	180.0
Total deductions	\$ 2,621	3,130	(509)	(16.3)%

Requests for Information

This discussion and analysis is designed to provide a general overview of the fiduciary net position and changes in fiduciary net position as of December 31, 2019 and for the year then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

3. Basic Financial Statements

a. Statement of Fiduciary Net Position

DENVER WATER 457 DEFERRED COMPENSATION PLAN

Statement of Fiduciary Net Position

	<u>2019</u>
Assets:	
Investments, at fair value:	
Mutual funds	\$ 29,778,500
Commingled fund	7,034,200
Money market fund	<u>962,800</u>
Total investments	<u>37,775,500</u>
Receivables:	
Participant contributions	112,900
Participant loans	<u>261,800</u>
Total receivables	<u>374,700</u>
Total assets	38,150,200
Liabilities:	
Accrued administrative expenses	<u>3,000</u>
Net position	<u>\$ 38,147,200</u>

See accompanying notes to financial statements.

b. Statements of Changes in Fiduciary Net Position

	<u>2019</u>
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 4,945,500
Dividends	<u>881,700</u>
Net investment income	<u>5,827,200</u>
Contributions:	
Participant contributions	2,105,100
Employer discretionary contributions	25,000
Participant rollovers	<u>128,200</u>
Total contributions	<u>2,258,300</u>
Other additions:	
Participant loan interest	10,900
Miscellaneous income	<u>4,300</u>
Total other additions	15,200
	<u>8,100,700</u>
Deductions:	
Benefits paid to participants	2,579,600
Administrative expenses	27,700
Participant investment advisory fees	<u>13,500</u>
Total deductions	<u>2,620,800</u>
Net increase	5,479,900
Net position:	
Beginning of year	<u>32,667,300</u>
End of year	<u>\$ 38,147,200</u>

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1 – Plan Description

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

The Board is made up of five members appointed by the Mayor of the City and County of Denver for staggered six-year terms. The Board is the sponsor of the Plan. The Board has delegated certain responsibilities regarding the Plan administration through a delegation resolution to the Director of Human Resources and to the Chief Finance Officer. The delegation resolution instructs the CEO/Manager to create an advisory committee, with representation from the Finance, Human Resources, and Legal divisions, for the purpose of making recommendations to the CEO/Manager, the Chief Finance Officer and the Director of Human Resources regarding the Retirement Program, including this Plan. The advisory committee, in and of itself, has no decision-making authority.

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

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

a. General

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

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

b. Contributions

Each year a participant may defer up to an annual maximum amount as codified by the Internal Revenue Service. The Plan will accept transfers, pursuant to Section 457 of the Internal Revenue Code (Code), of amounts deferred by an individual under another eligible deferred compensation plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan was amended in 2013 to authorize employer discretionary contributions to qualifying participants. There were \$25 thousand in discretionary contributions in 2019. Employer contributions must be made no later than the last day of the Plan year for which the contribution is made. The employer may suspend, reduce or eliminate future employer contributions and may rescind such action at any time.

c. Participant Accounts

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

d. Vesting

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

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

e. Participant Loans

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

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

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

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

f. Payment of Benefits

On termination of service, a participant with a balance of \$1 thousand or less will have the amount distributed in a lump-sum as soon as feasibly possible. A participant whose account is greater than \$1 thousand may elect to receive either a lump-sum amount equal to the value of the participant's interest in his or her account, leave the balance in the Plan, or roll their balance to an eligible plan. Distributions from balances left in the Plan must begin no later than age 70^{1/2}. When balances are paid, participants will receive payment under various payment options defined by the Plan. Upon the death of a participant, a death benefit equal to the value of the participant's account shall be payable to a designated beneficiary. The beneficiary may select from various payment options defined by the Plan.

g. Recordkeeping, Custody and Management of Assets

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

h. Plan Termination

Though it has not expressed any intent to do so, the Board has the right under the Plan to terminate the Plan at any time with respect to any or all participants by resolution of the Board.

Note 2 – Summary of Significant Accounting Policies

a. Estimates

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

b. Basis of Accounting

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

c. Income Recognition

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

d. Tax Status

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

Note 3 – Investments

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

	2019
American Beacon Small CP Val Institutional	\$ 1,141
American Funds Washington mutual	2,435
Arrowstreet Intl Equity A CWI Ex US Class A	1,117
Baron Growth Institutional	1,236
Cohen and Steers Institutional Global Realty	301
Fidelity Global Ex US Index	610
Fidelity Total Market Index	4,688
Fidelity US Bond Index	1,223
Frost Total Return bond Institutional	1,627
Galliard Retirement Income Fund*	7,034
Northern Global sustainability Index	498
PIMCO High Yield Institutional	952
T. Rowe Price Growth Stock Fund I	3,116
Vanguard Inflation-Protected Secs Adm	609
Vanguard Target Retirement 2015 Inv	527
Vanguard Target Retirement 2020 Inv	1,313
Vanguard Target Retirement 2025 Inv	2,179
Vanguard Target Retirement 2030 Inv	893
Vanguard Target Retirement 2035 Inv	1,927
Vanguard Target Retirement 2040 Inv	478
Vanguard Target Retirement 2045 Inv	1,599
Vanguard Target Retirement 2050 Inv	361
Vanguard Target Retirement 2055 Inv	195
Vanguard Target Retirement 2060 Inv	113
Vanguard Target Retirement 2065 Inv	8
Vanguard Target Retirement Income Inv	483
Vanguard Total Intl BD Idx Admiral	150
Vanguard Treasury Money Market Inv	963
Total Investments	\$ <u>37,776</u>

*Commingled Fund

The Plan offered 26 mutual fund investment options (including 12 target date funds), one money market fund and one commingled fund as of December 31, 2019.

The Plan's investments (including gains and losses on investments bought and sold, as well as income received on investments held during the year) during 2019 generated an investment income of \$5.8 million.

a. Fair Value Measurement

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

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

	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Mutual Funds	\$ 29,779	29,779	-	-
Commingled funds	7,034	-	7,034	-
Total investments by fair value level	\$ 36,813	29,779	7,034	-
Investments measured at amortized cost				
Money market funds	\$ 963			
Total investments measured at fair value	\$ 37,776			

Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Funds classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

Note 4 – Administrative Expenses

The majority of investment options available to participants in the Plan are registered mutual funds. The dollar amount of fees paid by the Plan for investment management and administrative services on these funds is not separately disclosed. The fees are calculated and withdrawn from all participant accounts on a monthly basis.

Revenue generated from the funds which had revenue sharing arrangements with the recordkeeper (Frost Total Return Bond Institutional, Northern Global Sustainability, Baron Growth Institutional and Cohen & Steers Institutional Global Realty) were credited to participants with account balances in the revenue-paying fund, based on the average daily balance of the participant's investment in such fund(s) for the month.

The assessed recordkeeping and communication fee for 2019 totaled \$27 thousand. Revenue sharing from 12(b)(1) fees reported by the recordkeeper for the same period was \$4 thousand.

Note 5 – Participant Investment Advisory Fees

The Plan participants may choose to either manage their investments themselves, use an online investment advice tool, or they can choose to have their account managed as an ancillary service available through the Plan recordkeeper. Participants who choose to use the online investment advice tool pay an annual fee assessed quarterly. Participants choosing to have their account managed pay an annual tiered fee, assessed quarterly, based on the participant's account balance. In 2019, total participant investment advisory fees paid were \$14 thousand.

Note 6 – Risks and Uncertainties

a. Custodial Credit Risk

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

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

b. Concentration of Credit Risk

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

c. Credit Risk

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

d. Interest Rate Risk

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

Schedule of maturity, duration and credit quality

	Average effective maturity (years)	Average effective duration (years)	Average credit quality of underlying securities
Target date funds:			
Vanguard Target Retirement 2015 Inv	7.43	5.92	AA
Vanguard Target Retirement 2020 Inv	7.84	6.21	A
Vanguard Target Retirement 2025 Inv	8.77	6.85	A
Vanguard Target Retirement 2030 Inv	8.77	6.85	A
Vanguard Target Retirement 2035 Inv	8.77	6.84	A
Vanguard Target Retirement 2040 Inv	8.78	6.86	A
Vanguard Target Retirement 2045 Inv	8.78	6.86	A
Vanguard Target Retirement 2050 Inv	8.78	6.86	A
Vanguard Target Retirement 2055 Inv	8.78	6.86	A
Vanguard Target Retirement 2060 Inv	8.77	6.85	A
Vanguard Target Retirement 2065 Inv	8.79	6.87	A
Vanguard Target Retirement Income Inv	7.28	5.81	AA
Fixed income mutual funds:			
Fidelity US Bond Index	7.7	5.75	AA
Frost Total Return Bond Institutional	4.93	2.98	BBB
PIMCO High Yield Institutional	4.57	2.85	-
Vanguard Inflation-Protected Secs Adm	8.3	7.38	AAA
Vanguard Total Intl BD Index Admiral	9.9	8.26	A
Commingled funds:			
Galliard Retirement Income Fund	3.42	2.82	A

e. Foreign Currency Risk

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

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

Schedule of assets in foreign currencies

	Percentage of fund invested in foreign securities
American Beacon Small CP Val Institutional	2.2%
American Funds Washington mutual	8.2
Arrowstreet Intl Equity A CWI Ex US Class A	99.4
Baron Growth Institutional	2.4
Cohen and Steers Institutional Global Realty	45.5
Fidelity Global Ex US Index	96.4
Fidelity Total Market Index	1.0
Fidelity US Bond Index	8.8
Frost Total Return bond Institutional	15.1
Northern Global Sustainability Index	38.1
PIMCO High Yield Institutional	12.3
T. Rowe Price Growth Stock Fund I	12.1
Vanguard Target Retirement 2015 Inv	31.3
Vanguard Target Retirement 2020 Inv	34.2
Vanguard Target Retirement 2025 Inv	37.0
Vanguard Target Retirement 2030 Inv	37.4
Vanguard Target Retirement 2035 Inv	37.9
Vanguard Target Retirement 2040 Inv	38.3
Vanguard Target Retirement 2045 Inv	38.8
Vanguard Target Retirement 2050 Inv	38.8
Vanguard Target Retirement 2055 Inv	38.8
Vanguard Target Retirement 2060 Inv	38.7
Vanguard Target Retirement 2065 Inv	38.8
Vanguard Target Retirement Income Inv	30.0
Vanguard Total Intl BD Idx Admiral	95.0

Note 7 – Plan Amendments

There were no plan amendments in 2019.

Note 8 – Subsequent Events

During the period from January 1, 2020, through May 5, 2020, both domestic and international equity markets have experienced large declines due to the global COVID-19 pandemic. These losses are not included in the financial statements as of and for the year ended December 31, 2019.

III. INVESTMENT SECTION (UNAUDITED)

A. Employees Retirement Plan

1. Report on Investment Activity

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



May 14, 2020

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

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

This letter reviews the performance for the Denver Water Employees Retirement Plan (DWERP) for the year ended December 31, 2019.

Northern Trust calculates time-weighted performance statistics based on our accounting system's data using the BAI iterative methodology (CFA Institute accepted). Northern Trust evaluates DWERP's performance in relation to market indices, appropriate manager peer groups and other public funds of similar size.

DWERP's primary investment objective is to prudently and expertly invest assets, in accordance with government law and industry practices, in a manner that will help ensure DWERP's ability to pay promised benefits to its members and their beneficiaries. A policy benchmark is constructed that mirrors DWERP's strategic asset allocation policy. This policy benchmark is a custom index based on current asset allocation approved by the Director of Finance. The Board establishes ranges.

Market Environment

Global stock markets went on a scorching run in 2019, adding roughly \$17 trillion in total value. The dovish approach taken by most central banks with low interest rates is one of the key factors of equity prices soaring during 2019.

In the fourth quarter of 2019, the global equity markets generated strong returns, largely supported by easing trade tensions and expansionary monetary policy. The Northern Trust international equity program universe returned 9.2% for the period. The MSCI ACWI ex US index generated a 9.0% return. Favorable economic data and phase one of the trade deal between the US and China contributed to positive market sentiment. The MSCI World Ex US index, MSCI's global equity index for developed countries, underperformed the All Country index with a return of 7.9% in the fourth quarter. Among the top performers with the largest weightings in the index, the United Kingdom generated a 10% return in the fourth quarter. The UK markets responded positively to the landslide general election victory for the incumbent Conservative Party in December. The new government is set to use its majority to take the UK out of the EU by January 31st, 2020. Germany narrowly avoided a recession

with a 2.6% increase in the construction sector, yet the country continues to struggle in manufacturing as auto sales have fallen to their lowest level since 1997.

Japan reported a 7.7% gain in the fourth quarter of 2019 yet underperformed most of the other major markets. The main economic event for the quarter was a country-wide sales tax increase from 8% to 10% that took effect on October 1st. Although there was some evidence of increased sales ahead of the tax increase, the subsequent downturn in sales has been greater than anticipated. In response, the government has announced a significant supplementary budget, primarily focusing on reconstruction in the region.

Emerging markets outperformed the developed economies, as the MSCI Emerging Markets Index posted an impressive 11.9% return for the fourth quarter. China, Korea and Taiwan all outperformed with fourth quarter returns of 14.7%, 13.7% and 18.0%, respectively. Under phase one of the trade agreement that was signed on January 15th, the US will suspend tariffs on roughly \$160 billion of Chinese imports. The remaining tariffs on \$120 billion of Chinese imports are expected to be reduced in the 30 days post signing. In exchange, China would increase purchases of US agricultural goods. In Korea, a government stimulus package offset some of the weaker exports, although the region continues to struggle with slow growth and a weakening job market.

Credit spreads continued to tighten in 2019, boosting high yield and corporate bonds' returns. The global easing of monetary policy continued unabated. Despite the clear risk-on mood of the market, investors continued to pour money into fixed income at a significant pace as December marked a record 49 straight weeks of positive flows. The unprecedented flows show a sign of investors reaching for price appreciation before yields hit the floor. Overseas markets, where interest rates tread at or below 0%, showed increased demand for fixed income products.

DWERP Performance

For the calendar year, DWERP's total fund had a time-weighted rate of return of 17.08%. DWERP's performance trailed the median return of 19.89% of the TUCS Universe of Public Funds valued at less than \$500 million, and missed being in the top 75th percentile by 103 basis points. The plan trailed its strategic policy benchmark by 207 basis points for 2019.

The policy benchmark at year end was comprised of the following indices in the percentages as follows: MSCI ACWI ex USA ND (20.002%), HFR Fund of Funds Composite (5%), BBG Barc U.S. Aggregate (22%), NCREIF-ODCE (15%), Russell 3000 (34.248%), and Russell 3000 + 2.5% (3.75%).

Over the trailing three years ending 12/31/19, DWERP earned a 9.16% annualized return. The trailing 5-year return now stands at 7.16% and is 32 basis points behind of the policy target return. The 10-year trailing return is 8.18% and is beating the benchmark by 30 basis points.

DWERP's Domestic equity composite gained 29.79% in 2019, yet underperformed the benchmark return of 31.02%. The 3-year return of 13.04% also trails the benchmark return of 14.57%. Pyramis Small/Mid-Cap fund was the only asset within Domestic Equity that outperformed its benchmark in 2019 with an excess return of 558 basis points.

DWERP's real estate investments had success returning 4.52% for the year. The group however trailed the real estate benchmark return of 5.18%.

DWERP's fixed income composite gained 8.51% for the year. This return slightly underperformed the DBOW Fixed Income Composite index return of 8.72%. The 3-year return of 4.21% outpaced the benchmark return of 4.03%.

DWERP's hedge fund composite gained 4.33% for the year. This return underperformed the HFR Fund of Funds Composite index return of 8.38%.

DWERP's private equity composite was one of the sectors with the largest negative excess return, returning 5.36% for the year and underperforming the benchmark return of 34.22%.

In summary, the portfolio underperformed the total fund benchmark in 2019 by 207 basis points and its performance ranks below the median of the TUCS Universe of Public Funds valued at \$500 million or less (19.89%) by 281 basis points. The Private Equity portfolio was the biggest drag on the total plan's performance relative to its benchmark's return. Both domestic and international equity posted very strong gains for the year ending December 31st, 2019, however, both portfolios slightly underperformed their respective benchmarks.

Sincerely,
Chris Naglieri
Consultant, Second Vice President
The Northern Trust Corporation

2. Outline of Investment Policies

Excerpted from the "Statement of Investment Objectives, Policy and Guidelines for the Investment of the Retirement Trust Fund of the Employees' Retirement Plan of Denver Board of Water Commissioners", approved by the Board on April 11, 2018 ("IPS.")

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

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

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

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

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

Asset Class	Minimum	Maximum
Public Equities	40%	65%
Fixed income	10%	40%
Real Estate	10%	20%
Alternatives	5%	20%

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

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

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

The Board has delegated implementation of this Policy to the full-time staff member occupying the position of the Chief Finance Officer. Details concerning the Board's delegation may be found in the 2019 Denver Water Delegation Resolution Regarding the Retirement Program ("Resolution") approved on August 28, 2019. The Chief Finance Officer may assign members of his/her Treasury staff to perform the day to day actions necessary to implement his/her decisions/actions, while retaining his/her fiduciary status. The Chief Finance Officer is directed to review this Policy, including the asset allocation ranges, at a minimum, annually with the Investment Consultant for continued appropriateness, and to recommend changes to the Board when appropriate.

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

3. Schedule of Investment Managers

Manager	Strategy/Product	Vehicle	Date funded
Domestic Equity Managers			
Winslow Capital Management, LLC	Winslow Large Cap Growth Portfolio	Separately managed account	Since 08/2011
Fidelity Institutional Asset Management	Small/Mid Cap Core Pool	Commingled fund	Since 07/2011
Alliance Bernstein	AB Discovery Value Fund CL Z	Commingled fund	Since 06/2018
Northern Trust Investments, N.A.	NTGI-QM Collective Daily S&P 500 Equity Index Fund	Commingled fund	Since 07/2006
International Equity Managers			
Dimensional Fund Advisors LP	World ex U.S. Value Portfolio (DFWVX)	Institutional mutual fund	Since 02/2008
Harding Loevner Funds, Inc.	International Equity Portfolio (HLMIX)	Institutional mutual fund	Since 08/2011
Fixed Income Managers			
Babson Capital Management LLC	Babson Capital Floating Rate Income Fund	Commingled fund	Since 08/2013
BlackRock Institutional Trust Company, N.A.	The US Debt Index Non-Lendable Fund	Commingled fund	Since 05/2016
Private Equity			
Aberdeen Asset Management Inc.	Aberdeen VI, LP - Buyout Fund Aberdeen VIII, LP – Buyout Fund	Commingled fund Commingled Fund	Since 08/2015 Since 05/2019
Horsley Bridge Partners	Horsley Bridge XI Venture Fund Horsley Bridge XIII Venture Fund	Commingled fund Commingled Fund	Since 07/2015 Since 04/2019
Pantheon Access (US) L.P.	Pantheon Global Select 2018	Commingled fund	Since 01/2019
Real Estate Managers			
Principal Global Investors, LLC	U.S. Property Separate Account	Commingled fund	Since 03/2016
RREEF America REIT II	RREEF America	Commingled fund	Since 08/2014
Harbert Management Corporation	Harbert United States Real Estate Fund V, LP	Commingled fund	Since 07/2014
UBS Realty Investors, LLC	Trumbull Property Fund	Commingled fund	Since 05/1998
Hedge Fund-of-Funds			
BlackRock Alternative Advisors	BlackRock Appreciation IV	Commingled fund	Since 03/2012
Cash and Equivalent			
Northern Trust Investments, N.A.	The Northern Trust Collective Government STIF	Commingled fund	Since 1988

Fees paid to investment managers are included in the Investment Section on page 89.

4. Schedule of Investment Results

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

	Rates of return (%)		
	1-year	Annualized	
		3-year	5-year
Denver Board of Water	17.08	9.16	7.16
<i>Denver Target Index¹</i>	19.14	9.87	7.48
Total Domestic Equity	29.79	13.04	9.41
<i>Russell 3000</i>	31.02	14.57	11.24
Total International Equity	19.58	9.36	5.96
<i>MSCI ACWI ex US</i>	21.51	9.87	5.51
Total Fixed Income	8.51	4.21	3.46
<i>BC Aggregate Bond Index</i>	8.72	4.03	3.05
Real Estate	4.52	6.92	9.10
<i>Real Estate Benchmark³</i>	5.18	6.47	8.23
Hedge Fund-of-Funds	4.33	4.65	3.44
<i>HFR Fund of Funds Composite</i>	8.42	3.89	2.36
Private Equity	5.36	13.09	-
<i>Russell 3000 Index + 2.5%</i>	34.22	17.40	-
Cash	2.12	1.54	0.98
<i>90 Day T-Bill</i>	2.13	1.68	1.08

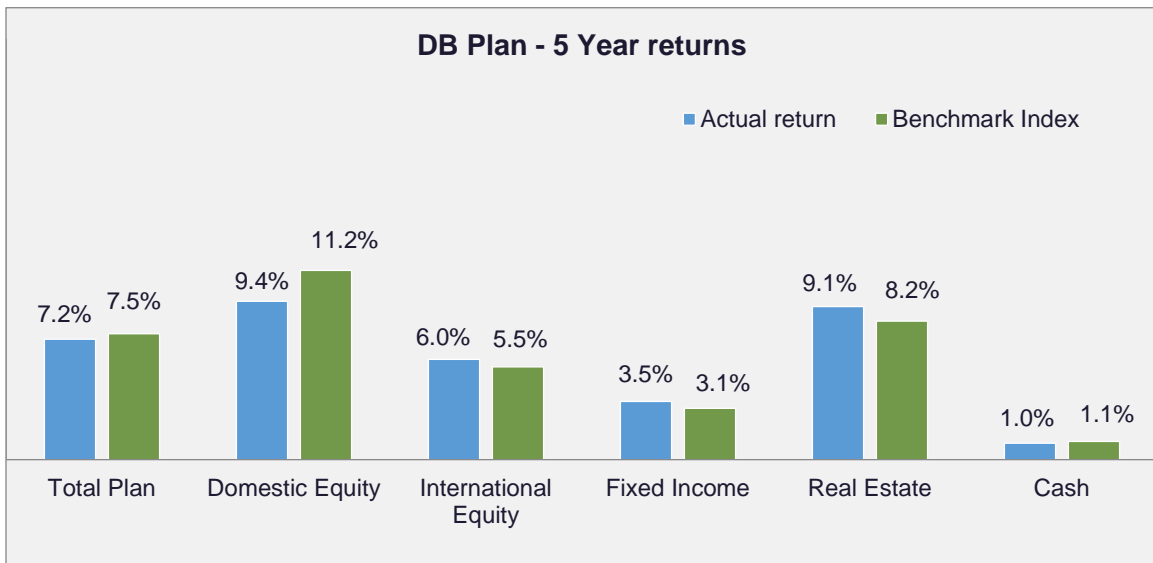
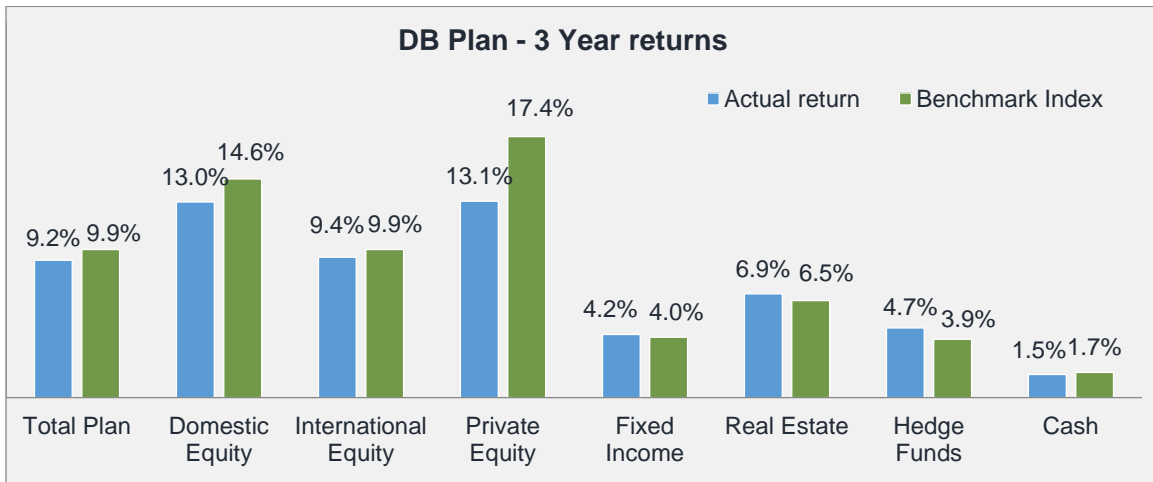
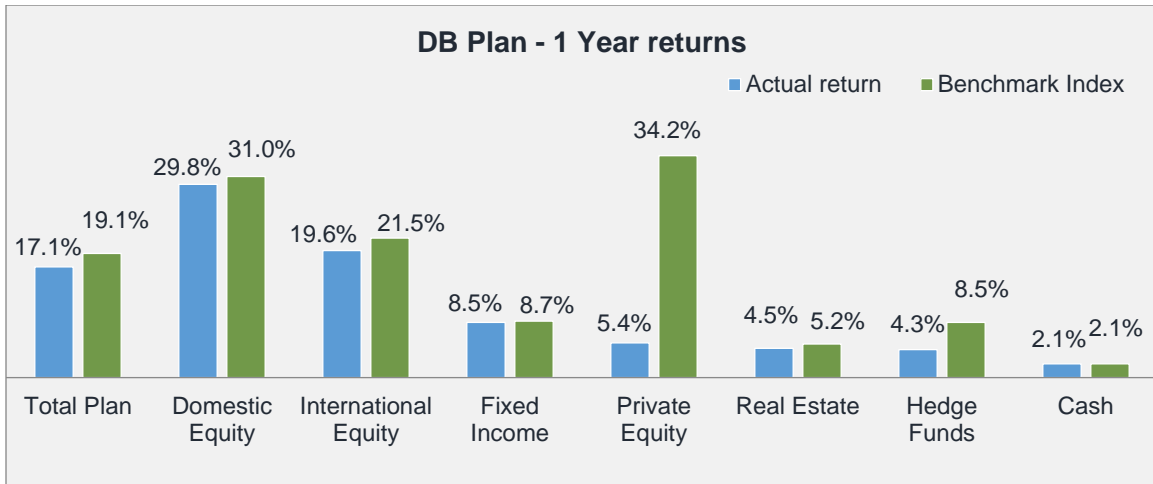
	Rates of return (%)				
	2019	2018	2017	2016	2015
Denver Board of Water	17.08	-3.89	15.61	7.47	1.08
<i>Denver Target Index¹</i>	19.14	-3.79	15.71	7.19	1.10
Total Domestic Equity	29.79	-9.25	18.99	10.34	-1.64
<i>Denver Domestic Equity Index²</i>	31.02	-5.24	21.13	12.74	0.48
Total International Equity	19.58	-15.23	29.03	8.35	-5.73
<i>MSCI ACWI ex US</i>	21.51	-14.20	27.19	4.50	-5.66
Total Fixed Income	8.51	0.53	3.76	4.22	0.50
<i>BC Aggregate Bond Index</i>	8.72	0.01	3.54	2.65	0.55
Real Estate	4.52	7.07	9.23	9.47	15.50
<i>Real Estate Benchmark³</i>	5.18	7.31	6.92	9.27	15.02
Hedge Fund-of-Funds	4.33	0.76	9.04	2.52	0.78
<i>HFR Fund of Funds Composite</i>	8.42	-4.03	7.76	0.49	-0.26
Private Equity	5.36	16.06	18.27	10.42	-
<i>Russell 3000 Index + 2.5%</i>	34.22	-2.86	24.11	15.53	-
Cash	2.12	1.74	0.77	0.27	0.02
<i>90 Day T-Bill</i>	2.13	1.98	0.94	0.33	0.06

Source: Northern Trust

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

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

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



5. Asset Allocation

	Market Value As of 12/31/2019	% of Portfolio	Long Term Asset Allocation Ranges ³
Equities	227,487,424	58.0%	40-65%
Domestic Equity	145,769,122	37.2%	
<i>Winslow Large Cap Growth</i>	19,258,949	4.9%	
<i>Fidelity SMID</i>	17,246,596	4.4%	
<i>Alliance Bernstein</i>	29,347,935	7.5%	
<i>NTGI S&P 500</i>	79,915,643	20.4%	
International Equity	81,718,302	20.8%	
<i>Harding Loevner International Equity Portfolio</i>	40,544,454	10.3%	
<i>DFA World ex US Value Fund</i>	41,173,848	10.5%	
Fixed Income	80,188,821	20.5%	10-40%
<i>Babson Capital Floating Rate Income Fund</i>	15,524,478	3.9%	
<i>Blackrock</i>	64,664,343	16.5%	
Alternatives	34,802,960	8.9%	5-20%
Private Equity	15,482,666	4.0%	
<i>Aberdeen VI</i>	7,930,647	2.02%	
<i>Aberdeen VIII</i>	421,013	0.11%	
<i>Horsley Bridge Venture</i>	3,895,308	0.9%	
<i>Horsley Bridge XIII</i>	231,187	0.06%	
<i>Pantheon</i>	4,021,658	1.03%	
Hedge Funds	19,320,294	4.9%	
<i>BlackRock Alternative Advisors</i>	19,320,294	4.9%	
Real Estate	47,820,010	12.2%	10-20%
<i>RREEF America REIT II</i>	14,218,417	3.6%	
<i>Harbert United States Real Estate Fund V, LP</i>	5,820,937	1.5%	
<i>Principal</i>	16,999,543	4.3%	
<i>UBS TPF</i>	10,781,113	2.7%	
Cash ¹	1,796,661	0.4%	N/A
Total Portfolio²	\$392,095,875	100.0%	

Source: Northern Trust; data as of 12/31/2019

¹ While the IPS does not quantify an allocation to cash, the Operating Procedure for the DB Plan sets the current target level for cash and cash equivalents at the amount equal to two months of pension payments, or approximately \$3.5 million. Approximately half of this amount is deposited at the account of the Plan's TPA, John Hancock at month end.

² The total market value of the assets in the DB Plan reported by Northern Trust differs from the net position restricted for pension reported in the Statement of Fiduciary Net Position due to certain accrued administrative and investment expenses not reported by the custodian until paid, as well as assets deposited with the TPA at month end.

³ Long Term Asset Allocation ranges are approved by the Board and outlined in the IPS.

⁴ The Board charged the Chief Finance Officer with developing and implementing a current asset allocation and rebalancing strategy which is designed to reflect and be consistent with the long-term investment objective and the long-term asset allocation ranges outlined in the IPS. These target allocation weights are contained in the Operating Procedure. At December 31, 2019, all asset classes were within their stipulated operational ranges.

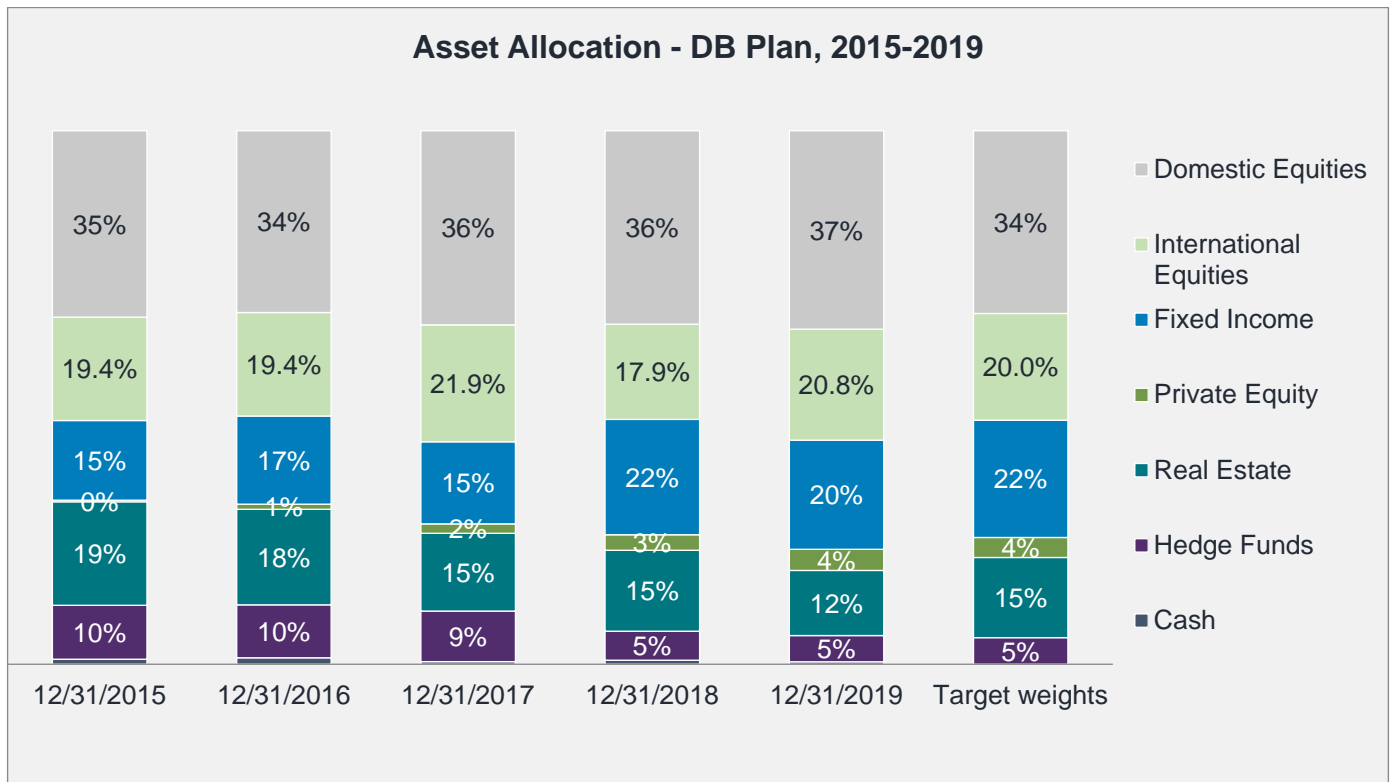
Employees' Retirement Plan – Asset Allocation by Asset Class, 2015-2019

	Market Value As of 12/31/2015	Market Value As of 12/31/2016	Market Value As of 12/31/2017	Market Value As of 12/31/2018	Market Value As of 12/31/2019
Domestic Equities	\$104,365,862	\$107,148,201	130,639,642	123,686,889	145,769,122
International Equities	57,844,581	61,063,115	78,787,664	60,953,815	81,718,302
Fixed Income	44,678,783	51,961,438	55,204,084	73,791,329	80,188,821
Private Equity	913,966	3,001,589	6,397,483	9,911,637	15,482,666
Real Estate	57,889,003	56,353,856	52,366,163	51,770,501	47,820,010
Hedge Funds	30,231,635	31,164,931	33,959,916	18,518,640	19,320,294
Cash ¹	2,811,588	3,852,051	1,803,615	2,577,168	1,796,661
Total Portfolio²	\$298,735,419	\$314,545,181	359,158,567	341,209,979	392,095,875

Source: Northern Trust

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

² The total market value of the assets in the DB Plan reported by Northern Trust differs from the net asset value reported in the Statement of Plan Net Assets due to certain accrued administrative and investment expenses not reported by the custodian until paid as well as assets deposited with the TPA at month end.



Percentages may not add to 100% due to rounding.

6. Investment Summary

Employees' Retirement Plan – Portfolio by Asset Type as of 12/31/2019

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
Equities	164,790,428	227,399,572	317,964	227,717,536	57.99%
Common stock	12,490,796	19,171,097	4,243	19,175,340	4.88%
Common stock- funds	152,299,632	208,228,475	313,721	208,542,196	53.10%
Fixed income	74,801,812	80,188,821	0	80,188,821	20.42%
Corporate Bonds - funds	16,375,849	15,524,478	0	15,524,478	3.95%
Real Estate	40,748,749	47,724,979	95,031	47,820,010	12.18%
Private Equity	14,236,875	16,499,813	0	16,499,813	4.20%
Hedge Funds	15,292,387	19,320,294	0	19,320,294	4.92%
Hedge Funds of Funds	15,292,387	19,320,294	0	19,320,294	4.92%
Cash and Cash Equivalents	1,874,936	1,874,936	5,333	1,880,269	0.48%
Funds-short term investment	1,874,936	1,874,936	5,333	1,880,269	0.48%
Adjustments to Cash	-305,624	-305,624	0.00	-605,624	0%
Pending trade - sales	8,097	8,097	0.00	8,097	0%
Total	311,439,564	392,702,792	410,230	392,821,119	100.0%

Source: Northern Trust

Totals may not add up due to rounding.

The total market value of the assets in the DB Plan reported by Northern Trust differs from the net position restricted for pension reported in the Statement of Fiduciary Net Position due to certain accrued administrative and investment expenses not reported by the custodian until paid, as well as assets deposited with the TPA at month end.

7. List of Largest Holdings by Asset Type

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

Employees' Retirement Plan - Top 10 Equity Holdings (by Market Value) as of 12/31/2019

Security Description	CUSIP	Country	Market Value [*]	% of Total equities*	% of Total portfolio value*
MICROSOFT CORP COOM	594918104	United States	1,506,035	7.9%	0.38%
AMAZON COM INC COM	023134106	United States	1,219,574	6.4%	0.31%
APPLE INC COM STK	037833100	United States	1,086,505	5.7%	0.28%
VISA INC COM CL A STK	92826C839	United States	903,799	4.7%	0.23%
FACEBOOK INC COM	30303M102	United States	892,837	4.7%	0.23%
SALESFORCE COM INC COM STK	79466L302	United States	738,386	3.9%	0.19%
MASTERCARD INC CL A	57636Q104	United States	653,912	3.4%	0.17%
ADOBE SYS INC COM	00724F101	United States	616,745	3.2%	0.16%
ALPHABET INC CAP STK US	02079K107	United States	548,178	2.9%	0.14%
NIKE INC CL B	654106103	United States	543,022	2.8%	0.14%
Total top 10 Equities			\$8,708,993	45.4%	2.22%%
Total value of equities*			\$19,171,080	100.0%	58.00%
Total value of portfolio*			\$392,095,875	N/A	100.0%

Source: Northern Trust

*Market value excluding accruals

Totals may not add up due to rounding.

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

8. Schedule of Fees and Commissions

Employees' Retirement Plan - Schedule of Fees, 2019

Manager	Assets as of 12/31/2019	Assets as of 12/31/2018	Fees	Annual Management Fee
Aberdeen Asset Management Inc. Fund V	7,930,647	\$2,515,869	85,164	0.75% on committed Capital
Aberdeen Asset Management Inc. Fund VIII	421,013	-	20,835	0.75% on committed Capital
Alliance Bernstein	29,347,935	23,522,921	213,252	Annual 0.79%
Barings U.S. Loan Fund Series	15,524,478	14,297,347	61,094	0.48%
BlackRock Alternative Investors	19,320,294	18,518,640	237,148	1.25%
BlackRock Institutional Trust Company N.A.	64,664,343	59,493,983	31,557	0.03%
Dimensional Fund Advisors LP	41,173,848	29,948,688	209,881	0.60%
Fidelity Institutional Asset Management	17,246,596	13,014,875	103,180	0.65%
Harbert Management Corporation	5,820,937	9,838,532	116,296	annual 1.5% management fee applied only to unreturned, contributed capital plus 20% performance fee on net income
Harding Loevner Funds, Inc.	40,544,454	31,005,128	265,445	0.87%
Horsley Bridge Venture	3,895,308	2,515,869	36,000	1% on committed capital
Horsley Bridge Venture	231,187		12,501	1% on committed capital
Northern Trust Investments, N. A. - S&P 500	79,915,643	72,760,047	15,033	0.02%
Pantheon Global Select	4,021,658	-	187,993	0.685% on committed capital
Principal Global Investors, LLC	16,999,543	16,731,412	185,099	1.00%
RREEF America LLC	14,218,417	13,703,145	132,484	0.95%
UBS Realty Investors, LLC	10,781,113	11,497,411	104,275	1 st \$10 mil – 0.95% NAV + 0.20% on cash above 7.5% of NAV + incentive fee of 0.075% for each 1% of outperformance above CPI+5%
Winslow Capital Management, LLC	19,258,949	14,389,045	20,835	0.95%
Total Assets¹	\$392,095,875	\$341,209,979	\$2,038,072	
Investment Consulting Expense			89,122	N/A
Investment Performance Reporting Expense ²			77,116	N/A
Total Investment Expenses			\$2,204,310	
Investment Expenses as a percentage of average assets			0.56%	
Actuarial Services			40,500	N/A
Audit Services			9,945	N/A
Total Administrative Expenses			\$50,445	
Total Expenses as a percentage of average assets			0.58%	

Source: Denver Water

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

²Includes custody fees.

Employees' Retirement Plan - Schedule of Broker Commissions by Broker, 2019

Broker	Total Shares	Net Base Amount (\$)	Commission (\$)	Per Share ¹	% Cost of Trade
Unassigned Broker	10,111,938.38	41,056,974.02	0.00	0.00	0.000%
Allen & Company LLC	1,000.00	171,175.02	30.00	0.03	0.018%
Barclays Bank Plc (All U.K. Offices)	1,980.00	192,840.04	59.40	0.03	0.031%
Citation Group (The)	1,090.00	130,297.85	32.70	0.03	0.025%
Citigroup Global Markets Inc.	750.00	115,409.71	22.50	0.03	0.019%
BOFA Securities, Inc.	11,021.00	1,889,470.48	330.63	0.03	0.017%
Cowen And Company, LLC	900.00	49,917.72	27.00	0.03	0.054%
Credit Suisse Securities (USA) LLC	3,400.00	492,719.96	102.00	0.03	0.021%
Deutsche Bank Securities Inc.	1,000.00	106,405.35	30.00	0.03	0.028%
Goldman, Sachs & Co.	412.00	65,611.92	12.36	0.03	0.019%
Goldman, Sachs and Co.	6,370.00	932,201.58	187.50	0.03	0.020%
J.P. Morgan Securities INC	11,149.00	1,542,325.48	280.47	0.03	0.018%
J.P. Morgan Securities LLC	615.00	135,431.52	18.45	0.03	0.014%
Jefferies LLC	4,286.00	428,542.46	128.58	0.03	0.030%
Jefferies LLC	23,745.00	3,304,341.94	712.35	0.03	0.022%
LiquidnetEurope Limited	870.00	99,950.72	17.40	0.02	0.017%
National Financial Securities Corp	1,900.00	401,473.37	57.00	0.03	0.014%
Pershing LLC	7,925.00	1,142,583.30	237.75	0.03	0.021%
Piper Jaffray & Co	600.00	94,110.12	18.00	0.03	0.019%
Piper Jaffray and Hopwood	800.00	109,382.81	24.00	0.03	0.022%
RBC Capital Markets, LLC	700.00	90,410.05	21.00	0.03	0.023%
Sanford C. Bernstein & Co, LLC	50.00	14,597.82	1.50	0.03	0.010%
Sanford C. Bernstein and Co., LLC	865.00	85,988.11	25.95	0.03	0.025%
UBS Financial Services Inc	13,841.00	1,665,676.02	415.23	0.03	0.025%
UBS Securities LLC	4,204.00	509,361.38	126.12	0.03	0.025%
Wells Fargo Securities, LLC	300.00	63,949.44	9.00	0.03	0.014%

Source: Northern Trust

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

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

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

1. Report on Investment Activity

This section was prepared by the Denver Water staff

On December 31, 2019, the Plan asset balance in the 401(k) Plan totaled \$116.8 million, a 18.5% increase in the Plan asset balance compared to December 31, 2018. At year-end 2019, the Plan had 1,076 participants including 933 active participants¹. Total employee contributions to the 401(k) Plan amounted to \$4.3 million in 2019, or an average of \$4,648 per year per active participant, while Denver Water's matching contributions totaled \$2.1 million (an average of \$2,220 per year per active participant)². Slightly over 86% of the eligible Denver Water employees participated in the 401(k) Plan at year-end, compared to a 90% participation rate in 2018.³

In 2019, employee contributions to the 401(k) Plan amounted to \$4.4 million, while Denver Water's matching contributions totaled \$2.1 million.

On December 31, 2019, the Plan asset balance in the 457 Plan totaled \$37.8 million, a 16.7% increase in the Plan asset value compared to December 31, 2018. The Plan had 442 active¹ participants. During 2019, participant contributions totaled \$2.1 million (or an average of \$4,697 per year per active participant).² Over 41% of the eligible Denver Water employees participated in the 457 Plan at year-end, compared to a 39% participation rate in 2018.

In 2015, both plans were amended to allow participants to borrow money from the Plans. In 2019, loans from the 401(k) Plan totaled \$1,336,097 and 457 Plan amounted to \$261,802.

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

As noted in the policy statements for both the 401(k) and 457 Plans, the primary objective of the Board is to offer investment options having diverse risk and return expectations so that each participant may construct a portfolio that can be expected to meet his or her individual needs. Investment managers are selected by the Chief Finance Officer, with the assistance of the Retirement Program Committee and the investment consultant for the DC Plans, Ellwood Associates. As of December 31, 2019, participants in either plan had access to twenty-eight (28) investment options representing all major asset classes (of which twelve were Target Retirement Funds focused on various retirement dates). The schedule of investment options available in the DC

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

² In 2019, an eligible employee was able to make a tax-deferred contribution of up to \$19,000 to each Defined Contribution Plan in which he or she was a participant. Participants age 50 or older could contribute an additional \$6,000 to each plan as catch-up contributions. For more information on limitation on effective deferrals see "401(k) Resource Guide - Plan Participants - Limitation on Elective Deferrals", "IRS Announces Pension Plan Limitations for 2019" IR-2018-211, November 1, 2018, available on www.irs.gov.

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

Plans can be found on page 100. The investment of both employee contributions and the employer-matching contributions is directed by the participants. Page 98 contains investment return information on each fund available to participants. Returns vary by participant based upon the timing of contributions and the funds selected by the participant. Most funds in the lineup had rates of return above the median for their peer group over 1, 3, and 5-year periods.

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

Expense ratios for all funds in the lineup, as well as the revenue sharing amounts received by the Plan administrator, are disclosed to participants in the enrollment package and through the HR page on Inflow. They are disclosed to the general public in the audited financial statements. Current expense ratios wrap fees and revenue sharing levels are presented in more detail on page 102.

2. Outline of Investment Policies

Denver Water 401(k) Supplemental Retirement Savings Plan

Excerpted from the "Investment Policy Statement for Denver Water Supplemental Retirement Savings Plan (401(k) Plan) ["401(k) IPS"], approved by the Board on August 28, 2019

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

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

The Board is a fiduciary of the 401(k) Plan. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. As a sponsor of the 401(k) Plan, the Board is responsible for establishing investment policy objectives and guidelines. By resolution dated September 14, 2005 and updated on August 29, 2019, the Board has delegated certain duties related to implementation of the 401(k) IPS to the Chief Finance Officer and the Director of Human Resources. Among the responsibilities delegated to the Chief Finance Officer is the responsibility and authority to determine which investment options will be chosen, and to monitor the continued acceptability of the investment options. It is the policy of the Board to engage experts to assist with these duties.

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

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

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

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

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

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

Denver Water 457 Deferred Compensation Plan

Excerpted from the "Investment Policy Statement for the Denver Water 457 Deferred Compensation Plan (the "457 Plan, ["457 IPS"])", approved by the Board on August 28, 2019

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

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

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

3. Schedule of Investment Managers

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

As of December 31, 2019

4. Schedule of Investment Results

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

Fund	Ticker	Rates of Return (%)		
		Current Year	3-year	5-year
Global Real Estate				
Cohen & Steers Instl Global Realty	CSSPX	24.8%	10.6%	7.6%
<i>Global Real Estate Peer Group</i>		21.9%	8.3%	5.6%
7.6 International Equity				
Arrowstreet International	ARWIEA	24.3%	10.8%	6.8%
<i>MSCI ACWI EX USD Index</i>		21.5%	9.9%	5.5%
Northern Global Sustainability Index	NSRIX	28.3%	12.8%	8.9%
<i>MSCI World Index</i>		27.7%	12.6%	8.7%
Fidelity Global ex US Index	FSGDX	21.3%	10.0%	5.6%
<i>MSCI ACWI ex U.S. Index</i>		21.5%	9.9%	5.5%
Domestic Equity				
Fidelity Total Market Index	FSKTX	30.9%	14.5%	11.2%
<i>Dow Jones U.S. Total Stock Market Index</i>		30.9%	14.5%	11.2%
Baron Growth Instl	BGRIX	40.5%	20.3%	12.2%
<i>Small Growth Peer Group</i>		28.5%	12.5%	9.3%
American Beacon Small Cp Val Inst	AVFIX	23.5%	4.2%	6.4%
<i>Small Value Peer Group</i>		22.4%	4.8%	7.0%
T. Rowe Price Growth Stock	PRGFX	31.0%	20.2%	14.4%
<i>Large Growth Peer Group</i>		36.4%	20.5%	14.6%
American Funds Washington Mutual R6	RWMGX	25.9%	13.9%	11.0%
<i>Large Value Peer Group</i>		26.5%	9.7%	8.3%
Fixed Income				
PIMCO High Yield Instl	PHIYX	14.9%	6.2%	5.8%
<i>High Yield Bond Peer Group</i>		15.1%	6.5%	6.1%
Vanguard Inflation Protected Securities Admin	VAIPX	8.2%	3.2%	2.5%
<i>Inflation-Protected Bond Peer Group</i>		8.4%	3.3%	2.6%
Frost Total Return Bond Inst	FIJEX	5.4%	3.7%	3.3%
<i>Intermediate-Term Bond Peer Group</i>		8.7%	4.0%	3.0%
Fidelity US Bond Index Premium	FSITX	8.5%	3.9%	3.0%
<i>Barclays Aggregate Bond Index</i>		8.7%	4.0%	3.0%
Vanguard Total Intl Bd Idx Admiral	VTABX	7.9%	4.4%	3.8%
<i>Barclays Global Aggregate ex. U.S. Hedged Index</i>		7.6%	4.4%	3.9%
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	13.2%	6.4%	4.8%
<i>Retirement Income Peer Group</i>		13.4%	6.5%	5.0%
Vanguard Target Retirement 2015	VTXVX	14.8%	7.5%	5.6%
<i>Target Date 2011-2015 Peer Group</i>		15.1%	7.7%	5.8%
Vanguard Target Retirement 2020	VTWNX	17.6%	8.7%	6.4%
<i>Target Date 2015-2020 Peer Group</i>		17.9%	8.9%	6.6%
Vanguard Target Retirement 2025	VTTVX	19.6%	9.6%	7.0%
<i>Target Date 2021-2025 Peer Group</i>		19.9%	9.8%	7.2%
Vanguard Target Retirement 2030	VTHRX	21.1%	10.2%	7.4%

2019 Annual Report of the Denver Board of Water Commissioners Employees' Retirement Program

Fund	Ticker	Rates of Return (%)		
		Current Year	3-year	5-year
<i>Target Date 2026-2030 Peer Group</i>		21.3%	10.4%	7.6%
Vanguard Target Retirement 2035	VTTHX	22.4%	10.9%	7.8%
<i>Target Date 2031-2035 Peer Group</i>		22.8%	11.0%	8.0%
Vanguard Target Retirement 2040	VFORX	23.9%	11.5%	8.2%
<i>Target Date 2036-2040 Peer Group</i>	-	24.2%	11.7%	8.4%
Vanguard Target Retirement 2045	VTIVX	24.9%	11.8%	8.4%
<i>Target Date 2041-2045 Peer Group</i>		25.4%	12.0%	8.7%
Vanguard Target Retirement 2050	VFIFX	25.0%	11.8%	8.4%
<i>Target Date 2046-2050 Peer Group</i>	-	25.4%	12.0%	8.7%
Vanguard Target Retirement 2055	VFFVX	25.0%	11.8%	8.4%
<i>Target Date 2051-2060 Peer Group</i>		25.4%	12.0%	8.7%
Vanguard Target Retirement 2060	VTTSX	25.0%	11.8%	8.4%
<i>Target Date 2051-2060 Peer Group</i>		25.4%	12.0%	8.7%
Vanguard Target Retirement 2065	VLXVX	25.0%	-	-
<i>Target Date 2061-2065 Peer Group</i>		25.4%	-	-
Cash and Equivalent				
Galliard Retirement Income (gross)	n/a	2.2%	1.9%	1.8%
USTREAS T-Bill Auction Ave 3 Mon Index		2.3%	1.7%	1.1%

Source: Ellwood

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2019	% of the Total Assets	Total Assets as of 12/31/2018	% of the Total Assets
Global Real Estate		\$1,063,910	0.91%	\$855,050	0.7%
Cohen & Steers Instl Global Realty	CSSPX	\$1,063,910	0.91%	\$855,050	0.7%
International Equity		\$8,667,147	7.4%	\$7,169,971	7.3%
Arrowstreet International	ARWIEA	\$4,210,064	3.6%	\$3,679,993	3.7%
Northern Global Sustainability Index	NSRIX	\$2,080,160	1.8%	\$505,067	0.5%
Fidelity Global ex US Index Prem	FSGDX	\$2,376,923	2.0%	\$0	0.0%
Domestic Equity		\$43,907,480	37.8%	\$29,453,846	28.4%
Fidelity Total Market Index	FSKTX	\$17,945,711	15.4%	\$0	0.0%
Baron Growth Instl	BGRIX	\$4,616,433	3.9%	\$3,163,590	3.0%
American Beacon Small Cp Val Inst	AVFIX	\$3,891,940	3.3%	\$3,189,827	3.2%
T. Rowe Price Growth Stock I	PRGFX	\$8,537,404	7.3%	\$6,831,485	6.9%
American Funds Washington Mutual R6	RWMGX	\$8,915,992	7.6%	\$7,284,344	7.4%
Fixed Income		\$12,848,718	9.2%	\$10,992,182	11.2%
PIMCO High Yield Instl	PHIYX	\$2,164,354	1.9%	\$1,593,416	1.6%
Vanguard Inflation Protected Securities Admin.	VAIPX	\$2,726,805	2.3%	\$2,305,615	2.3%
Frost Total Return Bond Inst	FIJEX	\$3,908,838	3.4%	\$4,486,463	4.3%
Fidelity US Bond Index Premium	FNSKX	\$3,353,679	2.9%	\$0.00	0.0%
Vanguard Total Intl Bd Idx Admiral	VTABX	\$695,043	0.6%	\$457,541	0.4%
Target Date Retirement Funds		\$36,372,745	31.1%	\$29,857,820	30.3%
Vanguard Target Retirement Income	VTINX	\$1,109,709	0.9%	\$896,127	0.9%
Vanguard Target Retirement 2015	VTXVX	\$1,874,331	1.6%	\$1,593,341	1.6%
Vanguard Target Retirement 2020	VTWNX	\$2,742,927	2.4%	\$2,312,232	2.4%
Vanguard Target Retirement 2025	VTTVX	\$11,396,977	9.8%	\$9,452,740	9.6%
Vanguard Target Retirement 2030	VTHRX	\$1,799,921	1.5%	\$1,351,650	1.4%
Vanguard Target Retirement 2035	VTTHX	\$7,253,765	6.2%	\$6,178,009	6.3%
Vanguard Target Retirement 2040	VFORX	\$2,280,678	1.9%	\$1,824,933	1.2%
Vanguard Target Retirement 2045	VTIVX	\$5,246,717	4.5%	\$4,382,727	4.5%
Vanguard Target Retirement 2050	VFIFX	\$696,903	0.6%	\$410,016	0.4%
Vanguard Target Retirement 2055	VFFVX	\$1,419,119	1.2%	\$979,157	0.9%
Vanguard Target Retirement 2060	VTTSX	\$551,698	0.5%	\$467,297	0.4%
Vanguard Target Retirement 2065	VLXVX	\$28,375	0.02%	\$9,591	0.02%
Cash and Equivalent		\$13,912,856	11.9%	\$13,646,722	13.6%
Vanguard Treasury Money Market Inv	VUSXX	\$1,044,128	0.9%	\$1,030,516	1.1%
Galliard Retirement Income	n/a	\$12,868,728	11.0%	\$12,619,206	12.8%
Total		\$116,801,234	100.0%	\$98,541,271	100.0%

Source: Empower Retirement

*Does not include loan balance of \$1.9 mil

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2019	% of the Total Assets	Total Assets as of 12/31/2018	% of the Total Assets
Global Real Estate		\$300,787	0.8%	\$0.00	0.00%
Cohen & Steers Instl Global Realty	CSSPX	\$300,787	0.8%	\$0.00	0.00%
International Equity		\$2,224,507	5.8%	\$2,045,619	6.3%
Harbor International Instl	HAINX	\$0.00	0.0%	\$1,448,247	4.3%
Arrowstreet international	ARWIEA	\$1,116,779	2.9%	\$912,719	2.8%
Northern Global Sustainability Index	NSRIX	\$497,486	1.3%	\$147,986	0.5%
Fidelity Global ex US Index Prem	FSGDX	\$610,243	1.6%	\$0.00	0.00%
Domestic Equity		\$12,616,809	33.4%	\$2,057,893	6.1%
Fidelity Total Market Index	FSKTX	\$4,688,144	12.4%	\$0.00	0.00%
Baron Growth Instl	BGRIX	\$1,236,425	3.3%	\$870,142	2.7%
American Beacon Small Cp Val Inst	AVFIX	\$1,141,412	3.0%	\$1,090,180	3.4%
T. Rowe Price Growth Stock I	PRGFX	\$3,115,595	8.3%	\$2,471,528	7.6%
American Funds Washington Mutual R6	RWMGX	\$2,435,233	6.5%	\$1,957,978	6.1%
Fixed Income		\$3,609,496	12.0%	\$4,430,640	13.7%
PIMCO High Yield Instl	PHIYX	\$951,606	2.5%	\$832,442	2.6%
Vanguard Inflation Protected Securities Admin	VAIPX	\$608,780	1.6%	\$515,995	1.6%
Frost Total Return Bond Inst	FIJEX	\$1,627,162	4.3%	\$1,938,165	5.9%
Fidelity US Bond Index Premium	FNSKX	\$1,223,401	3.2%	\$746,941	0.2%
Vanguard Total Intl Bd Idx Admiral	VTABX	\$150,153	0.4%	\$397,097	2.3%
Target Date Retirement Funds		\$9,337,328	26.7%	\$7,854,415	24.3%
Vanguard Target Retirement Income	VTINX	\$482,484	1.3%	\$429,094	1.33%
Vanguard Target Retirement 2015	VTXVX	\$527,222	1.4%	\$463,156	1.4%
Vanguard Target Retirement 2020	VTWNX	\$1,312,925	3.5%	\$1,069,724	3.3%
Vanguard Target Retirement 2025	VTTVX	\$2,178,900	5.8%	\$1,798,469	5.6%
Vanguard Target Retirement 2030	VTHRXX	\$893,292	2.4%	\$671,911	2.1%
Vanguard Target Retirement 2035	VTTTHX	\$1,926,478	5.1%	\$1,515,231	4.7%
Vanguard Target Retirement 2040	VFORX	\$477,689	1.3%	\$338,492	1.1%
Vanguard Target Retirement 2045	VTIVX	\$1,599,418	4.2%	\$1,166,088	3.6%
Vanguard Target Retirement 2050	VFIFX	\$361,231	0.9%	\$143,683	0.44%
Vanguard Target Retirement 2055	VFFVX	\$194,552	0.5%	\$206,935	0.64%
Vanguard Target Retirement 2060	VTTTSX	\$113,148	0.3%	\$46,182	0.14%
Vanguard Target Retirement 2065	VLXVX	\$7,972	0.02%	\$5,450	0.02%
Cash and Equivalent		\$7,516,465	19.9%	\$7,384,883	22.7%
Vanguard Treasury Money Market Inv	VUSXX	\$962,796	2.5%	\$604,734	11.9%
Galliard Retirement Income	n/a	\$7,034,181	18.6%	\$6,780,149	20.9%
Total		\$37,775,496	100.0%	\$32,374,006	100.0%

Source: Empower Retirement

* Does not include loan balance of \$0.2 mil

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2019

Fund	Ticker	Expense Ratio ²	Admin Fess (%) ³	Revenue sharing – paid back to Participants (%) ¹	Average Expense Ratio in the Peer Group
Global Real Estate					
Cohen & Steers Instl Global Realty	CSSPX	1.00	0.075	0.10	1.05
International Equity					
Arrowstreet International	ARWIEA	0.90	0.075	0.00	0.97
Northern Global Sustainability Index	NSRIX	0.31	0.075	0.00	0.61
Fidelity Global ex US Index	FSGDX	0.11	0.075	0.00	0.39
Domestic Equity					
Fidelity Total Market Index	FSKTX	0.04	0.075	0.00	0.33
Baron Growth	BGRIX	1.05	0.075	0.15	1.04
American Beacon Small Cap Val Inst	AVFIX	0.84	0.075	0.00	1.09
T. Rowe Price Growth Stock	PRGFX	0.52	0.075	0.15	0.89
American Funds Washington Mutual R6	RWMGX	0.30	0.075	0.00	0.85
Fixed Income					
PIMCO High Yield Instl	PHIYX	0.30	0.075	0.00	0.85
Vanguard Inflation Protected Securities Admin	VAIPX	0.10	0.075	0.00	0.72
Frost Total Return Bond Inst	FIJEX	0.52	0.075	0.10	0.64
Fidelity US Bond	FNSKX	0.05	0.075	0.00	0.24
Vanguard Total Intl Bd Idx Admiral	VTABX	0.12	0.075	0.00	0.20
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2010	VTEVX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2015	VTXVX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2020	VTWNX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2025	VTTVX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2030	VTHRX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2035	VTTHX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2040	VFORX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2045	VTIVX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2050	VFIFX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2055	VFFVX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2060	VTTSX	0.14	0.075	0.00	0.68
Vanguard Target Retirement 2065	VLXVX	0.14	0.075	0.00	0.68
Cash and Equivalent					
Vanguard Treasury Money Market Inv	VUSXX	0.09	0.075	0.00	0.42
Galliard Retirement Income	N/A	0.65	0.075	0.00	0.42

Fund	Ticker	Expense Ratio ²	Admin Fess (%) ³	Revenue sharing – paid back to Participants (%) ¹	Average Expense Ratio in the Peer Group
Weighted average (both plans)		0.34	0.075	0.025	

Source: Ellwood

¹ The dollar amount of fees paid by the Plans for investment management and administrative services on the funds is not separately disclosed. Revenue sharing arrangements with Empower are discussed in more detail in the Report on Investment Activity for the DC Plans (page 97).

² Expense ratios provided by Ellwood Consulting

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

IV. ACTUARIAL SECTION (UNDAUDITED)

A. Actuary's Certification Letter

This section is excerpted from the January 1, 2019 Actuarial Valuation Report prepared by Gabriel Roeder Smith & Company and pertains only to the DB Plan



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April 18, 2019

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

Re: Actuarial Valuation of the Employees' Retirement Plan of the Denver Board of Water Commissioners as of January 1, 2019

Dear Usha:

We are pleased to present the Report on the actuarial valuation of the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Plan") as of January 1, 2019.

This Report presents the results of the January 1, 2019 actuarial valuation of the Plan. The Report describes the current actuarial condition of the Plan, determines required annual employer contribution rates, and analyzes changes in these required rates. In addition, the Report provides various summaries of the data. This report should not be relied on for any purpose other than the purpose described in the primary communication. Accounting information for purposes of complying with Governmental Accounting Standards Board (GASB) Statements Nos. 67 and 68 is provided in a separate report.

We certify that the information included herein and contained in the January 1, 2019 Actuarial Valuation Report is accurate and fairly presents the actuarial position of the Plan as of the valuation date.

Financing Objectives

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

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

The total actuarially determined contribution has decreased from 23.312% of pay to 22.196% of pay. During 2019, members hired on or after January 1, 2018 will contribute 3% of pay. Members hired prior to that date will continue to contribute 1% of pay until March 31, 2019 and will contribute 2% of pay from April 1, 2019 until March 31, 2020 and starting April 1, 2020 these members will contribute 3% of pay. The expected 2019 blended member rate is 1.783%, resulting in a 20.414% of pay net employer contribution.

7900 East Union Avenue | Suite 650 | Denver, Colorado 80237-2746

Ms. Usha Sharma
April 18, 2019
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Assuming all actuarial assumptions are met, this method of payment of the unfunded liability will result in full funding in 15 years for each layer. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. A schedule of each year's initial base and remaining outstanding balance is illustrated in Exhibit B.5.

Progress Toward Realization of Financing Objectives

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

Based on the actuarial valuation as of January 1, 2019, the Plan has an unfunded liability of \$76.2 million and a funded ratio of 82.6%.

The increase in the funded ratio on an actuarial value of assets basis, from 80.8% to 82.6%, is primarily due to liability gains associated with the assumption changes. The funded ratio on a market value of assets basis decreased from 84.9% to 78.5% primarily due to investment losses significantly greater than expected. A funded ratio less than 100% indicates an actuarially determined contribution that will require a normal cost and an amortization payment. If the contributions equal the ADC, and if all assumptions are met, the funded ratio should improve over time.

Benefit Provisions

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

Assumptions and Methods

The assumptions have been selected by the Denver Board of Water Commissioners based upon the actuary's analysis and recommendations. The current assumptions used in the actuarial valuation were adopted by the board effective with the January 1, 2019 valuation report. These assumptions were adopted based on recommendations made during the actuary's experience study that covered the five-year investigation period ending December 31, 2018.

Below is a summary of the changes in assumptions:

1. Inflation: Reduce from 2.75% to 2.50%.
2. Real Rate of Return: Increase from 4.25% to 4.50%.
3. Wage Inflation: Reduce from 3.25% to 2.75%.



Ms. Usha Sharma

April 18, 2019

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4. Individual Merit and Promotion Increases: Slightly increase age based rates.
5. Mortality: Update the projection scale from MP-2016 to the ultimate MP scale.
6. Rates of disability: Reduce disability rates.
7. Rates of Retirement: Increase normal/Rule of retirement rates for ages 55 to 59. Decrease early retirement rates from 5% to 4%. Increase retirement rate for Tier 2 members at first eligibility.
8. Rates of Termination: Reduce rates at early service years and increase rates at later service years.
9. Lump Sum Elections: Decrease election rates.

The assumption changes decreased the accrued liability by \$4.0 million and decreased the actuarially determined contribution by 1.22% of pay.

These assumptions and methods are detailed in Section F of this Report. The Board has sole authority to determine the actuarial assumptions used for the Plan. In our opinion, the actuarial assumptions used are reasonable.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The actuarial calculations presented in this Report are intended to provide information for rational decision making.

Data

The valuation was based upon information as of January 1, 2019, furnished by Denver Water staff, concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. Retiree benefits were provided as of December 31, 2018 and were adjusted for Cost of Living Adjustments granted as of January 1, 2019. We checked for internal and year-to-year consistency, but did not audit the data. We relied upon the Denver Water staff for the accuracy and completion of the information provided.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and to the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of, where applicable, the Internal Revenue Code, and ERISA.



Ms. Usha Sharma

April 18, 2019

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The signing actuaries are independent of the plan sponsor. Leslie Thompson and Dana Woolfrey are Enrolled Actuaries. All signing actuaries are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries. Finally, all of the undersigned are experienced in performing valuations for large public retirement systems.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Leslie Thompson, FSA, FCA, EA, MAAA

Senior Consultant



Paul Wood, ASA, FCA, MAAA

Consultant



Dana Woolfrey, FSA, FCA, EA, MAAA

Consultant



B. Summary of Actuarial Methods and Assumptions

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

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

Actuarial Cost Method

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

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

Actuarial Value of Assets

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

Annual Required Contribution (Adopted January 1, 2014)

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

Cost-of-Living Adjustment

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

Actuarial Assumptions

Investment return: 7.00% per annum, compounded annually, composed of an assumed 2.50% inflation rate and a 4.50% real rate of return. This rate represents the assumed return, net of all investment expenses.

Salary increase rate: Inflation rate of 2.50%, plus productivity component of 0.25%, plus merit component as shown

Sample Attained Age	Percentage Increase in Salary			
	Merit	Productivity	Inflation	Total
22	4.0%	0.25%	2.50%	6.75%
27	3.75	0.25	2.50	6.50
32	3.0	0.25	2.50	5.75
37	2.25	0.25	2.50	5.00
42	1.50	0.25	2.50	4.25
47	0.5	0.25	2.50	3.25
52	0.25	0.25	2.50	3.00
57	0.25	0.25	2.50	3.00
62	0.10	0.25	2.50	2.85

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

Demographic assumptions

Mortality rates (pre- and post-retirement) – Combined RP-2014 Healthy Mortality Tables projected with the Ultimate MP Scale.

Mortality rates (post-disablement) – Combined RP-2014 Disabled Annuitant Mortality Tables, projected with the Ultimate MP Scale.

Sample rates are shown below:

Sample Attained Age	Probability of Death Pre-Retirement		Sample Attained Age	Probability of Death Post-Retirement		Sample Attained Age	Probability of Death Post-Disability	
	Men	Women		Men	Women		Men	Women
20	0.03%	0.01%	20	0.03%	0.01%	20	0.04%	0.02%
25	0.04	0.01	25	0.05	0.03	25	0.17	0.07
30	0.04	0.02	30	0.07	0.05	30	0.40	0.19
35	0.04	0.02	35	0.10	0.08	35	0.71	0.35
40	0.05	0.03	40	0.15	0.13	40	1.05	0.54
45	0.08	0.05	45	0.23	0.17	45	1.39	0.76
50	0.14	0.09	50	0.34	0.23	50	1.68	0.98
55	0.23	0.14	55	0.47	0.30	55	1.93	1.20
60	0.39	0.20	60	0.64	0.43	60	2.20	1.40
65	0.68	0.31	65	0.91	0.66	65	2.62	1.72
70	1.14	0.52	70	1.39	1.06	70	3.33	2.33
75	1.19	0.89	75	2.22	1.73	75	4.49	3.39
80	3.21	1.52	80	3.69	2.88	80	6.33	5.04
85	6.24	3.90	85	6.40	5.00	85	9.36	7.47
90	11.51	8.65	90	11.38	8.97	90	14.49	11.11

Disability rates

Graduated rates are used. Sample rates shown below:

Sample Attained Ages	Probability of Disability
25	0.020%
30	0.048
35	0.082
40	0.123
45	0.191
50	0.328
55	0.594
60	0.942

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

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

Years of Service	Probability of Termination
1	9.00%
2-6	9.00
3	9.00
7	7.50
8	6.00
9	4.50
10	3.00
11-20	2.00
30+	1.00

Retirement Rates

Attained Age	Before Eligible for Special Early Retirement	After Eligible for Special Early Retirement
50	0.0%	3.0%
51	0.0	3.0
52	0.0	3.0
53	0.0	3.0
54	0.0	3.0
55	4.0	20.0
56	4.0	20.0
57	4.0	20.0
58	4.0	12.0
59	4.0	12.0

Attained Age	Before Eligible for Special Early Retirement	After Eligible for Special Early Retirement
60	4.0	15.0
61	4.0	20.0
62	4.0	20.0
63	4.0	30.0
64	4.0	30.0
65	4.0	30.0
66-69	4.0	30.0
70 & Over	0.0	100.0

Other Assumptions

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

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

Cost of living adjustment: 2.50% per annum for members hired prior to January 1, 2018.

Deferred vested members and their surviving spouses are assumed to retire at first eligibility for unreduced benefits (age 65, unless eligible for Special Early Retirement, in which case, age 55 for members hired prior to January 1, 2018 and age 60 for members hired or rehired on or after January 1, 2018).

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

Pay increase timing: Middle of year.

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

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

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

Age at Termination/Retirement	% Electing Lump Sum	% Electing Straight Life Annuity
<45	10%	90%
45-55 Not Retirement Eligible	20%	80%
50+ Retirement Eligible	25%	75%

C. Changes in Actuarial Methods and Assumptions since Prior Year

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

D. Schedule of Active Member Valuation Date

Valuation Date	Number of Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Number of Deferred Vested
1/1/2010	1,060	70,372,085	66,389	2.73	79
1/1/2011	1,063	69,926,961	64,237	(3.24)	82
1/1/2012	1,043	71,172,362	66,839	4.05	83
1/1/2013	1,045	71,940,163	66,868	0.04	82
1/1/2014	1,023	71,847,268	68,369	2.24	84
1/1/2015	1,034	75,990,457	74,611	9.13	90
1/1/2016	1,004	75,740,030	75,438	1.11	100
1/1/2017	1,019	77,159,061	75,720	0.37	106
1/1/2018	1,034	82,150,595	79,449	4.92	120
1/1/2019	1,006	81,653,842	81,167	2.16	151

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

Plan Year Ending	Number Added to Rolls	Annual Allowances Added to Rolls	Number Removed from Rolls	Annual Allowances Removed from Rolls	Number at End of Year	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
12/31/2010	32	1,066,810	11	204,272	467	12,389,988	7.48	26,531
12/31/2011	31	1,261,199	11	151,079	487	13,500,108	8.96	27,721
12/31/2012	45	1,511,056	13	283,394	519	14,727,770	9.09	28,377
12/31/2013	56	1,856,554	10	173,084	565	16,411,240	11.43	29,046
12/31/2014	34	943,263	12	296,617	587	16,807,704	3.94	29,059
12/31/2015	45	1,192,656	16	312,120	616	17,938,422	5.16	29,121
12/31/2016	56	1,824,592	21	492,301	651	19,270,714	7.43	29,602
12/31/2017	57	2,113,509	37	774,332	671	20,609,891	6.95	30,715
12/31/2018	34	1,556,827	9	236,672	696	21,930,046	13.80	31,509
12/31/2019	34	1,303,608	15	318,583	715	22,915,072	4.49	32,049

F. Solvency Test

Valuation Date	Actuarial Accrued Liabilities For			Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets		
	(1) Active Member Contributions	(2) Deferred Vested, Retirees and Beneficiaries	(3) Active Members		(1)	(2)	(3)
1/1/2009	495,900	124,774,259	163,394,642	209,770,560	100	100	51.7
1/1/2010	499,600	132,568,017	168,189,298	228,083,245	100	100	56.4
1/1/2011	408,200	142,084,100	153,777,087	218,757,059	100	100	49.6
1/1/2012	353,600	154,303,402	156,786,401	238,384,139	100	100	53.4
1/1/2013	274,800	168,146,325	152,183,674	252,919,993	100	100	55.5
1/1/2014	127,900	191,230,293	146,486,108	272,829,275	100	100	55.6
1/1/2015	90,000	202,360,110	157,097,607	297,670,643	100	100	60.6
1/1/2016	66,000	212,726,742	155,290,362	312,384,696	100	100	64.1
1/1/2017	57,400	241,571,671	160,084,488	320,904,267	100	100	49.5
1/1/2018	34,900	260,199,893	164,501,606	343,199,212	100	100	50.4
1/1/2019	668,100	270,348,866	165,489,856	360,343,509	100	100	54.0

G. Analysis of Financial Experience

Plan Year Ending	Actuarial (Gains)/Losses			Changes in Plan Provisions	Changes in Assumptions/Methods	Total (Gain)/Loss
	Asset Sources	Liability Sources	Total			
12/31/2010	24,758,527	(6,215,755)	18,542,772	0	(13,585,635)	4,957,137
12/31/2011	(3,318,033)	2,464,819	(853,214)	0	0	(853,214)
12/31/2012	751,281	(3,476,652)	(2,725,371)	0	0	(2,725,371)
12/31/2013	(3,897,780)	2,052,114	(1,845,666)	0	2,795,982	950,316
12/31/2014	(10,614,132)	964,653	(9,649,479)	0	10,152,400	502,921
12/31/2015	403,252	(3,334,682)	(2,931,430)	0	0	(2,931,430)
12/31/2016	8,445,835	(2,254,507)	6,191,328	0	22,249,786	28,441,114
12/31/2017	(1,876,082)	6,700,482	4,824,400	0	0	4,824,400
12/31/2018	3,181,696	(525,139)	2,656,557	0	(4,004,229)	(1,347,672)
12/31/2019	(6,023,594)	5,789,211	(234,383)	0	0	(234,383)

H. Analysis of Financial Experience – PLAN YEAR

UAAL, January 1, 2019	\$76,163,313
Expected Changes during 2018	-
Expected UAAL, January 1, 2018	\$81,537,187
Experience Changes During 2018 Investment (gains)/losses	
	\$(6,023,594)
• Salary changes different than assumed (gain)/loss	3,914,146
• New and Rehired members (gain)/loss	488,208
• Withdrawal Experience (gain)/loss	(626,165)
• Retirement Experience (gain)/loss	(613,972)
• Pensioner Mortality Experience (gain)/loss	2,764,846
• Cost of Living Other Than 2.50% Assumed (1.92% in 2019)	(1,443,415)
• Assumption Changes (Gain)/Loss	-
• Other Demographic (Gain)/Loss	1,305,563
• Total	5,789,211
Total (gain)/loss	(\$234,383)
Unfunded Actuarial Accrued Liability, January 1, 2018	\$81,537,187

I. Summary of Plan Provisions

Plan Year

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

Accrued Benefit

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

Average Final Compensation

A member's Average Monthly Salary, as of a given date, is the average of the highest 36 consecutive completed calendar months of compensation during the last 120 months of employment for members hired prior to January 1, 2018 and the average of the highest 60 consecutive completed calendar months of compensation during the last 120 months of employment for members hired or rehired on or after January 1, 2018.

Compensation

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

Credited Service

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

Members hired or rehired on or after January 1, 2018 credited with less than 1,000 Hours of Service in a Plan Year shall receive partial Credited Service based on the number of Hours of Service for which Member Contributions were made, credited in such Plan Year, divided by 2080 rounded to the nearest 1/100th of 1%.

Employees/Membership

Employees hired prior to January 1, 2018 shall become a Member retroactive to the employee's date of employment upon the completion of the Required Introductory Period (typically six months). Employees hired or rehired on or after January 1, 2018 shall become a Member on the date of such Employee's employment or reemployment.

Employee Contributions

A member hired prior to January 1, 2018 is required to contribute 1% of bi-weekly Compensation commencing with the first pay date on which the Merit Increase paid in the 2018 Plan Year is processed and ending with the pay date prior to the first pay date on which the Merit Increase paid in the 2019 Plan Year is processed. The required contribution will increase to 2% in the 2019 Plan Year and 3% in the 2020 Plan Year and each pay date thereafter. Member contributions made on or after January 1, 2018, receive interest at a rate of 2.5% per year. Any member contributions currently in the Plan are credited with interest at a rate of 5.0% per year.

Normal Retirement Date

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

Normal Retirement Benefits

For members hired prior to January 1, 2018, the monthly normal retirement pension payable upon retirement on a member's Normal Retirement Date is the sum of 1.5% of Average Final Compensation and 0.45% of Average Final Compensation in excess of Covered Compensation, times Credited Services. For members hired or rehired on or after January 1, 2018, the monthly normal retirement pension payable upon retirement on a member's Normal Retirement Date is 1.75% of Average Final Compensation times Credited Service.

Regular Early Retirement

Eligibility:

Age 55 for members hired prior to January 1, 2018, or age 60 for members hired or rehired on or after January 1, 2018, and in either case vested in the Accrued Benefit (5 years of credited service for severance dates on or after April 18, 1995.)

Amount:

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

Special Early Retirement – Rule of 75 and 85

Eligibility:

For members hired prior to January 1, 2018, age 50 and age plus service equals 75 or more. For members hired or rehired on or after January 1, 2018, age 60 and age plus service equals 85 or more.

Amount:

A member's Special Early Retirement Benefit is a monthly pension benefit equal to his Accrued Benefit determined as of his Special Early Retirement Date, unreduced for earlier commencement. Benefits are payable at the later of age 55 for members hired prior to January 1, 2018, age 60 for members hired or rehired on or after January 1, 2018, and age at retirement.

Deferred Vested Retirement

Eligibility:

5 or more years of Credited Service.

Amount:

A member's Deferred Vested Retirement shall be equal to the member's Accrued Benefit, payable at the member's Normal Retirement Date. Members hired prior to January 1, 2018 may retire with an Early Retirement Benefit upon attainment of age 55 with applicable reductions. Members hired or rehired on or after January 1, 2018 may retire with an Early Retirement Benefit upon attainment of age 60 with applicable reductions.

Disability Retirement

Eligibility:

Termination due to Disability.

Amount:

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

Normal Benefit Form

Life Annuity

Optional Benefit Forms

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

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

Pre-Retirement Death Benefit

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

Lump Sum Death Benefit

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

Cost of Living Adjustment

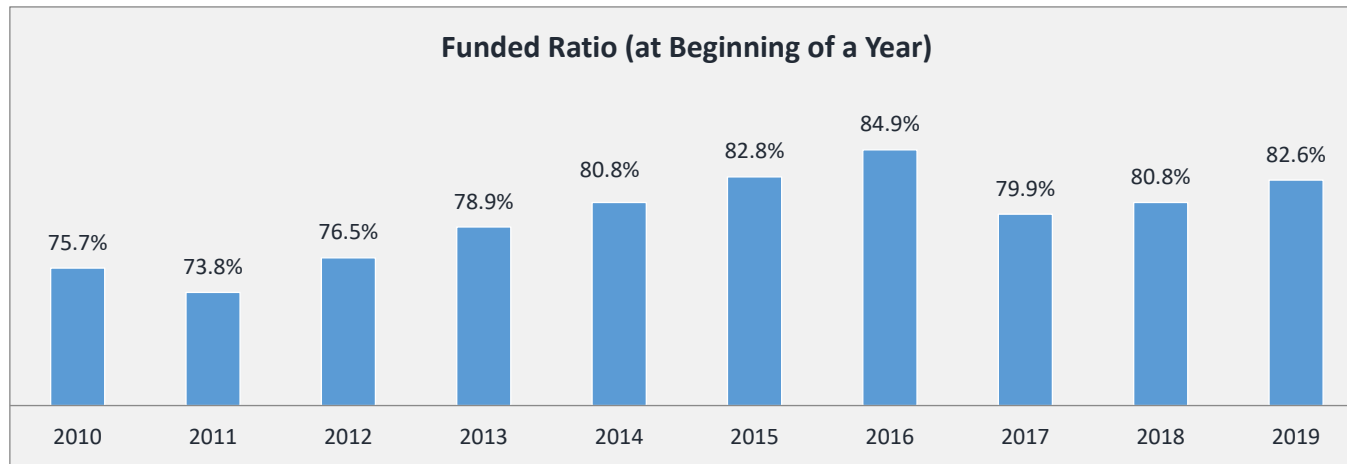
For members hired prior to January 1, 2018, the monthly amount of any Pension provided by the Plan may be increased annually of the first day of each January by the change in the U.S. Consumer Price Index (CPI-W) as reported the preceding November. Annual increases may not exceed 5% for members whose severance date occurs prior to September 1, 1995 and 4.4% for members whose severance date occurs after August 31, 1995. Effective January 1, 2017, if the change in the U.S. Consumer Price Index is negative, then it shall be treated as zero. The Cost-of-Living Adjustment granted in 2019 was 1.92%. There are no Cost-of-Living Adjustments for members hired on or after January 1, 2018.

J. Changes in Plan Provisions

None.

K. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAL as a % of Covered Payroll1 ((b-a)/c)
1/1/2010	228,083,245	301,256,915	73,173,670	75.7	70,372,085	104.0
1/1/2011	218,757,059	296,269,387	77,512,328	73.8	69,926,961	110.8
1/1/2012	238,384,139	311,443,403	73,059,264	76.5	71,172,362	102.7
1/1/2013	252,919,993	320,604,799	67,684,806	78.9	71,940,163	94.1
1/1/2014	272,829,275	337,844,301	65,015,026	80.8	71,847,268	90.5
1/1/2015	297,670,643	359,547,717	61,877,074	82.8	75,990,457	81.4
1/1/2016	312,384,696	368,083,104	55,698,408	84.9	75,740,030	73.5
1/1/2017	320,904,267	401,713,559	80,809,292	79.9	77,159,061	104.7
1/1/2018	343,199,212	424,736,399	81,537,187	80.8	82,150,595	99.2
1/1/2019	360,343,509	436,506,822	76,163,313	82.6	81,653,842	93.3



L. Schedule of Employer Contributions

Plan Year Ending	Annual Required Contribution	Employer Contribution	Employee Contribution	Percentage Contributed
12/31/2010	12,638,827	12,638,827	-	100.0
12/31/2011	12,414,279	15,400,000	-	124.1
12/31/2012	12,256,238	14,300,000	-	116.7
12/31/2013	11,957,548	15,000,000	-	125.4
12/31/2014	13,532,013	14,500,000	-	107.2
12/31/2015	14,067,795	14,500,000	-	103.1
12/31/2016	14,268,653	14,500,000	-	102.0
12/31/2017	17,050,669	18,000,000	-	105.6
12/31/2018	19,150,681	18,000,000	662,000	97.5
12/31/2019	18,124,245	16,701,600	1,455,525	92.2

M. Notes to Trend Data

No notes

N. Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	15 years (layered), as a level dollar amount (beginning January 1, 2014)
Remaining amortization period	15 years (as of January 1, 2014)
Asset valuation method	3-year smoothing of market value gains or losses
Actuarial assumptions:	
Investment rate of return*	7.00% per annum, compounded annually, composed of an assumed 2.50% inflation rate and a 4.50% real rate of return. This rate represents the assumed return, net of all investment expenses.
Projected salary increases	Age-based rates from 6.75% to 2.85%
*Includes inflation at	2.50% and 0.25% productivity

V. STATISTICAL SECTION (UNAUDITED)

This section provides detailed information about the Retirement Plans of the Denver Board of Water Commissioners as a context for understanding the Program's overall financial condition. "Schedules of Additions by Source", "Schedules of Deductions by Type", "Schedules of Benefit and Refund Deductions from Net Assets by Type" and "Schedules of Changes in Net Assets" provide detailed information about the trends of key sources of additions and deductions to assets of Denver Water Retirement Plans, as well as their overall growth. "Schedule of Retired Members by Type of Benefit" contains information regarding the number and type of benefit recipients, and benefit amount for those who retired in 2019. "Schedule of Average Benefit Payment Amounts for Retirees" contains information on the average monthly benefit, average final monthly salary, and number of retired members of the Employees' Retirement Plan of Denver Water (DB Plan) over the last 10 years. Finally, the section entitled "Other Information" contains various tables showing member data for the Plans for the years 2010-2019. All non-accounting data was derived from Denver Water's internal sources and vendor reports and has been updated as of the end of 2019, as available.

A. Employees' Retirement Plan

1. Schedule of Additions by Source, 2010 – 2019

Fiscal Year Ending	Member Contributions ²	Employer Contributions ¹		Net Investment and Other Income ⁴	Total
		Dollars	Percentage of Annual Covered Payroll ³		
2010	N/A	12,638,800	18.0%	24,118,400	36,757,200
2011	N/A	15,400,000	22.0%	(2,094,700)	13,305,300
2012	N/A	14,300,000	20.1%	28,171,400	42,471,400
2013	N/A	15,000,000	20.9%	39,023,000	54,023,000
2014	N/A	14,500,000	20.2%	18,523,200	33,023,200
2015	N/A	14,500,000	19.1%	2,473,300	16,973,300
2016	N/A	14,500,000	19.1%	21,326,100	35,826,100
2017	N/A	18,000,000	23.3%	48,273,300	66,273,300
2018	662,000	18,000,000	21.9%	(14,319,100)	4,342,900
2019	1,713,400	16,701,600	20.5%	58,642,700	77,057,700

Source: Financial Statements for the Employees' Retirement Plan

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

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

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

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

2. Schedule of Deductions by Type, 2010-2019

Fiscal Year Ending	Deductions by Type			Total
	Benefit Payments	Administrative Expenses	Refunds ¹	
2010	14,143,900	59,800	108,300	14,312,000
2011	15,416,200	123,200	78,000	15,617,400
2012	16,704,300	123,800	93,700	16,921,800
2013	17,699,200	115,500	151,400	17,966,100
2014	20,299,200	144,000	66,400	20,509,600
2015	20,665,500	44,200	28,000	20,737,700
2016	19,913,500	52,100	18,100	19,983,700
2017	19,904,300	47,900	23,100	19,975,300
2018	22,052,200	179,600	3,100	22,234,900
2019	24,784,600	183,200	14,600	24,982,400

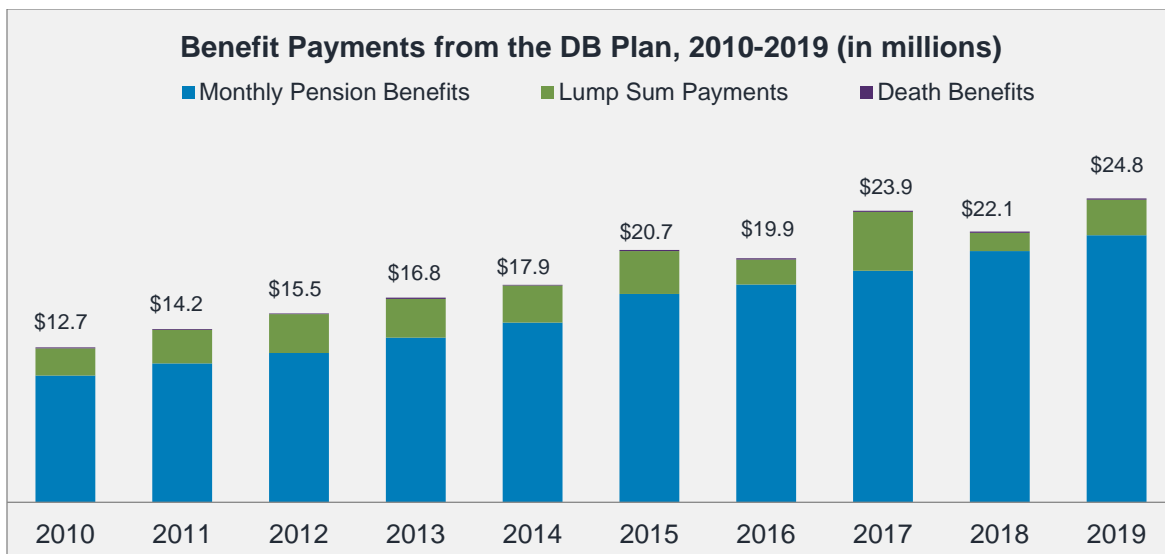
Source: Financial Statements for the Employees' Retirement Plan

¹ Effective January 1, 1992, the Board determined that all employee contributions to the Denver Water Employees' Retirement Plan would be refunded, with interest at 5%, upon termination or retirement. An amount of \$2,480,000 was paid in 1992 to refund amounts contributed by employees who had retired prior to December 1992 or were terminated during 1992. Amounts listed subsequent to 1992 were paid to employees who were terminated or retired in the year listed. Employees stopped making mandatory contributions after September 1981. As of December 31, 2019, and 2018, total remaining employee contributions including accrued interest were \$40,000 and \$42,500 respectively.

3. Schedule of Benefit Deductions from Net Assets by Type 2010-2019

Fiscal Year Ending	Annual Pension Benefits	Lump Sum Payments	Death Benefits	Total Benefits	Refunds
2010	11,338,400	2,740,500	65,000	14,143,900	108,300
2011	12,184,400	3,176,800	55,000	15,416,200	78,000
2012	13,442,000	3,167,300	100,000	16,704,340	93,700
2013	14,670,900	3,028,300	55,000	17,699,200	151,400
2014	16,264,600	3,929,600	105,000	20,299,200	66,400
2015	17,041,700	3,538,800	85,000	20,665,500	28,000
2016	17,781,700	2,026,800	105,000	19,913,500	18,100
2017	18,958,515	4,824,400	72,359	23,855,274	23,100
2018	20,508,900	1,513,300	30,000	22,052,200	3,100
2019	21,788,023	2,961,559	35,000	24,982,400	14,600

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



4. Schedule of Changes in Fiduciary Net Position, 2010-2019

Fiscal Year Ending	Total Additions	Total Deductions	Change in Fiduciary Net Position	Fiduciary Net position restricted for pension, Beginning of Year	Fiduciary Net position restricted for pension, End of Year
2010	36,757,200	14,312,000	22,445,200	208,085,800	230,531,000
2011	13,305,300	15,617,400	(2,312,100)	250,531,000	228,218,900
2012	42,471,400	16,921,800	25,549,600	228,218,900	253,768,500
2013	54,023,000	17,966,100	36,056,900	253,768,500	289,825,400
2014	33,023,200	20,509,600	12,513,600	289,825,400	302,339,000
2015	16,973,300	20,738,700	(3,764,400)	302,339,000	298,574,600
2016	35,826,100	19,983,700	15,842,400	298,574,600	314,417,000
2017	66,273,300	19,975,300	46,298,000	314,417,000	360,715,000
2018	4,342,900	22,234,900	(17,892,000)	360,715,000	342,823,000
2019	77,057,700	24,982,400	52,075,300	342,823,000	394,989,300

Source: Financial Statements for the Employees' Retirement Plan

5. Schedule of Retired Members by type of Benefit

Date as of January 1, 2020

Amount of monthly benefit	Number of retirees	Type of retirement*					Option selected #				
		1	2	3	4	5	Life	Opt. 1	Opt. 2	Opt. 3	Def
Deferred	188	0	0	0	13	175	0	0	0	0	188
\$1 – \$249	8	0	5	3	0	0	6	0	0	2	0
\$250 – \$499	35	8	23	4	0	0	28	3	1	3	0
\$500 – \$749	51	10	35	4	2	0	40	6	0	5	0
\$750 – \$999	37	9	121	5	2	0	26	4	3	4	0
\$1,000 – \$1,249	40	8	20	11	1	0	33	2	2	3	0
\$1,250 – \$1,499	37	8	19	9	1	0	27	5	1	4	0
\$1,500 – \$1,749	47	8	28	9	2	0	31	8	1	7	0
\$1,750 – \$1,999	34	4	21	6	3	0	24	4	2	4	0
over \$2,000	413	56	316	19	22	0	250	96	23	44	0
Totals	890	111	488	70	46	175	465	128	33	76	188

*Type of Retirement

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

Option Selected

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

Source: January 1, 2020 Actuarial Valuation Report for Employees' Retirement Plan prepared by GRS

6. Schedule of Average Benefit Payment Amounts for Retirees, 2010-2019

Retirement Effective Dates	Years of Credited Service							Total
	5-9	10-14	15-19	20-24	25-29	30-34	35+	
January 1, 2009 to December 31, 2009								
Average Monthly Benefit	\$0	\$1,379.36	\$0	\$0	\$3,031.65	\$3,711.94	\$3,416.99	\$3,224.64
Number of Active Retirees	0	2	0	0	4	6	8	20
January 1, 2010 to December 31, 2010								
Average Monthly Benefit	\$457.36	\$1,018.89	\$2,257.99	\$1,410.37	\$2,424.95	\$2,565.34	\$3,901.13	\$2,676.96
Number of Active Retirees	1	4	2	1	2	7	10	27
January 1, 2011 to December 31, 2011								
Average Monthly Benefit	\$0.00	\$892.08	\$1,235.41	\$1,494.81	\$2,216.83	\$3,747.31	\$3,472.47	\$2,713.81
Number of Active Retirees	0	3	4	1	1	9	5	23
January 1, 2012 to December 31, 2012								
Average Monthly Benefit	\$447.58	\$551.04	\$1,431.77	\$2,077.38	\$3,022.27	\$3,230.24	\$4,105.24	\$3,097.40
Number of Active Retirees	2	1	1		8	11	11	33
January 1, 2013 to December 31, 2013								
Average Monthly Benefit	\$676.26	\$770.75	\$1,809.36	\$2,273.52	\$2,916.17	\$3,144.23	\$4,463.10	\$3,053.70
Number of Active Retirees	1	4	7	7	3	8	18	48
January 1, 2014 to December 31, 2014								
Average Monthly Benefit	\$0.00	\$951.89	\$2,051.16	\$1,636.05	\$1,843.68	\$2,824.24	\$3,568.32	\$2,297.64
Number of Active Retirees	0	6	3	1	5	3	8	26
January 1, 2015 to December 31, 2015								
Average Monthly Benefit	\$759.99	\$1,204.97	\$1,813.91	\$1,828.66	\$3,492.23	\$4,799.75	\$3,447.28	\$3,144.63
Number of Active Retirees	4	1	3	2	4	9	6	29
January 1, 2016 to December 31, 2016								
Average Monthly Benefit	\$569.31	\$1,355.37	\$1,418.34	\$2,220.23	\$3,509.63	\$5,501.198	\$3,619.08	\$3,128.24
Number of Active Retirees	4	4	1	3	9		6	35
January 1, 2017 to December 31, 2017								
Average Monthly Benefit	\$757.25	\$899.80	\$2,338.22	\$2,446.01	\$2,869.22	\$4,248.71	\$4,530.66	\$2,815.40
Number of Active Retirees	6	6	5	6	2	9	9	43
January 1, 2018 to December 31, 2018								
Average Monthly Benefit	\$774.29	\$1,200.60	\$1,821.23	\$1,526.26	\$4,324.64	\$4,301.51	\$3,960.63	\$3,177.53
Number of Active Retirees	2	1	6	2	6	8	3	28
January 1, 2019 to December 31, 2019								
Average Monthly Benefit	\$1,316.74	\$2,363.04	\$2,426.91	\$2,318.82	\$2,921.59	\$3,748.65	\$4,956.36	\$2,895.82
Number of Active Retirees	3	3	6	5	1	2	5	25

1. Employees' Retirement Plan – Member Count

As of	Total	Active	Inactive			
			With Deferred Benefits	Retired Members and Beneficiaries	On Long Term Disability	Due Refund
01/01/2011	1,613	1,063	83	456	11	0
01/01/2012	1,613	1,043	83	477	10	0
01/01/2013	1,646	1,045	82	511	8	0
01/01/2014	1,672	1,023	84	558	7	0
01/01/2015	1,711	1,034	90	582	5	0
01/01/2016	1,720	1,004	100	604	12	0
01/01/2017	1,776	1,019	106	639	12	0
01/01/2018	1,825	1,034	120	658	13	0
01/01/2019	1,887	1,006	151	681	15	15
01/01/2020	1,999	1,046	175	702	13	63

Source: 2011-2020 Actuarial Valuation reports; extracted from "Member Data Reconciliation"

2. Employees' Retirement Plan – Active Members

As of	Active Only	Average Age	Average Vesting Service	Average Earnings
01/01/2010	1,060	45.9	13.7	\$66,389
01/01/2011	1,063	46.0	13.4	\$64,237
01/01/2012	1,043	46.4	13.8	\$66,839
01/01/2013	1,045	46.3	13.4	\$66,868
01/01/2014	1,023	46.2	12.9	\$68,369
01/01/2015	1,034	46.3	12.7	\$74,611
01/01/2016	1,004	46.4	12.6	\$75,438
01/01/2017	1,019	46.0	12.2	\$75,720
01/01/2018	1,034	45.3	11.5	\$79,449
01/01/2019	1,006	45.1	11.6	\$81,167
01/01/2020	1,046	44.4	11.1	\$84,012

Source: 2011-2020 Actuarial Valuation reports; extracted from "Active Member Averages"

3. Employees' Retirement Plan – Retiring Members by Type of Benefit Elected, 2010-2019

Fiscal Year Ending	Lump Sum	Partial Lump/Annuity	Annuity Only	Total Retirements
2010	17	2	25	44
2011	7	0	23	30
2012	12	3	30	45
2013	19	5	43	67
2014	10	4	23	37
2015	11	2	29	42
2016	6	1	34	41
2017	2	1	45	48
2018	4	3	25	32
2019	7	3	22	32

Source: 2010-2019 Actuarial Valuation reports; extracted from "Retirements by Type"

4. Employees' Retirement Plan – Retiring Members by Type of Retirement, 2010-2019

Fiscal Year Ending	Normal Retirement	Early Retirement	Special Early (Rule of 75)	Special Early (Rule of 75 Grow-In)	Total Retirements
2010	7	11	26	0	44
2011	8	3	19	0	30
2012	9	6	30	0	45
2013	6	14	47	0	67
2014	8	8	20	1	37
2015	14	2	22	4	42
2016	5	7	29	0	41
2017	6	5	31	3	45
2018	11	3	18	0	32
2019	11	2	18	1	32

Source: 2010-2019 Actuarial Valuation report; extracted from "Retirements by Type"

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

As of	Normal Retirement	Early and Special Early Retirement	Survivor	Disability Retirements	Vested Terminations	Total Inactive Members
01/01/2010	68	307	52	19	79	525
01/01/2011	73	316	59	20	82	550
01/01/2012	75	334	60	19	82	570
01/01/2013	83	353	66	18	81	601
01/01/2014	85	396	68	17	83	649
01/01/2015	85	410	77	16	89	677
01/01/2016	89	408	72	47	100	716
01/01/2017	87	434	82	48	106	757
01/01/2018	92	459	74	46	120	791
01/01/2019	103	471	74	48	151	793
01/01/2020	111	488	70	46	175	890

Source: 2010-2020 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit".

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

As of	Life or leveling option	50% J&S	75% J& S	100% J&S	Total
01/01/2010	370	88	16	51	525
01/01/2011	398	92	15	45	550
01/01/2012	413	96	15	46	570
01/01/2013	345	98	18	50	511
01/01/2014	372	98	25	63	558
01/01/2015	394	100	27	61	582
01/01/2016	406	105	30	63	604
01/01/2017	434	113	29	63	639
01/01/2018	447	115	30	66	658
01/01/2019	455	122	32	72	681
01/01/2020	465	128	33	76	702

Source: 2010-2020 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit".

B. Denver Water Supplemental Retirement Savings Plan

1. Schedule of Additions by Source, 2010-2019

Fiscal Year Ending	Employee Contributions	Employee Rollovers	Employer Contributions ¹	Net Investment and Other Income ²	Total
2010	3,562,000	89,200	1,671,100	4,952,000	10,274,300
2011	3,694,600	9,100	1,735,100	(90,900)	5,348,800
2012	3,827,400	275,200	1,743,300	5,543,600	11,389,500
2013	4,153,300	694,200	1,834,900	10,752,000	17,434,400
2014	4,245,800	342,600	1,977,800	4,616,500	11,182,700
2015	4,463,400	1,298,000	1,988,400	157,100	7,907,900
2016	4,483,900	1,154,800	2,033,800	5,950,600	13,623,100
2017	4,259,200	986,300	6,770,000	14,404,500	26,420,000
2018	4,352,100	1,154,000	2,050,100	(4,536,700)	3,119,300
2019	4,371,100	427,000	2,084,100	20,033,300	27,024,400

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

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

² Includes investment income, (including realized and unrealized gains/losses) net of investment expense, participant loan interest and miscellaneous income.

2. Schedule of Deductions by Type, 2010-2019

Fiscal Year Ending	Deductions by Type		Participant investment advisory fees	Total
	Benefit Payments	Expenses ¹		
2010	2,911,200	83,800	-	2,995,000
2011	3,004,500	44,700	-	3,049,200
2012	2,458,700	49,700	3,900	2,512,300
2013	4,907,800	58,700	10,900	4,977,400
2014	3,573,000	67,200	19,900	3,660,100
2015	6,025,000	71,100	20,400	6,116,500
2016	5,362,100	62,300	17,800	8,180,900
2017	8,131,800	76,900	21,600	8,234,800
2018	8,197,300	83,900	25,400	8,306,600
2019	8,774,000	86,600	56,600	8,917,200

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

Includes imputed amount of investment and recordkeeping fees.

3. Schedule of Benefit Deductions from Net Assets by Type 2010-2019

Fiscal Year Ending	Retirement	Age 70 1/2 Minimum	Termination of Employment	Hardship Withdrawal	Other ¹	Total Benefits
2010	2,163,350	0	257,700	122,250	367,900	2,911,200
2011	2,301,600	4,200	326,600	185,300	186,800	3,004,500
2012	1,757,800	1,900	392,600	197,900	108,500	2,458,700
2013	3,603,000	0	736,700	200,700	367,400	4,907,800
2014	2,3745,000	0	565,500	257,000	375,500	3,573,000
2015	3,056,000	0	1,910,000	32,000	1,012,200	6,010,000
2016	2,036,100	17,300	2,082,200	188,400	1,038,100	5,362,100
2017	3,026,400	39,200	4,337,300	87,600	641,300	8,131,800
2018	2,025,000	78,700	4,468,300	146,900	1,391,800	8,197,300
2019	3,390,900	105,700	4,571,300	104,300	601,800	8,774,000

Source: Empower Retirement, Plan Disbursement Summary

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

4. Schedule of Changes in Net Assets, 2010-2019

Fiscal Year Ending	Total Additions	Total Deductions	Change in Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2009	11,161,600	2,185,900	8,975,700	30,381,500	39,357,200
2010	10,274,300	2,995,000	7,279,300	39,357,200	46,636,500
2011	5,347,900	3,049,200	2,298,700	46,636,500	48,935,200
2012	11,389,500	2,512,300	8,877,200	48,935,200	57,812,400
2013	17,434,400	4,977,400	12,457,000	57,812,400	70,269,400
2014	11,182,700	3,660,100	7,522,600	70,269,400	77,792,000
2015	7,906,900	6,116,500	1,790,400	77,792,000	79,582,400
2016	13,623,100	5,442,200	8,180,900	79,582,400	87,763,300
2017	26,420,000	8,234,800	18,185,200	87,763,300	105,948,500
2018	3,119,300	8,306,600	(5,187,300)	105,948,500	100,761,200
2019	27,024,400	8,917,200	18,107,200	100,761,200	118,868,400

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

5. Other Information

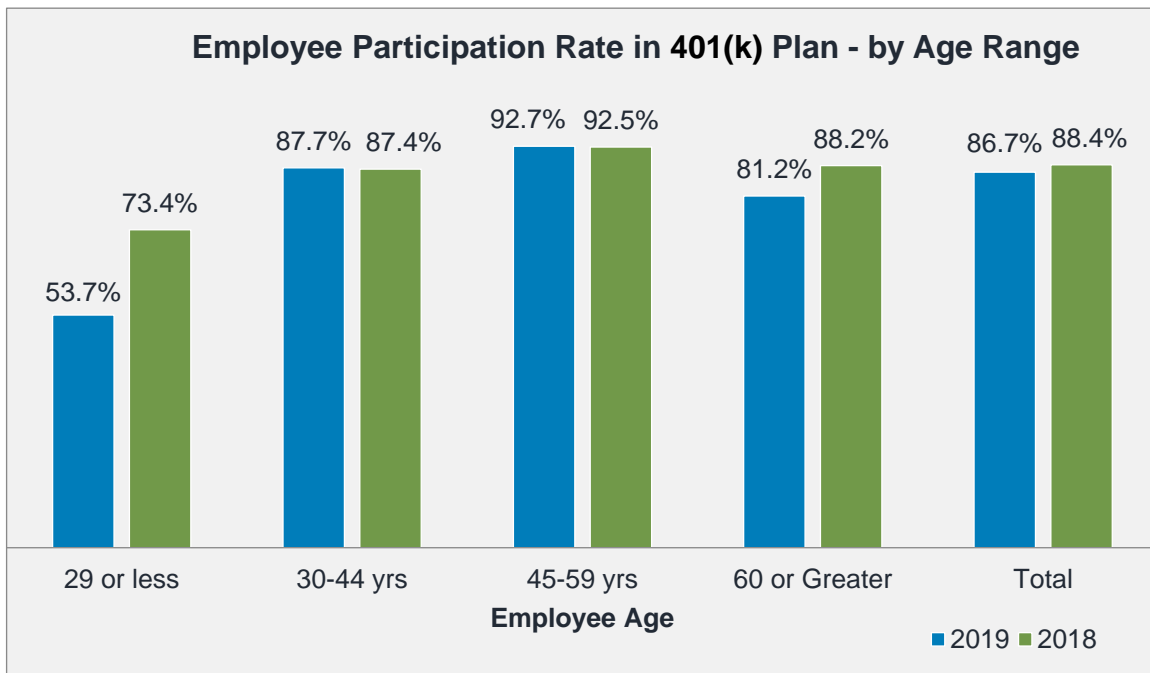
None.

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

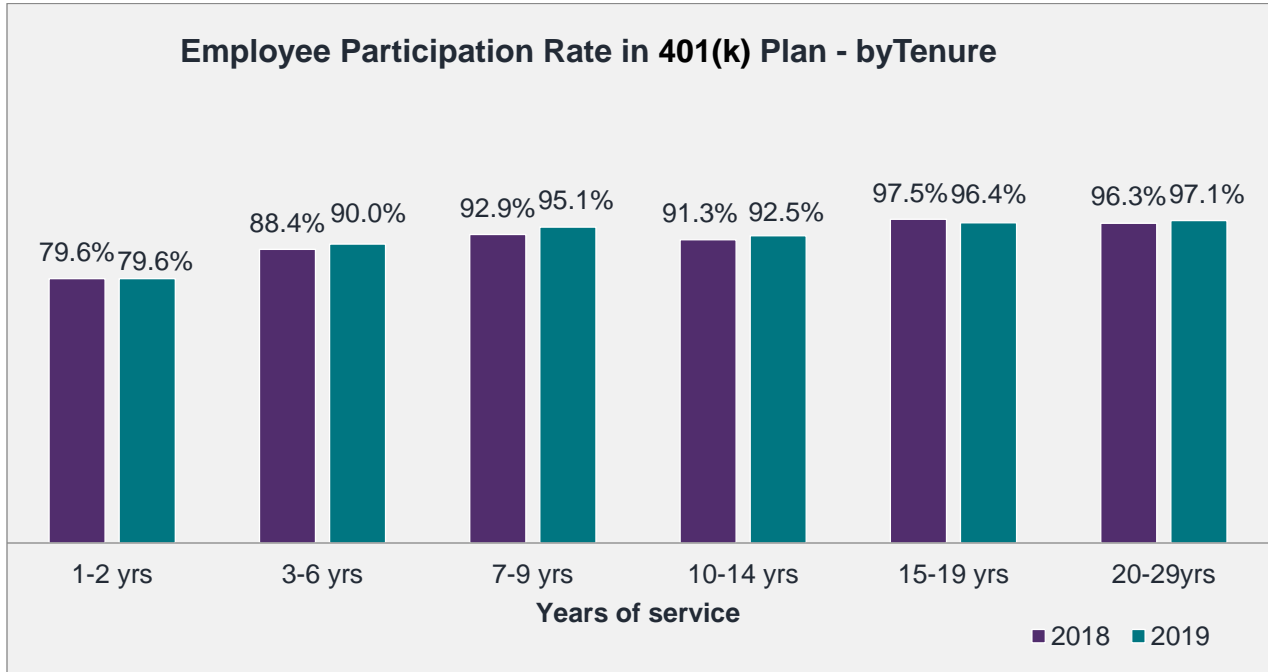
Fiscal Year Ending	Participants ¹			
	Total	Active	Inactive	New enrollments
12/31/2010	1,010	922	88	N/A
12/31/2011	1,027	930	97	N/A
12/31/2012	1,061	940	121	N/A
12/31/2013	1,092	929	163	N/A
12/31/2014	1,142	957	185	N/A
12/31/2015	1,141	937	204	N/A
12/31/2016	1,189	953	236	N/A
12/31/2017	1,190	927	263	N/A
12/31/2018	1,190	895	295	N/A
12/31/2019	1,170	875	295	N/A

Source: Empower Retirement

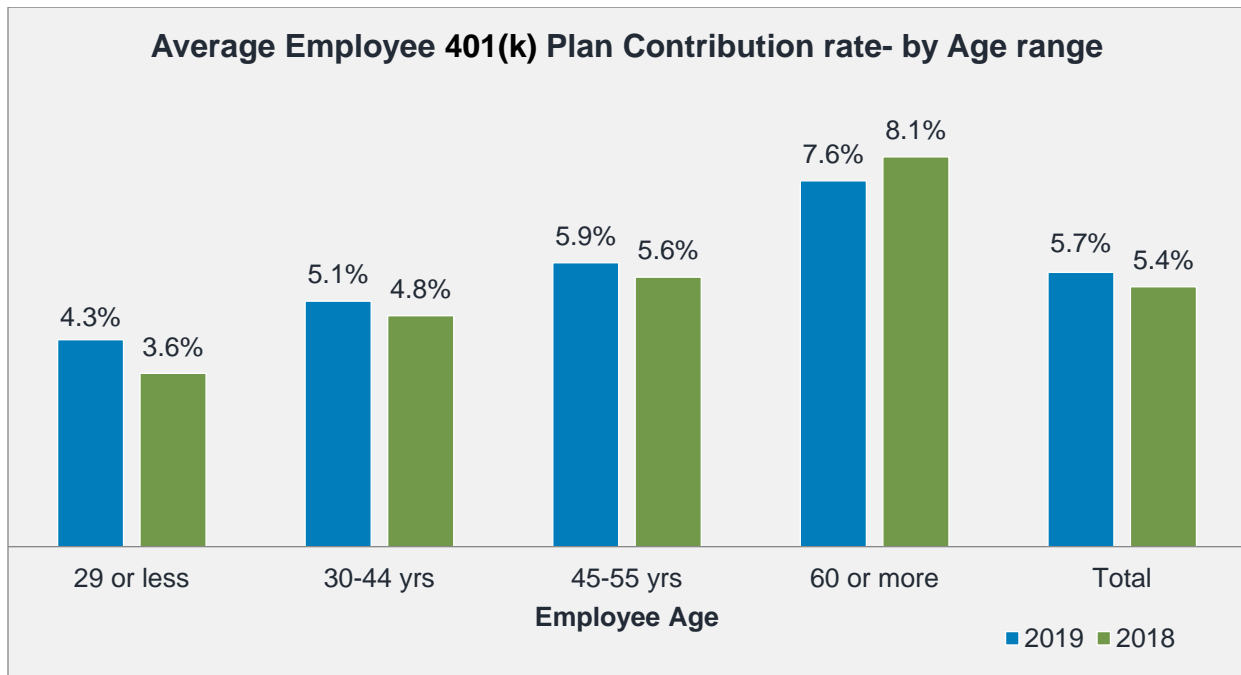
¹ Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no longer employed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



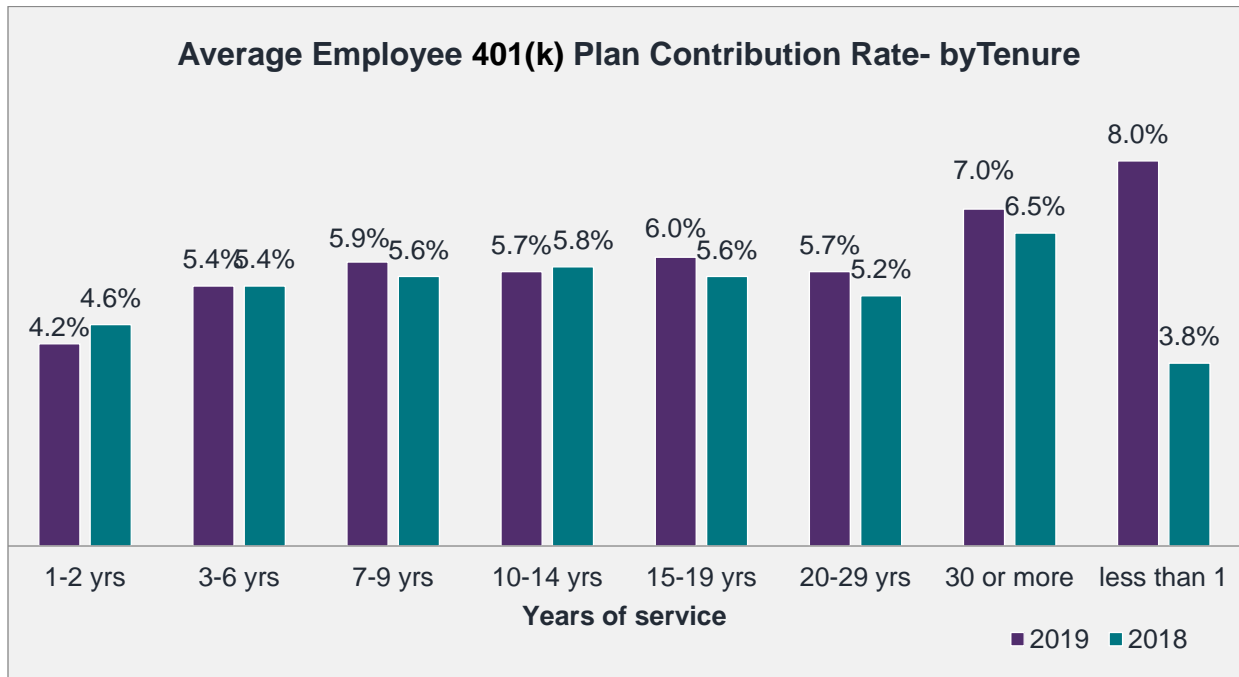
Source: Denver Water, Empower database; data as of year-end.



Source: Empower database; data as of year-end.



Source: Empower database; data as of year-end



Source: Empower database; data as of year-end

C. Denver Water 457 Deferred Compensation Plan

1. Schedule of Additional Source, 2010-2019

Fiscal Year Ending	Participant Contributions	Participant Rollovers	Employer Contributions ¹	Net Investment and Other Income ²	Total
2010	1,437,700	-	N/A	2,326,100	3,763,800
2011	1,580,600	1,900	N/A	252,400	1,834,900
2012	1,707,900	12,200	N/A	2,257,800	3,978,000
2013	1,839,600	110,200	23,000	3,936,700	5,909,500
2014	1,878,600	9,400	35,000	1,752,100	3,675,100
2015	2,187,500	82,100	36,000	339,600	2,645,200
2016	2,069,700	2,000	36,000	1,874,300	3,982,000
2017	2,017,100	33,300	-	4,426,500	6,476,900
2018	2,108,300	583,000	24,500	(1,074,500)	1,641,300
2019	2,105,100	128,200	25,000	5,842,400	8,100,700

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

² Includes investment income, (including realized and unrealized gains/losses) net of investment expense and participant advisory fees, participant loan interest and miscellaneous income. Schedule of Deductions by Type, 2010-2019

Fiscal Year Ending	Deductions by Type			Total
	Benefit Payments	Administrative Expenses ¹	Participant investment advisory fees	
2010	2,692,400	49,900	-	2,742,300
2011	2,987,700	23,000	-	3,010,700
2012	1,956,500	23,500	1,200	1,981,200
2013	2,349,500	25,900	3,200	2,378,600
2014	1,642,900	28,400	5,600	1,676,900
2015	4,126,900	28,600	6,200	4,161,700
2016	2,230,900	22,700	4,500	2,258,100
2017	4,861,000	25,900	5,500	4,892,400
2018	3,097,800	26,500	5,400	3,129,700
2019	2,579,600	27,700	13,500	2,620,800

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

¹ Includes imputed amount of investment and recordkeeping fees.

2. Schedule of Benefit Deductions from Net Assets by Type, 2010-2019

Fiscal Year Ending	Retirement	Age 70 1/2 minimum	Termination of Employment	Hardship	Other ¹	Total Benefits
2010	2,085,400	0	372,700	-	234,300	2,692,400
2011	2,761,200	24,300	152,700	8,000	41,500	2,987,700
2012	1,564,900	22,300	279,200	600	88,500	1,956,500
2013	2,147,600	11,100	100,700	17,100	73,000	2,349,500
2014	840,200	11,800	475,000	18,800	297,100	1,642,900
2015	1,262,500	0	2,572,000	2,100	279,500	4,116,100
2016	1,638,400	34,000	438,400	0	120,100	2,230,900
2017	2,755,900	45,800	1,883,100	1,900	174,300	4,861,000
2018	1,206,500	70,500	1,650,900	6,700	160,200	3,094,900
2019	1,825,500	88,300	639,600	5,800	20,500	2,579,700

Source: Empower Retirement, Plan Disbursement Summary

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

3. Schedule of Changes in Net Assets, 2009-2018

Fiscal Year Ending	Total Additions	Total Deductions	Change In Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2010	3,763,800	2,742,300	1,021,500	24,960,500	25,982,000
2011	1,834,900	3,010,700	(1,175,800)	25,982,000	24,806,200
2012	3,977,900	1,981,200	1,996,600	24,806,200	26,802,900
2013	5,909,500	2,378,600	3,530,900	26,802,900	30,333,800
2014	3,675,100	1,676,900	1,998,200	30,333,800	32,332,000
2015	2,645,200	4,161,700	(1,516,500)	32,332,000	30,815,500
2016	3,981,800	2,258,100	1,723,700	30,815,500	32,539,200
2017	6,495,000	4,892,400	1,602,600	32,539,200	34,141,800
2018	1,655,200	3,129,700	(1,474,500)	34,141,800	32,667,300
2019	5,827,200	2,620,800	5,479,900	32,667,300	38,147,200

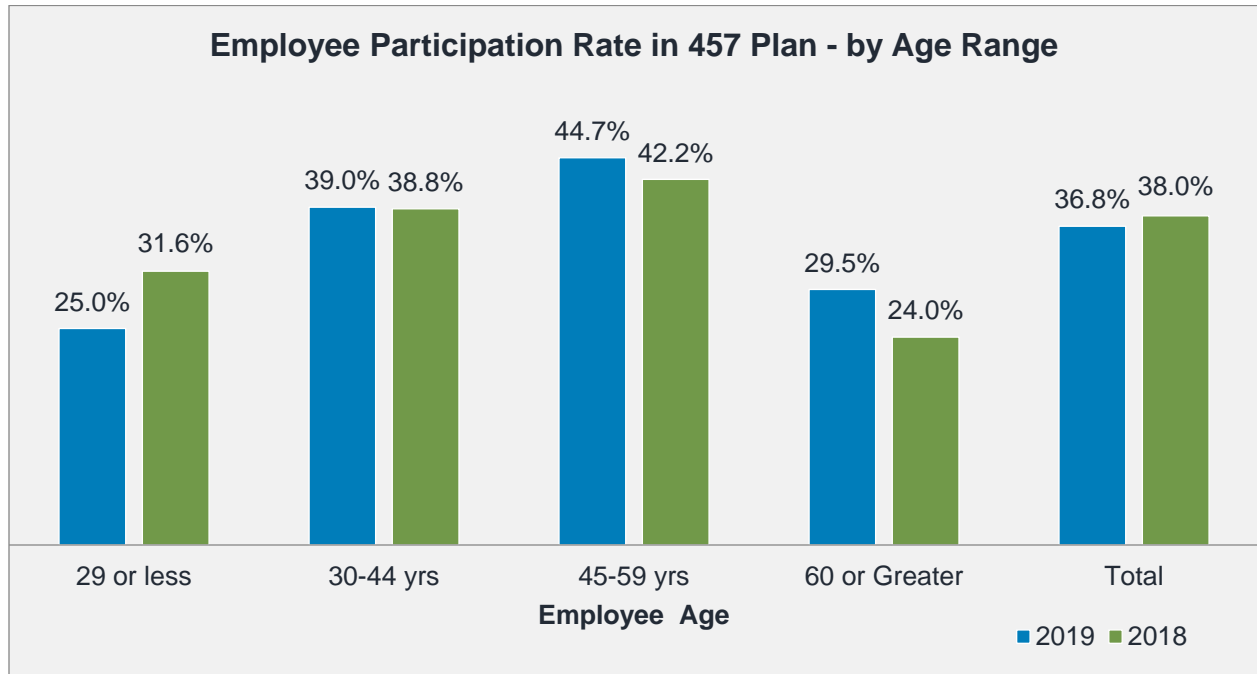
Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

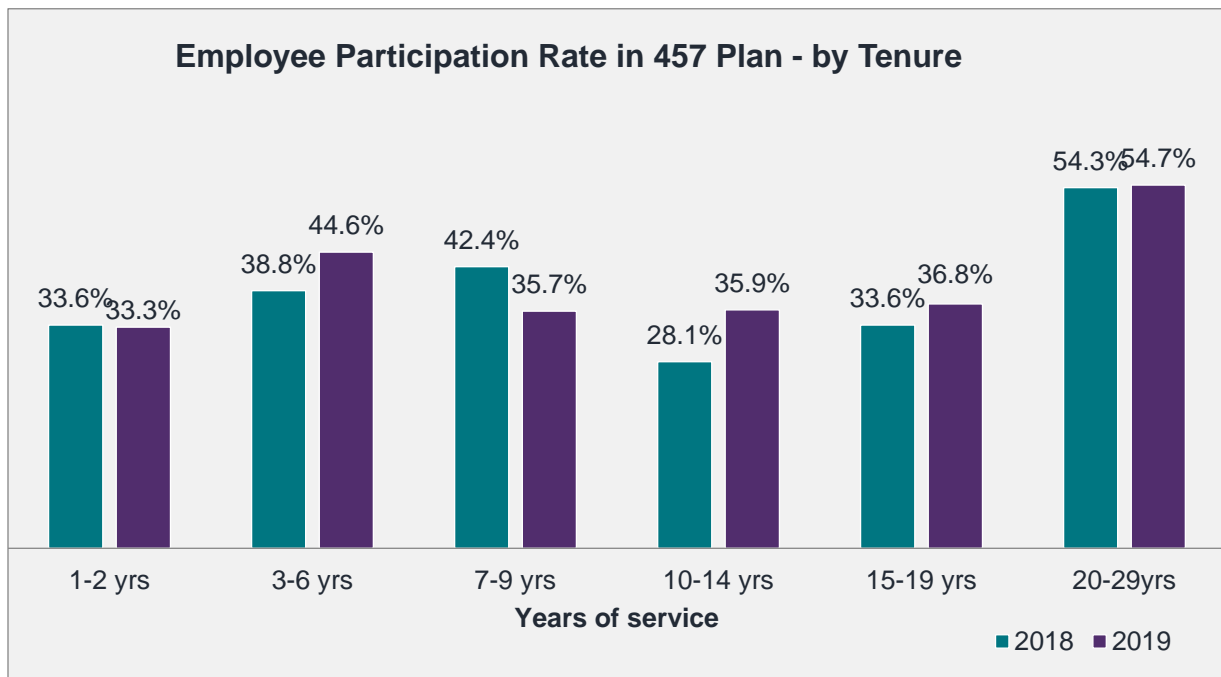
Fiscal Year Ending	Participants ¹			
	Total	Active	Inactive	New Enrollments
12/31/2009	679	314	365	11
12/31/2010	636	278	358	N/A
12/31/2011	619	516	103	N/A
12/31/2012	607	495	112	N/A
12/31/2013	608	467	141	N/A
12/31/2014	621	476	145	N/A
12/31/2015	629	473	156	N/A
12/31/2016	655	493	162	N/A
12/31/2017	665	484	181	N/A
12/31/2018	658	462	196	N/A
12/31/2019	591	395	196	N/A

Source: Empower database: data as of year-end.

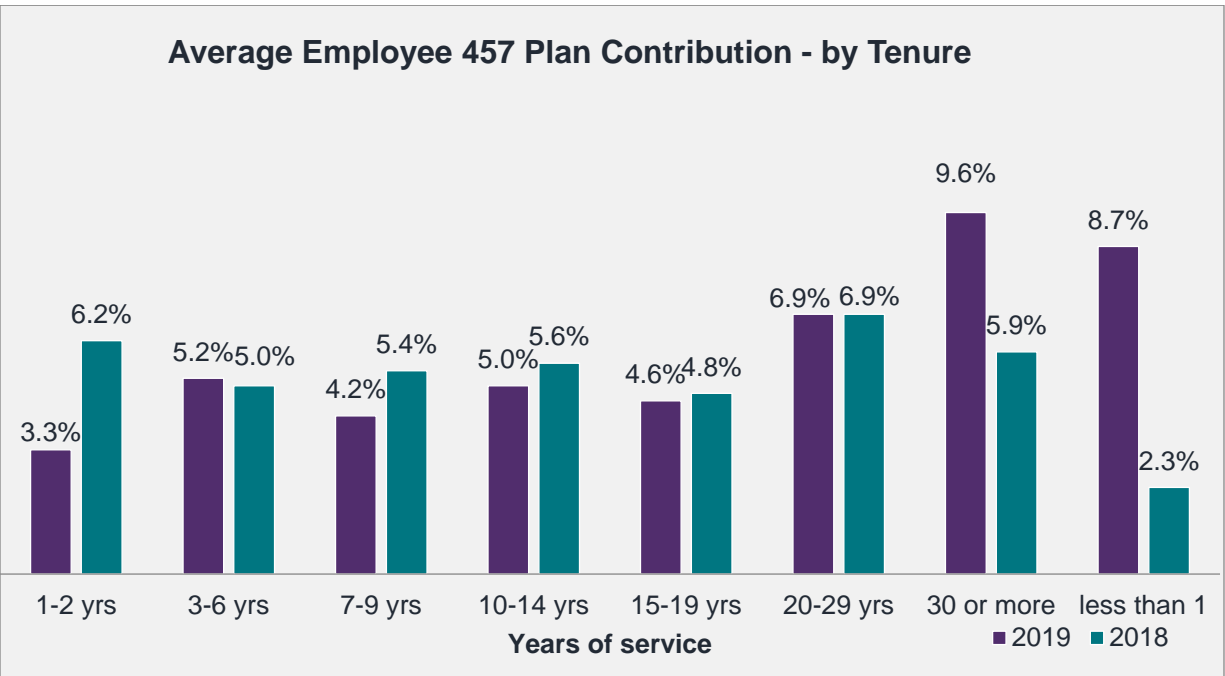
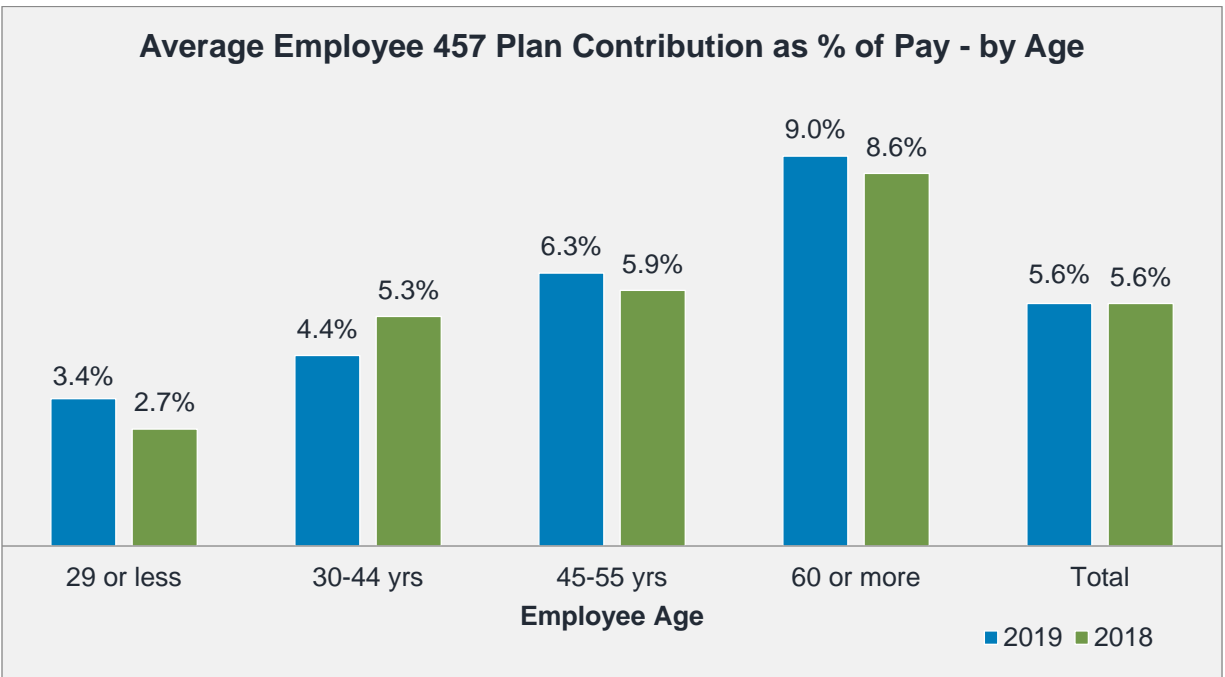
¹Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no longer employed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



Source: Empower database r; data as of year-end.



Source: Empower; data as of year-end.



Source: Empower; data as of year-end.