

2023 | ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2023
Denver, Colorado



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Denver, Colorado

Prepared by
Finance Division



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May 21, 2024

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Annual Comprehensive Financial Report of Denver Water for the year ended December 31, 2023.

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

CliftonLarsonAllen LLP, Certified Public Accountants, has issued an unmodified opinion on Denver Water's financial statements for the year ended December 31, 2023. The Independent Auditors' Report is located at the front of the Financial Section of this report.

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

The Report

This report is presented in four sections as follows:

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

Profile of Denver Water

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

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

The mission of Denver Water is as follows:

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

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

Annual Business Plan and Strategic Plan Alignment

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

Capital and Financial Planning

Denver Water maintains multi-year operating, capital and financial plans that are aligned with the Strategic Plan and informed by the Integrated Resource Plan (IRP). The Infrastructure Master Plan takes a multidisciplinary look at Denver Water operations and facilities to identify projects in the Capital Plan. The Capital Plan forecasts additions, improvements, and replacements to system facilities based on projected demands for water, federal and state laws and regulations, and ongoing system requirements. Proposed projects in the Capital Plan follow the standard work of the Enterprise Project Management Office (EPMO) for evaluation, selection and prioritization of projects. The Operations and Maintenance Plan includes the ongoing costs of operating and maintaining the system and the impact of the Capital Plan on operations.

The Financial Plan combines the Capital and Operations and Maintenance plans and determines the level of revenue adjustments needed to meet annual revenue requirements and funding sources for capital improvements for the next several years. The annual revenue requirements include operating expenses, debt service on existing and proposed bonds and loans, and capital expenditures. These expenditures are offset through miscellaneous revenues such as hydropower, customer-related fees, system development charges, bond proceeds, participation, and interest income. The net requirement is the amount recovered through the user rates. The multi-year Financial Plan helps keep year-over-year volatility in annual water rates to a minimum. Alternative financial plans that address potential revenue shortfalls are also analyzed as a part of the long-range planning effort. These long-range plans are used as the starting point for the annual budget.

Annual Budget Preparation

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

Factors Affecting Economic Condition

The information displayed in the financial statements presents Denver Water's current *financial position*, i.e., its *existing* resources and claims on those resources. The following information is provided to help assess Denver

Water's economic condition, i.e., both existing and future resources and claims on those resources. Stated differently, economic condition reflects not only today's financial position, but also the prospects that today's financial position will improve or decline.

Local Economy

Denver is the center of economic activity in the state of Colorado. Major industries include aerospace, broadcast and telecommunications, healthcare and wellness, financial services, bioscience, energy, IT-software and creative arts. An overview of the Denver metropolitan area can be found in Section D, *Demographic and Economic Information*, in the Statistical Section.

Long-Term Financial Planning – Major Initiatives

Lead Reduction Program

Denver Water is continuing to implement its Lead Reduction Program (LRP). In 2012, Denver Water's sampling showed an exceedance of 2 parts per billion over the lead action level under the Safe Drinking Water Act (SDWA), which triggered a study of Denver Water's corrosion control treatment. As a result, in March 2018, the Colorado Department of Public Health and Environment designated orthophosphate as the optimal corrosion control treatment for Denver Water's system. Because of concerns with the impact of orthophosphate treatment on its system and the impact of increased phosphorus loading on the South Platte watershed and regional wastewater treatment plants, Denver Water applied for a variance from the SDWA to implement the LRP, which overall is more protective of public health than orthophosphate. In December 2019, this variance was approved by state and federal agencies. This program involves: adjusting the pH level in the water to reduce the risk of lead getting into the drinking water, replacing lead service lines that bring water from the mains to customer houses at no direct charge to the customer, and providing water filters that are certified to remove lead to all customers with known or suspected lead service lines until six months after their line is replaced. The program was implemented in 2020 with replacement of all lead service lines to be completed within 15 years. In 2023, Denver Water met or exceeded all regulatory targets by replacing roughly 7,000 lead service lines, over 2,500 more than required by the variance, bringing the total lead service lines replaced to date to over 22,000. The estimated cost of the program is approximately \$667.5 million.

The North System Renewal

Denver Water is investing over \$1.4 billion in renewing and expanding the North System to address supply vulnerability.

The Gross Reservoir Expansion project will raise the existing Gross Dam by 131 feet, creating an additional 77,000 acre-feet of storage in Gross Reservoir and providing an estimated 18,000 acre-feet of annual water to the North System. The City of Arvada is a key stakeholder in the project and will provide funding for one-sixth of the project costs and receive one-sixth of the project's expected annual water supply. All federal and state approvals have been obtained, and Denver Water is proceeding with the construction of the dam per the Federal Energy Regulatory Commission's (FERC) order to start construction by July 16, 2022, and finish by July 16, 2027. A lawsuit filed at the end of 2018 by environmental groups against the U.S. Army Corps of Engineers (Corps) and the U.S. Fish and Wildlife Service (USFWS), regarding the Corps' National Environmental Protection Act (NEPA) process and the USFWS' Endangered Species Act (ESA) process, was dismissed by the U.S. District Court. Petitioners appealed to the 10th Circuit Court of Appeals, and the case was referred back to the lower court. Briefing is ongoing. Petitioners have not sought to enjoin construction while litigation is ongoing. Construction began in 2022 and is on schedule to finish by mid-2027.

The Northwater Treatment Plant (NTP) will supplement the existing Moffat Water Treatment Plant (Moffat) with a state-of-the-art facility designed to improve reliability and operational flexibility. The NTP will be capable of treating 75 million gallons per day (MGD) with room to expand. A portion of the existing Moffat Treatment Plant is

projected to remain in service through 2040, and the project includes improvements at the Moffat site to convey treated water from both NTP and Moffat Treatment Plant to the distribution system. The project is currently under construction and will be operational by 2024.

Revenue adjustments identified in the 2024 Financial Plan are set at levels to meet annual revenue requirements, debt service coverage, and target reserves. Revenue requirements include annual operation and maintenance expenses, payments on existing and proposed debt service, the Lead Reduction Program, and rate-funded capital projects. Denver Water uses a combination of debt and cash reserves to maintain leveled annual revenue adjustments to meet these requirements. The use of debt to fund specific capital projects distributes the annual cost of facilities over time rather than requiring the full amount in any one year. The adopted revenue adjustment for 2024 was effective beginning January 1, 2024. This adjustment is expected to produce 5.0% of additional revenue over a 12-month period, assuming normal weather and consumption. The Financial Plan is updated annually.

Relevant Financial Policies and Practices – Investment Balance

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

Balanced Budget

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

Cash Reserves

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

Denver Water began 2024 with an actual cash and investment balance of \$229 million, at fair value. The 2024 budget projects this balance to increase by receipts of \$763 million and decrease by expenditures of \$726 million, resulting in a projected 2024 ending balance of \$266 million (see schedule of *Budget to Actual - Receipts and Expenditures, Last 5 Years* in the Statistical Section for details). Note 2, *Deposits and Investments*, in the Financial Section provides more information on Denver Water’s investments.

Strategic Plan

Denver Water’s Strategic Plan establishes direction, informs decisions and guides actions by providing common goals and objectives for all employees so they may effectively and efficiently align resources and operations toward achieving Denver Water’s vision. In response to an ever-changing environment, the Strategic Plan was refreshed in 2022. Feedback was gathered from the Board and from an advisory committee made up of the executive team and a diverse group of employees representing various functions across the organization. From this input, Denver Water refreshed its vision, mission, guiding principles, goals, and objectives that comprise the revised Strategic Plan. Denver Water’s customers remain at the center of the refresh, and many of the concepts from the previous plan were incorporated.

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

1. **We are customer-centric.** We strive to earn the support and trust of our customers – everyone who pays for our service or uses our water. They are our top priority, and we are motivated to serve them.

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

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

- **Excellent Operations.** Advance resilient infrastructure and efficient processes to deliver clean water, reliably.
 - Plan, build, operate and sustain our infrastructure to meet customers’ current and long-term water needs, given a warming climate and uncertain future.
 - Apply new insight and best practices to drive customer value and continuous improvement in our day-to-day operations.
 - Plan and operate our system and facilities to strengthen our resiliency.
- **Inspired People.** Foster a passionate and purpose-driven culture rooted in inclusion, adaptation and excellence.
 - Encourage all staff to pursue meaningful opportunities to deliver on our mission.
 - Model inclusion and willingness to try new approaches in our pursuit of excellence.
- **Strong Financials.** Balance near-term investment with sound long-range planning to ensure good value for our customers.
 - Manage our financial plan in a manner that supports our strategic objectives.
 - Make financial decisions keeping in mind the best long-term interests of our customers.
- **Trusted Leader.** Lead the water industry in serving our communities and protecting the water resources of the West.
 - Advance local, statewide and Western region efforts to protect Colorado’s water.
 - Collaborate and partner to sustain vibrant, healthy and water-smart communities.
 - Build trust within our communities by engaging customers and doing the right thing.

SEC Periodic Disclosure Requirements

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

The disclosure that Denver Water has undertaken to provide in order that Participating Underwriters may comply with this rule can be found in the following sections:

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

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

Awards, Recognition, and Acknowledgments

Annual Comprehensive Financial Report: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the 35th consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Annual Budget: Denver Water received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2023. This is the 32nd consecutive year Denver Water has received this award. To qualify for this award, Denver Water’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Utility of the Future Award: Denver Water received this award from the Water Environment Federation. It recognizes utilities that have an innovative culture and are engaged in advancing resource efficiency and recovery, developing proactive relationships with stakeholders and establishing resilient, sustainable and livable communities. Denver Water was recognized for work with diverse stakeholders on projects like the Colorado River Cooperative Agreement, WISE Partnership, the Lead Reduction Program, and the High Line Canal.

Gold Standard Site for Waterton Canyon: This award was given by the Leave No Trace organization. The program aims to teach people what they can — and should — do to protect the wild places around them. Waterton Canyon is the first public utility site to receive the designation.

Gold Recognition - the State of Colorado Green Business Network: This award was given for exemplary work toward true, sustainable operations, driven by care for the well-being of Colorado’s environment, economy, and society.

Climate Registered™ Platinum Level: This award was given by The Climate Registry for registering and verifying all relevant greenhouse gas emission sources and activities, and setting and disclosing a greenhouse gas reduction goal.

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

Sincerely,



Alan Salazar
CEO/Manager



Angela C. Bricmont
Chief Finance Officer

2023 BOARD OF WATER COMMISSIONERS



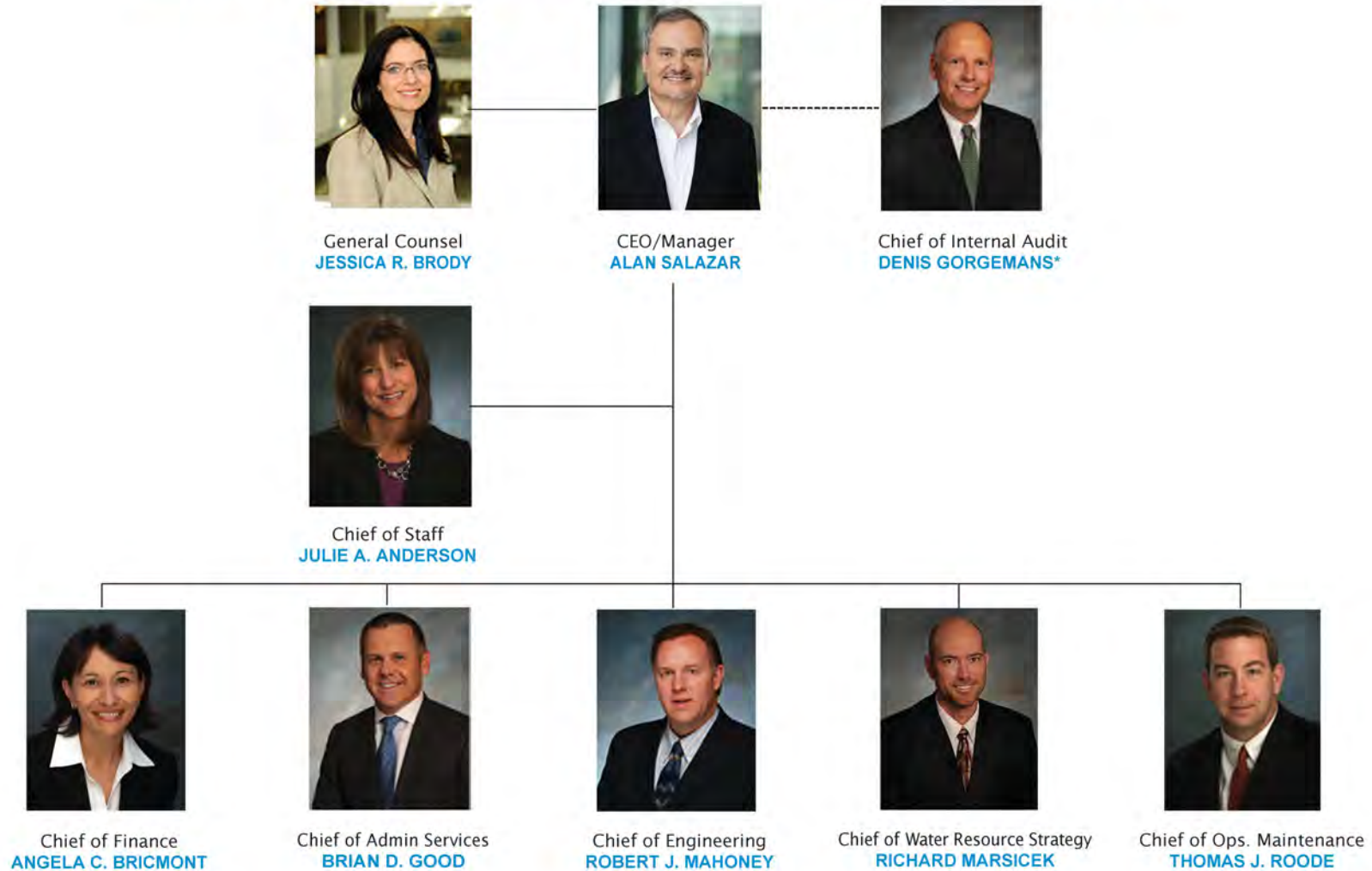
**Top from left, Craig Jones, Dominique Gómez;
Bottom from left, Gary Reiff, Stephanie Donner, Tyrone Gant**

- | | |
|--|--|
| <p>Craig Jones, President
 Managing Director, Colony Group's Rocky Mountain Region;
 Co-President, Colony Sports and Entertainment at The Colony Group</p> | <p><i>Commissioner since October 2017;
 Term expires 2029.</i></p> |
| <p>Dominique Gómez, First Vice President
 Deputy Director, Colorado Energy Office</p> | <p><i>Commissioner since July 2021;
 Term expires 2025.</i></p> |
| <p>Gary Reiff, Vice President
 Senior Advisor, UCHealth</p> | <p><i>Commissioner since September 2017;
 Term expires 2029.</i></p> |
| <p>Stephanie Donner, Vice President
 CEO, Chief Legal Officer,
 Inspire Clean Energy, LLC.</p> | <p><i>Commissioner since July 2021;
 Term expires 2025.</i></p> |
| <p>Tyrone Gant, CTP, Vice President
 Senior Vice President, Director of Treasury Management and
 Commercial Banking Fee Income Manager, Vectra Bank Colorado</p> | <p><i>Commissioner since August 2021;
 Term expires 2027.</i></p> |

LAST 20 COMMISSIONERS

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

EXECUTIVE LEADERSHIP AND ORGANIZATIONAL CHART



*The Chief of Internal Audit reports directly to the Board.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Denver Water
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

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

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INDEPENDENT AUDITORS' REPORT

Board of Water Commissioners
Denver Water
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Board of Water Commissioners, City and County of Denver, Colorado (Denver Water), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Denver Water's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of Denver Water, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Denver Water's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Denver Water's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Denver Water Pension Contributions, and Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

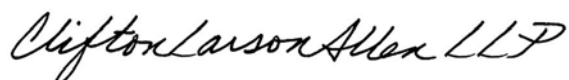
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, on our consideration of Denver Water's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Denver Water's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denver Water's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
May 21, 2024

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DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Management's Discussion and Analysis (unaudited)
December 31, 2023

The following is Management's Discussion and Analysis (MD&A) of the financial activities of the Board of Water Commissioners (DBA Denver Water) for the year ended December 31, 2023. This information should be read in conjunction with the basic financial statements which follow.

FINANCIAL HIGHLIGHTS

Denver Water's financial position is reflected by the change in net position and was 2% during 2023, compared to 6% during 2022.

- **Operating income** was \$11.1 million in 2023 compared to \$69.7 million in 2022, a decrease of 84%.
- **Loss before capital contributions** was \$13.0 million in 2023 compared to income of \$35.3 million in 2022, a decrease of 137%.
- **Capital contributions** were \$59.8 million in 2023 compared to \$102.5 million in 2022, a decrease of 42%.
- **Net position** increased \$46.8 million in 2023 compared to \$137.8 million in 2022, a decrease of \$91.0 million.
- **Capital asset additions** were \$361.5 million in 2023 compared to \$362.4 million in 2022, a decrease of 0.2%.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

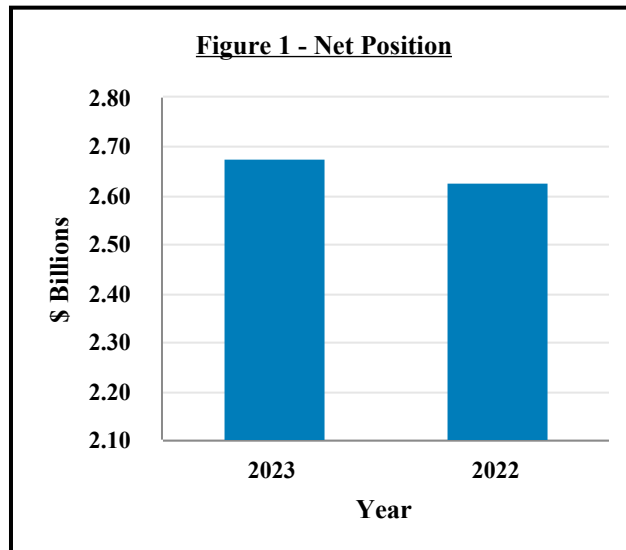
DENVER WATER
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Required Supplementary Information provides the detail in support of the changes in the net pension liability, information pertaining to Denver Water's actuarially determined contributions to the pension plan, and changes in the other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

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

NET POSITION

As discussed above, net position may serve over time as a useful indicator of Denver Water's financial position. Denver Water's net position was \$2.7 billion at December 31, 2023, an increase of \$46.8 million or 2% from December 31, 2022 (see Figure 1, Figure 2, and Table 1).



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CITY AND COUNTY OF DENVER, COLORADO
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Table 1 - Condensed Statements of Net Position

(amounts expressed in thousands)

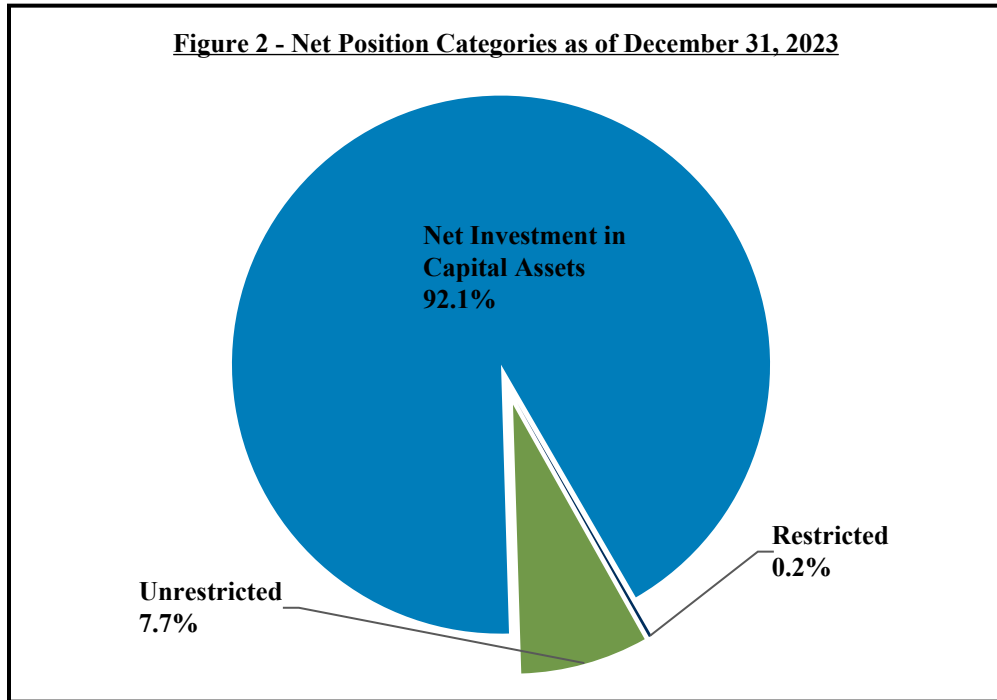
	As of December 31,		2023 - 2022	
	2023	2022	Increase (Decrease)	% Change
	Current and other assets	\$ 380,430	\$ 556,415	\$ (175,985)
Capital assets, net	3,828,355	3,537,324	291,031	8%
Total assets	4,208,785	4,093,739	115,046	3%
Deferred outflows of resources	71,388	54,129	17,259	32%
Total assets and deferred outflows	4,280,173	4,147,868	132,305	3%
Current liabilities	151,715	140,044	11,671	8%
Noncurrent liabilities	1,445,803	1,315,930	129,873	10%
Total liabilities	1,597,518	1,455,974	141,544	10%
Deferred inflows of resources	5,941	61,989	(56,048)	(90%)
Total liabilities and deferred inflows	1,603,459	1,517,963	85,496	6%
Net position				
Net investment in capital assets	2,466,644	2,326,336	140,308	6%
Restricted	5,111	8,104	(2,993)	(37%)
Unrestricted	204,959	295,465	(90,506)	(31%)
Total net position	\$ 2,676,714	\$ 2,629,905	\$ 46,809	2%

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

A small portion of Denver Water's net position represents resources that are subject to external restrictions on how they may be used. Denver Water's 2023 and 2022 restricted net positions consisted of debt service reserve. Restricted net position for 2022 also included restricted for capital projects, the net pension asset, and motor vehicle claims.

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

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
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Denver Water's increase in net position during 2023 of \$46.8 million indicates an improved financial position. Other changes in the Statements of Net Position were as follows:

CURRENT AND OTHER ASSETS decreased in 2023 by \$176.0 million, or 32% from 2022. The decrease was primarily as a result of a reduction in investments due to spend on large capital projects, the reduction of receivables due to receipt of federal funds, and the capitalization of the prepaid Water Resources Center lease expenses.

NET CAPITAL ASSETS increased in 2023 by \$291.0 million, or 8% from 2022. The increase was due to asset additions partially offset by accumulated depreciation and amortization, and asset retirements (see Table 8 for current year additions).

DEFERRED OUTFLOWS OF RESOURCES increased in 2023 by \$17.3 million from 2022. The increase was primarily due to net losses in projected and actual pension investment earnings as of a December 31, 2022 measurement date, offset by the amortization of pension related changes in assumptions into pension expense.

CURRENT LIABILITIES increased in 2023 by \$11.7 million, or 8% from 2022. The increase was primarily due to an increase in retainage held on large capital projects, the accrual of the 2024 principal payments for the revenue bonds and the estimated 2024 reimbursements related to the forgivable portion of the Federal loan, and the implementation of GASB No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) in 2023.

NONCURRENT LIABILITIES increased in 2023 by \$129.9 million, or 10% from 2022. The increase was primarily due to the issuance of commercial paper and an increase in the actuarially calculated pension liability as a result of market conditions as of the December 31, 2022 measurement date. The increase is partially offset by a reduction in revenue bonds for principal payments to be made in 2024 as well as in the unearned forgivable portion of the Federal loan for 2023 reimbursements and the amount estimated to be reimbursed in 2024.

DEFERRED INFLOWS OF RESOURCES decreased in 2023 by \$56.0 million from 2022. The decrease was primarily due to net losses in projected and actual pension investment earnings as of a December 31, 2022 measurement date.

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CHANGE IN NET POSITION

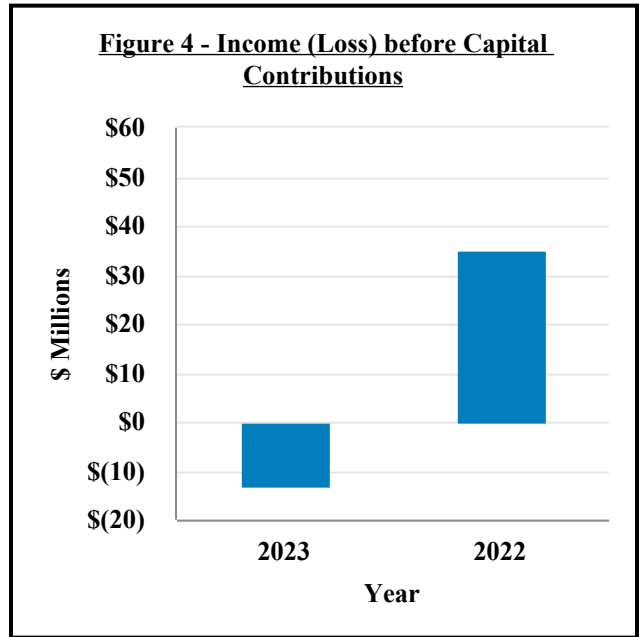
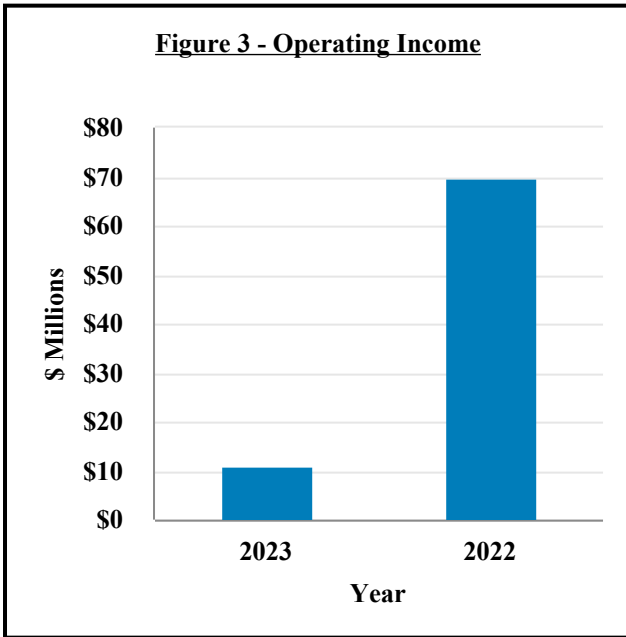
While the Statements of Net Position display Denver Water's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at year-end, the Statements of Revenues, Expenses, and Changes in Net Position provide information on the sources of change in net position during the year. Net position increased \$46.8 million consisting of a loss before capital contributions of \$13.0 million and capital contributions of \$59.8 million (see Table 2).

<u>Table 2 - Condensed Statements of Revenues, Expenses, and</u>				
<u>Changes in Net Position</u>				
(amounts expressed in thousands)				
	Years Ended December 31,		2023 - 2022	
	<u>2023</u>	<u>2022</u>	Increase (Decrease)	% Change
Operating revenues	\$ 331,774	\$ 362,419	\$ (30,645)	(8%)
Nonoperating revenues	32,447	3,022	29,425	974%
Total revenues	<u>364,221</u>	<u>365,441</u>	<u>(1,220)</u>	<u>(0.3%)</u>
Operating expenses	320,706	292,687	28,019	10%
Nonoperating expenses	56,492	37,467	19,025	51%
Total expenses	<u>377,198</u>	<u>330,154</u>	<u>47,044</u>	<u>14%</u>
Income (loss) before capital contributions	(12,977)	35,287	(48,264)	(137%)
Capital contributions	<u>59,786</u>	<u>102,547</u>	<u>(42,761)</u>	<u>(42%)</u>
Increase in net position	<u>46,809</u>	<u>137,834</u>	<u>(91,025)</u>	<u>(66%)</u>
Beginning net position	<u>2,629,905</u>	<u>2,492,071</u>	<u>137,834</u>	<u>6%</u>
Ending net position	<u>\$ 2,676,714</u>	<u>\$ 2,629,905</u>	<u>\$ 46,809</u>	<u>2%</u>

There was **operating income** (operating revenues less operating expenses not reflected in Table 2, see *Statement of Revenues, Expenses, and Changes in Net Position*) of \$11.1 million in 2023 compared to \$69.7 million in 2022 (see Figure 3).

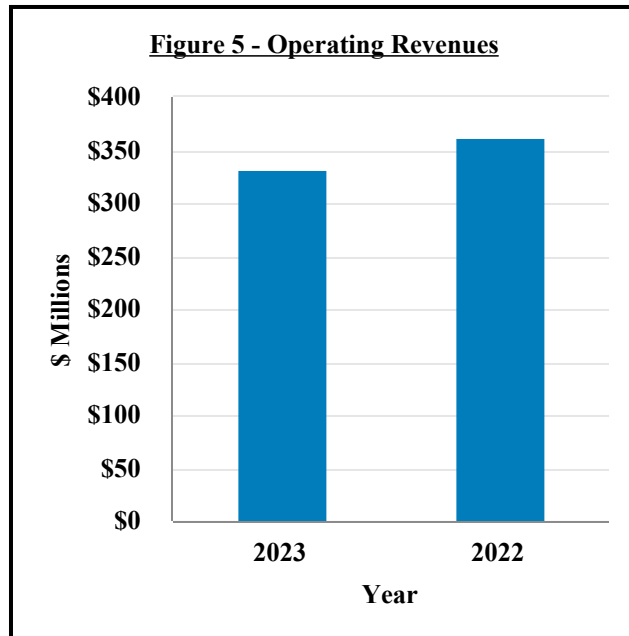
There was a **loss before capital contributions** of \$13.0 million in 2023 compared to income of \$35.3 million in 2022 (see Figure 4).

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

OPERATING REVENUES decreased in 2023 by \$30.6 million, or 8% from 2022 (see Figure 5 and Table 3).



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Table 3 - Operating Revenues				
(amounts expressed in thousands)				
	Years Ended December 31,		2023 - 2022	
	<u>2023</u>	<u>2022</u>	Increase (Decrease)	% Change
Water				
Water sales	<u>\$ 320,689</u>	<u>\$ 349,863</u>	<u>\$ (29,174)</u>	<u>(8%)</u>
Power generation and other				
Power sales	4,170	3,921	249	6%
Special assessments	5,346	6,443	(1,097)	(17%)
Other	<u>1,569</u>	<u>2,192</u>	<u>(623)</u>	<u>(28%)</u>
Total power generation and other	<u>11,085</u>	<u>12,556</u>	<u>(1,471)</u>	<u>(12%)</u>
 Total operating revenues	 <u>\$ 331,774</u>	 <u>\$ 362,419</u>	 <u>\$ (30,645)</u>	 <u>(8%)</u>

Water sales decreased in 2023 due to a decrease in water sold (65.5 billion gallons sold in 2023 compared to 75.1 billion gallons sold in 2022) offset by a rate increase effective January 1, 2023, designed to increase overall system water rate revenue by 5.0%.

Annual changes in water consumption are primarily due to weather, the hotter and drier the weather, the higher the consumption. Long term changes in water use are driven by several factors including, efficiency programs, land use patterns, technological advancements in water fixtures, and customer behavior. There has been a consistent downward trend in water use per person since the 1990s.

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

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

Other consists primarily of reimbursements for operating expenses and other water delivery charges. Other operating revenue decreased in 2023 by \$0.6 million, or 28%. This decrease was primarily due to discontinued non-potable water delivery to an entity outside the combined service area.

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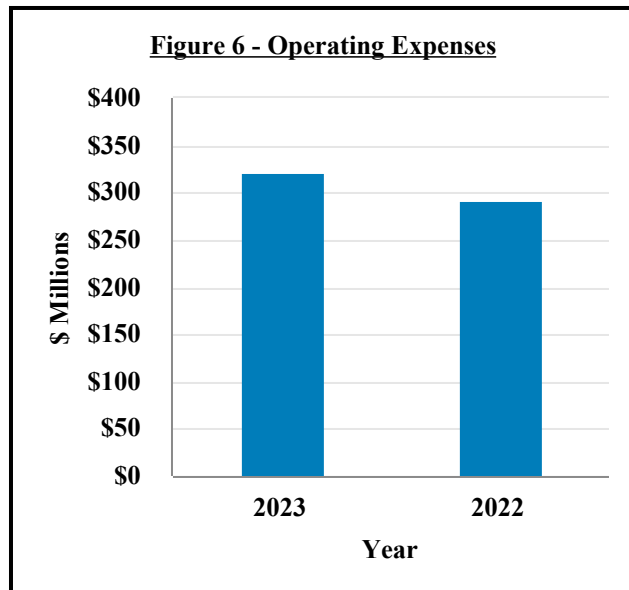
NONOPERATING REVENUES increased in 2023 by \$29.4 million, or 974% from 2022 (see Table 4).

Table 4 - Nonoperating Revenues				
(amounts expressed in thousands)				
	Years Ended December 31,		2023 - 2022	
	2023	2022	Increase (Decrease)	%
Investment income (loss)	\$ 12,558	\$ (4,649)	\$ 17,207	370%
Other nonoperating income	19,889	7,671	12,218	159%
Total nonoperating revenues	<u>\$ 32,447</u>	<u>\$ 3,022</u>	<u>\$ 29,425</u>	<u>974%</u>

Investment income (loss) increased by \$17.2 million in 2023 primarily due to maturity of lower yielding investments and reinvestment at higher interest rates.

Other nonoperating income consists primarily of rental revenue, miscellaneous interest, legal settlements, and reimbursement for work performed on behalf of other entities. Other nonoperating income increased in 2023 by approximately \$12.2 million from 2022. This increase was primarily due to reimbursements from the forgivable portion of the Federal loan for the Lead Reduction program and a legal settlement. The increase was partially offset by less interest received from Arvada escrow for ongoing interest related to participation in the Gross Reservoir Expansion project.

OPERATING EXPENSES increased in 2023 by \$28.0 million, or 10% from 2022 (see Figure 6 and Table 5).



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Table 5 - Operating Expenses by Category

(amounts expressed in thousands)

	Years Ended December 31,		2023 - 2022	
	2023	2022	Increase (Decrease)	% Change
	SOS, pumping, treatment, T&D	\$ 121,450	\$ 115,150	\$ 6,300
General and administrative	113,595	99,421	14,174	14%
Customer service	16,355	14,080	2,275	16%
Depreciation and amortization	69,306	64,036	5,270	8%
Total operating expenses	<u>\$ 320,706</u>	<u>\$ 292,687</u>	<u>\$ 28,019</u>	<u>10%</u>

Major changes to operating expenses were as follows:

Operating expenses increased primarily as a result of an increase in the actuarially calculated pension expense due to market conditions at the December 31, 2022 measurement date, yearly merit increases, market adjustments and overtime, increased costs associated with main breaks and valve repairs, and increased depreciation and amortization related to an increase in capital projects, regulated assets, and the implementation of GASB No. 96, *Subscription-Based Information Technology Arrangements*. These increases are partially offset by 2022 environmental mitigation associated with the Gross Reservoir Expansion project.

NONOPERATING EXPENSES increased in 2023 by \$19.0 million, or 51% from 2022 (see Table 6).

Table 6 - Nonoperating Expenses

(amounts expressed in thousands)

	Years Ended December 31,		2023 - 2022	
	2023	2022	Increase (Decrease)	% Change
	Interest expense	\$ 37,100	\$ 28,586	\$ 8,514
Loss on disposition of capital assets	2,931	1,945	986	51%
Other nonoperating expenses	16,461	6,936	9,525	137%
Total nonoperating expenses	<u>\$ 56,492</u>	<u>\$ 37,467</u>	<u>\$ 19,025</u>	<u>51%</u>

Interest expense increased in 2023 primarily due to payment obligations for debt issued in 2022 and commercial paper issued in 2023.

Loss on disposition of capital assets increased in 2023 primarily as a result of retirements associated with the Hillcrest Pump Station and heavy equipment, offset by fewer abandoned hydrants.

Other nonoperating expense consists primarily of property expenses, legal claims, debt issuance costs, and nonoperating projects. Other nonoperating expenses increased in 2023 by \$9.5 million, or 137%. The increase is due to costs related to Lead Reduction Program under the forgivable portion of the Federal loan and legal settlements, partially offset by a decrease in emergency clean up and restoration claims related to the No-Fault Main Break Program.

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CAPITAL CONTRIBUTIONS decreased in 2023 by \$42.8 million, or 42% from 2022 (see Table 7).

Table 7 - Capital Contributions				
(amounts expressed in thousands)				
	Years Ended December 31,		2023 - 2022	
	<u>2023</u>	<u>2022</u>	Increase (Decrease)	% Change
Contributions in aid of construction	\$ 33,755	\$ 26,853	\$ 6,902	26%
System development charges	<u>26,031</u>	<u>75,694</u>	<u>(49,663)</u>	<u>(66%)</u>
Total capital contributions	<u>\$ 59,786</u>	<u>\$ 102,547</u>	<u>\$ (42,761)</u>	<u>(42%)</u>

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

System development charges (SDC) represent fees charged to customers to connect to the water system. Normally, differences from year to year are also driven by the general level of construction activity in the Denver metropolitan area. The primary decrease in 2023 was due to funds received in 2022 under the participation agreement with the City of Arvada for the Gross Reservoir Expansion.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO

Management's Discussion and Analysis (unaudited)

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CAPITAL ASSET ACTIVITY

Denver Water's capital assets at December 31, 2023 and 2022 totaled \$3.8 billion and \$3.5 billion, respectively, net of accumulated depreciation and amortization. Capital asset additions in 2023 and 2022 were \$361.5 million and \$362.4 million, respectively, a decrease of \$0.9 million or 0.2%. The values below represent total additions including amounts associated with completed projects transferred from construction in progress (CIP). Major projects were as follows (see Table 8):

Table 8 - Capital Additions	
Year Ended December 31, 2023	
(amounts expressed in thousands)	
Gross Reservoir Expansion	\$ 116,969
Regulated Assets (Lead Service Lines)	84,973
Distribution Mains and Hydrants	58,298
North System Renewal Water Treatment Plant	57,037
Right-to-use Buildings and Improvements	20,233
Vehicles and Heavy Equipment	5,062
Right-to-use SBITAs	3,440
Foothills Treatment Plant	3,019
Downstream Reservoirs	2,599
Source of Supply	2,207
Treated Water Conduits	2,193
Marston Treatment Plant	1,280
Hillcrest Pump Station	1,241
Water Quality Lab	652
Roberts Tunnel	504
Recycling Plant	344
Other	1,496
Total	<u>\$ 361,547</u>

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

LONG-TERM DEBT ACTIVITY

On December 15, 2022, Denver Water entered into a Drinking Water State Revolving Fund loan agreement with the Colorado Water Resources and Power Development Authority, which provided Federal funds under the Bipartisan Infrastructure Law. The loan was executed in the principal amount of \$76.1 million, of which \$40.0 million was in the form of principal forgiveness. The loan proceeds are for the replacement of the lead service lines throughout Denver Water's service area within the City and County of Denver. Proceeds are received on a reimbursement basis. The remaining amount for reimbursement at December 31, 2023, is \$54.8 million.

Denver Water executed a 5-year credit agreement with PNC Bank, N.A., effective January 1, 2019, to provide a revolving line of credit (LOC) for a maximum initial principal amount of \$60.0 million with an option to increase the credit amount to \$80.0 million. The initial term was set to expire on December 31, 2023, with an option to renew for an additional two years. The credit agreement was amended in May 2023 to accommodate the cessation of LIBOR rates and to extend the final maturity to May 31, 2024. The first and only draw on the LOC took place on August 15, 2023. That draw was repaid on September 21, 2023 using proceeds from the commercial paper program. There was a \$0 balance on the line of credit as of December 31, 2023.

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In September 2023, Denver Water established a 5-year commercial paper program to provide financing for various capital projects. The program allows Denver Water to sell up to \$300.0 million of subordinate lien capital improvement notes with a maximum maturity date not to exceed 270 days. The commercial paper is sold at par as interest-bearing obligations, with interest payable at maturity. As of December 31, 2023, Denver Water had \$100.0 million in commercial paper notes outstanding, with interest rates ranging from 3.75% to 3.80% and varying maturities.

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

REQUESTS FOR INFORMATION

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

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

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Statement of Net Position
December 31, 2023
(Amounts expressed in thousands)

<u>ASSETS</u>	<u>2023</u>
CURRENT ASSETS:	
Cash	\$ 25,610
Short-term investments including accrued interest	146,990
Restricted investments - debt service and other	12,978
Receivables	93,717
Materials and supplies inventory, at weighted average cost	11,030
Prepaid expenses	13,805
Total current assets	304,130
NONCURRENT ASSETS:	
Capital assets:	
Capital depreciable	3,571,777
Capital non-depreciable	273,422
Regulated assets	291,355
Right-to-use assets	26,986
	4,163,540
Less accumulated depreciation and amortization	(1,183,460)
	2,980,080
Construction in progress	848,275
Net capital assets	3,828,355
Other noncurrent assets:	
Long-term investments	43,881
Prepaid expenses and other assets	5,596
Long-term receivables	26,823
Total other noncurrent assets	76,300
Total noncurrent assets	3,904,655
Total assets	4,208,785
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred amount on refunding	6,832
Pension-related items	61,402
OPEB-related items	3,154
Total deferred outflows of resources	71,388
Total assets and deferred outflows of resources	4,280,173

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

Statement of Net Position

December 31, 2023

(Amounts expressed in thousands)

	<u>2023</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Accounts payable	\$ 21,222
Payroll and other employee benefits	13,049
Capital contracts (includes retainages of \$28,820)	61,183
Accrued interest on long-term debt	7,774
Current portion of unearned revenue	22,815
Current portion of revenue bonds payable	22,555
Current portion of Federal loan payable	816
Current portion of right-to-use assets payable	2,301
Total current liabilities	151,715
NONCURRENT LIABILITIES:	
Unearned revenue	5,963
Notes payable	100,000
Revenue bonds payable, net	1,170,810
Federal loan payable	34,778
Right-to-use assets payable	2,089
Customer advances for construction	32,836
Compensated absences	4,950
Net pension liability	74,052
Other postemployment benefits liability	11,182
Waste disposal closure and postclosure care	9,143
Total noncurrent liabilities	1,445,803
Total liabilities	1,597,518
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension-related items	2,644
OPEB-related items	3,113
Lease-related items	184
Total deferred inflows of resources	5,941
Total liabilities and deferred inflows of resources	1,603,459
<u>NET POSITION</u>	
Net investment in capital assets	2,466,644
Restricted for debt service	5,111
Unrestricted	204,959
Total net position	\$ 2,676,714

See accompanying notes to basic financial statements.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2023
(Amounts expressed in thousands)

	2023
OPERATING REVENUES:	
Water	\$ 320,689
Power generation and other	11,085
Total operating revenues	331,774
OPERATING EXPENSES:	
Source of supply, pumping, treatment, and distribution	121,450
General and administrative	113,595
Customer service	16,355
Depreciation and amortization	69,306
Total operating expenses	320,706
OPERATING INCOME	11,068
NONOPERATING REVENUES (EXPENSES):	
Investment income	12,558
Interest expense	(37,100)
Loss on disposition of capital assets	(2,931)
Other income	19,889
Other expense	(16,461)
Total nonoperating expenses, net	(24,045)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(12,977)
CAPITAL CONTRIBUTIONS:	
Contributions in aid of construction	33,755
System development charges	26,031
Total capital contributions	59,786
INCREASE IN NET POSITION	46,809
NET POSITION:	
Beginning of year	2,629,905
End of year	\$ 2,676,714

See accompanying notes to basic financial statements.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Statement of Cash Flows
Year Ended December 31, 2023
(Amounts expressed in thousands)

	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 334,207
Payments for employees and benefits	(147,660)
Payments to suppliers	(78,395)
Other receipts	8,667
Other payments	(15,792)
	101,027
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from contributions in aid of construction (CIAC) and prepaid CIAC	21,631
Proceeds from system development charges (SDC) and prepaid SDC	32,844
Proceeds from sales of capital assets	771
Proceeds from notes payable	160,000
Proceeds from Federal loan	10,135
Acquisition of capital assets	(340,590)
Principal payments for long-term bonds	(20,375)
Principal payments for notes payable	(60,000)
Principal payments for Federal loan	(530)
Principal payments for right-to-use assets	(2,391)
Debt issuance costs	(669)
Interest paid	(46,778)
	(245,952)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	627,340
Interest received from investments	7,892
Purchases of investments	(486,469)
	148,763
NET INCREASE IN CASH	3,838
CASH, AT BEGINNING OF YEAR	21,772
CASH, AT END OF YEAR	\$ 25,610

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Statement of Cash Flows
Year Ended December 31, 2023
(Amounts expressed in thousands)

	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 11,068
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other revenues	19,889
Other expenses	(15,792)
Depreciation and amortization of capital assets	69,306
Change in assets and liabilities:	
Receivables	2,331
Materials and supplies inventory	(1,370)
Prepaid expenses - current	22,817
Net pension asset	3,509
Deferred outflows of resources - pension-related	(18,811)
Deferred outflows of resources - OPEB-related	696
Accounts payable	1,573
Payroll and other employee benefits	299
Unearned revenue	(11,222)
Net pension liability	74,052
Other postemployment benefits liability	(1,868)
Waste disposal closure and postclosure care	598
Deferred inflows of resources - pension-related	(57,087)
Deferred inflows of resources - OPEB-related	937
Deferred inflows of resources - lease-related	102
Net cash provided by operating activities	\$ 101,027
 NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Assets acquired through contributions in aid of construction	\$ 24,166
Assets acquired through contracts payable	61,183
Assets acquired through right-to-use obligations	5,999
Loss on disposition of capital assets	(3,702)
Amortization of deferred loss on refunding	(856)
Increase in fair value of investments	5,538
Amortization of bond premium	9,444

See accompanying notes to basic financial statements.

DENVER WATER FIDUCIARY PENSION TRUST FUND
CITY AND COUNTY OF DENVER, COLORADO
Statement of Fiduciary Net Position
December 31, 2023
(Amounts expressed in thousands)

	Employees' Retirement Plan
Assets:	
Cash and cash equivalents	\$ 6,810
Receivables:	
Dividends, interest, and other receivables	232
Employee contributions	70
Total receivables	302
Investments, at fair value:	
Common stock funds	232,227
Other fixed income funds	108,153
Real estate	63,700
Private equity funds	56,863
Private credit funds	11,944
Total investments	472,887
Total assets	479,999
Liabilities:	
Accrued administrative expense	44
Accrued investment expense	113
Securities payable	11
Total liabilities	168
Fiduciary net position restricted for pension	\$ 479,831

See accompanying notes to basic financial statements.

DENVER WATER FIDUCIARY PENSION TRUST FUND
CITY AND COUNTY OF DENVER, COLORADO
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023
(Amounts expressed in thousands)

	<u>Employees' Retirement Plan</u>
Additions:	
Employer contributions	\$ 17,500
Employee contributions	3,195
Total contributions	<u>20,695</u>
Investment income:	
Net appreciation in fair value	38,629
Interest	3,237
Dividends	2,618
Real estate income, net of operating expenses	999
	<u>45,483</u>
Less investment expense	(2,577)
Net investment income	<u>42,906</u>
Total additions	<u>63,601</u>
Deductions:	
Retirement benefits paid	28,955
Death benefits	133
Refunds of employee contributions	105
Administrative expenses	201
Total deductions	<u>29,394</u>
Net increase in fiduciary net position	34,207
Fiduciary net position restricted for pension:	
Beginning of year	445,624
End of year	<u><u>\$ 479,831</u></u>

See accompanying notes to basic financial statements.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Notes to Basic Financial Statements
December 31, 2023

Note

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

C. Accounting Standards

Denver Water applies all applicable pronouncements of the GASB.

D. Use of Estimates

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

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

Restricted assets consists of the revenue bonds debt service account, Federal loan debt service account, funds restricted for commercial paper interest, and amounts restricted for motor vehicle claims. The revenue bonds and

Federal loan debt service accounts are used to pay principal and interest on the revenue bonds and Federal loans as they become due. Restricted net position consists of restricted assets less any associated liabilities. These restricted funds are used for their intended purpose before unrestricted funds.

F. Cash

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

G. Investments

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

H. Materials and Supplies Inventory

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

I. Capital Assets

Purchased and constructed capital assets are recorded at cost. Regulated assets, which are comprised of capitalizable costs associated with the Lead Reduction Program, are also recorded at cost. Right-to-use assets are recorded at the present value of future payments. Donated capital assets are recorded at their estimated acquisition value on the date received. Assets are capitalized if they have a cost of \$50,000 or more and have a useful life of five years or more. The exceptions to this rule are as follows: all fleet vehicles will be capitalized even if the purchase price is less than \$50,000, all right-to-use leased assets are recorded if the present value of future payments is \$100,000 or more and the term of the lease is greater than 12 months, and all right-to-use subscription-based information technology arrangements (SBITAs) are recorded if the net present value of future payments is \$200,000 or more and the term of the arrangement is greater than 12 months.

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

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

<u>Capital Asset Useful Lives</u>	
<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	15-75
Fleet	7-15
Improvements other than buildings	25-80
Infrastructure	25-80
Machinery and equipment	5-75
Regulated assets	30
Right-to-use buildings and improvements	50
Right-to-use SBITAs	2-5
Right-to-use improvements other than buildings	15

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

J. Capital Contributions

Capital contributions consist of contributions in aid of construction (CIAC) and system development charges (SDC). CIAC represent facilities, or cash payments for facilities, received from developers, property owners, governmental agencies, or customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the *Statement of Revenues, Expenses, and Changes in Net Position*, after nonoperating revenues (expenses), when earned. Assets acquired through CIAC are included in capital assets.

K. Employee Compensated Absences

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

L. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension, pension expense, information about the fiduciary net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan) and additions to and/or deductions from the Plan's fiduciary net position have been determined on the accrual basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. As allowed by GASB No. 68, *Accounting and Financial Reporting for Pensions*, Denver Water elected to report pension liability information based on a one-year lag. The total pension liability reported as of December 31, 2023, is based on an actuarial measurement date of December 31, 2022.

M. Operating Revenues and Expenses

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

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

N. Rates and Fees

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

Consumption and Service Charges

On October 12, 2022, Denver Water approved a water rate increase, effective January 1, 2023. The rate increase is designed to increase overall total system water rate revenue by 5.0%.

System Development Charges (SDC)

System Development Charges were not adjusted for 2023.

O. Recently Issued Accounting Standards

In 2023, Denver Water implemented GASB No. 96, *Subscription-Based Information Technology Arrangements*. As a result of this implementation, beginning balances in Note 4, *Capital Assets* and Note 9, *Changes in Long-Term Liabilities* were adjusted. There was no impact to beginning net position.

GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* had no impact to Denver Water's financial statements.

(2) DEPOSITS AND INVESTMENTS

Cash Deposits with Financial Institutions

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, Denver Water's deposits may not be returned to it. All of Denver Water's cash deposits at December 31, 2023 were either insured by FDIC or covered by the Colorado Public Deposit Protection Act (PDPA) (C.R.S., 11-10.5-101). Under the PDPA, all deposits exceeding the amount insured by the FDIC are required to be fully collateralized at 102% of the deposits with specific approved securities identified in the act. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institutions' trust department or agent in Denver Water's name.

Investments

A reconciliation of cash and investments reported on the *Statement of Net Position* as of December 31, 2023 is as follows:

<u>Cash and Investments</u>	
December 31, 2023	
(amounts expressed in thousands)	
Cash	\$ 25,610
Short-term investments including accrued interest	146,990
Restricted investments - debt service	12,885
Restricted investments - other	93
Total short-term investments	159,968
Long-term investments	43,881
Total investments	203,849
Total cash and investments	\$ 229,459

Colorado statutes and the City Charter authorize Denver Water to expend funds for the operation of Denver Water, including the purchase of investments. In accordance with Denver Water's Investment Policy for the Water Works Fund, which was last updated on April 28, 2023, the funds shall be invested in priority order to preserve principal, provide liquidity, and to obtain a market rate of return within the constraints of the policy. Operational needs and prevailing market conditions affect the investment portfolio allocations at year-end. The following table identifies the investment instruments that are authorized by Denver Water's investment policy, as well as certain provisions of the investment policy that address interest rate risk, credit quality risk, and concentration of credit risk.

Investments Authorized by Denver Water's Investment Policy

December 31, 2023

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

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

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

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

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

⁵ Maximum concentration in stable NAV money market funds is 50% and 10% per single issuer; maximum concentration in floating NAV money market funds is 25% and 5% per single issuer.

Interest Rate Risk

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

Denver Water's cash and investments, including accrued interest, at December 31, 2023, and their maturities were as follows:

<u>Cash, Current and Long-Term Investments</u>					
December 31, 2023					
(amounts expressed in thousands)					
Investment Type	Percent of Portfolio	Investment Maturities (in years)			
		Fair Value	1 or less	1-3	3-5
U.S. Treasury securities	43.6%	\$ 88,992	\$ 45,111	\$ 43,881	\$ -
Corporate fixed income securities	2.0%	4,014	4,014	-	-
Money market funds	40.9%	83,363	83,363	-	-
Local government investment pools	13.5%	27,480	27,480	-	-
Total investments	<u>100.0%</u>	<u>203,849</u>	<u>\$ 159,968</u>	<u>\$ 43,881</u>	<u>\$ -</u>
Cash		25,610			
Total cash and investments		<u>\$ 229,459</u>			

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

Credit Risk

Credit risk is the risk that the issuer of a debt security will not fulfill its obligations to the holder of the obligation. National rating agencies assess this risk and assign a credit quality rating for most investments. Presented below are the lowest credit ratings at December 31, 2023, for each investment type.

<u>Investment Ratings</u>					
December 31, 2023					
(amounts expressed in thousands)					
Rating Agencies ¹	U.S. Treasury Securities	Corporate Fixed Income Securities	Money Market Funds	Local Government Investment Pools	Total
AAAm / AAAf	\$ -	\$ -	\$ 83,363	\$ 27,480	\$ 110,843
AA / Aa	88,992	4,014	-	-	93,006
	<u>\$ 88,992</u>	<u>\$ 4,014</u>	<u>\$ 83,363</u>	<u>\$ 27,480</u>	<u>\$ 203,849</u>

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

Concentration of Credit Risk

Denver Water's investments comply with the requirements of the investment policy regarding maximum concentrations of securities at the time of purchase. Specific parameters within the investment policy are displayed in the table titled *Investments Authorized by Denver Water's Investment Policy*. Generally accepted accounting

principles require disclosure of certain investments in any one issuer that exceed five percent of total investments. There were no investments in any one issuer, excluding certain pooled investments and U.S. Treasury securities, that represented five percent or more of Denver Water’s total investments at December 31, 2023.

Fair Value

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

Denver Water has the following recurring fair value measurements as of December 31, 2023:

<u>Investments Measured at Fair Value</u>				
December 31, 2023				
(amounts expressed in thousands)				
	12/31/2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury securities	\$ 88,992	\$ 88,992	\$ -	\$ -
Corporate fixed income securities	4,014	-	4,014	-
Total investments by fair value level	<u>93,006</u>	<u>\$ 88,992</u>	<u>\$ 4,014</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Local government investment pools	27,480			
Money market funds	83,363			
Total investments by NAV	<u>110,843</u>			
Total investments	<u>\$ 203,849</u>			

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

<u>Investments Measured at NAV</u>				
December 31, 2023				
(amounts expressed in thousands)				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local government investment pools	\$ 27,480	\$ -	daily	same day
Money market funds	83,363	-	daily	same day
	<u>\$ 110,843</u>	<u>\$ -</u>		

Local government investment pools (LGIP) typically combine the cash of participating jurisdictions and invest the cash in securities allowed under the state’s laws regarding government investments. By pooling funds, participating governments benefit from economies of scale, full-time portfolio management, diversification, and liquidity. Interest is normally allocated to the participants daily, proportionate to the size of the investment. Denver Water currently utilizes three LGIPs, the Colorado Local Government Liquid Asset Trust (COLOTRUST), the Colorado Statewide Investment Program Liquid Portfolio (CSIP), and the Colorado Core Fund operated through the Colorado Surplus Asset Fund Trust (CSAFE). COLOTRUST and CSIP are valued at \$1.00 per share, and CSAFE is valued at \$2.00

per share. CSAFE Core fund redemptions are limited to three per month. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. Investments in the pools are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

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

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

(3) RECEIVABLES

Receivables		
December 31, 2023		
(amounts expressed in thousands)		
Total receivables		
Current		
Water sales	\$ 28,781	31%
Federal loan	43,458	46%
Leases	25	-%
Other accounts receivable	21,453	23%
Total current	<u>\$ 93,717</u>	<u>100%</u>
Long-term		
Federal loan	\$ 11,309	42%
Leases	22	-%
Other accounts receivable	15,492	58%
Total long-term	<u>\$ 26,823</u>	<u>100%</u>
From the City and County of Denver (included above)		
Current		
Water sales	\$ 287	
Total current	287	
Long-term		
Total from City and County of Denver	<u>\$ 287</u>	

Accounts Receivable

Current and long-term accounts receivable at December 31, 2023, were as described above. Other accounts receivable includes receivables for CIAC, SDC, non-potable and hydrant water sales, power sales, and financing arrangements with suburban water districts for the sale of water. Denver Water has no allowance for uncollectible accounts as it relates to water sales since non-payment of receivables may result in discontinuation of service that attaches to the property location. The amounts above include an allowance for uncollectible accounts relating to non-water sales receivables of approximately \$302,000.

Leases Receivable

Denver Water leases land to other governmental agencies and private companies for various uses. The lease terms are between 2 and 30 years and vary with each agreement. One lease has variable payments based on the revenue collected during specific months. This lease cannot be measured, and therefore, the revenue is recognized in the current reporting period. Denver Water recorded approximately \$97,000 in lease revenue and \$1,000 in lease interest revenue as of December 31, 2023. The total lease receivables for the year ended December 31, 2023, was \$47,000.

(4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

Capital Assets					
Year Ended December 31, 2023					
(amounts expressed in thousands)					
	December 31, 2022	Additions	Transfers	Retirements & Sales	December 31, 2023
Capital assets not being depreciated					
Land and land rights	\$ 133,450	\$ -	\$ -	\$ -	\$ 133,450
Water rights	116,460	-	-	-	116,460
Other non-depreciable ¹	23,617	-	(105)	-	23,512
Construction in progress	681,018	238,475	(71,021)	(197)	848,275
Construction in progress regulated assets	-	84,973	(84,973)	-	-
Total capital assets not being depreciated	<u>954,545</u>	<u>323,448</u>	<u>(156,099)</u>	<u>(197)</u>	<u>1,121,697</u>
Capital assets being depreciated or amortized					
Buildings and improvements	510,356	-	2,456	(1,153)	511,659
Improvements other than buildings	2,489,076	14,359	55,520	(3,830)	2,555,125
Machinery and equipment	498,164	67	13,150	(6,388)	504,993
Regulated assets	206,382	-	84,973	-	291,355
Right-to-use buildings and improvements	-	20,233	-	-	20,233
Right-to-use improvements other than buildings	821	-	-	-	821
Right-to-use SBITAs ²	2,492	3,440	-	-	5,932
Total capital assets being depreciated or amortized ²	<u>3,707,291</u>	<u>38,099</u>	<u>156,099</u>	<u>(11,371)</u>	<u>3,890,118</u>
Less accumulated depreciation and amortization					
Buildings and improvements	(149,314)	(8,857)	-	615	(157,556)
Improvements other than buildings	(681,303)	(33,005)	-	1,423	(712,885)
Machinery and equipment	(283,531)	(18,521)	-	5,828	(296,224)
Regulated assets	(7,815)	(6,874)	-	-	(14,689)
Right-to-use buildings and improvements	-	(370)	-	-	(370)
Right-to-use improvements other than buildings	(57)	(58)	-	-	(115)
Right-to-use SBITAs	-	(1,621)	-	-	(1,621)
Total accumulated depreciation and amortization	<u>(1,122,020)</u>	<u>(69,306)</u>	<u>-</u>	<u>7,866</u>	<u>(1,183,460)</u>
Total capital assets being depreciated or amortized, net ²	<u>2,585,271</u>	<u>(31,207)</u>	<u>156,099</u>	<u>(3,505)</u>	<u>2,706,658</u>
Total capital assets, net ²	<u>\$ 3,539,816</u>	<u>\$ 292,241</u>	<u>\$ -</u>	<u>\$ (3,702)</u>	<u>\$ 3,828,355</u>

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

² The beginning balance of Right-to-use SBITAs was adjusted to reflect the implementation of GASB No. 96.

Depreciation and amortization for the year ended December 31, 2023 was \$69.3 million.

Major retirements during 2023 resulted primarily from retirements associated with infrastructure projects and heavy equipment as well as the abandonment of mains and hydrants.

(5) RISK MANAGEMENT

Denver Water is exposed to various risks of loss including torts, general liability, property damage (all limited under the Colorado Governmental Immunity Act (CGIA) to \$424,000 per person, per occurrence and \$1,195,000 aggregate per occurrence as of January 2022), and employee life, medical, dental, and accident benefits. The CGIA limits are adjusted every four years for inflation. Denver Water has a risk management program that includes self-insurance for general and automobile liability, employee medical (including stop-loss coverage in excess of \$500,000), dental, and vision. Denver Water carries commercial property insurance for catastrophic losses, including floods, fires, earthquakes, for scheduled major facilities including the Denver Water Operations Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Treatment Plant, the Recycling Plant, and water turbines. It carries limited insurance for other nonscheduled miscellaneous locations. Denver Water also carries commercial insurance for life, accident, short-term and long-term disability, employee dishonesty, cyber-attacks, terrorism, malicious attacks, excess general liability, and fiduciary exposure.

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

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). IBNR is an estimate based on actuarial analysis and historical experience. At December 31, 2023, outstanding losses including IBNR claims were \$3.0 million and consisted of workers' compensation, motor vehicle, and medical and dental benefits. Changes in the balances of these liabilities during 2023 and 2022 were as follows:

<u>Claims Liabilities</u>				
(amounts expressed in thousands)				
	<u>Beginning Balance</u>	<u>Current-year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2023	\$ 3,038	\$ 20,664	\$ (20,712)	\$ 2,990
2022	5,136	20,074	(22,172)	3,038

Medical, dental, and workers' compensation claims liabilities are reported in *Payroll and Other Employee Benefits*; motor vehicle and any legal claims are reported in *Accounts Payable* on the *Statement of Net Position*. It is expected the claims will be paid within the next 12 months.

(6) DEBT

Notes Payable

On December 12, 2018, Denver Water executed a 5-year credit agreement with PNC Bank, N.A., effective January 1, 2019, to provide a revolving line of credit for a maximum initial principal amount of \$60.0 million with an option to increase the credit amount to \$80.0 million. The initial term was set to expire on December 31, 2023, with an option to renew for an additional two years. The credit agreement was amended in May 2023 to accommodate the

cessation of LIBOR rates and to extend the final maturity to May 31, 2024. The line of credit has a subordinate pledge of and lien on the net revenue of Denver Water. Denver Water can make draws on the line of credit to finance capital improvement projects. The funds drawn on the line of credit are classified as long-term liabilities because the debt provisions permit refinancing the note on a long-term basis. There was a \$0 balance on the line of credit as of December 31, 2023.

In September 2023, Denver Water established a 5-year commercial paper program to provide financing for various capital projects. The program allows Denver Water to sell up to \$300.0 million of subordinate lien capital improvement notes with a maximum maturity date not to exceed 270 days. The commercial paper is sold at par as interest-bearing obligations, with interest payable at maturity.

Denver Water entered into dealer agreements with BofA Securities, Inc. and Goldman Sachs & Co, LLC to act as non-exclusive dealers for the offer and sale of the commercial paper notes issued by Denver Water. Denver Water also entered into a Revolving Credit Agreement with Bank of America, N.A., under which the bank provides a liquidity facility of up to \$300.0 million to provide funds for the payment of the principal of the commercial paper notes at maturity. The program expires and the Revolving Credit Agreement terminates on September 20, 2028. As of December 31, 2023, Denver Water had \$100.0 million in commercial paper notes outstanding, with interest rates ranging from 3.75% to 3.80% and varying maturities.

Commercial paper payable under this program is classified as long-term liabilities because provisions in the Commercial Paper Resolution permit refinancing the paper on a long-term basis.

A summary of debt maturity for the commercial paper as of December 31, 2023, is as follows:

Notes Payables			
December 31, 2023			
(amounts expressed in thousands)			
<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current	\$ 100,000	\$ 468	\$ 100,468

Revenue Bonds Payable

Revenue bonds payable consists of capital improvement and refunding bonds of Denver Water. Denver Water has pledged to repay the bonds and related interest from net revenues and to maintain adequate rates to ensure its ability to do so. Annual coupon rates for the revenue bonds outstanding at December 31, 2023 ranged from 2.00% to 5.25%. The weighted average yield to maturity for bonds outstanding at December 31, 2023 was 2.76%. In accordance with the issuing bond resolutions, Denver Water has established a debt service fund for the revenue bonds totaling \$12.9 million at December 31, 2023.

The refunding Series 2012B, 2014A, 2016B and 2020B resulted in a difference between the reacquisition price and the net carrying amount of the old debt (deferred amount on refunding). This difference, reported in the accompanying basic financial statements as *Deferred Outflows of Resources*, is being amortized using the straight-line method as a component of interest expense through 2040. The remaining unamortized amount of refunding of all bonds considered defeased is \$6.8 million at December 31, 2023.

A summary of debt maturity for the revenue bonds as of December 31, 2023, is as follows:

Revenue Bonds			
December 31, 2023			
(amounts expressed in thousands)			
<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current	\$ 22,555	\$ 42,464	\$ 65,019
Long-term			
2025	23,635	41,416	65,051
2026	24,765	40,287	65,052
2027	25,940	39,107	65,047
2028	27,035	38,017	65,052
2029-2033	154,795	170,944	325,739
2034-2038	189,475	134,509	323,984
2039-2043	227,540	99,723	327,263
2044-2048	275,250	54,247	329,497
2049-2053	147,040	9,187	156,227
	<u>1,095,475</u>	<u>627,437</u>	<u>1,722,912</u>
Plus premium	75,335	-	75,335
Total long-term	<u>1,170,810</u>	<u>627,437</u>	<u>1,798,247</u>
	<u>\$ 1,193,365</u>	<u>\$ 669,901</u>	<u>\$ 1,863,266</u>

Federal Loan Payable

The Bipartisan Infrastructure Law established federal funding administered through the Drinking Water State Revolving Fund which can be used for the replacement of lead service lines. On December 15, 2022, the Board executed a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$76.1 million.

The loan is a direct borrowing loan and includes both loan and principal forgiveness components. The loan amount of \$36.1 million is being amortized over 30 years at a fixed interest rate of 2.75%, and the remaining \$40.0 million was principal forgiveness.

The loan contains a provision that in the event of default, the authority may take any or all of the following actions: (1) withhold disbursement of remaining loan funds or (2) pursue any other remedies to which it is entitled under the loan agreement, at law or in equity. The loan is payable solely out of and secured by an irrevocable and nonexclusive pledge of and lien on the net revenue of the system, which consists generally of all revenue derived by the Board from rates, fees, and charges for use of the system after payment of all reasonable and necessary expenses of operating, maintaining, and repairing the system. The principal amount outstanding was \$35.6 million at December 31, 2023. Funds are disbursed on a reimbursement basis as expenses are incurred. As of December 31, 2023, requests for reimbursement of \$21.3 million were made.

Denver Water's records regarding these funds are subject to an annual audit in accordance with the Federal Single Audit Act, 31 U.S.C. 7501 et seq.

A summary of debt maturity for the federal loan payable as of December 31, 2023, is as follows:

Federal Loan			
December 31, 2023			
(amounts expressed in thousands)			
<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current	\$ 816	\$ 973	1,789
Long-term			
2025	838	951	1,789
2026	862	927	1,789
2027	886	903	1,789
2028	910	879	1,789
2029-2033	4,943	4,003	8,946
2034-2038	5,666	3,280	8,946
2039-2043	6,495	2,451	8,946
2044-2048	7,445	1,501	8,946
2049-2053	6,733	423	7,156
Total long-term	<u>34,778</u>	<u>15,318</u>	<u>50,096</u>
	<u>\$ 35,594</u>	<u>\$ 16,291</u>	<u>\$ 51,885</u>

(7) RIGHT-TO-USE ASSETS PAYABLE

Lease Payables

Denver Water leases electronic communication sites and equipment from other governmental agencies and private companies for various uses. Denver Water also leases building space from Colorado State University for its new water quality lab at the Water Resources Center. The lease terms vary with each agreement ranging between 4 and 50 years. In 2023, Denver Water capitalized \$20.0 million of construction prepayments for Water Resources Center into the right-to-use asset. At December 31, 2023, Denver Water has recorded two leases as a liability. The terms of these two leases were 15 and 50 years. Numerous lease agreements have variable payments based solely on usage, which cannot be measured, and are therefore excluded from the right-to-use assets payable. In addition, several leases include non-measurable variable costs, such as utilities, operating expenses, and future changes in the Consumer Price Index. Lease agreements under the capitalization threshold of \$100,000 and those with a lease term less than 12 months are also excluded from right-to-use assets payable. Leases excluded from the right-to-use assets payable were either recognized as operating expenses or included in capital projects in the current reporting period.

A summary of lease payables as of December 31, 2023, is as follows:

Lease Payables			
December 31, 2023			
(amounts expressed in thousands)			
<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current	\$ 44	\$ 23	\$ 67
Long-term			
2025	47	22	69
2026	50	21	71
2027	53	20	73
2028	56	19	75
2029-2033	327	75	402
2034-2038	189	44	233
2039-2043	13	37	50
2044-2048	16	34	50
2049-2053	19	31	50
2054-2058	24	26	50
2059-2063	30	20	50
2064-2068	37	13	50
2069-2073	36	11	47
Total long-term	<u>897</u>	<u>373</u>	<u>1,270</u>
	<u>\$ 941</u>	<u>\$ 396</u>	<u>\$ 1,337</u>

Subscription-Based Information Technology Arrangement Payables

Denver Water contracts various subscription-based information technology arrangements (SBITAs) from multiple software vendors. The contract terms vary with each agreement ranging between one and five years. At December 31, 2023, Denver Water recorded nine agreements as a liability with varying terms ranging between two and five years. Denver Water capitalized approximately \$142,000 of implementation costs relating to one agreement into the right-to-use asset. Numerous agreements have variable payments based solely on usage, which cannot be measured, and are excluded from the right-to-use assets payable. SBITAs under the capitalization threshold of \$200,000 and those with a lease term less than 12 months are also excluded from the right-to-use assets payable. Agreements excluded from the right-to-use assets payable were recognized as operating expenses or included in capital projects in the current reporting period.

A summary of subscription-based information technology arrangement payables as of December 31, 2023, is as follows:

<u>Subscription-Based Information Technology Arrangement</u>			
<u>Payables</u>			
December 31, 2023			
(amounts expressed in thousands)			
<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current	\$ 2,257	\$ 122	\$ 2,379
Long-term			
2025	1,040	43	1,083
2026	152	6	158
Total long-term	<u>1,192</u>	<u>49</u>	<u>1,241</u>
	<u>\$ 3,449</u>	<u>\$ 171</u>	<u>\$ 3,620</u>

(8) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

Denver Water operates a landfill and residuals drying beds at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates residuals drying beds near the Ralston Reservoir and at West 41st Avenue and Independence Court for dewatering of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. These sites have been in operation since 1995. State and federal laws and regulations require Denver Water to perform certain closing functions on these disposal sites when they stop accepting residuals, including placing a final cover on the Foothills landfill and performing certain maintenance and monitoring functions at the Foothills landfill for 30 years after closure.

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

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, Denver Water reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each *Statement of Net Position* date. In 2016, all active disposal cells at the Foothills landfill were permanently capped. At this time, Denver Water is not disposing of solids at this site. The entire liability for closure costs for the Foothills, Ralston, and 41st and Independence residual drying beds is accrued since they are not “filled” like a landfill but are reusable. The regulations no longer require recording a liability for postclosure care costs for drying beds if they are “clean closed,” which means that all residuals are removed upon closure. Despite this, the postclosure care liability for Ralston drying beds of \$1.3 million has been included in the 2023 financial statements pending revision of the Certificate of Designation from Jefferson County.

Approximately \$9.1 million was reported as *Waste Disposal Closure and Postclosure Care* liability on the *Statement of Net Position*, at December 31, 2023, for the sites as follows:

<u>Waste Disposal Closure and Postclosure Care Liability</u>				
December 31, 2023				
(amounts expressed in thousands)				
	<u>Foothills</u>	<u>Ralston</u>	<u>41st & Independence</u>	<u>Total</u>
Closure costs	\$ 3,278	\$ 3,317	\$ 883	\$ 7,478
Postclosure care costs	375	1,290	-	1,665
	<u>\$ 3,653</u>	<u>\$ 4,607</u>	<u>\$ 883</u>	<u>\$ 9,143</u>

These costs are based on the use of 100% of the Foothills, Ralston, and 41st and Independence drying beds and 24.8% of the active portion of the Foothills landfill at December 31, 2023. Denver Water will recognize the remaining estimated cost of the Foothills postclosure care of \$1.1 million as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be indefinite for the active disposal area of 61.7 acres because Denver Water is not using it for solid waste disposal at this time. The Foothills, Ralston, and 41st and Independence drying beds have an indefinite life.

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

(9) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2023, was as follows:

Long-Term Liabilities					
Year Ended December 31, 2023					
(amounts expressed in thousands)					
	December 31, 2022	2023		December 31, 2023	Due Within One Year
	(Current and Long-Term)	Additions	Reductions	(Current and Long-Term)	
Revenue bonds payable, net	\$ 1,223,184	\$ -	\$ (29,819)	\$ 1,193,365	\$ 22,555
Notes payable	-	160,000	(60,000)	100,000	-
Unearned revenue ³	40,000	-	(11,222)	28,778	22,815
Federal loan payable	36,124	-	(530)	35,594	816
Right-to-use assets payable ²	3,131	3,650	(2,391)	4,390	2,301
Customer advances for construction	30,552	24,506	(22,222)	32,836	-
Compensated absences	12,259	597	(521)	12,335	7,385 ¹
Waste disposal closure	8,545	598	-	9,143	-
	1,353,795	<u>\$ 189,351</u>	<u>\$ (126,705)</u>	1,416,441	<u>\$ 55,872</u>
Less current portion ²	(48,566)			(55,872)	
Total long-term liabilities ²	<u>\$ 1,305,229</u>			<u>\$ 1,360,569</u>	

¹ Included in Payroll and Other Employee Benefits on the Statement of Net Position.
² The beginning balance of Right-to-use assets payable was adjusted to reflect the implementation of GASB No. 96.
³ Unearned revenue represents amounts remaining to be reimbursed under the forgivable portion of the Federal loan.

(10) PENSION PLAN

General Information about the Pension Plan

Plan Description

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

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

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained from the Denver Water website.

Benefits Provided

Plan benefits are determined by a formula defined in the Plan document. The minimum normal benefit amount for Tier I members 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 (under Section 230 of the Social Security Act as delineated in the Plan document) receive an additional 0.45% times years of credited service times average final compensation in excess of covered compensation. Plan benefits for Tier II members are calculated by multiplying the Plan participant’s number of years of credited service, times the amount of the participant’s average final compensation, times 1.75%. For members hired prior to January 1, 2018, who terminate employment and are rehired on or after January 1, 2018, the benefit calculation is determined by using a combination of both Tier I and Tier II formulas. There are also early retirement options beginning at age 55 for Tier I employees and age 60 for Tier II employees. The Plan also provides a benefit provision in the event a participant dies prior to the member terminating service.

The Plan provides annual cost-of-living adjustments to Tier I retired members and, if elected by the member, to their surviving spouse. Monthly pension benefits for Tier I employees are adjusted at the beginning of each year to reflect the annual rate of change in the Consumer Price Index from the previous year. The increase is limited to 5.0% for members whose severance date occurred before September 1, 1995, and 4.4% for members whose severance date occurred on or after September 1, 1995. Any increase above the 5.0% or 4.4% limit is “banked” for future years. There is no cost-of-living adjustment for Tier II employees.

Employees Covered by Benefit Terms

At January 1, 2022, the valuation date, the following employees were covered by the benefit terms:

<u>Employees Covered by Pension Plan Benefit Terms</u>	
	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	731
Inactive employees entitled to but not yet receiving benefits	304
Active employees	<u>1,074</u>
Total	<u><u>2,109</u></u>

Contributions

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

On August 28, 2013, Denver Water adopted the Employees’ Retirement Plan Funding Policy effective for 2014 and future years. The policy was last amended on May 31, 2023. The policy defines the objectives of Denver Water in funding the Plan and sets out principles governing employee and employer contributions to the Plan. The primary funding objectives specified in the policy are to maintain a stable or increasing funded ratio and to minimize volatility of employer contributions. In accordance with the policy, Denver Water will base its contributions to the Plan on Actuarially Determined Contributions (ADC) calculated annually by an independent actuary using agreed upon methods and assumptions developed by the Actuarial Standards Board, while considering any other facts and circumstances relevant to the funding decision. Effective January 1, 2018, the Plan also receives contributions from the participants as described in the Plan document. The Board has discretion to change the contribution rates in the future.

Denver Water contributed \$17.5 million to the Plan for the year ended December 31, 2023. Denver Water employees contributed \$3.2 million in 2023.

Net Pension Liability

Denver Water has elected a measurement date for the current year-end as of the prior year-end. Therefore, the net pension liability reported as of December 31, 2023, was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability for 2023 was determined by an actuarial valuation performed as of January 1, 2022 and rolled forward to the December 31, 2022 measurement date.

Actuarial Assumptions

The Entry Age Normal actuarial cost method was used to measure the total pension liability. The actuarial assumptions included a 6.50% investment rate of return, age-based salary increases ranging from 6.75% to 2.85% per year for funding, and a 2.25% inflation factor. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a three-year period. Effective January 1, 2014, the Plan's unfunded actuarial accrued liability is amortized in level dollar amounts over 15 years on a layered basis, which more closely reflects the average period of active service of the Plan members.

Mortality rates used were based on the Combined RP-2014 Healthy Employee Mortality Tables projected with the Ultimate MP Scale for pre-retirement, Combined RP-2014 Healthy Annuitant Mortality Tables projected with the Ultimate MP Scale for post-retirement, and Combined RP-2014 Disabled Annuitant Mortality Tables projected with the Ultimate MP Scale for post-disablement.

The actuarial assumptions that determined the total pension liability as of January 1, 2022, were based on the results of an actuarial experience study that covered the five-year period ending December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Denver Water contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>Target Asset Allocation and Long-Term Expected Return</u>		
As of January 1, 2023		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Fixed Income	20%	(0.38%)
Bank Loans	5%	2.01%
Domestic Equity	30%	6.11%
International Equity	15%	6.49%
Private Equity	10%	9.93%
Real Estate	15%	3.72%
Private Credit	5%	5.06%
	<u>100%</u>	

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following table presents the net pension liability of Denver Water, calculated using the discount rate of 6.50%, as well as what Denver Water's net pension liability would be if it were calculated using the discount rate that is one percentage point lower or one percentage point higher than the current rate:

Sensitivity of the Net Pension Liability to Changes in Discount Rate			
As of December 31, 2023			
(amounts expressed in thousands)			
	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 139,966	\$ 74,052	\$ 20,544

Pension Plan Fiduciary Net Position

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

Changes in the Net Pension Liability

Changes in Net Pension Liability			
As of December 31, 2023			
(amounts expressed in thousands)			
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/22	\$ 500,197	\$ 503,706	\$ (3,509)
Changes for the year			
Service cost	10,108	-	10,108
Interest on total pension liability	32,262	-	32,262
Effect of economic/demographic gains or losses	4,798	-	4,798
Benefit payments	(27,688)	(27,688)	-
Employer contributions	-	17,500	(17,500)
Member contributions	-	2,995	(2,995)
Net investment income	-	(50,696)	50,696
Administrative expenses	-	(192)	192
Net changes	19,480	(58,081)	77,561
Balances at 12/31/23	\$ 519,677	\$ 445,625	\$ 74,052

For the year ended December 31, 2023, Denver Water recognized pension expense of \$19.2 million. At December 31, 2023, Denver Water reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows and Inflows of Resources Related to Pensions</u>		
As of December 31, 2023		
(amounts expressed in thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Economic/demographic gains or losses	\$ 8,335	\$ 1,422
Net difference between projected and actual earnings	23,159	-
Assumption changes	12,408	1,222
Contributions made subsequent to measurement date	17,500	-
Total	<u>\$ 61,402</u>	<u>\$ 2,644</u>

The \$17.5 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, as of December 31, 2023, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

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

<u>Amortization of Deferred Outflows and Inflows of Resources Related to Pensions</u>	
As of December 31, 2023	
(amounts expressed in thousands)	
Year ended December 31,	
2024	\$ 2,935
2025	8,110
2026	10,236
2027	19,359
2028	618
Thereafter	-
Total	<u>\$ 41,258</u>

(11) OTHER RETIREMENT PLANS

Denver Water sponsors and administers the Denver Water Supplemental Retirement Savings Plan (SRSP). The SRSP is a 401(k) defined contribution plan. The Board, acting as trustee of the SRSP, has the authority to establish and amend benefit provisions to the SRSP. All regular and discretionary employees are eligible to participate in the SRSP. Under the terms of the SRSP, Denver Water will make a matching contribution to the SRSP's trust fund each year in an amount equal to 100% of each participant's elective contributions, limited to 3.0% of the participant's compensation for the applicable payroll period. During 2023, Denver Water made contributions totaling approximately \$2.5 million and members contributed approximately \$5.7 million to the SRSP. Employee rollovers from other plans to the SRSP were \$1.3 million in 2023.

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

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

(12) OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plans

Healthcare

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2022, the valuation date, the following employees were covered by the benefit terms:

<u>Employees Covered by OPEB Plan Benefit Terms</u>	
	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>1,074</u>
Total	<u><u>1,160</u></u>

Total OPEB Liability

Denver Water has elected a measurement date for the current year-end as of the prior year-end. Therefore, the OPEB reported as of December 31, 2023 was measured as of December 31, 2022. The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2022 and rolled forward to the December 31, 2022 measurement date.

Actuarial Assumptions and Other Inputs

The Individual Entry-Age Normal actuarial cost method was used to calculate the total OPEB liability. The actuarial assumptions included: (a) 4.05% discount rate, (b) healthcare cost trend rates, based on the Getzen Model, starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15%, and (c) 41% retiree and long-term disability recipient’s share of benefit-related costs.

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

Mortality rates were based on the Combined RP-2014 Healthy Employee Mortality Tables projected with the Ultimate MP Scale for pre-retirement, Combined RP-2014 Healthy Annuitant Mortality Tables projected with the Ultimate MP Scale for post-retirement, and Combined RP-2014 Disabled Annuitant Mortality Tables projected with the Ultimate MP Scale for post-disablement.

The actuarial assumptions that determined the total OPEB liability as of January 1, 2022, were based on the results of an actuarial experience study that covered the five-year period ending December 31, 2018.

Changes in the Total OPEB Liability

<u>Changes in Total OPEB Liability</u>	
As of December 31, 2023	
(amounts expressed in thousands)	
	Total OPEB Liability (a)
Balances at 12/31/22	\$ 13,050
Changes for the year	
Service cost	497
Interest on total OPEB liability	235
Changes in assumptions or other inputs	(1,479)
Benefit payments	(1,121)
Net changes	(1,868)
Balances at 12/31/23	\$ 11,182

Changes in assumptions and other inputs reflect a change in the municipal bond rate from 1.84% to 4.05%.

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

The following represents the total OPEB liability of Denver Water, calculated using the discount rate of 4.05%, as well as what Denver Water's total OPEB liability would be if it were calculated using the discount rate that is one percentage point lower or one percentage point higher than the current rate:

Sensitivity of the Total OPEB Liability to Changes in Discount Rate			
As of December 31, 2023			
(amounts expressed in thousands)			
	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB liability	\$ 11,828	\$ 11,182	\$ 10,576

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

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

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates			
As of December 31, 2023			
(amounts expressed in thousands)			
	1% Decrease (6.00% decreasing to 3.15%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.15%)	1% Increase (8.00% decreasing to to 5.15%)
Total OPEB liability	\$ 10,344	\$ 11,182	\$ 12,125

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

For the year ended December 31, 2023, Denver Water recognized OPEB expense of \$0.6 million. At December 31, 2023, Denver Water reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows and Inflows of Resources Related to OPEB		
As of December 31, 2023		
(amounts expressed in thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,213	\$ 1,615
Assumption changes	1,151	1,498
Contributions after measurement date	790	-
Total	\$ 3,154	\$ 3,113

The \$0.8 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, as of December 31, 2023, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024.

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

<u>Amortization of Deferred Outflows and Inflows of</u>	
<u>Resources Related to OPEB</u>	
As of December 31, 2023	
(amounts expressed in thousands)	
Year ended December 31,	
2024	\$ (177)
2025	(178)
2026	(178)
2027	(158)
2028	(40)
Thereafter	(18)
Total	<u>\$ (749)</u>

Long-term Disability

Denver Water also provides a long-term disability (LTD) insured plan for each employee who attains regular status. Denver Water has the authority to establish and amend benefit provisions to the LTD insured plan. The insured plan provides for an 84-day elimination period for LTD benefits with a benefit of 60% of pay to a maximum of \$10,000 per month. Benefits are payable during the first two years if the disabled employee is incapable of employment at their own occupation with a 20% or more loss in indexed monthly earnings. Thereafter, benefits are payable provided the disabled employee continues to experience 20% or more reduction in indexed monthly earnings while working in any occupation or is incapable of employment at any occupation. Benefit duration depends on age at disability. Benefits are payable to age 65 for disabilities that occur before age 60. If the disability occurs after age 60, benefit duration depends on a benefit payment schedule. Because under the insured plan the obligation for the payment of benefits has been transferred to the insurance company, it is not included in the calculation of the OPEB liability. In 2023, Denver Water paid approximately \$0.3 million in LTD premiums, respectively. This OPEB plan does not issue a separate report.

(13) POLLUTION REMEDIATION LIABILITY

At the end of 2023, a liability was accrued for approximately \$47,000 for asbestos removal at the Foothills Treatment Plant. The estimated costs for the asbestos abatement were based on pricing developed by Archer Western Construction, LLC. The abatement started in 2023 and will continue in 2024.

(14) CAPITAL CONTRIBUTIONS

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

Capital Contributions		
December 31, 2023		
(amounts expressed in thousands)		
	CIAC	SDC
Inception through December 31, 2022	\$ 664,206	\$ 1,042,186
2023 additions	33,755	26,031
Inception through December 31, 2023	<u>\$ 697,961</u>	<u>\$ 1,068,217</u>

(15) CONTINGENCIES

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

(16) CONTRACT COMMITMENTS

Contractual commitments as of December 31, 2023, for construction and other purposes are estimated at \$994.4 million.

The North System Renewal

Denver Water’s North System was constructed in the 1930s. Now, 80 years later, the North System requires significant renovations or replacement of pipelines and valves, as well as updating water treatment technology. Denver Water evaluated whether to renovate the existing plant or construct a new plant. An engineering study determined there are more risks associated with renovating existing facilities, and the cost differential between the two options was not significant. The North System Renewal Project is one of the largest construction programs in Denver Water history. It includes the Northwater Treatment Plant, the replacement of Conduit 16, and the expansion of Gross Reservoir. Denver Water intends to invest over \$1.4 billion in renewing and expanding the North System.

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

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

The City of Arvada will participate in the project by paying a percentage of the total costs of the enlargement based on its portion of yield created by the expansion. Assuming the enlargement will produce a yield of 18,000 acre-feet

of water and Arvada contracts for its maximum allowable amount of 3,000 acre-feet of the new supply, Arvada's share of the capital costs will be 16.67%.

Lead Reduction Program

In 2020, Denver Water implemented its Lead Reduction Program which was approved by state and federal agencies in December 2019. The main component of the program is the replacement of all lead service lines in the Denver Water service area by the end of 2034 at no direct cost to customers. The lead line replacement is completed under two scenarios: 1) Denver Water proactively identifies lead service lines in the Denver Water service area and specifically targets them for replacement, and 2) Denver Water replaces lead service lines when encountered during other routine water main replacement or major road construction work. Out of the approximately 312,000 service lines Denver Water has in its system, an estimated 64,000 to 84,000 of these are lead. In addition to replacing the lead service lines, Denver Water provides all affected customers with water filters until six months after their line is replaced and increased the pH levels of the water to minimize corrosion of the lead lines. The total program budget is \$667.5 million. Metro Wastewater Reclamation District will participate in the program by paying up to \$22.5 million to Denver Water in annual installments based on Denver Water meeting its yearly line replacement requirement. In December 2022, Denver Water executed a loan agreement with the Colorado Water Resources Power and Development Authority to receive Federal funds under the Bipartisan Infrastructure Law to accelerate the pace of lead line replacement. The total loan amount is \$76.1 million, of which \$40.0 million of principal was forgiven at loan execution.

(17) FIDUCIARY PENSION TRUST FUNDS INVESTMENTS

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

Employees' Retirement Plan

Investment Policy

The Plan's investment policy and any changes to the policy are adopted by the Board acting in its capacity as Trustee of the Plan. The investment policy in place as of December 31, 2023 was approved on February 22, 2023. Most recent revisions to the policy included expansion/clarification of the Plan's investment objectives, expansion of manager performance evaluation standards to include a review process, additional review factors and acknowledgement of multiple termination factors, as well as modification of long-term asset allocation ranges in line with recent asset allocation changes.

A general investment objective of the Plan is to preserve its actuarial soundness by achieving a long-term return of at least the actuarial-assumed rate of return and to prudently manage the inherent investment risks that are related to the achievement of this goal. The Board recognizes that this 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. Progress toward the long-term investment objective is measured by tracking achievement of the secondary investment return targets, including exceeding a passive benchmark index and fulfillment of manager-specific return objectives.

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, 2023, the Plan's long-term asset allocation ranges were as follows:

<u>Employees' Retirement Plan</u> <u>Long-Term Asset Allocation Ranges</u> Year Ended December 31, 2023	
Asset segment	Allowable range
Public Equities	35-60%
Fixed Income	15-35%
Real Estate	10-20%
Alternatives	10-25%

Money-Weighted Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on Plan investments, net of investment expense, was 9.7%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

Custody and Management of Assets

During 2023, the Northern Trust Company served as the Plan's asset custodian. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. Each manager is evaluated periodically against the appropriate benchmark for their 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 2023, the Plan assets were managed by the following investment managers:

Alliance Bernstein	Since May 2018
Barings Corporate Investors	Since August 2013
BlackRock Institutional Trust Company, N.A.	Since May 2016
CenterBridge Partners, L.P.	Since October 2022
Dimensional Fund Advisors, L.P.	Since February 2008
Harbert Management Corporation	Since July 2014
Harding Loevner Funds, Inc.	Since August 2011
Harrison Street Core Property Fund	Since June 2023
HighVista Strategies, LLC (formerly Aberdeen Asset Management Inc.)	Since August 2015
Horsley Bridge Partners	Since July 2015
Northern Trust Investments, N.A.	Since July 2006
Oaktree Capital Management, L.P.	Since March 2023
Pantheon (US) Ventures, Inc.	Since January 2019
Principal Global Investors, LLC	Since March 2016
Riverbridge Partners, LLC	Since February 2021
RREEF America, LLC	Since August 2014
UBS Realty Investors, LLC	Since May 1998

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 assets of the Plan are invested in mutual funds, collective investment trusts and limited partnerships, which by their nature, have an independent custodian for the fund assets. Investments in a short-term investment fund and in a domestic equity index fund are held in a SEC-registered pooled fund managed by the fund’s custodian bank. Cash for benefit payments transferred to the benefit payment service provider prior to the payment date is held in an omnibus account held in a commercial bank and not in the Plan’s name and therefore, is exposed to custodial risk. As of December 31, 2023, this amount was \$2.1 million.

Interest Rate Risk

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

Employees' Retirement Plan						
Schedule of Interest Rate Risk - Segmented Time Distribution of Investment Maturities						
December 31, 2023						
(amounts expressed in thousands)						
Investment type	Fair value / NAV	< 1 year	1-6 years	6-10 years	10+ years	Maturity not determined ¹
Other fixed income funds	\$ 108,153	-	-	-	-	\$ 108,153

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in diversified mutual funds, external investment pools, and other pooled investments are excluded. As of December 31, 2023, the Plan had no single issuer that exceeded 5.0% of total investments. All of the Plan’s fixed income investments were invested through external investment pools and therefore not considered subject to concentration of credit risk.

Credit Risk

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

The quality ratings of investments in fixed income securities as described by Standard and Poor's and Moody's rating organization as of December 31, 2023, are listed below. For securities with split ratings, the lowest rating is shown.

Employees' Retirement Plan			
Schedule of Credit Risk			
December 31, 2023			
(amounts expressed in thousands)			
<u>Investment type</u>	<u>Quality rating</u>	<u>Fair value</u>	<u>Percentage of asset class</u>
Other fixed income funds	NR/NA ¹	<u>\$ 108,153</u>	100%

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

Foreign Currency Risk

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

The following table provides the Plan's maximum exposure to foreign currency risk as a dollar value of its asset class as of December 31, 2023:

Employees' Retirement Plan	
Schedule of Assets in Foreign Currencies	
December 31, 2023	
(amounts expressed in thousands)	
	<u>Dollar value of asset class invested in foreign currencies</u>
Common stock funds	\$ 63,747
Private credit funds	389
Private equity funds	7,748
	<u>\$ 71,884</u>

Derivative Instruments

Derivative instruments are financial instruments whose values depend upon, or are derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivative instruments may be used both for hedging and to enhance returns. They may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over the counter derivative instruments. Derivative instruments involve special risks and costs and may result in losses to the Plan. The successful use of derivative instruments

requires sophisticated management, and to the extent that derivative instruments are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivative instrument transactions.

Certain commingled funds held by the Plan at year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative instrument holdings of the commingled fund managers can be found in their respective audited financial statements. The Plan did not directly own any derivative instruments as of December 31, 2023.

Fair Value of Investments

The Plan has the following recurring fair value measurements as of December 31, 2023:

Employees' Retirement Plan				
Investments and Derivative Instruments Measured at Fair Value				
December 31, 2023				
(amounts expressed in thousands)				
	December 31, 2023	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Debt securities				
Other fixed income funds	\$ 108,153	\$ -	\$ 108,153	\$ -
Total debt securities	<u>108,153</u>	<u>-</u>	<u>108,153</u>	<u>-</u>
Equity securities				
Common stock funds	232,227	232,227	-	-
Total equity securities	<u>232,227</u>	<u>232,227</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>340,380</u>	<u>\$ 232,227</u>	<u>\$ 108,153</u>	<u>\$ -</u>
Investments measured by the net asset value (NAV):				
Real estate funds	63,700			
Private equity funds	56,863			
Private credit funds	<u>11,944</u>			
Total investments measured at the NAV	<u>132,507</u>			
Total investments	472,887			
Total investments measured at amortized cost	<u>4,676</u>			
Total investments measured at fair value ¹	<u>\$ 477,563</u>			

¹Total investments measured at fair value include \$4.7 million of cash and cash equivalents.

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 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, 2023, are presented on the following table:

Employees' Retirement Plan				
Investments Measured at the NAV				
December 31, 2023				
(amounts expressed in thousands)				
	NAV	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Real estate funds	\$ 63,700	\$ 12,188	Quarterly/None	45-90 days
Private equity funds	56,863	8,732	None	N/A
Private credit funds	11,944	14,424	None	N/A
Total investments measured at the NAV	<u>\$ 132,507</u>	<u>\$ 35,344</u>		

Real Estate Funds

This fund category includes four open-end and three closed-end real estate funds. The open-end funds, UBS Trumbull Property Fund, RREEF America REIT II, Principal Real Estate INV U.S. Property and Harrison Street Core Property Fund are reported at fair value based upon the NAV of shares/units held at year end, provided by fund managers. The closed-end funds, Harbert United States Real Estate Fund V, Harbert United States Real Estate Fund VII and Harbert United States Real Estate Fund VIII are reported at fair value based upon the net value of the Plan's ownership interest in partners' capital, as provided by the investment manager.

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

Investments in the closed-end funds, which represented approximately 15.9% of the value of all real estate funds in the Plan as of the end of the year, cannot be redeemed. Distributions from the fund are received as the underlying investments of the funds are liquidated. The expected investment horizon of each closed-end real estate fund is 10 years from the initial draw down date, subject to extensions at the discretion of the manager.

Private Equity Funds

This category includes investments in five fund-of-funds, which invest in private equity funds. Both HighVista U.S. Private Equity Fund VI and Fund VIII (formerly Aberdeen U.S. Private Equity Fund VI and Fund VIII) are multi-manager buyout fund-of-funds, focusing on small-to-medium sized companies. Horsley Bridge Venture Fund XI and Fund XIII are venture capital fund-of-funds, investing in established and emerging private equity managers providing seed and early-stage exposure to companies in the United States, Europe and Asia.

The Pantheon Global Select 2019 fund invests in growth equity, mega-buyouts, large buyout, small/mid buyout, and special situations strategies. The fund is geographically diverse, with 50%-60% of assets to be invested in the U.S., 20%-30% in Europe, and 15%-25% in Asia/other.

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

Investments in private equity funds-of-funds cannot be redeemed. Distributions from each fund are received as the underlying investments of the funds are liquidated. The expected investment horizon of each private equity funds-of-funds is 12-15 years from the initial draw down date.

Private Credit Funds

This category includes two closed-end private credit funds, Centerbridge Special Credit Partners Fund IV and Oaktree Direct Lending Fund. Centerbridge Special Credit Partners invests in a diversified portfolio of loans, securitized credits and asset-based lending, structured value-added lending opportunities, private to public origination of illiquid credit investments brought to liquid markets, and primary or secondary private or public debt at purchased at deep discounts to par value. Oaktree Direct Lending invests in a diversified portfolio of 35-50 loans, comprised primarily of directly originated senior secured first lien and unitranche debt instruments, with a smaller amount to second lien, mezzanine, and equity securities.

Private credit funds are reported at fair value based on the net asset value of the Plan's ownership interest in partners' capital, as provided by the investment managers. The investments in the funds cannot be redeemed. Distributions from the funds are received as the underlying investments are liquidated. The expected investment horizon of the private credit funds is 6-7 years from the initial draw down date, subject to extensions at the discretion of the managers.

(18) SUBSEQUENT EVENTS

Denver Water has evaluated subsequent events through May 21, 2024, which is the date the basic financial statements were available to be issued. The following are subsequent events that were identified:

- On March 21, 2024, Denver Water executed a second draw from its Commercial Paper program of \$100.0 million. These maturities range from 55 days to 168 days with an average interest rate of 3.5%.
- On May 15, 2024 and May 16, 2024, Denver Water executed draws totaling \$50.0 million from its Commercial Paper program. These maturities range from 152 to 154 days with an average interest rate of 3.7%.

REQUIRED SUPPLEMENTARY INFORMATION

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

2014 - 2023

(amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 10,108	\$ 9,851	\$ 8,590	\$ 8,127	\$ 9,070	\$ 8,522	\$ 7,330	\$ 6,757	\$ 6,071	\$ 6,046
Interest	32,262	31,021	31,320	29,982	29,285	27,728	26,237	25,820	25,044	24,051
Effect of economic/demographic (gains) or losses	4,798	(1,671)	5,779	(525)	6,700	(2,255)	(3,348)	801	-	2,037
Effect of changes of assumptions	-	16,427	-	(4,004)	-	22,250	-	10,152	-	-
Benefit payments	(27,688)	(26,009)	(24,927)	(24,800)	(22,055)	(19,927)	(19,932)	(20,693)	(20,365)	(17,850)
Net change in pension liability	19,480	29,619	20,762	8,780	23,000	36,318	10,287	22,837	10,750	14,284
Total pension liability-beginning	500,197	470,578	449,816	441,036	418,036	381,718	371,431	348,594	337,844	323,560
Total pension liability-ending (a)	519,677	500,197	470,578	449,816	441,036	418,036	381,718	371,431	348,594	337,844
Plan fiduciary net position										
Employer contributions	17,500	17,500	17,500	16,702	18,000	18,000	14,500	14,500	14,500	15,000
Member contributions	2,995	2,802	2,579	1,713	662	-	-	-	-	-
Net investment income (loss)	(50,696)	80,668	39,063	58,643	(14,319)	48,273	21,326	2,473	18,523	39,023
Benefit payments	(27,688)	(26,009)	(24,927)	(24,800)	(22,055)	(19,927)	(19,932)	(20,693)	(20,365)	(17,850)
Administrative expense	(192)	(185)	(183)	(183)	(180)	(48)	(52)	(44)	(144)	(116)
Net change in plan fiduciary net position	(58,081)	74,776	34,032	52,075	(17,892)	46,298	15,842	(3,764)	12,514	36,057
Plan fiduciary net position-beginning	503,706	428,930	394,898	342,823	360,715	314,417	298,575	302,339	289,825	253,768
Plan fiduciary net position-ending (b)	445,625	503,706	428,930	394,898	342,823	360,715	314,417	298,575	302,339	289,825
Net pension liability-ending (a)-(b)	\$ 74,052	\$ (3,509)	\$ 41,648	\$ 54,918	\$ 98,213	\$ 57,321	\$ 67,301	\$ 72,856	\$ 46,255	\$ 48,019
Plan fiduciary net position as a percentage of the total pension liability	85.75%	100.70%	91.15%	87.79%	77.73%	86.29%	82.37%	80.39%	86.73%	85.79%
Covered payroll	\$ 99,848	\$ 93,383	\$ 87,877	\$ 81,654	\$ 82,151	\$ 77,159	\$ 75,740	\$ 75,990	\$ 71,847	\$ 71,940
Net pension liability as a percentage of covered payroll	74.16%	(3.76%)	47.39%	67.26%	119.55%	74.29%	88.86%	95.88%	64.38%	66.75%

Notes to schedule:

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

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

2022 6.50%

2018 7.00%

2016 7.25%

2014 7.50%

Changes in assumptions and other inputs:

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

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

Required Supplementary Information
Schedule of Denver Water Pension Contributions

2014 - 2023

(amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 15,997	\$ 14,975	\$ 17,917	\$ 15,953	\$ 16,411	\$ 18,489	\$ 18,089	\$ 14,017	\$ 14,068	\$ 13,532
Contributions in relation to the actuarially determined contribution	17,500	17,500	17,500	17,500	16,702	18,000	18,000	14,500	14,500	14,500
Contribution deficiency (excess)	<u>\$ (1,503)</u>	<u>\$ (2,525)</u>	<u>\$ 417</u>	<u>\$ (1,547)</u>	<u>\$ (291)</u>	<u>\$ 489</u>	<u>\$ 89</u>	<u>\$ (483)</u>	<u>\$ (432)</u>	<u>\$ (968)</u>
Covered payroll	\$ 106,512	\$ 99,848	\$ 93,383	\$ 87,877	\$ 81,654	\$ 82,151	\$ 77,159	\$ 75,740	\$ 75,990	\$ 71,847
Contributions as a percentage of covered payroll	16.43%	17.53%	18.74%	19.91%	20.45%	21.91%	23.33%	19.14%	19.08%	20.18%

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	Layered, 15 years starting 01/01/2014
Asset valuation method	3-year smoothed fair value
Inflation	2.25%
Salary increases	Age-based rates from 6.75% to 2.85%
Investment rate of return	6.50% net of pension plan investment expenses, including inflation.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality rates were based on the Combined RP-2014 Healthy Mortality Table projected with the Ultimate MP Scale for pre-retirement, Combined RP-2014 Healthy Annuitant Mortality Table projected with the Ultimate MP Scale for post-retirement, and Combined RP-2014 Disabled Annuitant Mortality Table projected with the Ultimate MP Scale for post-disablement.
Cost-of-living adjustment	2.25%

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
 Required Supplementary Information
 Schedule of Changes in the Total Other Postemployment Benefits Liability and Related Ratios
 2014 - 2023
 (amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability										
Service cost	\$ 497	\$ 553	\$ 481	\$ 424	\$ 511	\$ 558	\$ 655	\$ -	\$ -	\$ -
Interest	235	261	352	482	533	700	736	-	-	-
Effect of economic/demographic (gains) or losses	-	396	1,294	3	(1,812)	(1,813)	-	-	-	-
Effect of changes of assumptions	(1,479)	308	412	730	(327)	457	-	-	-	-
Benefit payments	(1,121)	(2,504)	(2,097)	(1,648)	(2,272)	(2,326)	(2,254)	-	-	-
Net change in total OPEB liability	(1,868)	(986)	442	(9)	(3,367)	(2,424)	(863)	-	-	-
Total OPEB liability-beginning	13,050	14,036	13,594	13,603	16,970	19,394	20,257	-	-	-
Total OPEB liability-ending (a)	\$ 11,182	\$ 13,050	\$ 14,036	\$ 13,594	\$ 13,603	\$ 16,970	\$ 19,394	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 99,848	\$ 93,383	\$ 87,877	\$ 81,654	\$ 82,151	\$ 78,369	\$ 78,510	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	11.20%	13.98%	15.97%	16.65%	16.56%	21.65%	24.70%	-%	-%	-%

Notes to schedule:

Information prior to 2017 was not available.

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

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

2023	4.05%
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%

OTHER SUPPLEMENTARY INFORMATION

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Other Supplementary Information
Revenue Water Improvement and Refunding Bonds Outstanding
December 31, 2023
(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2023	Amount			Bonds Which Are Callable	
		Issued	Retired	Outstanding	Callable	Initial Date
					Amount	Callable
May 22, 2012A	3.500-5.000%	\$ 36,555	\$ (6,655)	\$ 29,900	\$ 29,900	Dec 15, 2021
Jun 26, 2012B	3.000-5.000%	108,545	(104,380)	4,165	4,165	Dec 15, 2021
Sept 16, 2014A	3.000-5.000%	48,670	(4,940)	43,730	43,730	Dec 15, 2023
May 24, 2016A	2.500-5.000%	94,755	(28,610)	66,145	59,530	Sep 15, 2026
May 24, 2016B	2.000-5.000%	63,470	(19,505)	43,965	33,455	Sep 15, 2026
May 24, 2017A	3.000-5.000%	142,665	(9,810)	132,855	121,010	Sep 15, 2027
May 24, 2017B	3.000-5.000%	41,765	-	41,765	41,765	Sep 15, 2027
May 6, 2020A	3.000-5.250%	141,030	-	141,030	140,270	Sep 15, 2030
May 6, 2020B	2.375-5.000%	126,955	(17,370)	109,585	75,160	Sep 15, 2030
April 21, 2021A	2.000-5.000%	316,785	-	316,785	264,190	Dec 15, 2031
Sept 27, 2022A	2.000-5.000%	189,515	(1,410)	188,105	154,070	Dec 15, 2032
		<u>\$ 1,310,710</u>	<u>\$ (192,680)</u>	1,118,030	<u>\$ 967,245</u>	
Plus premium				75,335		
Total Revenue Bonds				<u>\$ 1,193,365</u>		

See accompanying Independent Auditors' Report.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Other Supplementary Information
Summary of Revenue Bond Debt Service Requirements Outstanding
2024 - 2053
(amounts expressed in thousands)

Year	Rev. Bond Retirements (Exhibit II-C)	Rev. Bond Interest (Exhibit II-D)	Total Debt Service
2024	\$ 22,555	\$ 42,464	\$ 65,019
2025	23,635	41,416	65,051
2026	24,765	40,287	65,052
2027	25,940	39,107	65,047
2028	27,035	38,017	65,052
2029	28,270	36,896	65,166
2030	29,500	35,666	65,166
2031	30,900	34,265	65,165
2032	32,370	32,792	65,162
2033	33,755	31,325	65,080
2034	35,140	29,815	64,955
2035	36,550	28,301	64,851
2036	37,865	26,881	64,746
2037	39,220	25,420	64,640
2038	40,700	24,092	64,792
2039	42,165	22,850	65,015
2040	43,715	21,514	65,229
2041	45,370	20,067	65,437
2042	47,205	18,475	65,680
2043	49,085	16,817	65,902
2044	50,880	15,022	65,902
2045	52,790	13,115	65,905
2046	54,935	10,961	65,896
2047	57,285	8,613	65,898
2048	59,360	6,536	65,896
2049	61,210	4,689	65,899
2050	63,115	2,780	65,895
2051	11,080	1,136	12,216
2052	11,635	582	12,217
2053	-	-	-
	1,118,030	669,901	1,787,931
Plus premium	75,335	-	75,335
	\$ 1,193,365	\$ 669,901	\$ 1,863,266

See accompanying Independent Auditors' Report.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
 Other Supplementary Information
 Schedule of Bond Retirements for Revenue Bonds Outstanding
 2024 - 2053
 (amounts expressed in thousands)

Year	Series 2012A Improvement	Series 2012B Refunding	Series 2014A Improv/Ref	Series 2016A Improv/Ref	Series 2016B Refunding	Series 2017A Improvement	Series 2017B Improvement	Series 2020A Improvement	Series 2020B Refunding	Series 2021A Improvement	Series 2022A Improvement	Total
2024	\$ 1,140	\$ 995	\$ 330	\$ 2,105	\$ 3,345	\$ 2,750	\$ -	\$ -	\$ 3,770	\$ 5,035	\$ 3,085	\$ 22,555
2025	1,185	755	360	2,210	3,495	2,885	-	-	3,970	5,535	3,240	23,635
2026	1,230	780	390	2,300	3,670	3,030	-	-	4,180	5,780	3,405	24,765
2027	1,280	805	420	2,395	3,855	3,180	-	-	4,390	6,040	3,575	25,940
2028	1,340	830	450	2,455	3,930	3,275	-	-	4,620	6,385	3,750	27,035
2029	1,400	-	475	2,515	4,020	970	2,440	85	4,870	7,555	3,940	28,270
2030	1,460	-	505	2,585	-	-	3,580	675	8,625	7,935	4,135	29,500
2031	1,530	-	530	2,660	-	-	3,760	570	9,175	8,330	4,345	30,900
2032	1,595	-	560	2,735	-	-	3,945	475	9,755	8,745	4,560	32,370
2033	1,670	-	585	2,820	-	-	4,065	365	10,365	9,095	4,790	33,755
2034	1,745	-	610	2,905	5,120	-	4,265	-	6,265	9,200	5,030	35,140
2035	1,820	-	640	2,990	5,310	-	4,480	-	6,540	9,490	5,280	36,550
2036	1,885	-	665	3,080	5,500	-	4,630	-	6,755	9,805	5,545	37,865
2037	1,960	-	695	3,180	5,720	-	4,790	-	6,935	10,120	5,820	39,220
2038	2,040	-	720	3,285	-	4,400	5,810	255	7,130	10,950	6,110	40,700
2039	2,120	-	750	3,385	-	9,500	-	1,330	7,325	11,390	6,365	42,165
2040	2,205	-	960	3,485	-	11,265	-	2,500	4,915	11,750	6,635	43,715
2041	2,295	-	6,350	3,590	-	11,475	-	2,720	-	12,025	6,915	45,370
2042	-	-	8,885	3,695	-	11,935	-	2,965	-	12,505	7,220	47,205
2043	-	-	9,240	3,810	-	12,300	-	3,225	-	12,975	7,535	49,085
2044	-	-	9,610	3,920	-	13,000	-	3,240	-	13,235	7,875	50,880
2045	-	-	-	4,040	-	13,605	-	13,375	-	13,500	8,270	52,790
2046	-	-	-	-	-	14,285	-	18,205	-	13,765	8,680	54,935
2047	-	-	-	-	-	15,000	-	19,110	-	14,060	9,115	57,285
2048	-	-	-	-	-	-	-	35,435	-	14,355	9,570	59,360
2049	-	-	-	-	-	-	-	36,500	-	14,660	10,050	61,210
2050	-	-	-	-	-	-	-	-	-	52,565	10,550	63,115
2051	-	-	-	-	-	-	-	-	-	-	11,080	11,080
2052	-	-	-	-	-	-	-	-	-	-	11,635	11,635
2053	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 29,900</u>	<u>\$ 4,165</u>	<u>\$ 43,730</u>	<u>\$ 66,145</u>	<u>\$ 43,965</u>	<u>\$ 132,855</u>	<u>\$ 41,765</u>	<u>\$ 141,030</u>	<u>\$ 109,585</u>	<u>\$ 316,785</u>	<u>\$ 188,105</u>	<u>1,118,030</u>

Plus premium

75,335

\$ 1,193,365

See accompanying Independent Auditors' Report.

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
 Other Supplementary Information
 Schedule of Bond Interest for Revenue Bonds Outstanding
 2024 - 2053

(amounts expressed in thousands)

Year	Series 2012A Improvement	Series 2012B Refunding	Series 2014A Improv/Ref	Series 2016A Improv/Ref	Series 2016B Refunding	Series 2017A Improvement	Series 2017B Improvement	Series 2020A Improvement	Series 2020B Refunding	Series 2021A Improvement	Series 2022A Improvement	Total
2024	\$ 1,247	\$ 135	\$ 1,685	\$ 2,053	\$ 1,459	\$ 6,069	\$ 1,702	\$ 5,085	\$ 4,363	\$ 9,538	\$ 9,128	\$ 42,464
2025	1,201	95	1,671	1,948	1,292	5,987	1,702	5,085	4,174	9,287	8,974	41,416
2026	1,154	72	1,657	1,860	1,117	5,842	1,702	5,085	3,976	9,010	8,812	40,287
2027	1,105	49	1,645	1,768	933	5,691	1,702	5,085	3,767	8,721	8,641	39,107
2028	1,047	25	1,633	1,708	856	5,532	1,702	5,085	3,547	8,419	8,463	38,017
2029	987	-	1,619	1,643	768	5,401	1,703	5,085	3,316	8,099	8,275	36,896
2030	924	-	1,605	1,574	677	5,352	1,581	5,080	3,073	7,722	8,078	35,666
2031	858	-	1,590	1,503	678	5,352	1,401	5,045	2,641	7,325	7,872	34,265
2032	789	-	1,574	1,423	678	5,353	1,214	5,016	2,182	6,908	7,655	32,792
2033	718	-	1,556	1,341	677	5,352	1,095	4,993	1,695	6,471	7,427	31,325
2034	642	-	1,537	1,256	678	5,353	892	4,974	1,280	6,016	7,187	29,815
2035	564	-	1,517	1,169	524	5,353	679	4,974	1,029	5,556	6,936	28,301
2036	500	-	1,495	1,080	364	5,353	527	4,974	834	5,082	6,672	26,881
2037	425	-	1,473	980	186	5,352	371	4,974	673	4,592	6,394	25,420
2038	346	-	1,449	876	-	5,352	204	4,974	500	4,288	6,103	24,092
2039	265	-	1,423	778	-	5,177	-	4,967	320	4,069	5,851	22,850
2040	180	-	1,397	676	-	4,796	-	4,914	129	3,841	5,581	21,514
2041	92	-	1,363	572	-	4,346	-	4,789	-	3,606	5,299	20,067
2042	-	-	1,109	464	-	3,887	-	4,653	-	3,366	4,996	18,475
2043	-	-	754	353	-	3,410	-	4,504	-	3,116	4,680	16,817
2044	-	-	384	239	-	2,794	-	4,408	-	2,856	4,341	15,022
2045	-	-	-	121	-	2,145	-	4,310	-	2,591	3,948	13,115
2046	-	-	-	-	-	1,464	-	3,642	-	2,321	3,534	10,961
2047	-	-	-	-	-	750	-	2,731	-	2,032	3,100	8,613
2048	-	-	-	-	-	-	-	2,158	-	1,734	2,644	6,536
2049	-	-	-	-	-	-	-	1,095	-	1,429	2,165	4,689
2050	-	-	-	-	-	-	-	-	-	1,117	1,663	2,780
2051	-	-	-	-	-	-	-	-	-	-	1,136	1,136
2052	-	-	-	-	-	-	-	-	-	-	582	582
2053	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 13,044</u>	<u>\$ 376</u>	<u>\$ 30,136</u>	<u>\$ 25,385</u>	<u>\$ 10,887</u>	<u>\$ 111,463</u>	<u>\$ 18,177</u>	<u>\$ 117,685</u>	<u>\$ 37,499</u>	<u>\$ 139,112</u>	<u>\$ 166,137</u>	<u>\$ 669,901</u>

See accompanying Independent Auditors' Report.

III - STATISTICAL SECTION - CONTENTS AND EXPLANATIONS

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

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(continued)

III- STATISTICAL SECTION - CONTENTS AND EXPLANATIONS (continued)

E - Operating Information**III-53**

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

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

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

STATISTICAL SUMMARY: 2014 - 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Population served ¹	1,297,000	1,295,000	1,287,000	1,277,000	1,270,000	1,261,000	1,248,000	1,238,000	1,222,000	1,197,000
Total treated water consumption (million gallons) ²	59,138	68,358	65,238	70,039	64,788	67,149	63,809	65,004	60,116	61,185
Average daily consumption (million gallons)	162.02	187.28	178.73	191.89	177.50	183.97	174.82	178.09	164.70	167.63
Average daily consumption per capita (gallons) ¹	124.92	144.62	138.88	150.26	139.76	145.89	140.08	143.86	134.78	140.04
Maximum daily consumption (million gallons)	334.20	372.51	369.60	380.45	371.11	396.40	364.92	355.88	344.26	335.20
Maximum hour treated water use rate (million gallons per day)	604.00	658.40	648.00	670.00	572.60	637.00	628.50	592.00	499.30	603.60
Raw water storage capacity (acre-feet) ³	570,368	570,368	570,166	570,196	570,196	569,648	569,648	568,642	569,534	569,534
Replacement reservoir storage capacity (acre-feet)	129,488	129,488	129,487	129,487	129,487	125,993	125,993	122,432	122,432	122,432
Supply from South Platte River & Effluent Exchange (acre-feet)	123,680	107,268	144,595	102,012	151,288	78,967	132,115	158,324	166,561	148,680
Supply from Roberts Tunnel/Blue River system (acre-feet)	95,968	89,529	60,425	65,995	80,424	56,101	86,124	40,795	39,801	77,765
Supply from Moffat system (acre-feet)	103,485	86,084	82,168	78,952	98,804	86,144	79,639	75,551	73,016	73,585
Maximum treated water pumping capacity (mgd)	1,073.8	1,073.8	1,050.8	1,050.8	1,048.4	1,048.4	1,048.4	1,048.4	1,048.4	1,007.9
Raw water pumping capacity (mgd)	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2
Treatment plant capacity (mgd) ⁵	560.0	560.0	560.0	650.0	650.0	650.0	715.0	715.0	715.0	715.0
Treated water reservoir capacity (million gallons)	351.8	351.8	351.8	351.8	351.8	351.8	351.4	351.4	351.4	353.3
Raw water supply mains in miles (mountain collection system)	91.2	91.2	90.9	90.9	87.1	77.5	77.5	77.3	77.4	77.4
Raw water supply mains in miles (metropolitan Denver area) ⁷	49.8	49.7	49.2	49.1	57.8	57.0	57.1	54.3	54.2	54.0
Treated water mains in system in miles ⁸	3,225.4	3,217.3	3,202.9	3,191.0	3,175.7	3,158.5	3,142.6	3,109.3	3,091.7	3,074.2
Recycled water transmission & distribution mains in miles	73.7	73.8	75.5	75.5	72.4	71.7	70.4	73.5	67.2	67.0
Total active taps - end of year	311,939	312,026	312,057	312,220	312,283	312,675	312,746	312,876	312,653	312,908
Fire hydrants operated and maintained ⁶	22,295	22,102	21,873	21,465	22,219	21,195	20,967	20,556	20,269	20,030
Fire hydrants tested and repaired	21,980	20,214	19,733	17,438	23,643	24,922	25,990	23,909	18,093	29,506
Breaks in mains - Denver	331	348	297	423	294	275	275	225	262	191
Service leaks	352	353	431	484	597	538	508	503	542	337
Total employees (actual)	1,121.7	1,105.5	1,077.5	1,046.5	1,047.7	1,000.7	1,033.3	1,058.0	1,057.3	1,064.6
Additions to capital assets (thousands)	\$ 361,547	\$ 362,414	\$ 326,829	\$ 358,985	\$ 221,640	\$ 228,169	\$ 182,880	\$ 152,528	\$ 131,054	\$ 125,374
Total long-term debt (thousands) ⁴	\$ 1,333,349	\$ 1,260,090	\$ 1,049,713	\$ 725,137	\$ 590,026	\$ 615,945	\$ 642,877	\$ 463,553	\$ 416,196	\$ 418,200

¹Population estimates are treated water customers only.

²In 2023, Denver Water had three potable water treatment facilities.

³In 2023, Denver Water had 17 raw water reservoirs. This capacity is based on the decreed amounts.

⁴Long-term debt consists of current and long-term portions of bonds payable (net of discounts and premiums), Federal loan, right-to-use asset payables and notes payable.

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

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

⁷In 2020, Conduit 16 was abandoned. It was replaced in 2021.

⁸In 2022, updated Recycled Plant with recent survey data that changed the type of water from recycle to process pipe.

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A - FINANCIAL TRENDS INFORMATION

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

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NET POSITION BY COMPONENT ^{1,2}: 2014 - 2023

(amounts expressed in thousands)

	2023	2022	2021	2020	Restated 2019 ⁵	2018	Restated 2017 ⁴	2016	2015	Restated 2014 ³
NET POSITION:										
Net investment in capital assets	\$ 2,466,644	\$ 2,326,336	\$ 2,303,963	\$ 2,210,363	\$ 2,068,071	\$ 1,946,849	\$ 1,803,684	\$ 1,788,250	\$ 1,735,020	\$ 1,641,601
Restricted for debt service	5,111	4,565	4,385	4,497	12,578	14,038	12,743	14,005	12,047	12,375
Restricted - other	-	3,539	30	30	56	56	400	500	-	-
Unrestricted	204,959	295,465	183,693	179,898	194,967	233,678	263,856	202,692	170,963	171,648
Total net position	\$ 2,676,714	\$ 2,629,905	\$ 2,492,071	\$ 2,394,788	\$ 2,275,672	\$ 2,194,621	\$ 2,080,683	\$ 2,005,447	\$ 1,918,030	\$ 1,825,624

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

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

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

⁴The 2017 financial statements were restated as part of the implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*.

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION ^{1,2}: 2014 - 2023

(amounts expressed in thousands)

	2023	2022	2021	2020	Restated 2019 ⁶	2018	Restated 2017 ⁴	2016	2015	Restated 2014 ³
OPERATING REVENUES:										
Water	\$ 320,689	\$ 349,863	\$ 323,711	\$ 343,027	\$ 303,728	\$ 307,743	\$ 286,139	\$ 273,238	\$ 241,836	\$ 239,288
Power generation and other	11,085	12,556	12,283	14,174	13,427	12,813	12,366	11,216	10,224	11,380
Total operating revenues	331,774	362,419	335,994	357,201	317,155	320,556	298,505	284,454	252,060	250,668
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	121,450	115,150	100,878	93,901	107,693	88,231	84,733	82,418	75,972	83,091
General and administrative	113,595	99,421	93,081	100,059	104,741	99,469	97,926	103,380	81,994	85,347
Customer service	16,355	14,080	13,440	13,669	14,198	11,660	11,001	11,370	9,962	10,851
Depreciation and amortization	69,306	64,036	60,919	55,691	51,345	51,667	62,348	50,352	47,897	45,772
Total operating expenses	320,706	292,687	268,318	263,320	277,977	251,027	256,008	247,520	215,825	225,061
OPERATING INCOME	11,068	69,732	67,676	93,881	39,178	69,529	42,497	36,934	36,235	25,607
NONOPERATING REVENUES (EXPENSES):										
Investment income (loss)	12,558	(4,649)	(1,334)	2,890	8,394	6,219	2,140	1,603	1,479	1,552
Interest expense ⁵	(37,100)	(28,586)	(25,022)	(21,293)	(21,603)	(22,093)	(12,711)	(11,446)	(13,049)	(12,664)
Loss on disposition of capital assets	(2,931)	(1,945)	(4,587)	(5,754)	(18,475)	(2,823)	(11,443)	(6,348)	(4,720)	(5,394)
Other income	19,889	7,671	4,989	7,284	8,275	6,982	7,996	7,426	5,595	6,143
Other expense	(16,461)	(6,936)	(4,985)	(1,515)	(2,175)	(3,869)	(2,657)	(1,861)	(2,499)	(2,252)
Total nonoperating expenses, net	(24,045)	(34,445)	(30,939)	(18,388)	(25,584)	(15,584)	(16,675)	(10,626)	(13,194)	(12,615)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(12,977)	35,287	36,737	75,493	13,594	53,945	25,822	26,308	23,041	12,992
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	33,755	26,853	22,310	21,167	15,957	19,113	14,781	22,147	33,256	23,190
System development charges	26,031	75,694	38,236	22,456	38,561	40,880	42,486	38,962	36,109	32,736
Total capital contributions	59,786	102,547	60,546	43,623	54,518	59,993	57,267	61,109	69,365	55,926
INCREASE IN NET POSITION	46,809	137,834	97,283	119,116	68,112	113,938	83,089	87,417	92,406	68,918
NET POSITION:										
Beginning of year	2,629,905	2,492,071	2,394,788	2,275,672	2,194,621	2,080,683	2,005,447	1,918,030	1,825,624	1,822,128
Cumulative effect of restatements					12,939		(7,853)			(65,422)
Restated beginning net position					2,207,560		1,997,594			1,756,706
End of year	\$ 2,676,714	\$ 2,629,905	\$ 2,492,071	\$ 2,394,788	\$ 2,275,672	\$ 2,194,621	\$ 2,080,683	\$ 2,005,447	\$ 1,918,030	\$ 1,825,624

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

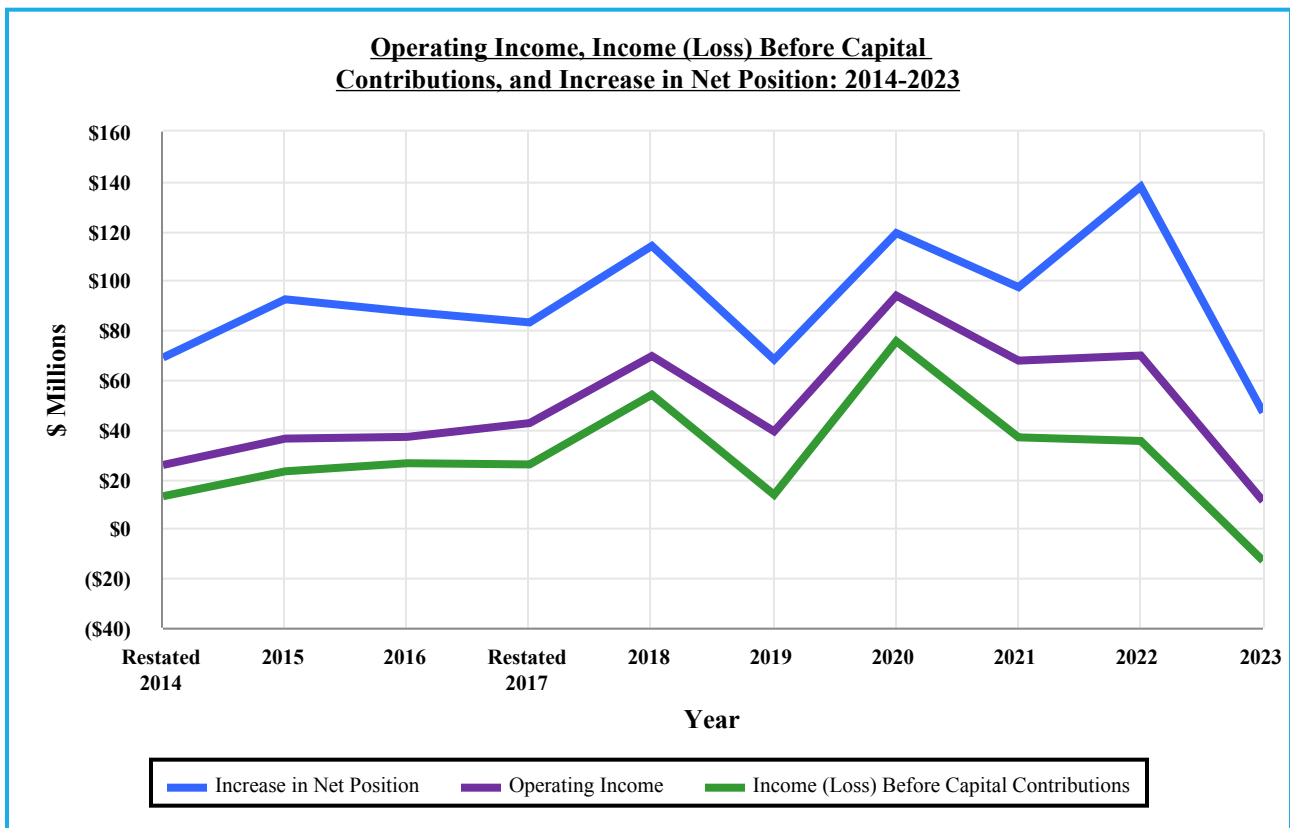
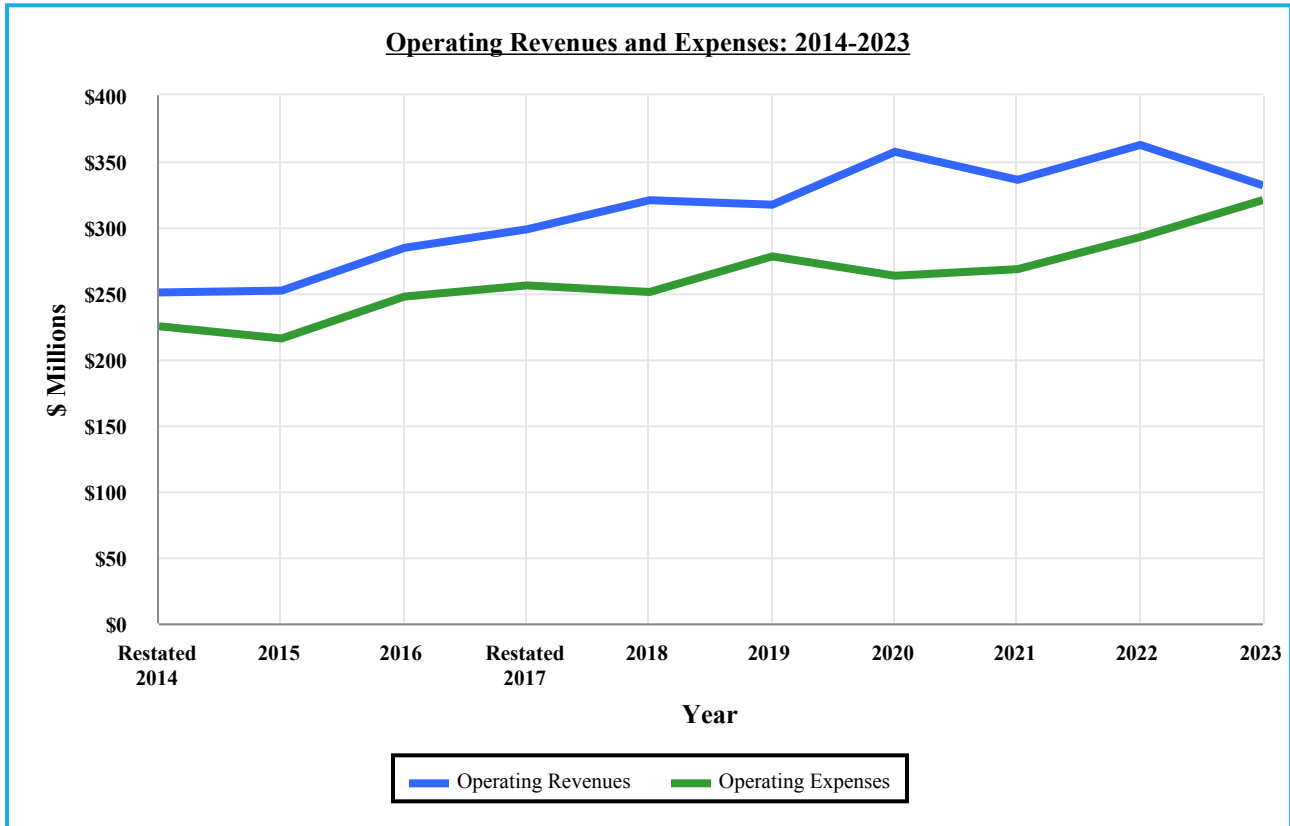
²Certain reclassifications have been made to prior years' information to conform to the current year presentation.

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

⁴The 2017 financial statements were restated as part of the implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*.

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

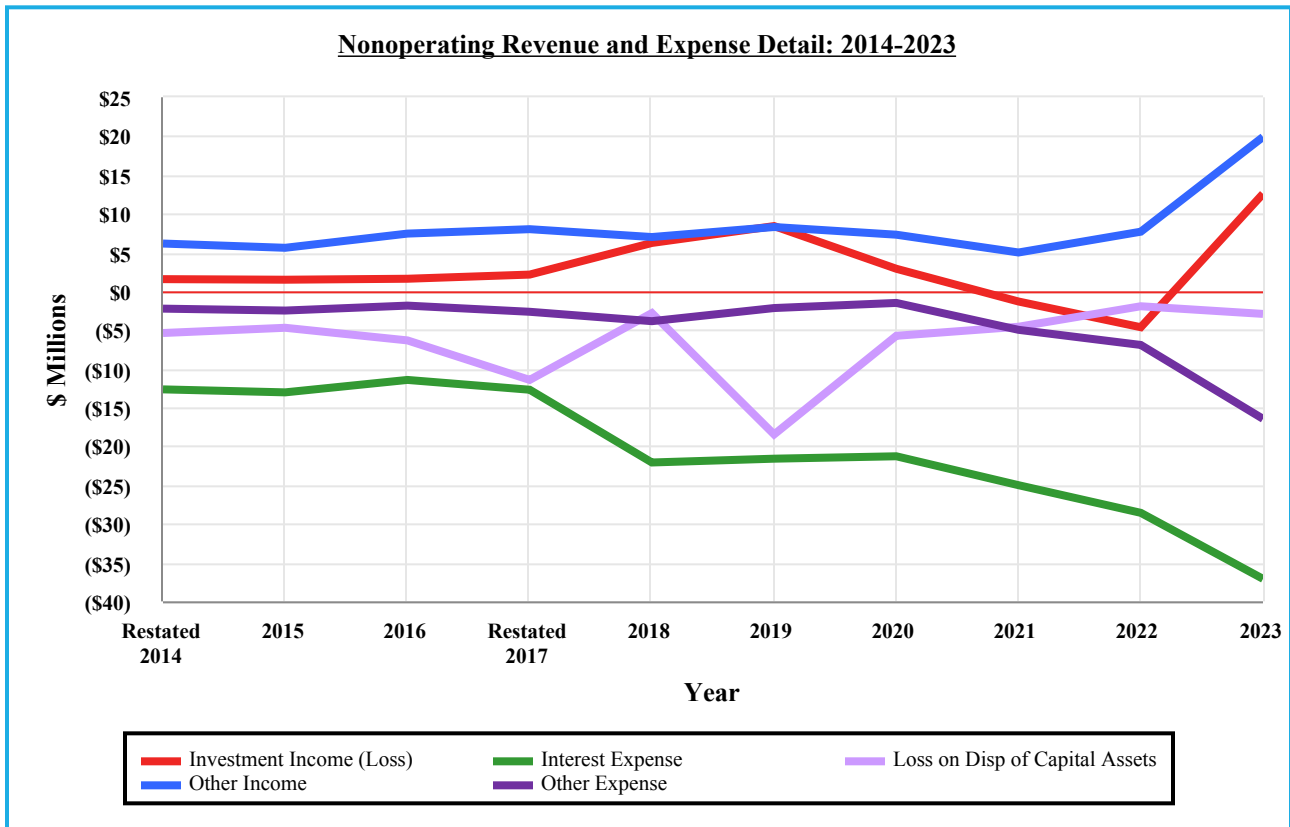
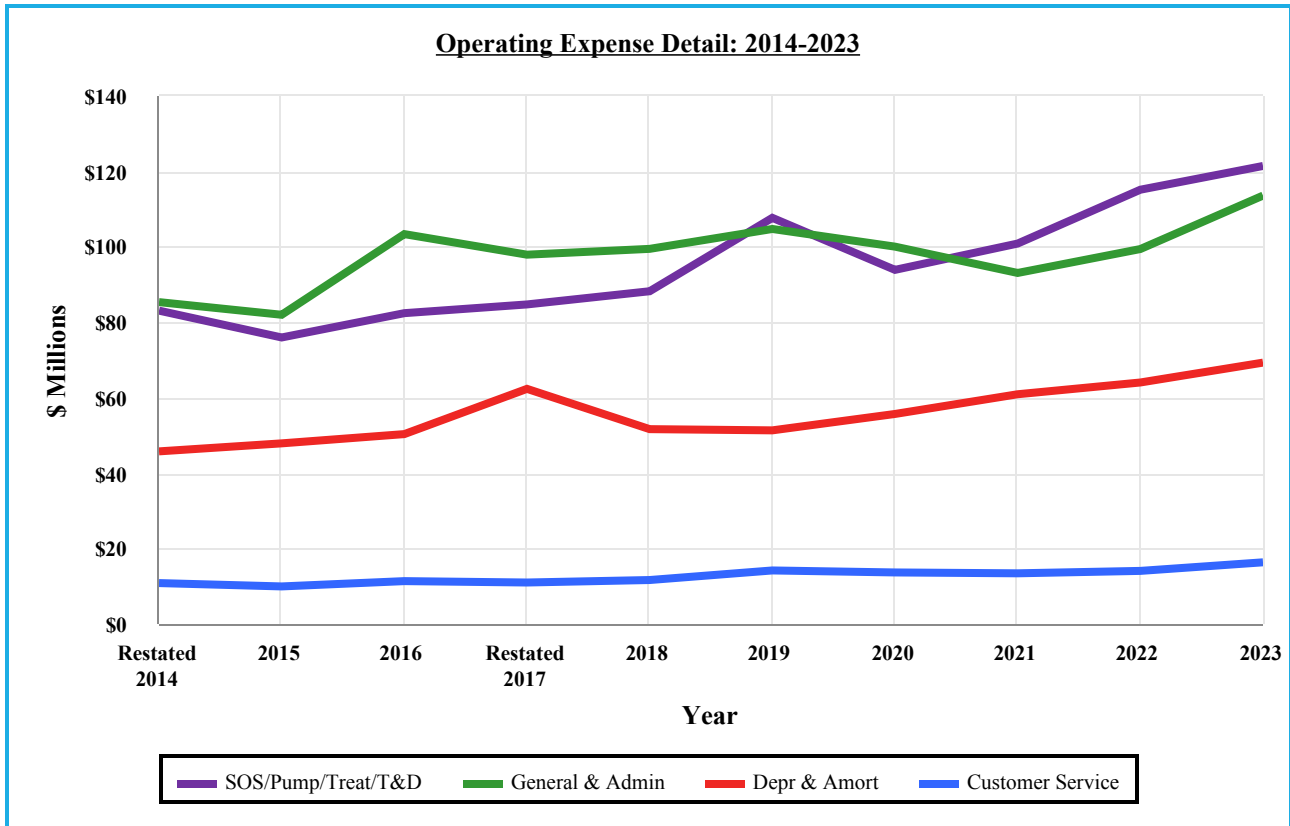
⁶The 2019 beginning net position was restated for the cumulative effect of reversing the amortization taken on the Wolford Mountain lease.



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

(continued)

REVENUES, EXPENSES, AND CHANGES IN NET POSITION - 10 YEAR GRAPHS¹: 2014 - 2023 (continued)



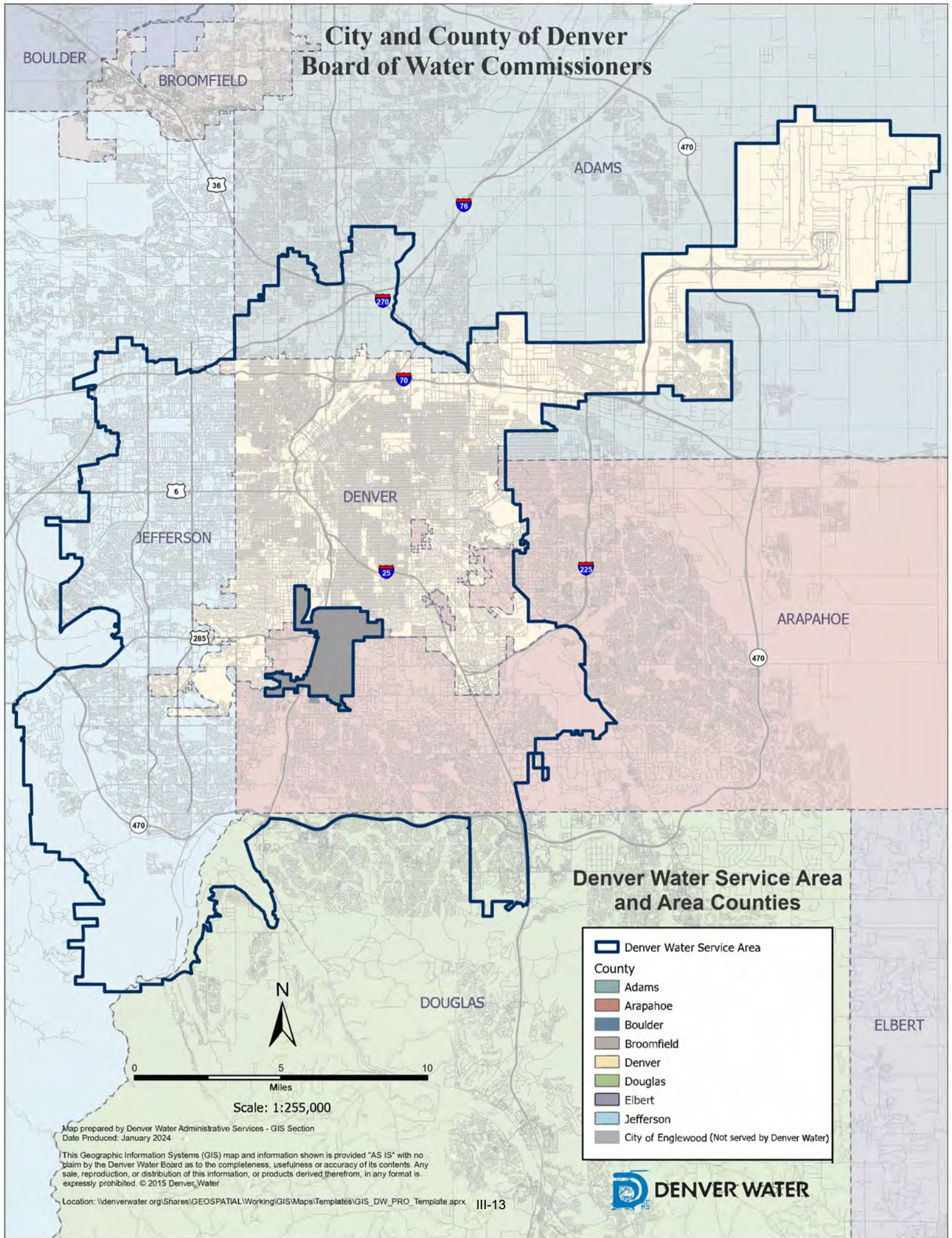
¹Operating expenses, operating income, income (loss) before contributions, and net position were restated for 2014 and 2017 as part of the implementation of new GASB Statements.

B - REVENUE CAPACITY INFORMATION

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

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City and County of Denver Board of Water Commissioners



Denver Water Service Area and Area Counties

- Denver Water Service Area
- County
- Adams
- Arapahoe
- Boulder
- Broomfield
- Denver
- Douglas
- Elbert
- Jefferson
- City of Englewood (Not served by Denver Water)

Map prepared by Denver Water Administrative Services - GIS Section
Date Produced: January 2024

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CUSTOMER SERVICE DATA: 2014 - 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Active Taps:</u> ¹										
Beginning of Year	312,026	312,057	312,220	312,283	312,691	312,746	312,876	312,653	312,908	312,228
Activated During Year	633	702	609	789	944	887	992	1,139	1,105	1,250
Discontinued During Year	(720)	(733)	(772)	(852)	(1,352)	(942)	(1,122)	(916)	(1,360)	(570)
Net Increase / (Decrease) During Year	(87)	(31)	(163)	(63)	(408)	(55)	(130)	223	(255)	680
Total Active Taps - End of Year	311,939	312,026	312,057	312,220	312,283	312,691	312,746	312,876	312,653	312,908
<u>Active Taps:</u> ¹										
Inside City	161,183	161,234	161,218	161,321	161,346	161,670	161,746	161,816	161,611	161,997
City and County	1,174	1,177	1,180	1,188	1,182	1,201	1,215	1,225	1,229	1,236
Outside City - Read and Bill	37,065	37,056	37,063	37,054	37,043	37,048	37,050	37,051	37,020	36,911
Outside City - Total Service	36,473	36,479	36,478	36,471	36,475	36,504	36,466	36,462	36,452	36,408
Outside City - Master Meter	76,044	76,080	76,118	76,186	76,237	76,268	76,269	76,322	76,341	76,356
Total Active Taps - End of Year	311,939	312,026	312,057	312,220	312,283	312,691	312,746	312,876	312,653	312,908
Stub-Ins on System ²	1,398	733	1,972	2,649	1,249	1,807	2,203	1,179	766	1,146
Fire Hydrant Use Permits	540	746	717	689	768	741	708	730	673	631
Turn-Offs Due to Delinquent Accounts ⁶	5,640	1,968	310	1,942	7,953	8,169	7,287	6,275	4,996	5,630
In-Home Water Audits ⁵	-	-	-	-	-	119	1,170	1,172	1,005	1,162
Call Center Calls ³	180,753	188,548	238,113	220,791	227,166	215,766	218,411	230,002	231,620	214,867
Water Quality Calls:										
Taste and Odor	108	143	99	137	291	226	176	214	213	180
Dirty Water	266	264	268	278	500	382	359	296	335	300
Illness Concerns	61	61	42	21	65	49	57	49	56	47
Other ⁴	273	149	61	86	3,473	2,650	1,279	654	94	89
New Taps Made	1,422	1,308	1,924	2,914	2,115	2,242	2,806	2,710	2,165	2,289

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

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

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

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

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

⁶Turn-offs due to delinquency decreased significantly in 2020, 2021, and 2022 due to the decision to stop turn-offs for periods during the COVID-19 pandemic. Turn offs resumed in June 2022.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2014 - 2023¹

(amounts expressed in thousands)

		2023	2022	2021	2020	2019	2018	2017	2016 ²	2015	2014
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS 2016 - 2023											
Residential	Inside City	\$ 70,795	\$ 75,143	\$ 71,616	\$ 76,009	\$ 65,567	\$ 66,793	\$ 61,877	\$ 58,477	\$ -	\$ -
	Outside City-Read and Bill	20,088	24,331	23,257	26,564	21,369	22,205	20,948	21,461	-	-
	Outside City-Total Service	31,052	37,374	34,576	40,585	31,577	32,219	27,509	27,095	-	-
Irrigation	Inside City	5,380	6,635	5,969	6,693	5,588	5,746	4,681	4,430	-	-
	Outside City-Read and Bill	3,142	3,975	3,553	4,329	3,058	3,327	2,830	3,056	-	-
	Outside City-Total Service	4,376	5,990	5,223	6,276	4,856	5,062	3,873	4,129	-	-
Non-Residential	Inside City	65,652	64,702	59,663	58,117	56,899	56,978	53,396	47,711	-	-
	Outside City-Read and Bill	11,688	13,191	12,108	12,791	11,965	12,409	12,583	12,214	-	-
	Outside City-Total Service	15,449	16,298	14,874	15,921	14,685	14,383	12,595	11,750	-	-
		227,622	247,639	230,839	247,285	215,564	219,122	200,292	190,323	-	-
A. METERED GENERAL CUSTOMERS 2014 - 2015											
Residential	Inside City	-	-	-	-	-	-	-	-	49,842	49,114
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	17,623	16,938
	Outside City-Total Service	-	-	-	-	-	-	-	-	21,943	22,113
Residential Irrigation	Inside City	-	-	-	-	-	-	-	-	1,044	1,028
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	770	753
	Outside City-Total Service	-	-	-	-	-	-	-	-	682	661
Small Multi-Family	Inside City	-	-	-	-	-	-	-	-	4,974	4,932
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	477	484
	Outside City-Total Service	-	-	-	-	-	-	-	-	785	781
Commercial	Inside City	-	-	-	-	-	-	-	-	36,651	35,883
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	8,940	9,010
	Outside City-Total Service	-	-	-	-	-	-	-	-	9,284	9,434
Industrial	Inside City	-	-	-	-	-	-	-	-	3,033	3,090
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	1,102	1,121
	Outside City-Total Service	-	-	-	-	-	-	-	-	154	143
Other Irrigation	Inside City	-	-	-	-	-	-	-	-	2,567	2,629
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	1,674	1,584
	Outside City-Total Service	-	-	-	-	-	-	-	-	2,510	2,426
		-	-	-	-	-	-	-	-	164,055	162,124

See accompanying footnotes on final page of report.

(continued)

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2014 - 2023¹ (continued)

(amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016 ²	2015	2014
B. PRIVATE FIRE PROTECTION SERVICE 2016 - 2023										
Sprinklers										
Inside City	\$ 1,085	\$ 1,066	\$ 1,041	\$ 1,013	\$ 982	\$ 955	\$ 928	\$ 895	\$ -	\$ -
Outside City-Read and Bill	101	102	101	99	97	92	93	88	-	-
Outside City-Total Service	175	177	173	171	169	163	153	146	-	-
	1,361	1,345	1,315	1,283	1,248	1,210	1,174	1,129	-	-
B. PRIVATE FIRE PROTECTION SERVICE 2014 - 2015										
Sprinklers										
Inside City	-	-	-	-	-	-	-	-	868	840
Outside City-Read and Bill	-	-	-	-	-	-	-	-	86	84
Outside City-Total Service	-	-	-	-	-	-	-	-	142	139
	-	-	-	-	-	-	-	-	1,096	1,063
C. OTHER SALES TO PUBLIC AUTHORITIES 2016 - 2023										
City & County of Denver										
Irrigation	3,484	4,287	3,539	3,941	3,786	3,946	3,336	3,452	-	-
Non-Irrigation	2,435	2,391	2,183	1,954	2,367	2,402	2,349	2,298	-	-
	5,919	6,678	5,722	5,895	6,153	6,348	5,685	5,750	-	-
C. OTHER SALES TO PUBLIC AUTHORITIES 2014 - 2015										
City & County of Denver										
Irrigation	-	-	-	-	-	-	-	-	2,626	2,707
Non-Irrigation	-	-	-	-	-	-	-	-	2,078	1,927
Other County Agencies										
Inside City	-	-	-	-	-	-	-	-	1,016	971
Outside City-Read and Bill	-	-	-	-	-	-	-	-	608	768
Outside City-Total Service	-	-	-	-	-	-	-	-	750	736
State Agencies										
Inside City	-	-	-	-	-	-	-	-	361	361
Outside City-Read and Bill	-	-	-	-	-	-	-	-	51	46
Outside City-Total Service	-	-	-	-	-	-	-	-	5	6
Federal Agencies										
Inside City	-	-	-	-	-	-	-	-	54	127
Outside City-R&B at Denver Rates	-	-	-	-	-	-	-	-	31	9
Outside City-Read and Bill	-	-	-	-	-	-	-	-	44	49
Total Service	-	-	-	-	-	-	-	-	1	2
	-	-	-	-	-	-	-	-	7,625	7,709

See accompanying footnotes on final page of report.

(continued)

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2014 - 2023¹ (continued)

(amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016 ²	2015	2014
D. SALES OF TREATED WATER FOR RESALE 2016 - 2023										
Outside City - Master Meter	\$ 70,852	\$ 78,008	\$ 74,189	\$ 74,732	\$ 67,653	\$ 66,910	\$ 64,604	\$ 65,479	\$ -	\$ -
Outside the Combined Service Area	4,361	4,554	2,543	4,111	5,038	4,283	4,545	3,704	-	-
	75,213	82,562	76,732	78,843	72,691	71,193	69,149	69,183	-	-
D. SALES OF TREATED WATER FOR RESALE 2014 - 2015										
Outside City - Master Meter	-	-	-	-	-	-	-	-	48,906	48,371
Outside the Combined Service Area	-	-	-	-	-	-	-	-	13,034	13,598
	-	-	-	-	-	-	-	-	61,940	61,969
TOTAL SALES OF TREATED WATER	310,115	338,224	314,608	333,306	295,656	297,873	276,300	266,385	234,716	232,865
SALES OF NON-POTABLE WATER	10,733	11,440	9,436	10,544	8,656	9,143	8,735	8,133	7,509	5,912
TOTAL SALES OF WATER	\$ 320,848	\$ 349,664	\$ 324,044	\$ 343,850	\$ 304,312	\$ 307,016	\$ 285,035	\$ 274,518	\$ 242,225	\$ 238,777

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

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

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2014 - 2023¹

(amounts expressed in thousands of gallons)

SALES OF TREATED WATER		2023	2022	2021	2020	2019	2018	2017	2016 ²	2015	2014
A. METERED GENERAL CUSTOMERS 2016-2023											
Residential	Inside City	11,106,173	13,051,564	12,815,473	14,174,959	12,140,925	12,874,463	12,330,988	12,435,755	-	-
	Outside City-Read and Bill	3,255,418	4,137,697	3,975,452	4,642,888	3,786,607	4,172,241	4,056,528	4,231,865	-	-
	Outside City-Total Service	3,784,725	4,880,277	4,613,040	5,451,159	4,367,239	4,798,720	4,390,838	4,533,837	-	-
Irrigation	Inside City	808,020	1,079,526	967,467	1,126,724	956,174	1,030,278	895,806	911,999	-	-
	Outside City-Read and Bill	494,499	634,291	565,145	715,688	496,711	573,435	509,332	554,832	-	-
	Outside City-Total Service	487,690	714,712	660,153	786,459	593,106	679,961	559,663	624,619	-	-
Non-Residential	Inside City	15,210,375	15,758,614	15,160,810	15,231,416	15,524,638	15,824,790	15,520,778	15,543,153	-	-
	Outside City-Read and Bill	2,506,724	2,818,746	2,686,913	2,879,034	2,795,512	2,944,739	3,030,397	3,073,586	-	-
	Outside City-Total Service	2,414,438	2,671,023	2,564,918	2,793,690	2,706,297	2,801,073	2,568,339	2,570,546	-	-
		40,068,062	45,746,450	44,009,371	47,802,017	43,367,209	45,699,700	43,862,669	44,480,192	-	-
A. METERED GENERAL CUSTOMERS 2014-2015											
Residential	Inside City	-	-	-	-	-	-	-	-	11,359,464	11,603,885
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	3,714,016	3,722,505
	Outside City-Total Service	-	-	-	-	-	-	-	-	3,957,317	4,051,615
Residential Irrigation	Inside City	-	-	-	-	-	-	-	-	215,336	209,084
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	144,812	145,195
	Outside City-Total Service	-	-	-	-	-	-	-	-	105,991	107,181
Small Multi-Family	Inside City	-	-	-	-	-	-	-	-	1,355,336	1,386,032
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	120,007	123,537
	Outside City-Total Service	-	-	-	-	-	-	-	-	160,073	162,590
Commercial	Inside City	-	-	-	-	-	-	-	-	11,877,715	11,865,891
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	2,232,004	2,257,606
	Outside City-Total Service	-	-	-	-	-	-	-	-	2,032,945	2,071,909
Industrial	Inside City	-	-	-	-	-	-	-	-	1,061,877	1,116,290
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	300,802	306,221
	Outside City-Total Service	-	-	-	-	-	-	-	-	33,596	31,138
Other Irrigation	Inside City	-	-	-	-	-	-	-	-	543,870	550,833
	Outside City-Read and Bill	-	-	-	-	-	-	-	-	318,000	307,594
	Outside City-Total Service	-	-	-	-	-	-	-	-	398,268	396,232
		-	-	-	-	-	-	-	-	39,931,429	40,415,338

See accompanying footnotes on final page of report.

(continued)

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2014 - 2023¹ (continued)

(amounts expressed in thousands of gallons)

	2023	2022	2021	2020	2019	2018	2017	2016 ²	2015	2014
B. OTHER SALES TO PUBLIC AUTHORITIES 2016-2023										
City & County of Denver Irrigation	1,074,930	1,460,010	1,177,589	1,353,272	1,289,197	1,513,942	1,166,206	1,266,661	-	-
Non-Irrigation	740,855	773,177	723,848	640,018	868,385	921,556	909,091	914,444	-	-
	1,815,785	2,233,187	1,901,437	1,993,290	2,157,582	2,435,498	2,075,297	2,181,105	-	-
B. OTHER SALES TO PUBLIC AUTHORITIES 2014-2015										
City & County of Denver Irrigation	-	-	-	-	-	-	-	-	978,144	1,026,040
Non-Irrigation	-	-	-	-	-	-	-	-	843,730	802,951
Other County Agencies Inside City	-	-	-	-	-	-	-	-	302,066	291,796
Outside City-Read and Bill	-	-	-	-	-	-	-	-	160,303	190,837
Outside City-Total Service	-	-	-	-	-	-	-	-	149,410	146,595
State Agencies Inside City	-	-	-	-	-	-	-	-	116,022	117,316
Outside City-Read and Bill	-	-	-	-	-	-	-	-	11,139	10,783
Outside City-Total Service	-	-	-	-	-	-	-	-	1,088	1,225
Federal Agencies Inside City	-	-	-	-	-	-	-	-	20,840	40,390
Outside City-R&B at Denver Rates	-	-	-	-	-	-	-	-	6,991	5,341
Outside City-Read and Bill	-	-	-	-	-	-	-	-	10,166	11,486
Total Service	-	-	-	-	-	-	-	-	296	451
	-	-	-	-	-	-	-	-	2,600,195	2,645,211
C. SALES OF TREATED WATER FOR RESALE 2016-2023										
Outside City - Master Meter	14,550,612	16,481,268	16,293,551	16,569,814	15,436,191	15,877,990	15,481,203	15,767,447	-	-
Outside the Combined Service Area	955,725	942,167	523,597	872,063	1,075,729	914,992	995,827	828,540	-	-
	15,506,337	17,423,435	16,817,148	17,441,877	16,511,920	16,792,982	16,477,030	16,595,987	-	-
C. SALES OF TREATED WATER FOR RESALE 2014-2015										
Outside City - Master Meter	-	-	-	-	-	-	-	-	12,130,614	12,264,584
Outside the Combined Service Area	-	-	-	-	-	-	-	-	3,147,757	3,326,368
	-	-	-	-	-	-	-	-	15,278,371	15,590,952
TOTAL SALES OF TREATED WATER	57,390,184	65,403,072	62,727,956	67,237,184	62,036,711	64,928,180	62,414,996	63,257,284	57,809,995	58,651,501

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

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

OPERATING REVENUE AND RELATED WATER CONSUMPTION: 2023

		Revenue (thousands)	Gallons Sold (thousands)	Number of Customers ¹	Revenue per 1,000 Gallons
I.	SALES OF TREATED WATER				
A.	METERED GENERAL CUSTOMERS				
	Residential				
	Inside City	\$ 70,795	11,106,173	144,128	\$ 6.3744
	Outside City-Read and Bill	20,088	3,255,418	32,264	6.1706
	Outside City-Total Service	31,052	3,784,725	34,362	8.2046
	Irrigation				
	Inside City	5,380	808,020	1,607	6.6583
	Outside City-Read and Bill	3,142	494,499	468	6.3539
	Outside City-Total Service	4,376	487,690	661	8.9729
	Non-Residential				
	Inside City	65,652	15,210,375	25,740	4.3163
	Outside City-Read and Bill	11,688	2,506,724	3,128	4.6627
	Outside City-Total Service	15,449	2,414,438	3,993	6.3986
		<u>227,622</u>	<u>40,068,062</u>	<u>246,351</u>	<u>5.6809</u>
B.	PRIVATE FIRE PROTECTION SERVICE ²				
	Sprinklers				
	Inside City	1,085	-		
	Outside City-Read and Bill	101	-		
	Outside City-Total Service	175	-		
		<u>1,361</u>	<u>-</u>		
C.	OTHER SALES TO PUBLIC AUTHORITIES				
	City and County of Denver				
	Irrigation	3,484	1,074,930	748	3.2411
	Non-Irrigation	2,435	740,855	492	3.2867
		<u>5,919</u>	<u>1,815,785</u>	<u>1,240</u>	<u>3.2597</u>
D.	SALES OF TREATED WATER FOR RESALE ³				
	Outside City - Master Meter	70,852	14,550,612	76,044	4.8693
	Outside the Combined Service Area	4,361	955,725	-	4.5630
		<u>75,213</u>	<u>15,506,337</u>	<u>76,044</u>	<u>4.8505</u>
	TOTAL SALES OF TREATED WATER ⁴	<u>310,115</u>	<u>57,390,184</u>	<u>323,635</u>	<u>5.4036</u>
II.	SALES OF NON-POTABLE WATER ⁵				
	Inside City	1,081	1,059,819	139	1.0200
	Outside City	7,538	5,460,337	23	1.3805
	Outside the Combined Service Area	2,114	1,593,629	8	1.3265
		<u>10,733</u>	<u>8,113,785</u>	<u>170</u>	<u>1.3228</u>
	TOTAL SALES OF WATER ⁶	<u>320,848</u>	<u>65,503,969</u>	<u>323,805</u>	<u>\$ 4.8981</u>
III.	OTHER NON-POTABLE WATER DELIVERIES ⁵		<u>1,888,104</u>		
	TOTAL GALLONS DELIVERED		<u><u>67,392,073</u></u>		

See accompanying footnotes on final page of report.

(continued)

OPERATING REVENUE AND RELATED WATER CONSUMPTION: 2023 (continued)

	Revenue (thousands)	Gallons Sold (thousands)	Number of Customers ¹	Revenue per 1,000 Gallons
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE				
Foothills Treatment Plant	\$ 410			
Strontia Springs	402			
Dillon Dam	611			
Roberts Tunnel	1,113			
Hillcrest	397			
Williams Fork	333			
Gross Reservoir	904			
	<u>4,170</u>			
B. FEES AND OTHER ADJUSTMENTS				
Administrative Fees	3,116			
Penalty Fees	240			
Stub-in, Taps and Meter Fees	956			
Hydrant Fees	1,635			
Plan Review, Easement, Distribution Inspection	655			
Other Assessments ⁶	154			
	<u>6,756</u>			
TOTAL OTHER OPERATING REVENUE	<u>10,926</u>			
TOTAL OPERATING REVENUE	<u>\$ 331,774</u>			

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

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

³See *Sales of Treated Water for Resale*.

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

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

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

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY: 2023¹

	<u>Revenue</u>		<u>Gallons Sold</u>		Number of Customers
	Amounts (thousands)	% of Total	Amounts (thousands)	% of Total	
I. <u>INSIDE CITY</u>					
A. METERED GENERAL CUSTOMERS					
Residential	\$ 70,795	22.83%	11,106,173	19.35%	144,128
Irrigation	5,380	1.73%	808,020	1.41%	1,607
Non-Residential	65,652	21.17%	15,210,375	26.51%	25,740
	<u>141,827</u>	<u>45.73%</u>	<u>27,124,568</u>	<u>47.27%</u>	<u>171,475</u>
B. PRIVATE FIRE PROTECTION SERVICE²					
Sprinklers	1,085	0.35%	-		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City and County of Denver-Irrigation	3,484	1.12%	1,074,930	1.87%	748
City and County of Denver-Non-Irrigation	2,435	0.79%	740,855	1.29%	492
	<u>5,919</u>	<u>1.91%</u>	<u>1,815,785</u>	<u>3.16%</u>	<u>1,240</u>
TOTAL SALES OF TREATED WATER DENVER	<u>148,831</u>	<u>47.99%</u>	<u>28,940,353</u>	<u>50.43%</u>	<u>172,715</u>
Revenue per 1,000 Gallons - Denver			<u>\$ 5.1427</u>		
II. <u>OUTSIDE CITY</u>					
A. METERED GENERAL CUSTOMERS					
Residential - Read & Bill	20,088	6.48%	3,255,418	5.67%	32,264
Irrigation - Read & Bill	3,142	1.01%	494,499	0.86%	468
Non-Residential - Read & Bill	11,688	3.77%	2,506,724	4.37%	3,128
Residential - Total Service	31,052	10.01%	3,784,725	6.59%	34,362
Irrigation - Total Service	4,376	1.41%	487,690	0.85%	661
Non-Residential - Total Service	15,449	4.98%	2,414,438	4.21%	3,993
	<u>85,795</u>	<u>27.66%</u>	<u>12,943,494</u>	<u>22.55%</u>	<u>74,876</u>

See accompanying footnotes on final page of report.

(continued)

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY: 2023¹ (continued)

	Revenue		Gallons Sold		Number of Customers
	Amounts (thousands)	% of Total	Amounts (thousands)	% of Total	
II. <u>OUTSIDE CITY (Continued)</u>					
B. PRIVATE FIRE PROTECTION SERVICE ²					
Sprinklers	\$ 101	0.03%	-		
Sprinklers - Total Service	175	0.06%	-		
	276	0.09%	-		
C. SALES OF TREATED WATER FOR RESALE ³					
Master Meter Distributors	70,852	22.85%	14,550,612	25.35%	76,044
Outside CSA-Fixed Limit Contracts	4,361	1.41%	955,725	1.67%	-
	75,213	24.26%	15,506,337	27.02%	76,044
TOTAL SALES OF TREATED WATER OUTSIDE CITY	161,284	52.01%	28,449,831	49.57%	150,920
Revenue per 1,000 Gallons - Outside City			<u>\$ 5.6691</u>		
TOTAL SALES OF TREATED WATER	\$ 310,115	100.00%	57,390,184	100.00%	323,635
Revenue per 1,000 Gallons - Total			<u>\$ 5.4036</u>		

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

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

³See *Sales of Treated Water For Resale*.

SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY: 2023¹

	Revenue		Gallons Sold		Number of Customers ²	Revenue per 1,000 Gallons
	Amount (thousands)	% of Total	Amounts (thousands)	% of Total		
I. <u>INSIDE CITY</u>						
Raw Water Sales						
City & County of Denver	\$ 84	0.78%	214,435	2.64%	1	\$ 0.3917
All Other	47	0.44%	10,558	0.13%	7	4.4516
	131	1.22%	224,993	2.77%	8	0.5822
Effluent Sales						
City & County of Denver	17	0.16%	42,950	0.53%	1	0.3958
All Other	26	0.24%	26,355	0.32%	4	0.9865
	43	0.40%	69,305	0.85%	5	0.6204
Recycle Sales ¹						
City & County of Denver	110	1.02%	498,154	6.14%	12	0.2208
All Other	797	7.43%	267,367	3.30%	114	2.9809
	907	8.45%	765,521	9.44%	126	1.1848
Total Denver	1,081	10.07%	1,059,819	13.06%	139	1.0200
II. <u>OUTSIDE CITY, WITHIN COMBINED SERVICE AREA</u>						
Raw Water Sales-All Others	7,442	69.34%	5,353,494	65.98%	15	1.3901
Effluent Sales-All Others	96	0.89%	106,843	1.32%	8	0.8985
Total Outside City, Within Combined Service Area	7,538	70.23%	5,460,337	67.30%	23	1.3805
III. <u>OUTSIDE COMBINED SERVICE AREA</u>						
Raw Water Sales	776	7.23%	659,513	8.13%	7	1.1766
Recycle Sales	1,338	12.47%	934,116	11.51%	1	1.4324
Total Outside Combined Service Area	2,114	19.70%	1,593,629	19.64%	8	1.3265
TOTAL SALES OF NON-POTABLE WATER	\$ 10,733	100.00%	8,113,785	100.00%	170	\$ 1.3228
IV. <u>OTHER NON-POTABLE WATER DELIVERIES</u>						
City Ditch at Washington Park			941,178			
City of Englewood (Cabin-Meadow Exchange)			946,926			
Total Other Non-Potable Water Deliveries			1,888,104			
TOTAL NON-POTABLE WATER DELIVERIES			10,001,889			

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

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

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER: 2023

		Number of Customers ¹		
		12/31/2023	12/31/2022	Increase (Decrease)
METERED GENERAL CUSTOMERS				
Residential	Denver	144,128	143,082	1,046
	Outside City	32,264	32,224	40
	Total Service	34,362	34,341	21
Non-Residential	Denver	25,740	25,623	117
	Outside City	3,128	3,117	11
	Total Service	3,993	3,956	37
Irrigation	Denver	1,607	1,580	27
	Outside City	468	464	4
	Total Service	661	657	4
TOTAL METERED GENERAL CUSTOMERS		246,351	245,044	1,307
PUBLIC AUTHORITIES				
City & County of Denver	Irrigation	748	747	1
	Non-Irrigation	492	482	10
TOTAL PUBLIC AUTHORITIES		1,240	1,229	11
RESALE ACCOUNTS (MASTER METER)²		76,044	76,080	(36)
TOTAL TREATED WATER CUSTOMERS		323,635	322,353	1,282

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

²See *Sales of Treated Water for Resale*.

WATER RATE SCHEDULES: 2023^{1,2}

Rate Schedule - 1

Treated Water Rates

For Meters Read On or After January 1, 2023

A. Monthly Fixed Charges, \$ per Bill

Meter Size inches	Inside City of Denver	Outside City		
		Read & Bill	Total Service	Wholesale
5/8" & 3/4"	\$17.90	\$17.90	\$17.90	\$17.90
1"	25.70	25.70	25.70	25.70
1 1/2"	49.86	49.86	49.86	49.86
2"	83.38	83.38	83.38	83.38
3"	178.47	178.47	178.47	178.47
4"	311.75	311.75	311.75	311.75
6"	693.67	693.67	693.67	693.67
8"	1,227.58	1,227.58	1,227.58	1,227.58
10"	1,914.26	1,914.26	1,914.26	1,914.26
12"	2,754.53	2,754.53	2,754.53	2,754.53

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

Customer Class	Tier Threshold 1,000 gallons	Inside City of Denver	Outside City		
			Read & Bill	Total Service	Wholesale
Single Family Residential					
Tier 1	0 to AWC (note D.3)	\$2.63	\$2.75	\$4.00	N/A
Tier 2	AWC + 15	4.73	4.95	7.20	
Tier 3	Greater than AWC + 15	6.31	6.59	9.60	
Nonresidential (note D.4, D.5)					
Tier 1	0 to AWC	\$3.03	\$3.35	\$4.66	N/A
Tier 2	AWC to 4 x AWC	4.24	4.69	6.52	
Tier 3	Greater than 4 x AWC	4.85	5.36	7.46	
Irrigation					
Winter (November 1 through April 30)		\$1.53	\$1.52	\$2.20	N/A
Summer (May 1 through October 31)		6.12	6.08	8.80	
Wholesale					
Master Meter					\$4.69
Outside the Combined Service Area					4.71

C. Private Fireline

Fireline Size inches	Inside City of Denver	Outside City		
		Read & Bill	Total Service	Wholesale
1"	\$3.78	\$2.56	\$3.93	N/A
2"	6.31	4.27	6.56	
4"	9.74	6.60	10.14	
6"	13.92	9.43	14.49	
8"	24.36	16.51	25.36	
10"	34.80	23.58	36.23	
12"	55.68	37.73	57.96	
16"	139.20	94.32	144.90	
Fire Hydrants	\$13.92	\$9.43	\$14.49	

D. Notes

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

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

³**Single Family AWC:** A customer's average winter consumption (AWC) is used to determine the Tier 1 threshold. The AWC is calculated by averaging each customer's billed monthly water use from January through March, which is a way of determining essential indoor water use. Denver Water has set the Tier 1 minimum threshold at 5,000 gallons and a maximum of 15,000 gallons. For example, if the customer's AWC is less than 5,000 gallons, Tier 1 is 0 to 5,000 gallons. If the AWC is over 15,000 gallons, Tier 1 is 0 to 15,000 gallons. Volume rates are applied to billed monthly usage.

⁴**Nonresidential AWC:** The Tier 1 threshold is based on each customer's average winter consumption (AWC). This represents demands during the system off-peak period. The AWC is the average of a customer's billed water use for the months of January, February, and March.

Volume rates are applied to billed monthly usage. Tier 2 is equal to four times the customer's AWC. Tier 3 is for usage in excess of four times the AWC.

⁵**Small Multifamily:** The small multifamily class (duplex through 5-plex) is now included in the nonresidential class.

(continued)

WATER RATE SCHEDULES: 2023^{1,2} (continued)

Rate Schedule - 2

Nonpotable Water Rates

For Meters Read On or After January 1, 2023

A. Monthly Fixed Charges, \$ per Bill

Meter Size inches	Inside City of Denver	Outside City	Outside Combined Service Area
5/8" & 3/4"	\$17.90	\$17.90	\$17.90
1"	25.70	25.70	25.70
1 1/2"	49.86	49.86	49.86
2"	83.38	83.38	83.38
3"	178.47	178.47	178.47
4"	311.75	311.75	311.75
6"	693.67	693.67	693.67
8"	1,227.58	1,227.58	1,227.58
10"	1,914.26	1,914.26	1,914.26
12"	2,754.53	2,754.53	2,754.53

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

Customer Class	Inside City of Denver	Outside City	Outside Combined Service Area
Recycled			
\$ per 1,000 gallons	\$1.04	N/A	\$1.32
\$ per Acre-Foot	338.89		430.12
Raw Water (Monthly Fixed Charges Not Applicable)			
\$ per 1,000 gallons	\$1.00	\$1.38	\$1.48
\$ per Acre-Foot	325.85	449.67	482.26

C. Notes

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

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

(continued)

WATER RATE SCHEDULES: 2023^{1,2} (continued)

**Rate Schedule - 3
City and County of Denver Governmental Rates
For Meters Read On or After January 1, 2023**

A. Monthly Fixed Charges, \$ per Bill

Meter Size inches	Fixed Charge
5/8" & 3/4"	\$17.90
1"	25.70
1 1/2"	49.86
2"	83.38
3"	178.47
4"	311.75
6"	693.67
8"	1,227.58
10"	1,914.26
12"	2,754.53

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

Domestic

Year-Round	\$2.34
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Irrigation

Winter (November 1 through April 30)	\$0.98
Summer (May 1 through October 31)	2.45

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

Raw	\$0.39
Recycled	0.24

D. Private Fireline

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

E. Notes

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

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

(continued)

WATER RATE SCHEDULES: 2023 (continued)

Rate Schedule - 4

Effective for bills dated on or after April 28, 2013

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

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

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

¹Units such as a guest house or carriage house that are detached from the primary residence and contain provisions for sleeping, cooking, and sanitation.

²Includes commercial, industrial, and institutional development.

³SDC for nonpotable by tap size apply only to recycled water taps.

⁴Tap sizes greater than two inches are determined on an individual basis using peak demand requirements.

⁵Development containing two or more different principal or primary uses such as residential, office, manufacturing, retail, public or entertainment.

SUMMARY OF WATER RATES: 2014 - 2023

City of Denver - Schedule 1	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Residential - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ¹	\$ 2.63	\$ 2.44	\$ 2.39	\$ 2.36	\$ 2.29	\$ 2.29	\$ 2.55	\$ 2.60	\$ -	\$ -
AWC + 15	4.73	4.39	4.30	4.25	4.12	4.12	4.59	4.68	-	-
Greater than AWC + 15	6.31	5.86	5.74	5.66	5.50	5.50	6.12	6.24	-	-
<u>Prior to Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	-	-	-	-	2.75	2.68
12,000 - 30,000 Gallons	-	-	-	-	-	-	-	-	5.50	5.36
31,000 - 40,000 Gallons	-	-	-	-	-	-	-	-	8.25	8.04
Over 40,000 Gallons	-	-	-	-	-	-	-	-	11.00	10.72
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	-
Summer - All Consumption	-	-	-	-	-	-	-	-	-	-
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u>										
(Duplexes through Five-Plexes with a Single Meter)										
0 to AWC ^{2,3}	3.03	2.88	2.74	2.67	2.60	2.60	2.71	2.68	-	-
AWC to 4 x AWC	4.24	4.03	3.84	3.74	3.64	3.64	3.79	3.75	-	-
Greater than 4 x AWC	4.85	4.61	4.38	4.27	4.16	4.16	4.34	4.29	-	-
<u>Prior to Prior to April 1, 2016</u>										
First 15,000 Gallons ⁴	-	-	-	-	-	-	-	-	3.02	2.93
Over 15,000 Gallons	-	-	-	-	-	-	-	-	3.62	3.52
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ²	3.03	2.88	2.74	2.67	2.60	2.60	2.71	2.68	-	-
AWC to 4 x AWC	4.24	4.03	3.84	3.74	3.64	3.64	3.79	3.75	-	-
Greater than 4 x AWC	4.85	4.61	4.38	4.27	4.16	4.16	4.34	4.29	-	-
<u>Prior to Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	1.88	1.84
Summer - All Consumption	-	-	-	-	-	-	-	-	3.76	3.68
<u>Irrigation Only- Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	1.53	1.44	1.44	1.40	1.35	1.34	1.27	1.22	1.20	1.20
Summer - All Consumption	6.12	5.76	5.76	5.60	5.40	5.36	5.08	4.88	4.81	4.81
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	17.90	17.20	16.46	16.13	15.94	15.39	11.86	8.79	-	-
Monthly 1"	25.70	24.20	23.17	22.72	22.26	21.44	15.13	10.13	-	-
Monthly 1 1/2"	49.86	45.93	43.98	43.17	41.85	40.16	25.28	14.27	-	-
Monthly 2"	83.38	76.06	72.85	71.54	69.02	66.14	39.35	20.02	-	-
Monthly 3"	178.47	161.56	154.75	152.02	146.11	139.84	79.29	36.33	-	-
Monthly 4"	311.75	281.40	269.55	264.83	254.15	243.14	135.26	59.20	-	-
Monthly 6"	693.67	624.80	598.51	588.07	563.76	539.15	295.65	124.71	-	-
Monthly 8"	1,227.58	1,104.86	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-
Monthly 10"	1,914.26	1,722.28	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-
Monthly 12"	2,754.53	2,477.80	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-
<u>Prior to Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	-	-	6.74	6.58

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2014 - 2023 (continued)

Outside City Read and Bill - Schedule 1 (continued)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Residential - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ¹	\$ 2.75	\$ 2.72	\$ 2.74	\$ 2.72	\$ 2.64	\$ 2.52	\$ 2.68	\$ 2.80	\$ -	\$ -
AWC + 15	4.95	4.89	4.93	4.90	4.75	4.54	4.82	5.04	-	-
Greater than AWC + 15	6.59	6.52	6.58	6.53	6.34	6.05	6.43	6.72	-	-
<u>Prior to Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	-	-	-	-	2.82	2.73
12,000 - 30,000 Gallons	-	-	-	-	-	-	-	-	5.64	5.46
31,000 - 40,000 Gallons	-	-	-	-	-	-	-	-	8.46	8.19
Over 40,000 Gallons	-	-	-	-	-	-	-	-	11.28	10.92
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	-
Summer - All Consumption	-	-	-	-	-	-	-	-	-	-
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ^{2,3}	3.35	3.35	3.23	3.21	3.15	3.12	3.25	3.32	-	-
AWC to 4 x AWC	4.69	4.69	4.52	4.49	4.41	4.37	4.55	4.65	-	-
Greater than 4 x AWC	5.36	5.36	5.17	5.14	5.04	4.99	5.20	5.31	-	-
<u>Prior to Prior to April 1, 2016</u>										
(Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ⁴	-	-	-	-	-	-	-	-	3.43	3.39
Over 15,000 Gallons	-	-	-	-	-	-	-	-	4.12	4.07
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ²	3.35	3.35	3.23	3.21	3.15	3.12	3.25	3.32	-	-
AWC to 4 x AWC	4.69	4.69	4.52	4.49	4.41	4.37	4.55	4.65	-	-
Greater than 4 x AWC	5.36	5.36	5.17	5.14	5.04	4.99	5.20	5.31	-	-
<u>Prior to Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	2.36	2.35
Summer - All Consumption	-	-	-	-	-	-	-	-	4.72	4.70
<u>Irrigation Only - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	1.52	1.52	1.52	1.52	1.47	1.42	1.38	1.40	1.35	1.31
Summer - All Consumption	6.08	6.08	6.08	6.08	5.88	5.68	5.52	5.60	5.40	5.24
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	17.90	17.20	16.46	16.13	15.94	15.39	11.86	8.79	-	-
Monthly 1"	25.70	24.20	23.17	22.72	22.26	21.44	15.13	10.13	-	-
Monthly 1 1/2"	49.86	45.93	43.98	43.17	41.85	40.16	25.28	14.27	-	-
Monthly 2"	83.38	76.06	72.85	71.54	69.02	66.14	39.35	20.02	-	-
Monthly 3"	178.47	161.56	154.75	152.02	146.11	139.84	79.29	36.33	-	-
Monthly 4"	311.75	281.40	269.55	264.83	254.15	243.14	135.26	59.20	-	-
Monthly 6"	693.67	624.80	598.51	588.07	563.76	539.15	295.65	124.71	-	-
Monthly 8"	1,227.58	1,104.86	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-
Monthly 10"	1,914.26	1,722.28	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-
Monthly 12"	2,754.53	2,477.80	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-
<u>Prior to Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	-	-	6.74	6.58

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2014 - 2023 (continued)

Outside City Total Service - Schedule 1 (continued)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Residential - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ¹	\$ 4.00	\$ 3.73	\$ 3.69	\$ 3.68	\$ 3.58	\$ 3.33	\$ 3.30	\$ 3.28	\$ -	\$ -
AWC + 15	7.20	6.71	6.64	6.62	6.44	5.99	5.94	5.90	-	-
Greater than AWC + 15	9.60	8.95	8.86	8.83	8.59	7.99	7.92	7.87	-	-
<u>Prior to Prior to April 1, 2016</u>										
First 11,000 Gallons	-	-	-	-	-	-	-	-	3.04	3.02
12,000 - 30,000 Gallons	-	-	-	-	-	-	-	-	6.08	6.04
31,000 - 40,000 Gallons	-	-	-	-	-	-	-	-	9.12	9.06
Over 40,000 Gallons	-	-	-	-	-	-	-	-	12.16	12.08
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	-	-
Summer - All Consumption	-	-	-	-	-	-	-	-	-	-
<u>Small Multi-Family - Consumption Charge per 1,000 Gallons</u>										
(Duplexes through Five-Plexes with a Single Meter)										
0 to AWC ^{2,3}	4.66	4.40	4.15	4.11	3.99	3.78	3.77	3.76	-	-
AWC to 4 x AWC	6.52	6.16	5.81	5.75	5.59	5.29	5.28	5.26	-	-
Greater than 4 x AWC	7.46	7.04	6.64	6.58	6.38	6.05	6.03	6.02	-	-
<u>Prior to Prior to April 1, 2016</u>										
First 15,000 Gallons ⁴	-	-	-	-	-	-	-	-	4.29	4.21
Over 15,000 Gallons	-	-	-	-	-	-	-	-	5.15	5.05
<u>All Other Retail - Consumption Charge per 1,000 Gallons</u>										
0 to AWC ²	4.66	4.40	4.15	4.11	3.99	3.78	3.77	3.76	-	-
AWC to 4 x AWC	6.52	6.16	5.81	5.75	5.59	5.29	5.28	5.26	-	-
Greater than 4 x AWC	7.46	7.04	6.64	6.58	6.38	6.05	6.03	6.02	-	-
<u>Prior to Prior to April 1, 2016</u>										
Winter - All Consumption	-	-	-	-	-	-	-	-	2.72	2.70
Summer - All Consumption	-	-	-	-	-	-	-	-	5.44	5.40
<u>Irrigation Only - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	2.20	2.07	2.01	2.00	1.98	1.85	1.74	1.69	1.64	1.56
Summer - All Consumption	8.80	8.28	8.04	8.00	7.92	7.40	6.96	6.76	6.56	6.24
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	17.90	17.20	16.46	16.13	15.94	15.39	11.86	8.79	-	-
Monthly 1"	25.70	24.20	23.17	22.72	22.26	21.44	15.13	10.13	-	-
Monthly 1 1/2"	49.86	45.93	43.98	43.17	41.85	40.16	25.28	14.27	-	-
Monthly 2"	83.38	76.06	72.85	71.54	69.02	66.14	39.35	20.02	-	-
Monthly 3"	178.47	161.56	154.75	152.02	146.11	139.84	79.29	36.33	-	-
Monthly 4"	311.75	281.40	269.55	264.83	254.15	243.14	135.26	59.20	-	-
Monthly 6"	693.67	624.80	598.51	588.07	563.76	539.15	295.65	124.71	-	-
Monthly 8"	1,227.58	1,104.86	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-
Monthly 10"	1,914.26	1,722.28	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-
Monthly 12"	2,754.53	2,477.80	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-
<u>Prior to Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	-	-	6.74	6.58

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2014 - 2023 (continued)

Outside City Master Meter - Schedule 1 (continued)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Consumption Charge per 1,000 Gallons - All Consumption	\$ 4.69	\$ 4.60	\$ 4.41	\$ 4.37	\$ 4.25	\$ 4.09	\$ 4.10	\$ 4.15	\$ 4.04	\$ 3.95
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	17.90	17.20	16.46	16.13	15.94	15.39	11.86	8.79	-	-
Monthly 1"	25.70	24.20	23.17	22.72	22.26	21.44	15.13	10.13	-	-
Monthly 1 1/2"	49.86	45.93	43.98	43.17	41.85	40.16	25.28	14.27	-	-
Monthly 2"	83.38	76.06	72.85	71.54	69.02	66.14	39.35	20.02	-	-
Monthly 3"	178.47	161.56	154.75	152.02	146.11	139.84	79.29	36.33	-	-
Monthly 4"	311.75	281.40	269.55	264.83	254.15	243.14	135.26	59.20	-	-
Monthly 6"	693.67	624.80	598.51	588.07	563.76	539.15	295.65	124.71	-	-
Monthly 8"	1,227.58	1,104.86	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-
Monthly 10"	1,914.26	1,722.28	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-
Monthly 12"	2,754.53	2,477.80	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-
<u>Prior to Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	-	-	6.74	6.58
Outside Combined Service Area - Schedule 1 (continued)										
Treated Water - Consumption Charge per 1,000 Gallons	4.71	4.66	4.59	4.55	4.55	4.55	4.48	4.44	4.44	4.44
<u>Service Charge/Meter Charge</u>										
Monthly 5/8" & 3/4"	17.90	17.20	16.46	16.13	15.94	15.39	11.86	8.79	-	-
Monthly 1"	25.70	24.20	23.17	22.72	22.26	21.44	15.13	10.13	-	-
Monthly 1 1/2"	49.86	45.93	43.98	43.17	41.85	40.16	25.28	14.27	-	-
Monthly 2"	83.38	76.06	72.85	71.54	69.02	66.14	39.35	20.02	-	-
Monthly 3"	178.47	161.56	154.75	152.02	146.11	139.84	79.29	36.33	-	-
Monthly 4"	311.75	281.40	269.55	264.83	254.15	243.14	135.26	59.20	-	-
Monthly 6"	693.67	624.80	598.51	588.07	563.76	539.15	295.65	124.71	-	-
Monthly 8"	1,227.58	1,104.86	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-
Monthly 10"	1,914.26	1,722.28	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-
Monthly 12"	2,754.53	2,477.80	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-
<u>Prior to Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	-	-	6.74	6.58

See accompanying footnotes on final page of report.

(continued)

SUMMARY OF WATER RATES: 2014 - 2023 (continued)

Raw and Recycled - Schedule 2	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Raw - Consumption Charge per 1,000 Gallons</u>										
Inside City - All Consumption	\$ 1.00	\$ 0.87	\$ 0.81	\$ 0.81	\$ 0.71	\$ 0.67	\$ 0.63	\$ 0.50	\$ 0.52	\$ 0.52
Outside City - All Consumption	1.38	1.20	1.11	1.11	1.02	0.98	0.98	1.00	0.96	0.91
Outside Combined Service Area - All Consumption	1.48	1.30	1.20	1.20	1.10	1.05	1.05	1.10	1.04	1.04
<u>Recycled - Consumption Charge per 1,000 Gallons</u>										
Inside City Recycled - All Consumption	1.04	1.04	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
Outside Combined Service Area - All Consumption	1.32	1.27	1.18	1.17	1.11	1.11	1.11	1.11	1.11	1.11
<u>Recycled Service Meter Charge</u>										
Monthly 5/8" & 3/4"	17.90	17.20	16.46	16.13	15.94	15.39	11.86	8.79	-	-
Monthly 1"	25.70	24.20	23.17	22.72	22.26	21.44	15.13	10.13	-	-
Monthly 1 1/2"	49.86	45.93	43.98	43.17	41.85	40.16	25.28	14.27	-	-
Monthly 2"	83.38	76.06	72.85	71.54	69.02	66.14	39.35	20.02	-	-
Monthly 3"	178.47	161.56	154.75	152.02	146.11	139.84	79.29	36.33	-	-
Monthly 4"	311.75	281.40	269.55	264.83	254.15	243.14	135.26	59.20	-	-
Monthly 6"	693.67	624.80	598.51	588.07	563.76	539.15	295.65	124.71	-	-
Monthly 8"	1,227.58	1,104.86	1,058.37	1,039.95	996.59	952.97	519.87	216.30	-	-
Monthly 10"	1,914.26	1,722.28	1,649.82	1,621.12	1,553.25	1,485.18	808.25	334.09	-	-
Monthly 12"	2,754.53	2,477.80	2,373.56	2,332.29	2,234.43	2,136.45	1,161.14	478.22	-	-
<u>Prior to Prior to April 1, 2016</u>										
Monthly Service Charge	-	-	-	-	-	-	-	-	6.74	6.58

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

²**Small Multifamily:** For 2016, the small multifamily class (duplex through 5-plex) is now included in the nonresidential class.

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

⁴Monthly usage amounts were increase by 6,000 gallons per additional dwelling unit up to five dwelling units.

SALES OF TREATED WATER FOR RESALE: 2023

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

	Revenue (thousands)	Gallons Sold (thousands)	Number of Customers
MASTER METER DISTRIBUTORS			
Alameda Water & Sanitation District	\$ 315	57,073	334
Bancroft-Clover Water & Sanitation District	5,416	1,109,267	8,803
Bonvue Water & Sanitation District	60	12,014	169
Bow-Mar Water & Sanitation District	446	86,290	289
Cherry Creek Valley Water & Sanitation District	3,793	759,636	1,968
Cherry Creek Village Water & Sanitation District	495	97,639	476
City of Edgewater	890	174,785	1,478
City of Glendale	1,147	235,157	237
Consolidated Mutual Water Company	10,961	2,354,070	15,627
Crestview Water & Sanitation District	2,646	545,456	4,486
Green Mountain Water & Sanitation District	6,087	1,269,903	10,110
High View Water District	594	121,915	888
Ken-Caryl Water & Sanitation District	3,038	625,826	3,742
Lakehurst Water & Sanitation District	3,708	738,713	5,513
Lakewood Board of Water & Sewer	915	185,650	697
Meadowbrook Water & Sanitation District	673	132,592	1,321
North Pecos Water & Sanitation District	937	182,369	391
North Washington Street Water & Sanitation District	2,963	604,397	3,620
Northgate Water District	-	-	1
South Adams County Water & Sanitation District	5,583	1,154,058	165
Valley Water District	2,514	517,158	1,776
Wheat Ridge Water District	3,488	708,429	5,805
Willowbrook Water & Sanitation District	2,072	420,600	3,411
Willows Water District	2,864	582,952	4,737
Chatfield South Water District	59	9,155	-
City and County of Broomfield	7,173	1,512,157	-
City of Aurora	39	7,818	-
East Cherry Creek Valley Water District	1,288	260,672	-
Inverness Water District	800	165,798	-
Rocky Mountain Arsenal	54	6,928	-
Suncor Energy USA	4,047	843,331	-
The City of Brighton	148	24,529	-
Total Sales of Treated Water for Resale	\$ 75,213	15,506,337	76,044

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

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

10 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE: 2023

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

Account Type	Consumption		Revenue	
	Gallons Sold	% Total Gallons Sold	Water Revenue ¹	% Total Water Revenue
Oil and Gas Company	843,331	1.47%	\$ 4,047	1.30%
Public School System	375,760	0.65%	2,282	0.74%
Housing Authority	353,127	0.62%	1,388	0.45%
Public Utility	345,828	0.60%	1,492	0.48%
Retail Grocer - 1	171,956	0.30%	667	0.22%
Retail Grocer - 2	131,586	0.23%	466	0.15%
Beverage Company	129,657	0.23%	413	0.13%
Hospital System	124,375	0.22%	407	0.13%
Federal Government	112,154	0.20%	410	0.13%
Aerospace Company	111,455	0.19%	413	0.13%
Total of the 10 largest customers	<u>2,699,229</u>	<u>4.71%</u>	<u>\$ 11,985</u>	<u>3.86%</u>
Total sales of treated water	<u>57,390,184</u>		<u>\$ 310,115</u>	

¹This column represents actual billings made for treated water and private fire protection service during the year. The difference from amounts on an accrual basis is immaterial. In addition to the 10 largest retail accounts listed, Denver Water provided 1,816 million gallons of treated water to the City and County of Denver. Total revenues from these sales were \$5.9 million.

C - DEBT CAPACITY INFORMATION

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

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RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 2014 - 2023

(amounts expressed in thousands, except population and debt per capita)

Year	Total Principal Balance Outstanding Debt by Type ¹							Gross Revenues ^{2,4}	Ratio of Total Debt to Gross Revenue ¹	Estimated Population Served ³	Debt Per Capita
	Water Revenue Bonds	Revenue Bond Unamortized Premium or (Discount)	Total Water Revenue Bonds	Federal Loans ⁵	Right-to-use Assets Payable ^{5,6}	Notes Payable ⁵	Total				
2014	\$ 395,125	\$ 9,480	\$ 404,605	\$ -	\$ 13,595	\$ -	\$ 418,200	\$ 297,768	1.37	1,197,000	349
2015	368,125	6,593	374,718	-	11,478	30,000	416,196	305,073	1.34	1,222,000	341
2016	438,580	15,758	454,338	-	9,215	-	463,553	336,713	1.33	1,238,000	374
2017	603,415	32,665	636,080	-	6,797	-	642,877	365,891	1.67	1,248,000	515
2018	583,490	28,243	611,733	-	4,212	-	615,945	381,869	1.55	1,261,000	488
2019	564,100	24,475	588,575	-	1,451	-	590,026	381,248	1.48	1,270,000	465
2020	668,480	56,657	725,137	-	-	-	725,137	394,325	1.70	1,277,000	568
2021	966,985	82,728	1,049,713	-	-	-	1,049,713	382,344	2.53	1,287,000	816
2022	1,138,405	84,779	1,223,184	36,124	782	-	1,260,090	436,305	2.69	1,295,000	973
2023	\$ 1,118,030	\$ 75,335	\$ 1,193,365	\$ 35,594	\$ 4,390	\$ 100,000	\$ 1,333,349	\$ 408,245	3.08	1,297,000	1,028

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

²Gross Revenues are defined as operating revenues, plus investment income, plus proceeds from sales of capital assets, plus other income, plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* and *Statement of Cash Flows*). Gross Revenues do not include amounts received related to the forgivable portion of the Federal loan.

³Population estimates are treated water customers only.

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

⁵Notes and right-to-use assets payable have a subordinate lien to the lien on outstanding Federal loan and revenue bonds, as well as future loans and revenue bond issues.

⁶Amounts shown in right-to-use assets payable prior to 2019 are for the Wolford Mountain capital lease.

PLEDGED-REVENUE COVERAGE: 2014 - 2023

Water Revenue Bonds, Notes Payable, Federal Loan Payable, and Right-to-use Assets Payable¹

(amounts expressed in thousands)

Year	Gross Revenues ^{2,4,5}	Less Operating Expenses ^{3,4,5}	Net Available Revenue	Total Debt Service ¹			Coverage including All Debt	Coverage not including Notes and Right-to-use Assets Payable Debt ⁶
				Principal	Interest	Total		
2014	\$ 297,768	\$ 181,541	\$ 116,227	\$ 28,071	\$ 18,673	\$ 46,744	2.49	2.49
2015	305,073	170,427	134,646	29,117	18,802	47,919	2.81	2.81
2016	336,713	199,029	137,684	23,828	16,248	40,076	3.44	3.45
2017	365,891	196,317	169,593	22,013	21,673	43,686	3.88	3.89
2018	381,869	203,229	178,640	22,509	26,256	48,765	3.66	3.67
2019	381,248	228,807	152,441	22,151	25,135	47,286	3.22	3.23
2020	394,325	209,144	185,181	22,861	23,512	46,373	3.99	4.00
2021	382,344	212,384	169,960	18,280	32,239	50,519	3.36	3.37
2022	436,305	235,586	200,719	18,134	35,097	53,231	3.77	3.78
2023	\$ 408,245	\$ 267,861	\$ 140,384	\$ 23,296	\$ 46,778	\$ 70,074	2.00	2.11

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

²Gross Revenues are defined as operating revenues, plus investment income, plus proceeds from sales of capital assets, plus other income, plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* and *Statement of Cash Flows*). Gross Revenues do not include amounts received related to the forgivable portion of the Federal loan.

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

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

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

⁶Notes and right-to-use assets payable have a subordinate lien to the lien on outstanding Federal loan and revenue bonds as well as future loans and revenue bond issues.

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2014 - 2023

(amounts expressed in thousands, except population and debt per capita)

Year	Water Revenue Bonds ¹	Gross Revenues ^{2,4}	Ratio of Water Revenue Debt to Gross Revenue	Estimated Population Served ³	Water Revenue Debt per Capita
2014	\$ 395,125	\$ 297,768	1.33	1,197,000	330
2015	368,125	305,073	1.21	1,222,000	301
2016	438,580	336,713	1.30	1,238,000	354
2017	603,415	365,891	1.65	1,248,000	484
2018	583,490	381,869	1.53	1,261,000	463
2019	564,100	381,248	1.48	1,270,000	444
2020	668,480	394,325	1.70	1,277,000	523
2021	966,985	382,344	2.53	1,287,000	751
2022	1,138,405	436,305	2.61	1,295,000	879
2023	\$ 1,118,030	\$ 408,245	2.74	1,297,000	862

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

²Gross Revenues are defined as operating revenues, plus investment income, plus proceeds from sales of capital assets, plus other income, plus cash proceeds from contributions in aid of construction (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC (as disclosed in *Statement of Revenues, Expenses, and Changes in Net Position* and *Statement of Cash Flows*). Gross Revenues do not include amounts received related to the forgivable portion of the Federal loan.

³Population estimates are treated water customers only.

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

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D - DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA: 2023

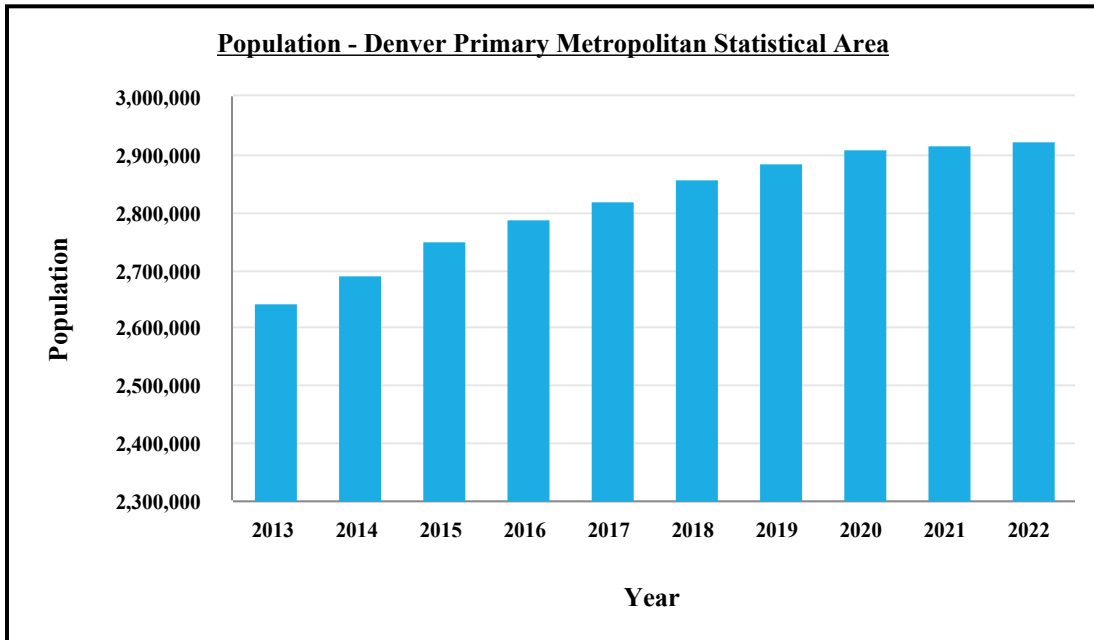
The following is general information concerning the economic and demographic conditions in the City and County of Denver (Denver or the City) and the immediate vicinity. The statistics presented below have been obtained from the sources indicated and represent the most current information available from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

Population

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

Population Estimates			
Year	Denver	Denver PMSA	State of Colorado
2013	645,302	2,642,273	5,270,883
2014	658,632	2,692,972	5,347,654
2015	675,534	2,748,921	5,446,593
2016	686,468	2,789,730	5,529,629
2017	693,134	2,821,327	5,599,589
2018	702,679	2,858,678	5,676,913
2019	710,143	2,886,878	5,734,913
2020	717,545	2,911,019	5,784,584
2021	711,375	2,917,413	5,811,026
2022	712,637	2,924,270	5,838,736
2023	n/a	n/a	n/a

(n/a = not available)



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

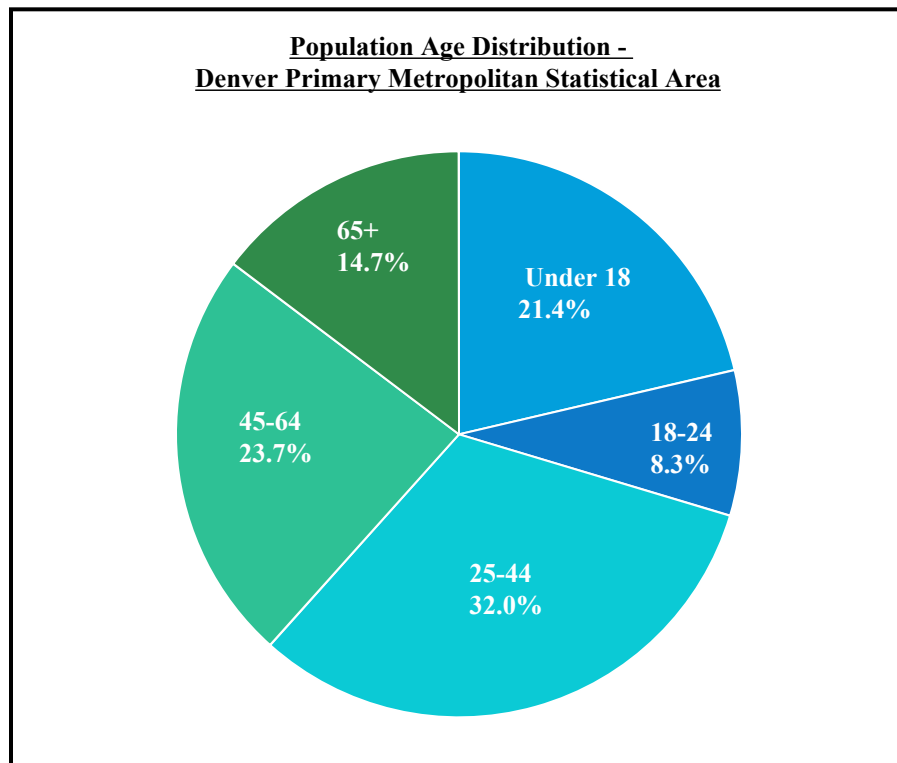
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Population Age Distribution

The following table sets forth a forecasted age distribution profile for Denver, the Denver PMSA, and the State of Colorado for 2023.

Forecasted Age Distribution for 2023			
Age Groups	Percent of Population		
	Denver	Denver PMSA	State of Colorado
Under 18	18.1%	21.4%	21.1%
18-24	8.5%	8.3%	9.3%
25-44	40.7%	32.0%	29.6%
45-64	20.2%	23.7%	23.6%
65+	12.6%	14.7%	16.3%

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



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

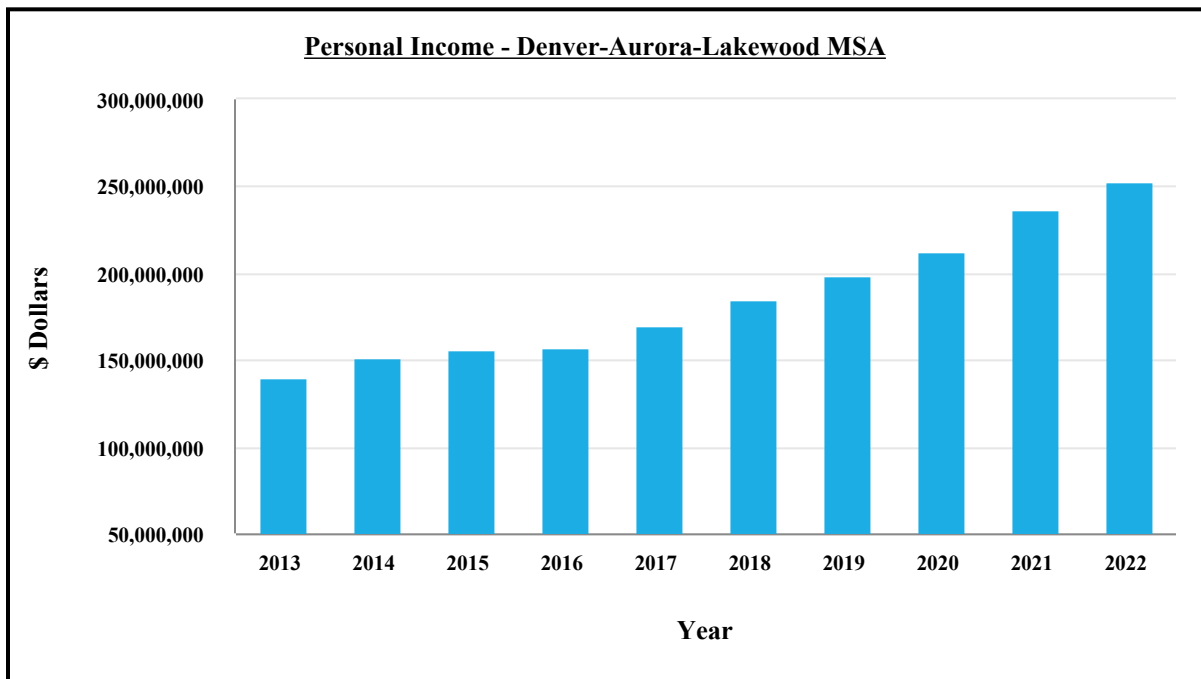
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Income

The following tables set forth recent annual personal income and per capita personal income levels for Denver, the Denver-Aurora-Lakewood Metropolitan Statistical Area (MSA), the State of Colorado, and the United States from 2013 through 2022 as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The Denver-Aurora-Lakewood MSA includes the counties of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park.

Personal Income				
Year	Denver	Denver-Aurora-Lakewood MSA	State of Colorado	United States
2013	\$ 40,027,461	\$ 139,340,191	\$ 247,816,736	\$ 14,063,283,000
2014	44,887,556	151,950,098	268,453,081	14,778,160,000
2015	45,466,399	156,148,546	279,696,008	15,467,113,000
2016	43,032,217	156,778,699	283,678,694	15,884,741,000
2017	50,999,321	169,647,839	303,366,730	16,658,962,000
2018	55,200,348	185,257,197	328,112,736	17,514,402,000
2019	59,571,563	198,942,183	351,373,238	18,343,601,000
2020	62,300,101	212,394,700	375,157,839	19,609,985,000
2021	73,394,068	236,552,364	417,967,655	21,392,812,000
2022	80,091,302	253,165,841	442,213,009	21,820,248,000
2023	n/a	n/a	n/a	n/a

(n/a = not available. All dollar estimates are in thousands of current dollars not adjusted for inflation.
Last updated: November 16, 2023 - new statistics for 2022; revised statistics for 2013-2021.)



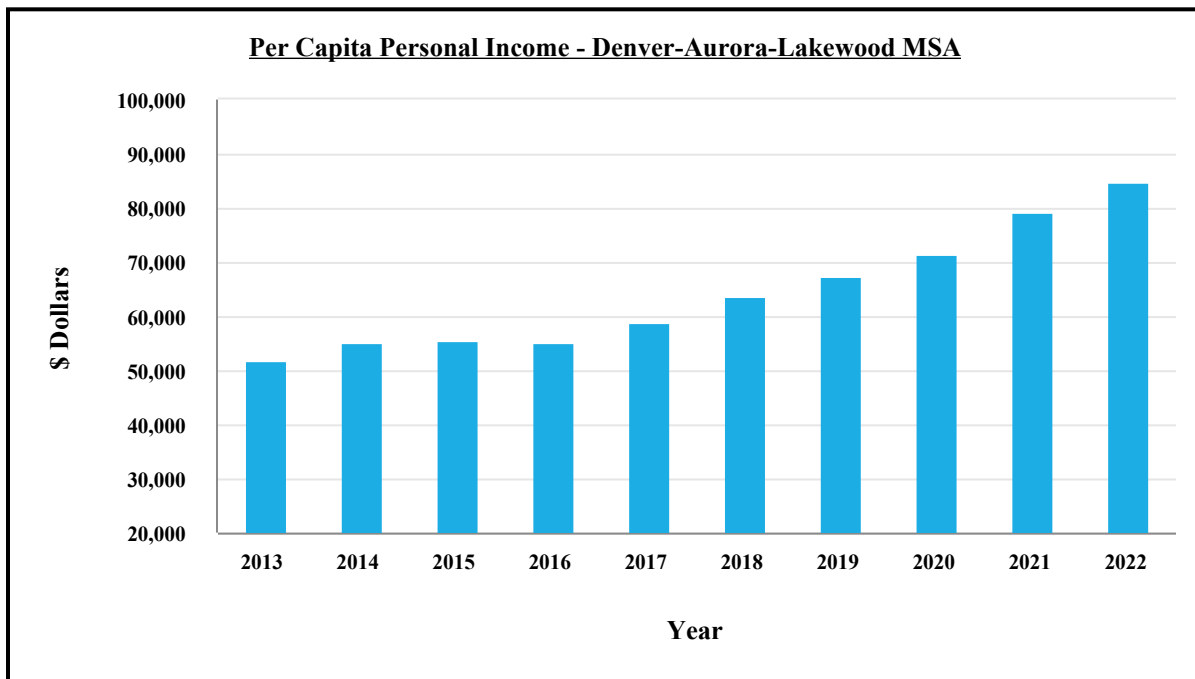
Source: United States Bureau of Economic Analysis

(continued)

Per Capita Personal Income

Year	Denver	Denver-Aurora-Lakewood MSA	State of Colorado	United States
2013	\$ 62,142	\$ 51,706	\$ 47,082	\$ 44,401
2014	68,252	55,328	50,244	46,287
2015	67,395	55,702	51,394	48,060
2016	62,754	55,105	51,306	48,971
2017	73,644	58,947	54,171	51,004
2018	78,624	63,534	57,794	53,309
2019	83,981	67,568	61,258	55,547
2020	86,823	71,515	64,852	59,153
2021	103,180	79,438	71,923	64,430
2022	112,290	84,788	75,722	65,470
2023	n/a	n/a	n/a	n/a

(n/a = not available. All dollar estimates are in current dollars not adjusted for inflation. Last updated: November 16, 2023 - new statistics for 2022; revised statistics for 2013-2021.)

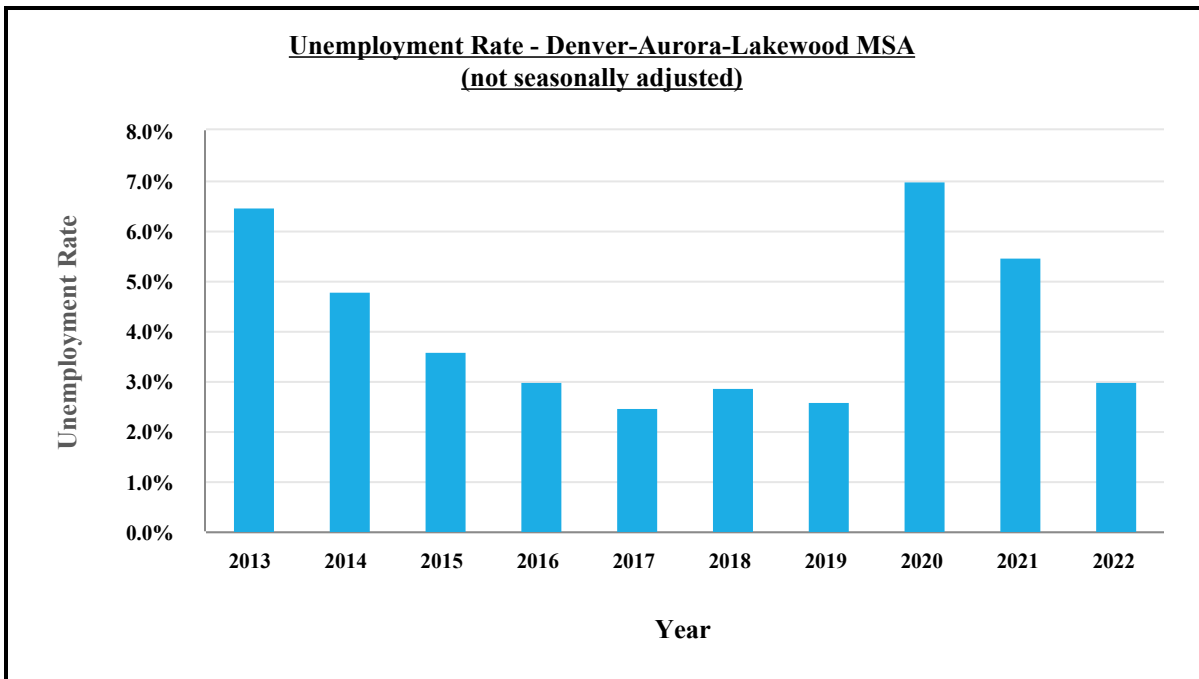


Source: United States Bureau of Economic Analysis

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Employment

The following tables sets forth recent total labor force, employment and unemployment statistics for Denver, the Denver-Aurora-Lakewood MSA and the State of Colorado. The national unemployment rate is estimated to be approximately 3.5% as of December 2022.



Source: United States Bureau of Labor and Statistics

(continued)

Local Area Employment Statistics (not seasonally adjusted)				
Denver				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	% Unemployment Rate
2013	362.6	1.5%	23.7	6.5%
2014	368.7	1.7%	17.7	4.8%
2015	375.6	1.9%	13.4	3.6%
2016	385.1	2.5%	11.5	3.0%
2017	395.6	2.7%	10.1	2.5%
2018	408.1	3.2%	12.0	2.9%
2019	417.0	2.2%	10.9	2.6%
2020	420.1	0.7%	32.1	7.6%
2021	430.9	2.6%	25.4	5.9%
2022	436.6	1.3%	13.5	3.1%
2023	n/a	n/a	n/a	n/a
Denver-Aurora-Lakewood MSA				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	% Unemployment Rate
2013	1,463.4	1.3%	95.3	6.5%
2014	1,486.8	1.6%	71.3	4.8%
2015	1,506.0	1.3%	53.5	3.6%
2016	1,541.9	2.4%	45.6	3.0%
2017	1,577.5	2.3%	39.9	2.5%
2018	1,625.1	3.0%	47.5	2.9%
2019	1,655.4	1.9%	42.5	2.6%
2020	1,651.1	(0.3%)	115.5	7.0%
2021	1,698.0	2.8%	93.2	5.5%
2022	1,725.7	1.6%	51.4	3.0%
2023	n/a	n/a	n/a	n/a
State of Colorado				
Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	% Unemployment Rate
2013	2,766.1	0.6%	186.6	6.7%
2014	2,800.7	1.2%	139.6	5.0%
2015	2,825.8	0.9%	105.8	3.7%
2016	2,894.2	2.4%	90.7	3.1%
2017	2,963.8	2.4%	77.8	2.6%
2018	3,054.3	3.1%	92.9	3.0%
2019	3,105.6	1.7%	82.8	2.7%
2020	3,089.0	(0.5%)	208.8	6.8%
2021	3,158.1	2.2%	171.9	5.4%
2022	3,200.6	1.3%	97.1	3.0%
2023	n/a	n/a	n/a	n/a

Source: United States Bureau of Labor and Statistics

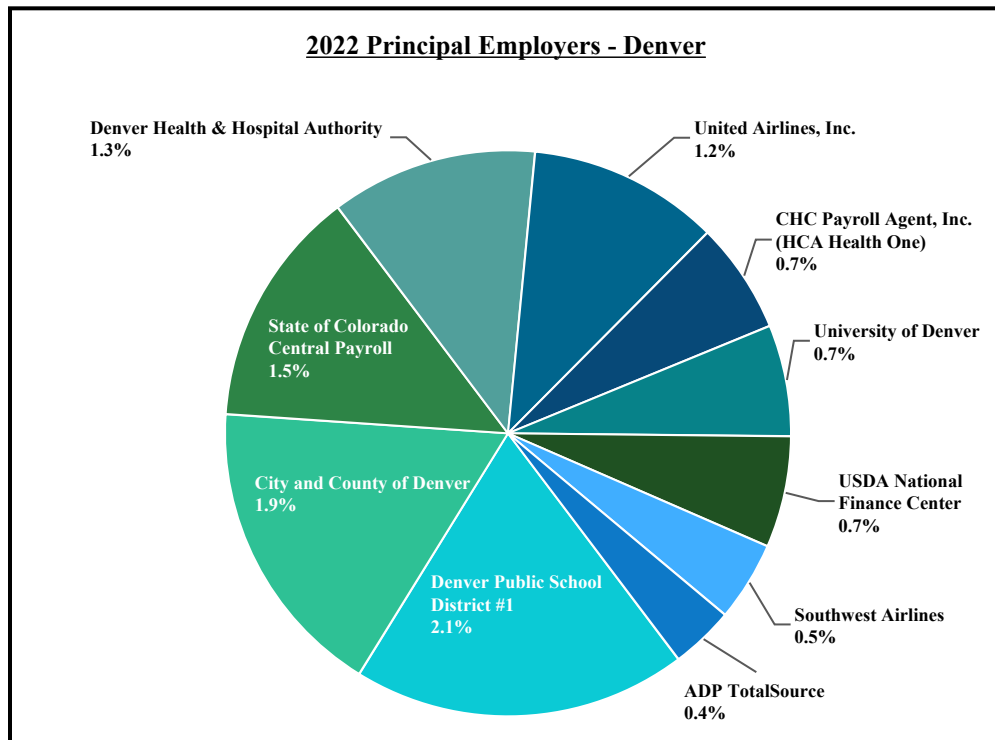
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Principal Employers

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

Employer	2022			2013		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Denver Public School District #1	12,644	1	2.1%	11,863	1	3.0%
City and County of Denver	11,503	2	1.9%	9,946	2	2.5%
State of Colorado Central Payroll	9,503	3	1.5%	9,790	3	2.5%
Denver Health & Hospital Authority	8,139	4	1.3%	5,408	5	1.4%
United Airlines, Inc.	7,669	5	1.2%	4,682	6	1.2%
CHC Payroll Agent, Inc. (HCA Health One)	4,464	6	0.7%	4,153	7	1.1%
University of Denver	4,365	7	0.7%	3,764	8	1.0%
USDA National Finance Center	4,320	8	0.7%	7,567	4	1.9%
Southwest Airlines	3,079	9	0.5%			
ADP TotalSource	2,695	10	0.4%			
University of Colorado				3,389	9	0.9%
Accounting Service Center (U.S. Postal Service)				3,188	10	0.8%
Total	68,381		11.0%	63,750		16.3%

(2023 not available at time of publication)



Source: City and County of Denver Annual Report. Based on 2022 and 2013 Occupational Privilege Tax Remitters

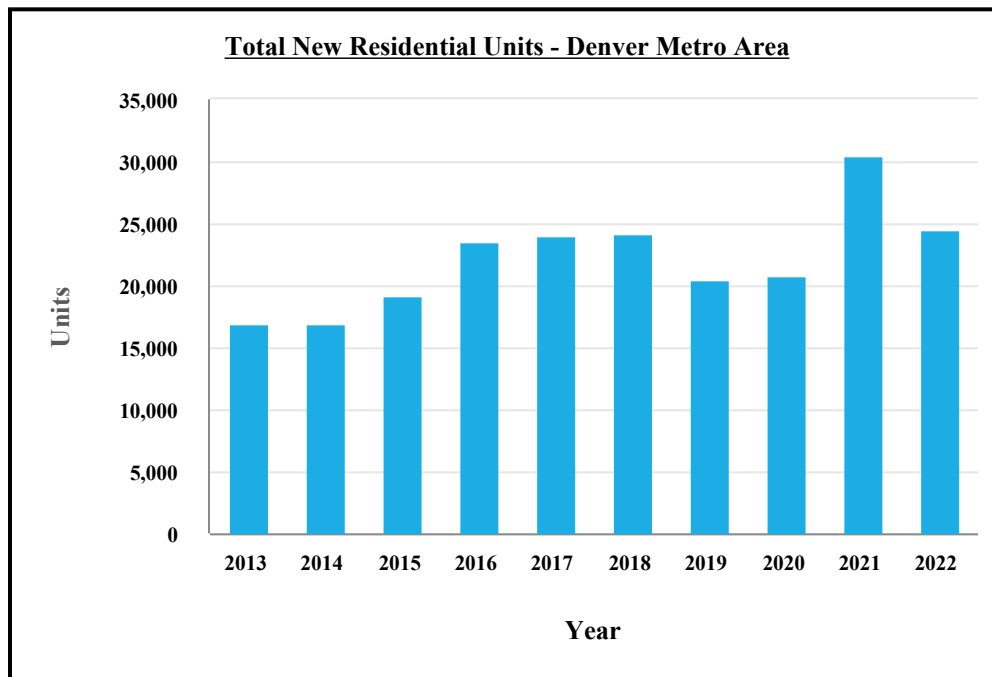
(continued)

New Residential Building Construction

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

Year	Denver				Denver Metropolitan Area			
	Single-Family Detached	Single-Family Attached	Multi-Family	Total	Single-Family Detached	Single-Family Attached	Multi-Family	Total
2013	1,284	256	4,330	5,870	7,396	399	9,145	16,940
2014	1,710	287	3,961	5,958	8,396	440	8,074	16,910
2015	1,847	134	5,920	7,901	9,786	422	9,061	19,269
2016	1,887	374	5,581	7,842	10,663	532	12,301	23,496
2017	2,370	198	7,957	10,525	11,419	384	12,218	24,021
2018	2,428	110	5,340	7,878	12,248	400	11,561	24,209
2019	2,257	7	5,066	7,330	11,401	192	8,896	20,489
2020	1,167	0	3,892	5,059	11,307	451	9,036	20,794
2021	1,550	4	8,446	10,000	12,807	987	16,724	30,518
2022	1,323	15	6,958	8,296	10,263	1,636	12,599	24,498
2023	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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



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

E - OPERATING INFORMATION

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

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EMPLOYEES BY DIVISION¹: 2014 - 2023

	2023 ^{14,15,16}	2022 ^{12,13}	2021 ^{10,11}	2020 ^{6,7,8,9}	2019	2018	2017 ^{4,5}	2016 ³	2015	2014
Division/Section²										
Administrative Services										
Chief Administrative Officer	1.0	1.0	1.0	1.0	37.0	38.0	37.0	33.0	-	-
Contract Control	-	-	2.0	2.0	-	-	-	-	-	-
Emergency Management, Safety and Security	16.0	18.0	20.0	18.0	12.5	12.0	12.0	13.0	-	-
Facilities Management	3.0	-	-	-	-	-	-	-	-	-
GIS	8.0	9.0	9.0	6.0	-	-	-	-	-	-
Information Governance	10.0	9.0	10.0	11.0	-	-	-	-	-	-
Information Security Office	5.0	4.0	5.0	3.0	-	-	-	-	-	-
Information Technology	99.8	95.8	94.8	89.8	-	-	-	-	-	-
Procurement	10.0	9.0	7.0	9.0	-	-	-	-	-	-
Recreation Management	6.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	-	-
Sustainability and Env. Compliance	8.0	11.0	5.0	7.0	-	-	-	-	-	-
	166.8	161.8	159.8	152.8	55.5	56.0	55.0	52.0	-	-
Engineering										
Chief Engineering Officer	8.0	9.0	7.8	9.8	14.8	12.8	12.8	13.0	7.8	7.8
Asset Recording	6.0	7.0	7.0	7.0	7.0	8.0	8.0	7.0	7.0	8.0
Construction Management	20.0	21.0	24.0	23.0	26.0	23.0	28.0	28.0	27.0	28.0
Distribution and Property Mgmt Admin	31.0	31.0	32.0	32.0	31.0	30.0	29.0	31.0	38.0	37.0
Hydraulics	7.0	6.0	7.0	7.0	7.0	7.0	7.0	-	-	-
Programs and Projects	62.0	66.8	62.0	62.0	57.8	58.8	56.0	53.0	55.0	58.0
Survey	23.0	24.0	24.0	24.0	27.0	24.0	24.0	26.0	23.0	25.0
Technical Support Services	5.0	4.0	5.0	5.0	-	-	-	-	-	-
	162.0	168.8	168.8	169.8	170.6	163.6	164.8	158.0	157.8	163.8
Finance										
Chief Finance Officer	1.0	3.0	3.0	3.0	3.0	2.0	-	2.0	2.0	2.0
Accounting, Payroll, AP	19.0	19.0	17.0	17.0	19.0	16.0	18.0	17.0	20.0	20.0
Budget/Financial Planning and Performance	7.0	6.0	4.0	5.0	5.0	5.0	3.0	2.0	4.0	3.0
Customer Care	44.3	41.3	27.3	-	-	-	-	-	-	-
Controller	-	-	-	-	-	-	3.0	2.0	1.0	1.0
Purchasing and Contracting	-	-	-	-	-	-	-	-	12.0	11.0
Rate Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-	1.0	3.0
Records and Document Administration	-	-	-	-	-	-	-	-	8.8	7.8
Sales and Support	17.0	17.0	27.0	-	-	-	-	-	-	-
Treasury	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0
	97.3	96.3	88.3	35.0	37.0	33.0	34.0	31.0	56.8	56.8
Manager and Staff										
Chief Executive Officer, Internal Audit	9.0	10.0	10.0	-	-	-	-	-	-	-
Chief of Staff, Cont. Improvement, L&OD	14.0	12.0	12.0	-	-	-	-	-	-	-
Human Resources	16.0	15.0	13.0	-	-	-	-	-	-	-
Manager and Staff	-	-	-	49.0	28.8	31.3	35.4	25.0	10.0	15.0
Office of General Counsel	15.0	14.0	14.0	-	-	-	-	-	-	-
Public Affairs	33.6	33.6	29.6	-	-	-	-	-	-	-
	87.6	84.6	78.6	49.0	28.8	31.3	35.4	25.0	10.0	15.0

See accompanying footnotes on final page of report.

(continued)

EMPLOYEES BY DIVISION¹: 2014 - 2023 (continued)

	2023 ^{14,15,16}	2022 ¹³	2021 ^{10,11}	2020 ^{6,7,8,9}	2019	2018	2017 ^{4,5}	2016 ³	2015	2014
Operations and Maintenance										
Chief OM Officer	5.0	5.0	3.0	1.0	6.0	5.0	6.0	7.0	5.0	6.0
Customer Service - Field	55.0	55.0	52.0	-	-	-	-	-	-	-
Emergency Management	-	-	-	-	-	-	-	4.0	2.0	2.0
Instrumentation and Ctrl Systems	-	-	-	-	-	-	-	-	18.0	11.0
Maintenance and Warehouse	-	-	-	-	-	-	-	106.0	106.0	102.0
Safety and Loss Control	-	-	-	-	-	-	-	11.0	10.0	15.0
Source of Supply	51.0	54.0	52.0	50.0	50.0	52.0	58.0	56.0	58.0	57.0
Support Services	78.0	75.0	80.0	79.0	77.0	86.0	92.0	-	-	-
Treated Water Operations	-	-	-	-	-	-	-	53.0	55.0	62.0
Water Distribution	248.0	239.0	240.0	217.0	218.0	194.0	190.0	136.0	122.0	132.0
Water Quality and Treatment	132.0	126.0	118.0	116.0	109.0	102.0	118.0	35.0	44.0	44.0
Water Treatment	-	-	-	-	-	-	-	86.0	85.0	87.0
	569.0	554.0	545.0	463.0	460.0	439.0	464.0	494.0	505.0	518.0
Water Resource Strategy										
Chief Water Resource Strategy Officer	2.0	2.0	1.0	-	-	-	-	-	-	-
Demand Planning and Efficiency	4.0	4.0	5.0	-	-	-	-	-	-	-
Environmental and Watershed Planning	10.0	9.0	9.0	-	-	-	-	-	-	-
Raw Water Supply	5.0	5.0	5.0	-	-	-	-	-	-	-
Water Resources Analysis	6.0	6.0	6.0	-	-	-	-	-	-	-
Water Resources Planning	6.0	7.0	6.0	-	-	-	-	-	-	-
Water Rights	6.0	7.0	5.0	-	-	-	-	-	-	-
	39.0	40.0	37.0	-	-	-	-	-	-	-
Customer Relations										
Chief Customer Relations Officer	-	-	-	-	-	-	-	-	3.0	2.0
Central Services	-	-	-	-	-	-	-	-	-	2.6
Customer Care	-	-	-	-	-	-	-	-	29.3	30.3
Customer Service - Field	-	-	-	-	-	-	-	-	48.0	49.0
Quality Assurance and Reporting	-	-	-	-	-	-	-	-	8.0	7.0
Sales Administration	-	-	-	-	-	-	-	-	9.0	9.0
	-	-	-	-	-	-	-	-	97.3	99.9
External Affairs										
Chief External Affairs Officer	-	-	-	5.0	6.0	7.0	6.0	-	-	-
Communications and Marketing	-	-	-	11.0	13.0	13.0	13.0	-	-	-
Community Outreach and Youth Education	-	-	-	11.6	-	-	-	-	-	-
Conservation and Community Outreach	-	-	-	-	18.0	17.0	17.0	-	-	-
Customer Care	-	-	-	37.3	35.0	35.5	37.8	-	-	-
Customer, Distributor, Gov't Relations	-	-	-	5.0	4.0	1.0	1.0	-	-	-
Customer Service - Field	-	-	-	52.0	50.0	51.0	52.0	-	-	-
Environmental and Watershed Planning	-	-	-	8.0	8.0	8.0	8.0	-	-	-
Raw Water Supply	-	-	-	4.0	4.0	5.0	4.0	-	-	-
Sales and Support	-	-	-	17.0	17.0	17.0	17.0	-	-	-
Water Resources Analysis	-	-	-	5.0	5.0	6.0	6.0	-	-	-
Water Resource Efficiency	-	-	-	8.0	-	-	-	-	-	-
Water Resources Planning	-	-	-	7.0	8.0	7.0	8.0	-	-	-
Water Rights	-	-	-	6.0	7.0	7.0	7.0	-	-	-
	-	-	-	176.9	175.0	174.5	176.8	-	-	-

See accompanying footnotes on final page of report.

(continued)

EMPLOYEES BY DIVISION¹: 2014 - 2023 (continued)

	2023 ^{14,15,16}	2022 ¹³	2021 ^{10,11}	2020 ^{6,7,8,9}	2019	2018	2017 ^{4,5}	2016 ³	2015	2014
Human Resources	-	-	-	-	25.0	26.0	28.0	31.0	29.0	32.0
Legal	-	-	-	-	-	-	-	13.0	14.0	14.4
Information Technology	-	-	-	-	95.8	96.3	100.3	104.0	110.4	92.5
Planning										
Chief Planning Officer	-	-	-	-	-	-	-	4.0	2.0	3.0
Demand Planning	-	-	-	-	-	-	-	4.0	3.0	4.0
Environmental Planning	-	-	-	-	-	-	-	7.0	6.0	5.6
Hydraulics	-	-	-	-	-	-	-	-	10.0	10.0
Raw Water Supply	-	-	-	-	-	-	-	5.0	6.0	6.0
Treated Water Planning	-	-	-	-	-	-	-	9.0	-	-
Water Resources Planning	-	-	-	-	-	-	-	4.0	4.0	4.0
Water Resources Analysis	-	-	-	-	-	-	-	9.0	10.0	10.0
Water Rights	-	-	-	-	-	-	-	6.0	7.0	6.0
	-	-	-	-	-	-	-	48.0	48.0	48.6
Public Affairs										
Chief Public Affairs Officer	-	-	-	-	-	-	-	3.0	3.0	3.0
Communications and Marketing	-	-	-	-	-	-	-	14.0	12.0	-
Conservation	-	-	-	-	-	-	-	-	17.0	16.0
Conservation and Community Outreach	-	-	-	-	-	-	-	29.0	-	11.0
Customer Care	-	-	-	-	-	-	-	31.0	-	-
Customer Relations	-	-	-	-	-	-	-	-	9.0	7.0
Customer Service - Field	-	-	-	-	-	-	-	52.0	-	-
Sales and Support	-	-	-	-	-	-	-	16.0	-	-
	-	-	-	-	-	-	-	145.0	41.0	37.0
Total	1,121.7	1,105.5	1,077.5	1,046.5	1,047.7	1,019.7	1,058.3	1,101.0	1,069.3	1,078.0

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

²Section names may have changed due to business needs.

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

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

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

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

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

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

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

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

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

¹²In 2022, Sales and Support employees were moved to Customer Care.

¹³In 2022, Water Resource Efficiency was renamed to Demand Planning and Efficiency.

¹⁴In 2023, Records and Print Shop was renamed to Information Governance.

¹⁵In 2023, Safety and Security was renamed to Emergency Management, Safety and Security.

¹⁶In 2023, Facilities Management was added as a new section under Administrative Services.

CAPITAL ASSETS BY FUNCTION: 2014 - 2023

(amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
CAPITAL ASSETS NOT BEING DEPRECIATED										
Land and land rights	\$ 133,450	\$ 133,450	\$ 133,376	\$ 133,293	\$ 130,438	\$ 130,445	\$ 129,789	\$ 99,108	\$ 99,098	\$ 115,291
Water rights and other	116,460	116,460	116,460	73,480	73,480	70,472	70,472	105,785	105,785	75,550
Wolford Mountain lease ¹	-	-	-	42,980	42,980	-	-	-	-	-
Other non-depreciable ²	23,512	23,617	23,386	787	-	-	-	-	-	-
Construction work in progress (CWIP)	848,275	681,018	514,823	400,917	290,239	340,438	265,757	259,690	163,266	171,215
Total capital assets not being depreciated	1,121,697	954,545	788,045	651,457	537,137	541,355	466,018	464,583	368,149	362,056
CAPITAL ASSETS BEING DEPRECIATED										
Buildings and improvements	511,659	510,356	505,134	505,293	494,351	413,792	405,375	199,329	201,538	281,772
Improvements other than buildings	2,555,125	2,489,076	2,379,469	2,268,955	2,160,818	2,086,796	1,971,680	2,044,423	2,002,297	1,955,572
Machinery and equipment	504,993	498,164	486,342	476,802	449,362	430,287	412,683	392,963	393,007	246,368
Regulated assets	291,355	206,382	145,427	84,326	-	-	-	-	-	-
Right-to-use buildings and improvements	20,233	-	-	-	-	-	-	-	-	-
Right-to-use improvements other than buildings	821	821	-	-	-	-	-	-	-	-
Right-to-use SBITAs	5,932	-	-	-	-	-	-	-	-	-
Total capital assets being depreciated	3,890,118	3,704,799	3,516,372	3,335,376	3,104,531	2,930,875	2,789,738	2,636,715	2,596,842	2,483,712
Less accumulated depreciation										
Buildings and improvements	(157,556)	(149,314)	(140,563)	(131,873)	(123,465)	(124,083)	(117,420)	(48,453)	(47,372)	(76,257)
Improvements other than buildings	(712,885)	(681,303)	(651,417)	(622,672)	(596,435)	(588,296)	(563,245)	(596,587)	(570,105)	(578,572)
Machinery and equipment	(296,224)	(283,531)	(268,601)	(251,927)	(238,366)	(239,589)	(227,197)	(211,396)	(200,614)	(121,358)
Regulated assets	(14,689)	(7,815)	(2,970)	(161)	-	-	-	-	-	-
Right-to-use buildings and improvements	(370)	-	-	-	-	-	-	-	-	-
Right-to-use improvements other than buildings	(115)	(57)	-	-	-	-	-	-	-	-
Right-to-use SBITAs	(1,621)	-	-	-	-	-	-	-	-	-
Total accumulated depreciation	(1,183,460)	(1,122,020)	(1,063,551)	(1,006,633)	(958,266)	(951,968)	(907,862)	(856,436)	(818,091)	(776,187)
Total capital assets being depreciated, net	2,706,658	2,582,779	2,452,821	2,328,743	2,146,265	1,978,907	1,881,876	1,780,279	1,778,751	1,707,525
TOTAL CAPITAL ASSETS, NET	\$ 3,828,355	\$ 3,537,324	\$ 3,240,866	\$ 2,980,200	\$ 2,683,402	\$ 2,520,262	\$ 2,347,894	\$ 2,244,862	\$ 2,146,900	\$ 2,069,581

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

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

BUDGET TO ACTUAL - RECEIPTS AND EXPENDITURES

BUDGET TO ACTUAL COMPARISON 2019 - 2023 AND 2024 BUDGET (BUDGET BASIS)

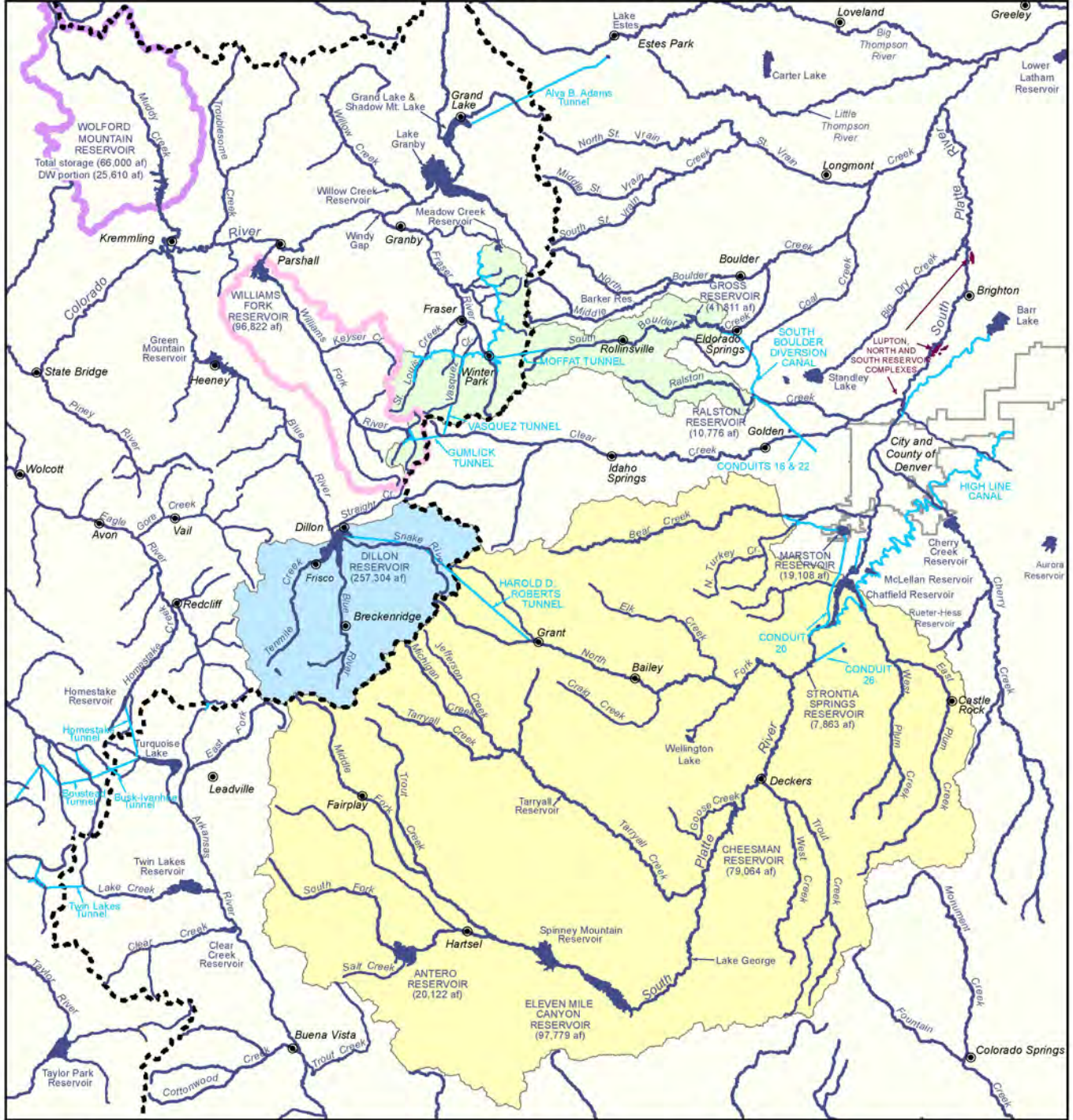
(amounts expressed in thousands)	2024		2023		2022		2021		2020		2019	
	Budget		Budget	Actual ²	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	\$ 229,459		\$ 361,826	\$ 361,826	\$ 403,590	\$ 403,590	\$ 258,734	\$ 258,734	\$ 276,326	\$ 276,326	\$ 364,170	\$ 364,170
RECEIPTS FROM:												
Sale of water	371,423		356,513	320,568	326,191	349,174	311,270	323,079	306,147	342,903	296,208	303,157
Nonoperating, interest, and other	46,102		40,237	38,889	20,698	23,232	21,080	20,438	24,265	34,849	26,315	29,195
System development charges	31,679		34,679	32,825	34,988	47,221	22,000	37,897	29,985	22,553	40,058	38,668
Developer participation, reimbursements, and grants	27,583		24,271	21,669	32,239	22,873	5,510	4,153	8,032	3,662	10,616	7,137
	476,787		455,700	413,951	414,116	442,500	359,860	385,567	368,429	403,967	373,197	378,157
Sale of bonds or issuance of notes	286,378		206,271	170,135	120,000	200,773	350,000	351,185	155,000	158,629	60,000	-
Total receipts	763,165		661,971	584,086	534,116	643,273	709,860	736,752	523,429	562,596	433,197	378,157
LESS EXPENDITURES FOR:												
Operations, maintenance, and refunds	282,092		263,646	264,551	232,090	245,858	208,590	217,864	221,115	208,218	207,617	212,837
Debt service	75,170		71,843	127,638	55,786	53,166	50,351	50,519	46,169	46,372	47,649	47,286
	357,262		335,489	392,189	287,876	299,024	258,941	268,383	267,284	254,590	255,266	260,122
Capital improvements (new facilities)	307,088		295,182	266,944	379,154	308,918	290,680	266,116	222,679	264,885	179,775	156,992
System replacements	57,073		63,321	56,966	48,447	51,585	60,832	51,939	70,077	73,809	69,490	56,715
Equipment	4,874		6,313	4,995	5,212	2,863	5,202	4,861	3,650	3,933	4,302	4,361
	369,035		364,816	328,905	432,813	363,366	356,714	322,916	296,405	342,627	253,567	218,068
Total expenditures	726,297		700,305	721,094	720,689	662,390	615,655	591,299	563,689	597,217	508,833	478,190
Cash balance adjustment ¹				4,641		(22,647)		(597)		17,029		12,189
ENDING CASH & INVESTMENTS	\$ 266,327		\$ 323,492	\$ 229,459	\$ 217,017	\$ 361,826	\$ 352,939	\$ 403,590	\$ 236,066	\$ 258,734	\$ 288,534	\$ 276,326

GENERAL EXPLANATION OF VARIANCES:

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

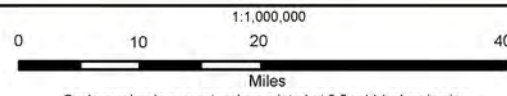
²Utilized \$60.0 million from the line of credit in 2023. The proceeds are included in *Sale of bonds or issuance of notes*. The line of credit was repaid fully in 2023 and is included in the *Debt service* total.

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



Legend

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



III-60



Map Date: 12/30/2023
Author: Denver Water GIS
Sources: USGS-NHD, DENVER WATER, DOLA, NRCS, CDWR

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OPERATING INDICATORS BY FUNCTION: 2014 - 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Supply:										
Raw water collected (acre-feet)	323,133	282,881	287,188	246,959	330,516	221,212	297,878	274,670	279,378	300,030
Supply from South Platte River & Effluent Exchange (acre-feet)	123,680	107,268	144,595	102,012	151,288	78,967	132,115	158,324	166,561	148,680
Supply from Roberts Tunnel/Blue River (acre-feet)	95,968	89,529	60,425	65,995	80,424	56,101	86,124	40,795	39,801	77,765
Supply from Moffat System (acre-feet)	103,485	86,084	82,168	78,952	98,804	86,144	79,639	75,551	73,016	73,585
Percent of total water collected (acre-feet)										
Percent from South Platte System	38%	38%	50%	41%	46%	36%	44%	58%	60%	50%
Percent from Roberts Tunnel/Blue River System	30%	32%	21%	27%	24%	25%	29%	15%	14%	26%
Percent from Moffat System	32%	30%	29%	32%	30%	39%	27%	27%	26%	24%
Raw water reservoir storage capacity (acre-feet) ¹	570,368	570,368	570,166	570,196	570,196	569,648	569,648	568,642	569,534	569,534
Replacement reservoir storage capacity (acre-feet)	129,488	129,488	129,487	129,487	129,487	125,993	125,993	122,432	122,432	122,432
Total reservoir storage capacity (acre-feet) ²	699,856	699,856	699,074	699,683	699,683	695,641	695,641	691,074	691,966	691,966
Reservoir storage (acre-feet), January 1	539,216	544,777	528,197	577,192	520,813	586,617	568,124	582,015	601,493	611,625
Percent of capacity	77.1%	77.9%	75.5%	82.5%	74.9%	84.3%	82.2%	84.1%	86.9%	88.4%
Reservoir storage (acre-feet), December 31 ²	605,317	539,216	539,535	528,197	577,192	520,813	586,617	568,124	582,015	601,493
Percent of capacity	86.5%	77.0%	77.2%	75.5%	82.5%	74.9%	84.3%	82.2%	84.1%	86.9%
Number of hydropower plants	7	7	7	7	7	7	7	7	7	7
Power generation in KWH (excluding power purchased)	53,083,801	56,696,283	50,374,494	68,451,988	52,929,656	63,127,191	76,948,391	67,436,291	61,586,646	60,209,003
Value of power generation (excluding power purchased)	\$2,002,056	\$3,907,073	\$3,834,897	\$3,873,932	\$3,892,135	\$4,420,800	\$4,510,456	\$4,337,858	\$3,913,171	\$4,403,373
Pumping:										
Number of treated water pump stations	18	18	18	18	18	18	18	18	18	18
Maximum treated water pumping capacity (mgd)	1,073.8	1,073.8	1,050.8	1,050.8	1,048.4	1,048.4	1,048.4	1,048.4	1,048.4	1,007.9
Treated water pumping energy costs	\$2,930,387	\$3,688,396	\$2,930,451	\$2,527,672	\$3,335,873	\$3,135,017	\$2,959,900	\$2,903,926	\$2,816,438	\$3,287,803
Raw water pumping capacity (mgd)	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2	112.2
Transmission and Distribution:										
Miles of pipe installed, net of reductions	8.1	15.2	12.0	13.5	17.2	15.9	33.3	17.6	17.5	16.1
Miles of raw water supply mains (mountain collection system)	91.2	91.2	90.9	90.9	87.1	77.5	77.5	77.3	77.4	77.4
Miles of raw water supply mains (metropolitan Denver area) ⁷	49.8	49.7	49.2	49.1	57.8	57.0	57.1	54.3	54.2	54.0
Miles of treated water mains in system	3,225.4	3,217.3	3,202.9	3,191.0	3,175.7	3,158.5	3,142.6	3,109.3	3,091.7	3,074.2
Miles of recycled water mains in system	73.7	73.8	75.5	75.5	72.4	71.7	70.4	73.5	67.2	67.0
Number of treated water valves operated and maintained	90,187	89,414	88,375	87,507	86,624	85,565	84,674	83,171	82,250	81,262
Number of recycled water valves in system ¹⁰	1,606	1,606	1,632	1,632	1,612	1,604	1,459	1,538	1,512	1,380
Number of hydrants operated and maintained ⁶	22,295	22,102	21,873	21,465	22,219	21,195	20,967	20,556	20,269	20,030
Fire hydrants tested and repaired	21,980	20,214	19,733	17,438	23,643	24,922	25,990	23,909	18,093	29,506
Breaks in mains - Denver	331	348	297	423	294	275	275	225	262	191
Service leaks	352	353	431	484	597	538	508	503	542	337
Treated water main leak detection program:										
Miles of pipe surveyed	125	451	567	754	814	660	1,384	922	808	1,290
Visible leaks pinpointed	103	244	132	141	142	182	183	134	131	160
Non-visible leaks detected	13	55	56	68	56	58	100	68	62	110

See accompanying footnotes on final page of report.

(continued)

OPERATING INDICATORS BY FUNCTION: 2013 - 2022 (continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Treatment and Water Quality:										
Acre-feet	181,488	209,783	200,208	214,942	198,827	206,074	195,822	199,489	184,489	187,771
Population ³	1,297,000	1,295,000	1,287,000	1,277,000	1,270,000	1,261,000	1,248,000	1,238,000	1,222,000	1,197,000
Treated water reservoir capacity (million gallons) ⁴	351.8	351.8	351.8	351.8	351.8	351.8	351.4	351.4	351.4	353.3
Treated water consumption (million gallons)	59,138	68,358	65,238	70,039	64,788	67,149	63,809	65,004	60,116	61,185
Average daily consumption (million gallons)	162.02	187.28	178.73	191.89	177.50	183.97	174.82	178.09	164.70	167.63
Average daily gallons per capita	124.92	144.62	138.88	150.26	139.76	145.89	140.08	143.86	134.78	140.04
Maximum daily consumption (million gallons)	334.20	372.51	369.60	380.45	371.11	396.40	364.92	355.88	344.26	335.20
Maximum hour treated water use rate (million gallons per day)	604.00	658.40	648.00	670.00	572.60	637.00	628.50	592.00	499.30	603.60
Precipitation in inches - Annual	22	14	15	11	16	13	15	14	28	20
Precipitation in inches - 4/1 to 9/30	18	8	11	6	11	9	12	8	19	15
Water Quality Samples:										
Watershed	11,391	10,128	9,709	7,600	7,120	5,222	6,624	6,826	5,544	1,669
Treatment plant	2,112	2,548	2,278	2,151	1,976	2,222	3,233	3,168	4,443	1,358
Distribution system	23,260	21,494	21,503	20,805	20,727	13,521	15,909	16,575	18,953	11,316
Other	4,863	8,224	14,960	12,431	11,683	7,700	14,890	5,599	6,538	2,258
Lead and copper	19,294	22,191	33,061	38,511	28,560	7,697	7,570	-	-	-
Total Samples Collected	60,920	64,585	81,511	81,498	70,066	36,362	48,226	32,168	35,478	16,601
Microbiological analyses completed	14,084	17,031	16,530	14,425	14,471	15,346	22,568	11,407	11,208	12,070
Chemical and field analyses completed	95,887	123,671	208,016	280,952	404,222	160,241	147,819	49,829	56,885	54,181
Total Analyses Performed	109,971	140,702	224,546	295,377	418,693	175,587	170,387	61,236	68,093	66,251
Treatment Plant Capacity (million gallons per day):										
Plant										
Foothills Dual-Media	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0
Marston Dual-Media	200.0	200.0	200.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
Moffat Rapid-Sand	80.0	80.0	80.0	120.0	120.0	120.0	185.0	185.0	185.0	185.0
Total Capacity (million gallons per day) ^{5,8,9}	560.0	560.0	560.0	650.0	650.0	650.0	715.0	715.0	715.0	715.0

Chemical Treatment:

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

Plant	Total Cost	Pounds of Chemicals Used
Foothills	\$ 5,942,153	31,878,893
Moffat	2,462,641	13,373,140
Marston	1,293,218	6,911,852
Recycling	633,642	2,784,110
	\$10,331,654	54,947,995

See accompanying footnotes on final page of report.

(continued)

OPERATING INDICATORS BY FUNCTION: 2014 - 2023 (continued)

TREATED WATER QUALITY SUMMARY: TREATMENT PLANT EFFLUENT AVERAGES - 2023

Analysis of Effluent Water	Foothills	Marston	Moffat
General			
Alkalinity, Total as CaCO ₃ (mg/L)	60.00	64.10	44.60
Chlorine, Total (mg/L)	1.70	1.70	1.70
Hardness as CaCO ₃ (mg/L)	102.50	108.00	55.00
pH (SU)	8.80	8.80	8.90
Specific Conductance (µS/cm)	278.00	323.00	145.00
Temperature (°C)	9.70	12.30	12.80
Total Dissolved Solids (mg/L)	198.10	219.20	104.50
Turbidity (NTU)	0.00	0.00	0.00
Metals Direct Analyses			
Aluminum (µg/L)	48.00	35.40	20.90
Barium (µg/L)	39.40	41.30	20.60
Boron (µg/L)	15.50	20.20	6.20
Calcium (mg/L)	29.30	31.30	17.60
Magnesium (mg/L)	7.10	7.30	2.70
Manganese (µg/L)	2.60	3.70	0.00
Molybdenum (µg/L)	14.70	20.80	1.20
Potassium (mg/L)	2.20	2.50	0.80
Sodium (mg/L)	24.00	22.60	11.30
Uranium (µg/L)	0.20	0.50	0.00
Ions (mg/L)			
Chloride	22.30	23.20	9.20
Fluoride	0.70	0.70	0.60
Nitrate + Nitrite-Nitrogen	0.00	0.00	0.00
o-Phosphate	0.00	0.00	0.00
Sulfate	63.10	66.80	24.70
Disinfection Precursor and By-Products (µg/L)			
Total Organic Carbon (mg/L)	1.60	1.80	1.80
Haloacetic Acids (µg/L)	14.50	13.40	17.10
Total Trihalomethanes (µg/L)	18.90	20.00	19.00

¹In 2023, Denver Water had 17 raw water reservoirs. This capacity is based on current reservoir capacity.

²The reservoir storage as of December 31, 2023 and historical total supply capacity was revised in 2020 to be consistent with current measurement processes.

³Population estimated based on treated water customers only.

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

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

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

⁷In 2020, Conduit 16 was abandoned and replaced in 2021.

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

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

¹⁰In 2022, updated Recycled Plant with recent survey data that changed the type of water from recycle to process pipe.

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

Section IV Table of Contents

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

Board of Water Commissioners
Denver Water
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the Board of Water Commissioners, City and County of Denver (Denver Water), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Denver Water's basic financial statements, and have issued our report thereon dated May 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

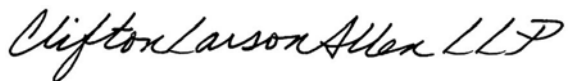
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
May 21, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Water Commissioners
Denver Water
Denver, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Denver Water's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Denver Water's major federal programs for the year ended December 31, 2023. Denver Water's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Denver Water complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Denver Water and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Denver Water's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Denver Water's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Denver Water's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Denver Water's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Denver Water's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Denver Water's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Denver Water's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.


Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
May 21, 2024

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Schedule of Expenditures of Federal Awards
December 31, 2023

Schedule of Expenditures for Federal Awards
December 31, 2023

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Environmental Protection Agency:			
Passed through the Colorado Water Resources and Power Development Authority Drinking Water State Revolving Fund Cluster Capitalization Grants:			
Drinking Water State Revolving Funds: 2022 BIL Lead Grant	66.468	DL22F476	<u>\$ 21,356,579</u>
Grand Total			<u><u>\$ 21,356,579</u></u>

DENVER WATER
CITY AND COUNTY OF DENVER, COLORADO
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2023

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of the Board of Water Commissioners (DBA Denver Water). All federal financial assistance received by Denver Water directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the Schedule.

2. Basis of Presentation

The Schedule includes the federal award activity of Denver Water under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Denver Water, it is not intended to and does not present the financial position, changes in net position or cash flows of Denver Water.

3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

4. Indirect Costs

Denver Water has elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance. Denver Water did not have federal expenditures relating to indirect costs for the year ended December 31, 2023.

5. Retainage

Retainage for work areas completed in 2023, but paid and reimbursed in 2024, has been accrued and is included in the total.

6. Subrecipients

Denver Water did not provide any federal awards to subrecipients.

**DENVER WATER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? _____ yes x no
 - Significant deficiency identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? _____ yes x no
 - Significant deficiency identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Numbers

66.468

Name of Federal Program or Cluster

Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**DENVER WATER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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