

**AMENDED AND RESTATED 2019 SUPPLEMENTAL DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

April 26, 2021

Denver Water is providing this Amended and Restated 2019 Supplemental Disclosure for the Year Ended December 31, 2019 in order to indicate the precise location of where certain of the annual financial information disclosure can be found in the Comprehensive Annual Financial Report for the year ended December 31, 2019 (the “Comprehensive Annual Financial Report”), which was filed with EMMA on June 10, 2020, and to consolidate Denver Water’s 2019 annual financial information disclosure into one document.

Statistical Summary of the System

- Page III-3 of the Comprehensive Annual Financial Report.

10 Largest Retail Customers

- Page III-36 of the Comprehensive Annual Financial Report.

Approved Water Rate Revenues and System Development Charges

- Pages II-26 of the Comprehensive Annual Financial Report.

Estimated Annual Residential Water Bills

| <u>Water Entity<br/>(Inside and Outside Municipal Boundries)</u> | <u>Annual Water Service and<br/>Consumption Charges</u> |
|--|---|
| Arapahoe   | \$ 1,294.42   |
| Colorado Springs   | 936.94  |
| Erie   | 876.86  |
| Castle Rock  | 752.42  |
| Aurora   | 733.61  |
| Parker   | 695.70  |
| <b>Denver Water 2020 Total Services**</b>                        | <b>710.78</b>   |
| Brighton   | 637.18  |
| Westminster  | 723.69  |
| Thornton   | 623.86  |
| Golden   | 594.94  |
| Greeley  | 610.65  |
| Northglenn   | 636.34  |
| Centennial Water   | 560.59  |
| Fort Collins   | 518.42  |
| <b>Denver Water 2020 Inside City**</b>                           | <b>525.47</b>   |
| Boulder  | 516.71  |
| Louisville   | 484.97  |
| Broomfield*  | 452.86  |
| Arvada*  | 445.86  |
| Pueblo   | 371.53  |

\* Denver Water delivers water to this entity. Typical bills based on 102,000 gallons consumption.

\*\* Denver Water rates reflect 2020 rates.

## Denver Water Capital Budget and Capital Improvement Plan

### Denver Water 2020-2024 Capital Budget and Capital Improvement Plan (amounts expressed in thousands)<sup>(1)</sup>

|   | 2020             | 2021             | 2022             | 2023             | 2024             | Total              |
|---|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Capital by System</b>                          |                  |                  |                  |                  |                  |                    |
| Collection  | \$36,371         | \$60,742         | \$88,592         | \$104,286        | \$99,899         | \$389,891          |
| Distribution                                      | 77,854           | 66,284           | 56,853           | 46,900           | 43,450           | 291,341            |
| Expansion   | 14,840           | 23,500           | 4,400            | 6,100            | 16,125           | 64,965             |
| Information Technology                            | 156              | 2,850            | 500              | 3,000            | 4,500            | 11,006             |
| Operations Support                                | 14,783           | 20,390           | 13,325           | 6,750            | 6,000            | 61,248             |
| Treatment   | 75,842           | 136,873          | 135,915          | 80,415           | 18,008           | 447,053            |
| LRP   | 76,559           | 40,324           | 50,833           | 51,096           | 51,366           | 270,179            |
| <b>Total Capital Program</b>                      | <b>\$296,405</b> | <b>\$350,963</b> | <b>\$350,419</b> | <b>\$298,547</b> | <b>\$239,348</b> | <b>\$1,535,682</b> |
| Less  |                  |                  |                  |                  |                  |                    |
| Participation Receipts <sup>(2)</sup>             | 8,032            | 4,618            | 10,940           | 20,145           | 20,645           | 64,380             |
| <b>Total Capital Program Minus Reimbursements</b> | <b>\$288,373</b> | <b>\$346,345</b> | <b>\$339,479</b> | <b>\$278,402</b> | <b>\$218,703</b> | <b>\$1,471,302</b> |

(1) Figures may not total due to rounding.

(2) Payments for capacity in specific facilities owned by Denver Water to serve specific groups of customers less CRCA Participation Costs.

## Water Works Fund - Statement of Revenues


- Page II-18 of the Comprehensive Annual Financial Report.

## Water Works Fund Receipts and Expenditures

### Receipts and Expenditures 2019-2020 (amounts expressed in thousands)

|                               | 2019<br>Budget   | 2019<br>Actual   | 2020<br>Budget   | 2020<br>Amended Budget |
|-------------------------------|------------------|------------------|------------------|------------------------|
| <b>Sources of Funds</b>       |                  |                  |                  |                        |
| Water Sales                   | \$296,208        | \$303,157        | \$306,147        | \$306,147              |
| Hydropower                    | 4,196            | 3,892            | 3,872            | 3,872                  |
| Other Operating Revenues      | 6,980            | 7,555            | 6,940            | 6,940                  |
| Proceeds from Sales of Assets | 659              | 1,619            | 700              | 700                    |
| Other Income                  | 8,033            | 10,255           | 8,584            | 8,584                  |
| Interest Income               | 6,447            | 5,875            | 4,169            | 4,169                  |
| System Development Charges    | 40,058           | 38,668           | 29,985           | 29,985                 |
| Participation Receipts        | <u>10,616</u>    | <u>7,137</u>     | <u>8,032</u>     | <u>8,032</u>           |
| Subtotal                      | \$373,197        | \$378,157        | \$368,429        | \$368,429              |
| Debt Proceeds                 | <u>60,000</u>    | <u>0</u>         | <u>140,000</u>   | <u>155,000</u>         |
| <b>Total Sources of Funds</b> | <b>\$433,197</b> | <b>\$378,157</b> | <b>\$508,429</b> | <b>\$523,429</b>       |
| <b>Uses of Funds</b>          |                  |                  |                  |                        |
| Operating Expenditures:       | 207,617          | 212,837          | 270,734          | 221,114                |
| Capital Project Expenditures: | 253,567          | 218,068          | 219,846          | 296,405                |
| Debt Service:                 | <u>47,649</u>    | <u>47,286</u>    | <u>46,169</u>    | <u>46,169</u>          |
| <b>Total Uses of Funds</b>    | <b>\$508,833</b> | <b>\$478,190</b> | <b>\$486,749</b> | <b>\$563,688</b>       |

## Outstanding Parity Bonds

| <b>Outstanding Parity Bonds*</b>  |                          |
|---|--------------------------|
|  |                          |
| <i>Issue</i>  | <i>Principal Balance</i> |
| Series 2008A  | \$ 240,000               |
| Series 2012A  | 33,035,000               |
| Series 2012B  | 22,120,000               |
| Series 2014A  | 44,025,000               |
| Series 2016A  | 72,855,000               |
| Series 2016B  | 53,175,000               |
| Series 2017A  | 140,380,000              |
| Series 2017B  | 41,765,000               |
| Series 2020A  | 141,030,000              |
| Series 2020B  | <u>119,855,000</u>       |
| Total Bonds   | <u>\$ 668,480,000</u>    |

\*Outstanding Parity Bonds as of August 19, 2020

## Historical and Budgeted Net Revenue and Historical and Pro Forma Debt Service Coverage

### Historical and Budgeted Net Revenue and Historical and Pro Forma Debt Service Coverage<sup>(1)</sup> (amounts expressed in thousands, except coverage ratios)

|  | Actual           |                  |                     |                  |                  | Budget<br>2020   | Amended<br>Budget<br>2020 |
|--|------------------|------------------|---------------------|------------------|------------------|------------------|---------------------------|
|  | 2015             | 2016             | 2017 <sup>(6)</sup> | 2018             | 2019             |                  |                           |
| <b>Gross Revenues</b>  |                  |                  |                     |                  |                  |                  |                           |
| Total Operating Revenues   | \$252,060        | \$284,454        | \$298,505           | \$320,556        | \$317,155        | \$316,959        | \$316,959                 |
| Proceeds from Sales of Capital Assets                                  | 1,117            | 2,143            | 5,524               | 1,311            | 1,619            | 700              | 700                       |
| Other Income   | 5,595            | 7,426            | 7,996               | 6,982            | 8,275            | 8,584            | 8,584                     |
| Interest Income  | 1,479            | 1,603            | 2,140               | 6,219            | 8,394            | 4,169            | 4,169                     |
| System Development Charges   | 36,109           | 38,752           | 42,486              | 41,045           | 38,668           | 29,985           | 29,985                    |
| Participation Receipts (cash portion)                                  | <u>8,713</u>     | <u>2,335</u>     | 9,240               | 5,756            | 7,137            | 8,032            | 8,032                     |
| Total Gross Revenue <sup>(2)</sup>                                     | <u>305,073</u>   | <u>336,713</u>   | <u>365,891</u>      | <u>381,869</u>   | <u>381,248</u>   | <u>368,429</u>   | <u>368,429</u>            |
| <b>Operation and Maintenance Expenses</b>                              |                  |                  |                     |                  |                  |                  |                           |
| Total Operating Expenses   | 215,825          | 247,520          | 256,008             | 251,027          | 277,977          | 220,734          | 221,114                   |
| Other Expense  | 2,499            | 1,861            | 2,657               | 3,869            | 2,175            | --               | --                        |
| Less Depreciation and Amortization <sup>(7)</sup>                      | (47,897)         | (50,352)         | (62,348)            | (51,667)         | (51,345)         | --               | --                        |
| Total Operation and Maintenance  | <u>170,427</u>   | <u>199,029</u>   | <u>196,317</u>      | <u>203,229</u>   | <u>228,807</u>   | <u>220,734</u>   | <u>221,114</u>            |
| <b>Net Revenue</b>   | <u>\$134,646</u> | <u>\$137,684</u> | <u>\$169,574</u>    | <u>\$178,640</u> | <u>\$152,441</u> | <u>\$147,695</u> | <u>\$147,315</u>          |
| <b>Historical and 2019 Coverage Ratios</b>                             |                  |                  |                     |                  |                  |                  |                           |
| Required Debt Service <sup>(1)(3)(5)</sup>                             | 47,919           | 40,076           | 43,686              | 48,766           | 47,286           | 46,169           | 46,170                    |
| Coverage Ratios  | 2.81             | 3.44             | 3.88                | 3.66             | 3.22             | 3.20             | 3.19                      |
| <b>Pro Forma Coverage Ratios – After Issuance of Series 2020 Bonds</b> |                  |                  |                     |                  |                  |                  |                           |
| Combined Average Annual Debt Service                                   | 38,263           | 38,263           | 38,263              | 38,263           | 38,263           | 38,263           | 38,263                    |
| Coverage Ratios  | 3.52             | 3.60             | 4.43                | 4.67             | 3.98             | 3.86             | 3.85                      |
| <b>Pro Forma Coverage Ratios – After Issuance of Series 2020 Bonds</b> |                  |                  |                     |                  |                  |                  |                           |
| Combined Maximum Annual Debt Service                                   | 44,619           | 44,619           | 44,619              | 44,619           | 44,619           | 44,619           | 44,619                    |
| Coverage Ratios  | 3.02             | 3.09             | 3.80                | 4.00             | 3.42             | 3.31             | 3.30                      |

(1) This schedule reflects certain reclassifications to revenues and expenses made to prior years financial statements to conform to the current year financial statement.

(2) These amounts vary from amounts shown in the table captioned "Water Works Fund" due to accrual versus cash accounting methods.

(3) For purposes of this table, "Required Debt Service" includes Parity Bonds and the Capital Lease.

(4) All items computed as defined in the bond covenants. The rate maintenance covenant is 1.10; the additional bonds test is 1.20 times the average annual debt service.

(5) Actual debt service requirements do not include amounts paid on the Subordinate Line of Credit.

(6) Operating expenses in 2017 were restated as part of the implementation of GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans other than Pension Plans.

(7) Depreciation expense was restated for all years shown to reflect amounts on the Statements of Revenue, Expenses, and Changes in Net Position. Prior to this change depreciation expense from Note 4 of the comprehensive annual financial reports was used.

(8) Unaudited.

Sources: Denver Water Comprehensive Annual Financial Reports for 2015-2018; 2019 Unaudited Financial Statements, 2020 Budget; Denver Water Treasury Section; and the Financial Advisor.

## Denver Water Customer Groups

| Service Type             | Inside City | Outside City |               |              |            | OCSA <sup>(1)</sup> |
|--------------------------|-------------|--------------|---------------|--------------|------------|---------------------|
|                          |             | Read & Bill  | Total Service | Master Meter | All Others |                     |
| <b>Treated</b>           |             |              |               |              |            |                     |
| Single Family            | X           | X            | X             |              |            |                     |
| Nonresidential           | X           | X            | X             |              |            |                     |
| Irrigation               | X           | X            | X             |              |            |                     |
| <b>Nonpotable</b>        |             |              |               |              |            |                     |
| Raw                      | X           |              |               |              | X          | X                   |
| Recycled                 | X           |              |               |              |            | X                   |
| <b>Wholesale-Treated</b> |             |              |               | X            | X          | X                   |

<sup>(1)</sup> OCSA: Outside Combined Service Area. Special contracts for treated and nonpotable services outside Denver Water's combined service area.

## Customer Accounts for Treated Water

- Page III-25 of the Comprehensive Annual Financial Report.

## Operating Revenue and Related Water Consumption

- Page III-20 of the Comprehensive Annual Financial Report.

## Sales of Treated Water Between Denver and Outside City

- Page III-22 of the Comprehensive Annual Financial Report.

## Sales of Treated Water for Resale

- Page III-35 of the Comprehensive Annual Financial Report.

## Sales of Nonpotable Water Between Inside City and Outside City

- Page III-24 of the Comprehensive Annual Financial Report.

Comparison of Typical Monthly Winter and Summer Water

Comparison of Typical Monthly Winter and Summer Water<sup>(1)</sup>

| Type of Service              | Based on Calendar Year 2020 Rates |         |
|------------------------------|-----------------------------------|---------|
|                              | Winter                            | Summer  |
| Inside City                  | \$25.57                           | \$74.68 |
| Outside City (Read and Bill) | 27.01                             | 83.63   |
| Outside City (Total Service) | 30.85                             | 107.35  |

<sup>(1)</sup> Estimated water bills are based on 2020 rates and service charges effective January 2020. Winter is defined as the six-month period November through April, and summer is defined as the six-month period May through October.

| Month                           | Consumption<br>(Gallons) |
|---------------------------------|--------------------------|
| January                         | 4                        |
| February                        | 4                        |
| March                           | 4                        |
| April                           | 4                        |
| May                             | 7                        |
| June                            | 10                       |
| July                            | 14                       |
| August                          | 16                       |
| September                       | 16                       |
| October                         | 11                       |
| November                        | 4                        |
| December                        | 4                        |
| <b>Total Annual Consumption</b> | <b>98</b>                |

Denver Water Rate Schedule No. 1 Treated Water Rates

- Page III-26 of the Comprehensive Annual Financial Report.

Denver Water Rate Schedule No. 2 Nonpotable Water Rates

- Page III-27 of the Comprehensive Annual Financial Report.

Denver Water Rate Schedule No. 3 City and County of Denver Government

- Page III-28 of the Comprehensive Annual Financial Report.

Denver Water Rate Schedule No. 4 System Development Charges

- Page III-29 of the Comprehensive Annual Financial Report.