

**2020 SUPPLEMENTAL DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020**

May 27, 2021

Denver Water is providing this 2020 Supplemental Disclosure for the Year Ended December 31, 2020 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, 2020 (the “Comprehensive Annual Financial Report”), which was filed with EMMA on June 2, 2021, and to consolidate Denver Water’s 2020 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-27 of the Comprehensive Annual Financial Report.

Estimated Annual Residential Water Bills

Water Entity (Inside and Outside Municipal Boundaries)	Annual Water Service and Consumption Charges*
Colorado Springs	\$985
Westminster	\$884
Erie	\$876
Castle Rock	\$770
Aurora	\$728
Parker	\$721
Denver Water 2021 Total Service	\$716
Denver Water 2020 Total Service	\$710
Golden	\$674
Northglenn	\$661
Greeley	\$654
Thornton	\$637
Centennial Water	\$588
Boulder	\$551
Denver Water 2021 Inside City	\$533
Denver Water 2020 Inside City	\$525
Fort Collins	\$518
Louisville	\$490
Pueblo	\$382

*Annual Consumption is based on 102,000 gallons per year

Denver Water Capital Budget and Capital Improvement Plan

Denver Water 2021-2025 Capital Budget and Capital Improvement Plan (amounts expressed in thousands)⁽¹⁾

	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>Total</i>
Capital Projects by Category						
Collection	\$41,840	\$27,422	\$55,666	\$178,063	\$158,568	\$461,559
Distribution	64,138	53,699	63,718	49,932	56,066	287,553
Expansion	29,362	4,100	3,286	6,743	10,417	53,908
Information Technology	968	1,604	1,043	4,149	3,646	11,410
Operations Support	25,503	9,542	5,850	6,227	5,990	53,112
Treatment	128,287	106,415	83,659	20,843	7,044	346,248
Lead Reduction Program (LRP)	66,616	69,800	67,900	66,000	63,900	334,216
Total Capital Program	<u>\$356,713</u>	<u>\$272,582</u>	<u>\$281,122</u>	<u>\$331,957</u>	<u>\$305,631</u>	<u>\$1,548,006</u>
Less						
Participation Receipts ⁽²⁾	7,372	6,848	12,397	31,813	28,713	87,143
Total Capital Program Minus Reimbursements	\$349,341	\$265,734	\$268,725	\$300,144	\$276,918	\$1,460,863

⁽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-19 of the Comprehensive Annual Financial Report.

Water Works Fund Receipts and Expenditures

Receipts and Expenditures 2020-2021 (amounts expressed in thousands)⁽¹⁾

	<i>2020 Budget</i>	<i>2020 Actual⁽²⁾</i>	<i>2021 Budget</i>
Sources of Funds			
Water Sales	\$306,147	\$342,903	\$311,270
Hydropower	3,872	3,874	3,801
Other Operating Revenues	6,940	6,959	7,057
Proceeds from Sales of Assets	700	742	700
Other Income	8,584	20,597	8,041
Interest Income	4,169	2,677	1,480
System Development Charges	29,985	22,553	22,000
Participation Receipts	<u>8,032</u>	<u>3,655</u>	<u>5,485</u>
Subtotal	368,429	403,960	\$359,835
Debt Proceeds	<u>155,000</u>	<u>158,629</u>	<u>350,000</u>
Total Sources of Funds	\$523,429	562,589	\$709,835
Uses of Funds			
Operating Expenditures:	221,114	208,211	208,565
Capital Project Expenditures:	296,405	342,627	356,713
Debt Service:	<u>46,169</u>	<u>46,372</u>	<u>50,351</u>
Total Uses of Funds	<u>\$ 563,688</u>	<u>597,210</u>	<u>\$615,629</u>

(1) Figures may not total due to rounding.

(2) Actuals in this table are based on the basis of accounting used for budgetary purposes and may differ from numbers reported in accordance with the accrual basis of accounting in GAAP financial statements due to differences in timing of recognition of certain transactions or events.

Outstanding Parity Bonds

Outstanding Parity Bonds*

<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	119,855,000
Series 2021A	<u>316,785,000</u>
Total Bonds	\$985,265,000

*Outstanding Parity Bonds as of May 27, 2021

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⁽¹⁾ (amounts expressed in thousands, except coverage ratios)

	<i>Actual⁽²⁾</i>					<i>Budget</i>
	<i>2016</i>	<i>2017⁽³⁾</i>	<i>2018</i>	<i>2019</i>	<i>2020⁽⁷⁾</i>	<i>2021⁽⁸⁾</i>
Gross Revenues						
Total Operating Revenues	\$ 284,454	\$ 298,505	\$ 320,556	\$ 317,155	\$ 357,201	\$ 322,129
Proceeds from Sales of Capital Assets	2,143	5,524	1,311	1,619	742	700
Other Income	7,426	7,996	6,982	8,275	7,284	8,066
Interest Income	1,603	2,140	6,219	8,394	2,890	1,480
System Development Charges	38,752	42,486	41,045	38,668	22,553	22,000
Participation Receipts	<u>2,335</u>	<u>9,240</u>	<u>5,756</u>	<u>7,137</u>	<u>3,655</u>	<u>5,485</u>
Total Gross Revenue	<u>\$ 336,713</u>	<u>\$ 365,891</u>	<u>\$ 381,869</u>	<u>\$ 381,248</u>	<u>\$ 394,325</u>	<u>\$ 359,860</u>
Operation and Maintenance Expenses						
Total Operating Expenses	\$ 247,520	\$ 256,008	\$ 251,027	\$ 277,977	\$ 263,320	\$ 208,590
Other Expense	1,861	2,657	3,869	2,175	1,515	
Less Depreciation and Amortization ⁽⁶⁾	(50,352)	(62,348)	(51,667)	(51,345)	(55,691)	
Total Operation and Maintenance	<u>\$ 199,029</u>	<u>\$ 196,317</u>	<u>\$ 203,229</u>	<u>\$ 228,807</u>	<u>\$ 209,144</u>	<u>\$ 208,590</u>
Net Revenue	<u>\$ 137,684</u>	<u>\$ 169,574</u>	<u>\$ 178,640</u>	<u>\$ 152,441</u>	<u>\$ 185,181</u>	<u>\$ 151,270</u>
Historical and 2020 Coverage Ratios						
Required Debt Service ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 40,076	\$ 43,686	\$ 48,766	\$ 47,286	\$ 46,373	\$ 50,531
Coverage Ratios	3.44	3.88	3.66	3.22	3.99	3.00
Pro Forma Coverage Ratios – After Issuance of Series 2021A Bonds						
Combined Average Annual Debt Service	\$ 53,103	\$ 53,103	\$ 53,103	\$ 53,103	\$ 53,103	\$ 53,103
Coverage Ratios	2.59	3.19	3.36	2.87	3.49	2.85
Pro Forma Coverage Ratios – After Issuance of Series 2021A Bonds						
Combined Maximum Annual Debt Service	\$ 53,687	\$ 53,687	\$ 53,687	\$ 53,687	\$ 53,687	\$ 53,687
Coverage Ratios	2.56	3.16	3.33	2.84	3.45	2.82

⁽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⁾ Actuals for 2016 through 2020 reflect a combination of information from Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows.

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

⁽⁴⁾ Actual debt service requirements do not include amounts paid on the Subordinate Line of Credit.

⁽⁵⁾ 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.

⁽⁶⁾ 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.

⁽⁷⁾ Unaudited/preliminary data.

⁽⁸⁾ The 2021 Budget numbers in this table are based on the basis of accounting used for budgetary purposes and may differ from numbers reported in accordance with the accrual basis of accounting in GAAP financial statements in years 2016-2020 due to differences in timing of recognition of certain transactions or events.

Denver Water Customer Groups

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

⁽¹⁾ 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-20-21 of the Comprehensive Annual Financial Report.

Sales of Treated Water Between Denver and Outside City

- Page III-22-23 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⁽¹⁾

<i>Type of Service</i>	<i>Based on Calendar Year 2021 Rates</i>	
	<i>Winter</i>	<i>Summer</i>
Inside City	\$26.02	\$77.14
Outside City (Read and Bill)	27.42	86.03
Outside City (Total Service)	31.22	110.16

⁽¹⁾ Estimated water bills are based on 2021 rates and service charges effective January 2021. 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 (1000 Gallons)
January	4
February	4
March	4
April	5
May	10
June	15
July	18
August	18
September	16
October	13
November	6
December	4
Total Annual Consumption	118

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 Governmental Rates

- 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.