

2021 | Annual Report

DENVER BOARD OF WATER COMMISSIONERS Employees' Retirement Program



Employees' Retirement Plan
Denver Water 401 (k) Retirement Savings Plan
Denver Water 457 Deferred Compensation Plan

Treasury Department, Denver Board of Water Commissioners
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I.	INTRODUCTORY SECTION (UNAUDITED)	6
A.	Organizational Chart of the Employees' Retirement Program	12
B.	Denver Board of Water Commissioners	13
C.	Key Members of the Retirement Program Committee	15
II.	FINANCIAL SECTION	18
A.	Employees' Retirement Plan	19
1.	Independent Auditors Report	19
2.	Management's Discussion and Analysis	24
3.	Basic Financial Statements	28
a.	Statements of Fiduciary Net Position	28
4.	Notes to the Financial Statements	30
a.	Schedule of Changes in Net Pension Liability and Related Ratios	43
b.	Schedule of Employer Contributions	44
c.	Schedule of Investment Returns	45
5.	Additional Supplementary information (unaudited)	46
a.	Schedule of Administrative Expense	46
b.	Schedule of Investment Expenses	47
B.	Denver Water Supplemental Retirement Savings Plan	48
1.	Independent Auditor's Reports	48
2.	Management's Discussion and Analysis (unaudited)	53
3.	Basic Financial Statements	57
a.	Statements of Net Position	57
b.	Statement of Changes in Net Position	58
4.	Notes to the Financial Statements	59
C.	Denver Water 457 Deferred Compensation Plan	67
1.	Independent Auditors Report	67
2.	Management's Discussion and Analysis	72
3.	Basic Financial Statements	75
a.	Statement of Fiduciary Net Position	75
b.	Statements of Changes in Fiduciary Net Position	76
4.	Notes to the Financial Statements	77
III.	INVESTMENT SECTION (UNAUDITED)	86
A.	Employees Retirement Plan	87

1.	Report on Investment Activity	87
2.	Outline of Investment Policies	90
3.	Schedule of Investment Managers	92
4.	Schedule of Investment Results	93
5.	Asset Allocation	95
6.	Investment Summary	97
7.	Schedule of Fees and Commissions	98
8.	Employees' Retirement Plan - Schedule of Broker Commissions by Broker	99
B.	Denver Water 401(k) Supplemental Retirement Savings Plan/ Denver Water 457 Deferred Compensation Plan	100
1.	Report on Investment Activity	100
2.	Outline of Investment Policies	102
3.	Schedule of Investment Managers	104
4.	Schedule of Investment Results	105
5.	Asset Allocation	107
6.	Schedule of Fees and Commissions	109
IV.	ACTUARIAL SECTION (UNAUDITED)	111
A.	Actuary's Certification Letter	112
	<i>This section is excerpted from the January 1, 2021 Actuarial Valuation Report prepared by Gabriel Roeder Smith & Company and pertains only to the DB Plan</i>	112
B.	Summary of Actuarial Methods and Assumptions	115
C.	Schedule of Active Member Valuation Date	119
D.	Schedule of Retirees and Beneficiaries Added and Removed from Rolls	119
E.	Solvency Test	120
F.	Analysis of Financial Experience	121
G.	Analysis of Financial Experience – PLAN YEAR	122
H.	Summary of Plan Provisions	122
I.	Changes in Plan Provisions	125
J.	Schedule of Funding Progress	126
K.	Schedule of Employer Contributions	127
L.	Notes to Trend Data	128
V.	STATISTICAL SECTION (UNAUDITED)	129
A.	Employees' Retirement Plan	131
1.	Schedule of Additions by Source	131
2.	Schedule of Deductions by Type	131

3.	Schedule of Benefit Deductions from Net Assets by Type _____	132
4.	Schedule of Changes in Fiduciary Net Position _____	133
5.	Schedule of Retired Members by type of Benefit _____	133
6.	Schedule of Average Benefit Payment Amounts for Retirees _____	134
7.	Employees' Retirement Plan – Member Count _____	135
8.	Employees' Retirement Plan – Active Members _____	135
9.	Employees' Retirement Plan – Retiring Members by Type of Benefit Elected _____	136
10.	Employees' Retirement Plan – Retiring Members by Type of Retirement _____	136
11.	Retired Members (inactive Plan Members) – By Type of Retirement _____	137
12.	Retired Members (Inactive Plan Members) – By Option Selected _____	137
B.	Denver Water Supplemental Retirement Savings Plan _____	138
1.	Schedule of Additions by Source _____	138
2.	Schedule of Deductions by Type _____	138
3.	Schedule of Benefit Deductions from Net Assets by Type _____	139
4.	Schedule of Changes in Net Assets _____	139
5.	Denver Water 401(k) Supplemental Retirement Savings Plan – Number of Participants _	140
C.	Denver Water 457 Deferred Compensation Plan _____	143
1.	Schedule of Additional Source _____	143
2.	Schedule of Deductions by Type _____	143
3.	Schedule of Benefit Deductions from Net Assets by Type _____	144
4.	Schedule of Changes in Net Assets _____	144
5.	Denver Water 457 Deferred Compensation Plan- Number of Participants _____	144

I. INTRODUCTORY SECTION (UNAUDITED)



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Letter of Transmittal

May 25, 2022

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

We are pleased to present the Annual Report of the Retirement Program of the Denver Board of Water Commissioners for the fiscal year ended December 31, 2021. The Retirement Program includes three trustee funds (Plans) and two additional, unfunded benefits. The trustee funds are the Employees' Retirement Plan of the Denver Board of Water Commissioners (Defined Benefit Plan or DB Plan), the Denver Water Supplemental Retirement Savings Plan (401(k) Plan or SRSP) and the Denver Water 457 Deferred Compensation Plan (457 Plan). The 401(k) Plan and the 457 Plan are collectively referred to as the "Defined Contribution Plans" or "DC Plans". This report contains audited financial statements only for the trustee plans. The two unfunded benefits are a Retiree Medical Coverage Program and a Retirement Financial Planning Reimbursement Program. Although the two unfunded benefits are discussed briefly in this letter, financial statements were not prepared for either of the unfunded benefits nor are they discussed in the other sections of this Annual Report.

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

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

CliftonLarsonAllen LLP audited the three financial statements included in this document and issued an unmodified ("clean") opinion on each of those financial statements for the year ended December 31, 2021. The independent accountant's report is the first page of each set of statements, all of which are included in the Financial Section of this report. Accounting principles accepted in the United States of America, (GAAP) require that management provide a narrative overview and analysis of the financial status of each plan to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). Each set of financial statements in the Financial Section includes the MD&A just after the auditor's report. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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

used in the DB Plan, a summary of DB Plan provisions, the results of the annual actuarial valuation, and other actuarial statistics. The Statistical Section presents other significant data pertaining to the Plans, such as trend information on DB Plan expenses and revenues as well as information about the retired members of the DB Plan.

Background of the Retirement Program

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

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

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

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

As of December 31, 2021, there were 2,109 participants in the DB Plan, including 1,074 active members, 724 retirees and beneficiaries, 184 terminated employees entitled to benefits, but not receiving them yet, 120 members who are not yet vested but due refund of contributions, and seven members on long-term disability.

The ***Denver Water Supplemental Retirement Savings Plan*** was established pursuant to Section 401(k) of the Internal Revenue Code (IRC), effective January 1, 1999. It is a single-employer defined contribution plan. All regular and discretionary employees are eligible to participate in the 401(k) Plan upon completion of a required introductory period. Denver Water matches 100% of each Participant's contribution up to 3% of the Participant's published base compensation. The SRSP provides for immediate vesting of all contributions. Participation in the SRSP is voluntary. Empower Retirement Service is the administrator of the SRSP. At the end of 2021 there were 900 active participants with balances and 326 terminated participants with balances. Eighty-eight percent of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2021.

Denver Water established a 457 Deferred Compensation Plan pursuant to Section 457 of the IRC in 1987. Assets from that plan were transferred to the **Denver Water 457 Deferred Compensation Plan**, when it was established on January 3, 2001. All regular or discretionary employees are eligible to participate in the 457 Plan upon completion of a required introductory period. Denver Water does not contribute to the plan, with the exception of certain discretionary contributions and employee participation is voluntary. Empower Retirement Service is the administrator of the SRSP. At the end of 2021, there were 774 active participants with balances and 220 terminated participants with balances. Thirty-nine percent of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2021.

Denver Water offers a **Retirement Financial Planning Reimbursement Program** designed to encourage eligible employees to consult with a Certified Financial Planner of their choice about their retirement planning needs. Reimbursement requires certification that the services did not include tax preparation, legal, accounting or brokerage services, as the program is designed to be a tax-free reimbursement for "qualified retirement planning services" as described in Internal Revenue Code section 132(m). The Program is available to all employees with five years of credited service or more and has the maximum lifetime benefit of \$2,000. Six employees used the counseling services during 2021 and three of those employees have subsequently retired. The total 2021 expenditures on the Retirement Financial Planning Reimbursement Program were \$5,250.

Denver Water began offering the Retiree Medical Coverage Program in 1995, which also was the first year employees were able to retire under the Rule of 75. The benefit is in the form of partially subsidized health care costs, until the retiree attains age 65. The retiree's coverage ceases after the retiree becomes Medicare-eligible at age 65. At that point, a spouse may elect to remain in the program until age 65, and other dependents may also elect to remain in the program until the dependent attains the cut-off age for active employee dependents. Full cost premiums are charged to the spouse or the dependent if there is an election to remain in the program after the retiree's coverage ends. The benefit is provided through the Board's self-insured health plan to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring under the Special Early Retirement (Rule of 75) provision of the Board's defined benefit pension plan, taking an immediate distribution of pension benefits, and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from the Board's defined benefit retirement plan and is not paid out of retirement plan funds. In January 2012, the Board discontinued its contribution for this benefit for employees hired on or after January 16, 2012. However, these employees can still access this program at full cost upon meeting the Rule of 75. The Board approved changes in the eligibility requirements for Postemployment Healthcare Benefits in 2013. The minimum eligible age changed from 55 to 60 years while the Rule of 75 remained intact, converting it to a maximum five-year benefit. Certain employees, who had completed 25 years of service as of the end of 2013, retained the right to receive a subsidy, available at the time of their retirement, if retired under the Rule of 75, but before reaching age 65. For all other employees, the minimum retirement age to be eligible for benefits was raised to age 60. As of the end of 2021, 86 retirees were receiving this benefit.

Denver Water is not required to and has not established an irrevocable trust to accumulate assets for payment of future retiree health benefits. Payments of benefits are made on a pay-as-you-go basis in amounts necessary to provide current benefits to recipients. Denver Water has elected a measurement date for the current year end as of the prior year end. Therefore, the OPEB reported as of December 31, 2021, was measured as of December 31, 2020. The OPEB liability reflected on the Board's 2021 statements is \$14.0 million. The annual expense for this benefit is calculated based on the annual required contribution as computed by the actuary. The expense recorded in 2021 was \$781 thousand and \$2.5 million was paid as benefits under the plan.

Major Actions in 2021

- **Manager changes in DB Plan.** The Chief Finance Officer, with the assistance of the Investment Consultant for the DB Plan, approved the addition of a new private real estate fund Harbert Real Estate Fund VIII, and the

addition of RiverBridge Small Mid Capitalization Growth fund as a replacement for Pyramis Small Mid Cap Core commingled fund.

- **Plan changes:**
 - The Board approved an amendment No. 7 to the Supplemental Retirement Plan 401(k) Plan to change and clarify the administration of Denver Water's employer contributions and to clarify that SEP-IRA funds are permitted to be "rolled-in" to employee participants' accounts.
 - The CEO/Manager approved changes to the 401(k) and 457 Loan policy to reflect recent federal legislation that modified certain IRS provisions related to 401(k) and 457 plans.
 - On August 24, DB Plan Amendments 4,5,6 and 7 were approved by the CEO/Manager, pursuant to the Delegation Resolution, to protect the Plan's tax-qualified status and comply with the IRS deadline for the Voluntary Corrective Program.
- **Voluntary Corrective Program.** In May 2021, the IRS approved Denver Water's proposed Voluntary Corrective Program correction methods to address calculation errors that were found after an operational audit dissected the data going back to 1995. In addition to the Plan amendments described above, certain corrective payments were made to Plan participants in September and October.
- **Vendor Changes:**
 - A new DB Plan Investment Consultant, Segal Marco, was hired by the Board for a three-year period, effective November 2021.
 - The Board elected to retain The Northern Trust Company for custody and related services for the DB Plan for the contract period from August 1, 2021, through June 30, 2026.
 - In March 2022, the DC Plans Investment Consultant, Portfolio Evaluations Inc was acquired by CAPTRUST. There were no changes to the consulting team or contract terms as a result of the acquisition.
- **DB Plan actuarial assumption changes approved by the Board.** On July 14, 2021, the Board voted to approve the following assumption changes effective with the January 1, 2021, valuation:
 - Reduction of the long-term rate of return from 7.0% to 6.5%.
 - Reduction of the assumed long-term inflation rate from 2.50% to 2.25%.

Investments

As discussed in more detail in both the Financial Section and the Investment Section, assets of all Plans are held in trust for the exclusive benefit of participants and beneficiaries. Investment activities have been delegated to professional investment managers. The investment managers engaged by the Defined Benefit Plan as of December 31, 2021, are listed on page 92 of the report, while funds included in the Defined Contribution Plans are listed on page 93 of the report. Activities of the professional managers are reviewed and evaluated quarterly by the investment consultant for each plan, the Retirement Program Committee (RPC), and Denver Water's Finance staff.

The investments in the Defined Benefit Plan returned 19.0% (gross of fees) during 2021, compared to the target benchmark return of 14.5% and the actuarial assumed rate of return of 6.5%. The annualized rate of return on assets of the Defined Benefit Plan was 15.5% over the last three years and 11.3% over the last five years. Returns on Defined Contribution Plans vary depending on the choices made by each participant.

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

Funding

As of January 1, 2022, the most recent data available, the funded ratio of the DB Plan was 92.0%, compared to 84.4% the year before. Over the past 10 years the funded ratio ranged from a low of 76.5% (01/01/12) to a high of 92.0% (01/01/22). Both the Board and participants contribute to the DB Plan. Employees contribute 3% of their compensation. The Board's funding policy defines the objectives of the Board in funding the benefits to be paid by

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

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

Professional Services

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

Acknowledgements

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

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

Respectfully submitted,

DocuSigned by:



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James S. Lochhead

CEO/Manager

DocuSigned by:



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Angela C. Bricmont

Chief Finance Officer, RPC Co-Chair

DocuSigned by:

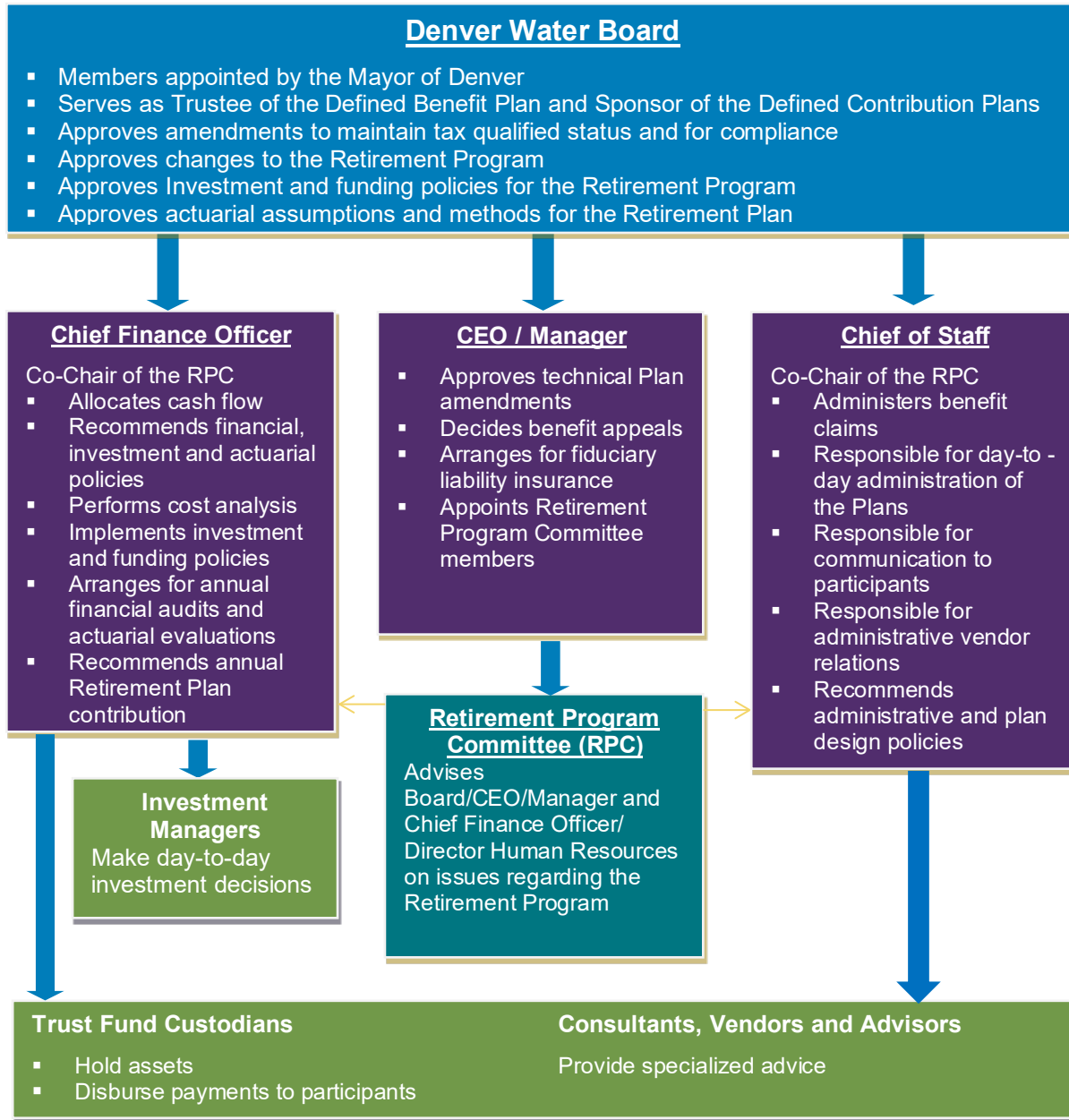


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Julie Anderson

Chief of Staff, RPC Co-Chair

A. Organizational Chart of the Employees' Retirement Program



More information about investment professionals who provide services to the Retirement Program and their fees can be found in Investment Section, beginning on page 86.

B. Denver Board of Water Commissioners

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



BOARD OF WATER COMMISSIONERS - as of December 31, 2021

Top from left, Gary Reiff, Craig Jones

Bottom from left, Dominique Gomez, Stephanie Donner, Tyrone Gant

Gary Reiff, President
Chief Legal Officer, UCHealth

*Commissioner since September 2017;
Term expires 2023*

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

*Commissioner since October 2017;
Term expires 2023*

Stephanie Donner, Vice President
General Counsel/Head of Government Relations for Inspire Clean Energy, LLC

*Commissioner since July 2021;
Term expires 2027*

Dominique Gómez, Vice President
Deputy Director of the Colorado Energy Office

*Commissioner since July 2021;
Term expires 2027*

Tyrone Gant, Vice President
Director of Treasury Management and Commercial Banking Fee Income
Manager for Vectra Bank Colorado

*Commissioner since August 2021;
Term expires 2027*

LAST 20 COMMISSIONERS

John A. Yelenick	Jul 1969 to Aug 1987
Marguerite S. Pugsley	May 1978 to Aug 1987
Elizabeth A. Hennessey	Nov 1985 to Jul 1989
Malcolm M. Murray	Aug 1987 to Jul 1993
Donald L. Kortz	Aug 1987 to Jul 1993
Monte Pascoe	Sep 1983 to Jul 1995
Romaine Pacheco	Jul 1989 to Jul 1995
Hubert A. Farbes, Jr.	Jul 1985 to Jul 1997
Ronald L. Lehr	Jul 1993 to Apr 1999
Joe Shoemaker	Jul 1995 to Jul 2001
Andrew D. Wallach	Jul 2001 to Aug 2003
Daniel E. Muse	Feb 2000 to Nov 2003
Richard A. Kirk	Jul 1993 to Oct 2005
William R. Roberts	Jul 1997 to Oct, 2005
Harris D. Sherman	Dec 2005 to Feb 2007
Denise S. Maes	Jul 1995 to Jul 2007
Susan D. Daggett	Nov 2007 to Jan 2009
George B. Beardsley	Feb 2004 to Mar 2009
Thomas A. Gougeon	Aug 2004 to Jul 2017
Penfield W. Tate	Oct 2005 to Jul 2017
John Lucero	July 2007 to July 2021
Paula Herzmark	July 2007 to July 2021
Greg Austin	July 2007 to July 2021

C. Key Members of the Retirement Program Committee

The Retirement Program Committee – Responsible for advising the CEO/Manager with respect to retirement issues, was created by resolution of the Board in September 2005. The terms of the 2005 resolution were revised in 2013, in 2019 and again in 2022. Under the resolution, the Board retained full authority to approve substantive changes to the Retirement Program, investment and funding policies, and actuarial methods and assumptions. The 2022 resolution clarifies that the Retirement Program Committee will make recommendations to the Chiefs, the CEO/Manager, or the Board, as appropriate, but will not have decision-making authority. The RPC is co-chaired by the Chief of Staff and Chief Finance Officer and includes key representatives from Finance, Human Resources, and the Office of the General Counsel. The CEO/Manager issued a Policy that further describes the RPC's purpose, responsibilities, duties, and procedures in November 2013. The primary purpose of the RPC, as outlined in the Executive Guideline, is to provide advice and recommendation to the co-chairs regarding proposed changes to the Retirement program, communication strategies, contractual obligations, legal and tax compliance and education and outreach.

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

Julie Anderson – Chief of Staff since April 2016; co-chair of the RPC. Responsible for communication with participants, to administer and pay benefits, and to recommend to the Board any changes to the 401(k), 457 or Retirement Plan. In performing these duties, the Chief of Staff may seek assistance of outside legal counsel and other third-party consultants. The Chief of Staff may also delegate specific responsibilities to the Director of Human Resources. The duties of the Chief of Staff shall not include financial matters delegated to the Chief Finance Officer.

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

Kim Forbes – Director of Human Resources since 2018. Ms. Forbes has served in management and executive roles in Human Resources for more than 30 years and currently manages all human resources activities for Denver Water.

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

Paula Jensen – Total Rewards Manager since January 2022; member RPC. Ensures Denver Water has a fully integrated total rewards strategy in place to attract, retain and reward employees.

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

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

Aneta M. Rettig – Finance Supervisor since March 2006; member RPC. Supports the Treasurer in fulfilling her responsibilities pertaining to the Plans.

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

Consultants and Advisors

Consulting Services

Actuary	Gabriel Roeder Smith & Company	7900 East Union Avenue, Suite 650 Denver, CO 80237
Benefit Consultant	Aon	1900 Sixteenth Street, Suite 1000 Denver, CO 80202
Legal Counsel	Stinson, LLP	1201 Walnut Street, Suite 2900 Kansas City, MO 64106
Custodian/Performance Evaluation	The Northern Trust Company	50 S. LaSalle Street Chicago, IL 60675
Investment Advisor (DB Plan)	Segal Marco Advisors*	7951 East Maplewood Avenue, Suite 327 Greenwood Village, CO 80111
Investment Advisor (DC Plans)	CAPTRUST*	15 Independence Boulevard Warren, NJ 07059

Asset Custodian

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

Independent Auditor

CliftonLarsonAllen	370 Interlocken Boulevard, Suite 500 Broomfield, CO 80021
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*Segal Marco replaced Callan Associates as an Investment Advisor for the DB Plan effective November 2021.

CAPTRUST acquired PEI in March of 2022.

Information regarding investment managers who provide services to the Plans and information regarding fees paid to the Program's professional service providers and investment managers can be found in the Investment Section.

II. FINANCIAL SECTION

A. Employees' Retirement Plan

1. Independent Auditors Report



CliftonLarsonAllen LLP
CLAconnect.com

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

We have audited the financial statements of the Employees Retirement Plan of the Denver Board of Water Commissioners (the Plan) as of and for the year ended December 31, 2021, and have issued our report thereon dated April 21, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the fair value of alternative investments is primarily based upon valuations provided by the investment managers. The values of these investments are reported based upon the most recent financial data available and are adjusted for cash flows, including capital calls, distributions and management fees, through December 31, 2021. Our audit procedures validated this approach through the use of confirmations sent directly to a sample of investment managers as well as a review of the most recent audited fund financial statements. We evaluated the key factors and assumptions used to develop the fair value of alternative investments in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the total pension liability is based on a third-party actuarial valuation. We evaluated the key factors and assumptions used to develop the total pension liability in determining that such assumptions are reasonable in relation the financial statements taken as a whole.



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

The Board of Water Commissioners, City and County of Denver, Colorado
Employees' Retirement Plan of the Denver Board of Water Commissioners
Page 2

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The information included in the disclosure of the net pension liability of the Plan sponsor, and the assumptions and methods used, in Note 4 to the financial statements was determined based on a third party actuarial valuation.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated April 21, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

The Board of Water Commissioners, City and County of Denver, Colorado
Employees' Retirement Plan of the Denver Board of Water Commissioners
Page 3

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Supplementary information in relation to the financial statements as a whole

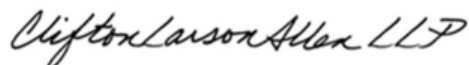
With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

Should the Board wish to include or incorporate by reference these financial statements and our audit reports thereon into other documents, such as an offering of exempt securities, without obtaining our consent to include or incorporate by reference our reports on such financial statements, and were not otherwise associated with the offering document, then the Board agrees to include a statement in that document that CliftonLarsonAllen LLP was not engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in such report and that the Board has not requested the consent of CliftonLarsonAllen LLP for the inclusion of its report therein.

* * *

This communication is intended solely for the information and use of the Board of Water Commissioners, City and County of Denver, Colorado and management of the Employees' Retirement Plan of the Denver Board of Water Commissioners and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Denver, Colorado
April 21, 2022



CliftonLarsonAllen LLP
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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**

The Board of Water Commissioners, City and County of Denver, Colorado
Employees' Retirement Plan of the Denver Board of Water Commissioners
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 statement of fiduciary net position, and the related statement of changes in fiduciary net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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.



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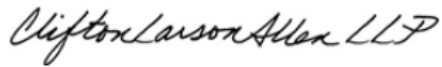
The Board of Water Commissioners, City and County of Denver, Colorado
Employees' Retirement Plan of the Denver Board of Water Commissioners

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan'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

Denver, Colorado
April 21, 2022

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

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan) as of and for the year ended December 31, 2021. This information should be read in conjunction with the financial statements and notes, which follow.

Financial Highlights

As of December 31, 2021, and 2020, \$503.7 million and \$428.9 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2021, the fiduciary net position restricted for pension of the Plan increased by \$74.8 million or 17.4% as compared to 2020. The increase in 2021 was primarily due to changes in the fair value of the Plan's investments. The change in the appreciation in the fair value of investments increased \$39.9 million or 106.0%, in 2021 over 2020.

Additions to the Plan's fiduciary net position restricted for pension in 2021 included employer and employee contributions of \$17.5 million and \$2.8 million, respectively, and net investment income of \$80.7 million resulting in total additions to the Plan's fiduciary net position restricted for pension of \$101.0 million.

Deductions from the Plan's fiduciary net position restricted for pension for 2021 were \$26.2 million. The majority of the 2021 deductions were from retirement benefit payments of \$25.9 million.

The Plan's investment objective is to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial earnings rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. As of December 31, 2021, the Plan's fiduciary net position restricted for pension as a percentage of the total pension liability was 100.7%.

Overview of the Financial Statements

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

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

The Statement of Fiduciary Net Position includes information about the Plan's assets, liabilities and fiduciary net position restricted for pension, as of December 31, 2021. The Statement of Changes in Fiduciary Net Position shows the additions to, deductions from, and net increase (or decrease) in the Plan's fiduciary net position restricted for pension during 2021.

These financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2021, and the activities that occurred during the year. The financial statements were prepared using the accrual basis of

accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued by independent outside sources.

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

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

Changes in Net Position Restricted for Pension

The Statement of Fiduciary Net Position displays Plan assets, liabilities, and fiduciary net position restricted for pension at year-end. The Statement of Changes in Fiduciary Net Position provides information on the source of the change in fiduciary net position restricted for pension during the year. When compared to 2020, the increase in total assets of \$75.0 million, or 17.5%, in 2021 was primarily the result of the appreciation in the fair value of investments.

As of December 31, 2021, and 2020 the Plan's fiduciary net position was:

Fiduciary Net Position Restricted for Pension

(In thousands)

	Years ended December 31		2021 – 2020	
	2021	2020	Increase (decrease)	Percentage change
Cash and cash equivalents \$	5,568	\$ 3,591	\$ 1,977	55.1%
Dividends, interest, and other receivables	531	111	420	378.4
Investments, at fair value	498,002	425,368	72,634	17.1
Total assets	504,101	429,070	75,031	17.5
Total liabilities	395	140	255	182.2
Fiduciary net position restricted for pension	\$ 503,706	\$ 428,930	\$ 74,776	17.4%

Many of the investment managers have cash holdings from time to time, but do not specifically identify them in their statements of assets. Cash and cash equivalents are also held in the custodial cash account used for rebalancing, disbursement of benefit payments and administrative expenses. Additionally, starting in 2018, the Plan began using a third-party administrator (TPA) for benefit payment services. Cash is transferred monthly from the custodial cash account to the TPA for recurring retiree benefit payments occurring at the beginning of the following month, as well as any ad hoc benefit payments. As of December 31, 2021, \$1.9 million was held with the TPA for benefit payments to be paid in January of 2022 and \$3.6 million was held in the Plan's custodial bank.

Total liabilities of the Plan for 2021 were \$395 thousand and consisted primarily of undelivered purchases of securities at year-end of \$263 thousand. The change in the fiduciary net position restricted for pension is a function of the change in total assets offset by the change in total liabilities. The Plan recorded an increase in fiduciary net position restricted for pension of \$74.8 million in 2021 over 2020.

Additions

The funds needed to pay benefits are accumulated from the contributions approved by the Board, employee contributions, proceeds from the sale of individual investments, and the income generated from the Plan's investments, including interest and dividends. Earnings on Plan investments are reported separately from fees charged by investment managers. Investment fees are reported using the best information available to Plan management. Board-approved contributions for 2021 totaled \$17.5 million and employee contributions totaled \$2.8 million. The Board has approved contributions in the amounts above the actuarially determined contribution net of employee contributions for seven of the last ten years.

Additions to Fiduciary Net Position Restricted for Pension

(In thousands)

	Years ended December 31		2021 – 2020	
			Increase	Percentage
	2021	2020	(decrease)	change
Employer contributions	\$ 17,500	\$ 17,500	\$ —	—%
Employee contributions	2,802	2,579	223	8.6
Net investment income	80,668	39,062	41,606	106.5
Total additions, net	\$ 100,970	\$ 59,141	\$ 41,829	70.7%

Deductions

Annual Plan outflows include retirement benefits, death benefits, refunds of employee contributions with associated interest and administrative expenses. The Plan's normal benefit is a single life annuity to retired members, but members may elect to receive benefits in various other forms, including a lump sum or annuities that provide spousal benefits upon the death of the member. For the year ended December 31, 2021, annual plan deductions totaled \$26.2 million.

Deductions to Fiduciary Net Position Restricted for Pension
(In thousands)

	Years ended December 31		2021 - 2020	
	2021	2020	Increase (decrease)	Percentage change
	Retirement benefits	\$ 25,898	\$ 24,843	\$ 1,055
Death benefits	40	59	(19)	(32.2)
Refunds of employee contributions	71	24	47	195.8
Administrative expenses	185	183	2	1.1
Total deductions	\$ 26,194	\$ 25,109	\$ 1,085	4.3%

Investment Activities

Financial markets in 2021 were characterized by a Federal Reserve that continued to add money into the markets, which pushed investors towards higher returning assets like stocks. Consumer attitudes were mixed throughout the year, as consumer confidence remained below pre-pandemic levels, yet the economy grew 5.7% as measured by GDP. The S&P 500 Index gained 26.9% for the year as investors looked past the COVID-19 pandemic, presidential transition, supply chain disruptions, labor shortages, and inflation fears. The U.S. labor market started the year with an unemployment rate of 6.7% with nearly 11 million Americans unemployed, the year finished with a rate of 3.9% and just under seven million unemployed. With unemployment nearing pre-pandemic levels, the Federal Reserve has turned its attention to slowing the rapid rise in inflation by tapering bond purchases and possible increases in the federal fund's rate in 2022. It was a difficult year for the bond market. The Bloomberg Global Aggregate Bond Index returned -1.4% and intermediate-term U.S. Treasuries returned -1.7%. U.S. Treasury yields rose across the board, with larger increases in the intermediate portion of the curve. Loosening pandemic-related restrictions resulted in global oil demand increases that outpaced supply. Brent crude started the year at \$50 per barrel and increased to a high of \$86 in late October and settling at \$77 per barrel at year end.

The Plan delivered a positive return of 19.0% (18.9% net of fees) for the year, outperforming its custom target index on a relative basis by 451 basis points for the period. The Plan's Domestic Equity asset class returned 28.7% for the year, compared to the benchmark return of 25.7%. The International Equity asset class return 12.7% compared to the benchmark return of 7.8%. The Fixed Income asset class returned -0.3% compared to the benchmark return of -1.5%. The Private Equity asset class returned 59.5% compared to the benchmark return of 28.7%. The Real Estate asset class returned 19.9% compared to the benchmark return of 21.9%. Lastly, the Hedge Fund asset class returned 6.5% versus the benchmark of 6.1%.

Requests for Information

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

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

3. Basic Financial Statements

a. Statements of Fiduciary Net Position

	<u>2021</u>
Assets:	
Cash and cash equivalents	\$ 5,568
Receivables:	
Dividends, interest and other receivables	484
Employee contribution	47
Total receivables	<u>531</u>
Investments, at fair value:	
Common stock funds	270,203
Other fixed income funds	99,739
Real estate	56,719
Hedge fund	22,276
Private equity	49,065
Total investments	<u>498,002</u>
Total assets	<u>504,101</u>
Liabilities:	
Accrued administrative expense	40
Accrued investment expense	92
Securities payable	263
Total liabilities	<u>395</u>
Fiduciary net position restricted for pension	<u>\$ 503,706</u>

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

	<u>2021</u>
Additions:	
Employer contributions	\$ 17,500
Employee contributions	<u>2,802</u>
Total contributions	20,302
Investment income:	
Net appreciation in fair value of investments	77,489
Interest	1,593
Dividends	2,815
Real estate income, net of operating expenses	<u>1,247</u>
	83,144
Less investment expense	<u>(2,476)</u>
Net investment income	<u>80,668</u>
Total additions	<u>100,970</u>
Deductions:	
Retirement benefits	25,898
Death benefits	40
Refunds of employee contributions	71
Administrative expenses	<u>185</u>
Total deductions	<u>26,194</u>
Net increase in fiduciary net position	<u>74,776</u>
Fiduciary net position restricted for pension:	
Beginning of year	<u>428,930</u>
End of year	\$ <u>503,706</u>

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1 – Plan Description

a. Plan Administration

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

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

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

b. Plan Membership

All regular and discretionary employees of the Board become participants of the Plan upon completion of the required introductory period. As of January 1, 2021, there were 2,020 Plan participants: 178 were deferred vested participants, 703 participants were retirees, 1,044 participants were active, 84 participants were terminated and due a refund, and 11 were on long-term disability.

Effective January 1, 2018, the Plan was amended to allow for employee contributions. Two membership tiers were created to define Plan membership as of a specific date of employment. Tier one members are defined as employees hired prior to January 1, 2018, who were in their required introductory period during the first portion of 2018. Tier two members are defined as employees hired or rehired on or after January 1, 2018.

c. Benefits Provided

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

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

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

Terminated vested participants or surviving spouses whose severance date occurs before the attainment of age 55 for Tier one members and age 60 for Tier two members, shall be eligible to elect a full single lump sum payment only in lieu of a monthly pension within 90 days of his or her severance date.

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

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

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

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

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

d. Contributions

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

Plan. On August 28, 2013, the Board adopted changes to the funding policy effective for 2014 and future years. The changes redefined the funding guidelines by basing the Board's contributions to the Plan on an Actuarially Determined Contribution (ADC) calculated annually by an independent actuary, using agreed upon methods and assumptions in accordance with the Actuarial Standards Board and specified in the funding policy. Subsequently, on June 28, 2017, the funding policy was updated, which modified its objective to include employee contributions to the Plan and modified its determination of the Board's contribution to include the Plan's funding valuation results and any other facts and circumstances relevant to the funding decision. In 2021, the Board and members of the Plan made contributions totaling \$17.5 million and \$2.8 million, respectively. Plan contributions were made in accordance with actuarial funding valuations performed as of January 1, 2021.

Employees under both Tier one and Tier two of the Plan contribute 3% of their compensation. All employee contributions on or after January 1, 2018, are credited with an interest rate of 2.5% compounded annually. Non-vested members who leave employment are eligible to receive an actuarial equivalence of a full single lump sum payment that will not be less than the member's contribution plus associated interest. As of December 31, 2021, the total balance of non-vested member contributions plus associated interest was \$1.6 million. There were \$71 thousand in refunds of contributions and interest to non-vested members in 2021.

Prior to January 1, 1992, employees were required to contribute to the Plan. The Board amended the Plan to disallow further employee contributions and determined that all amounts previously contributed to the Plan by employees would be refunded, with interest at 5% per annum, upon termination or retirement. Refunds of contribution and interest payments of \$3 thousand were made in 2021 for employees who retired or were terminated during the respective year. As of December 31, 2021, for employees that contributed to the Plan prior to 1992, the total remaining employee contributions including accrued interest was \$23 thousand. This amount is not accrued as a liability in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Plan Expenses

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

Additionally, investment manager fees and investment consulting expenses are recorded as investment expenses. Some investment managers assess performance fees that are netted against gains or losses and are not separately reported to the Plan. The fees are included in the net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position. Management calculates these performance fees based on the contractual agreement between the investment managers and the Plan.

c. Cash and Cash Equivalents

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

Note 3 – Investments

a. Investment Policy

The Plan's investment policy and any changes to the policy are adopted by the Board acting in its capacity as Trustee of the Plan. The most recent version of the policy was approved on April 11, 2018. Revisions to the policy included changes to the language concerning proxy voting responsibilities, additions to the language surrounding the liquidity needs of the Plan, additional language that defines the policy review process, modification to the asset class structure by removing private real estate from the alternative asset class to a separate asset class, and revisions to the long-term asset allocation ranges.

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

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

As of December 31, 2021, the Plan's long-term asset allocation ranges were as follows:

Long Term Asset Allocation Ranges	
Asset segment	Allowable range Years ended December 31 2021
Equities	40%–65%
Fixed Income	10–40
Real Estate	10–20
Alternatives	5–20

b. Money-Weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on Plan investments, net of investment expense, was 18.8%. 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.

c. Custody and Management of Assets

During 2021, 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 his/her asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude termination of investment managers.

During 2021, the Plan assets were managed by the following investment managers:

Aberdeen Asset Management Inc.	Since August 2015
Alliance Bernstein L.P.	Since May 2018
Barings LLC formerly Babson Capital Management LLC	Since August 2013
BlackRock Institutional Trust Company N.A.	Since May 2016
Dimensional Fund Advisors, LP	Since February 2008
Fidelity Institutional Advisors, L.P.	Terminated February 2021
Harbert Management Corporation	Since July 2014
Harding Loevner Funds, Inc.	Since August 2011
Horsley Bridge Venture	Since July 2015
Northern Trust Investments, N.A.	Since July 2006
Pantheon Access (US) L.P.	Since January 2019
Principal Global Investors, LLC	Since March 2016
Riverbridge Collective Investment Trust	Since February 2021
RREEF America LLC	Since January 2015
UBS Realty Investors, LLC	Since May 1998
Winslow Capital Management, LLC	Terminated March 2021

d. Custodial Credit Risk

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

All securities are held in a bank trust account in the Plan's name by the Plan's custodian except for investments in mutual and commingled funds, and limited partnerships, which by their nature, may have an independent custodian for the fund assets. Investments in short term investment funds and in a domestic equity index fund are held in a SEC registered pooled fund managed by the fund's custodian bank. Cash for benefit payments transferred to the benefit payment service provider 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, 2021, this amount was \$1.9 million. Additionally, on December 31, 2021, \$3.6 million in cash was held within the trust, which was not subject to custodial credit risk.

f. Interest Rate Risk

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

<u>Investment type</u> (In thousands)	<u>Fair</u> <u>value/NAV</u>	<u>Less than</u> <u>1 year</u>	<u>1 to 6</u> <u>years</u>	<u>6 to 10</u> <u>years</u>	<u>10+</u> <u>years</u>	<u>Maturity not</u> <u>determined</u> ¹
Other fixed income funds	\$ 99,739	—	—	—	—	\$ 99,739

g. 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, 2021, the Plan had no single issuer that exceeded 5% of total investments. All of the Plan's fixed income investments were placed through external investment pools and therefore not considered subject to concentration of credit risk.

h. 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, 2021, are listed below. For securities with split ratings, the lowest rating is shown.

<u>Investment type</u> (In thousands)	<u>Quality</u> <u>rating</u>	<u>Fair value</u>	<u>Percentage of</u> <u>asset class</u>
Other fixed income funds	NR/NA ¹	\$ 99,739	100%

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

i. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. The Plan holds investments in mutual funds and 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 percentage of its asset class as of December 31, 2021:

Schedule of Assets in Foreign Currencies	
	Percentage of asset class invested in foreign currencies
Equities	
Common stock funds	29.60
Private equity	13.40

j. Derivatives

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, 2021.

k. Fair Value of Investments

The Plan has the following recurring fair value measurements as of December 31, 2021:

Investments and Derivative Instruments Measured at Fair Value

		December 31, 2021 (In thousands)			
		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservab le Inputs (Level 3)	
		December 31, 2021			
Investments by fair value level					
Debt securities					
Other fixed income funds	\$ 99,739	\$ -	\$ 99,739	\$ -	
Total debt securities	<u>99,739</u>	<u>-</u>	<u>99,739</u>	<u>-</u>	
Equity securities					
Common stock funds	270,203	270,203	-	-	
Total equity securities	<u>270,203</u>	<u>270,203</u>	<u>-</u>	<u>-</u>	
Total investments by fair value level	<u>369,942</u>	<u>\$ 270,203</u>	<u>\$ 99,739</u>	<u>\$ -</u>	
Investments measured by the net asset value (NAV)					
Real estate funds	56,719				
Hedge fund	22,276				
Private equity funds	<u>49,065</u>				
Total investments measured by the NAV	<u>128,060</u>				
Total investments measured at fair value	<u>\$ 498,002</u>				

Equity securities, fixed income funds and common stock funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. The Plan did not hold any investments categorized within Level 3. Pricing for all securities was provided by a third-party pricing vendor and developed in accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation for investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2021, are presented on the following table.

Investments Measured at the NAV

	December 31, 2021 (In thousands)			
	NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible	Redemption Notice Period
Real estate funds	\$ 56,719	\$ 2,807	Quarterly/None	45-90 days
Hedge fund	22,276	-	Quarterly	45-90 days
Private equity funds	49,065	20,824	None	N/A
Total investments measured at the NAV	<u>\$ 128,060</u>	<u>\$ 23,631</u>		

Real Estate Funds

This fund category includes three open-end and two closed-end real estate funds. Open-end funds are reported at fair value based upon the NAV of shares/units held at year end, provided by fund managers. The closed-end funds, Harbert United States Real Estate Fund V, L.P. and Harbert United States Real Estate Fund VII, L.P., 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.

The investment in the closed-end funds, which represents approximately 13.8% of the value of all real estate funds in the Plan, cannot be redeemed. Distributions from the fund are received as the underlying investments of the funds are liquidated. It is expected that the fund life of the underlying assets will be 10 years from the initial draw down date with two one-year extensions, at the discretion of the manager.

Hedge Funds

This fund category includes an investment in a hedge fund that is a multi-strategy fund pursuing a variety of absolute return strategies, investing in a wide range of financial instruments, including, but not limited to, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate or sovereign debt, bonds, notes or other debentures or debt participations, commodities, partnership interests, interests in investment companies, convertible securities, swaps, options (purchased or written), swaptions, futures contracts and other derivative instruments markets and relative value, as well as private investment funds (hedge-fund-of-funds). The fair values of the investments in this category have been determined using the NAV per share of the investments, as provided by the investment manager. The fund limits the amount that can be redeemed each quarter to 25% of each investor's total investment.

Private Equity Funds

This fund category includes investments in five private equity fund-of-funds, which invest in private investment funds. Both Aberdeen U.S. Private Equity Fund VI and Fund VIII, are buyout fund-of-funds, offering a concentrated multi-manager approach with multiple private equity managers along with selective co-investments and secondary investments and 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 the technology sector in the United States, Europe, and Asia.

Pantheon is a global private equity fund-of-funds manager. The Pantheon Global Select 2019 fund invests in growth equity, mega-buyouts, large buyout, small/mid buyout, and special situations strategies with one opt-out provision for early-stage venture capital, and two opt-in allocations for secondary investments, and co-investments. 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 upon the net asset value of the Plan's ownership interest in partners' capital, as provided by the investment managers.

The investment in the private equity fund of funds cannot be redeemed. Distributions from each fund are received as the underlying investments of the funds are liquidated. It is expected that the fund life of the underlying assets will be 12 to 15 years from the initial draw down date.

I. Income Taxes

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

m. Use of Estimates

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

Note 4 – Net Pension Liability of Denver Water

The components of the net pension liability of Denver Water at December 31, 2021 were as follows:

	Years ended December 31, 2021	
	(In thousands)	
Total pension liability	\$	500,197
Plan fiduciary net position restricted for pension		(503,706)
Denver Water's net pension liability	\$	(3,509)
Plan fiduciary net position restricted for pension as a percentage of the total pension liability		100.7%

a. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to the measurement date of December 31, 2020 and calculated based on the discount rates and actuarial assumptions below.

	Year ended December 31, 2021	
Inflation	▼	2.3%
Salary increases: age-based rates from		6.8 to 2.9
Investment rate of return	▼	6.5

The mortality rates for 2021 were determined using the Combined RP-2014 Healthy Employee Mortality Tables projected with the Ultimate MP Scale for pre-retirement. Post-retirement rates were determined by using the Combined RP-2014 Healthy Annuitant Mortality Tables projected with the Ultimate MP Scale. The mortality rates for 2021 for post-disablement were determined using the Combined RP-2014 Disabled Annuitant Mortality Tables projected with the Ultimate MP Scale.

The actuarial assumptions used in the January 1, 2021, valuation were based on an actuarial experience study for the period from January 1, 2015 through January 1, 2019.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term arithmetic return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021, are summarized in the following table.

	December 31, 2021	
	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:		
Domestic fixed income	17.0%	(0.5)
Domestic equity	30.0	5.5
International equity	20.0	6.5
Private equity	8.0	9.5
Real estate	15.0	2.7
Hedge funds	5.0	1.5
Bank loans	5.0	1.4
	100.0%	

b. Discount Rate

The discount rate used in the 2021 actuarial valuation to measure the total pension liability was 6.5%, which was a reduction of 0.5% from the 7.0% discount rate used for the 2020 actuarial valuation. The projection of cash flows used to determine the discount rate assumed Plan member contributions would be made at the current actuarially determined contribution rate and employer contributions would be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on these assumptions, the pension plan's fiduciary net position restricted for pension was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.5% for 2021 as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

(\$ in thousands)	1% Decrease 5.5%	Current discount rate 6.50%	1% Increase 7.5%
2021			
Net pension liability	\$ 59,599	(3,509)	(55,503)

Note 5 – Related-Party Transactions

An affiliate of the Plan's custodian, Northern Trust Investments, N.A., is an investment manager for the Plan, which managed \$142.5 million of the Plan's investments as of December 31, 2021. For the year ended December 31, 2021, the Plan incurred approximately \$15 thousand in management fees with this investment manager.

Note 6 – Subsequent Events

None.

Note 7 – Required Supplementary Information.

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

Schedule I (In thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability:										
Service cost	\$ 9,851	\$ 8,590	\$ 8,127	\$ 9,070	\$ 8,523	\$ 7,330	\$ 6,757	\$ 6,071	\$ 6,046	\$ —
Interest on total pension liability	31,021	31,320	29,981	29,285	27,728	26,237	25,820	25,044	24,051	—
Effect of plan changes	—	—	—	—	—	—	—	—	—	—
Effect of assumption changes or inputs	16,427	—	(4,004)	—	22,250	—	10,152	—	—	—
Effect of economic/demographic (gains) or losses	(1,671)	5,779	(525)	6,700	(2,255)	(3,348)	801	—	2,037	—
Benefit payments, including refund of employee contributions	(26,009)	(24,927)	(24,799)	(22,055)	(19,927)	(19,932)	(20,693)	(20,366)	(17,850)	—
Net change in total pension liability	29,619	20,762	8,780	23,000	36,319	10,287	22,837	10,749	14,284	—
Total pension liability, beginning	470,578	449,816	441,036	418,036	381,717	371,430	348,593	337,844	323,560	—
Total pension liability, ending (a)	500,197	470,578	449,816	441,036	418,036	381,717	371,430	348,593	337,844	—
Plan fiduciary net position:										
Employer contributions	17,500	17,500	16,702	18,000	18,000	14,500	14,500	14,500	15,000	—
Employee contributions	2,802	2,579	1,713	662	—	—	—	—	—	—
Investment income net of investment expenses	80,668	39,063	58,642	(14,319)	48,273	21,326	2,473	18,523	39,023	—
Benefit payments, including refund of employee contributions	(26,009)	(24,927)	(24,799)	(22,055)	(19,927)	(19,931)	(20,694)	(20,365)	(17,851)	—
Administrative expenses	(185)	(183)	(183)	(180)	(48)	(52)	(44)	(144)	(116)	—
Net change in plan fiduciary net position	74,776	34,032	52,075	(17,892)	46,298	15,843	(3,765)	12,514	36,056	—
Fiduciary net position, beginning	428,930	394,898	342,823	360,715	314,417	298,574	302,339	289,825	253,769	—
Fiduciary net position, ending (b)	503,706	428,930	394,898	342,823	360,715	314,417	298,574	302,339	289,825	—
Net pension liability/(asset), ending = (a) – (b)	\$ (3,509)	\$ 41,648	\$ 54,918	\$ 98,213	\$ 57,321	\$ 67,300	\$ 72,856	\$ 46,254	\$ 48,019	\$ —
Plan fiduciary net position as a % of total pension liability	100.7%	91.2%	87.8%	77.7%	86.3%	82.4%	80.4%	86.7%	85.8%	%
Covered payroll	93,383	\$ 87,877	81,654	82,151	77,159	75,740	75,990	71,847	71,940	—
Plan's net pension liability/(asset) as a % of covered payroll	(3.8)%	47.4%	67.3%	119.6%	74.3%	88.9%	95.9%	64.4%	66.8%	%

See accompanying independent auditors' report.

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

b. Schedule of Employer Contributions

Schedule II (In thousands)	Actuarially determined contribution	Actual employer contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a % of covered payroll
Year ended December 31					
2012	\$ 12,256	\$ 14,300	\$ (2,044)	\$ 71,172	20.1%
2013	11,958	15,000	(3,042)	71,940	20.9
2014	13,532	14,500	(968)	71,847	20.2
2015	14,068	14,500	(432)	75,990	19.1
2016	14,017	14,500	(483)	75,740	19.1
2017	18,089	18,000	89	77,159	23.3
2018	18,489	18,000	489	82,151	21.9
2019	16,411	16,702	(291)	81,654	20.5
2020	15,953	17,500	(1,547)	87,877	19.9
2021	17,917	17,500	417	93,383	18.7

See accompanying Independent Auditors' Report.

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	Layered
Amortization period at 01/01/2014	15 years
Asset valuation method	3-year smoothed market
Inflation	2.3%
Salary increases	Age-based rates from 6.8% to 2.9%
Investment rate of return	6.5%, net of pension plan investment expenses, including inflation
Cost of living adjustments	2.30%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pre-retirement – Combined RP-2014 Healthy Employee Mortality Tables projected with the Ultimate MP scale. Post-retirement – Combined RP-2014 Healthy Annuitant Mortality Tables projected with the Ultimate MP scale. Post-disablement – Combined RP-2014 Disabled Annuitant Mortality Tables projected with the Ultimate MP scale.

c. Schedule of Investment Returns

Fiscal year ending December 31,	Net money- weighted rate of return
2012	N/A
2013	15.4%
2014	6.4
2015	0.8
2016	7.2
2017	15.3
2018	-4.0
2019	17.1
2020	9.9
2021	18.8

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

Note 8 – Changes in assumptions.

Changes in assumptions or other input effective for the December 31, 2021, reporting date are as follows:

- The discount rate was decreased from 7.00% to 6.50%
- Inflation rate was decreased from 2.50% to 2.25%

Changes in assumptions or other input effective for the December 31, 2019, reporting date are as follows:

- Inflation: Reduce from 2.75% to 2.50%
- Real Rate of Return: Increased from 4.25% to 4.50%
- Wage Inflation: Reduced from 3.25% to 2.75%
- Individual Merit and Promotion Increases: Increased age-based rates from 3%-0.10% to 4%-0.10%
- Mortality: Updated the projection scale from MP-2016 to the ultimate MP2014 scale
- Rates of Retirement: Increased normal/rule of retirement rates for ages 55 to 59. Decreased early retirement rates from 5% to 4%.

Changes in assumptions or other inputs effective for the December 31, 2018, reporting date are as follows:

- Creation of Tier I and Tier II members with contributions to the Plan
- Member contributions made on or after January 1, 2018, receive interest at a rate of 2.5% per year.

Changes in assumptions or other inputs effective for the December 31, 2017, reporting date are as follows:

- Reduction in rate of return from 7.25% to 7.0%
- Change of mortality assumption to RP-2014 Healthy Employee and Annuitant Tables and the MP-2016 Projection Scale

Changes in assumptions or other inputs effective for the December 31, 2015, reporting date are as follows:

- Inflation assumption change from 3% to 2.75%
- Change in Investment return assumption from 7.5% to 7.25%
- Change in the retirement pattern assumption to reflect higher retirement rates before the age of 65
- Change in the salary assumption based on the new pay for performance system
- The healthy mortality assumption has been updated to the RP-2000 Combined Healthy Mortality table projected to 2020 using Scale BB
- The disabled mortality assumption has been updated to the RP-2000 Combined Healthy Mortality table, set forward three years, projected to 2020 using Scale BB

Changes in assumptions or other inputs effective for the December 31, 2014, reporting date are as follows:

- The UAAL as of January 1, 2014, was amortized over a 15-year closed period as a level-dollar amount

5. Additional Supplementary information (unaudited)

a. Schedule of Administrative Expense

	<u>2021</u>	<u>2020</u>
Actuarial Services	\$30,000	\$32,358
Audit Services	9,915	9,618
Benefit payment processor	145,306	140,777
Total Administrative Expense	<u>185,221</u>	<u>182,753</u>
Average Assets ¹	<u>\$501,834,191</u>	<u>\$427,076,959</u>
Administrative Expenses as a Percentage of Average Assets	0.037%	0.042%

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

b. Schedule of Investment Expenses

	<u>2021</u>	<u>2020</u>
Aberdeen Asset Management	\$110,698	\$84,000
Aberdeen Asset Management VIII	41,244	50,004
Alliance Bernstein	147,807	191,816
Barings LLC	89,198	70,886
Blackrock Alternative Investors	270,497	242,200
BlackRock Institutional Trust Company N.A.	21,565	31,161
Dimensional Fund Advisors LP	275,051	205,481
Harbert Management Corporation	80,602	84,790
Fidelity Institutional Asset Management	18,417	100,325
Harding Loevner Funds, Inc.	327,366	287,780
Horsley Bridge Venture	36,000	36,000
Horsley Bridge XIII	50,004	54,004
Northern Trust Investments, N. A.	14,606	14,790
Pantheon	205,500	205,500
Principal Global Investors, LLC	193,107	166,656
RiverBridge Collective Trust	88,493	
RREEF America LLC	140,661	133,395
UBS Realty Investors, LLC	74,631	74,574
Winslow Capital Management, LLC	9,522	114,640
Total payments to investment advisors	2,196,990	2,148,002
Investment Consulting Expense	104,887	90,891
Investment Performance Reporting Expense	79,053	96,236
Total Investment Expenses	\$2,380,930	\$2,335,129
Average Assets	\$501,834,191	\$427,076,959
Investment Expenses as a Percentage of Average Assets	0.47%	0.56%

B. Denver Water Supplemental Retirement Savings Plan

1. Independent Auditor's Reports



CliftonLarsonAllen LLP
CLAconnect.com

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

We have audited the financial statements of the Denver Water Supplemental Retirement Savings Plan (the Plan) as of and for the year ended December 31, 2021, and have issued our report thereon dated April 21, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water Supplemental Retirement Savings Plan
Page 2

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated April 21, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Supplementary information in relation to the financial statements as a whole

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water Supplemental Retirement Savings Plan
Page 2

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

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In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Supplementary information in relation to the financial statements as a whole

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.



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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**

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water Supplemental Retirement Savings Plan
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 statement of fiduciary net position, and the related statement of changes in fiduciary net position of the Denver Water Supplemental Retirement Savings Plan (the Plan), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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.


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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan'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

Denver, Colorado
April 21, 2022

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

2. Management's Discussion and Analysis (unaudited)

This is an analysis and overview of the financial activities of the Denver Water Supplemental Retirement Savings Plan (SRSP) for the year ended December 31, 2021. This information should be read in conjunction with the financial statements and notes, which follow.

Financial Highlights

As of December 31, 2021, \$157.4 million was held in trust for the payment of SRSP benefits to the participants as compared to \$138.0 million in 2020. This represents an increase in total SRSP fiduciary net position held in trust of \$19.4 million or 14.1%.

Additions to the SRSP fiduciary net position for 2021 included participant contributions of \$5.2 million and participant rollovers of \$759 thousand. The Denver Board of Water Commissioners' (Board) matching contributions in 2021 were \$2.3 million and the net investment income was \$19.2 million.

Total deductions from the SRSP fiduciary net position were \$8.1 million in 2021. The deductions comprised of retirement benefit payments of \$7.9 million, participant investment advisory fees of \$88 thousand, and administrative expenses of \$56 thousand. Total deductions in 2021 were 59.9% more than those in 2020.

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

As of December 31, 2021, there were 1,000 employees eligible to participate in the SRSP, of which 880 employees were contributing to the SRSP, or 88% of all eligible Denver Water employees.

Overview of the Financial Statements

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

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

The Statement of Fiduciary Net Position presents the SRSP assets, liabilities, and fiduciary net position as of December 31, 2021. The Statement of Changes in Fiduciary Net Position shows the additions to and deductions from SRSP fiduciary net position during 2021.

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

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

Financial Analysis

The following section provides further detail of the activities within the SRSP as well as additions and deductions to the Plan. Additions to the SRSP consist of participant and employer contributions, participant rollovers, interest income on outstanding participant loans, miscellaneous income and net investment income. Deductions from the Plan comprise benefit payments to participants, administrative expenses, and participant investment advisory fees. Comparative financial schedules depict the changes between the years 2021 and 2020.

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

	Fiduciary Net Position			
	(In thousands)			
	Years ended December 31		2021 – 2020	
	2021	2020	Increase (decrease)	Percentage change
Mutual funds	\$ 135,718	\$ 120,366	\$ 15,352	12.8%
Commingled funds	17,219	13,005	4,214	32.4
Money market fund	2,431	2,793	(362)	(13.0)
Total investments	<u>155,368</u>	<u>136,164</u>	<u>19,204</u>	<u>14.1</u>
Receivables:				
Contributions	121	99	22	22.2
Participant loans	1,914	1,730	184	10.6
Total receivables	<u>2,035</u>	<u>1,829</u>	<u>206</u>	<u>11.3</u>
Total assets	157,403	137,993	19,410	14.1
Total liabilities	24	18	6	33.3
Fiduciary net position	<u>\$ 157,379</u>	<u>\$ 137,975</u>	<u>\$ 19,404</u>	<u>14.1%</u>

SRSP Activities

The fiduciary net position increased by \$19.4 million or 14.1% in 2021 over 2020. Additional details for the change in fiduciary net position are discussed on the following pages.

Additions

The money used to pay benefits is accumulated from the contributions made by the Board and each participant and from income generated by investments, including investment valuation appreciation, interest, and dividends. Earnings on investments are reported net of investment management expenses. The Board's matching contributions for 2021 were \$2.3 million and the net investment income was \$19.2 million. The increase of net investment income from 2020 to 2021 was primarily due to the appreciation of the fair value of investments.

Additions to Fiduciary Net Position

(In thousands)

	Years ended December 31		2021 – 2020	
	2021	2020	Increase (decrease)	Percentage change
Employer contributions	\$ 2,264	\$ 2,241	\$ 23	1.0%
Participant contributions	5,204	4,898	306	6.2
Participant rollovers	759	474	285	60.1
Participant interest on loans	86	85	1	1.2
Miscellaneous income	12	13	(1)	(7.7)
Net investment income	19,167	16,455	2,712	16.5
Total additions	\$ 27,492	\$ 24,166	\$ 3,326	13.8%

Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2021, benefits paid were \$7.9 million, an increase of 62.0% compared to 2020. The change in the amount of benefit payments from year to year is attributed to the number of participants choosing to take lump-sum distributions at retirement in any one year and to changes in the number of participants receiving benefits in the SRSP.

Administrative expenses for the SRSP were \$56 thousand in 2021. Administrative fees are calculated based upon a percentage of the fair value of investments. The SRSP is charged an explicit fee for recordkeeping and communication services. Effective December 30, 2020, the agreement with Empower Retirement was amended which reduced the annual administrative fee from 0.08% to 0.04%. The fees are payable on a monthly basis, based on the average daily balance of the SRSP assets during the assessment period from the participant's account. Total administrative expenses were \$37 thousand less in 2021 as compared to 2020. The reduction in expenses were due to the adjustment of the SRSP administrative expenses. In 2021, participant investment advisory fees were \$88 thousand. Please refer to Note 4 of the financial statements for information regarding administrative expenses.

Deductions from Fiduciary Net Position

(In thousands)

	<u>Years ended December 31</u>		<u>2021 – 2020</u>	
	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Benefits paid to participants	\$ 7,944	\$ 4,903	\$ 3,041	62.0%
Administrative expenses	56	93	(37)	(39.8)
Participant investment advisory fees	88	63	25	39.7
Total deductions	<u>\$ 8,088</u>	<u>\$ 5,059</u>	<u>\$ 3,029</u>	<u>59.9%</u>

Requests for Information

This discussion and analysis are designed to provide a general overview of the SRSP fiduciary net position and changes in fiduciary net position as of December 31, 2021 and for the year then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

3. Basic Financial Statements

a. Statements of Net Position

Assets:	<u>2021</u>
Investments, at fair value:	
Mutual funds	135,718
Commingled funds	17,219
Money market fund	2,431
Total investments	<u>155,368</u>
Receivables:	
Employer contributions	\$ 37
Participant contributions	84
Participant loans	1,914
Total receivables	<u>2,035</u>
Total assets	<u>157,403</u>
Liabilities:	
Accrued advisory fees	<u>24</u>
Fiduciary net position	<u>\$ 157,379</u>

See accompanying notes to financial statements.

b. Statement of Changes in Net Position

	<u>2021</u>
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 14,084
Dividends	5,083
Net investment income	<u>19,167</u>
Contributions:	
Employer contributions	2,264
Participant contributions	5,204
Participant rollovers	759
Total contributions	<u>8,227</u>
Other additions:	
Participant interest on loans	86
Miscellaneous income	12
Total other additions	<u>98</u>
Total additions	<u>27,492</u>
Deductions:	
Benefits paid to participants	7,944
Administrative expenses	56
Participant investment advisory fees	88
Total deductions	<u>8,088</u>
Net increase	19,404
Fiduciary net position:	
Beginning of year	<u>137,975</u>
End of year	<u>\$ 157,379</u>

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1 – Plan Description

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

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

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

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

a. General

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

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

b. Contributions

Each year a participant may contribute up to 97% of pretax annual compensation, but not less than \$10 per pay period up to an annual maximum amount as codified by the Internal Revenue Service (IRS). Participants direct the investment of their contributions into various investment options offered by the SRSP. The Board makes a matching contribution in an amount equal to 100% of the first 3% of the participant's compensation for the applicable payroll period to the SRSP. The matching contribution is allocated to the participants' accounts and is participant-directed. The employer may suspend, reduce or eliminate future employer contributions and may rescind such action at any time. The SRSP was amended in 2013 to authorize employer discretionary contributions to qualifying participants.

Employer contributions must be made no later than the last day of the Plan year for which the contribution is made. Although it has not expressed any intent to do so, the Board may change the amount of or discontinue the matching or employer discretionary contribution at any time.

c. Participant Accounts

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

d. Vesting

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

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

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

e. Participant Loans

Only active employees who participate in the SRSP may request a loan and the participant must have a minimum vested account balance of \$2,000. The minimum loan amount that a participant may request is \$1,000 and the maximum is \$50,000 or 50% of the vested account balance, whichever is less. The \$50,000 maximum loan amount is reduced by the highest loan balance during the past 12 months minus the loan balance on the date a new loan is made. If a participant has an outstanding loan through another qualified plan, 403(b) plan, or a 457 plan maintained by the same employer, the maximum loan amount available must be reduced by the highest outstanding loan balance during the past 12 months. The participant is responsible for ensuring that the aggregated loan amount on all plans sponsored by the same employer is the lesser of \$50,000 or 50% of the vested account balance.

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

Participants are charged a loan origination fee that is deducted from the original loan amount as well as an annual administrative fee that is deducted quarterly from the participants' account. Outstanding loans are assessed an interest rate of 1% over the prime rate published in the Wall Street Journal on the first business day of the month before the loan is originated. The interest rate for General Purpose Loans is fixed for the life of the loan. For more information regarding the loan policy, participants may refer to the Plan Document.

f. Payment of Benefits

Upon termination of service, a participant with a balance of \$1,000 or less will have the amount automatically distributed in a lump sum as soon as feasibly possible. A participant whose account is greater than \$1,000 may elect to receive either a single lump-sum amount equal to the value of the participant's interest in his or her account at termination or take periodic distributions provided they meet minimum distribution requirements of IRC code section 401(a)(9). Distributions must start no later than age 70½. Participants may also specify that funds roll directly from their account to an eligible retirement plan. Upon the death of a participant, the account is paid to the participant's beneficiaries in a single lump sum.

g. Record Keeping, Custody and Management of Assets

Effective December 30, 2020, the Board amended the original agreement with Empower Retirement for an additional five years of recordkeeping and communication services related to the SRSP. Trust services are provided by Great-West Trust Company, LLC, an affiliate of Empower Retirement. Fees for the trust services are paid by the participants. Assets allocated to the various funds are managed by investment professionals hired by the fund.

h. SRSP Termination

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

Note 2 – Summary of Significant Accounting Policies

a. Estimates

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

b. Basis of Accounting

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

c. Income Recognition

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

d. Tax Status

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

Note 3 – Investments

The following table lists the investment options available to participants and the value of each option at December 31, 2020 (amounts are expressed in thousands):

	<u>2021</u>
American Beacon Small CP Val R5	\$ 5,200
American Funds Washington Mutual R6	12,273
Arrowstreet Intl Equity ACWI Ex US Class A*	5,034
Baird Aggregate Bond Institutional	7,890
Baron Growth Institutional	7,211
Cohen & Streers Institutional Global Realty	1,680
Fidelity Global Ex US Index	6,765
Fidelity Total Market Index	24,531
Fidelity US Bond Index	2,739
Galliard Retirement Income Fund*	12,185
Northern Global Sustainability Index	824
PIMCO High Yield Institutional	2,189
T. Rowe Price Growth Stock Fund I	10,934
Vanguard Inflation-Protected Secs Adm	4,420
Vanguard Institutional Target Retirement 2015	1,603
Vanguard Institutional Target Retirement 2020	3,077
Vanguard Institutional Target Retirement 2025	13,759
Vanguard Institutional Target Retirement 2030	4,044
Vanguard Institutional Target Retirement 2035	8,530
Vanguard Institutional Target Retirement 2040	3,319
Vanguard Institutional Target Retirement 2045	6,840
Vanguard Institutional Target Retirement 2050	1,504
Vanguard Institutional Target Retirement 2055	2,250
Vanguard Institutional Target Retirement 2060	1,162
Vanguard Institutional Target Retirement 2065	71
Vanguard Institutional Target Retirement Income Fund	1,805
Vanguard Total Intl BD Idx Admiral	1,098
Vanguard Treasury Money Market Inv	2,431
	<u>\$ 155,368</u>

*Commingled fund

The SRSP offered 25 mutual funds (including 12 target date funds), one money market fund and two commingled funds as investment options as of December 31, 2021. The net investment income (including gains and losses on investments bought and sold, as well as income received on investments during the year) during 2021 was approximately \$19.2 million.

a. Fair Value Measurements

The SRSP has the following recurring fair value measurements as of December 31, 2021:

		December 31, 2021		
		(In thousands)		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Investments by fair value level				
Mutual Funds	\$ 135,718	\$ 135,718	\$ -	\$ -
Commingled Funds	17,219	-	17,219	-
Total investments by fair value level	<u>152,937</u>	<u>\$ 135,718</u>	<u>\$ 17,219</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money market funds	<u>2,431</u>			
Total investments measured at fair value	<u>\$ 155,368</u>			

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

Note 4 – Administrative Expenses

The majority of investment options available to participants in the SRSP are registered mutual funds. Investment fund expenses including management fees and operating fees are not separately disclosed but consist of published fund expense ratios and are netted against any revenue sharing credits received by participants. These fees are implicit and are not directly reflected in the participant's account.

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

The assessed recordkeeping and communication fee for 2021 totaled \$56 thousand. Revenue sharing from 12(b)(1) fees reported by the recordkeeper for the same period was \$12 thousand.

Note 5 – Participant Investment Advisory Fees

The plan participants may choose to either manage their investments themselves, use an online investment advice tool, or they can choose to have their account managed as an ancillary service available through the Plan

recordkeeper. Participants who choose to use the online investment advice tool pay an annual fee assessed quarterly. Participants choosing to have their account managed pay an annual tiered fee, assessed quarterly, based on the participant's account balance. In 2021, total participant investment advisory fees paid were \$88 thousand.

Note 6 – Risks and Uncertainties

a. Custodial Credit Risk

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

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

b. Concentration of Credit Risk

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

c. Credit Risk

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

d. Interest Rate Risk

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

Schedule of maturity, duration and credit quality			
	Average effective maturity (years)	Average effective duration (years)	Average credit quality of underlying securities
Target date funds:			
Vanguard Institutional Target Retirement 2015	7.59	6.24	A
Vanguard Institutional Target Retirement 2020	7.91	6.47	A
Vanguard Institutional Target Retirement 2025	8.73	7.07	A
Vanguard Institutional Target Retirement 2030	9.04	7.30	A
Vanguard Institutional Target Retirement 2035	9.04	7.30	A
Vanguard Institutional Target Retirement 2040	9.08	7.35	A
Vanguard Institutional Target Retirement 2045	9.08	7.34	A
Vanguard Institutional Target Retirement 2050	9.08	7.36	A
Vanguard Institutional Target Retirement 2055	9.08	7.35	A
Vanguard Institutional Target Retirement 2060	9.08	7.35	A
Vanguard Institutional Target Retirement 2065	9.08	7.35	A
Vanguard Institutional Target Retirement Income	7.57	6.22	A
Fixed income mutual funds:			
Baird Aggregate Bond Institutional	8.49	6.78	A
Fidelity US Bond Index	8.30	6.55	AA
PIMCO High Yield Institutional	5.67	3.74	BB
Vanguard Inflation-Protected Secs Adm	7.90	7.50	AAA
Vanguard Total Intl Bd Index Admiral	9.60	8.36	BBB
Commingled funds:			
Galliard Retirement Income Fund	3.54	3.00	AA

e. Foreign Currency Risk

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

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

Schedule of assets invested in foreign securities	
	Percentage of fund invested in foreign securities
American Beacon Small CP Val R5	3.4%
American Funds Washington Mutual R6	7.9
Arrowstreet Intl Equity ACWI Ex US Class A	99.1
Baird Aggregate Bond Institutional	11.0
Baron Growth Institutional	1.1
Cohen & Streers Institutional Global Realty	38.5
Fidelity Global Ex US Index	99.1
Fidelity Total Market Index	1.1
Fidelity US Bond Index	6.7
Northern Global Sustainability Index	32.7
PIMCO High Yield Institutional	8.0
T. Rowe Price Growth Stock Fund I	7.7
Vanguard Institutional Target Retirement 2015	29.6
Vanguard Institutional Target Retirement 2020	32.6
Vanguard Institutional Target Retirement 2025	36.0
Vanguard Institutional Target Retirement 2030	37.2
Vanguard Institutional Target Retirement 2035	37.7
Vanguard Institutional Target Retirement 2040	38.1
Vanguard Institutional Target Retirement 2045	38.3
Vanguard Institutional Target Retirement 2050	38.5
Vanguard Institutional Target Retirement 2055	38.3
Vanguard Institutional Target Retirement 2060	38.2
Vanguard Institutional Target Retirement 2065	38.1
Vanguard Institutional Target Retirement Income Fund	29.3
Vanguard Total Intl BD Idx Admiral	94.2

Note 7 – SRSP Amendments

There were no plan amendments in 2021.

C. Denver Water 457 Deferred Compensation Plan

1. Independent Auditors Report



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

We have audited the financial statements of the Denver Water 457 Deferred Compensation Plan (the Plan) as of and for the year ended December 31, 2021, and have issued our report thereon dated April 21, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water 457 Deferred Compensation Plan
Page 2

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated April 21, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Supplementary information in relation to the financial statements as a whole

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water 457 Deferred Compensation Plan
Page 3

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

Should the Board wish to include or incorporate by reference these financial statements and our audit reports thereon into other documents, such as an offering of exempt securities, without obtaining our consent to include or incorporate by reference our reports on such financial statements, and were not otherwise associated with the offering document, then the Board agrees to include a statement in that document that CliftonLarsonAllen LLP was not engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in such report and that the Board has not requested the consent of CliftonLarsonAllen LLP for the inclusion of its report therein.

This communication is intended solely for the information and use of The Board of Water Commissioners, City and County of Denver, Colorado and management of Denver Water 457 Deferred Compensation Plan and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Denver, Colorado
April 21, 2022



CliftonLarsonAllen LLP
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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**

The Board of Water Commissioners, City and County of Denver, Colorado
Denver Water 457 Deferred Compensation Plan
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 statement of fiduciary net position, and the related statement of changes in fiduciary net position of the Denver Water 457 Deferred Compensation Plan (the Plan), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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.


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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan'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

Denver, Colorado
April 21, 2022

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

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Denver Water 457 Deferred Compensation Plan (Plan) for the year ended December 31, 2021. This information should be read in conjunction with the Plan financial statements and notes, which follow.

Financial Highlights

As of December 31, 2021, \$47.7 million was held in trust for the payment of Plan benefits to the participants as compared to \$43.6 million in 2020. This represents an increase in total Plan fiduciary net position held in trust of \$4.1 million or 9.4% in 2021. The increase in 2021 was primarily due to changes in the fair values of the Plan's investments.

Additions to the Plan's fiduciary net position for 2021 included participant contributions of \$2.4 million, participant rollovers of \$20 thousand, and net investment income of \$5.3 million.

Deductions from fiduciary net position totaled \$3.7 million in 2021 and were primarily comprised of retirement benefit payments. Total deductions in 2021 were 123.7% more than those in 2020.

The Plan is a deferred compensation plan and its primary purpose is to attract and retain qualified personnel by permitting eligible employees to defer a portion of their current income for their retirement. At December 31, 2021, there were 1,000 employees eligible for the Plan, of which 390 participating employees were contributing to the Plan, or 39% of all eligible Denver Water employees.

Overview of the Financial Statements

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

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

The Statement of Fiduciary Net Position presents the Plan's assets, liabilities, and fiduciary net position as of December 31, 2021. The Statement of Changes in Fiduciary Net Position shows the additions to and deductions from Plan fiduciary net position during 2021.

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

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

Financial Analysis

The following section provides further detail of the activities within the Plan as well as additions and deductions to the Plan. Additions to the Plan consist of participant contributions, participant rollovers, interest income on outstanding participant loans, miscellaneous income, and net investment income. Deductions from the Plan are comprised of benefit payments to participants, administrative expenses, and participant investment advisory fees. Comparative financial schedules depict the changes between the years 2021 and 2020.

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

	Fiduciary Net Position		2021 – 2020	
	(In thousands)		Increase (decrease)	Percentage change
	Years ended December 31			
	2021	2020		
Mutual funds	\$ 38,476	\$ 34,740	\$ 3,736	10.8%
Commingled funds	7,783	7,262	521	7.2
Money market fund	1,195	1,396	(201)	(14.4)
Total investments	47,454	43,398	4,056	9.3
Receivables:				
Contributions	46	31	15	48.4
Participant loans	240	194	46	23.7
Total receivables	286	225	61	27.1
Total assets	47,740	43,623	4,117	9.4
Total liabilities	6	4	2	50.0
Fiduciary net position	\$ 47,734	\$ 43,619	\$ 4,115	9.4%

Plan Activities

The increase to net position in 2021 was primarily due to appreciation in the fair value of investments. The total increase in Plan net position was \$4.1 million or 9.4% over 2020. Additional details for the change in net position are discussed on the following page.

Additions

The money used to pay benefits is accumulated from the contributions made by each participant and from income generated from the participants' investments including investment appreciation, interest and dividends. Earnings on investments are reported net of investment management expenses. Investment income net of investment manager fees during 2021 was \$5.3 million.

Additions to Fiduciary Net Position

(In thousands)

	<u>Years ended December 31</u>		<u>2021 – 2020</u>	
	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Employer contributions	\$ —	\$ 26	\$ (26)	(100.0)%
Participant contributions	2,423	2,282	141	6.2
Participant rollovers	20	22	(2)	(9.1)
Participant interest on loans	11	12	(1)	(8.3)
Miscellaneous income	3	4	(1)	(25.0)
Net investment income	5,342	4,773	569	11.9
Total additions	\$ <u>7,799</u>	\$ <u>7,119</u>	\$ <u>680</u>	<u>9.6%</u>

Deductions

Benefits paid to participants of \$3.6 million in 2021 represent the majority of the deductions from the Plan. Benefits paid to participants were 127.4% more in 2021 compared to 2020. The change in the amount of benefits paid to participants from year to year is attributed to the number of participants choosing to take lump sum distributions at retirement in any one year and to changes in the number of participants receiving benefits in the Plan.

Administrative expenses for 2021 were \$17 thousand. Administrative fees are calculated based upon a percentage of the fair value of investments. The Plan is charged an explicit fee for recordkeeping and communication services. Effective December 30, 2020, the agreement with Empower Retirement was amended which reduced the annual administrative fee from 0.08% to 0.04%. The fees are payable on a monthly basis, based on the average daily balance of Plan assets during the assessment period from the participant's account. The Plan's administrative expenses were \$13 thousand less in 2021 as compared to 2020. The reduction in expenses was due to the adjustment of the Plan's administrative expenses. In 2021, participant investment advisory fees were \$22 thousand. Please refer to Note 4 of the financial statements for information regarding administrative expenses.

Deductions from Fiduciary Net Position

(In thousands)

	<u>Years ended December 31</u>		<u>2021 – 2020</u>	
	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Benefits paid to participants	\$ 3,645	\$ 1,603	\$ 2,042	127.4%
Administrative expenses	17	30	(13)	(43.3)
Participant investment advisory fees	22	14	8	57.1
Total deductions	\$ <u>3,684</u>	\$ <u>1,647</u>	\$ <u>2,037</u>	<u>123.7%</u>

Requests for Information

This discussion and analysis is designed to provide a general overview of the fiduciary net position and changes in fiduciary net position as of December 31, 2021, and for the year then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

3. Basic Financial Statements

a. Statement of Fiduciary Net Position

Assets:	<u>2021</u>
Investments, at fair value:	
Mutual funds	\$ 38,476
Commingled funds	7,783
Money market fund	<u>1,195</u>
Total investments	<u>47,454</u>
Receivables:	
Participant contributions	46
Participant loans	<u>240</u>
Total receivables	<u>286</u>
 Total assets	 <u>47,740</u>
Liabilities:	
Accrued advisory fees	6
Fiduciary net position	<u>\$ 47,734</u>

See accompanying notes to financial statements.

b. Statements of Changes in Fiduciary Net Position

	<u>2021</u>
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 3,892
Dividends	1,450
Net investment income	<u>5,342</u>
Contributions:	
Participant contributions	2,423
Participant rollovers	20
Total contributions	<u>2,443</u>
Other additions:	
Participant interest on loans	11
Miscellaneous income	3
Total other additions	<u>14</u>
Total additions	<u>7,799</u>
Deductions:	
Benefits paid to participants	3,645
Administrative expenses	17
Participant investment advisory fees	22
Total deductions	<u>3,684</u>
Net increase	4,115
Fiduciary net position:	
Beginning of year	<u>43,619</u>
End of year	<u>\$ 47,734</u>

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1 – Plan Description

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

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

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

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

a. General

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

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

b. Contributions

Each year a participant may defer up to an annual maximum amount as codified by the Internal Revenue Service. The Plan will accept transfers, pursuant to Section 457 of the Internal Revenue Code (Code) of amounts deferred by an individual under another eligible deferred compensation plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan was amended in 2013 to authorize employer discretionary contributions to qualifying participants. There were \$26 thousand in discretionary contributions in 2020. Employer discretionary contributions must be made no later than the last day of the Plan year for which the contribution is made. The employer may suspend, reduce, or eliminate future employer contributions and may rescind such action at any time.

c. Participant Accounts

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

d. Vesting

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

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

e. Participant Loans

Only active Plan participants may request a loan and the participant must have a minimum vested account balance of \$2,000. The minimum loan amount that a participant may request is \$1,000 and the maximum is \$50,000 or 50% of the vested account balance, whichever is less. The \$50,000 maximum loan amount is reduced by the highest loan balance during the past 12 months minus the loan balance on the date a new loan is made. If a participant has an outstanding loan through another qualified plan, 403(b) plan, or a 401(k) plan maintained by the same employer, the maximum loan amount available must be reduced by the highest outstanding loan balance during the past 12 months. The participant is responsible for ensuring that the aggregated loan amount on all plans sponsored by the same employer is the lesser of \$50,000 or 50% of the vested account balance.

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

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

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

f. Payment of Benefits

Upon termination of service, a participant with a balance of \$1,000 or less will have the amount distributed in a lump-sum as soon as feasibly possible. A participant whose account is greater than \$1,000 may elect to receive either a lump-sum amount equal to the value of the participant's interest in his or her account, leave the balance in the Plan, or roll their balance to an eligible plan. Distributions from balances left in the Plan must begin no later than age 70½. When balances are paid, participants will receive payment under various payment options defined by the Plan. Upon the death of a participant, a death benefit equal to the value of the participant's account shall be payable to a designated beneficiary. The beneficiary may select from various payment options defined by the Plan.

g. Recordkeeping, Custody and Management of Assets

Effective December 30, 2020, the Board amended the original agreement with Empower Retirement for an additional five years of recordkeeping and communication services related to the Plan. Trust services are provided by Great-West Trust Company, LLC, an affiliate of Empower Retirement. Fees for the trust services are paid by the participants. Assets allocated to the various funds are managed by investment professionals hired by the fund.

h. Plan Termination

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

Note 2 – Summary of Significant Accounting Policies

a. Estimates

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

b. Basis of Accounting

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

c. Investment Income Recognition

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

d. Tax Status

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

Note 3 – Investments

The following table lists the investment options available to participants and the value of each option at December 31, 2021 (amounts are expressed in thousands):

	2021
American Beacon Small CP Val R5	\$ 1,255
American Funds Washington Mutual R6	3,272
Arrowstreet Intl Equity ACWI Ex US Class A*	1,064
Baird Aggregate Bond Institutional	3,045
Baron Growth Institutional	2,009
Cohen & Streers Institutional Global Realty	463
Fidelity Global Ex US Index	1,861
Fidelity Total Market Index	6,489
Fidelity US Bond Index	1,135
Galliard Retirement Income Fund*	6,719
Northern Global Sustainability Index	229
PIMCO High Yield Institutional	859
T. Rowe Price Growth Stock Fund I	3,726
Vanguard Inflation-Protected Secs Adm	1,193
Vanguard Institutional Target Retirement 2015	331
Vanguard Institutional Target Retirement 2020	1,259
Vanguard Institutional Target Retirement 2025	2,326
Vanguard Institutional Target Retirement 2030	2,348
Vanguard Institutional Target Retirement 2035	1,853
Vanguard Institutional Target Retirement 2040	711
Vanguard Institutional Target Retirement 2045	2,303
Vanguard Institutional Target Retirement 2050	538
Vanguard Institutional Target Retirement 2055	392
Vanguard Institutional Target Retirement 2060	175
Vanguard Institutional Target Retirement 2065	11
Vanguard Institutional Target Retirement Income Fund	319
Vanguard Total Intl BD Idx Admiral	374
Vanguard Treasury Money Market Inv	1,195
	\$ 47,454

**Commingled fund*

The Plan offered 25 mutual fund investment options (including 12 target date funds), one money market fund and two commingled funds as of December 31, 2021. The Plan's investments (including gains and losses on investments bought and sold, as well as income received on investments held during the year) during 2021 generated a net investment income of \$5.3 million.

a. Fair Value Measurement

The Plan has the following recurring fair value measurements as of December 31, 2021:

		December 31, 2021		
		(In thousands)		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservab le Inputs (Level 3)
December 31, 2021				
Investments by fair value level				
Mutual Funds	\$ 38,476	\$ 38,476	\$ -	\$ -
Commingled Funds	7,783	-	7,783	-
Total investments by fair value level	<u>46,259</u>	<u>\$ 38,476</u>	<u>\$ 7,783</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money market funds	1,195			
Total investments measured at fair value	<u>\$ 47,454</u>			

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

Note 4 – Administrative Expenses

The majority of investment options available to participants in the Plan are registered mutual funds. Investment fund expenses including management fees and operating fees are not separately disclosed but consist of published fund expense ratios and are netted against any revenue sharing credits received by participants. These fees are implicit and are not directly reflected in the participant's account.

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

The assessed recordkeeping and communication fee for 2021 totaled \$17 thousand. Revenue sharing from 12(b)(1) fees reported by the recordkeeper for the same period was \$3 thousand.

Note 5 – Participant Investment Advisory Fees

The Plan participants may choose to either manage their investments themselves, use an online investment advice tool, or they can choose to have their account managed as an ancillary service available through the Plan recordkeeper. Participants who choose to use the online investment advice tool pay an annual fee assessed quarterly. Participants choosing to have their account managed pay an annual tiered fee, assessed quarterly, based on the participant's account balance. In 2021, total participant investment advisory fees paid were \$22 thousand.

Note 6 – Risks and Uncertainties

a. Custodial Credit Risk

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

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

b. Concentration of Credit Risk

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

c. Credit Risk

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

d. Interest Rate Risk

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

Schedule of maturity, duration and credit quality

	Average effective maturity (years)	Average effective duration (years)	Average credit quality of underlying securities
Target date funds:			
Vanguard Institutional Target Retirement 2015	7.59	6.24	A
Vanguard Institutional Target Retirement 2020	7.91	6.47	A
Vanguard Institutional Target Retirement 2025	8.73	7.07	A
Vanguard Institutional Target Retirement 2030	9.04	7.30	A
Vanguard Institutional Target Retirement 2035	9.04	7.30	A
Vanguard Institutional Target Retirement 2040	9.08	7.35	A
Vanguard Institutional Target Retirement 2045	9.08	7.34	A
Vanguard Institutional Target Retirement 2050	9.08	7.36	A
Vanguard Institutional Target Retirement 2055	9.08	7.35	A
Vanguard Institutional Target Retirement 2060	9.08	7.35	A
Vanguard Institutional Target Retirement 2065	9.08	7.35	A
Vanguard Institutional Target Retirement Income	7.57	6.22	A
Fixed income mutual funds:			
Baird Aggregate Bond Institutional	8.49	6.78	A
Fidelity US Bond Index	8.30	6.55	AA
PIMCO High Yield Institutional	5.67	3.74	BB
Vanguard Inflation-Protected Secs Adm	7.90	7.50	AAA
Vanguard Total Intl Bd Index Admiral	9.60	8.36	BBB
Commingled funds:			
Galliard Retirement Income Fund	3.54	3.00	AA

e. Foreign Currency Risk

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

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

Schedule of assets invested in foreign securities	
	Percentage of fund invested in foreign securities
American Beacon Small CP Val R5	3.4%
American Funds Washington Mutual R6	7.9
Arrowstreet Intl Equity ACWI Ex US Class A	99.1
Baird Aggregate Bond Institutional	11.0
Baron Growth Institutional	1.1
Cohen & Streers Institutional Global Realty	38.5
Fidelity Global Ex US Index	99.1
Fidelity Total Market Index	1.1
Fidelity US Bond Index	6.7
Northern Global Sustainability Index	32.7
PIMCO High Yield Institutional	8.0
T. Rowe Price Growth Stock Fund I	7.7
Vanguard Institutional Target Retirement 2015	29.6
Vanguard Institutional Target Retirement 2020	32.6
Vanguard Institutional Target Retirement 2025	36.0
Vanguard Institutional Target Retirement 2030	37.2
Vanguard Institutional Target Retirement 2035	37.7
Vanguard Institutional Target Retirement 2040	38.1
Vanguard Institutional Target Retirement 2045	38.3
Vanguard Institutional Target Retirement 2050	38.5
Vanguard Institutional Target Retirement 2055	38.3
Vanguard Institutional Target Retirement 2060	38.2
Vanguard Institutional Target Retirement 2065	38.1
Vanguard Institutional Target Retirement Income Fund	29.3
Vanguard Total Intl BD Idx Admiral	94.2

Note 7 – Plan Amendments

There were no plan amendments in 2021.

III. INVESTMENT SECTION (UNAUDITED)

A. Employees Retirement Plan

1. Report on Investment Activity

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



April 1, 2022

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

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

This letter reviews the performance for the Denver Water Employees Retirement Plan (DWERP) for the year ended December 31, 2021.

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

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

Market Environment

Global equity markets gained 22.35% on the year despite an ongoing pandemic, as measured by the MSCI World benchmark. The 10-year Treasury yield closed out the year at a once unthinkable 1.5% despite high inflation of about 7%. Even in the face of 40-year inflation highs, corporate profit margins have increased, and stock valuations remain elevated. A once-in-a-century pandemic has not slowed markets either; global equities are up 30% since COVID's start. Beyond healthy corporate fundamentals, low interest rates and well-functioning credit markets are providing a ballast. The current 1.5% yield on the 10-year U.S. Treasury (UST) is about as low as interest rates have historically gone. Outside of the worst of the pandemic (where the 10-year UST yield hit 0.5%), the all-time low is 1.4% (set in July 2016).

Last year brought us something we haven't seen in a while: Inflation. The broadest measure of U.S. inflation (Consumer Price Index) was up 7% last year, while the Fed's preferred measure (core Personal Consumption Expenditure) was up 5%. While something to watch, it's worth noting the U.S. (and most other countries around the world) are still playing catch up to the 2% trajectory most central bank's target. As such, central banks may be more tolerant of inflation—but not too tolerant.

Unfortunately, the pandemic's news narrative has seemed never-ending for many. The better news in 2021, however, is that hospitalizations and deaths have been much less severe. This fact, combined with a growing aversion to economic shutdowns and restrictions, allowed many risk assets to ignore the high number of Omicron cases reported throughout the year.

DWERP Performance

For the calendar year, DWERP's total fund had a time-weighted rate of return of 18.99%. **DWERP's performance outperformed the median return of 14.25% of the Northern Trust Public Funds Universe and its one-year return ranks in the 12th percentile of all Public Funds returns.** The plan outperformed its strategic policy benchmark by nearly 451 basis points for 2021.

The policy benchmark at year end was comprised of the following indices in the percentages as follows: MSCI ACWI ex USA ND (20%), HFR Fund of Funds Composite (5%), BBG U.S. Aggregate (22%), NCREIF-ODCE (15%), Russell 3000 (30%), and Russell 3000 + 2.5% (8%).

Over the trailing three years ending 12/31/21, DWERP earned a 15.46% annualized return. The trailing five-year return now stands at 11.33% and is underperforming the policy target return by nearly 12 basis points. The 10-year trailing return of 9.97% outperformed the policy benchmark by nearly 38 basis points.

DWERP's Domestic equity composite gained 28.68% in 2021, outperforming the benchmark return of 25.66%. The three-year return of 25.13% trailed the relative benchmark return by 65 basis points. AB Discovery had the largest returns of the composite, posting a 35.84% return for the year and outperforming the Russell 2500 Growth by 806 basis points.

DWERP's real estate investments gained 19.88% for the year and underperformed the benchmark by about 200 basis points. The underperformance, similar to 2020, was largely driven by Harbert V and the UBS Trumbull Property Fund (8.67% and 16.26% 1-year returns, respectively). The real estate benchmark return was 21.88% for the year.

DWERP's fixed income composite lost 0.26% for the year yet outperformed the Bloomberg U.S. Aggregate index return of -2.64%. The three-year return of 4.84% outperformed the benchmark return by nearly five basis points.

DWERP's hedge fund composite gained 6.47% in 2021. The return continues to be a representation of only the Blackrock Appreciation Fund IV. This fund outperformed the HFR Fund of Funds Composite rate of 6.18% by 29 basis points.

DWERP's private equity composite generated strong returns and outperformed relative to the benchmark. DWERP's private equity composite returned 59.51% for the year and beat the *Russell 3000 Index + 3.5% hurdle rate's* return of 28.74% by well over 3000 basis points.

In summary, the portfolio outperformed the total fund benchmark in 2021 by 451 basis points. In addition, DWERP's performance ranks in the 12th percentile of median returns in the Northern Trust Universe of Public Funds. The Fixed Income portion of the portfolio was the biggest relative drag on the total plan, being the second largest allocation, whereas the Equity strategy contributed to the biggest relative gain in the plan. The Real Estate portfolio again reversed its trend by posting positive results for the year, but ultimately trailed its benchmark. All real estate managers posted positive returns; however, Harbert V and the UBS Trumbull Property Fund continue to underperform relative to their respective benchmarks. Private Equity performed extremely well and outperformed its benchmark. Private Equity remains a smaller portion of the total portfolio, so the return contribution is smaller than with Equity. Hedge Funds produced positive returns for the year and slightly outperformed the HFR Fund of Funds Composite benchmark.

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

2. Outline of Investment Policies

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

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

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

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

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

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

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

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

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

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

The Board has delegated implementation of this Policy to the full-time staff member occupying the position of the Chief Finance Officer. Details concerning the Board's delegation may be found in the Delegation Resolution Regarding the Retirement Program approved on February 23, 2022. The Chief Finance Officer may assign members of his/her Treasury staff to perform the day-to-day actions necessary to implement his/her decisions/actions, while retaining his/her fiduciary status. The Chief Finance Officer is directed to review this Policy, including the asset allocation ranges, at a minimum, annually with the Investment Consultant for continued appropriateness, and to recommend changes to the Board when appropriate.

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

3. Schedule of Investment Managers

Manager	Strategy/Product	Vehicle	Date funded
Domestic Equity Managers			
Winslow Capital Management, LLC	Winslow Large Cap Growth Portfolio	Separately managed account	Terminated 03/2021
Fidelity Institutional Asset Management	Small/Mid Cap Core Pool	Commingled fund	Terminated 02/2021
Alliance Bernstein	AB Discovery Value Fund CL Z	Mutual fund	Since 06/2018
Northern Trust Investments, N.A.	NTGI-QM Collective Daily S&P 500 Equity Index Fund	Commingled fund	Since 07/2006
RiverBridge	SMID CAP Growth	Collective Investment Trust	Since 02/2021
International Equity Managers			
Dimensional Fund Advisors LP	World ex U.S. Value Portfolio (DFWVX)	Mutual fund	Since 02/2008
Harding Loevner Funds, Inc.	International Equity Portfolio (HLMIX)	Mutual fund	Since 08/2011
Fixed Income Managers			
Barings U.S. Loan Fund Series	Barings Capital Floating Rate Income Fund	Commingled fund	Since 08/2013
BlackRock Institutional Trust Company, N.A.	The US Debt Index Non-Lendable Fund	Commingled fund	Since 05/2016
Private Equity			
Aberdeen Asset Management Inc.	Aberdeen VI, LP - Buyout Fund Aberdeen VIII, LP – Buyout Fund	Commingled Funds - Limited Partnerships	Since 08/2015 Since 05/2019
Horsley Bridge Partners	Horsley Bridge XI Venture Fund Horsley Bridge XIII Venture Fund	Commingled Funds - Limited Partnerships	Since 07/2015 Since 04/2019
Pantheon Access (US) L.P.	Pantheon Global Select 2018	Commingled Fund - Limited Partnership	Since 01/2019
Real Estate Managers			
Principal Global Investors, LLC	U.S. Property Separate Account	Commingled fund	Since 03/2016
RREEF America REIT II	RREEF America REIT II Inc.	Commingled fund	Since 08/2014
Harbert Management Corporation	Harbert United States Real Estate Fund V, LP Harbert United States Real Estate Fund VII, LP	Commingled fund	Since 07/2014 Since 03/2020
UBS Realty Investors, LLC	Trumbull Property Fund	Commingled fund	Since 05/1998
Hedge Fund-of-Funds			
BlackRock Alternative Advisors	BlackRock Appreciation IV	Commingled fund	Since 03/2012
Cash and Equivalent			
Northern Trust Investments, N.A.	The Northern Trust Collective Government STIF	Commingled fund	Since 1988

Fees paid to investment managers are included in the Investment Section on page 86.

4. Schedule of Investment Results

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

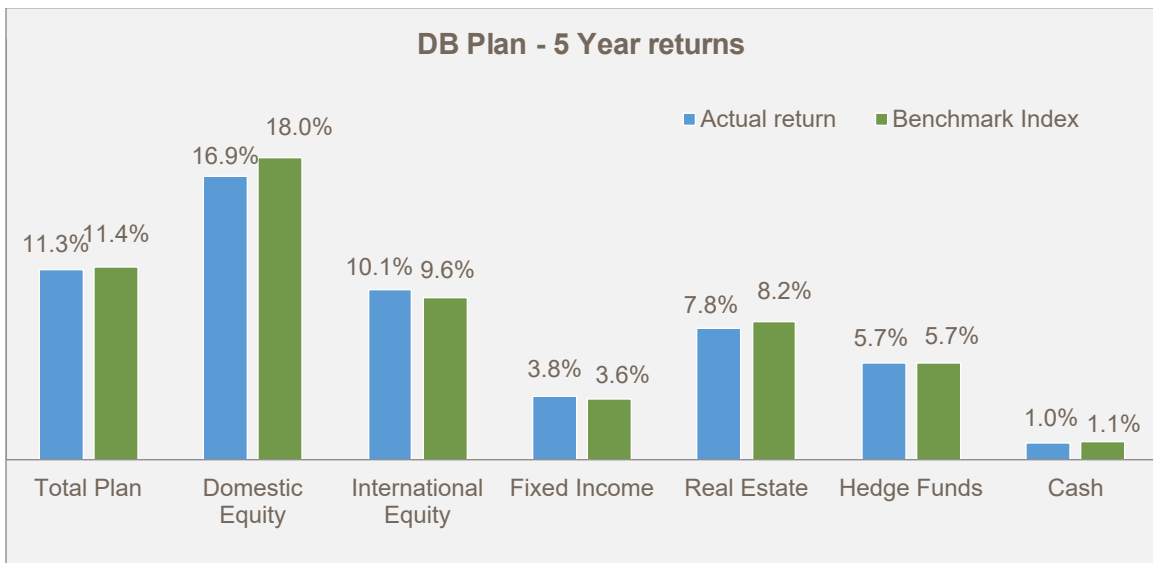
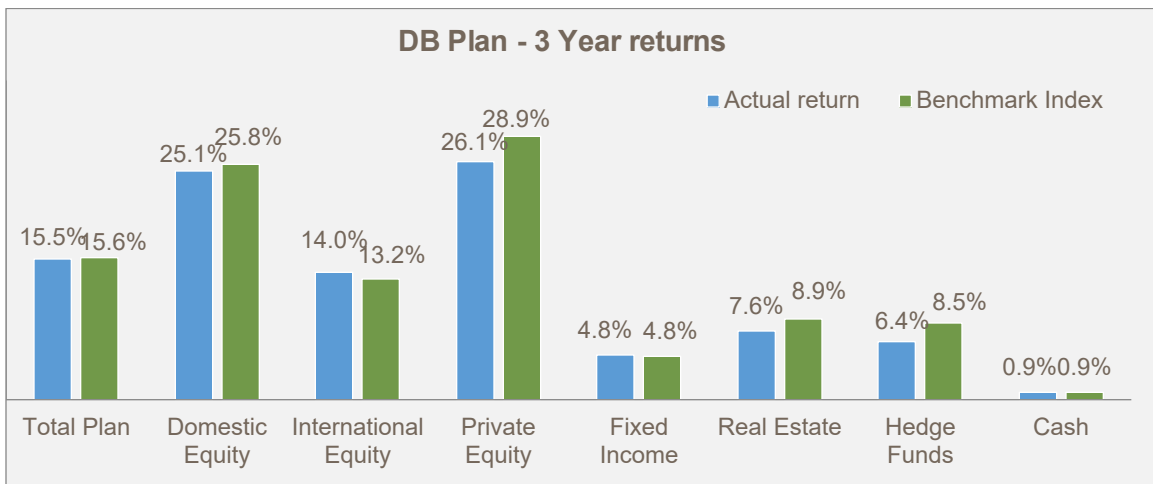
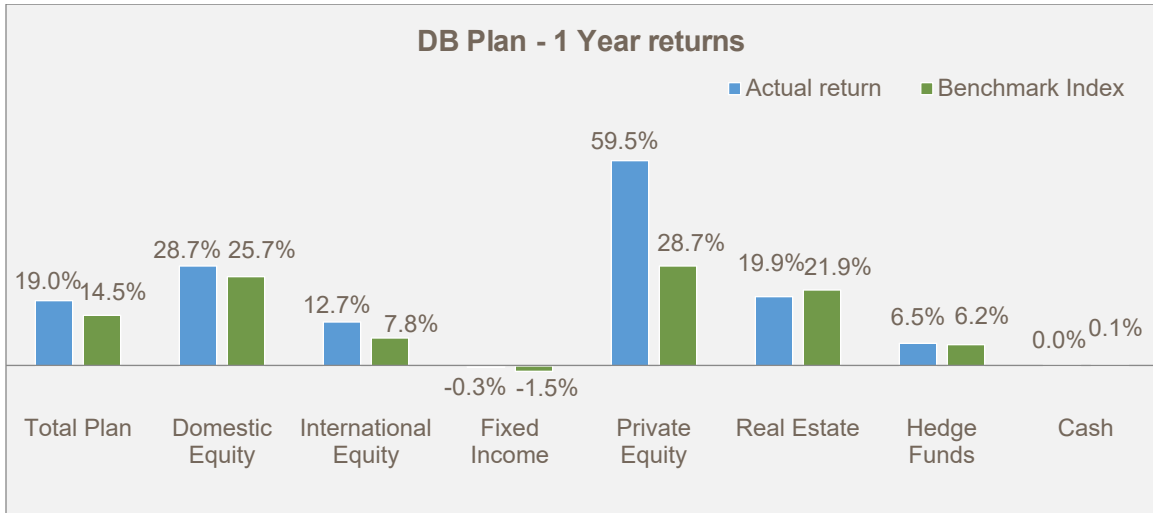
	Rates of return (%)		
	1-year	Annualized	
		3-year	5-year
Denver Board of Water	19.0	15.5	11.3
<i>Denver Target Index¹</i>	14.5	15.6	11.4
Total Domestic Equity	28.7	25.1	16.9
<i>Denver Domestic Equity Index</i>	20.9	25.8	17.9
Total International Equity	12.7	13.9	10.1
<i>DBOW International Equity Index</i>	7.8	13.2	9.6
Total Fixed Income	-0.3	4.8	3.8
<i>DBOW Fixed Income Blend</i>	-1.5	4.8	3.6
Real Estate	19.9	7.6	7.8
<i>Real Estate Benchmark</i>	21.9	8.9	8.2
Hedge Fund-of-Funds	6.5	6.4	5.7
<i>HFR Fund of Funds Composite</i>	6.2	8.5	5.7
Private Equity	29.5	26.1	22.5
<i>Russell 3000 Index + 2.5%</i>	28.7	28.9	20.9
Cash	0.01	0.9	1.0
<i>90 Day T-Bill</i>	0.05	0.9	1.1

	Rates of return (%)				
	2021	2020	2019	2018	2017
Denver Board of Water	19.0	10.5	17.1	-3.9	15.6
<i>Denver Target Index¹</i>	14.5	13.2	19.1	-3.8	15.7
Total Domestic Equity	28.7	17.3	29.8	-9.3	19.0
<i>Denver Domestic Equity Index²</i>	20.9	20.9	31.0	-5.2	21.1
Total International Equity	12.7	9.9	19.6	-15.2	29.0
<i>MSCI ACWI ex US</i>	7.8	10.7	21.5	-14.2	27.2
Total Fixed Income	-0.3	6.5	8.5	0.5	3.8
<i>BC Aggregate Bond Index</i>	-1.5	7.5	8.7	0.0	3.5
Real Estate	19.9	-0.6	4.5	7.1	9.2
<i>Real Estate Benchmark</i>	21.9	0.8	5.2	7.3	6.9
Hedge Fund-of-Funds	6.5	8.3	4.3	0.8	9.0
<i>HFR Fund of Funds Composite</i>	6.2	10.8	8.4	-4.0	7.8
Private Equity	59.5	19.3	5.4	16.1	18.3
<i>Russell 3000 Index + 2.5%</i>	28.7	23.9	34.2	-2.9	24.1
Cash	0.01	0.5	2.1	1.7	0.8
<i>90 Day T-Bill</i>	0.05	0.4	2.1	2.0	0.9

Source: Northern Trust

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

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



5. Asset Allocation

	Market Value As of 12/31/2021	% of Portfolio	Long-term Asset Allocation Ranges ³
Equities	\$270,202,856	53.8%	40-65%
Domestic Equity	175,653,230	35.0%	
<i>Alliance Bernstein</i>	18,257,930	3.6%	
<i>Riverbridge SMID</i>	14,896,881	2.9%	
<i>NTGI S&P 500</i>	142,498,418	28.4%	
International Equity	94,549,627	18.8%	
<i>Harding Loevner International Equity Portfolio</i>	46,855,284	9.3%	
<i>DFA World ex US Value Fund</i>	47,694,343	9.5%	
Fixed Income	99,738,463	19.9%	10-40%
<i>Barings US Loan Fund</i>	21,934,476	4.4%	
<i>Blackrock</i>	77,803,987	15.5%	
Alternatives	71,341,642	14.3%	5-20%
Private Equity	49,065,429	9.8%	
<i>Aberdeen VI</i>	10,045,955	2.0%	
<i>Aberdeen VIII</i>	3,429,748	0.7%	
<i>Horsley Bridge Venture</i>	10,230,413	2.0%	
<i>Horsley Bridge XIII</i>	4,517,512	0.1%	
<i>Pantheon</i>	9,635,836	4.2%	
Hedge Funds	20,922,064	4.4%	
<i>BlackRock Alternative Advisors</i>	20,922,064	4.4%	
Real Estate	56,921,567	11.3%	10-20%
<i>RREEF America REIT II</i>	17,146,226	3.4%	
<i>Harbert United States Real Estate Fund V, LP</i>	2,872,926	0.6%	
<i>Harbert United States Real Estate Fund VII, LP</i>	4,796,309	0.96%	
<i>Principal</i>	20,544,672	4.1%	
<i>UBS TPF</i>	11,411,825	2.3%	
Cash¹	3,629,662	0.7%	N/A
Total Portfolio²	\$501,834,191	100.0%	

Source: Northern Trust; data as of 12/31/2021

¹ While the IPS does not quantify an allocation to cash, the Operating Procedure for the DB Plan sets the current target level for cash and cash equivalents at the amount equal to two months of pension payments, or approximately \$4.0 million. Approximately half of this amount is deposited at the account of the Plan's TPA, John Hancock at month-end.

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

³ Long-term Asset Allocation ranges are approved by the Board and outlined in the IPS. The Board charged the Chief Finance Officer with developing and implementing a current asset allocation and rebalancing strategy which is designed to reflect and be consistent with the long-term investment objective and the long-term asset allocation ranges outlined in the IPS. These target allocation weights are contained in the Operating Procedure.

At December 31, 2021, all asset classes were within their stipulated operational ranges.

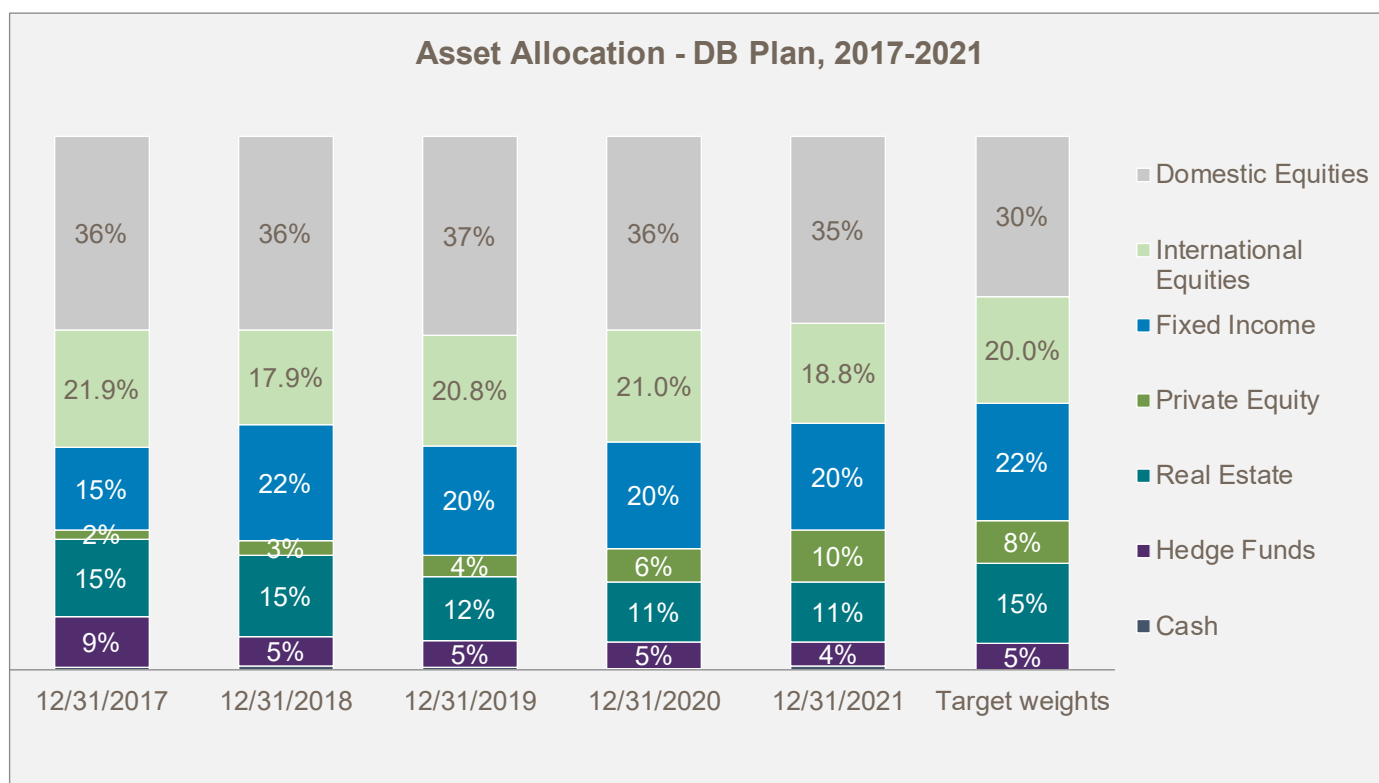
Employees' Retirement Plan – Asset Allocation by Asset Class, 2017-2021

	Market Value As of 12/31/2017	Market Value As of 12/31/2018	Market Value As of 12/31/2019	Market Value As of 12/31/2020	Market Value As of 12/31/2021
Domestic Equities	\$130,639,642	\$123,686,889	\$145,769,122	\$154,794,930	\$175,653,230
International Equities	78,787,664	60,953,815	81,718,302	89,807,661	94,549,627
Fixed Income	55,204,084	73,791,329	80,188,821	86,170,627	99,738,463
Private Equity	6,397,483	9,911,637	15,482,666	26,314,097	49,066,429
Real Estate	52,366,163	51,770,501	47,820,010	47,699,682	56,921,567
Hedge Funds	33,959,916	18,518,640	19,320,294	20,922,064	22,275,213
Cash ¹	1,803,615	2,577,168	1,796,661	1,442,165	3,629,662
Total Portfolio²	\$359,158,567	\$341,209,979	\$392,095,875	\$427,151,225	\$501,834,191

Source: Northern Trust

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

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



Percentages may not add to 100% due to rounding.

6. Investment Summary

Employees' Retirement Plan – Portfolio by Asset Type as of 12/31/2021

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
Equities	\$154,631,152	\$255,305,975	\$187,670	\$255,493,645	50.9%
Fixed income	91,440,951	99,738,463	0.00	99,738,463	19.9%
Corporate Bonds - funds	23,554,780	21,934,476	0.00	21,934,476	4.4%
Other	67,886,171	77,803,987	0.00	77,803,987	15.5%
Real Estate	43,455,610	56,718,996	296,310	57,015,306	11.4%
Private Equity	44,108,817	63,962,310	0.00	63,962,310	12.7%
Hedge Funds	15,292,387	22,276,213	0.00	22,276,213	4.4%
Hedge Funds of Funds	15,292,387	22,276,213	0.00	22,276,213	4.4%
Cash and Cash Equivalents	3,629,645	3,629,645	(19,038)	3,610,607	0.7%
Funds- short-term investment	3,629,645	3,629,645	0.00	3,629,645	0.7%
Adjustments to Cash	(262,371)	(262,371)	0.00	(262,353)	-0.05%
Pending trade purchases	(1,715,932)	(1,715,932)	0.00	(1,715,932)	-0.3%
Other	1,453,561	1,453,561	0.00	1,453,561	0.3
Total	\$352,296,191	\$501,369,248	464,943	\$501,834,191	100.0%

Source: Northern Trust

Totals may not add up due to rounding.

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

7. Schedule of Fees and Commissions

Employees' Retirement Plan – Schedule of Fees – 2021

Manager	Assets as of 12/31/2021	Assets as of 12/31/2020	Fees	Annual Management Fee
Aberdeen Asset Management Inc. Fund VI	\$10,045,955	\$8,663,783	\$110,698	0.75% on committed capital
Aberdeen Asset Management Inc. Fund VIII	3,429,748	1,616,358	41,244	0.75% on committed capital
Alliance Bernstein	18,257,930	30,359,093	147,807	0.79%
Barings U.S. Loan Fund Series	21,934,476	16,646,848	89,198	0.48%
BlackRock Alternative Investors	22,276,213	20,922,064	270,497	1.25%
BlackRock Institutional Trust Company N.A.	77,803,987	69,523,779	21,565	0.03%
Dimensional Fund Advisors LP	47,694,343	41,003,215	275,051	0.43%
Fidelity Institutional Asset Management	0	17,246,596	18,417	0.65%
Harbert Management Corporation Fund V	7,808,844	7,010,286	178,133	Annual 1.5% management fee applied only to unreturned, contributed capital plus 20% performance fee on net income
Harding Loevner Funds, Inc.	46,855,284	48,804,447	327,366	0.87%
Horsley Bridge Venture, Fund XI	10,230,413	5,367,080	36,000	1% on committed capital
Horsley Bridge Venture XIII	4,517,512	1,031,040	50,004	1% on committed capital
Northern Trust Investments, N. A.	142,498,418	88,658,720	14,606	0.02% ¹
Pantheon Global Select	20,841,801	9,635,836	205,500	0.685% on committed capital
Principal Global Investors, LLC	20,554,672	16,774,729	193,107	1.00%
RiverBridge	14,896,881	0	88,493	0.72%
RREEF America LLC	17,146,226	13,954,451	140,661	0.95%
UBS Realty Investors, LLC	11,411,825	9,960,216	74,631	First \$10 mil – 0.716% over \$10 mil – 0.619
Winslow	0	17,076,012	9,523	0.60%
Total Assets²	\$501,834,191	\$427,151,225	\$ 2,292,501	0.49%
Investment Consulting Expense			104,887	N/A
Investment Performance Reporting Expense ²			79,053	N/A
Total Investment Expenses			\$ 2,476,441	
Investment Expenses as a percentage of average assets				0.53%
Actuarial Services			30,000	N/A
Audit Services			9,915	N/A
Third Party Administrator			145,306	N/A
Total Administrative Expenses			\$2,661,662	
Total Expenses as a percentage of average assets				0.57%

Source: Denver Water

¹Fee reduced to 0.01% effective April 1, 2021.

²Includes cash account.

³Includes custody fees.

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

8. Employees' Retirement Plan - Schedule of Broker Commissions by Broker

Broker	Total Shares	Net Base Amount (\$)	Commission (\$)	Per Share ¹	% Cost of Trade
Unassigned Broker	31,355,322	\$149,348,184	\$0	\$0.00	0.000%
Barclays Capital Securities & Bank	665	198,967	19.95	0.03	0.010%
BOFA Securities, Inc.	1,050	182,287	31.50	0.03	0.017%
Evercore Group	130	37,598	3.90	0.03	0.010%
Goldman, Sachs & Co.	200	9,800	0.00	0.00	0.000%
J.P. Morgan Securities INC	73,560	17,428,072	2,207	0.03	0.013%
Jefferies LLC	2,735	560,427	82.05	0.03	0.015%
Morgan Stanley New York	460	99,339	13.80	0.03	0.014%
Pershing LLC	2,240	294,607	67.20	0.03	0.023%
Piper Jaffray and Hopwood	200	27,638	6.00	0.03	0.022%
UBS Financial Services Inc.	1,600	332,837	48.00	0.03	0.014%
Total	31,438,162	\$168,519,757	\$2,479	\$0.00	0.001%

Source: Northern Trust

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

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

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

1. Report on Investment Activity

This section was prepared by the Denver Water staff

On December 31, 2021, the Plan asset balance in the 401(k) Plan totaled \$155.4 million, a 11.2% increase in the Plan asset balance compared to December 31, 2020. At year-end 2021, the Plan had 1,226 participants including 881 active participants.¹ Total employee contributions to the 401(k) Plan amounted to \$5.2 million in 2021, or an average of \$5,900 per year per active participant, while Denver Water's matching contributions totaled \$2.3 million (an average of \$2,550 per year per active participant).² Slightly over 88.1% of the eligible Denver Water employees participated in the 401(k) Plan at year-end, compared to 87.0% participation rate in 2020.³ Average account balance was \$126.7 thousand at year-end.

In 2021, employee contributions to the 401(k) Plan amounted to \$5.2 million, while Denver Water's matching contributions totaled \$2.3 million.

On December 31, 2021, the Plan asset balance in the 457 Plan totaled \$47.5 million, a 9.5% increase in the Plan asset value compared to December 31, 2020. The Plan had 697 participants, including 394 active participants¹ at year-end. Participant contributions totaled \$2.4 million (or an average of \$6,150 per year per active participant) during 2021.² More than 39% of the eligible Denver Water employees participated in the 457 Plan at year-end, similarly to 2020. Average account balance was \$68.1 thousand.

In 2015, both plans were amended to allow participants to borrow money from the Plans. In 2021, loans from the 401(k) Plan totaled \$1.9 million and loans from 457 Plan amounted to \$240 thousand.

As noted in the policy statements for both the 401(k) and 457 Plans, the primary objective of the Board is to offer investment options having diverse risk and return expectations so that each participant may construct a portfolio that can be expected to meet his or her individual needs. Investment managers are selected by the Chief Finance Officer, with the assistance of the Retirement Program Committee and the investment consultant for the DC Plans, currently Portfolio Evaluations. As of December 31, 2021, participants in either plan had access to 28 investment options representing all major asset classes (of which 12 were Target Retirement

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

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

² In 2021, an eligible employee was able to make a tax-deferred contribution of up to \$19,500 to each Defined Contribution Plan in which he or she was a participant. Participants age 50 or older could contribute an additional \$6,500 to each plan as catch-up contributions. For more information on limitation on effective deferrals see "401(k) Resource Guide - Plan Participants - Limitation on Elective Deferrals"; "IRS Announces Pension Plan Limitations for 2021" IR-2020-79, October 26, 2020, available on www.irs.gov.

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

Funds focused on various retirement dates). Average number of funds utilized at the end of the year by 401(k) Plan participants was 4.8, while 457 Plan participants were invested in 4.5 funds on average. The schedule of investment options available in the DC Plans can be found on page 99. The investment of both employee contributions and the employer-matching contributions is directed by the participants. Page 105 contains investment return information on each fund available to participants. Returns vary by participant based upon the timing of contributions and the funds selected by the participant. Most funds in the lineup had rates of return above the median for their peer group over one-, three-, and five-year periods.

Empower Retirement is the custodian/trustee and the administrator for the Denver Water 401(k) and 457 Plans. The total fee for recordkeeping and communication services amounts to 0.035% annually. The fee is being calculated and withdrawn from all participant accounts on a monthly basis. Revenue sharing is credited to participants with account balances in a revenue-paying fund which generated the revenue, based on the average daily balance of the participant's investment in such fund(s) for the prior month.

Expense ratios for all funds in the lineup, as well as the revenue sharing amounts received by the Plan administrator, are disclosed to participants in the enrollment package and through the Human Resources page on Inflow. They are disclosed to the general public in the audited financial statements. Current expense ratios wrap fees and revenue sharing levels are presented in more detail on page 109.

2. Outline of Investment Policies

Denver Water 401(k) Supplemental Retirement Savings Plan

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

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

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

The Board is a fiduciary of the 401(k) Plan. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. As a sponsor of the 401(k) Plan, the Board is responsible for establishing investment policy objectives and guidelines. By resolution dated September 14, 2005 and updated on February 23, 2022, the Board has delegated certain duties related to implementation of the 401(k) IPS to the Chief Finance Officer and the Chief of Staff. Among the responsibilities delegated to the Chief Finance Officer is the responsibility and authority to determine which investment options will be chosen, and to monitor the continued acceptability of the investment options. It is the policy of the Board to engage experts to assist with these duties.

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

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

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

- Consistency with expected style mandate;
- Material changes in the manager's organization, investment philosophy, and/or personnel;
- Comparisons of the investment option's results to its benchmark;
- The risk associated with each investment option;
- The investment option's performance relative to its Peer Universe.

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

Denver Water 457 Deferred Compensation Plan

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

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

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

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

3. Schedule of Investment Managers

Fund	Ticker	Asset class
Global Real Estate		
Cohen & Steers Institutional Global Realty I	CSSPX	Global Real Estate
International Equity		
Arrowstreet International Equity ACWI ex US Class A	ARWIEA	Foreign Stock
Northern Global Sustainability Index	NSRIX	Foreign Stock
Fidelity Global ex US Index Premium	FSGGX	Foreign Stock
Domestic Equity		
Fidelity Total Market Index Institutional	FSKTX	All cap domestic equity
Baron Growth Institutional	BGRIX	Small Cap Growth
American Beacon Small Cp Val Institutional	AVFIX	Small Cap Value
T. Rowe Price Growth Stock I	PRUFX	Large Cap Growth
American Funds Washington Mutual R6	RWMGX	Large Cap Value
Fixed Income		
PIMCO High Yield Instl	PHIYX	High Yield Bond
Vanguard Inflation Protected Securities Admiral	VAIPX	High Quality Bond – TIPS
Baird Aggregate Bond Institutional	BAGIX	Actively Managed Investment Grade Bond
Fidelity U.S. Bond Index Premium	FXNAX	Passively Managed Investment Grade Bond
Vanguard Total International Bond Index Admiral	VTABX	International Bond
Target Date Retirement Funds		
Vanguard Target Retirement Income	VTINX	Multiple Asset Classes
Vanguard Target Retirement 2015	VTXVX	Multiple Asset Classes
Vanguard Target Retirement 2020	VTWNX	Multiple Asset Classes
Vanguard Target Retirement 2025	VTTVX	Multiple Asset Classes
Vanguard Target Retirement 2030	VTHRXX	Multiple Asset Classes
Vanguard Target Retirement 2035	VTTTHX	Multiple Asset Classes
Vanguard Target Retirement 2040	VFORX	Multiple Asset Classes
Vanguard Target Retirement 2045	VTIVX	Multiple Asset Classes
Vanguard Target Retirement 2050	VFIFX	Multiple Asset Classes
Vanguard Target Retirement 2055	VFFVX	Multiple Asset Classes
Vanguard Target Retirement 2060	VTTTSX	Multiple Asset Classes
Vanguard Target Retirement 2065	VLXVX	Multiple Asset Classes
Cash and Equivalent		
Vanguard Treasury Money Market Investor	VUSXX	Money Market
Galliard Retirement Income Fund 35	n/a	Stable Value

As of December 31, 2021

4. Schedule of Investment Results

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

Fund	Ticker	Rates of Return (%)		
		Current Year	3-year	5-year
Global Real Estate				
Cohen & Steers Instl Global Realty	CSSPX	26.7%	15.6%	10.9%
<i>Median Global Real Estate Active Fund</i>		26.5%	14.4%	9.7%
International Equity				
Arrowstreet International Equity	ARWIEA	13.2%	20.1%	13.9%
<i>MSCI ACWI EX USD Index</i>		9.9%	14.2%	9.6%
Northern Global Sustainability Index	NSRIX	24.6%	22.7%	15.6%
<i>MSCI World ESG Leaders</i>		24.7%	22.6%	15.5%
Fidelity Global ex US Index	FSGGX	7.8%	13.1%	9.7%
<i>MSCI ACWI ex U.S. Index</i>		7.8%	13.2%	9.6%
Domestic Equity				
Fidelity Total Market Index	FSKAX	25.7%	25.7%	17.9%
<i>Dow Jones U.S. Total Stock Market Index</i>		25.7%	25.7%	17.9%
Baron Growth Instl	BGRIX	20.2%	30.9%	22.7%
<i>Median Mid Growth Active Fund</i>		12.2%	27.8%	19.9%
American Beacon Small Cp Val Inst	AVFIX	28.1%	18.1%	8.6%
<i>Median Small Value Active Fund</i>		31.4%	18.4%	8.9%
T. Rowe Price Growth Stock	PRUFX	20.2%	29.2%	23.3%
<i>Median Large Growth Active Fund</i>		21.6%	29.9%	22.7%
American Funds Washington Mutual R6	RWMGX	28.9%	20.6%	15.5%
<i>Median Large Blend Active Fund</i>		26.2%	23.7%	16.4%
Fixed Income				
PIMCO High Yield Instl	PHIYX	4.1%	8.0%	5.6%
<i>Median High Yield Bond Active Fund</i>		4.9%	7.8%	5.3%
Vanguard Inflation Protected Securities Admin	VAIPX	5.7%	8.3%	5.2%
<i>Bloomberg Barclays US Treasury US TIPS Index</i>		5.2%	7.6%	4.7%
Fidelity US Bond Index Premium	FXNAX	-1.8%	4.7%	3.5%
<i>Bloomberg Barclays Aggregate Bond Index</i>		-1.5%	4.8%	3.6%
Vanguard Total Intl Bd Idx Admiral	VTABX	-2.2%	3.1%	3.0%
<i>Barclays Global Aggregate ex. U.S. Hedged Index</i>		-2.1%	3.5%	3.2%
Baird Aggregate Bond Institutional	BAGIX	-1.5%	5.4%	4.0%
<i>Median Intermediate Core Bond Active Fund</i>		1.4%	5.0%	3.6%
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	5.3%	9.5%	6.9%
<i>Vanquard Target Income composite Index</i>		5.8%	9.2%	6.7%
Vanguard Target Retirement 2015	VTXVX	5.8%	10.3%	7.7%
<i>Vanguard Target 2015 Composite Index</i>		7.8%	11.5%	8.2%
Vanguard Target Retirement 2020	VTWNX	8.3%	12.6%	9.3%

Fund	Ticker	Rates of Return (%)		
		Current Year	3-year	5-year
<i>Vanguard Target 2020 Composite Index</i>		8.6%	12.0%	8.6%
Vanguard Target Retirement 2025	VTTVX	9.9%	14.2%	10.4%
<i>Vanguard Target 2025 Composite Index</i>		9.7%	13.4%	9.6%
Vanguard Target Retirement 2030	VTHRX	11.5%	15.5%	11.3%
<i>Vanguard Target Date 2030 Composite Index</i>		11.5%	15.2%	10.9%
Vanguard Target Retirement 2035	VTTHX	13.1%	16.7%	12.1%
<i>Vanguard Target 2035 Composite Index</i>		13.9%	16.7%	11.8%
Vanguard Target Retirement 2040	VFORX	14.7%	19.9%	12.9%
<i>Vanguard Target 2040 Composite Index</i>	-	15.8%	18.0%	12.6%
Vanguard Target Retirement 2045	VTIVX	16.3%	19.1%	13.6%
<i>Vanguard Target2045 Composite Index</i>		16.7%	18.9%	13.0%
Vanguard Target Retirement 2050	VFIFX	16.6%	19.3%	13.7%
<i>Vanguard Target 2050 Composite Index</i>	-	16.9%	19.2%	13.3%
Vanguard Target Retirement 2055	VFFVX	16.5%	19.2%	13.7%
<i>Vanguard Target 2055 Composite Index</i>		17.2%	19.2%	13.3%
Vanguard Target Retirement 2060	VTTSX	16.6%	19.3%	13.7%
<i>Vanguard Target 2060 Composite Index</i>		17.3%	19.4%	13.5%
Vanguard Target Retirement 2065	VLXVX	16.6%	19.2%	-
<i>Vanguard Target 2065 Composite Index</i>		17.2%	19.5%	-
Cash and Equivalent				
Vanguard Treasury Money Market	VUSXX	0.01%	0.8%	1.0%
Median Inflation-Protected Bond		0.01%	0.7%	0.8%
Galliard Retirement Income (gross)	n/a	1.4%	1.8%	1.8%
<i>FTSE T-Bill Auction Ave 3 Mon Index</i>		0.05%	0.9%	1.1%

Source: CAPTRUST

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2021	% of the Total Assets	Total Assets as of 12/31/2020	% of the Total Assets
Global Real Estate		\$1,680,311	1.1%	\$1,285,238	0.9%
Cohen & Steers Instl Global Realty	CSSPX	\$1,680,311	1.1%	\$1,285,238	0.9%
International Equity		\$12,622,850	8.1%	\$10,147,819	7.5%
Arrowstreet International Equity	ARWIEA	\$5,033,555	3.2%	\$4,551,343	3.3%
Northern Global Sustainability Index	NSRIX	\$824,219	0.5%	\$960,666	0.7%
Fidelity Global ex US Index Prem	FSGGX	\$6,765,076	4.4%	\$4,635,810	3.4%
Domestic Equity		\$60,149,700	38.7%	\$51,320,821	37.7%
Fidelity Total Market Index	FSKAX	\$24,531,649	15.8%	\$19,435,550	14.3%
Baron Growth Instl	BGRIX	\$7,211,380	4.6%	\$6,395,304	4.7%
American Beacon Small Cp Val Inst	AVFIX	\$5,200,085	3.4%	\$4,032,158	3.0%
T. Rowe Price Growth Stock I	PRUFX	\$10,933,876	7.0%	\$10,186,230	7.5%
American Funds Washington Mutual R6	RWMGX	\$12,272,710	7.9%	\$11,271,579	8.3%
Fixed Income		\$18,335,983	11.8%	\$15,946,724	11.7%
PIMCO High Yield Instl	PHIYX	\$2,189,403	1.4%	\$1,761,506	1.3%
Vanguard Inflation Protected Securities Admin.	VAIPX	\$4,419,821	2.8%	\$2,965,479	2.2%
Fidelity US Bond Index Premium	FXNAX	\$2,739,177	1.8%	\$2,553,613	1.9%
Vanguard Total Intl Bd Idx Admiral	VTABX	\$1,097,781	0.7%	\$954,957	0.7%
Baird Aggregate Bond Inst	BAGIX	\$7,889,801	5.1%	\$7,711,169	5.7%
Target Date Retirement Funds		\$47,963,042	30.9%	\$41,665,128	30.6%
Vanguard Target Retirement Income	VTINX	\$1,805,283	1.2%	\$1,755,684	1.3%
Vanguard Target Retirement 2015	VTXVX	\$1,602,476	1.0%	\$1,705,190	1.3%
Vanguard Target Retirement 2020	VTWNX	\$3,076,731	1.9%	\$2,829,987	2.1%
Vanguard Target Retirement 2025	VTTVX	\$13,758,954	8.9%	\$12,919,776	9.5%
Vanguard Target Retirement 2030	VTHRX	\$4,043,649	2.6%	\$1,918,468	1.4%
Vanguard Target Retirement 2035	VTTHX	\$8,529,673	5.5%	\$8,004,771	5.9%
Vanguard Target Retirement 2040	VFORX	\$3,318,965	2.1%	\$2,785,119	2.0%
Vanguard Target Retirement 2045	VTIVX	\$6,839,735	4.4%	\$5,670,201	4.2%
Vanguard Target Retirement 2050	VFIFX	\$1,503,650	0.9%	\$1,268,073	0.9%
Vanguard Target Retirement 2055	VFFVX	\$2,250,496	1.5%	\$1,924,721	1.4%
Vanguard Target Retirement 2060	VTTSX	\$1,162,488	0.8%	\$834,465	0.6%
Vanguard Target Retirement 2065	VLXVX	\$70,942	0.05%	\$48,672	0.04%
Cash and Equivalent		\$14,615,457	9.4%	\$15,797,860	11.6%
Vanguard Treasury Money Market Inv	VUSXX	\$2,430,662	1.6%	\$2,793,056	2.1%
Galliard Retirement Income	n/a	\$12,184,795	7.8%	\$13,004,804	9.6%
Total*		\$155,367,343	100.0%	\$136,162,154	100.0%

Source: Empower Retirement

*Does not include loan balance of \$1.9 mil in 2021 and \$1.7 at the end of 2020.

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2021	% of the Total Assets	Total Assets as of 12/31/2020	% of the Total Assets
Global Real Estate		\$463,437	0.9%	\$388,423	0.8%
Cohen & Steers Instl Global Realty	CSSPX	\$463,437	0.9%	\$388,423	0.8%
International Equity			0.7%	\$2,667,185	6.3%
Arrowstreet international Equity	ARWIEA	\$1,064,003	0.2%	\$1,161,725	2.9%
Northern Global Sustainability Index	NSRIX	\$228,706	0.5%	\$262,979	1.3%
Fidelity Global ex US Index Prem	FSGGX	\$1,860,843	3.9%	\$1,242,481	1.6%
Domestic Equity			35.3%	\$14,922,714	33.4%
Fidelity Total Market Index	FSKAX	\$6,488,625	13.7%	\$5,263,691	12.4%
Baron Growth Instl	BGRIX	\$2,008,802	4.2%	\$1,789,708	3.3%
American Beacon Small Cp Val Inst	AVFIX	\$1,254,632	2.6%	\$1,052,200	3.0%
T. Rowe Price Growth Stock I	PRUFX	\$3,725,526	7.8%	\$3,582,026	8.3%
American Funds Washington Mutual R6	RWMGX	\$3,271,751	6.9%	\$3,235,089	6.5%
Fixed Income			13.9%	\$5,616,453	12.0%
PIMCO High Yield Instl	PHIYX	\$859,417	1.8%	\$707,567	2.5%
Vanguard Inflation Protected Securities Admiral	VAIPX	\$1,192,533	2.5%	\$762,170	1.6%
Fidelity US Bond Index Premium	FXNAX	\$1,135,375	2.4%	\$1,360,451	3.2%
Vanguard Total Intl Bd Idx Admiral	VTABX	\$374,554	0.8%	\$310,920	0.4%
Baird Aggregate Bond Inst	BAGIX	\$3,044,709	6.4%	\$2,475,345	0.0%
Target Date Retirement Funds			26.5%	\$11,145,723	26.7%
Vanguard Target Retirement Income	VTINX	\$318,853	0.7%	\$310,918	1.3%
Vanguard Target Retirement 2015	VTXVX	\$331,073	0.7%	\$567,417	1.4%
Vanguard Target Retirement 2020	VTWNX	\$1,259,253	2.6%	\$1,197,056	3.5%
Vanguard Target Retirement 2025	VTTVX	\$2,325,768	4.9%	\$2,470,663	5.8%
Vanguard Target Retirement 2030	VTHRX	\$2,348,581	4.9%	\$840,392	2.4%
Vanguard Target Retirement 2035	VTTHX	\$1,853,279	3.9%	\$2,316,257	5.1%
Vanguard Target Retirement 2040	VFORX	\$710,957	1.5%	\$595,883	1.3%
Vanguard Target Retirement 2045	VTIVX	\$2,302,804	4.8%	\$1,840,993	4.2%
Vanguard Target Retirement 2050	VFIFX	\$537,928	1.1%	\$534,756	0.9%
Vanguard Target Retirement 2055	VFFVX	\$392,359	0.8%	\$298,137	0.5%
Vanguard Target Retirement 2060	VTTSX	\$174,891	0.4%	\$163,520	0.3%
Vanguard Target Retirement 2065	VLXVX	\$11,335	0.02%	\$9,731	0.02%
Cash and Equivalent			16.7%	\$7,516,465	19.9%
Vanguard Treasury Money Market Inv	VUSXX	\$1,194,319	2.5%	\$1,396,141	2.5%
Galliard Retirement Income	n/a	\$6,719,217	14.2%	\$7,261,597	18.6%
Total*		\$47,453,591	100.0%	\$43,398,012	100.0%

Source: Empower Retirement

*Does not include loan balance of \$0.2 mil in 2021 and \$0.2 at the end of 2020.

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2021

Fund	Ticker	Expense Ratio ²	Admin Fess (%) ³	Revenue sharing – paid back to Participants (%) ¹	Average Expense Ratio in the Peer Group
Global Real Estate					
Cohen & Steers Instl Global Realty	CSSPX	0.90	0.035	0.10	0.95
International Equity					
Arrowstreet International	ARWIEA	0.95	0.035	0.00	0.69
Northern Global Sustainability Index	NSRIX	0.30	0.035	0.00	0.80
Fidelity Global ex US Index	FSGGX	0.06	0.035	0.00	0.08
Domestic Equity					
Fidelity Total Market Index	FSKAX	0.02	0.035	0.00	0.04
Baron Growth	BGRIX	1.04	0.035	0.15	0.80
American Beacon Small Cap Val Inst	AVFIX	0.83	0.035	0.00	0.90
T. Rowe Price Growth Stock	PRUFX	0.52	0.035	0.15	0.65
American Funds Washington Mutual R6	RWMGX	0.27	0.035	0.00	0.39
Fixed Income					
PIMCO High Yield Instl	PHIYX	0.56	0.035	0.00	0.62
Vanguard Inflation Protected Securities Admiral	VAIPX	0.10	0.035	0.00	0.39
Fidelity US Bond	FXNAX	0.03	0.035	0.00	0.04
Vanguard Total Intl Bd Idx Admiral	VTABX	0.11	0.035	0.00	0.04
Baird Aggregate Bond Inst	BAGIX	0.30	0.035	0.00	0.42
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	0.09	0.035	0.00	0.47
Vanguard Target Retirement 2015	VTXVX	0.09	0.035	0.00	0.48
Vanguard Target Retirement 2020	VTWNX	0.09	0.035	0.00	0.48
Vanguard Target Retirement 2025	VTTVX	0.09	0.035	0.00	0.47
Vanguard Target Retirement 2030	VTHRX	0.09	0.035	0.00	0.43
Vanguard Target Retirement 2035	VTTHX	0.09	0.035	0.00	0.49
Vanguard Target Retirement 2040	VFORX	0.09	0.035	0.00	0.45
Vanguard Target Retirement 2045	VTIVX	0.09	0.035	0.00	0.51
Vanguard Target Retirement 2050	VFIFX	0.09	0.035	0.00	0.45
Vanguard Target Retirement 2055	VFFVX	0.09	0.035	0.00	0.50
Vanguard Target Retirement 2060	VTTSX	0.09	0.035	0.00	0.50
Vanguard Target Retirement 2065	VLXVX	0.09	0.035	0.00	0.50
Cash and Equivalent					
Vanguard Treasury Money Market Inv	VUSXX	0.11	0.035	0.00	0.14
Galliard Retirement Income	N/A	0.52	0.035	0.00	0.50
Weighted average (both plans)		0.28	0.035	0.025	0.42

Source: CAPTRUST

¹ The dollar amount of fees paid by the Plans for investment management and administrative services on the funds is not separately disclosed. Revenue sharing arrangements with Empower are discussed in more detail in the Report on Investment Activity for the DC Plans (page 98).

² Expense ratios provided by Captrust.

³ Effective in 2020, the total fee for recordkeeping and communication services was reduced from 0.09% to 0.035% annually. The fee is being calculated and withdrawn from all participant accounts on a monthly basis and any revenue sharing is credited to participants with account balances in a revenue-paying fund which generated the revenue, based on the average daily balance of the participant's investment in such fund(s) for the prior month.

IV. ACTUARIAL SECTION (UNAUDITED)

A. Actuary's Certification Letter

This section is excerpted from the January 1, 2021 Actuarial Valuation Report prepared by Gabriel Roeder Smith & Company and pertains only to the DB Plan



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July 9, 2021

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

Re: Actuarial Valuation of the Employees' Retirement Plan of the Denver Board of Water Commissioners as of January 1, 2021

Dear Usha:

We are pleased to present the Report on the actuarial valuation of the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Plan") as of January 1, 2021.

This Report presents the results of the January 1, 2021 actuarial valuation of the Plan. The Report describes the current actuarial condition of the Plan, determines required annual employer contribution rates, and analyzes changes in these required rates. In addition, the Report provides various summaries of the data. This report should not be relied on for any purpose other than the purpose described in the primary communication. Accounting information for purposes of complying with Governmental Accounting Standards Board (GASB) Statements Nos. 67 and 68 is provided in a separate report.

We certify that the information included herein and contained in the January 1, 2021 Actuarial Valuation Report is accurate and fairly presents the actuarial position of the Plan as of the valuation date.

Financing Objectives

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

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

The total actuarially determined contribution has increased from 21.088% of pay to 22.586% of pay. Effective April 1, 2020, all members contribute 3% of pay, resulting in a 19.586% of pay net employer contribution.

Ms. Usha Sharma
July 9, 2021
Page 2

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

Progress Toward Realization of Financing Objectives

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

Based on the actuarial valuation as of January 1, 2021, the Plan has an unfunded liability of \$75.76 million and a funded ratio of 84.4%.

The funded ratio on an actuarial value of assets basis decreased slightly from 84.5% to 84.4% and the funded ratio on a market value of assets basis increased from 86.7% to 88.4%. Both faced downward pressure from assumption changes, and upward pressure from investment gains. On a market value basis, the investment gains were sufficient to more than offset the assumption changes and resulted in an increased funded ratio. A funded ratio less than 100% indicates an actuarially determined contribution that will require a normal cost and an amortization payment. If the contributions equal the ADC, and if all assumptions are met, the funded ratio should improve over time.

Benefit Provisions

All of the benefit provisions reflected in this valuation are those which were in effect on January 1, 2021. Beginning April 1, 2020, members hired prior to January 1, 2018 were required to contribute 3% of bi-weekly compensation to the Plan. Members hired on or after January 1, 2018 will also contribute 3% of pay. The benefit provisions are summarized in Section D of this Report.

Assumptions and Methods

The assumptions have been selected by the Denver Board of Water Commissioners based upon the actuary's analysis and recommendations. The current assumptions used in the actuarial valuation were adopted by the board effective with the January 1, 2021 valuation report.

The discount rate and inflation rate assumptions have been updated since the last valuation. The discount rate was decreased from 7.00% to 6.50% and the inflation rate was decreased from 2.50% to 2.25%. These assumption changes increased the accrued liability by \$16.4 million and increased the determined contribution by 2.7% of pay.

All other demographic assumptions were adopted as of January 1, 2019 and remained unchanged from the prior report based on recommendations made during the actuary's experience study that covered the five-year investigation period ending December 31, 2018.



Ms. Usha Sharma
July 9, 2021
Page 3

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

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

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Data

The valuation was based upon information as of January 1, 2021, furnished by Denver Water staff, concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. Retiree benefits were provided as of January 1, 2021 and include the Cost of Living Adjustment granted on that date. We checked for internal and year-to-year consistency, but did not audit the data. We relied upon the Denver Water staff for the accuracy and completion of the information provided.

Certification

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



B. Summary of Actuarial Methods and Assumptions

Valuation Date

Valuations are prepared annually, as of January 1 of each year, the first day of the fiscal year. The primary purposes of the valuation report are to measure the plan's liabilities, to determine the required contribution rate and to analyze changes in the Employees' Retirement Plan of the Denver Board of Water Commissioners actuarial position. In addition, the report provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

The valuation date is January 1 of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

Actuarial Cost Method

The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability.

1. The valuation is prepared on the projected benefit basis. The present value of each participant's expected benefit payable at retirement or termination is determined, based on age, service, sex, compensation, and the interest rate assumed to be earned in the future (6.50%). The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits payable from the Plan on account of the present group of participants and beneficiaries.
2. The employer contributions required to support the benefits of the Plan are determined following a level funding approach and consist of a normal cost contribution and an unfunded accrued liability contribution, plus a component to cover administrative expenses.
3. The normal cost contribution is determined using the Entry Age Normal method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on their behalf.
4. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability. Amortization bases are established each year and amortized on a 15-year closed level-dollar basis. The current year amortization base is determined by taking the current unfunded liability less the outstanding amounts of prior year bases.

Actuarial Value of Assets

The actuarial value of assets is determined by recognizing market value gains and losses over a three-year period. Gain and loss bases to be spread over the three-year period are determined by comparing expected returns based on the market value of assets and cash flows during the year to actual investment returns. The actuarial value of assets must be between 80% and 120% of market value.

Actuarial Assumptions

Economic Assumptions

- Investment return: 6.50% per annum, compounded annually, composed of an assumed 2.25% inflation rate and a 4.25% real rate of return. This rate represents the assumed return, net of all investment expenses.
- Salary increase rate: Inflation rate of 2.25%, plus productivity component of 0.50%, plus merit component as shown

Sample Attained Age	Percentage Increase in Salary			
	Merit	Productivity	Inflation	Total
22	4.0%	0.50%	2.25%	6.75%
27	3.75	0.50	2.25	6.50
32	3.0	0.50	2.25	5.75
37	2.25	0.50	2.25	5.00
42	1.50	0.50	2.25	4.25
47	0.5	0.50	2.25	3.25
52	0.25	0.50	2.25	3.00
57	0.25	0.50	2.25	3.00
62	0.10	0.50	2.25	2.85

- Expenses: Administrative expenses are based on the average actual expenses over the prior two years.

Demographic assumptions

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

Sample rates are shown below:

Sample Attained Age	Probability of Death Pre-Retirement		Sample Attained Age	Probability of Death Post-Retirement		Sample Attained Age	Probability of Death Post-Disability	
	Men	Women		Men	Women		Men	Women
20	0.04%	0.02%	20	0.04%	0.02%	20	0.05%	0.02%
25	0.05	0.02	25	0.06	0.03	25	0.19	0.08
30	0.04	0.02	30	0.08	0.06	30	0.46	0.21
35	0.05	0.03	35	0.11	0.10	35	0.80	0.39
40	0.06	0.04	40	0.17	0.14	40	1.19	0.61
45	0.09	0.06	45	0.26	0.20	45	1.57	0.86
50	0.16	0.10	50	0.38	0.26	50	1.90	1.11
55	0.26	0.16	55	0.53	0.34	55	2.18	1.35
60	0.44	0.23	60	0.72	0.48	60	2.48	1.58
65	0.77	0.34	65	1.03	0.75	65	2.95	1.94
70	1.29	0.59	70	1.56	1.20	70	3.76	2.63
75	2.16	1.00	75	2.50	1.95	75	5.06	3.83
80	3.62	1.71	80	4.17	3.25	80	7.14	5.69
85	7.04	4.40	85	7.22	5.64	85	10.56	8.43
90	12.88	9.67	90	12.73	10.03	90	16.21	12.43

Disability rates

Graduated rates are used. Sample rates shown below:

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

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

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

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

Retirement Rates

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

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

Other Assumptions

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

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

Cost of living adjustment: 2.25% per annum for members hired prior to January 1, 2018.

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

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

Pay increase timing: Middle of year.

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

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

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

The taxable wage base used in developing projected covered compensation is assumed to increase 3.25% per year.

Optional forms: Members are assumed to elect the following forms of benefit.

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

C. Schedule of Active Member Valuation Date

Valuation Date	Number of Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Number of Deferred Vested
1/1/2012	1,043	71,172,362	66,839	3.89	83
1/1/2013	1,045	71,940,163	66,868	0.04	82
1/1/2014	1,023	71,847,268	68,369	2.20	84
1/1/2015	1,034	75,990,457	74,611	8.37	90
1/1/2016	1,004	75,740,030	75,438	1.10	100
1/1/2017	1,019	77,159,061	75,720	0.37	106
1/1/2018	1,034	82,150,595	79,449	4.69	120
1/1/2019	1,006	81,653,842	81,167	2.12	151
1/1/2020	1,046	87,876,661	84,012	3.39	175
1/1/2021	1,044	91,734,377	87,868	4.39	178

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

Plan Year Ending	Number Added to Rolls	Annual Allowances Added to Rolls	Number Removed from Rolls	Annual Allowances Removed from Rolls	Number at End of Year	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
12/31/2012	45	1,511,056	13	283,394	519	14,727,770	9.09	28,377
12/31/2013	56	1,856,554	10	173,084	565	16,411,240	11.43	29,046
12/31/2014	34	943,263	12	296,617	587	16,807,704	3.94	29,059
12/31/2015	45	1,192,656	16	312,120	616	17,938,422	5.16	29,121
12/31/2016	56	1,824,592	21	492,301	651	19,270,714	7.43	29,602
12/31/2017	57	2,113,509	37	774,332	671	20,609,891	6.95	30,715
12/31/2018	34	1,556,827	9	236,672	696	21,930,046	13.80	31,509
12/31/2019	34	1,303,608	15	318,583	715	22,915,072	4.49	32,049
12/31/2020	23	895,056	24	659,154	714	23,150,974	5.57	32,424
12/31/2021	42	2,081,696	25	758,299	731	24,474,371	5.72	33,481

E. Solvency Test

Valuation Date	Actuarial Accrued Liabilities For			Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets		
	(1) Active Member Contributions	(2) Deferred Vested, Retirees and Beneficiaries	(3) Active Members		(1)	(2)	(3)
1/1/2011	408,200	142,084,100	153,777,087	218,757,059	100	100	49.6
1/1/2012	353,600	154,303,402	156,786,401	238,384,139	100	100	53.4
1/1/2013	274,800	168,146,325	152,183,674	252,919,993	100	100	55.5
1/1/2014	127,900	191,230,293	146,486,108	272,829,275	100	100	55.6
1/1/2015	90,000	202,360,110	157,097,607	297,670,643	100	100	60.6
1/1/2016	66,000	212,726,742	155,290,362	312,384,696	100	100	64.1
1/1/2017	57,400	241,571,671	160,084,488	320,904,267	100	100	49.5
1/1/2018	34,900	260,199,893	164,501,606	343,199,212	100	100	50.4
1/1/2019	668,100	270,348,866	165,489,856	360,343,509	100	100	54.0
1/1/2020	2,196,801	282,419,476	170,979,475	384,793,890	100	100	58.6
1/1/2021	4,694,894	294,040,754	186,598,382	409,575,675	100	100	59.4

F. Analysis of Financial Experience

Plan Year Ending	Actuarial (Gains)/Losses			Changes in Plan Provisions	Changes in Assumptions/Methods	Total (Gain)/Loss
	Asset Sources	Liability Sources	Total			
12/31/2011	(3,318,033)	2,464,819	(853,214)	0	0	(853,214)
12/31/2012	751,281	(3,476,652)	(2,725,371)	0	0	(2,725,371)
12/31/2013	(3,897,780)	2,052,114	(1,845,666)	0	2,795,982	950,316
12/31/2014	(10,614,132)	964,653	(9,649,479)	0	10,152,400	502,921
12/31/2015	403,252	(3,334,682)	(2,931,430)	0	0	(2,931,430)
12/31/2016	8,445,835	(2,254,507)	6,191,328	0	22,249,786	28,441,114
12/31/2017	(1,876,082)	6,700,482	4,824,400	0	0	4,824,400
12/31/2018	3,181,696	(525,139)	2,656,557	0	(4,004,229)	(1,347,672)
12/31/2019	(6,023,594)	5,789,211	(234,383)	0	0	(234,383)
12/31/2020	(3,052,792)	(1,671,200)	(4,723,992)	0	16,426,765	11,702,773
12/31/2021	(34,405,985)	4,797,815	29,608,170	0	0	(29,608,170)

G. Analysis of Financial Experience – PLAN YEAR

UAAL, January 1, 2021	\$75,758,355
Expected Changes during 2020	-
Expected UAAL, January 1, 2020	\$70,801,862
Experience Changes During 2020 Investment (gains)/losses	\$4,956,493
<ul style="list-style-type: none"> • Salary changes different than assumed (gain)/loss • New and Rehired members (gain)/loss • Withdrawal Experience (gain)/loss • Retirement Experience (gain)/loss • Annuitant Mortality (Gain)/Loss • Cost of Living Other Than 2.5% Assumed (1.27% in 2020) • Assumption Changes (Gain)/Loss • Other Demographic (Gain)/Loss • Total 	1,243,308 60,611 844,967 (694,544) 84,417 (3,176,090) 16,426,765 (33,869) 14,755,565
Total (gain)/loss	11,702,773
Unfunded Actuarial Accrued Liability, January 1, 2021	\$75,758,355

H. Summary of Plan Provisions

Plan Year

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

Accrued Benefit

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

Average Final Compensation

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

Compensation

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

Credited Service

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

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

Employees/Membership

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

Employee Contributions

A member hired prior to January 1, 2018 is required to contribute 1% of bi-weekly Compensation commencing with the first pay date on which the Merit Increase paid in the 2018 Plan Year is processed and ending with the pay date prior to the first pay date on which the Merit Increase paid in the 2019 Plan Year is processed. The required contribution will increase to 2% in the 2019 Plan Year and 3% in the 2020 Plan Year and each pay date thereafter. Member contributions made on or after January 1, 2018, receive interest at a rate of 2.5% per year. Any member contributions currently in the Plan are credited with interest at a rate of 5% per year.

Normal Retirement Date

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

Normal Retirement Benefits

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

Regular Early Retirement

Eligibility:

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

Amount:

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

Special Early Retirement – Rule of 75 and 85

Eligibility:

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

Amount:

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

Deferred Vested Retirement

Eligibility:

Five or more years of Credited Service.

Amount:

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

Disability Retirement

Eligibility:

Termination due to Disability.

Amount:

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

Normal Benefit Form

Life Annuity

Optional Benefit Forms

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

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

Pre-Retirement Death Benefit

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

Lump Sum Death Benefit

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

Cost of Living Adjustment

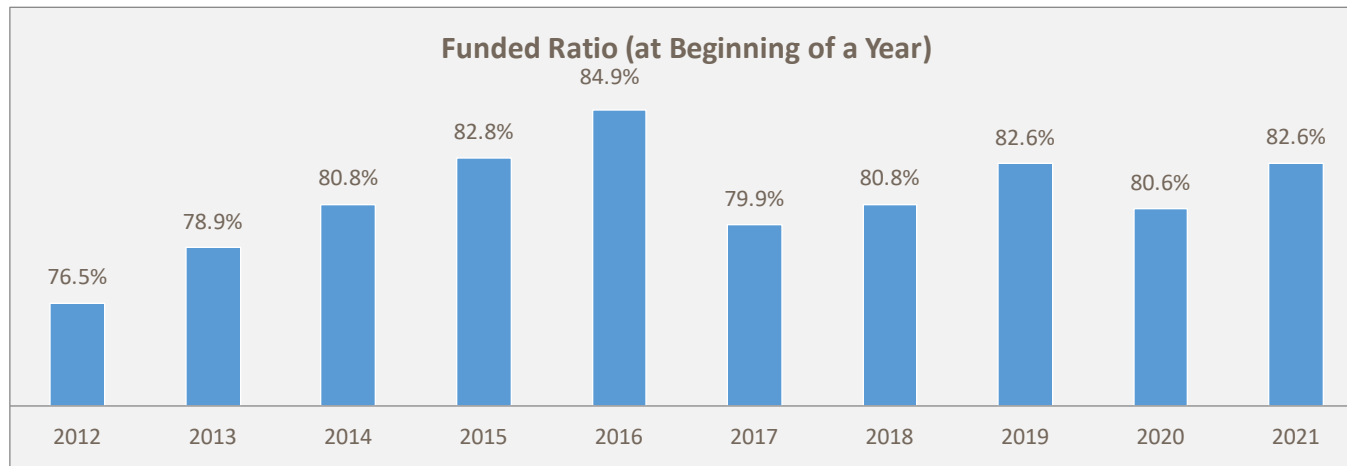
For members hired prior to January 1, 2018, the monthly amount of any Pension provided by the Plan may be increased annually of the first day of each January by the change in the U.S. Consumer Price Index (CPI-W) as reported the preceding November. Annual increases may not exceed 5% for members whose severance date occurs prior to September 1, 1995, and 4.4% for members whose severance date occurs after August 31, 1995. Effective January 1, 2017, if the change in the U.S. Consumer Price Index is negative, then it shall be treated as zero. The Cost-of-Living Adjustment granted in 2020 was 1.27%. There are no Cost-of-Living Adjustments for members hired on or after January 1, 2018.

I. Changes in Plan Provisions

The discount rate (6.50%) and inflation rate (2.25%) assumptions have been updated since the prior valuation. The assumptions are summarized in Section F of the report.

J. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAL as a % of Covered Payroll1 ((b-a)/c)
1/1/2012	238,384,139	311,443,403	73,059,264	76.5	71,172,362	102.7
1/1/2013	252,919,993	320,604,799	67,684,806	78.9	71,940,163	94.1
1/1/2014	272,829,275	337,844,301	65,015,026	80.8	71,847,268	90.5
1/1/2015	297,670,643	359,547,717	61,877,074	82.8	75,990,457	81.4
1/1/2016	312,384,696	368,083,104	55,698,408	84.9	75,740,030	73.5
1/1/2017	320,904,267	401,713,559	80,809,292	79.9	77,159,061	104.7
1/1/2018	343,199,212	424,736,399	81,537,187	80.8	82,150,595	99.2
1/1/2019	360,343,509	436,506,822	76,163,313	82.6	81,653,842	93.3
1/1/2020	384,793,890	455,595,752	70,801,862	84.5	87,876,661	80.6
1/1/2021	409,575,675	485,334,090	75,758,355	84.4	91,734,377	82.6



K. Schedule of Employer Contributions

Plan Year Ending	Annual Required Contribution	Employer Contribution	Employee Contribution	Percentage Contributed
12/31/2011	12,414,279	15,400,000	-	124.1
12/31/2012	12,256,238	14,300,000	-	116.7
12/31/2013	11,957,548	15,000,000	-	125.4
12/31/2014	13,532,013	14,500,000	-	107.2
12/31/2015	14,067,795	14,500,000	-	103.1
12/31/2016	14,268,653	14,500,000	-	102.0
12/31/2017	17,050,669	18,000,000	-	105.6
12/31/2018	19,150,681	18,000,000	662,000	97.5
12/31/2019	18,124,245	16,701,600	1,455,525	92.2
12/31/2020	20,718,831	17,500,000	2,579,030	84.4
12/31/2021	17,970,188	17,500,000	2,858,621	97.4

L. Notes to Trend Data

No notes

M. Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	15 years (layered), as a level dollar amount (beginning January 1, 2014)
Remaining amortization period	15 years (as of January 1, 2014)
Asset valuation method	Three-year smoothing of market value gains or losses
Actuarial assumptions: Investment rate of return*	6.50% per annum, compounded annually, composed of an assumed 2.25% inflation rate and a 4.25% real rate of return. This rate represents the assumed return, net of all investment expenses.
Projected salary increases	Age-based rates from 6.75% to 2.85%
*Includes inflation at	2.25% and 0.25% productivity

V. STATISTICAL SECTION (UNAUDITED)

This section provides detailed information about the Retirement Plans of the Denver Board of Water Commissioners as a context for understanding the Program's overall financial condition. "Schedules of Additions by Source", "Schedules of Deductions by Type", "Schedules of Benefit and Refund Deductions from Net Assets by Type" and "Schedules of Changes in Net Assets" provide detailed information about the trends of key sources of additions and deductions to assets of Denver Water Retirement Plans, as well as their overall growth. "Schedule of Retired Members by Type of Benefit" contains information regarding the number and type of benefit recipients, and benefit amount for those who retired in 2021. "Schedule of Average Benefit Payment Amounts for Retirees" contains information on the average monthly benefit, average final monthly salary, and number of retired members of the Employees' Retirement Plan of Denver Water (DB Plan) over the last 10 years. Finally, the section entitled "Other Information" contains various tables showing member data for the Plans for the years 2012-2021. All non-accounting data was derived from Denver Water's internal sources and vendor reports and has been updated as of the end of 2021, as available.

A. Employees' Retirement Plan

1. Schedule of Additions by Source

Fiscal Year Ending	Member Contributions ²	Employer Contributions ¹		Net Investment and Other Income ⁴	Total
		Dollars	Percentage of Annual Covered Payroll ³		
2012	N/A	14,300,000	20.1%	28,171,400	42,471,400
2013	N/A	15,000,000	20.9%	39,023,000	54,023,000
2014	N/A	14,500,000	20.2%	18,523,200	33,023,200
2015	N/A	14,500,000	19.1%	2,473,300	16,973,300
2016	N/A	14,500,000	19.1%	21,326,100	35,826,100
2017	N/A	18,000,000	23.3%	48,273,300	66,273,300
2018	662,000	18,000,000	21.9%	(14,319,100)	4,342,900
2019	1,713,400	16,701,600	20.5%	58,642,700	77,057,700
2020	2,579,000	17,500,000	19.9%	39,062,800	59,141,800
2021	2,802,000	17,500,000	18.7%	80,668,000	100,970,000

Source: Financial Statements for the Employees' Retirement Plan

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

² Effective January 1, 2018, the Plan was amended to allow for employee contributions. Two membership tiers were created to define Plan membership as of a specific date of employment. Employees hired prior to January 1, 2018 contribute 3% of their compensation to the Plan. Employee contributions for this group were phased in over three years with a 1% increase each year beginning in 2018. Employees hired after January 1, 2018 contribute 3% of their compensation beginning immediately upon hire.

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

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

2. Schedule of Deductions by Type

Fiscal Year Ending	Deductions by Type			Total
	Benefit Payments	Administrative Expenses	Refunds ¹	
2012	16,704,300	123,800	93,700	16,921,800
2013	17,699,200	115,500	151,400	17,966,100
2014	20,299,200	144,000	66,400	20,509,600
2015	20,665,500	44,200	28,000	20,737,700
2016	19,913,500	52,100	18,100	19,983,700
2017	19,904,300	47,900	23,100	19,975,300
2018	22,052,200	179,600	3,100	22,234,900
2019	24,784,600	183,200	14,600	24,982,400
2020	24,902,400	182,800	24,400	25,109,600
2021	25,938,300	185,000	70,900	26,194,000

Source: Financial Statements for the Employees' Retirement Plan

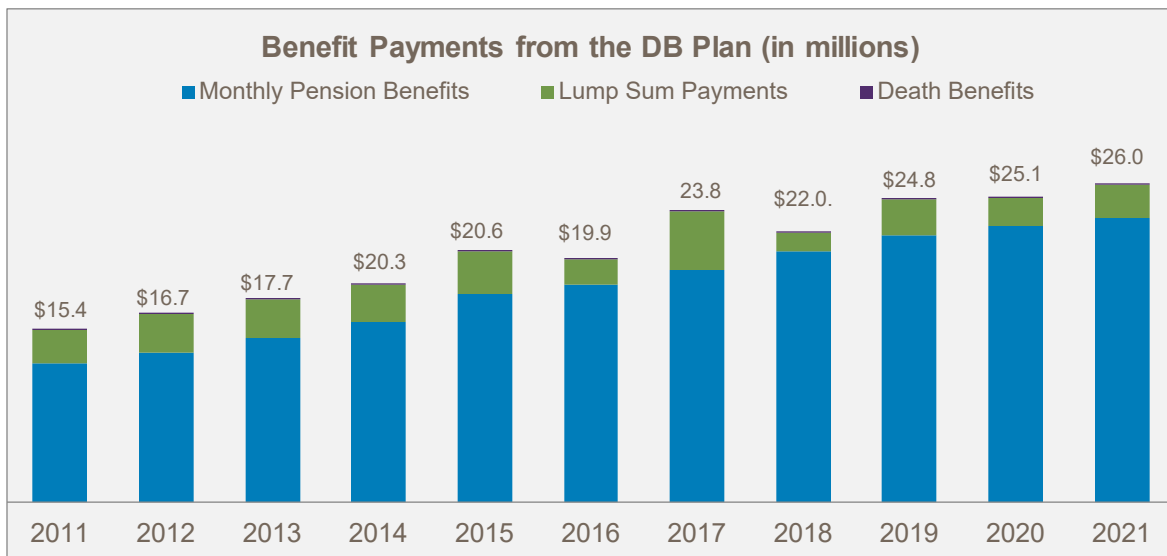
¹ Total amount of refunds is comprised of refunds of member contributions made prior to 1992, as well as refunds of non-vested member contributions made after January 1, 2018. Prior to January 1, 1992, employees were required to contribute to the Plan. The Board amended the Plan to disallow further employee contributions and determined that all amounts previously contributed to the Plan by employees would be refunded, with interest at 5% per annum, upon termination or retirement. As of December 31, 2021, for employees that contributed to the Plan prior to 1992, the total remaining employee contributions including accrued interest were \$23,000. Effective January 1, 2018, the Plan was amended to allow for employee contributions. Two membership tiers were created to define Plan membership as of a specific date of employment. Employees hired prior to

January 1, 2018 contribute 3% of their compensation to the Plan. Employee contributions for this group were phased in over three years with a 1% increase each year beginning in 2018. Employees hired after January 1, 2018 contribute 3% of their compensation beginning immediately upon hire. All employee contributions on or after January 1, 2018 are credited with an interest rate of 2.5% compounded annually. Non-vested members who leave employment are eligible to receive an actuarial equivalence of a full single lump sum payment that will not be less than the member's contribution plus associated interest. As of December 31, 2021, the total balance of non-vested member contributions plus associated interest was \$1.6 million. There were \$71 thousand in refunds of contributions and interest to non-vested members in 2021.

3. Schedule of Benefit Deductions from Net Assets by Type

Fiscal Year Ending	Annual Pension Benefits	Lump Sum Payments	Death Benefits	Total Benefits	Refunds
2012	13,442,000	3,167,300	100,000	16,704,340	93,700
2013	14,670,900	3,028,300	55,000	17,699,200	151,400
2014	16,264,600	3,929,600	105,000	20,299,200	66,400
2015	17,041,700	3,538,800	85,000	20,665,500	28,000
2016	17,781,700	2,026,800	105,000	19,913,500	18,100
2017	18,958,515	4,824,400	72,359	23,855,274	23,100
2018	20,508,900	1,513,300	30,000	22,052,200	3,100
2019	21,788,000	2,961,600	35,000	24,784,600	14,600
2020	22,548,900	2,501,500	59,200	25,109,600	24,400
2021	23,193,200	2,705,100	40,000	25,938,300	70,900

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



4. Schedule of Changes in Fiduciary Net Position

Fiscal Year Ending	Total Additions	Total Deductions	Change in Fiduciary Net Position	Fiduciary Net position restricted for pension, Beginning of Year	Fiduciary Net position restricted for pension, End of Year
2012	42,471,400	16,921,800	25,549,600	228,218,900	253,768,500
2013	54,023,000	17,966,100	36,056,900	253,768,500	289,825,400
2014	33,023,200	20,509,600	12,513,600	289,825,400	302,339,000
2015	16,973,300	20,738,700	(3,764,400)	302,339,000	298,574,600
2016	35,826,100	19,983,700	15,842,400	298,574,600	314,417,000
2017	66,273,300	19,975,300	46,298,000	314,417,000	360,715,000
2018	4,342,900	22,234,900	(17,892,000)	360,715,000	342,823,000
2019	77,057,700	24,982,400	52,075,300	342,823,000	394,989,300
2020	59,141,800	25,109,600	34,032,200	394,898,300	428,930,500
2021	100,970,000	26,194,000	74,776,000	428,930,500	503,706,000

Source: Financial Statements for the Employees' Retirement Plan

5. Schedule of Retired Members by type of Benefit

Date as of January 1, 2022

Amount of monthly benefit	Number of retirees	Type of retirement*					Option selected #				Def
		1	2	3	4	5	Life	Opt. 1	Opt. 2	Opt. 3	
Deferred	191	0	0	0	7	184	0	0	0	0	191
\$1 – \$249	5	0	4	1	0	0	3	0	0	2	0
\$250 – \$499	34	6	23	5	0	0	29	2	1	2	0
\$500 – \$749	53	16	33	3	1	0	39	6	0	8	0
\$750 – \$999	38	9	22	4	3	0	26	7	1	4	0
\$1,000 – \$1,249	33	8	18	6	1	0	24	1	3	5	0
\$1,250 – \$1,499	47	11	25	10	1	0	38	5	1	3	0
\$1,500 – \$1,749	47	8	30	8	1	0	31	6	1	9	0
\$1,750 – \$1,999	26	5	17	4	0	0	17	5	1	3	0
over \$2,000	441	60	332	26	23	0	261	100	26	54	0
Totals	915	123	504	67	37	184	468	132	34	90	191

***Type of Retirement**

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

Option Selected

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

Source: January 1, 2022 Actuarial Valuation Report for Employees' Retirement Plan prepared by GRS

6. Schedule of Average Benefit Payment Amounts for Retirees

Retirement Effective Dates	Years of Credited Service							Total
	5-9	10-14	15-19	20-24	25-29	30-34	35+	
January 1, 2011 to December 31, 2011								
Average Monthly Benefit	\$0.00	\$892.08	\$1,235.41	\$1,494.81	\$2,216.83	\$3,747.31	\$3,472.47	\$2,713.81
Number of Active Retirees	0	3	4	1	1	9	5	23
January 1, 2012 to December 31, 2012								
Average Monthly Benefit	\$447.58	\$551.04	\$1,431.77	\$2,077.38	\$3,022.27	\$3,230.24	\$4,105.24	\$3,097.40
Number of Active Retirees	2	1	1		8	11	11	33
January 1, 2013 to December 31, 2013								
Average Monthly Benefit	\$676.26	\$770.75	\$1,809.36	\$2,273.52	\$2,916.17	\$3,144.23	\$4,463.10	\$3,053.70
Number of Active Retirees	1	4	7	7	3	8	18	48
January 1, 2014 to December 31, 2014								
Average Monthly Benefit	\$0.00	\$951.89	\$2,051.16	\$1,636.05	\$1,843.68	\$2,824.24	\$3,568.32	\$2,297.64
Number of Active Retirees	0	6	3	1	5	3	8	26
January 1, 2015 to December 31, 2015								
Average Monthly Benefit	\$759.99	\$1,204.97	\$1,813.91	\$1,828.66	\$3,492.23	\$4,799.75	\$3,447.28	\$3,144.63
Number of Active Retirees	4	1	3	2	4	9	6	29
January 1, 2016 to December 31, 2016								
Average Monthly Benefit	\$569.31	\$1,355.37	\$1,418.34	\$2,220.23	\$3,509.63	\$5,501.198	\$3,619.08	\$3,128.24
Number of Active Retirees	4	4	1	3	9		6	35
January 1, 2017 to December 31, 2017								
Average Monthly Benefit	\$757.25	\$899.80	\$2,338.22	\$2,446.01	\$2,869.22	\$4,248.71	\$4,530.66	\$2,815.40
Number of Active Retirees	6	6	5	6	2	9	9	43
January 1, 2018 to December 31, 2018								
Average Monthly Benefit	\$774.29	\$1,200.60	\$1,821.23	\$1,526.26	\$4,324.64	\$4,301.51	\$3,960.63	\$3,177.53
Number of Active Retirees	2	1	6	2	6	8	3	28
January 1, 2019 to December 31, 2019								
Average Monthly Benefit	\$1,316.74	\$2,363.04	\$2,426.91	\$2,318.82	\$2,921.59	\$3,748.65	\$4,956.36	\$2,895.82
Number of Active Retirees	3	3	6	5	1	2	5	25
January 1, 2020 to December 31, 2020								
Average Monthly Benefit	\$655.40	\$2,604.93	\$1,438.31	\$1,942.92	\$3,723.92	\$2,251.47	\$8,129.18	\$3,581.32
Number of Active Retirees	1	1	1	4	2	1	3	13
January 1, 2021 to December 31, 2021								
Average Monthly Benefit	\$997.34	\$1,180.82	\$2,158.70	\$1,975.84	\$3,196.16	\$4,513.25	\$4,235.06	\$2,569.50
Number of Active Retirees	2	6	5	4	5	1	3	29

7. Employees' Retirement Plan – Member Count

As of	Total	Active	Inactive			
			With Deferred Benefits	Retired Members and Beneficiaries	On Long-term Disability	Due Refund
01/01/2013	1,646	1,045	82	511	8	0
01/01/2014	1,672	1,023	84	558	7	0
01/01/2015	1,711	1,034	90	582	5	0
01/01/2016	1,720	1,004	100	604	12	0
01/01/2017	1,776	1,019	106	639	12	0
01/01/2018	1,825	1,034	120	658	13	0
01/01/2019	1,887	1,006	151	681	15	15
01/01/2020	1,999	1,046	175	702	13	63
01/01/2021	2,020	1,044	178	703	11	84
01/01/2022	2,109	1,074	184	724	7	120

Source: 2013-2022 Actuarial Valuation reports; extracted from "Member Data Reconciliation"

8. Employees' Retirement Plan – Active Members

As of	Active Only	Average Age	Average Vesting Service	Average Earnings
01/01/2013	1,045	46.3	13.4	\$66,868
01/01/2014	1,023	46.2	12.9	\$68,369
01/01/2015	1,034	46.3	12.7	\$74,611
01/01/2016	1,004	46.4	12.6	\$75,438
01/01/2017	1,019	46.0	12.2	\$75,720
01/01/2018	1,034	45.3	11.5	\$79,449
01/01/2019	1,006	45.1	11.6	\$81,167
01/01/2020	1,046	44.4	11.1	\$84,012
01/01/2021	1,044	44.8	11.4	\$87,868
01/01/2022	1,074	44.5	11.2	\$88,722

Source: 2013-2022 Actuarial Valuation reports; extracted from "Active Member Averages"

9. Employees' Retirement Plan – Retiring Members by Type of Benefit Elected

Fiscal Year Ending	Lump Sum	Partial Lump/Annuity	Annuity Only	Total Retirements
2012	12	3	30	45
2013	19	5	43	67
2014	10	4	23	37
2015	11	2	29	42
2016	6	1	34	41
2017	2	1	45	48
2018	4	3	25	32
2019	7	3	22	32
2020	4	1	19	24
2021	5	1	30	36

Source: 2013-2022 Actuarial Valuation reports; extracted from "Retirements by Type"

10. Employees' Retirement Plan – Retiring Members by Type of Retirement

Fiscal Year Ending	Normal Retirement	Early Retirement	Special Early (Rule of 75)	Special Early (Rule of 75 Grow-In)	Total Retirements
2012	9	6	30	0	45
2013	6	14	47	0	67
2014	8	8	20	1	37
2015	14	2	22	4	42
2016	5	7	29	0	41
2017	6	5	31	3	45
2018	11	3	18	0	32
2019	11	2	18	1	32
2020	8	1	13	2	24
2021	13	4	19	0	36

Source: 2013-2022 Actuarial Valuation report; extracted from "Retirements by Type"

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

As of	Normal Retirement	Early and Special Early Retirement	Survivor	Disability Retirements	Vested Terminations	Total Inactive Members
01/01/2013	83	353	66	18	81	601
01/01/2014	85	396	68	17	83	649
01/01/2015	85	410	77	16	89	677
01/01/2016	89	408	72	47	100	716
01/01/2017	87	434	82	48	106	757
01/01/2018	92	459	74	46	120	791
01/01/2019	103	471	74	48	151	793
01/01/2020	111	488	70	46	175	890
01/01/2021	112	493	66	43	178	892
02/01/2022	123	504	67	37	184	915

Source: 2013-2022 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit".

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

As of	Life or leveling option	50% J&S	75% J& S	100% J&S	Total
01/01/2013	345	98	18	50	511
01/01/2014	372	98	25	63	558
01/01/2015	394	100	27	61	582
01/01/2016	406	105	30	63	604
01/01/2017	434	113	29	63	639
01/01/2018	447	115	30	66	658
01/01/2019	455	122	32	72	681
01/01/2020	465	128	33	76	702
01/01/2021	458	131	32	82	703
01/01/2022	468	132	34	90	724

Source: 2013-2022 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit".

B. Denver Water Supplemental Retirement Savings Plan

1. Schedule of Additions by Source

Fiscal Year Ending	Employee Contributions	Employee Rollovers	Employer Contributions ¹	Net Investment and Other Income ²	Total
2012	3,827,400	275,200	1,743,300	5,543,600	11,389,500
2013	4,153,300	694,200	1,834,900	10,752,000	17,434,400
2014	4,245,800	342,600	1,977,800	4,616,500	11,182,700
2015	4,463,400	1,298,000	1,988,400	157,100	7,907,900
2016	4,483,900	1,154,800	2,033,800	5,950,600	13,623,100
2017	4,259,200	986,300	6,770,000	14,404,500	26,420,000
2018	4,352,100	1,154,000	2,050,100	(4,536,700)	3,119,300
2019	4,371,100	427,000	2,084,100	20,142,200	27,024,400
2020	4,898,000	474,200	2,240,700	16,552,600	24,165,500
2021	5,204,000	759,000	2,264,000	19,268,000	27,492,400

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

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

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

2. Schedule of Deductions by Type

Fiscal Year Ending	Deductions by Type		Participant investment advisory fees	Total
	Benefit Payments	Expenses ¹		
2012	2,458,700	49,700	3,900	2,512,300
2013	4,907,800	58,700	10,900	4,977,400
2014	3,573,000	67,200	19,900	3,660,100
2015	6,025,000	71,100	20,400	6,116,500
2016	5,362,100	62,300	17,800	8,180,900
2017	8,131,800	76,900	21,600	8,234,800
2018	8,197,300	83,900	25,400	8,306,600
2019	8,774,000	86,600	56,600	8,917,200
2020	4,903,000	93,000	63,000	5,059,000
2021	7,944,000	56,000	88,000	8,088,300

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

Includes imputed amount of investment and recordkeeping fees.

3. Schedule of Benefit Deductions from Net Assets by Type

Fiscal Year Ending	Retirement	Age 70 1/2 Minimum	Termination of Employment	Hardship Withdrawal	Other ¹	Total Benefits
2012	1,757,800	1,900	392,600	197,900	108,500	2,458,700
2013	3,603,000	0	736,700	200,700	367,400	4,907,800
2014	2,3745,000	0	565,500	257,000	375,500	3,573,000
2015	3,056,000	0	1,910,000	32,000	1,012,200	6,010,000
2016	2,036,100	17,300	2,082,200	188,400	1,038,100	5,362,100
2017	3,026,400	39,200	4,337,300	87,600	641,300	8,131,800
2018	2,025,000	78,700	4,468,300	146,900	1,391,800	8,197,300
2019	3,390,900	105,700	4,571,300	104,300	601,800	8,774,000
2020	907,000	93,900	2,618,100	220,000	1,064,000	4,903,000
2021	1,655,000	125,400	4,935,200	155,900	1,072,500	7,944,000

Source: Empower Retirement, Plan Disbursement Summary

¹"Other" includes beneficiary payments, Qualified Domestic Relations Order (QDRO) payments, death claims, disability payments, early distributions and taxes withheld. Other includes \$754,706 of coronavirus-related distributions under the CARES Act in 2020.

4. Schedule of Changes in Net Assets

Fiscal Year Ending	Total Additions	Total Deductions	Change in Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2012	11,389,500	2,512,300	8,877,200	48,935,200	57,812,400
2013	17,434,400	4,977,400	12,457,000	57,812,400	70,269,400
2014	11,182,700	3,660,100	7,522,600	70,269,400	77,792,000
2015	7,906,900	6,116,500	1,790,400	77,792,000	79,582,400
2016	13,623,100	5,442,200	8,180,900	79,582,400	87,763,300
2017	26,420,000	8,234,800	18,185,200	87,763,300	105,948,500
2018	3,119,300	8,306,600	(5,187,300)	105,948,500	100,761,200
2019	27,024,400	8,917,200	18,107,200	100,761,200	118,868,400
2020	24,165,500	5,059,400	19,106,100	118,868,400	137,974,500
2021	27,492,400	8,088,300	19,404,100	137,974,500	157,378,600

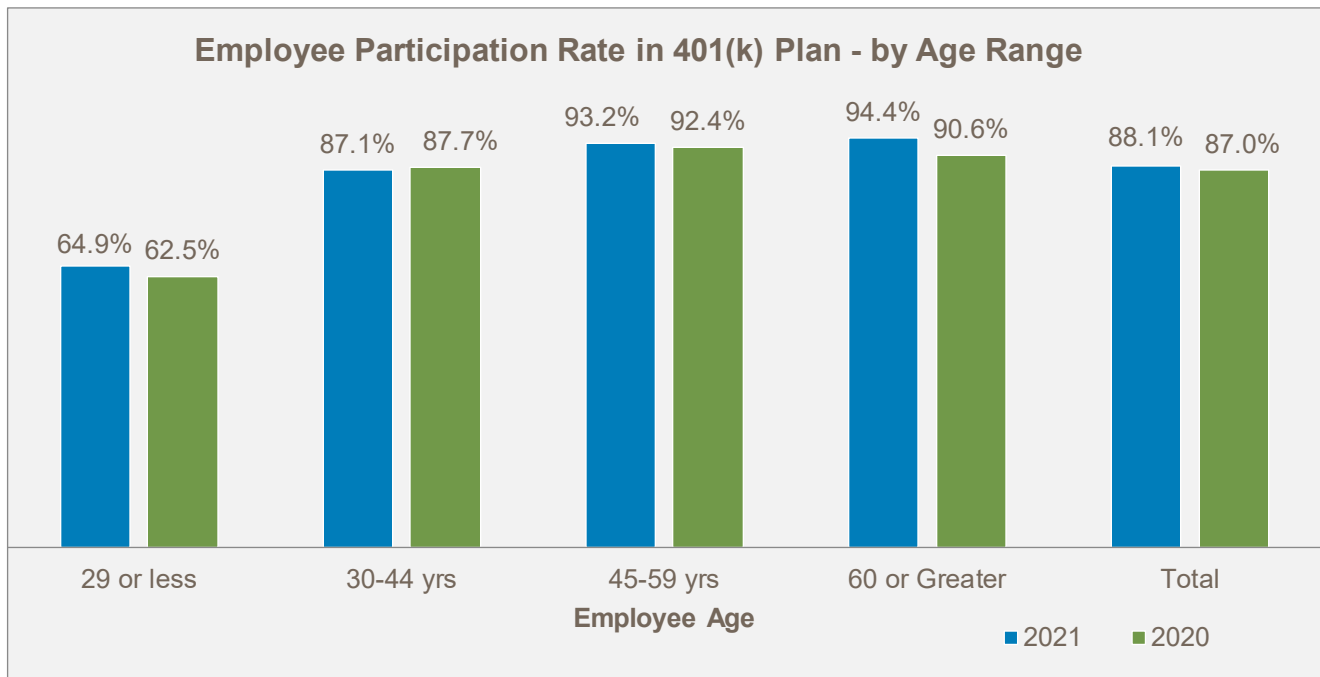
Source: Financial Statements for 401(k) Supplemental Retirement Savings Plan

5. Denver Water 401(k) Supplemental Retirement Savings Plan – Number of Participants

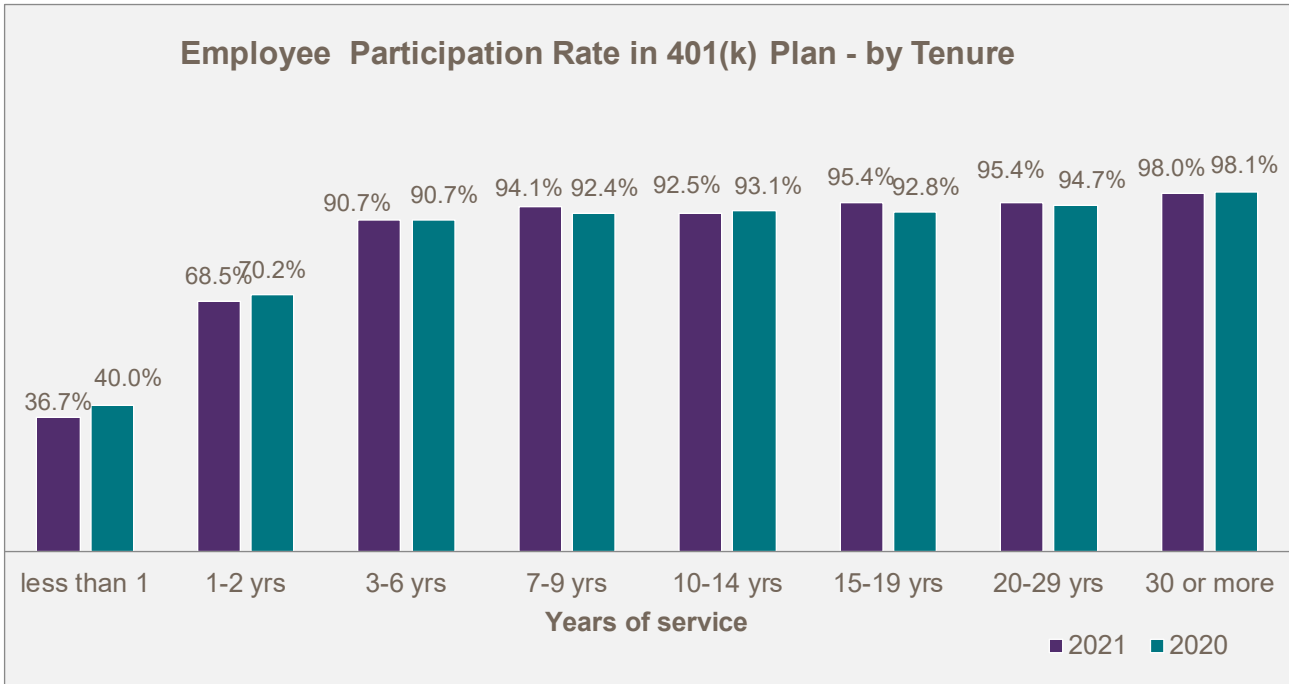
Fiscal Year Ending	Participants ¹		
	Total	Active	Inactive
12/31/2012	1,061	940	121
12/31/2013	1,092	929	163
12/31/2014	1,142	957	185
12/31/2015	1,141	937	204
12/31/2016	1,189	953	236
12/31/2017	1,189	912	277
12/31/2018	1,190	867	323
12/31/2019	1,189	875	314
12/31/2020	1,236	907	329
12/31/2021	1,225	902	323

Source: Empower Retirement

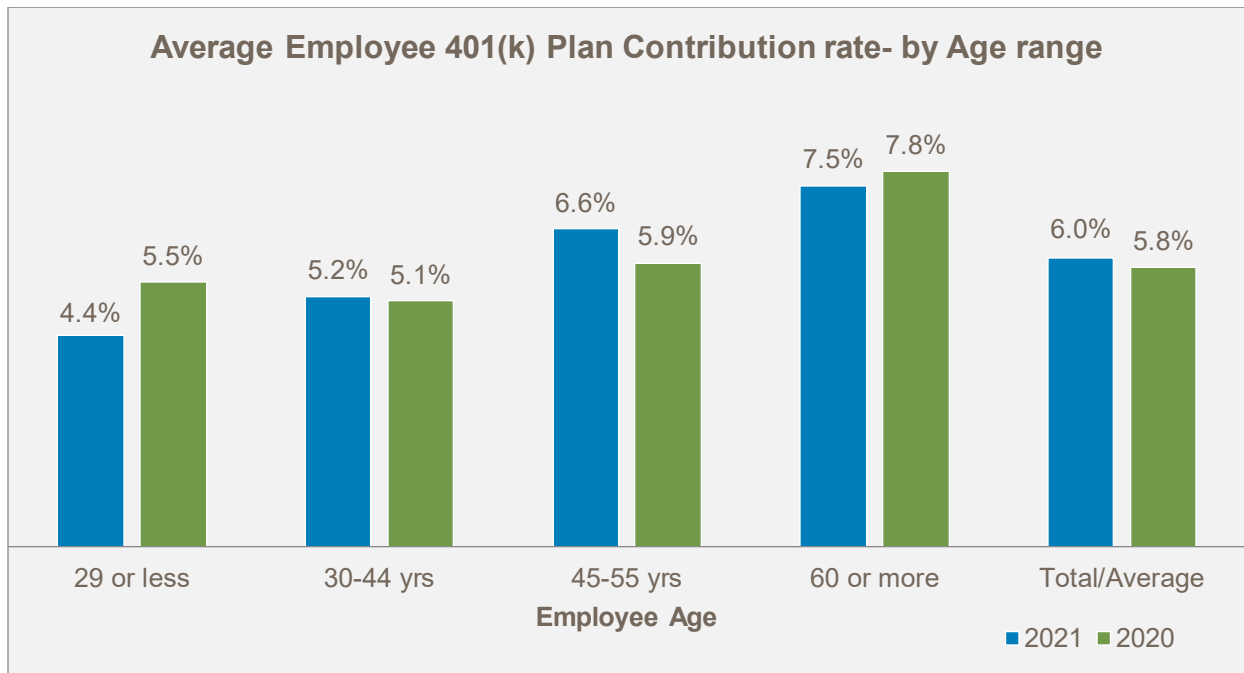
¹ Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no longer employed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



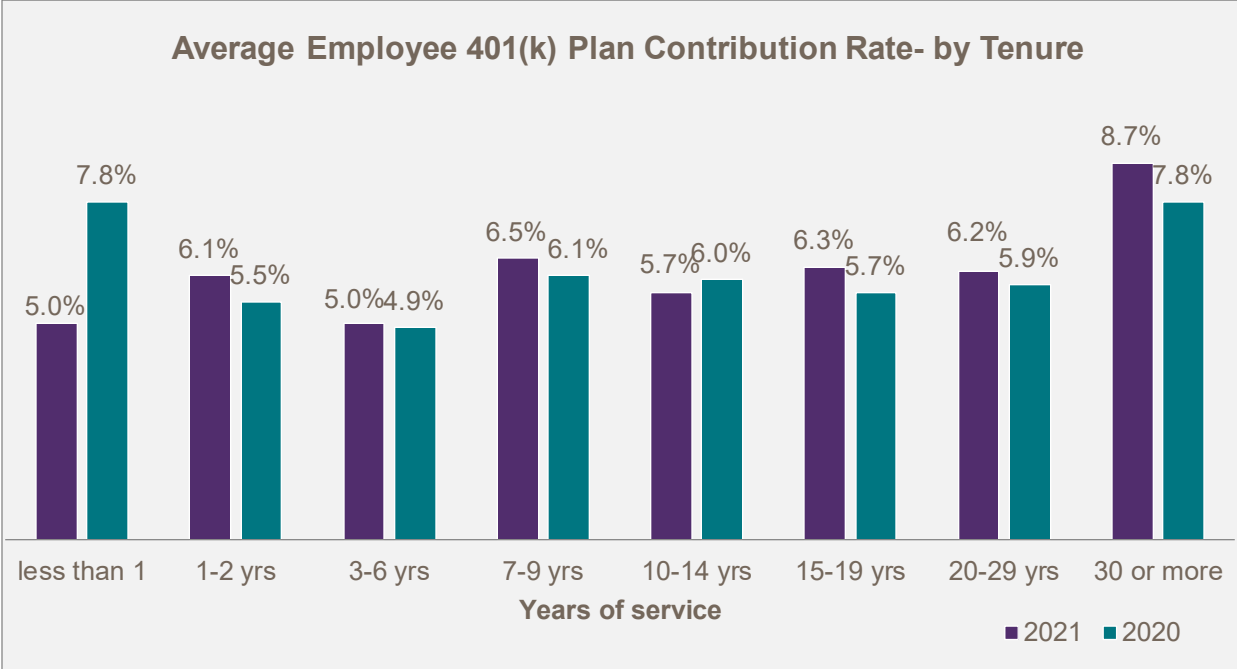
Source: Empower database; data as of year-end.



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



Source: Empower database; data as of year-end



Source: Empower database; data as of year-end

C. Denver Water 457 Deferred Compensation Plan

1. Schedule of Additional Source

Fiscal Year Ending	Participant Contributions	Participant Rollovers	Employer Contributions ¹	Net Investment and Other Income ²	Total
2012	1,707,900	12,200	N/A	2,257,800	3,978,000
2013	1,839,600	110,200	23,000	3,936,700	5,909,500
2014	1,878,600	9,400	35,000	1,752,100	3,675,100
2015	2,187,500	82,100	36,000	339,600	2,645,200
2016	2,069,700	2,000	36,000	1,874,300	3,982,000
2017	2,017,100	33,300	-	4,426,500	6,476,900
2018	2,108,300	583,000	24,500	(1,074,500)	1,641,300
2019	2,105,100	128,200	25,000	5,842,400	8,100,700
2020	2,282,000	22,000	26,000	4,789,000	7,119,000
2021	2,423,000	20,000	0	5,342,000	7,799,000

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

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

2. Schedule of Deductions by Type

Fiscal Year Ending	Deductions by Type		Participant investment advisory fees	Total
	Benefit Payments	Administrative Expenses ¹		
2012	1,956,500	23,500	1,200	1,981,200
2013	2,349,500	25,900	3,200	2,378,600
2014	1,642,900	28,400	5,600	1,676,900
2015	4,126,900	28,600	6,200	4,161,700
2016	2,230,900	22,700	4,500	2,258,100
2017	4,861,000	25,900	5,500	4,892,400
2018	3,097,800	26,500	5,400	3,129,700
2019	2,579,600	27,700	13,500	2,620,800
2020	1,603,000	30,000	14,000	1,647,000
2021	3,645,000	17,000	22,000	3,684,000

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

¹ Includes imputed amount of investment and recordkeeping fees.

3. Schedule of Benefit Deductions from Net Assets by Type

Fiscal Year Ending	Retirement	Age 70 1/2 minimum	Termination of Employment	Hardship	Other ¹	Total Benefits
2012	1,564,900	22,300	279,200	600	88,500	1,956,500
2013	2,147,600	11,100	100,700	17,100	73,000	2,349,500
2014	840,200	11,800	475,000	18,800	297,100	1,642,900
2015	1,262,500	0	2,572,000	2,100	279,500	4,116,100
2016	1,638,400	34,000	438,400	0	120,100	2,230,900
2017	2,755,900	45,800	1,883,100	1,900	174,300	4,861,000
2018	1,206,500	70,500	1,650,900	6,700	160,200	3,094,900
2019	1,825,500	88,300	639,600	5,800	20,400	2,579,600
2020	486,500	84,200	970,900	650	60,750	1,603,000
2021	1,154,200	117,500	2,350,500	0	22,800	3,645,000

Source: Empower Retirement, Plan Disbursement Summary

¹Other includes beneficiary payments, Qualified Domestic Relations Order (QDRO) payments, death claims, disability payments, early distributions and taxes withheld, as well as \$37,631.21 of coronavirus-related distributions under the CARES Act in 2020.

4. Schedule of Changes in Net Assets

Fiscal Year Ending	Total Additions	Total Deductions	Change In Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2012	3,977,900	1,981,200	1,996,600	24,806,200	26,802,900
2013	5,909,500	2,378,600	3,530,900	26,802,900	30,333,800
2014	3,675,100	1,676,900	1,998,200	30,333,800	32,332,000
2015	2,645,200	4,161,700	(1,516,500)	32,332,000	30,815,500
2016	3,981,800	2,258,100	1,723,700	30,815,500	32,539,200
2017	6,495,000	4,892,400	1,602,600	32,539,200	34,141,800
2018	1,655,200	3,129,700	(1,474,500)	34,141,800	32,667,300
2019	5,827,200	2,620,800	5,479,900	32,667,300	38,147,200
2020	7,119,000	1,647,000	5,472,000	38,147,000	43,619,000
2021	7,799,000	3,684,000	4,115,000	43,619,000	47,734,000

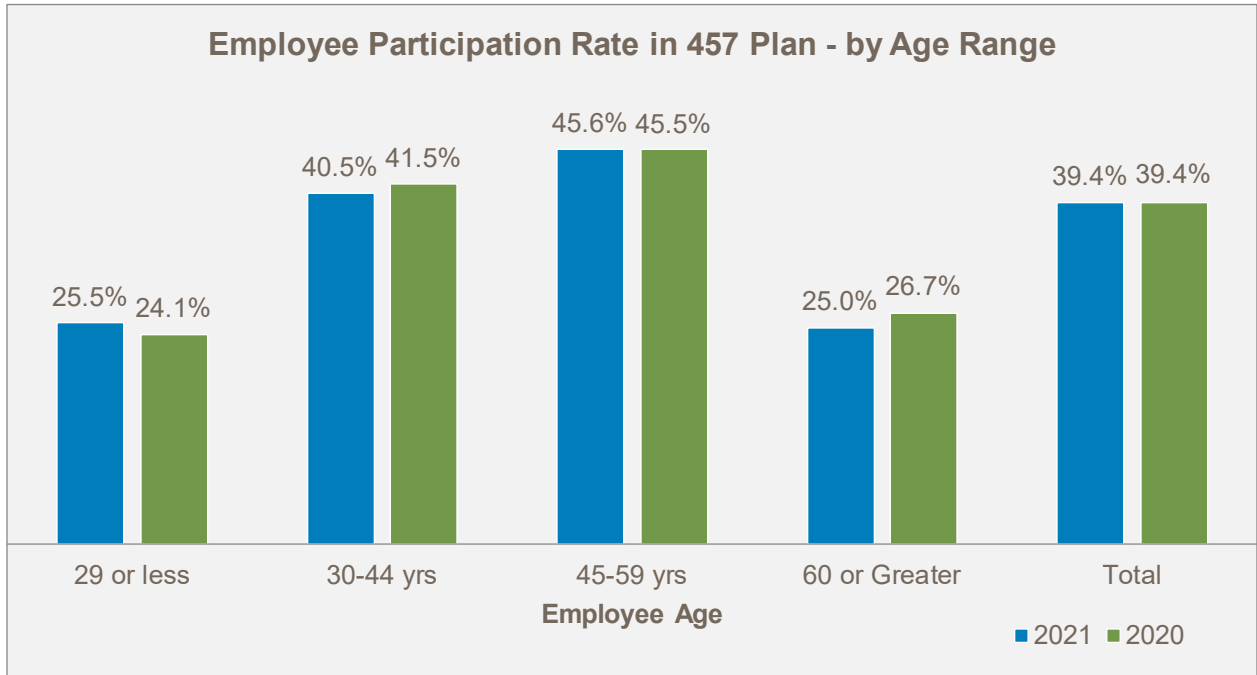
Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

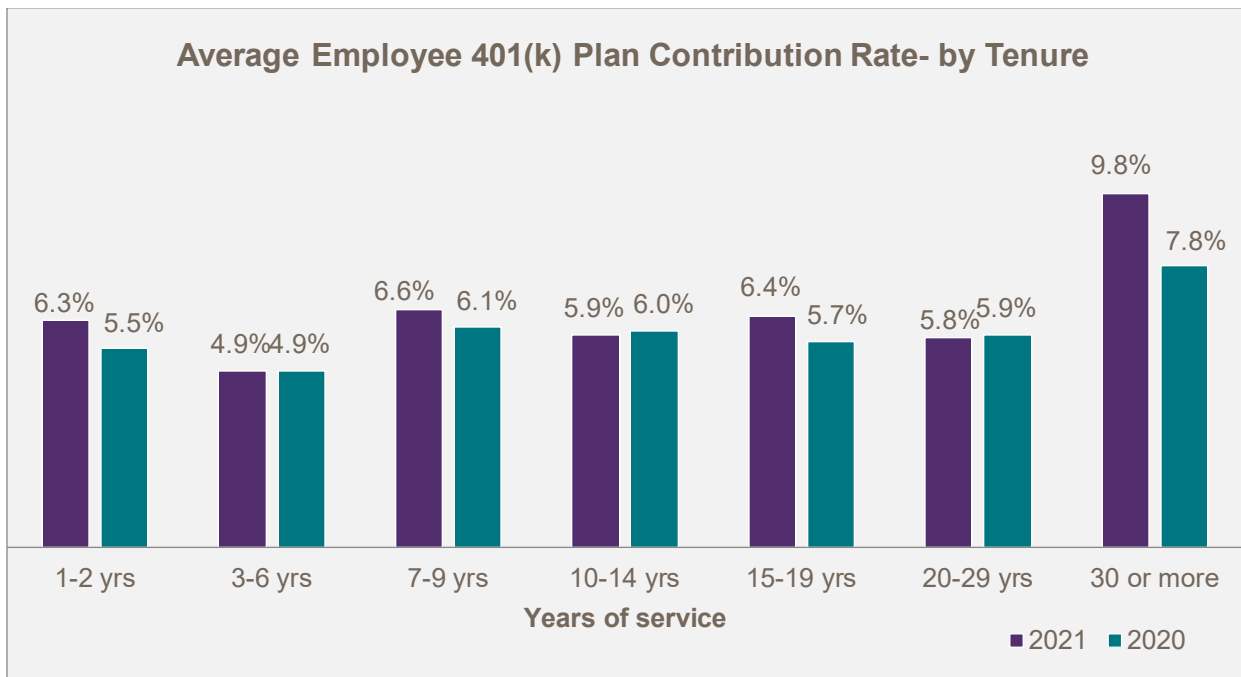
Fiscal Year Ending	Participants ¹		
	Total	Active	Inactive
12/31/2012	607	495	112
12/31/2013	608	467	141
12/31/2014	621	476	145
12/31/2015	629	473	156
12/31/2016	655	493	162
12/31/2017	665	387	278
12/31/2018	658	375	283
12/31/2019	682	395	287
12/31/2020	710	413	297
12/31/2021	697	391	306

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

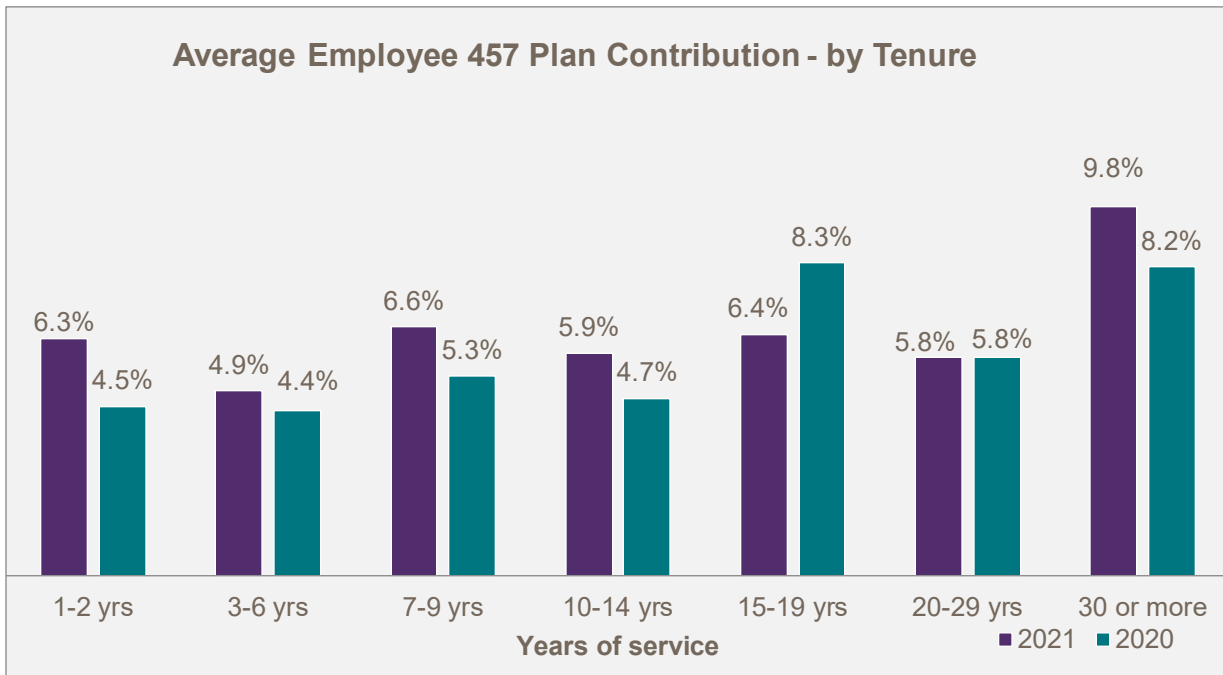
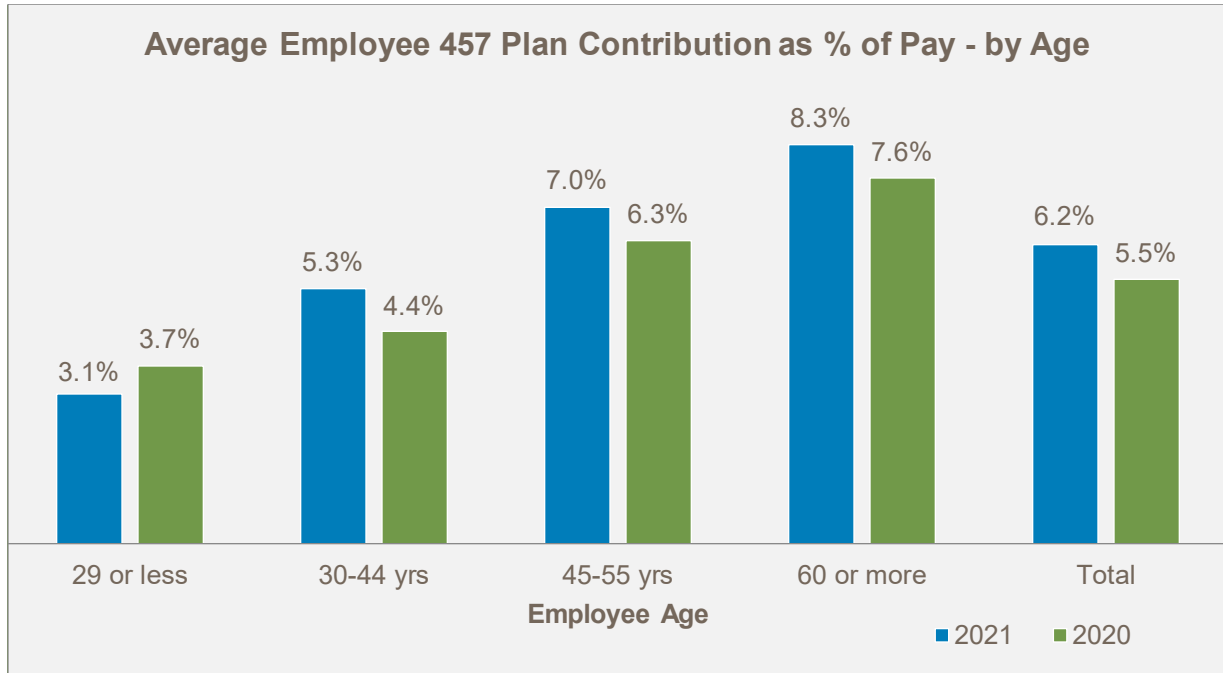
¹Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no longer employed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



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



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



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