

**2021 SUPPLEMENTAL DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2021**

September 22, 2022

Denver Water is providing this 2021 Supplemental Disclosure for the Year Ended December 31, 2021, in order to indicate the precise location of where certain annual financial information disclosure can be found in the Annual Comprehensive Financial Report for the year ended December 31, 2021 (the “Annual Comprehensive Financial Report”), which was filed with EMMA on August 26, 2022, and to consolidate Denver Water’s 2021 annual financial information disclosure into one document.

Statistical Summary of the System

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

10 Largest Retail Customers

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

Approved 2021 Water Rate Revenues and System Development Charges

- Pages III-26 through III-34 of the Annual Comprehensive Financial Report.

2022 Estimated Annual Residential Water Bills

<u>Water Entity</u>	<u>Annual Water Service and Consumption Charges*</u>
Pueblo	\$394
Broomfield	\$475
Arvada	\$528
Fort Collins	\$535
Denver Water 2022 Inside City	\$560
Loveland	\$600
Longmont	\$626
Boulder	\$646
Centennial Water	\$657
South Adams County	\$671
Thornton	\$685
Denver Water 2022 Total Service	\$743
Greeley	\$752
Aurora	\$769
Parker	\$769
Westminster	\$770
Castle Rock	\$894
East Cherry Creek Valley	\$952
Colorado Springs	\$1,000
Arapahoe	\$1,440

*Annual consumption is based on 104,000 gallons per year

Denver Water Capital Budget and Capital Improvement Plan

Denver Water 2022-2026 Capital Budget and Capital Improvement Plan (amounts expressed in thousands)⁽¹⁾

	2022	2023	2024	2025	2026	Total
Capital Projects by Category						
Collection	\$ 185,992	\$ 140,721	\$ 173,385	\$ 179,665	\$ 85,388	\$ 765,152
Distribution	40,190	43,240	60,234	52,453	58,743	254,860
Expansion	4,542	2,943	5,725	8,674	17,212	39,096
Operations Support/Other	19,351	11,677	13,036	13,216	10,176	67,456
Treatment	107,757	75,281	24,451	15,043	12,865	235,396
Lead Reduction Program	<u>74,981</u>	<u>80,200</u>	<u>90,500</u>	<u>122,700</u>	<u>47,700</u>	<u>416,081</u>
Total Capital Program	\$ 432,813	\$ 354,062	\$ 367,332	\$ 391,751	\$ 232,084	\$1,778,042
Less						
Participation Receipts ⁽²⁾	(32,239)	(14,674)	(35,548)	(49,469)	(14,920)	(146,850)
Grants ⁽³⁾	0	(5,000)	(10,000)	(25,000)	0	(40,000)
Total Capital Program Less Participation Receipts/Grants	\$ 400,574	\$ 334,388	\$ 321,784	\$ 317,282	\$ 217,164	\$1,591,192

⁽¹⁾ Figures may not total due to rounding.

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

⁽³⁾ The expected principal forgiveness amount from SRF funding for replacement of lead service lines.

Water Works Fund - Statements of Revenues, Expenses and Changes in Net Position

- Page II-21 of the Annual Comprehensive Financial Report.

Water Works Fund Receipts and Expenditures

Receipts and Expenditures 2021-22 (amounts expressed in thousands)⁽¹⁾

	2021 Budget	2021 Actual ⁽²⁾	2022 Budget
Sources of Funds			
Water Sales	\$ 311,270	\$ 323,079	\$ 326,191
Hydropower	3,801	3,835	3,787
Other Operating Revenues	7,057	7,066	7,137
Proceeds from Sales of Assets	700	658	700
Other Income	8,066	7,778	7,906
Interest Income	1,480	1,112	1,169
System Development Charges	22,000	37,897	34,988
Participation Receipts	<u>5,485</u>	<u>4,142</u>	<u>32,239</u>
Subtotal	\$ 359,860	\$ 385,567	\$ 414,116
Debt Proceeds	<u>350,000</u>	<u>351,185</u>	<u>120,000</u>
Total Sources of Funds	\$ 709,860	\$ 736,752	\$ 534,116
Uses of Funds			
Operating Expenditures:	208,590	217,864	232,090
Capital Project Expenditures:	356,713	322,916	432,813
Debt Service:	<u>50,351</u>	<u>50,519</u>	<u>55,786</u>
Total Uses of Funds	\$ 615,654	\$ 591,299	\$ 720,688

⁽¹⁾ Figures may not total due to rounding.

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

Outstanding Parity Bonds

Outstanding Parity Bonds

<i>Issue</i>	<i>Principal Balance</i>
Series 2008A	\$ 120,000
Series 2012A	32,040,000
Series 2012B	16,315,000
Series 2014A	44,025,000
Series 2016A	68,110,000
Series 2016B	47,165,000
Series 2017A	135,470,000
Series 2017B	41,765,000
Series 2020A	141,030,000
Series 2020B	113,180,000
Series 2021A	<u>316,785,000</u>
Total Bonds	<u>\$ 956,005,000</u>

*Outstanding Parity Bonds as of September 15, 2022

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

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

	<i>Actual⁽²⁾</i>					<i>Budget</i>
	<i>2017⁽⁵⁾</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022⁽⁷⁾</i>
Gross Revenues						
Total Operating Revenues	\$ 298,505	\$ 320,556	\$ 317,155	\$ 357,201	\$ 335,994	\$ 329,978
Proceeds from Sales of Capital Assets	5,524	1,311	1,619	742	657	700
Other Income	7,996	6,982	8,275	7,284	4,989	15,042
Interest Income	2,140	6,219	8,394	2,890	(1,334)	1,169
System Development Charges	42,486	41,045	38,668	22,553	37,897	34,988
Participation Receipts	<u>9,240</u>	<u>5,756</u>	<u>7,137</u>	<u>3,655</u>	<u>4,141</u>	<u>32,239</u>
Total Gross Revenue	<u>\$ 365,891</u>	<u>\$ 381,869</u>	<u>\$ 381,248</u>	<u>\$ 394,325</u>	<u>\$ 382,344</u>	<u>\$ 414,116</u>
Operation and Maintenance Expenses						
Total Operating Expenses	\$ 256,008	\$ 251,027	\$ 277,977	\$ 263,320	\$ 268,318	\$ 232,090
Other Expense	2,657	3,869	2,175	1,515	4,985	--
Less Depreciation and Amortization ⁽⁶⁾	<u>(62,348)</u>	<u>(51,667)</u>	<u>(51,345)</u>	<u>(55,691)</u>	<u>(60,919)</u>	<u>--</u>
Total Operation and Maintenance	<u>\$ 196,317</u>	<u>\$ 203,229</u>	<u>\$ 228,807</u>	<u>\$ 209,144</u>	<u>\$ 212,384</u>	<u>\$ 232,090</u>
Net Revenue	<u>\$ 169,574</u>	<u>\$ 178,640</u>	<u>\$ 152,441</u>	<u>\$ 185,181</u>	<u>\$ 169,960</u>	<u>\$ 182,026</u>
Historical and 2022 Coverage Ratios						
Required Debt Service ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 43,686	\$ 48,765	\$ 47,286	\$ 46,373	\$ 50,519	\$ 55,786
Coverage Ratios	3.88	3.66	3.22	3.99	3.36	3.26

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

⁽²⁾ Actuals for 2017 through 2021 reflect a combination of information from Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows.

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

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

⁽⁵⁾ Operating expenses in 2017 were restated as part of the implementation of GASB Statement No. 75 Accounting And Financial Reporting For Postemployment Benefits Other Than Pensions.

⁽⁶⁾ Depreciation expense was restated for all years shown to reflect amounts on the Statements of Revenue, Expenses, and Changes in Net Position. Prior to this change depreciation expense from Note 4 of the comprehensive annual financial reports was used.

⁽⁷⁾ The 2022 Budget numbers in this table are based on the basis of accounting used for budgetary purposes and may differ from numbers reported in accordance with the accrual basis of accounting in GAAP financial statements in years 2017-2021 due to differences in timing of recognition of certain transactions or events.

Sources: Denver Water Comprehensive Annual Financial Reports for 2017-2021; 2022 Denver Water Budget; Denver Water Treasury Section; and the Financial Advisor.

Denver Water Customer Groups

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

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

Customer Accounts for Treated Water

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

Operating Revenue and Related Water Consumption

- Page III-20-21 of the Annual Comprehensive Financial Report.

Sales of Treated Water Between Denver and Outside City

- Page III-22-23 of the Annual Comprehensive Financial Report.

Sales of Treated Water for Resale

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

Sales of Nonpotable Water Between Inside City and Outside City

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

Comparison of Typical Monthly Winter and Summer Water

Comparison of Typical Residential Monthly Winter and Summer Water Bills⁽¹⁾

Type of Service	Based on Calendar Year 2022 Rates	
	Winter	Summer
Inside City	\$26.96	\$ 77.69
Outside City (Read and Bill)	28.07	84.58
Outside City (Total Service)	32.12	109.66

⁽¹⁾ Estimated water bills are based on 2022 rates and service charges effective January 2022. Winter is defined as the six-month period November through April, and summer is defined as the six-month period May through October.

Month	Consumption (1000 Gallons)
January	4
February	4
March	4
April	4
May	7
June	12
July	17
August	16
September	16
October	11
November	5
December	4
Total Annual Consumption	104

Denver Water Rate Schedule No. 1 Treated Water Rates

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

Denver Water Rate Schedule No. 2 Nonpotable Water Rates

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

Denver Water Rate Schedule No. 3 City and County of Denver Governmental Rates

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

Denver Water Rate Schedule No. 4 System Development Charges

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