

# 2022 | 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  
1600 W. 12th Avenue, Denver, CO 80204-3412  
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# **I. INTRODUCTORY SECTION (UNAUDITED)**



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[denverwater.org](http://denverwater.org)

Letter of Transmittal

May 28, 2023

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, 2022. 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, 2022. 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. All employees are now required to contribute 3% of their compensation. A second-tier plan was created for employees hired after January 1, 2018. These employees 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 are 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, 2022, there were 2,226 participants in the DB Plan, including 1,106 active members, 731 retirees and beneficiaries, 203 terminated employees entitled to benefits, but not receiving them yet, 177 members who are not yet vested but due refund of contributions, and nine 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 2022 there were 931 active participants with balances and 349 terminated participants with balances. Eighty-seven percent of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2022.



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 2022, there were 480 active participants with balances and 228 terminated participants with balances. Thirty-seven percent of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2022.

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. Seven employees used the counseling services during 2022 and six of those employees have subsequently retired. The total 2022 expenditures on the Retirement Financial Planning Reimbursement Program were \$8,700.

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 2022, 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, 2022, was measured as of December 31, 2021. The OPEB liability reflected on the Board's 2022 statements is \$13.0 million. The annual expense for this benefit is calculated based on the annual required contribution as computed by the actuary. The expense recorded in 2022 was \$0.8 million and \$2.5 million was paid as benefits under the plan.

#### Major Actions in 2022

- **Manager changes in DB Plan.** Investment Consultant for the Pension Plan, Segal Marco, recommended and CFO consented to the following actions for the Pension Plan.
  - Elimination of the Hedge Fund of Funds allocation by termination of the BlackRock Appreciation Fund.

- Hiring two private credit managers Oaktree Direct Lending Fund and Centerbridge Special Credit Partners Fund IV.
- Termination of UBS Trumbull Property Fund (TPF) and reallocation of the proceeds to a value-add manager Harbert VIII.
- **Manager changes in DC Plan**
  - DC Plan Investment Consultant, CAPTRUST recommended that both the 401(k) and 457 Plans move to a lower expense share class in the American Beacon Small Cap Value Fund.
  - Vanguard 2015 target date fund was closed, and investors were moved to the Vanguard Retirement Income fund.
  - The 2070 Vanguard target date fund was added to the lineup.
  - Vanguard Inflation Protected Securities Fund was replaced by a lower-cost share class.
  - The T. Rowe Price Growth Stock Fund I was terminated due to underperformance in favor of the JPMorgan Large Growth Fund, R6 class.
- **Plan changes**
  - Retirement Program Delegation Resolution was revised on February 23, 2022, to better align the delegated administrative and financial responsibilities with Denver Water's current Retirement Program operational structure.
  - The Investment Policy Statement (IPS) for the Supplemental Retirement Plans was accepted by the Board on February 22, 2022. Major changes included: combining policy documents for 401(k) and 457 Plans due to identical investment lineups, expanding performance standards, updating conditions warranting in-depth investment manager review, moving certain appendices to the procedures document, and updating professional titles to reflect Delegation Resolution changes.
- **Financial Planning Services (CFP)** The CFO and the Director of Human Resources approved the addition of Empower's Certified Financial Planning (CFP) service to the current suite of services offered by Empower. This service allows Denver Water to reimburse employees for Empower CFP service fees prior to vesting in the pension plan, up to a \$2,000 maximum.
- **Vendor Changes**
  - The Board received and approved the First Amendment of the John Hancock Retirement Plan Services, LLC, a third-party benefits administrator for the DB Plan.

## 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 94 of the report, while funds included in the Defined Contribution Plans are listed on page 95 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 -10.1% (gross of fees) during 2022, compared to the target benchmark return of -12.6% and the actuarial assumed rate of return of 6.5%. The annualized rate of return on assets of the Defined Benefit Plan was 5.7% over the last three years and 7.5% 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, 2023, the most recent data available, the funded ratio of the DB Plan was 92.0%, in line with the year before. Over the past 10 years the funded ratio ranged from a low of 79.9% (01/01/17) 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

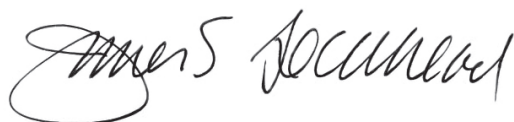
Professional consultants and advisors are engaged as necessary to perform professional services that are essential to the effective and efficient operation of the Plan. Opinions from the Independent Auditor for the Financial Statements of each of the Plans, an opinion from the actuary for the DB Plan, 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,



James S. Lochhead  
CEO/Manager

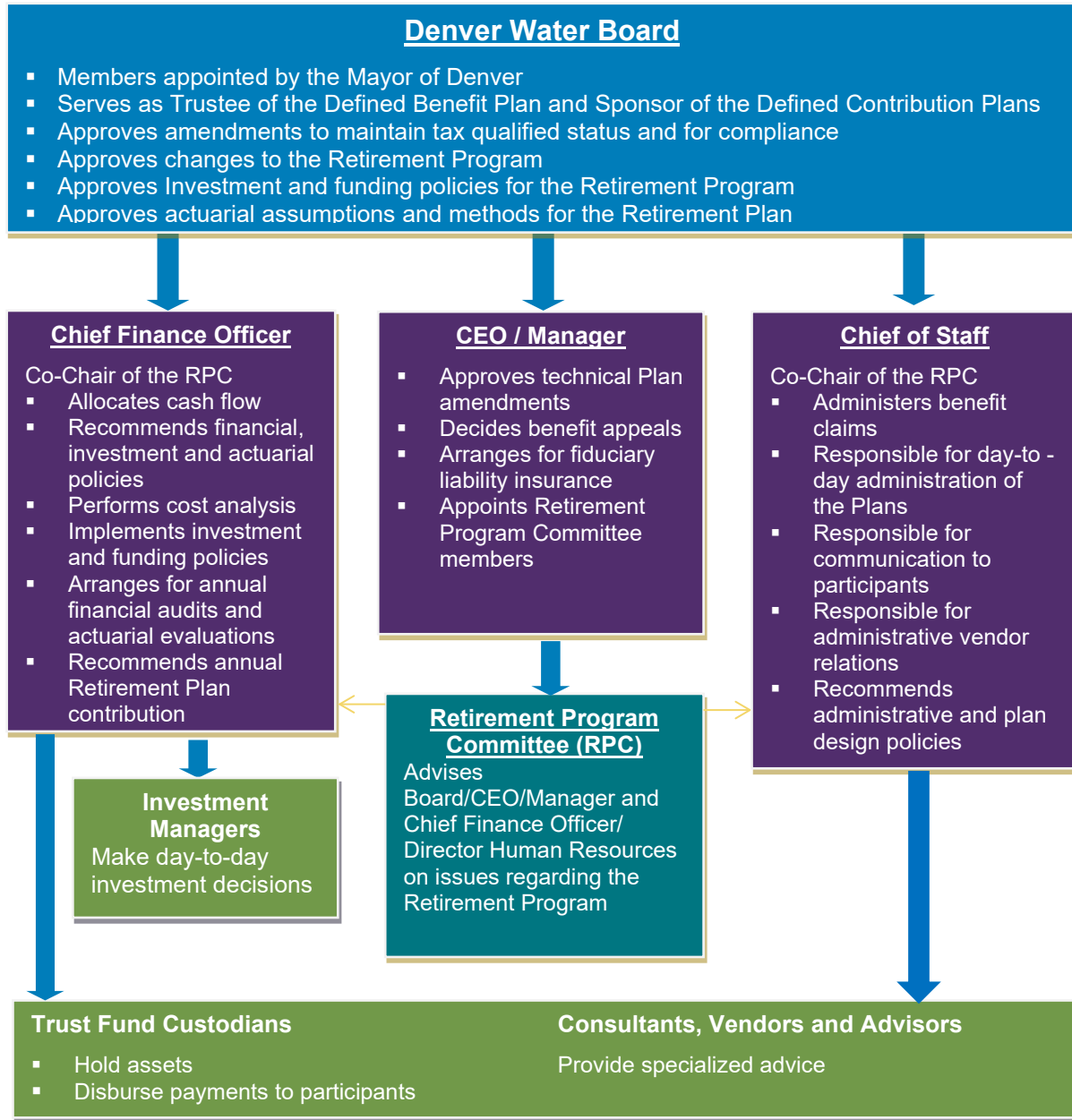


Angela C. Bricmont  
Chief Finance Officer, RPC Co-Chair



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 88.

## 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, 2022

Top from left, Gary Reiff, Craig Jones

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

Craig Jones, President  
Managing Director,  
The Colony Group's Rocky Mountain Region Office

*Commissioner since October 2017;  
Term expires July 2023*

Gary Reiff, Vice President  
Senior Advisor, UCHHealth

*Commissioner since September 2017;  
Term expires July 2023*

Dominique Gómez, First Vice President  
Deputy Director, Colorado Energy Office

*Commissioner since July 2021;  
Appointed June 8, 2021  
Term expires July 2025*

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

*Commissioner since July 2021;  
Term expires July 2025*

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

*Commissioner since August 2021;  
Appointed July 29, 2021  
Term expires July 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; member RPC. 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**

<b>Actuary</b>	Gabriel Roeder Smith & Company	7900 East Union Avenue, Suite 650 Denver, CO 80237
<b>Benefit Consultant</b>	Aon	1900 Sixteenth Street, Suite 1000 Denver, CO 80202
<b>Legal Counsel</b>	Stinson, LLP	1201 Walnut Street, Suite 2900 Kansas City, MO 64106
<b>Custodian/Performance Evaluation</b>	The Northern Trust Company	50 S. LaSalle Street Chicago, IL 60675
<b>Investment Advisor (DB Plan)</b>	Segal Marco Advisors	7951 East Maplewood Avenue, Suite 327 Greenwood Village, CO 80111
<b>Investment Advisor (DC Plans)</b>	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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*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  
CLAAconnect.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, 2022, and have issued our report thereon dated May 11, 2023. 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 in our planning communication dated March 13, 2023. 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 2022.

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. 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, 2022. 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.

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.

***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 May 11, 2023.

***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**

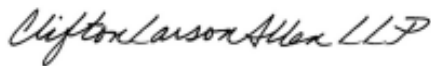
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were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

**Required supplementary information**

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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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 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  
May 11, 2023



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of fiduciary net position and 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, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2022, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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



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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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of

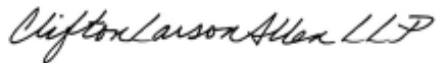


The Board of Water Commissioners, City and County of Denver, Colorado  
Employees' Retirement Plan of the Denver Board of Water Commissioners

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Denver, Colorado  
May 11, 2023

*\*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, 2022. This information should be read in conjunction with the financial statements and notes, which follow.

### Financial Highlights

As of December 31, 2022, and 2021, \$445.6 million and \$503.7 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2022, the fiduciary net position restricted for pension of the Plan decreased by \$58.1 million or 11.5% as compared to 2021. The decrease in 2022 was primarily due to changes in the fair value of the Plan's investments. The change in the fair value of investments decreased \$131.8 million or 170.0%, in 2022 over 2021.

Additions to the Plan's fiduciary net position restricted for pension in 2022 included employer and employee contributions of \$17.5 million and \$3.0 million, respectively, and a net investment loss of \$50.7 million resulting in total additions to the Plan's fiduciary net position restricted for pension of negative \$30.2 million.

Deductions from the Plan's fiduciary net position restricted for pension for 2022 were \$27.9 million. The majority of the 2022 deductions were retirement benefit payments of \$27.6 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, 2022, the Plan's fiduciary net position restricted for pension as a percentage of the total pension liability was 85.8%.

### 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, 2022. 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 2022.

These financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2022, 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 2021, the decrease in total assets of \$58.2 million, or 11.6%, in 2022 was primarily the result of the depreciation in the fair value of investments.

As of December 31, 2022, and 2021 the Plan's fiduciary net position was:

	<b>Fiduciary Net Position Restricted for Pension</b>			
	(In thousands)			
	<b>Years ended December 31</b>		<b>2022 – 2021</b>	
	<b>2022</b>	<b>2021</b>	<b>Increase (decrease)</b>	<b>Percentage change</b>
Cash and cash equivalents	\$ 4,662	\$ 5,568	\$ (906)	(16.3)%
Sale receivable of investments	22,511		22,511	
Dividends, interest, and other receivables	170	531	(361)	(68.0)
Investments, at fair value	418,524	498,002	(79,478)	(16.0)
Total assets	<u>445,867</u>	<u>504,101</u>	<u>(58,234)</u>	<u>(11.6)</u>
Total liabilities	<u>243</u>	<u>395</u>	<u>(152)</u>	<u>(38.4)</u>
Fiduciary net position restricted for pension	<u>\$ 445,624</u>	<u>\$ 503,706</u>	<u>\$ (58,082)</u>	<u>(11.5)%</u>

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, funding of benefit payments, and administrative expenses. Additionally, the Plan uses 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, 2022, \$2.0 million was held with the TPA for benefit payments to be paid in January of 2023 and \$2.6 million was held in the Plan's custodial bank.

Total liabilities of the Plan for 2022 were \$243 thousand and consisted primarily of accrued investment expense at year-end of \$121 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 a decrease in fiduciary net position restricted for pension of \$58.1 million in 2022 over 2021.

## 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 2022 totaled \$17.5 million and employee contributions totaled \$3.0 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		2022 – 2021	
			Increase	Percentage
	2022	2021	(decrease)	change
Employer contributions	\$ 17,500	\$ 17,500	\$ —	—%
Employee contributions	2,995	2,802	193	6.9
Net investment income(loss)	(50,697)	80,668	(131,365)	(162.8)
Total additions, net	\$ (30,202)	\$ 100,970	\$ (131,172)	(129.9)%

## 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, 2022, annual plan deductions totaled \$27.9 million.

**Deductions to Fiduciary Net Position Restricted for Pension**

(In thousands)

	Years ended December 31		2022 - 2021	
			Increase	Percentage
	2022	2021	(decrease)	change
Retirement benefits	\$ 27,555	\$ 25,898	\$ 1,657	6.4%
Death benefits	82	40	42	104.0
Refunds of employee contributions	51	71	(20)	(28.2)
Administrative expenses	192	185	7	3.8
Total deductions	<u>\$ 27,880</u>	<u>\$ 26,194</u>	<u>\$ 1,686</u>	<u>6.4%</u>

**Investment Activities**

Year 2022 was marked by a significant pullback in the markets, as both domestic equities and fixed income segments finished the year in negative territory. The S&P 500 Index returned -19.44%, while the Bloomberg U.S. Treasury Index returned -12.5%. As inflation rose to 40-year highs, the Federal Reserve implemented seven rate hikes to tamp down inflationary forces and bring price stability to the economy. The rate hikes began in March with the Federal Funds Rate at 0.25%-0.50% and ended the year at 4.25%-4.50%. Despite the dual headwinds of inflation and rising interest rates, the U.S. labor market continued to improve with unemployment ending the year at a fifty year low of 3.5% and an economic growth forecast of 1.9% as measured by GDP. The price of Brent crude began the year at \$78 per barrel and ended the year at \$85. In March prices reached as high as \$140 per barrel as the war in Ukraine impacted the global supply chain. This increase was temporary and mitigated by global recessionary fears due to rising interest rates putting downward pressure on oil demand.

The Plan delivered a return of -10.1% (-10.2% net of fees) for the year, outperforming its custom target index on a relative basis by 256 basis points for the period. The Plan's Domestic Equity asset class returned -19.0% for the year, compared to the benchmark return of -19.2%. The International Equity asset class return -13.2% exceeded the benchmark return of -16.0%. The Fixed Income asset class returned -10.7% compared to the benchmark return of -13.0%. The Private Equity asset class returned 7.7% compared to the benchmark return of -17.1%. The Real Estate asset class returned 3.8% compared to the benchmark return of 7.6%. Lastly, the Hedge Fund asset class returned 1.1% versus the benchmark of -5.3%.

**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>2022</u>
Assets:	
Cash and cash equivalents	\$ 4,662
Receivables:	
Sale of investments	22,511
Dividends, interest and other receivables	111
Employee contribution	<u>59</u>
Total receivables	22,681
Investments, at fair value:	
Common stock funds	213,102
Other fixed income funds	88,145
Real estate	59,013
Private equity	55,064
Private credit	<u>3,200</u>
Total investments	<u>418,524</u>
Total assets	<u>445,867</u>
Liabilities:	
Accrued administrative expense	43
Accrued investment expense	121
Securities payable	<u>79</u>
Total liabilities	<u>243</u>
Fiduciary net position restricted for pension	<u>\$ 445,624</u>

**Statements of Changes in Fiduciary Net Position**

	<u>2022</u>
Additions:	
Employer contributions	\$ 17,500
Employee contributions	2,995
Total contributions	<u>20,495</u>
Investment income:	
Net depreciation in fair value of investments	(54,279)
Interest	1,898
Dividends	2,848
Real estate income, net of operating expenses	1,075
Miscellaneous income	4
	<u>(48,454)</u>
Less investment expense	<u>(2,243)</u>
Net investment loss	<u>(50,697)</u>
Total additions	<u>(30,202)</u>
Deductions:	
Retirement benefits	27,555
Death benefits	82
Refunds of employee contributions	51
Administrative expenses	192
Total deductions	<u>27,880</u>
Net decrease in fiduciary net position	<u>(58,082)</u>
Fiduciary net position restricted for pension:	
Beginning of year	<u>503,706</u>
End of year	\$ <u><u>445,624</u></u>

## 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, the Chief of Staff, and the Board 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, 2022, there were 2,109 Plan participants: 184 were deferred vested participants, 724 participants were retirees, 1,074 participants were active, 120 participants were terminated and due a refund, and 7 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 I members are defined as employees hired prior to January 1, 2018, which includes employees hired prior to January 1, 2018 who were in their required introductory period during the first portion of 2018. Tier II 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 I members who reach age 55 and have 5 years of service are eligible to receive a reduced early retirement benefit. Unreduced retirement benefits prior to age 65 are provided for Tier I 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 II members who reach age 60 and have 5 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 5 years of service with the benefit commencing when the employee would have reached age 55 for Tier I members and age 60 for Tier II 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 I members and age 60 for Tier II 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 I members 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 under Section 230 of the Social Security Act as delineated in the Plan document.

Plan benefits for Tier II members are calculated by multiplying the Plan participant's number of years of credited service times the amount of the participant's average final compensation times 1.75%. For members hired prior to January 1, 2018 who terminate employment and are rehired on or after January 1, 2018, the benefit calculation is determined by using a combination of both Tier I and Tier II formulas.

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 I service shall be entitled to the cost-of living adjustment solely for benefits attributable to Tier I service. Tier II 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 2022, the Board and members of the Plan made contributions totaling \$17.5 million and \$3.0 million, respectively. Plan contributions were made in accordance with actuarial funding valuations performed as of January 1, 2022.

Employees under both Tier I and Tier II 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, 2022, the total balance of non-vested member contributions plus associated interest was \$1.9 million. There were \$51 thousand in refunds of contributions and interest to non-vested members in 2022.

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 \$4 thousand were made in 2022 for employees who retired or were terminated during the respective year. As of December 31, 2022, for employees that contributed to the Plan prior to 1992, the total remaining employee contributions including accrued interest were \$20 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 investment policy in place as of December 31, 2022 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, 2022, the Plan's long-term asset allocation ranges were as follows:

<b>Long Term Asset Allocation Ranges</b>	
<b>Asset segment</b>	<b>Allowable range Years ended December 31 2022</b>
Equities	35%–65%
Fixed Income	15–35
Real Estate	10–20
Alternatives	10–25

**b. Money-Weighted Rate of Return**

For the year ended December 31, 2022, the annual money-weighted rate of return on Plan investments, net of investment expense, was -10.1%. 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 2022, the Northern Trust Company served as the Plan's asset custodian. The Board has elected to hire professional investment managers to invest the assets of the Plan on a fully discretionary basis, subject to the investment policy of the Board. Each manager is evaluated periodically against the appropriate benchmark for their asset class and style. Failure to achieve the desired result does not necessitate, nor does achievement of the desired result preclude, termination of investment managers.

During 2022, 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
Centerbridge Partners, L.P.	Since October 2022
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

**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 assets of the Plan are invested in mutual and commingled funds, and limited partnerships, which by their nature, 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, 2022, this amount was \$2.0 million.

**e. 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:

<b>Schedule of Interest Rate Risk</b>						
<b>Segmented Time Distribution of Investment Maturities</b>						
<b>as of December 31, 2022</b>						
<b>Investment type (In thousands)</b>	<b>Fair value/NAV</b>	<b>Less than 1 year</b>	<b>1 to 6 years</b>	<b>6 to 10 years</b>	<b>10+ years</b>	<b>Maturity not determined</b>
Other fixed income funds	\$ 88,145	—	—	—	—	\$ 88,145

**f. 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, 2022, the Plan had no single issuer that exceeded 5% of total investments. All of the Plan's fixed income investments were invested through external investment pools and therefore not considered subject to concentration of credit risk.

**g. 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, 2022 are listed below. For securities with split ratings, the lowest rating is shown.

<b>Schedule of Credit Risk as of December 31, 2022</b>			
<b>Investment type (In thousands)</b>	<b>Quality rating</b>	<b>Fair value</b>	<b>Percentage of asset class</b>
Other fixed income funds	NR/NA <sup>1</sup>	\$ 88,145	100%

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

**h. 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, 2022:

<b>Schedule of Assets in Foreign Currencies</b>	
	<b>Percentage of asset class invested in foreign currencies</b>
Equities	
Common stock funds	33.50
Private credit	16.80
Private equity	12.00

**i. Derivative Instruments**

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

Certain commingled funds held by the Plan at year end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative instrument holdings of the commingled fund managers can be found in their respective audited financial statements. The Plan did not directly own any derivative instruments as of December 31, 2022.

**j. Fair Value of Investments**

The Plan has the following recurring fair value measurements as of December 31, 2022:

	<b>December 31, 2022</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Investments by fair value level</b>				
Debt securities				
Other fixed income funds	\$ 88,145	\$ -	\$ 88,145	-
Total debt securities	<u>88,145</u>	<u>-</u>	<u>88,145</u>	<u>-</u>
Equity securities				
Common stock funds	213,102	213,102	-	-
Total equity securities	<u>213,102</u>	<u>213,102</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>301,247</u>	<u>\$ 213,102</u>	<u>\$ 88,145</u>	<u>-</u>
<b>Investments measured by the net asset value (NAV)</b>				
Real estate funds	59,123			
Private equity funds	55,064			
Private credit funds	<u>3,200</u>			
Total investments measured by the NAV	<u>117,387</u>			
<b>Total investments</b>	<u>\$ 418,634</u>			
Total investments measured at amortized cost	<u>2,627</u>			
<b>Total investments measured at fair value</b>	<u>421,261</u>			

<sup>1</sup>Total investments measured at fair value include \$2.6 million of cash and cash equivalents

Equity securities, fixed income funds and common stock funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued based on evaluated prices using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. The Plan did not hold any investments categorized within Level 3. Pricing for all securities was provided by a third-party pricing vendor and developed in accordance with the provisions of GASB 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, 2022 are presented on the following table.

**Investments Measured at the NAV**

	<b>December 31, 2022</b>			
	(In thousands)			
	<b>NAV</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible</b>	<b>Redemption Notice Period</b>
Real estate funds	\$ 59,013	\$ 927	Quarterly/None	45-90 days
Private equity funds	55,064	12,793	None	N/A
Private credit funds	3,200	9,375	None	N/A
Total investments measured at the NAV	<u>\$ 117,277</u>	<u>\$ 23,095</u>		

**Real Estate Funds**

This fund category includes three open-end and two closed-end real estate funds. The open-end funds, UBS Trumbull Property Fund (TPF), RREEF America REIT II and Principal Real Estate INV U.S. Property, 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.

Investments in the closed-end funds, which represented approximately 12.5% of the value of all real estate funds in the Plan as of the end of the year, cannot be redeemed. Distributions from the fund are received as the underlying investments of the funds are liquidated. The expected investment horizon of each closed-end real estate fund is 10 years from the initial draw down date, subject to extensions at the discretion of the manager.

**Hedge Fund**

This fund category included an investment in BlackRock Appreciation Strategy Fund – a hedge fund that is a multi-strategy fund pursuing a variety of absolute return strategies and investing in a wide range of financial instruments. The fair value of the investment in this category was determined using the NAV per share of the investment, as provided by the investment manager. A request for a full termination of the investment in this category was made in September 2022, with partial settlement in January 2023. Per the terms of the investment manager agreement, 5% of the value of the fund was subject to an audit holdback. The holdback amount is expected to be released in July of 2023.

### ***Private Equity Funds***

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

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

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

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

### ***Private Credit Funds***

This category includes one investment in a closed-end private credit fund, Centerbridge Special Credit Partners Fund IV. The fund invests in a diversified portfolio of loans, securitized credits and asset-based lending, structured value-added lending opportunities, private to public origination of illiquid credit investments brought to liquid markets, primary or secondary private or public debt at deep discounts to par.

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

### ***k. Income Taxes***

Pursuant to a determination letter received from the Internal Revenue Service (IRS) 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.

### ***l. 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, 2022 were as follows:

	<b>Years ended December 31, 2022</b>	
	(In thousands)	
Total pension liability	\$	519,676
Plan fiduciary net position restricted for pension		(445,624)
Denver Water's net pension liability	\$	<u>74,052</u>
Plan fiduciary net position restricted for pension as a percentage of the total pension liability		85.8%

**a. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to the measurement date of December 31, 2022 and calculated based on the discount rates and actuarial assumptions below.

	<b>Year ended December 31, 2022</b>
Inflation	2.3%
Salary increases: age-based rates from	6.8 to 2.9
Investment rate of return	6.5

The mortality rates for 2022 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 2022 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, 2022, 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, 2022 are summarized in the following table.

	<b>December 31, 2022</b>	
	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Asset class:		
Bank loans	5.0%	2.0%
Domestic equity	30.0	6.1
Domestic fixed income	20.0	0.4
International equity	15.0	6.5
Private credit	5.0	5.1
Private equity	10.0	9.9
Real estate	15.0	3.7
	<u>100.0%</u>	

**b. Discount Rate**

The discount rate used in the 2022 actuarial valuation to measure the total pension liability was 6.5%. 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 2022 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)	<b>1% Decrease 5.5%</b>	<b>Current discount rate 6.50%</b>	<b>1% Increase 7.5%</b>
<b>2022</b>			
Net pension liability	\$ 139,966	74,052	20,544

**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 \$105.6 million of the Plan's investments as of December 31, 2022. For the year ended December 31, 2022, the Plan incurred approximately \$13 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)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total pension liability:										
Service cost	\$ 10,108	\$ 9,851	\$ 8,590	\$ 8,127	\$ 9,070	\$ 8,523	\$ 7,330	\$ 6,757	\$ 6,071	\$ 6,046
Interest on total pension liability	32,262	31,021	31,320	29,981	29,285	27,728	26,237	25,820	25,044	24,051
Effect of assumption changes or inputs	—	16,427	—	(4,004)	—	22,250	—	10,152	—	—
Effect of economic/demographic (gains) or losses	4,798	(1,671)	5,779	(525)	6,700	(2,255)	(3,348)	801	—	2,037
Benefit payments, including refund of employee contributions	(27,689)	(26,009)	(24,927)	(24,799)	(22,055)	(19,927)	(19,932)	(20,693)	(20,366)	(17,850)
Net change in total pension liability	19,479	29,619	20,762	8,780	23,000	36,319	10,287	22,837	10,749	14,284
Total pension liability, beginning	500,197	470,578	449,816	441,036	418,036	381,717	371,430	348,593	337,844	323,560
Total pension liability, ending (a)	519,676	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	17,500	16,702	18,000	18,000	14,500	14,500	14,500	15,000
Employee contributions	2,995	2,802	2,579	1,713	662	—	—	—	—	—
Investment income net of investment expenses	(50,697)	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	(27,688)	(26,009)	(24,927)	(24,799)	(22,055)	(19,927)	(19,931)	(20,694)	(20,365)	(17,851)
Administrative expenses	(192)	(185)	(183)	(183)	(180)	(48)	(52)	(44)	(144)	(116)
Net change in plan fiduciary net position	(58,082)	74,776	34,032	52,075	(17,892)	46,298	15,843	(3,765)	12,514	36,056
Fiduciary net position, beginning	503,706	428,930	394,898	342,823	360,715	314,417	298,574	302,339	289,825	253,769
Fiduciary net position, ending (b)	445,624	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)	\$ 74,052	\$ (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	88.75%	100.7%	91.2%	87.8%	77.7%	86.3%	82.4%	80.4%	86.7%	85.8%
Covered payroll	99,848	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	74.16%	(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)					Contribution as a % of
Year ended December 31	Actuarially determined contribution	Actual employer contribution	Contribution deficiency (excess)	Covered payroll	covered payroll
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
2022	14,975	17,500	(2,525)	99,848	17.5

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**

**Schedule III**

<u>Fiscal year ending December 31,</u>	<u>Net money- weighted rate of return</u>
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
2022	-10.1

**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>2022</u>	<u>2021</u>
Actuarial Services	\$28,000	\$30,000
Audit Services	10,165	9,915
Benefit payment processor	152,973	145,306
Total Administrative Expense	<u>191,938</u>	<u>185,221</u>
Average Assets <sup>1</sup>	<u>\$445,867,899</u>	<u>\$504,100,988</u>
Administrative Expenses as a Percentage of Average Assets	0.043%	0.037%

<sup>1</sup>Average Assets are calculated based on total assets less securities payable.



**b. Schedule of Investment Expenses**

	<u>2022</u>	<u>2021</u>
Aberdeen Asset Management	\$80,809	\$110,698
Aberdeen Asset Management VIII	45,000	41,244
Alliance Bernstein	127,319	147,807
Barings LLC	95,002	89,198
Blackrock Alternative Investors	278,542	270,497
BlackRock Institutional Trust Company N.A.	21,743	21,565
Centerbridge	11,943	0
Dimensional Fund Advisors LP	143,062	275,051
Harbert Management Corporation	54,519	80,602
Fidelity Institutional Asset Management	0	18,417
Harding Loevner Funds, Inc.	281,474	327,366
Horsley Bridge Venture	36,000	36,000
Horsley Bridge XIII	50,004	50,004
Northern Trust Investments, N. A.	12,525	14,606
Pantheon	205,500	205,500
Principal Global Investors, LLC	221,796	193,107
RiverBridge Collective Trust	83,214	88,493
RREEF America LLC	173,300	140,661
UBS Realty Investors, LLC	84,476	74,631
Winslow Capital Management, LLC	0	9,522
Total payments to investment advisors	2,243,112	2,196,990
Investment Consulting Expense	78,500	104,887
Investment Performance Reporting Expense	58,882	79,053
Total Investment Expenses	<u>\$2,435,050</u>	<u>\$2,380,930</u>
Average Assets	\$445,867,899	\$504,100,988
Investment Expenses as a Percentage of Average Assets	0.55%	0.47%

## B. Denver Water Supplemental Retirement Savings Plan

### 1. Independent Auditor's Reports



CliftonLarsonAllen LLP  
CLAAconnect.com

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, 2022, and have issued our report thereon dated May 11, 2023. 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 in our planning communication dated March 13, 2023. 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 2022.

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.

##### ***Difficulties encountered in performing the audit***

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

Board of Water Commissioners, City and County of Denver, Colorado  
Denver Water Supplemental Retirement Savings Plan  
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***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 May 11, 2023.

***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.

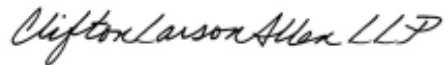
***Required supplementary information***

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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Board of Water Commissioners, City and County of Denver, Colorado  
Denver Water Supplemental Retirement Savings Plan  
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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 Supplemental Retirement Savings Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

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

**CliftonLarsonAllen LLP**

Denver, Colorado  
May 11, 2023



CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of fiduciary net position and 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, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2022, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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



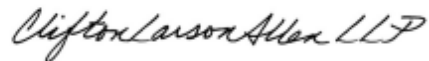
Board of Water Commissioners, City and County of Denver, Colorado  
Denver Water Supplemental Retirement Savings Plan

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Denver, Colorado  
May 11, 2023

*\*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.*

## 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, 2022. This information should be read in conjunction with the financial statements and notes, which follow.

### Financial Highlights

As of December 31, 2022, \$134.8 million was held in trust for the payment of SRSP benefits to the participants as compared to \$157.4 million in 2021. This represents a decrease in total SRSP fiduciary net position held in trust of \$22.6 million or 14.3%. The decrease in 2022 was primarily due to changes in the fair values of the Plan's investments.

Additions to the SRSP fiduciary net position for 2022 included participant contributions of \$5.4 million and participant rollovers of \$747 thousand. The Denver Board of Water Commissioners' (Board) matching contributions in 2022 were \$2.4 million and the net investment loss was \$24.2 million.

Total deductions from the SRSP fiduciary net position were \$7.0 million in 2022. The deductions comprised of retirement benefit payments of \$6.9 million, participant investment advisory fees of \$94 thousand, and administrative expenses of \$53 thousand. Total deductions in 2022 were 13.3% less than those in 2021.

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, 2022, there were 1,042 employees eligible to participate in the SRSP, of which 909 employees were contributing to the SRSP, or 87% 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, 2022. 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 31<sup>st</sup> 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 2022 and 2021.

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

	<b>Fiduciary Net Position</b>			
	<b>(In thousands)</b>			
	<b>Years ended December 31</b>		<b>2022 – 2021</b>	
	<b>2022</b>	<b>2021</b>	<b>Increase (decrease)</b>	<b>Percentage change</b>
Mutual funds	\$ 111,503	\$ 135,718	\$ (24,215)	(17.8)%
Commingled funds	18,699	17,219	1,480	8.6
Money market fund	2,661	2,431	230	9.5
Total investments	<u>132,863</u>	<u>155,368</u>	<u>(22,505)</u>	<u>(14.5)</u>
Receivables:				
Contributions	152	121	31	25.6
Participant loans	1,823	1,914	(91)	(4.8)
Total receivables	<u>1,975</u>	<u>2,035</u>	<u>(60)</u>	<u>(2.9)</u>
Total assets	<u>134,838</u>	<u>157,403</u>	<u>(22,565)</u>	<u>(14.3)</u>
Total liabilities	24	24	—	—
Fiduciary net position	<u>\$ 134,814</u>	<u>\$ 157,379</u>	<u>\$ (22,565)</u>	<u>(14.3)%</u>

## SRSP Activities

The fiduciary net position decreased by \$22.6 million or 14.3% in 2022 over 2021. 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 appreciation, interest, and dividends. Earnings on investments are reported net of investment management expenses. The Board's matching contributions for 2022 were \$2.4 million and the net investment loss was \$24.2 million. The decrease of net investment loss from 2021 to 2022 was primarily due to the depreciation of the fair value of investments.

<b>Additions to Fiduciary Net Position</b>				
(In thousands)				
	<b>Years ended December 31</b>		<b>2022 – 2021</b>	
	<b>2022</b>	<b>2021</b>	<b>Increase (decrease)</b>	<b>Percentage change</b>
Employer contributions	\$ 2,405	\$ 2,264	\$ 141	6.2%
Participant contributions	5,381	5,204	177	3.4
Participant rollovers	747	759	(12)	(1.6)
Participant interest on loans	79	86	(7)	(8.1)
Miscellaneous income	15	12	3	25.0
Net investment income (loss)	(24,176)	19,167	(43,343)	(226.1)
Total additions	\$ (15,549)	\$ 27,492	\$ (43,041)	(156.6)%

## Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2022, benefits paid were \$6.9 million, a decrease of 13.5% compared to 2021. The change in the amount of benefit payments from year to year is attributed to the number of participants choosing to take lumpsum 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 \$53 thousand in 2022. Administrative fees are calculated based upon a percentage of the fair value of investments. The SRSP participants are charged an explicit fee for recordkeeping and communication services totaling 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 \$3 thousand less in 2022 as compared to 2021. The reduction in expenses were due to lower asset values in 2022 compared to 2021. In 2022, participant investment advisory fees were \$94 thousand. Please refer to Note 4 of the financial statements for information regarding administrative expenses.

<b>Deductions from Fiduciary Net Position</b>				
(In thousands)				
	<b>Years ended December 31</b>		<b>2022 – 2021</b>	
	<b>2022</b>	<b>2021</b>	<b>Increase (decrease)</b>	<b>Percentage change</b>
Benefits paid to participants	\$ 6,869	\$ 7,944	\$ (1,075)	(13.5)%
Administrative expenses	53	56	(3)	(5.4)
Participant investment- advisory fees	94	88	6	6.8
Total deductions	\$ 7,016	\$ 8,088	\$ (1,072)	(13.3)%

## 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, 2022 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

**2. Basic Financial Statements**

*a. Statements of Net Position*

Assets:	<u>2022</u>
Investments, at fair value:	
Mutual funds	111,503
Commingled funds	18,699
Money market fund	<u>2,661</u>
Total investments	<u>132,863</u>
Receivables:	
Employer contributions	\$ 47
Participant contributions	105
Participant loans	<u>1,823</u>
Total receivables	<u>1,975</u>
Total assets	<u>134,838</u>
Liabilities:	
Accrued advisory fees	<u>24</u>
Fiduciary net position	<u>\$ 134,814</u>

See accompanying notes to financial statements.



**b. Statement of Changes in Net Position**

	<u>2022</u>
Additions:	
Investment income:	
Net depreciation in fair value of investments	\$ (29,082)
Dividends	4,906
Net investment income (loss)	<u>(24,176)</u>
Contributions:	
Employer contributions	2,405
Participant contributions	5,381
Participant rollovers	747
Total contributions	<u>8,533</u>
Other additions:	
Participant interest on loans	79
Miscellaneous income	15
Total other additions	<u>94</u>
Total additions	<u>(15,549)</u>
Deductions:	
Benefits paid to participants	6,869
Administrative expenses	53
Participant investment advisory fees	94
Total deductions	<u>7,016</u>
Net decrease	<u>(22,565)</u>
Fiduciary net position:	
Beginning of year	157,379
End of year	<u>\$ 134,814</u>

See accompanying notes to financial statements.

### 3. 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. In 2022, there were \$61 thousand in discretionary employer contributions. 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, 2022 (amounts are expressed in thousands):

	<u>2022</u>
American Beacon Small CP Val R6	\$ 4,810
American Funds Washington Mutual R6	10,642
Arrowstreet Intl Equity ACWI Ex US Class A*	5,523
Baird Aggregate Bond Institutional	2,824
Baron Growth Institutional	4,142
Cohen & Streers Institutional Global Realty	1,546
Fidelity Global Ex US Index	3,624
Fidelity Total Market Index	19,482
Fidelity US Bond Index	5,126
Galliard Retirement Income Fund*	13,176
Northern Global Sustainability Index	3,824
PIMCO High Yield Institutional	2,308
T. Rowe Price Growth Stock Fund I	6,668
Vanguard Inflation-Protected Secs Adm	4,113
Vanguard Institutional Target Retirement 2020	2,252
Vanguard Institutional Target Retirement 2025	12,381
Vanguard Institutional Target Retirement 2030	4,052
Vanguard Institutional Target Retirement 2035	7,231
Vanguard Institutional Target Retirement 2040	3,071
Vanguard Institutional Target Retirement 2045	5,755
Vanguard Institutional Target Retirement 2050	1,503
Vanguard Institutional Target Retirement 2055	2,098
Vanguard Institutional Target Retirement 2060	1,132
Vanguard Institutional Target Retirement 2065	124
Vanguard Institutional Target Retirement 2070	2
Vanguard Institutional Target Retirement Income Fund	2,492
Vanguard Total Intl BD Idx Admiral	301
Vanguard Treasury Money Market Inv	2,661
	<u>\$ 132,863</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, 2022. The net investment loss (including gains and losses on investments bought and sold, as well as income received on investments during the year) during 2022 was approximately \$24.2 million.

**a. Fair Value Measurements**

The SRSP has the following recurring fair value measurements as of December 31, 2022:

**Investments Measured at Fair Value**

		December 31, 2022				
		(In thousands)				
		<b>Fair Value Measurements Using</b>				
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>		
		<b>December 31, 2022</b>				
<b>Investments by fair value level</b>						
Mutual Funds	\$	111,503	\$ 111,503	\$ -	\$ -	
Commingled Funds		18,699	-	18,699	-	
Total investments by fair value level		<u>130,202</u>	<u>\$ 111,503</u>	<u>\$ 18,699</u>	<u>\$ -</u>	
<b>Investments measured at amortized cost</b>						
Money market funds		<u>2,661</u>				
<b>Total investments measured at fair val \$</b>		<u><u>132,863</u></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 2022 totaled \$53 thousand. Revenue sharing from 12(b)(1) fees reported by the recordkeeper for the same period was \$15 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 2022, total participant investment advisory fees paid were \$94 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**

	<b>Average effective maturity (years)</b>	<b>Average effective duration (years)</b>	<b>Average credit quality of underlying securities</b>
Target date funds:			
Vanguard Institutional Target Retirement 2020	7.79	6.08	A
Vanguard Institutional Target Retirement 2025	8.44	6.52	A
Vanguard Institutional Target Retirement 2030	8.90	6.83	A
Vanguard Institutional Target Retirement 2035	8.90	6.83	A
Vanguard Institutional Target Retirement 2040	8.90	6.83	A
Vanguard Institutional Target Retirement 2045	8.90	6.83	A
Vanguard Institutional Target Retirement 2050	8.90	6.82	A
Vanguard Institutional Target Retirement 2055	8.90	6.82	A
Vanguard Institutional Target Retirement 2060	8.90	6.82	A
Vanguard Institutional Target Retirement 2065	8.90	6.85	A
Vanguard Institutional Target Retirement 2070	8.90	6.83	A
Vanguard Institutional Target Retirement Income Fund	7.51	5.89	A
Fixed income mutual funds:			
Baird Aggregate Bond Institutional	8.23	6.17	A
Fidelity US Bond Index	8.40	6.13	AA
PIMCO High Yield Institutional	5.74	3.78	BB
Vanguard Inflation-Protected Secs Adm	7.30	6.75	AAA
Vanguard Total Intl Bd Index Admiral	9.00	7.48	BBB
Commingled funds:			
Galliard Retirement Income Fund	3.72	2.91	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:

<b>Schedule of assets invested in foreign securities</b>	
	<b>Percentage of fund invested in foreign securities</b>
American Beacon Small CP Val R6	3.0%
American Funds Washington Mutual R6	7.9
Arrowstreet Intl Equity ACWI Ex US Class A	93.8
Baird Aggregate Bond Institutional	14.9
Baron Growth Institutional	0.5
Cohen & Streers Institutional Global Realty	37.8
Fidelity Global Ex US Index	99.2
Fidelity Total Market Index	1.1
Fidelity US Bond Index	6.4
Northern Global Sustainability Index	34.2
PIMCO High Yield Institutional	8.5
T. Rowe Price Growth Stock Fund I	7.4
Vanguard Institutional Target Retirement 2020	32.5
Vanguard Institutional Target Retirement 2025	35.9
Vanguard Institutional Target Retirement 2030	37.6
Vanguard Institutional Target Retirement 2035	38.1
Vanguard Institutional Target Retirement 2040	38.6
Vanguard Institutional Target Retirement 2045	39.1
Vanguard Institutional Target Retirement 2050	39.4
Vanguard Institutional Target Retirement 2055	39.3
Vanguard Institutional Target Retirement 2060	39.2
Vanguard Institutional Target Retirement 2065	38.9
Vanguard Institutional Target Retirement 2070	38.5
Vanguard Institutional Target Retirement Income Fund	29.7
Vanguard Total Intl BD Idx Admiral	94.0

**Note 7 – SRSP Amendments**

There were no plan amendments in 2022.

## C. Denver Water 457 Deferred Compensation Plan

### 1. Independent Auditors Report



CliftonLarsonAllen LLP  
CLAcconnect.com

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, 2022, and have issued our report thereon dated May 11, 2023. 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 in our planning communication dated March 13, 2023. 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 2022.

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.

##### ***Difficulties encountered in performing the audit***

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

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Board of Water Commissioners, City and County of Denver, Colorado  
Denver Water 457 Deferred Compensation Plan  
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***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 May 11, 2023.

***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.

***Required supplementary information***

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

**CliftonLarsonAllen LLP**

Denver, Colorado  
May 11, 2023



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of fiduciary net position and 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, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2022, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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



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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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



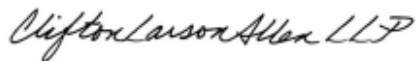
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Denver Water 457 Deferred Compensation Plan

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Denver, Colorado  
May 11, 2023

*\*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, 2022. This information should be read in conjunction with the Plan financial statements and notes, which follow.

### Financial Highlights

As of December 31, 2022, \$41.1 million was held in trust for the payment of Plan benefits to the participants as compared to \$47.7 million in 2021. This represents a decrease in total Plan fiduciary net position held in trust of \$6.6 million or 13.9%. The decrease in 2022 was primarily due to changes in the fair values of the Plan's investments.

Additions to the Plan's fiduciary net position for 2022 included participant contributions of \$2.6 million, participant rollovers of \$38 thousand, employer contributions of \$27 thousand, and net investment loss of \$7.0 million. Deductions from fiduciary net position totaled \$2.3 million in 2022 and were primarily comprised of retirement benefit payments. Total deductions in 2022 were 37.8% less than those in 2021.

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, 2022, there were 1,042 employees eligible for the Plan, of which 389 participating employees were contributing to the Plan, or 37% 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, 2022. The Statement of Changes in Fiduciary Net Position shows the additions to and deductions from Plan fiduciary net position during 2022.

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 2022 and 2021.

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

	<b>Fiduciary Net Position</b>		<b>2022 – 2021</b>	
	(In thousands)		<b>Increase (decrease)</b>	<b>Percentage change</b>
	<b>Years ended December 31</b>			
	<b>2021</b>	<b>2021</b>		
Mutual funds	\$ 31,761	\$ 38,476	\$ (6,715)	(17.5)%
Commingled funds	8,007	7,783	224	2.9
Money market fund	1,034	1,195	(161)	(13.5)
Total investments	<u>40,802</u>	<u>47,454</u>	<u>(6,652)</u>	<u>(14.0)</u>
Receivables:				
Contributions	48	46	2	4.3
Participant loans	<u>253</u>	<u>240</u>	<u>13</u>	<u>5.4</u>
Total receivables	<u>301</u>	<u>286</u>	<u>15</u>	<u>5.2</u>
Total assets	41,103	47,740	(6,637)	(13.9)
Total liabilities	<u>6</u>	<u>6</u>	<u>—</u>	<u>—</u>
Fiduciary net position	<u>\$ 41,097</u>	<u>\$ 47,734</u>	<u>\$ (6,637)</u>	<u>(13.9)%</u>

### Plan Activities

The decrease to net position in 2022 was primarily due to depreciation in the fair value of investments. The total decrease in Plan net position was \$6.6 million or 13.9% over 2021. 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 loss net of investment manager fees during 2022 was \$7.0 million.

**Additions to Fiduciary Net Position**

(In thousands)

	<b>Years ended December 31</b>		<b>2022 – 2021</b>	
	<b>2022</b>	<b>2021</b>	<b>Increase (decrease)</b>	<b>Percentage change</b>
Employer contributions	\$ 27	\$ —	\$ 27	—
Participant contributions	2,556	2,423	133	5.5
Participant rollovers	38	20	18	90.0
Participant interest on loans	10	11	(1)	(9.1)
Miscellaneous income	4	3	1	33.3
Net investment income	(6,980)	5,342	(12,322)	(230.7)
Total additions	\$ (4,345)	\$ 7,799	\$ (12,144)	(155.7)%

**Deductions**

Benefits paid to participants of \$2.3 million in 2022 represent the majority of the deductions from the Plan. Benefits paid to participants were 38.2% less in 2022 compared to 2021. 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 2022 were \$16 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 \$1 thousand less in 2022 as compared to 2021. The reduction in expenses were due to the lower asset values in 2022 compared to 2021. In 2022, participant investment advisory fees were \$24 thousand. Please refer to Note 4 of the financial statements for information regarding administrative expenses.

**Deductions from Fiduciary Net Position**

(In thousands)

	<b>Years ended December 31</b>		<b>2022 – 2021</b>	
	<b>2022</b>	<b>2021</b>	<b>Increase (decrease)</b>	<b>Percentage change</b>
Benefits paid to participants	\$ 2,252	\$ 3,645	\$ (1,393)	(38.2)%
Administrative expenses	16	17	(1)	(5.9)
Participant investment advisory fees	24	22	2	9.1
Total deductions	\$ 2,292	\$ 3,684	\$ (1,392)	(37.8)%

**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, 2022, 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>2022</u>
Investments, at fair value:	
Mutual funds	\$ 31,761
Commingled funds	8,007
Money market fund	1,034
Total investments	<u>40,802</u>
Receivables:	
Participant contributions	48
Participant loans	253
Total receivables	<u>301</u>
Total assets	<u>41,103</u>
Liabilities:	
Accrued advisory fees	6
Fiduciary net position	<u>\$ 41,097</u>

See accompanying notes to financial statements.

**b. Statements of Changes in Fiduciary Net Position**

	<u>2022</u>
Additions:	
Investment income:	
Net depreciation in fair value of investments	\$ (8,367)
Dividends	1,387
Net investment loss	<u>(6,980)</u>
Contributions:	
Employer contributions	27
Participant contributions	2,556
Participant rollovers	38
Total contributions	<u>2,621</u>
Other additions:	
Participant interest on loans	10
Miscellaneous income	4
Total other additions	<u>14</u>
Total additions	<u>(4,345)</u>
Deductions:	
Benefits paid to participants	2,252
Administrative expenses	16
Participant investment advisory fees	24
Total deductions	<u>2,292</u>
Net decrease	<u>(6,637)</u>
Fiduciary net position:	
Beginning of year	<u>47,734</u>
End of year	<u>\$ 41,097</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 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, the Chief of Staff, and the Board 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, 2022 (amounts are expressed in thousands):

	<u>2022</u>
American Beacon Small CP Val R6	\$ 1,202
American Funds Washington Mutual R6	2,929
Arrowstreet Intl Equity ACWI Ex US Class A*	1,209
Baird Aggregate Bond Institutional	1,061
Baron Growth Institutional	1,188
Cohen & Streers Institutional Global Realty	463
Fidelity Global Ex US Index	1,032
Fidelity Total Market Index	5,099
Fidelity US Bond Index	2,030
Galliard Retirement Income Fund*	6,798
Northern Global Sustainability Index	981
PIMCO High Yield Institutional	934
T. Rowe Price Growth Stock Fund I	2,463
Vanguard Inflation-Protected Secs Adm	1,121
Vanguard Institutional Target Retirement 2020	784
Vanguard Institutional Target Retirement 2025	2,303
Vanguard Institutional Target Retirement 2030	2,110
Vanguard Institutional Target Retirement 2035	1,619
Vanguard Institutional Target Retirement 2040	636
Vanguard Institutional Target Retirement 2045	1,912
Vanguard Institutional Target Retirement 2050	525
Vanguard Institutional Target Retirement 2055	387
Vanguard Institutional Target Retirement 2060	172
Vanguard Institutional Target Retirement 2065	145
Vanguard Institutional Target Retirement Income Fund	528
Vanguard Total Intl BD Idx Admiral	137
Vanguard Treasury Money Market Inv	1,034
	<u>\$ 40,802</u>

\*Commingled fund

The Plan offered 24 mutual fund investment options (including 11 target date funds), one money market fund and two commingled funds as of December 31, 2022. 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 2022 generated a net investment loss of \$7.0 million.

**a. Fair Value Measurement**

The Plan has the following recurring fair value measurements as of December 31, 2022:

	<b>December 31, 2022</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Investments by fair value level</b>				
Mutual Funds	\$ 31,761	\$ 31,761	\$ -	\$ -
Commingled Funds	8,007	-	8,007	-
Total investments by fair value level	39,768	\$ 31,761	\$ 8,007	\$ -
<b>Investments measured at amortized cost</b>				
Money market funds	1,034			
<b>Total investments measured at fair value \$</b>	<b>40,802</b>			

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 2022 totaled \$16 thousand. Revenue sharing from 12(b)(1) fees reported by the recordkeeper for the same period was \$4 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 2022, total participant investment advisory fees paid were \$24 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:

<b>Schedule of maturity, duration and credit quality</b>			
	<b>Average effective maturity (years)</b>	<b>Average effective duration (years)</b>	<b>Average credit quality of underlying securities</b>
Target date funds:			
Vanguard Institutional Target Retirement 2020	7.79	6.08	A
Vanguard Institutional Target Retirement 2025	8.44	6.52	A
Vanguard Institutional Target Retirement 2030	8.90	6.83	A
Vanguard Institutional Target Retirement 2035	8.90	6.83	A
Vanguard Institutional Target Retirement 2040	8.90	6.83	A
Vanguard Institutional Target Retirement 2045	8.90	6.83	A
Vanguard Institutional Target Retirement 2050	8.90	6.82	A
Vanguard Institutional Target Retirement 2055	8.90	6.82	A
Vanguard Institutional Target Retirement 2060	8.90	6.82	A
Vanguard Institutional Target Retirement 2065	8.90	6.85	A
Vanguard Institutional Target Retirement Income Fund	7.51	5.89	A
Fixed income mutual funds:			
Baird Aggregate Bond Institutional	8.23	6.17	A
Fidelity US Bond Index	8.40	6.13	AA
PIMCO High Yield Institutional	5.74	3.78	BB
Vanguard Inflation-Protected Secs Adm	7.30	6.75	AAA
Vanguard Total Intl Bd Index Admiral	9.00	7.48	BBB
Commingled funds:			
Galliard Retirement Income Fund	3.72	2.91	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.

<b>Schedule of assets invested in foreign securities</b>	
	<b>Percentage of fund invested in foreign securities</b>
American Beacon Small CP Val R5	3.0%
American Funds Washington Mutual R6	7.9
Arrowstreet Intl Equity ACWI Ex US Class A	93.8
Baird Aggregate Bond Institutional	14.9
Baron Growth Institutional	0.5
Cohen & Streers Institutional Global Realty	37.8
Fidelity Global Ex US Index	99.2
Fidelity Total Market Index	1.1
Fidelity US Bond Index	6.4
Northern Global Sustainability Index	34.2
PIMCO High Yield Institutional	8.5
T. Rowe Price Growth Stock Fund I	7.4
Vanguard Institutional Target Retirement 2020	32.5
Vanguard Institutional Target Retirement 2025	35.9
Vanguard Institutional Target Retirement 2030	37.6
Vanguard Institutional Target Retirement 2035	38.1
Vanguard Institutional Target Retirement 2040	38.6
Vanguard Institutional Target Retirement 2045	39.1
Vanguard Institutional Target Retirement 2050	39.4
Vanguard Institutional Target Retirement 2055	39.3
Vanguard Institutional Target Retirement 2060	39.2
Vanguard Institutional Target Retirement 2065	38.9
Vanguard Institutional Target Retirement Income Fund	29.7
Vanguard Total Intl BD Idx Admiral	94.0



**Note 7 – Plan Amendments**

There were no plan amendments in 2022.

### **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 20<sup>th</sup>, 2023

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, 2022.

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

As inflation continues to moderate, attention has shifted to a narrower aspect of the price story – non-shelter services inflation. This component represents the aspect of inflation most closely tied to wage growth and is proving the most resistant to central bank (particularly the Federal Reserve) taming. The labor market remains tight, with the most recent employment report in the U.S. displaying continued strength in hiring and a lower unemployment rate. Importantly, wage growth slowed, and the prior month was revised lower – but remains elevated. We believe inflation will continue to decline over the course of 2023, but that labor market dynamics could prevent inflation from falling to levels that represent a declaration of victory for the Fed, representing a risk to financial market expectations.

U.S. equity markets generated positive returns by almost any measure during the 4th quarter of 2022. Stock prices rebounded for the quarter to offset some of the losses experienced in the first nine months of the year. The market fell for the year in large part due to stubborn inflation and the Federal Reserve's effort to battle it by raising short term interest rates from near zero to over 4%. Fears of a possible recession also contributed to lower rates for the year.

Internationally, the economic outlook appears incrementally better than the recent trajectory, reflecting a warmer winter bringing down energy costs in Europe and China ending its zero-Covid policy. We still see a recession as likely in Europe and higher than 50/50 odds in the U.S. as economies feel the full weight of central bank tightening to date, and that left to come. The forward-looking nature of the market suggests weakening economies in developed markets will be weighed against the sentiment benefits of declining inflation and pauses in monetary tightening likely in the first half of 2023. China's economic reopening will very likely experience unevenness and setbacks, and secular headwinds remain considerable, but a 2023 recovery could move some long-term investor concerns to the back burner this year.

The end of 2022 marks one of the worst performances for bonds in history. Central banks maintained an aggressively hawkish monetary policy, in their quest to combat inflation. The US Federal Reserve raised its benchmark interest rate to the highest level in 15 years. The Bloomberg US Aggregate index lost -13.0% in 2022 and marks the 5th time the index produced a negative annual return.

#### DWERP Performance

For the calendar year, DWERP's total fund had a time-weighted rate of return of -10.07%. DWERP's performance outperformed the median return of -10.11% of the Northern Trust Public Funds Universe and its 1-year return ranks in the 46<sup>th</sup> percentile of all Public Funds returns. The plan outperformed its strategic policy benchmark by nearly 255 basis points for 2022.

The policy benchmark at year end was comprised of the following indices in the percentages as follows: MSCI ACWI ex USA ND (15%), HFR Fund of Funds Composite (4%), BBG U.S. Aggregate (25%), NCREIF-ODCE (15%), Russell 3000 (30%), Russell 3000 + 2.5% (10%), and S&P/LSTA Lev Loan Index (1%).

Over the trailing three years ending 12/31/22, DWERP earned a 5.74% annualized return. The trailing 5-year return now stands at 5.88% and is outperforming the policy target return by nearly 52 basis points. The 10-year trailing return of 7.52% outperformed the policy benchmark by nearly 59 basis points.

DWERP's Domestic equity composite lost 19.05% in 2022, outperforming the benchmark return of -19.21%. The 3-year return of 6.91% trails the relative benchmark return by 16 basis points. AB Discovery had the largest returns of the composite, posting a -16.13% return for the year and underperformed the Russell 2500 Value by 305 basis points.

DWERP's real estate investments gained 3.82% for the year and underperformed the benchmark by about 374 basis points. The underperformance was largely driven by Harbert V and Denver Water Principal (-62.87% and 4.02% 1-year returns, respectively). The real estate benchmark return was 7.56% for the year.

DWERP's fixed income composite lost 10.70% for the year yet outperformed the Bloomberg U.S. Aggregate index return of -13.01%. The 3-year return of -1.75% outperformed the benchmark return by nearly 96 basis points.

DWERP's hedge fund composite gained 1.05% in 2022. 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 -5.3% by 635 basis points.

DWERP's private equity composite greatly outperformed the benchmark yet again this year. DWERP's private equity composite returned 7.73% for the year and beat the *Russell 3000 Index + 3.5% hurdle rate's* return of -17.15% by 2488 basis points.

In summary, the portfolio outperformed the total fund benchmark in 2022 by 255 basis points. In addition, DWERP's performance ranks in the 46th percentile of median returns in the Northern Trust Universe of Public Funds. The Domestic Equity portion of the portfolio was the biggest relative drag on the total plan, being the largest allocation, whereas the Real Estate strategy contributed to the biggest relative gain in the plan. The Real Estate portfolio has now posted positive results for the second year in a row, but ultimately still trailed its benchmark. All real estate managers posted positive yearly returns except for Harbert V. Private Equity performed well and outperformed its benchmark by a large margin yet again. Private Equity remains a smaller portion of the total portfolio, so the return contribution is smaller than with Real Estate. Hedge Funds also produced a slightly positive return for the year and outperformed the HFR Fund of Funds Composite benchmark.

Sincerely,  
Brett Manor  
Consultant, Second Vice President  
The Northern Trust Company

## 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:

<b>Asset Class</b>	<b>Minimum</b>	<b>Maximum</b>
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
<b>Domestic Equity Managers</b>			
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
<b>International Equity Managers</b>			
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
<b>Fixed Income Managers</b>			
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
<b>Private Equity</b>			
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
<b>Private Credit</b>			
Centerbridge	Centerbridge Special Credit Partners IV	Commingled Funds - Limited Partnerships	Since 10/2022
<b>Real Estate Managers</b>			
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
<b>Hedge Fund-of-Funds</b>			
BlackRock Alternative Advisors	BlackRock Appreciation IV	Commingled fund	Terminated 12/2022
<b>Cash and Equivalent</b>			
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 100.

#### 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.

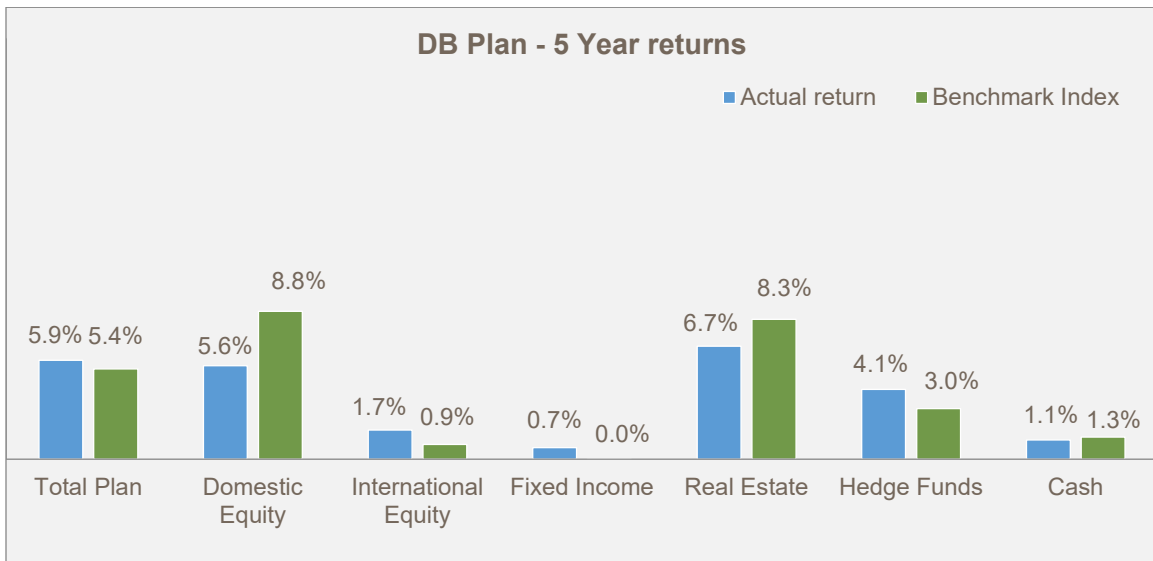
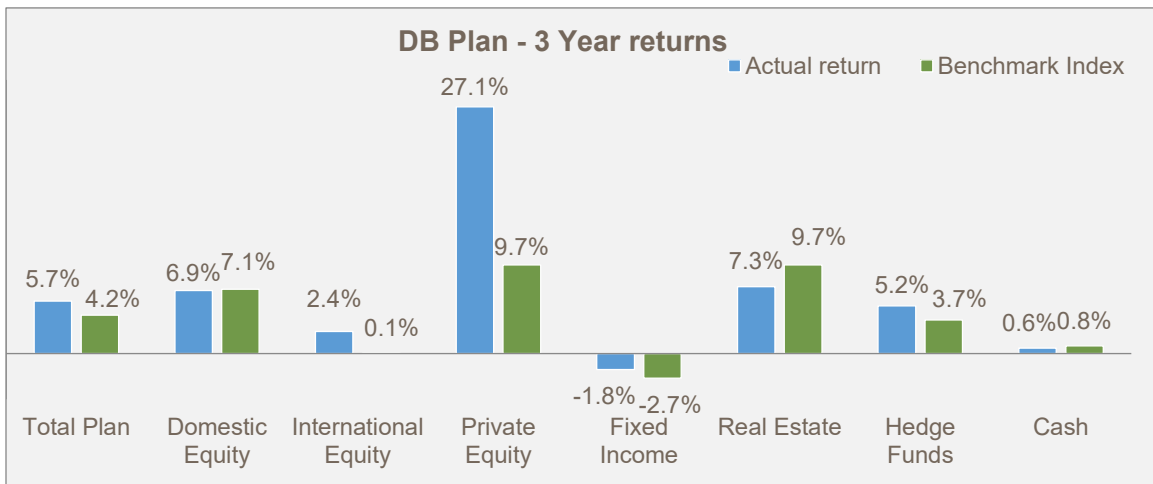
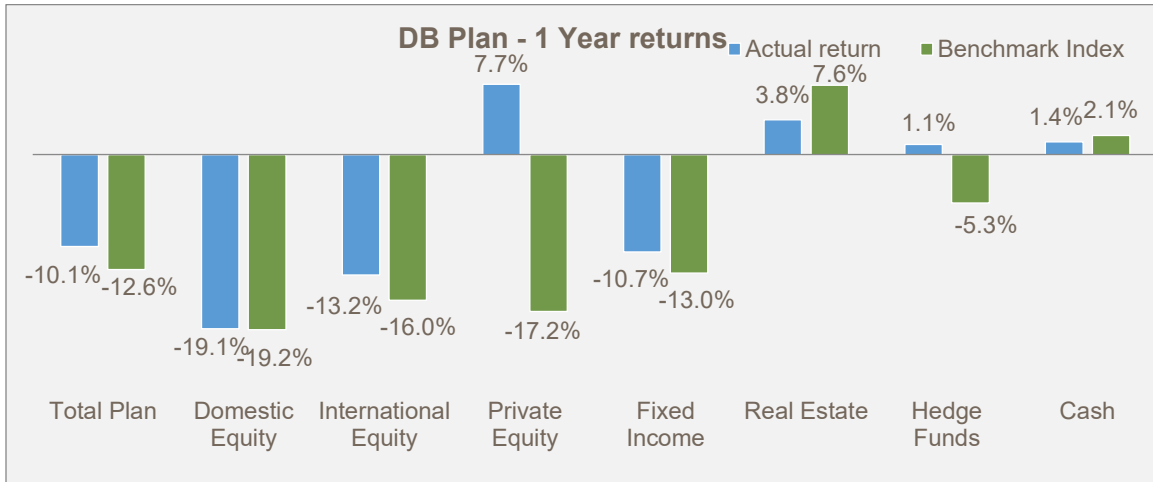
	Rates of return (%)		
	1-year	Annualized	
		3-year	5-year
<b>Denver Board of Water</b>	<b>-10.1</b>	<b>5.7</b>	<b>7.5</b>
<i>Denver Target Index<sup>1</sup></i>	-12.6	4.2	6.9
Total Domestic Equity	-19.1	6.9	11.1
<i>Denver Domestic Equity Index</i>	-19.2	7.1	12.1
Total International Equity	-13.2	1.7	4.9
<i>DBOW International Equity Index</i>	-16.0	0.9	3.8
Total Fixed Income	-10.7	-1.8	1.4
<i>DBOW Fixed Income Blend</i>	-13.0	-2.7	1.1
Real Estate	3.8	7.3	9.2
<i>Real Estate Benchmark</i>	7.6	9.7	9.5
Hedge Fund-of-Funds	1.1	5.2	4.2
<i>HFR Fund of Funds Composite</i>	-5.3	3.7	3.5
Private Equity	7.7	27.1	20.2
<i>Russell 3000 Index + 2.5%</i>	-17.2	9.7	11.5
Private Credit	-	-	-
<i>BBG US Aggregate</i>	-	-	-
Cash	1.4	0.6	0.7
<i>90 Day T-Bill</i>	2.1	0.8	0.8

	Rates of return (%)				
	2022	2021	2020	2019	2018
<b>Denver Board of Water</b>	<b>-10.1</b>	<b>19.0</b>	<b>10.5</b>	<b>17.1</b>	<b>-3.9</b>
<i>Denver Target Index<sup>1</sup></i>	-12.6	14.5	13.2	19.1	-3.8
Total Domestic Equity	-19.1	28.7	17.3	29.8	-9.3
<i>Denver Domestic Equity Index<sup>2</sup></i>	-19.2	20.9	20.9	31.0	-5.2
Total International Equity	-13.2	12.7	9.9	19.6	-15.2
<i>MSCI ACWI ex US</i>	-16.0	7.8	10.7	21.5	-14.2
Total Fixed Income	-10.7	-0.3	6.5	8.5	0.5
<i>BC Aggregate Bond Index</i>	-13.0	-1.5	7.5	8.7	0.0
Real Estate	3.8	19.9	-0.6	4.5	7.1
<i>Real Estate Benchmark</i>	7.6	21.9	0.8	5.2	7.3
Hedge Fund-of-Funds	1.1	6.5	8.3	4.3	0.8
<i>HFR Fund of Funds Composite</i>	-5.3	6.2	10.8	8.4	-4.0
Private Equity	7.7	59.5	19.3	5.4	16.1
<i>Russell 3000 Index + 2.5%</i>	-17.2	28.7	23.9	34.2	-2.9
Private Credit	-	-	-	-	-
<i>BBG US Aggregate</i>	-	-	-	-	-
Cash	1.4	0.01	0.5	2.1	1.7
<i>90 Day T-Bill</i>	2.1	0.05	0.4	2.1	2.0

Source: Northern Trust

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

<sup>2</sup> 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 12/31/2022	% of Portfolio	Long-term Asset Allocation Ranges <sup>3</sup>
<b>Equities</b>	<b>\$213,102,368</b>	<b>48.03%</b>	<b>40-65%</b>
Domestic Equity	131,041,159	29.54%	
<i>Alliance Bernstein</i>	15,312,470	3.45%	
<i>Riverbridge SMID</i>	10,134,309	2.28%	
<i>NTGI S&amp;P 500</i>	105,594,380	23.80%	
International Equity	82,061,210	18.50%	
<i>Harding Loevner International Equity Portfolio</i>	37,408,286	8.43%	
<i>DFA World ex US Value Fund</i>	44,652,923	10.06%	
<b>Fixed Income</b>	<b>88,145,364</b>	<b>19.87%</b>	<b>10-40%</b>
<i>Barings US Loan Fund</i>	20,510,249	4.62%	
<i>Blackrock</i>	67,635,115	15.24%	
<b>Alternatives</b>	<b>77,574,717</b>	<b>17.48%</b>	<b>5-20%</b>
Private Equity	55,063,664	12.41%	
<i>Aberdeen VI</i>	8,002,473	1.80%	
<i>Aberdeen VIII</i>	4,746,908	1.07%	
<i>Horsley Bridge Venture</i>	10,200,000	2.30%	
<i>Horsley Bridge XIII</i>	6,100,000	1.37%	
<i>Pantheon</i>	26,014,283	5.86%	
Hedge Funds	22,511,053	5.07%	
<i>BlackRock Alternative Advisors</i>	22,511,053	5.07%	
<b>Private Credit</b>	<b>3,200,000</b>	<b>0.72%</b>	
<i>Centerbridge</i>	3,200,000	0.72	
<b>Real Estate</b>	<b>59,009,957</b>	<b>13.30%</b>	<b>10-20%</b>
<i>RREEF America REIT II</i>	18,335,127	4.13%	
<i>Harbert United States Real Estate Fund V, LP</i>	408,566	0.09%	
<i>Harbert United States Real Estate Fund VII, LP</i>	6,961,509	1.57%	
<i>Principal</i>	21,380,093	4.82%	
<i>UBS TPF</i>	11,924,662	2.69%	
<b>Cash<sup>1</sup></b>	<b>2,638,586</b>	<b>0.59%</b>	<b>N/A</b>
<b>Total Portfolio<sup>2</sup></b>	<b>\$443,670,992</b>	<b>100.0%</b>	

Source: Northern Trust; data as of 12/31/2022

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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, 2022, all asset classes were within their stipulated operational ranges.

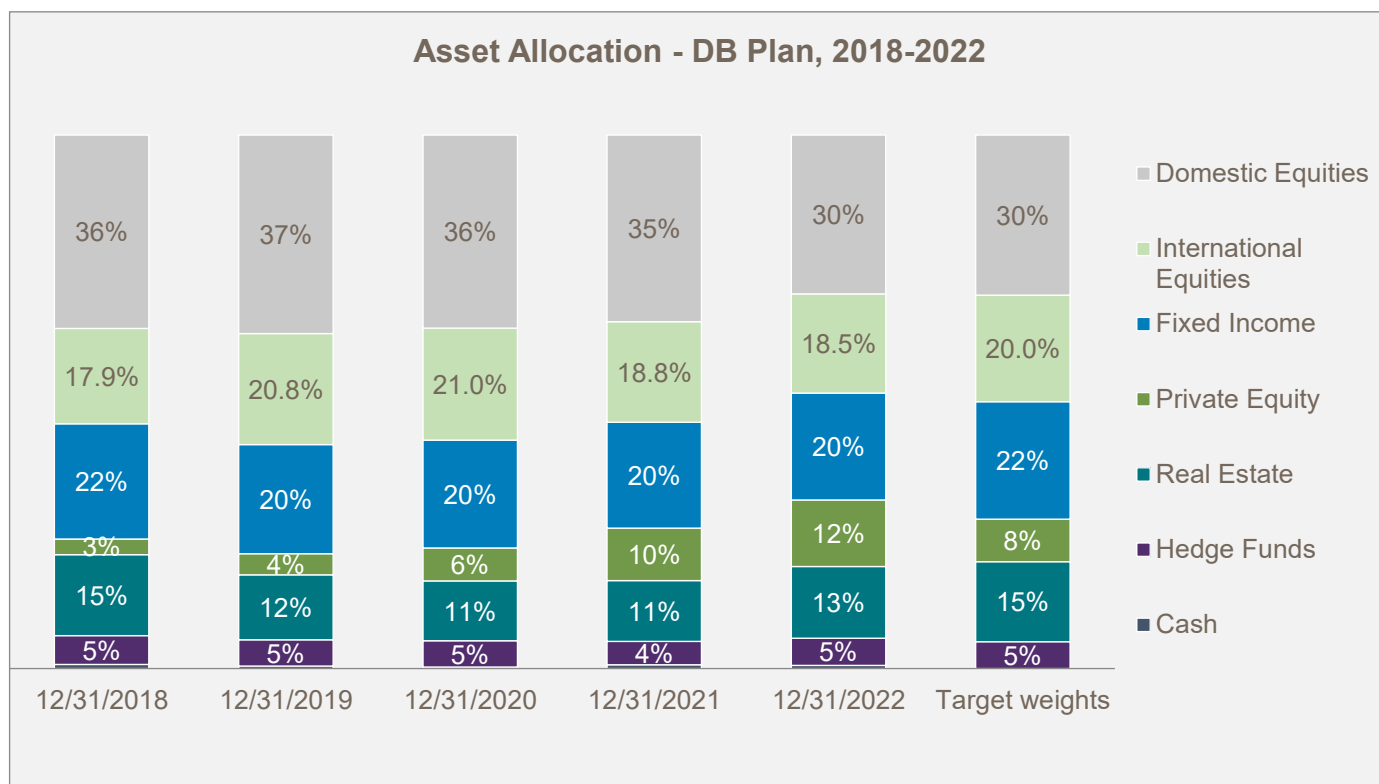
**Employees' Retirement Plan – Asset Allocation by Asset Class, 2018-2022**

	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	Market Value As of 12/31/2022
Domestic Equities	\$123,686,889	\$145,769,122	\$154,794,930	\$175,653,230	\$131,041,159
International Equities	60,953,815	81,718,302	89,807,661	94,549,627	82,061,210
Fixed Income	73,791,329	80,188,821	86,170,627	99,738,463	88,145,364
Private Equity	9,911,637	15,482,666	26,314,097	49,066,429	55,063,664
Real Estate	51,770,501	47,820,010	47,699,682	56,921,567	59,009,957
Private Credit	-	-	-	-	3,200,000
Hedge Funds	18,518,640	19,320,294	20,922,064	22,275,213	22,511,053
Cash <sup>1</sup>	2,577,168	1,796,661	1,442,165	3,629,662	2,638,586
<b>Total Portfolio<sup>2</sup></b>	<b>\$341,209,979</b>	<b>\$392,095,875</b>	<b>\$427,151,225</b>	<b>\$501,834,191</b>	<b>\$443,670,992</b>

Source: Northern Trust

<sup>1</sup> 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.

<sup>2</sup> 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 12/31/2022

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
<b>Equities</b>	\$152,211,547	\$202,968,084	0.00	\$202,968,084	45.7%
<b>Fixed income</b>	91,823,638	88,145,364	0.00	88,145,364	19.8%
Corporate Bonds - funds	23,958,436	20,510,249	0.00	20,510,249	4.6%
Other	67,865,202	67,635,115	0.00	67,635,115	15.2%
<b>Real Estate</b>	45,409,470	59,013,058	98,415	59,111,473	13.3%
<b>Private Equity</b>	51,820,363	68,397,973	0.00	68,397,973	15.4%
<b>Other Assets</b>	22,511,053	22,511,053	0.00	22,511,053	5.1%
<b>Cash and Cash Equivalents</b>	2,625,597	2,625,597	(9,312)	2,616,286	0.6%
<b>Adjustments to Cash</b>	-79,240	-79,240	0.00	-79,240	-
<b>Total</b>	<b>\$366,322,428</b>	<b>\$443,581,889</b>	<b>89,103</b>	<b>\$443,670,993</b>	<b>100.0%</b>

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 – 2022

Manager	Assets as of 12/31/2022	Assets as of 12/31/2021	Fees	Annual Management Fee
Aberdeen Asset Management Inc. Fund VI	\$8,002,473	\$10,045,955	\$80,809	0.75% on committed capital
Aberdeen Asset Management Inc. Fund VIII	4,746,908	3,429,748	45,000	0.75% on committed capital
Alliance Bernstein	15,312,470	18,257,930	127,319	0.79%
Barings U.S. Loan Fund Series	20,510,249	21,934,476	95,002	0.48%
BlackRock Alternative Investors	22,511,053	22,276,213	278,542	1.25%
BlackRock Institutional Trust Company N.A.	67,635,115	77,803,987	21,744	0.03%
Centerbridge LP	3,200,000	0	11,934	Investing years 1-3 1.5% 1.25% thereafter
Dimensional Fund Advisors LP	44,652,923	47,694,343	143,062	0.43%
Harbert Management Corporation Fund VII	6,961,509	0	97,500	Annual 1.5% management fee applied only to unreturned, contributed capital plus 20% performance fee on net income
Harbert Management Corporation Fund V	408,566	7,808,844	54,519	Annual 1.5% management fee applied only to unreturned, contributed capital plus 20% performance fee on net income
Harding Loevner Funds, Inc.	37,408,286	46,855,284	281,474	0.87%
Horsley Bridge Venture, Fund XI	10,200,000	10,230,413	36,000	1% on committed capital
Horsley Bridge Venture XIII	6,100,000	4,517,512	50,004	1% on committed capital
Northern Trust Investments, N. A.	105,594,380	142,498,418	12,525	0.02% <sup>1</sup>
Pantheon Global Select	26,014,283	20,841,801	205,500	0.685% on committed capital
Principal Global Investors, LLC	21,380,093	20,554,672	221,796	1.00%
RiverBridge	10,134,309	14,896,881	83,214	0.72%
RREEF America LLC	18,335,127	17,146,226	175,300	0.95%
UBS Realty Investors, LLC	11,924,662	11,411,825	84,477	1 st \$10 mil – 0.95% NAV + 0.20% on cash above 7.5% of NAV + incentive fee of 0.075% for each 1% of outperformance above CPI+5%
<b>Total Assets<sup>2</sup></b>	<b>\$443,670,992</b>	<b>\$501,834,191</b>	<b>\$ 2,105,721</b>	<b>0.48%</b>
Investment Consulting Expense			78,500	N/A
Investment Performance Reporting Expense <sup>1</sup>			58,883	N/A
<b>Total Investment Expenses</b>			<b>\$ 2,243,104</b>	
<b>Investment Expenses as a percentage of average assets</b>				<b>0.51%</b>
Actuarial Services			28,800	N/A
Audit Services			10,165	N/A
Third Party Administrator			152,973	N/A
<b>Total Administrative Expenses<sup>2</sup></b>			<b>\$2,435,042</b>	
<b>Total Expenses as a percentage of average assets</b>				<b>0.55%</b>

Source: Denver Water

<sup>1</sup>Includes cash account.

<sup>2</sup>Includes 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 <sup>1</sup>	% Cost of Trade
Unassigned Broker	97,953,801	\$139,251,352	\$0	\$0.00	0.000%
<b>Total</b>	<b>97,953,801</b>	<b>\$139,251,352</b>	<b>\$0</b>	<b>\$0.00</b>	<b>0.000%</b>

Source: Northern Trust

<sup>1</sup> 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, 2022, the Plan asset balance in the 401(k) Plan totaled \$134.7 million, a 13.3% decrease in the Plan asset balance compared to December 31, 2021. At year-end 2021, the Plan had 1,280 participants including 931 active participants.<sup>1</sup> Total employee contributions to the 401(k) Plan amounted to \$5.8 million in 2022, or an average of \$6,246 per year per active participant, while Denver Water's matching contributions totaled \$2.7 million (an average of \$2,889 per year per active participant).<sup>2</sup> Slightly over 87% of the eligible Denver Water employees participated in the 401(k) Plan at year-end, compared to 88.1% participation rate in 2021.<sup>3</sup> Average account balance was \$103 thousand at year-end.

In 2022, employee contributions to the 401(k) Plan amounted to \$5.8 million, while Denver Water's matching contributions totaled \$2.7 million.

On December 31, 2022, the Plan asset balance in the 457 Plan totaled \$41.1 million, a 13.5% decrease in the Plan asset value compared to December 31, 2021. The Plan had 708 participants, including 480 active participants<sup>1</sup> at year-end. Participant contributions totaled \$2.7 million (or an average of \$5,634.3 per year per active participant) during 2022.<sup>2</sup> More than 37% of the eligible Denver Water employees participated in the 457 Plan at year-end, a slight drop from 2021. Average account balance was \$57.6 thousand.

In 2015, both plans were amended to allow participants to borrow money from the Plans. In 2022, loans from the 401(k) Plan totaled \$1.8 million and loans from 457 Plan amounted to \$253 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 CAPTRUST. As of December 31,

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 by the participant.

<sup>1</sup> 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.

<sup>2</sup> In 2022, an eligible employee was able to make a tax-deferred contribution of up to \$20,500 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 2022" IR-2020-79, October 26, 2020, available on [www.irs.gov](http://www.irs.gov).

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

2022, participants in either plan had access to 28 investment options representing all major asset classes (of which 12 were Target Retirement Funds focused on various retirement dates). The schedule of investment options available in the DC Plans can be found on page 106. The investment of both employee contributions and the employer-matching contributions is directed by the participants. Page 107 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 111.

## 2. Outline of Investment Policies

### Denver Water 401(k) Supplemental Retirement Savings Plan

*Excerpted from the "Investment Policy Statement for the Denver Water Supplemental Retirement Savings Plan (401(k) Plan) and 457 Deferred Compensation Plan (457 Plan) collectively called the Defined Contribution Plans, approved by the Board on March 27, 2022.*

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 Defined Contribution Plans 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 Defined Contribution Plans 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 Defined Contribution Plans 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 Supplemental Retirement Savings Plan (401(k) Plan) and 457 Deferred Compensation Plan (457 Plan) collectively called the Defined Contribution Plans, approved by the Board on March 27, 2022.*

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 for the 457 Plan the investment policy for the Defined Contribution Plans shall be followed.

### 3. Schedule of Investment Managers

Fund	Ticker	Asset class
<b>Global Real Estate</b>		
Cohen & Steers Institutional Global Realty I	CSSPX	Global Real Estate
<b>International Equity</b>		
Arrowstreet International Equity ACWI ex US CIT A	n/a	Foreign Stock
Northern Global Sustainability Index	NSRIX	Foreign Stock
Fidelity Global ex US Index Premium	FSGGX	Foreign Stock
<b>Domestic Equity</b>		
Fidelity Total Market Index Institutional	FSKAX	All cap domestic equity
Baron Growth Institutional	BGRIX	Small Cap Growth
American Beacon Small Cp Val Institutional	AASRX	Small Cap Value
T. Rowe Price Growth Stock I	PRUFX	Large Cap Growth
American Funds Washington Mutual R6	RWMGX	Large Cap Value
<b>Fixed Income</b>		
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
<b>Target Date Retirement Funds</b>		
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	VTHRX	Multiple Asset Classes
Vanguard Target Retirement 2035	VTTX	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	VTTX	Multiple Asset Classes
Vanguard Target Retirement 2065	VLXVX	Multiple Asset Classes
Vanguard Target Retirement 2070	VSVNX	Multiple Asset Classes
<b>Cash and Equivalent</b>		
Vanguard Treasury Money Market Investor	VUSXX	Money Market
Galliard Retirement Income Fund 35	n/a	Stable Value

As of December 31, 2022

#### 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
<b>Global Real Estate</b>				
Cohen & Steers Instl Global Realty	CSSPX	-25.08%	-2.49%	2.14%
<i>MSCI World/REITs ND USD</i>		-25.91%	-1.53%	2.71%
<b>International Equity</b>				
Arrowstreet International Equity	ARWIEA	10.59%	7.57%	5.72%
<i>MSCI EAFE</i>		-14.01%	1.34%	2.03%
Northern Global Sustainability Index	NSRIX	-19.42%	5.07%	6.57%
<i>MSCI ACWI NR USD</i>		-17.96%	4.49%	5.75%
Fidelity Global ex US Index	FSGGX	-15.74%	0.18%	0.98%
<i>MSCI EAFE</i>		-14.01%	1.34%	2.03%
<b>Domestic Equity</b>				
Fidelity Total Market Index	FSKAX	-19.51%	5.07%	6.57%
<i>S&amp;P 500 Index</i>		-18.11%	7.66%	9.42%
Baron Growth Instl	BGRIX	-22.40%	7.45%	11.15%
<i>Russell 2000 Growth</i>		-26.36%	0.65%	3.51%
American Beacon Small Cp Val Inst	AVFIX	-7.72%	7.17%	5.11%
<i>Russell 2000 Value</i>		-14.48%	4.70%	4.13%
T. Rowe Price Growth Stock	PRUFX	-40.05%	-0.41%	5.10%
<i>Russell 1000 Growth</i>		-29.14%	7.79%	10.96%
American Funds Washington Mutual R6	RWMGX	-8.18%	8.55%	9.41%
<i>S&amp;P 500 Index</i>		-18.11%	7.66%	9.42%
<b>Fixed Income</b>				
PIMCO High Yield Instl	PHIYX	-10.78%	-0.75%	1.85%
<i>Bloomberg US Corporate HY TR USD</i>		-11.19%	0.05%	2.31%
Vanguard Inflation Protected Securities Admin	VAIPX	-11.89%	1.09%	1.96%
<i>Bloomberg Barclays US Treasury US TIPS Index</i>		-11.85%	1.21%	2.11%
Fidelity US Bond Index Premium	FXNAX	-13.03%	-2.72%	-0.02%
<i>Bloomberg US Agg Bond TR USD</i>		-13.01%	-2.71%	0.02%
Vanguard Total Intl Bd Idx Admiral	VTABX	-12.92%	-3.81%	-0.23%
<i>Bloomberg Global Aggregate TR Hdg USD</i>		-14.22%	-2.89%	0.38%
Baird Aggregate Bond Institutional	BAGIX	-13.35%	-2.48%	0.25%
<i>Bloomberg US Agg Bond TR USD</i>		-13.01%	-2.71%	0.02%
<b>Target Date Retirement Funds</b>				
Vanguard Target Retirement Income	VTINX	-12.74%	0.34%	2.30%
<i>Morningstar Lifetime Moderate Income Index</i>		-12.24%	1.44%	2.95%
Vanguard Target Retirement 2020	VTWNX	-14.15%	1.33%	3.22%
<i>Morningstar Lifetime Moderate 2020 Index</i>		-16.77%	0.92%	3.01%
Vanguard Target Retirement 2025	VTTVX	-16.27%	2.09%	3.94%
<i>Morningstar Lifetime Moderate 2025 Index</i>		-17.58%	1.02%	3.20%



Fund	Ticker	Rates of Return (%)		
		Current Year	3-year	5-year
Vanguard Target Retirement 2030	VTHRX	-16.27%	2.09%	3.94%
<i>Morningstar Lifetime Moderate 2030 Index</i>		-17.94%	1.37%	3.53%
Vanguard Target Retirement 2035	VTTHX	-16.62%	2.64%	4.34%
<i>Morningstar Lifetime Moderate 2035 Index</i>		-17.75%	1.94%	3.96%
Vanguard Target Retirement 2040	VFORX	-16.98%	3.17%	4.74%
<i>Morningstar Lifetime Moderate 2040 Index</i>	-	-17.37%	2.53%	4.36%
Vanguard Target Retirement 2045	VTIVX	-17.36%	3.74%	5.14%
<i>Morningstar Lifetime Moderate 2045 Index</i>		-17.06%	2.91%	4.58%
Vanguard Target Retirement 2050	VFIFX	-17.46%	3.80%	5.18%
<i>Morningstar Lifetime Moderate 2050 Index</i>	-	-16.93%	3.00%	4.55%
Vanguard Target Retirement 2055	VFFVX	-17.46%	3.79%	5.18%
<i>Morningstar Lifetime Moderate 2055 Index</i>		-16.93%	3.00%	4.55%
Vanguard Target Retirement 2060	VTTSX	-17.46%	3.79%	5.18%
<i>Morningstar Lifetime Moderate 2060 Index</i>		-16.98%	2.92%	4.46%
Vanguard Target Retirement 2065	VLXVX	-17.39%	3.78%	5.15%
<i>Morningstar Lifetime Moderate 2065 Index</i>		-17.00%	2.84%	4.25%
<b>Cash and Equivalent</b>				
Vanguard Treasury Money Market	VUSXX	1.50%	0.66%	1.18%
<i>ICE BofA ML US Treasury Bill 3 Mon US</i>		1.46%	0.72%	1.26%
Galliard Retirement Income (gross)	GARI35	1.61%	1.64%	1.80%
<i>ICE BofA ML US Treasury Bill 3 Mon US</i>		1.46%	0.72%	1.18%

Source: CAPTRUST

## 5. Asset Allocation

### Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2022	% of the Total Assets	Total Assets as of 12/31/2021	% of the Total Assets
<b>Global Real Estate</b>		<b>\$1,547,177</b>	<b>1.2%</b>	<b>\$1,680,311</b>	<b>1.1%</b>
Cohen & Steers Instl Global Realty	CSSPX	\$1,547,177	1.2%	1,680,311	1.1%
<b>International Equity</b>		<b>\$12,972,706</b>	<b>10.2%</b>	<b>\$12,622,850</b>	<b>8.1%</b>
Arrowstreet International Equity	ARWIEA	\$5,524,609	4.4%	\$5,033,555	3.2%
Northern Global Sustainability Index	NSRIX	\$3,823,503	3.0%	\$824,219	0.5%
Fidelity Global ex US Index Prem	FSGGX	\$3,624,594	2.9%	\$6,765,076	4.4%
<b>Domestic Equity</b>		<b>\$45,741,622</b>	<b>34.4%</b>	<b>\$60,149,700</b>	<b>38.7%</b>
Fidelity Total Market Index	FSKAX	\$19,480,976	14.7%	\$24,531,649	15.8%
Baron Growth Instl	BGRIX	\$4,141,504	3.1%	\$7,211,380	4.6%
American Beacon Small Cp Val Inst	AVFIX	\$4,809,487	3.6%	\$5,200,085	3.4%
T. Rowe Price Growth Stock I	PRUFX	\$6,667,340	5.0%	\$10,933,876	7.0%
American Funds Washington Mutual R6	RWMGX	\$10,642,315	8.0%	\$12,272,710	7.9%
<b>Fixed Income</b>		<b>\$14,647,822</b>	<b>11.0%</b>	<b>\$18,335,983</b>	<b>11.8%</b>
PIMCO High Yield Instl	PHIYX	\$2,296,732	1.7%	\$2,189,403	1.4%
Vanguard Inflation Protected Securities Admin.	VAIPX	\$4,112,669	3.1%	\$4,419,821	2.8%
Fidelity US Bond Index Premium	FXNAX	\$5,113,255	3.8%	\$2,739,177	1.8%
Vanguard Total Intl Bd Idx Admiral	VTABX	\$300,988	0.2%	\$1,097,781	0.7%
Baird Aggregate Bond Inst	BAGIX	\$2,824,178	2.1%	\$7,889,801	5.1%
<b>Target Date Retirement Funds</b>		<b>\$42,092,541</b>	<b>31.7%</b>	<b>\$47,963,042</b>	<b>30.9%</b>
Vanguard Target Retirement Income	VTINX	\$2,492,246	1.9%	\$1,805,283	1.2%
Vanguard Target Retirement 2020	VTWNX	\$2,252,367	1.7%	\$3,076,731	1.9%
Vanguard Target Retirement 2025	VTTVX	\$12,381,200	9.3%	\$13,758,954	8.9%
Vanguard Target Retirement 2030	VTHRX	\$4,051,848	3.1%	\$4,043,649	2.6%
Vanguard Target Retirement 2035	VTTHX	\$7,230,942	5.4%	\$8,529,673	5.5%
Vanguard Target Retirement 2040	VFORX	\$3,071,303	2.3%	\$3,318,965	2.1%
Vanguard Target Retirement 2045	VTIVX	\$5,755,272	4.3%	\$6,839,735	4.4%
Vanguard Target Retirement 2050	VFIFX	\$1,502,567	1.1%	\$1,503,650	0.9%
Vanguard Target Retirement 2055	VFFVX	\$2,098,225	1.6%	\$2,250,496	1.5%
Vanguard Target Retirement 2060	VTTSX	\$1,132,316	0.8%	\$1,162,488	0.8%
Vanguard Target Retirement 2065	VLXVX	\$124,255	0.1%	\$70,942	0.05%
<b>Cash and Equivalent</b>		<b>\$15,827,962</b>	<b>11.9%</b>	<b>\$14,615,457</b>	<b>9.4%</b>
Vanguard Treasury Money Market Inv	VUSXX	\$2,652,129	2.0%	\$2,430,662	1.6%
Galliard Retirement Income	GARI35	\$13,175,833	9.9%	\$12,184,795	7.8%
<b>Total*</b>		<b>\$132,829,830</b>	<b>100.0%</b>	<b>\$155,367,343</b>	<b>100.0%</b>

Source: CAPTRUST

\*Does not include loan balance of \$1.8 mil in 2022 and \$1.9 at the end of 2021.

## Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2022	% of the Total Assets	Total Assets as of 12/31/2021	% of the Total Assets
<b>Global Real Estate</b>		<b>\$463,348</b>	<b>1.1%</b>	<b>\$463,437</b>	<b>0.9%</b>
Cohen & Steers Instl Global Realty	CSSPX	\$463,348	1.1%	\$463,437	0.9%
<b>International Equity</b>		<b>\$3,223,315</b>	<b>7.9%</b>	<b>\$</b>	<b>4.6%</b>
Arrowstreet international Equity	ARWIEA	\$1,209,345	3.0%	\$1,064,003	0.2%
Northern Global Sustainability Index	NSRIX	\$981,419	2.4%	\$228,706	0.5%
Fidelity Global ex US Index Prem	FSGGX	\$1,032,551	2.5%	\$1,860,843	3.9%
<b>Domestic Equity</b>		<b>\$12,880,376</b>	<b>31.6%</b>	<b>\$</b>	<b>35.3%</b>
Fidelity Total Market Index	FSKAX	\$5,098,818	12.5%	\$6,488,625	13.7%
Baron Growth Instl	BGRIX	\$1,188,416	2.9%	\$2,008,802	4.2%
American Beacon Small Cp Val Inst	AVFIX	\$1,201,540	2.9%	\$1,254,632	2.6%
T. Rowe Price Growth Stock I	PRUFX	\$2,462,793	6.0%	\$3,725,526	7.8%
American Funds Washington Mutual R6	RWMGX	\$2,928,809	7.2%	\$3,271,751	6.9%
<b>Fixed Income</b>		<b>\$5,273,599</b>	<b>12.9%</b>	<b>\$</b>	<b>12.0%</b>
PIMCO High Yield Instl	PHIYX	\$929,194	2.3%	\$859,417	1.8%
Vanguard Inflation Protected Securities Admiral	VAIPX	\$1,120,929	2.7%	\$1,192,533	2.5%
Fidelity US Bond Index Premium	FXNAX	\$2,025,349	5.0%	\$1,135,375	2.4%
Vanguard Total Intl Bd Idx Admiral	VTABX	\$137,300	0.3%	\$374,554	0.8%
Baird Aggregate Bond Inst	BAGIX	\$1,060,827	2.6%	\$3,044,709	6.4%
<b>Target Date Retirement Funds</b>		<b>\$11,120,350</b>	<b>27.3%</b>	<b>\$</b>	<b>26.5%</b>
Vanguard Target Retirement Income	VTINX	\$528,282	1.3%	\$318,853	0.7%
Vanguard Target Retirement 2020	VTWNX	\$783,950	1.9%	\$1,259,253	2.6%
Vanguard Target Retirement 2025	VTTVX	\$2,302,982	5.6%	\$2,325,768	4.9%
Vanguard Target Retirement 2030	VTHRX	\$2,109,456	5.2%	\$2,348,581	4.9%
Vanguard Target Retirement 2035	VTTHX	\$1,619,199	4.0%	\$1,853,279	3.9%
Vanguard Target Retirement 2040	VFORX	\$636,264	1.6%	\$710,957	1.5%
Vanguard Target Retirement 2045	VTIVX	\$1,911,649	4.7%	\$2,302,804	4.8%
Vanguard Target Retirement 2050	VFIFX	\$525,218	1.3%	\$537,928	1.1%
Vanguard Target Retirement 2055	VFFVX	\$386,800	0.9%	\$392,359	0.8%
Vanguard Target Retirement 2060	VTTSX	\$171,932	0.4%	\$174,891	0.4%
Vanguard Target Retirement 2065	VLXVX	\$144,618	0.4%	\$11,335	0.02%
<b>Cash and Equivalent</b>			<b>19.2%</b>	<b>\$</b>	<b>19.9%</b>
Vanguard Treasury Money Market Inv	VUSXX	\$1,030,957	2.5%	\$1,194,319	2.5%
Galliard Retirement Income	GARI35	\$6,797,726	16.7%	\$6,719,217	14.2%
<b>Total*</b>		<b>\$40,789,671</b>	<b>100.0%</b>	<b>\$47,453,591</b>	<b>100.0%</b>

Source: Empower Retirement

\*Does not include loan balance of \$0.3 mil in 2022 and \$0.2 at the end of 2021.

## 6. Schedule of Fees and Commissions

### Schedule of fees paid by Plan Participants as of 12/31/2022

Fund	Ticker	Expense Ratio <sup>2</sup>	Admin Fees (%) <sup>3</sup>	Revenue sharing – paid back to Participants (%) <sup>1</sup>	Average Expense Ratio in the Peer Group
<b>Global Real Estate</b>					
Cohen & Steers Instl Global Realty	CSSPX	0.90	0.035	0.10	0.92
<b>International Equity</b>					
Arrowstreet International	ARWIEA	0.95	0.035	0.00	0.79
Northern Global Sustainability Index	NSRIX	0.29	0.035	0.10	0.19
Fidelity Global ex US Index	FSGGX	0.06	0.035	0.00	0.16
<b>Domestic Equity</b>					
Fidelity Total Market Index	FSKAX	0.02	0.035	0.00	0.16
Baron Growth	BGRIX	1.03	0.035	0.15	0.95
American Beacon Small Cap Val Inst	AVFIX	0.79	0.035	0.00	0.92
T. Rowe Price Growth Stock	PRUFX	0.51	0.035	0.15	0.73
American Funds Washington Mutual R6	RWMGX	0.26	0.035	0.00	0.68
<b>Fixed Income</b>					
PIMCO High Yield Instl	PHIYX	0.56	0.035	0.00	0.65
Vanguard Inflation Protected Securities Admiral	VAIPX	0.10	0.035	0.00	0.39
Fidelity US Bond	FXNAX	0.03	0.035	0.00	0.10
Vanguard Total Intl Bd Idx Admiral	VTABX	0.11	0.035	0.00	0.06
Baird Aggregate Bond Inst	BAGIX	0.30	0.035	0.00	0.44
<b>Target Date Retirement Funds</b>					
Vanguard Target Retirement Income	VTINX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2020	VTWNX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2025	VTTVX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2030	VTHRXX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2035	VTTHX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2040	VFORX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2045	VTIVX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2050	VFIFX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2055	VFFVX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2060	VTTSX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2065	VLXVX	0.08	0.035	0.00	0.09
Vanguard Target Retirement 2070	VSVNX	0.08	0.035	0.00	0.09
<b>Cash and Equivalent</b>					
Vanguard Treasury Money Market Inv	VUSXX	0.09	0.035	0.00	0.20
Galliard Retirement Income	GARI35	0.49	0.035	0.00	0.43
<b>Weighted average (both plans)</b>		<b>0.28</b>	<b>0.035</b>	<b>0.025</b>	<b>0.42</b>

Source: CAPTRUST

<sup>1</sup> 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 110).

<sup>2</sup> Expense ratios provided by CAPTRUST.

<sup>3</sup> 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, 2022 Actuarial Valuation Report prepared by Gabriel Roeder Smith & Company and pertains only to the DB Plan*



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April 12, 2023

Ms. Usha Sharma  
Treasurer  
Denver Water  
1600 West 12<sup>th</sup> Avenue  
Denver, CO 80204

**Re: Actuarial Valuation of the Employees' Retirement Plan of the Denver Board of Water Commissioners as of January 1, 2023**

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, 2023.

This Report presents the results of the January 1, 2023 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, 2023 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 18.859% of pay to 18.927% of pay. Effective April 1, 2020, all members contribute 3% of pay, resulting in a 15.927% of pay net employer contribution.

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Ms. Usha Sharma  
April 12, 2023  
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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, 2023, the Plan has an unfunded liability of \$42.2 million and a funded ratio of 92.0%.

The funded ratio on an actuarial value of assets basis remained at 92.0% and the funded ratio on a market value of assets basis decreased from 99.7% to 84.8%. Decreases were primarily due to investment losses. 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, 2023. 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. All assumptions remain unchanged since the prior valuation report.

The current discount rate and inflation rate assumptions used in the actuarial valuation were adopted by the board effective with the January 1, 2021 valuation report. All other demographic assumptions were adopted as of January 1, 2019 based on recommendations made during the actuary's experience study that covered the five-year investigation period ending December 31, 2018.

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



Ms. Usha Sharma

April 12, 2023

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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, 2023, furnished by Denver Water staff, concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. 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.

The signing actuaries are independent of the plan sponsor. All signing actuaries are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries. Finally, all of the undersigned are experienced in performing valuations for large public retirement systems.

Respectfully submitted,

**Gabriel, Roeder, Smith & Company**



Paul Wood, ASA, FCA, MAAA  
Senior Consultant



Dana Woolfrey, FSA, FCA, EA, MAAA  
Senior Consultant



## 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

1. 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.
2. 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	4.00%	0.50%	2.25%	6.75%
27	3.75	0.50	2.25	6.50
32	3.00	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	0.50	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

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

Demographic assumptions

1. Mortality rates (pre- and post-retirement) – Combined RP-2014 Healthy Mortality Tables projected with the Ultimate MP Scale.
2. Mortality rates (post-disablement) – Combined RP-2014 Disabled Annuitant Mortality Tables, projected with the Ultimate MP-2014 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	0.04	0.02	25	0.05	0.03	25	0.19	0.08
30	0.04	0.02	30	0.08	0.06	30	0.45	0.21
35	0.05	0.03	35	0.11	0.09	35	0.79	0.39
40	0.06	0.04	40	0.17	0.14	40	1.17	0.61
45	0.09	0.06	45	0.25	0.19	45	1.55	0.85
50	0.16	0.10	50	0.38	0.26	50	1.88	1.10
55	0.26	0.15	55	0.53	0.33	55	2.16	1.34
60	0.43	0.23	60	0.72	0.48	60	2.45	1.57
65	0.76	0.34	65	1.02	0.74	65	2.92	1.92
70	1.28	0.58	70	1.55	1.19	70	3.72	2.60
75	2.14	0.99	75	2.48	1.93	75	5.01	3.79
80	3.58	1.70	80	4.13	3.22	80	7.07	5.63
85	6.97	4.36	85	7.15	5.58	85	10.45	8.34
90	12.76	9.58	90	12.61	9.94	90	16.05	12.31

**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
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

Attained Age	Before Eligible for Special Early Retirement	After Eligible for Special Early Retirement
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
1/1/2013	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
1/1/2022	1,074	95,287,361	88,722	0.96	184

### 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
12/31/2013	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
12/31/2022	33	1,898,190	24	625,158	740	25,747,403	5.20	34,794



### 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)
1/1/2013	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
1/1/2022	7,157,201	309,354,018	188,483,492	464,519,595	100	100	78.5

## 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			
12/31/2013	(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)
12/31/2022	3,654,237	5,937,394	9,591,631	0	0	9,591,631

## G. Analysis of Financial Experience – PLAN YEAR

UAAL, January 1, 2022	\$40,475,116
Expected Changes during 2021	-
Expected UAAL, January 1, 2021	\$75,758,355
Experience Changes During 2021 Investment (gains)/losses	\$4,797,815
<ul style="list-style-type: none"> <li>• Salary changes different than assumed (gain)/loss</li> <li>• New and Rehired members (gain)/loss</li> <li>• Withdrawal Experience (gain)/loss</li> <li>• Retirement Experience (gain)/loss</li> <li>• Annuitant Mortality (Gain)/Loss</li> <li>• Cost of Living Other Than 2.5% Assumed (4.4% in 2021)</li> <li>• Assumption Changes (Gain)/Loss</li> <li>• Other Demographic (Gain)/Loss</li> <li>• Total</li> </ul>	(715,538) 249,149 (379,669) 272,803 (1,105,580) 5,796,378 0 680,272 4,797,815
Total (gain)/loss	(29,608,170)
Unfunded Actuarial Accrued Liability, January 1, 2022	\$40,475,116

## 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, and 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

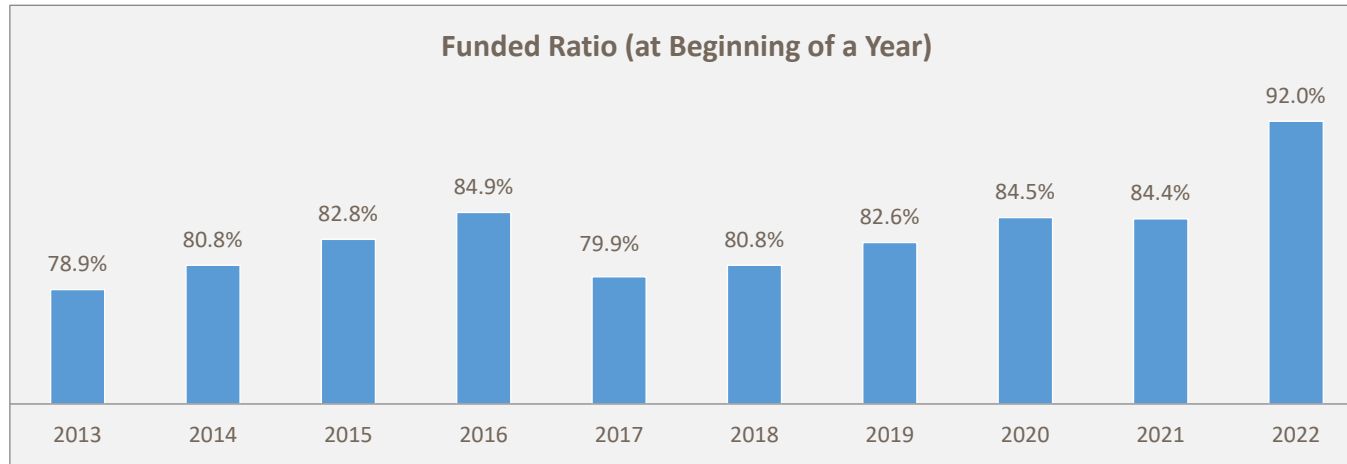
For members hired prior to January 1, 2018, the monthly amount of any Pension provided by the Plan may be increased annually of the first day of each January by the change in the U.S. Consumer Price Index (CPI-W) as reported the preceding November. Annual increases may not exceed 5% for members whose 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)
1/1/2013	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
1/1/2022	464,519,595	504,994,711	40,475,116	92.0	93,383,500	43.3





**K. Schedule of Employer Contributions**

Plan Year Ending	Annual Required Contribution	Employer Contribution	Employee Contribution	Percentage Contributed
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	100.2
12/31/2020	20,718,831	17,500,000	2,579,030	96.9
12/31/2021	17,970,188	17,500,000	2,858,621	113.3
12/31/2022	19,192,530	17,500,000	3,042,085	107.0

## L. Notes to Trend Data

No notes

## M. Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2022
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 2022. "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 2013-2022. All non-accounting data was derived from Denver Water's internal sources and vendor reports and has been updated as of the end of 2022, as available.

## A. Employees' Retirement Plan

### 1. Schedule of Additions by Source

Fiscal Year Ending	Member Contributions <sup>2</sup>	Employer Contributions <sup>1</sup>		Net Investment and Other Income <sup>4</sup>	Total
		Dollars	Percentage of Annual Covered Payroll <sup>3</sup>		
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
2022	2,995,000	17,500,000	18.9%	(50,697,000)	(30,202,000)

Source: Financial Statements for the Employees' Retirement Plan

<sup>1</sup> 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.

<sup>2</sup> Effective January 1, 2018, the Plan was amended to allow for employee contributions. Employees contribute 3% of their compensation to the Plan..

<sup>3</sup> 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.

<sup>4</sup> 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 <sup>1</sup>	
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
2022	27,637,000	192,000	51,000	27,880,000

Source: Financial Statements for the Employees' Retirement Plan

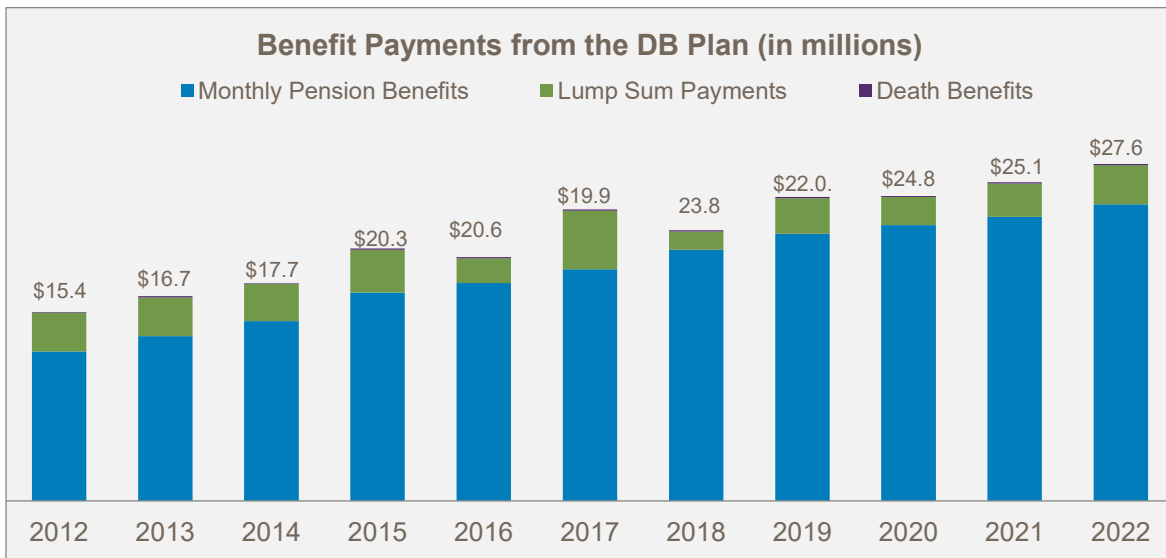
<sup>1</sup> Total amount of refunds is comprised of refunds of member contributions made prior to 1992, as well as refunds of non-vested member contributions made after January 1, 2018. Prior to January 1, 1992, employees were required to contribute to the Plan. The Board amended the Plan to disallow 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
2013	14,670,900	3,028,300	55,000	17,754,200	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	18,958,500	4,824,400	72,400	23,855,300	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	23,193,190	2,705,110	40,000	25,938,300	70,940
2022	24,296,200	3,259,400	81,600	27,637,200	51,390

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
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
2022	(30,200,800)	27,880,000	(58,081,300)	503,705,900	445,624,600

Source: Financial Statements for the Employees' Retirement Plan

#### 5. Schedule of Retired Members by type of Benefit

Date as of January 1, 2023

Amount of monthly benefit	Number of retirees	Type of retirement*					Option selected #				
		1	2	3	4	5	Life	Opt. 1	Opt. 2	Opt. 3	Def
Deferred	212	0	0	0	9	203	0	0	0	0	212
\$1 – \$249	6	0	4	2	0	0	3	0	0	2	0
\$250 – \$499	33	6	23	4	0	0	29	2	1	2	0
\$500 – \$749	54	17	33	3	1	0	39	6	0	10	0
\$750 – \$999	39	9	22	5	3	0	26	7	1	5	0
\$1,000 – \$1,249	31	8	18	5	1	0	24	1	2	5	0
\$1,250 – \$1,499	45	10	25	11	1	0	38	4	1	3	0
\$1,500 – \$1,749	51	10	30	9	1	0	31	6	1	9	0
\$1,750 – \$1,999	27	6	17	4	0	0	17	5	1	4	0
over \$2,000	445	62	332	24	24	0	260	100	28	59	0
Totals	943	128	504	68	40	203	468	132	35	99	212

**\*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, 2023 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, 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
January 1, 2022 to December 31, 2022								
Average Monthly Benefit	\$1,184.34	\$2,046.42	\$2,576.58	\$2,468.26	\$5,114.12	\$3,743.29	\$3,891.78	\$2,751.13
Number of Active Retirees	4	1	3	5	1	2	4	20



### 7. Employees' Retirement Plan – Member Count

As of	Total	Active	Inactive			
			With Deferred Benefits	Retired Members and Beneficiaries	On Long-term Disability	Due Refund
01/01/2014	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
01/01/2023	2,226	1,106	203	731	9	177

Source: 2014-2023 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
01/01/2014	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
01/01/2023	1,106	44.1	10.9	\$91,684

Source: 2014-2023 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
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
2022	6	0	24	30

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
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
2022	8	3	18	1	30

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
01/01/2014	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
01/01/2022	123	504	67	37	184	915
01/01/2023	128	504	68	40	203	943

Source: 2014-2023 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
01/01/2014	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
01/01/2023	468	129	35	99	731

Source: 2014-2023 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 <sup>1</sup>	Net Investment and Other Income <sup>2</sup>	Total
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
2022	5,381,000	747,000	2,405,000	(24,176,000)	(15,549,000)

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

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>1</sup>		
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
2022	6,869,000	53,000	94,000	7,016,000

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 <sup>1</sup>	Total Benefits
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
2022	1,505,400	102,800	3,562,900	60,700	1,637,200	6,869,000

Source: Empower Retirement, Plan Disbursement Summary

<sup>1</sup>"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
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
2022	(15,549,000)	7,016,000	(22,565,000)	157,378,600	134,814,000

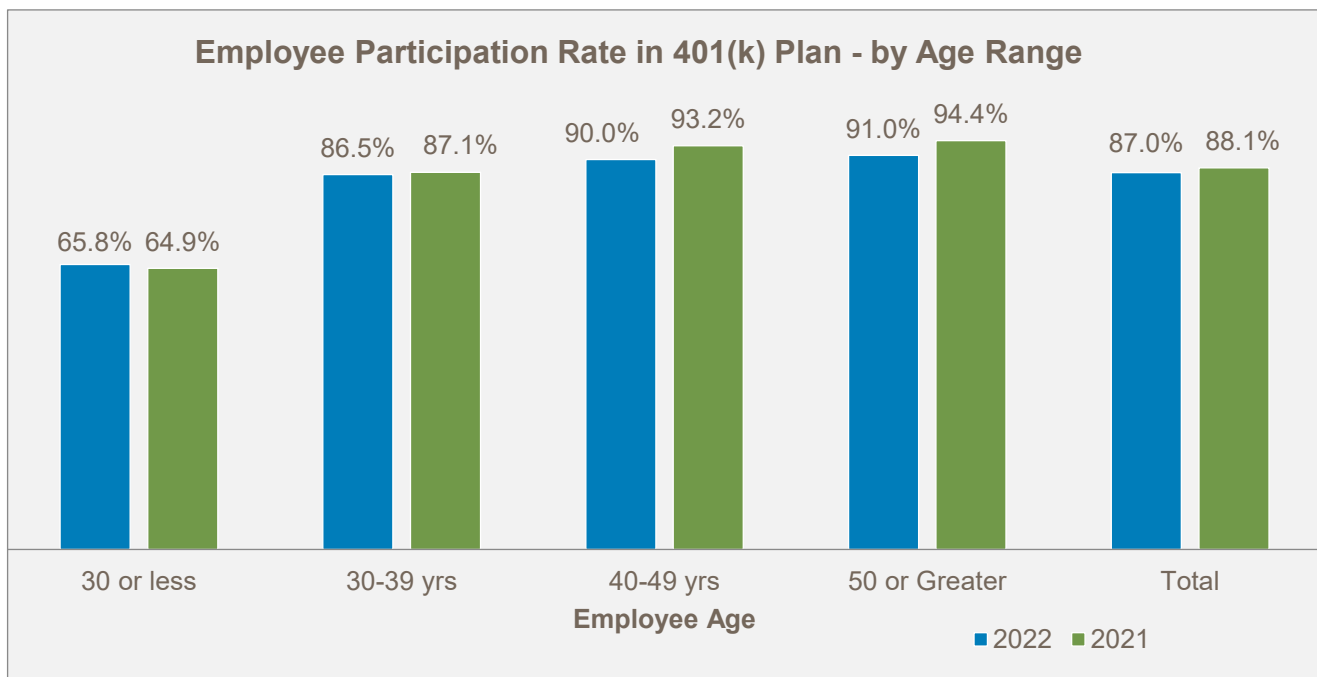
Source: Financial Statements for 401(k) Supplemental Retirement Savings Plan

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

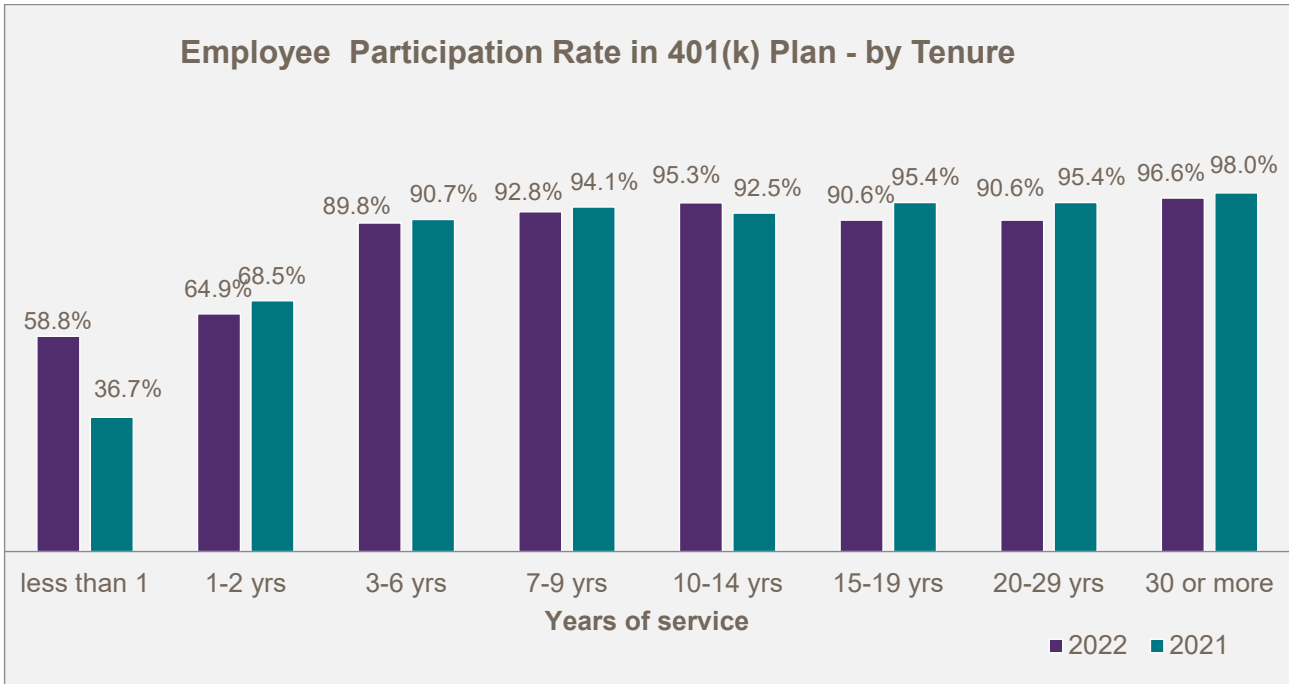
Fiscal Year Ending	Participants <sup>1</sup>		
	Total	Active	Inactive
12/31/2013	1,092	929	163
12/31/2014	1,142	957	185
12/31/2015	1,141	937	204
12/31/2016	1,189	953	236
12/31/2017	1,189	912	277
12/31/2018	1,190	867	323
12/31/2019	1,189	875	314
12/31/2020	1,236	907	329
12/31/2021	1,225	902	323
12/31/2022	1,280	931	349

Source: Empower Retirement

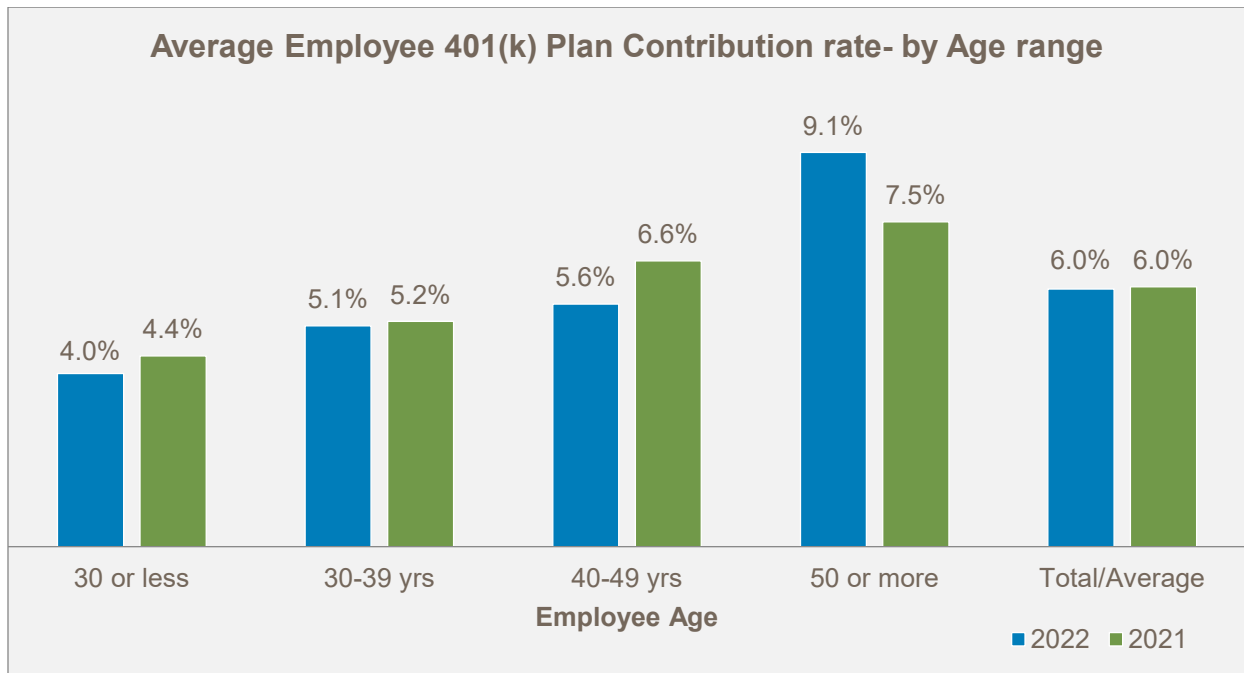
<sup>1</sup> Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no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



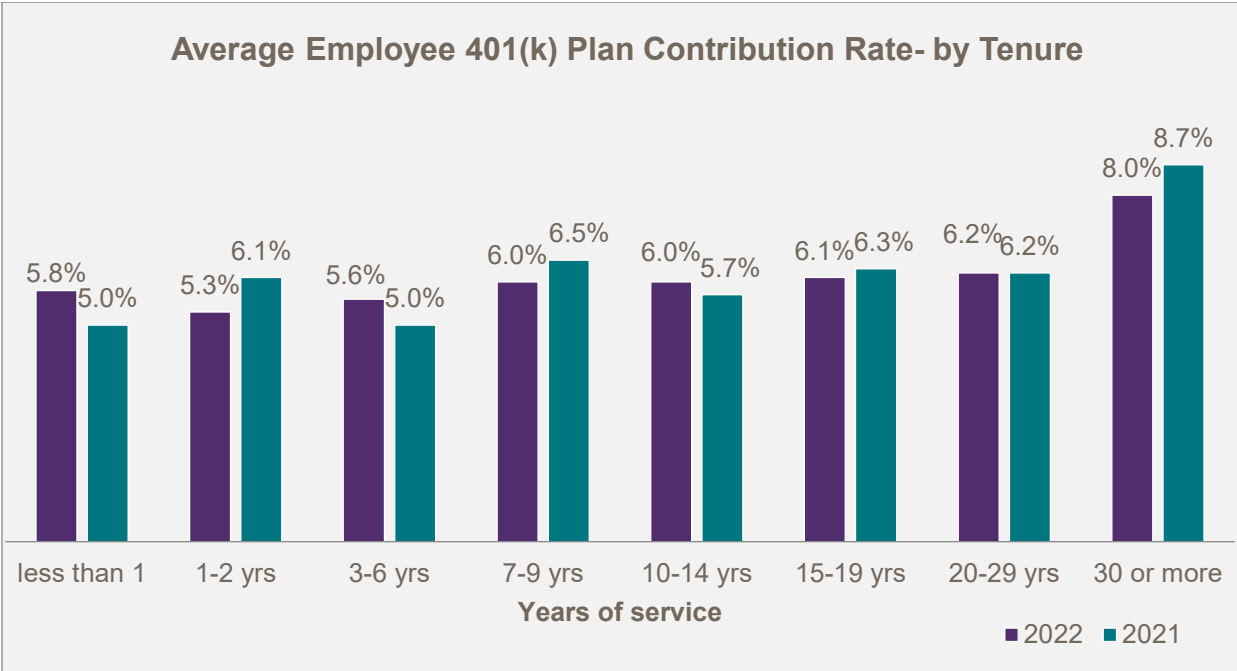
Source: Empower database; data as of year-end.



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 <sup>1</sup>	Net Investment and Other Income <sup>2</sup>	Total
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
2022	2,556,000	38,000	27,000	(6,980,000)	(4,345,000)

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

<sup>2</sup> 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 <sup>1</sup>			
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
2022	2,252,000	16,000		24,000	2,292,000

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

<sup>1</sup> 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 <sup>1</sup>	Total Benefits
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	700	60,700	1,603,000
2021	1,154,200	117,500	2,350,500	0	22,800	3,645,000
2022	742,600	93,200	979,100	2,200	587,500	2,404,600

Source: Empower Retirement, Plan Disbursement Summary

<sup>1</sup>Other 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
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
2022	(4,345,000)	2,292,000	(6,637,000)	47,734,000	41,097,000

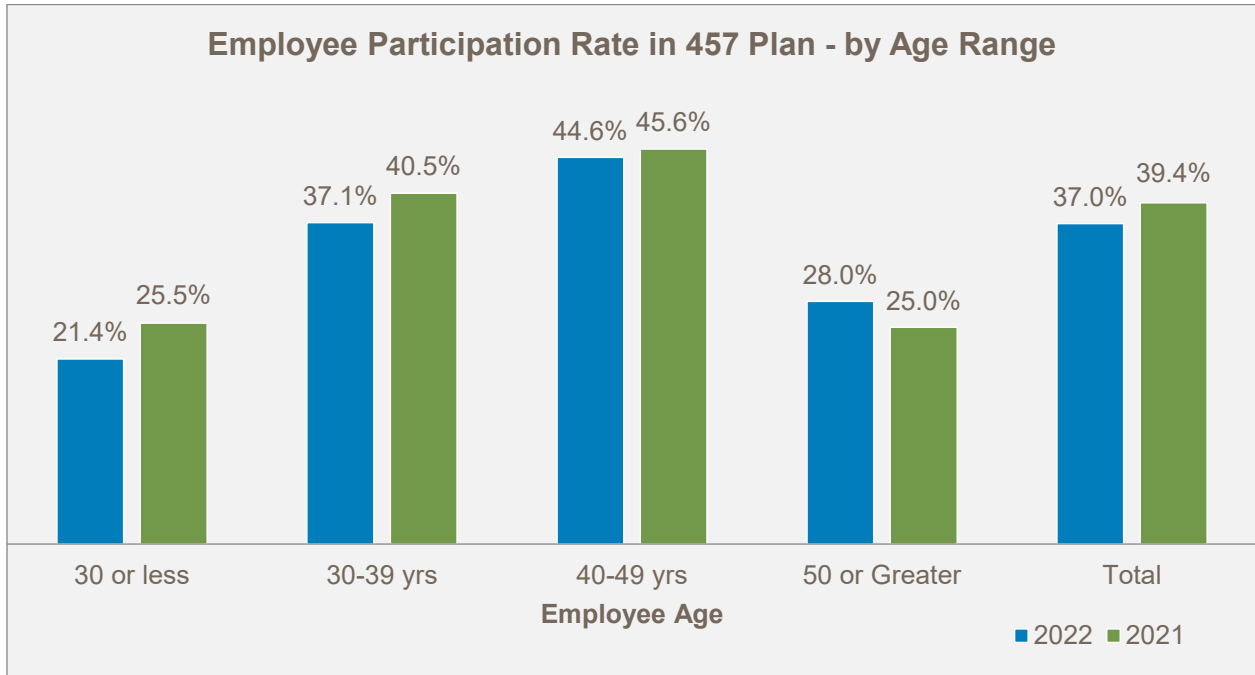
Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

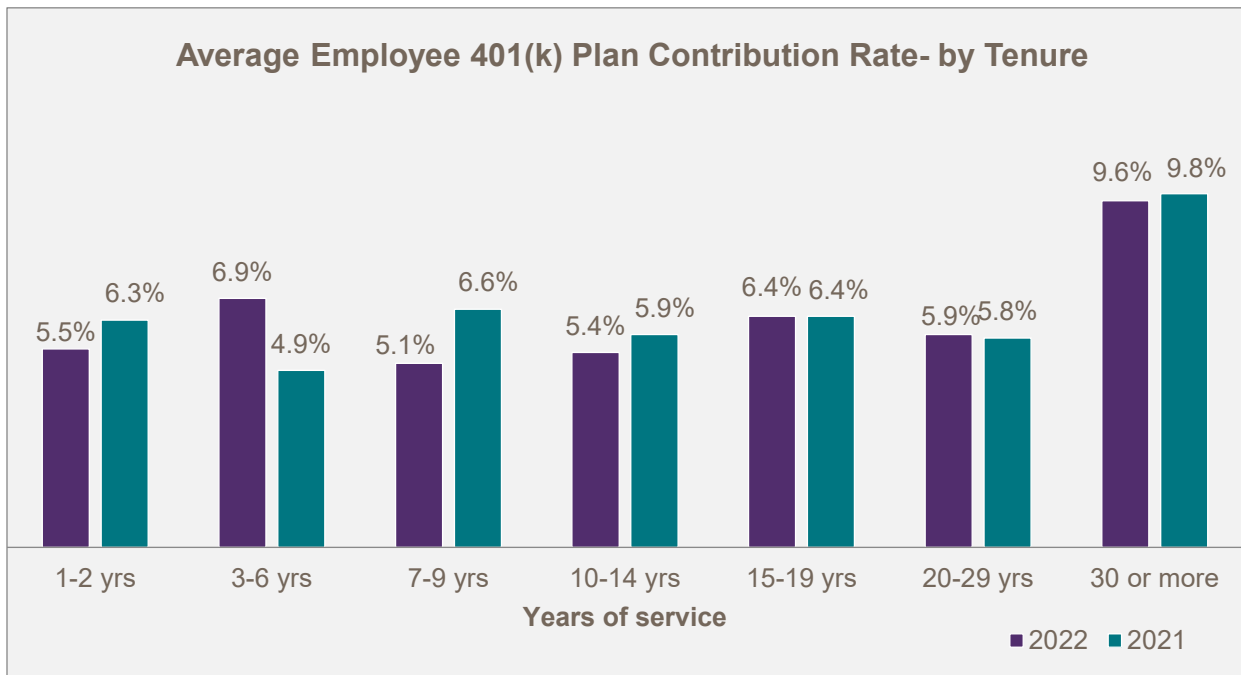
Fiscal Year Ending	Participants <sup>1</sup>		
	Total	Active	Inactive
12/31/2013	608	467	141
12/31/2014	621	476	145
12/31/2015	629	473	156
12/31/2016	655	493	162
12/31/2017	665	387	278
12/31/2018	658	375	283
12/31/2019	682	395	287
12/31/2020	710	413	297
12/31/2021	697	391	306
12/31/2022	708	480	228

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

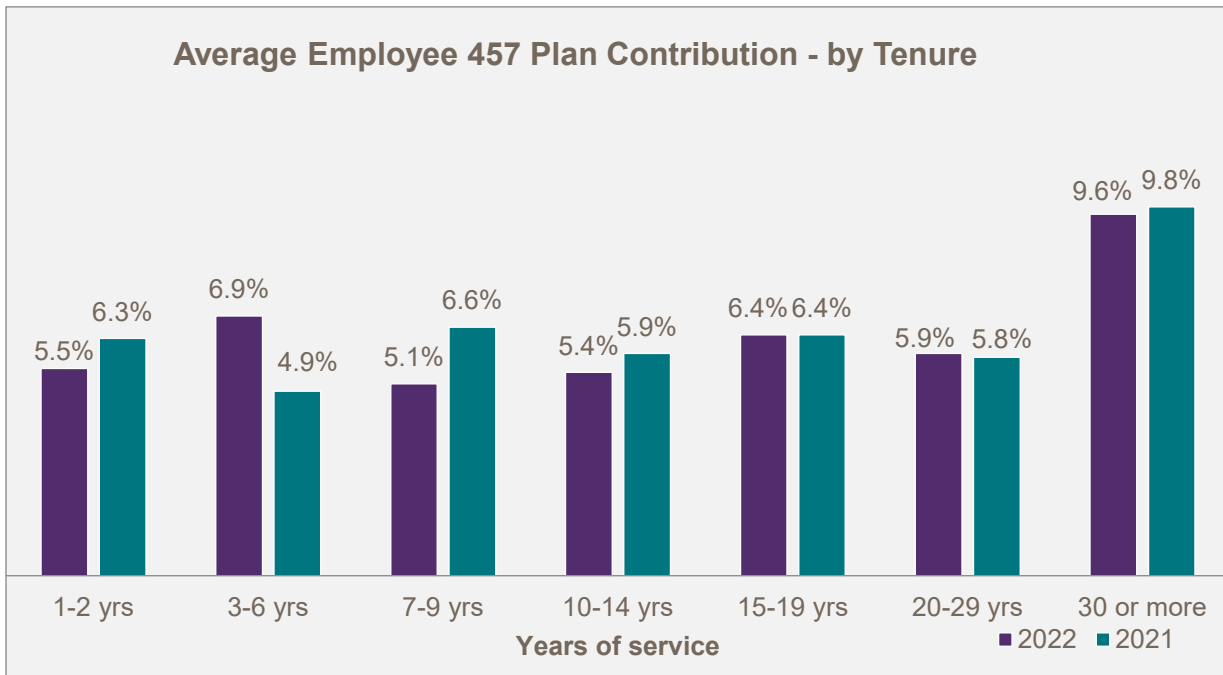
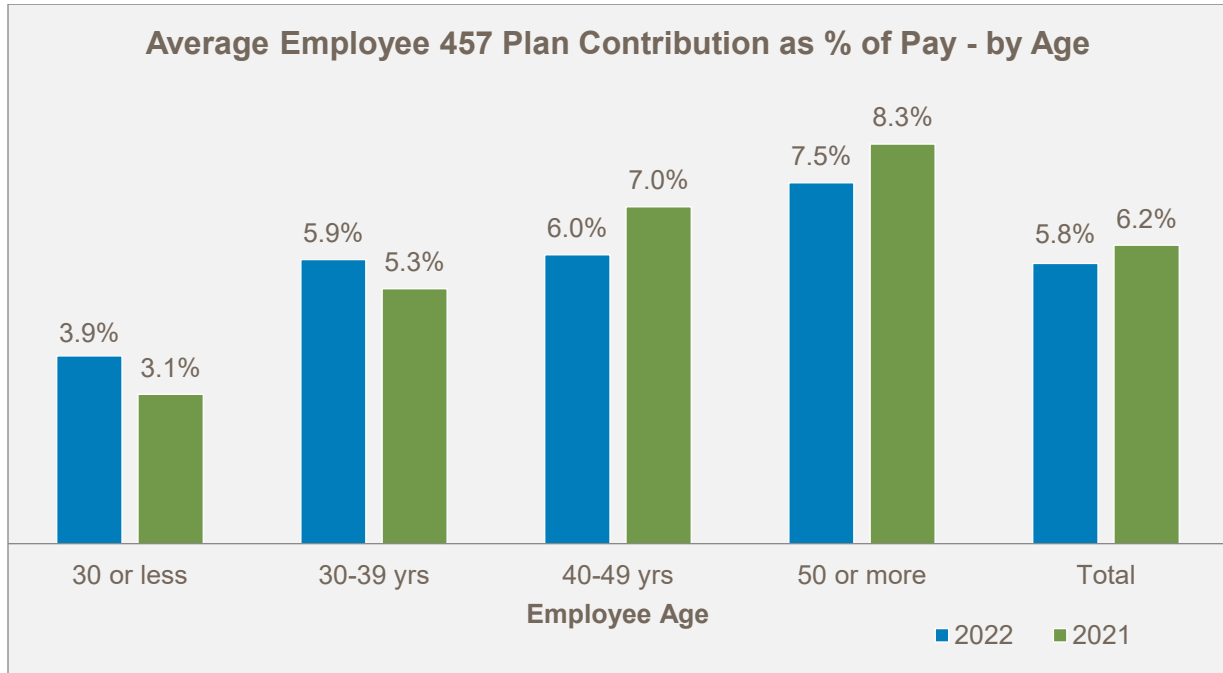
<sup>1</sup>Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who were actively employed and had a balance at the end of the year. Inactive participants include plan participants who are no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