

**2022 SUPPLEMENTAL DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

June 30, 2023

Denver Water is providing this 2022 Supplemental Disclosure for the Year Ended December 31, 2022, to indicate the precise location of where certain annual financial information disclosure can be found in the Annual Comprehensive Financial Report for the year ended December 31, 2022, which was filed with EMMA on June 14, 2023, and to consolidate Denver Water’s 2022 annual financial information disclosure into one document.

Statistical Summary of the System

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

10 Largest Retail Customers

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

Approved 2022 Water Rates and System Development Charges

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

2023 Estimated Annual Residential Water Bills

<u>Water Entity</u>	<u>Annual Water Service Consumption Charges*</u>
Pueblo	\$421
Broomfield	\$459
Fort Collins	\$556
Denver Water 2023 Inside City	\$591
Arvada	\$610
Loveland	\$643
Longmont	\$663
Boulder	\$685
South Adams County	\$687
Centennial Water	\$689
Thornton	\$712
Greeley	\$771
Denver Water 2023 Total Service	\$788
Parker	\$795
Westminster	\$797
Aurora	\$810
Castle Rock	\$945
East Cherry Creek Valley	\$970
Colorado Springs	\$1,044
Arapahoe	\$1,456

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

## Denver Water Capital Budget and Capital Improvement Plan

### Denver Water 2023-2027 Capital Budget and Capital Improvement Plan (amounts expressed in thousands)<sup>(1)</sup>

	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>Total</i>
<b>Capital Projects by Category</b>						
Collection	\$144,449	\$168,856	\$191,931	\$88,558	\$70,386	<b>\$664,180</b>
Distribution	47,246	58,802	46,346	55,423	59,809	<b>267,626</b>
Expansion	5,772	26,408	11,666	3,484	312	<b>47,642</b>
Operations Support/Other	11,977	14,955	13,643	11,867	12,979	<b>65,420</b>
Treatment	61,692	27,360	7,565	8,532	25,168	<b>130,317</b>
Lead Reduction Program	93,680	91,050	73,258	46,800	39,200	<b>343,988</b>
<b>Total Capital Program</b>	<b>\$364,816</b>	<b>\$387,431</b>	<b>\$344,408</b>	<b>\$214,664</b>	<b>\$207,854</b>	<b>\$1,519,173</b>
Less:						
Participation Receipts <sup>(2)</sup>	(24,247)	(51,836)	(33,364)	(15,295)	(12,268)	(137,010)
SRF Loan <sup>(3)</sup>	(15,000)	(24,000)	(1,015)	--	--	(40,015)
<b>Total Capital Program Less Participation Receipts SRF Loan</b>	<b>\$325,569</b>	<b>\$311,595</b>	<b>\$310,029</b>	<b>\$199,369</b>	<b>\$195,586</b>	<b>\$1,342,148</b>

<sup>(1)</sup> Figures may not total due to rounding.

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

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

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

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

## Water Works Fund Receipts and Expenditures

### **Receipts and Expenditures 2022-23** **(amounts expressed in thousands)<sup>1</sup>**

	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>Budget</b>	<b>Actual<sup>2</sup></b>	<b>Budget</b>
<b>Sources of Funds</b>			
Water Sales	326,191	349,174	356,513
Hydropower	3,787	3,921	3,962
Other Operating Revenues	7,137	6,443	7,139
Proceeds from Sales of Assets	700	796	700
Other Income	7,906	9,757	23,061
Interest Income	1,169	2,315	5,375
System Development Charges	34,988	47,221	34,679
Participation Receipts	32,239	22,865	24,247
Subtotal	\$ 414,117	\$ 442,492	\$ 455,676
Debt Proceeds	120,000	200,773	206,271
<b>Total Sources of Funds</b>	<b>\$ 534,116</b>	<b>\$ 643,265</b>	<b>\$ 661,947</b>
<b>Uses of Funds</b>			
Total Operating Expenditures	\$232,090	\$245,851	\$263,646
Capital Expenditures:			
Total Capital	\$ 432,813	\$ 363,366	\$ 364,816
Debt Service:	55,786	53,166	71,843
<b>Total Uses of Funds</b>	<b>\$ 720,689</b>	<b>\$ 662,383</b>	<b>\$ 700,305</b>

<sup>1</sup> Figures may not total due to rounding.

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

## Outstanding Parity Bonds

<i>Issue</i>	<i>Principal Balance</i>
Series 2012A	\$ 30,995,000
Series 2012B	10,365,000
Series 2014A	44,025,000
Series 2016A	68,110,000
Series 2016B	47,165,000
Series 2017A	135,470,000
Series 2017B	41,765,000
Series 2020A	141,030,000
Series 2020B	113,180,000
Series 2021A	316,785,000
Series 2022A	189,515,000
SRF Loan	<u>35,993,167</u>
Total Bonds	<u>\$ 1,174,398,167</u>

\*Outstanding Parity Bonds as of May 15, 2023

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

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

	<i>Actual<sup>(2)</sup></i>					<i>Budget</i>
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023<sup>(5)</sup></i>
<b>Gross Revenues</b>						
Total Operating Revenues	\$ 320,556	\$ 317,155	\$ 357,201	\$ 335,994	\$ 362,419	\$ 360,475
Proceeds from Sales of Capital Assets	1,311	1,619	742	657	796	700
Other Income	6,982	8,275	7,284	4,989	7,671	30,200
Interest Income/(Loss)	6,219	8,394	2,890	(1,334)	(4,649)	5,375
System Development Charges	41,045	38,668	22,553	37,897	47,203	34,679
Participation Receipts	<u>5,756</u>	<u>7,137</u>	<u>3,655</u>	<u>4,141</u>	<u>22,865</u>	<u>24,247</u>
Total Gross Revenue	<u>\$ 381,869</u>	<u>\$ 381,248</u>	<u>\$ 394,325</u>	<u>\$ 382,344</u>	<u>\$ 436,305</u>	<u>\$ 455,676</u>
<b>Operation and Maintenance Expenses</b>						
Total Operating Expenses	\$ 251,027	\$ 277,977	\$ 263,320	\$ 268,318	\$ 292,687	\$ 263,646
Other Expense	3,869	2,175	1,515	4,985	6,936	--
Less Depreciation and Amortization	<u>(51,667)</u>	<u>(51,345)</u>	<u>(55,691)</u>	<u>(60,919)</u>	<u>(64,036)</u>	<u>--</u>
Total Operation and Maintenance	<u>\$ 203,229</u>	<u>\$ 228,807</u>	<u>\$ 209,144</u>	<u>\$ 212,384</u>	<u>\$ 235,587</u>	<u>\$ 263,646</u>
<b>Net Revenue</b>	<u>\$ 178,640</u>	<u>\$ 152,441</u>	<u>\$ 185,181</u>	<u>\$ 169,960</u>	<u>\$ 200,718</u>	<u>\$ 192,030</u>
<b>Historical and 2022 Coverage Ratios</b>						
Required Debt Service <sup>(1)(3)(4)</sup>	\$ 48,765	\$ 47,286	\$ 46,373	\$ 50,519	\$ 53,231	\$ 71,843
Coverage Ratios	3.66	3.22	3.99	3.36	3.77	2.67

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

<sup>(2)</sup> Actuals for 2018 through 2022 reflect a combination of information from Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows.

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

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

<sup>(5)</sup> Depreciation expense was restated for all years shown to reflect amounts on the Statements of Revenue, Expenses, and Changes in Net Position. Prior to this change depreciation expense from Note 4 of the Annual Comprehensive Financial Reports was used.

Sources: Denver Water Comprehensive Annual Financial Reports for 2018-2022; 2023 Denver Water Budget; Denver Water Treasury Section; and the Financial Advisor.

## Denver Water Customer Groups

<u>Service Type</u>	<u>Inside City</u>	<u>Outside City</u>			
		<u>Read &amp; Bill</u>	<u>Total Service</u>	<u>Master Meter</u>	<u>All Others</u>
<b>Treated</b>					
Single Family	X	X	X		
Nonresidential	X	X	X		
Irrigation	X	X	X		
<b>Nonpotable</b>					
Raw	X				X
Recycled	X				X
<b>Wholesale-Treated</b>				X	X

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

### Customer Accounts for Treated Water

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

### Operating Revenue and Related Water Consumption

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

### Sales of Treated Water Between Denver and Outside City

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

### Sales of Treated Water for Resale

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

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

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

Comparison of Typical Monthly Winter and Summer Water

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

<i>Type of Service</i>	<i>Based on Calendar Year 2023 Rates</i>	
	<i>Winter</i>	<i>Summer</i>
Inside City	\$28.42	\$ 79.53
Outside City (Read and Bill)	28.89	82.38
Outside City (Total Service)	33.90	111.70

<sup>(1)</sup> Estimated water bills are based on 2023 rates and service charges effective January 2023. Winter is defined as the six-month period November through April, and summer is defined as the six-month period May through October.

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

Denver Water Rate Schedule No. 1 Treated Water Rates

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

Denver Water Rate Schedule No. 2 Nonpotable Water Rates

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

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

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

Denver Water Rate Schedule No. 4 System Development Charges

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