

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

Financial Statements

December 31, 2025

(With Independent Auditors' Report Thereon)

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

Table of Contents

Independent Auditors' Report	1
Management Discussion and Analysis	4
Statement of Fiduciary Net Position	8
Statement of Changes in Fiduciary Net Position	9
Notes to the Financial Statements	10
Required Supplementary Information:	
Schedule I: Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	22
Schedule II: Schedule of Denver Water Contributions (Unaudited)	23
Schedule III: Schedule of Investment Returns (Unaudited)	24
Notes to Required Supplementary Information - Net Pension Liability (Unaudited)	25
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	26



INDEPENDENT AUDITORS' REPORT

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 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, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2025, and the changes in financial 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.

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 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 6, 2026, 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.

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

CliftonLarsonAllen LLP

Denver, Colorado
May 6, 2026

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

Management's Discussion and Analysis

December 31, 2025

(Unaudited)

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, 2025. This information should be read in conjunction with the financial statements and notes, which follow.

Financial Highlights

- As of December 31, 2025 and 2024, \$558.0 million and \$505.1 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.
- For 2025, the fiduciary net position restricted for pension of the Plan increased by \$52.9 million or 10.5% as compared to 2024. The increase in 2025 was primarily due to changes in the fair value of the Plan's investments. The change in the fair value of investments increased \$24.9 million or 69.8%, in 2025 over 2024.
- Additions to the Plan's fiduciary net position restricted for pension in 2025 included employer and employee contributions of \$18.2 million and \$3.4 million, respectively, and a net investment income of \$66.2 million resulting in total additions to the Plan's fiduciary net position restricted for pension of \$87.8 million.
- Deductions from the Plan's fiduciary net position restricted for pension for 2025 were \$34.9 million. The majority of the 2025 deductions were retirement benefit payments of \$34.4 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, 2025, the Plan's fiduciary net position restricted for pension as a percentage of the total pension liability was 93.6%.

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) Statement of Fiduciary Net Position, 2) Statement of Changes in Fiduciary Net Position, 3) Notes to the Financial Statements, and 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, 2025. 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 2025.

These financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2025, 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.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Management's Discussion and Analysis
December 31, 2025
(Unaudited)

Changes in Fiduciary 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 2024, the increase in total assets of \$52.8 million, or 10.4%, in 2025 was primarily the result of the appreciation in the fair value of investments.

As of December 31, 2025, and 2024 the Plan's fiduciary net position was:

<u>Fiduciary Net Position Restricted for Pension</u>				
(amounts expressed in thousands)				
	As of December 31,		2025 - 2024	
	2025	2024	Increase (Decrease)	% Change
Cash and cash equivalents	\$ 6,967	\$ 5,157	\$ 1,810	35.1 %
Dividends, interest and other receivables	367	445	(78)	(17.5)
Investments, at fair value	550,827	499,784	51,043	10.2
Total assets	558,161	505,386	52,775	10.4
Total liabilities	129	277	(148)	(53.4)
Fiduciary net position restricted for pension	<u>\$ 558,032</u>	<u>\$ 505,109</u>	<u>\$ 52,923</u>	<u>10.5%</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, 2025, \$2.4 million was held with the TPA for benefit payments to be paid in January of 2026 and \$4.6 million was held in the Plan's custodial bank.

Total liabilities of the Plan for 2025 were \$129 thousand and consisted primarily of accrued administrative expense at year-end of \$62 thousand. The change in the fiduciary net position restricted for pension is a function of the change in total assets offset by the change in total liabilities. The Plan recorded an increase in fiduciary net position restricted for pension of \$52.9 million in 2025 over 2024.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

Management's Discussion and Analysis

December 31, 2025

(Unaudited)

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 2025 totaled \$18.2 million and employee contributions totaled \$3.4 million. The Board has approved contributions in the amounts above the actuarially determined contribution for six of the last ten years.

<u>Additions to Fiduciary Net Position Restricted for Pension</u>				
(amounts expressed in thousands)				
	As of December 31,		2025 - 2024	
	2025	2024	Increase (Decrease)	% Change
Employer contributions	\$ 18,200	\$ 18,000	\$ 200	1.1 %
Employee contributions	3,432	3,362	70	2.1
Net investment income	66,172	40,515	25,657	63.3
Total additions, net	<u>\$ 87,804</u>	<u>\$ 61,877</u>	<u>\$ 25,927</u>	<u>41.9 %</u>

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, 2025, annual plan deductions totaled \$34.9 million.

<u>Deductions to Fiduciary Net Position Restricted for Pension</u>				
(amounts expressed in thousands)				
	As of December 31,		2025 - 2024	
	2025	2024	Increase (Decrease)	% Change
Retirement benefits	\$ 34,361	\$ 36,208	\$ (1,847)	(5.1%)
Death benefits	212	139	73	51.5
Refunds of employee contributions	69	46	23	50.0
Administrative expenses	239	206	33	16.0
Total deductions	<u>\$ 34,881</u>	<u>\$ 36,599</u>	<u>\$ (1,718)</u>	<u>(4.7%)</u>

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Management's Discussion and Analysis
December 31, 2025
(Unaudited)

Investment Activities

Despite significant political and economic developments in 2025, the U.S. economy remained resilient, with uneven but overall positive growth supported primarily by consumer spending, although momentum slowed toward year-end. The labor market continued to normalize, with slower hiring and a modest rise in unemployment, while inflation moderated but remained above the Federal Reserve's long-term target. In response to moderating inflation and slower economic growth, the Federal Reserve cut interest rates three times during the year. Financial markets experienced periods of volatility, including around expanded trade tariffs, but adjusted as economic growth remained positive and corporate earnings generally held up. Equity performance was led by large-cap and mega-cap technology companies, smaller-cap stocks lagged, international equities benefited during periods of U.S. dollar weakness, and fixed income posted modest positive returns, while household balance sheets and the banking system remained stable.

The Plan delivered a return of 13.3% (13.2% net of fees) for the year, compared to the primary policy index return of 14.5%, resulting in relative underperformance of approximately 1.2 percentage points for the period. Total Domestic Equities returned 13.9% for the year, underperforming the Russell 3000 Index return of 17.1%, primarily driven by weaker relative results within the actively managed SMID portfolios during a market environment that favored narrow, momentum-driven leadership. International Equity was a strong contributor, returning 34.5% and outperforming the MSCI AC World ex USA Index return of 32.4%. The Fixed Income allocation returned 6.9%, modestly trailing the Bloomberg Aggregate Bond Index return of 7.3%, though longer-term performance remains ahead of the benchmark. The Real Estate allocation returned 3.4%, outperforming the ODCE Index return of 2.9% as income helped offset continued valuation pressures within the asset class. Private Equity returned 11.6% for the year, trailing public equity markets but performing more in line with private market benchmarks. Lastly, the Private Credit allocation returned 7.8%, outperforming the leveraged loan benchmark return of 6.0%, continuing to provide stable income and diversification benefits within the portfolio.

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

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Statement of Fiduciary Net Position
December 31, 2025
(In thousands)

	<u>2025</u>
Assets:	
Cash and cash equivalents	\$ 6,967
Receivables:	
Dividends, interest, and other receivables	265
Employee contributions	<u>102</u>
Total receivables	367
Investments:	
Common stock funds	238,476
Other fixed income funds	144,452
Real estate funds	69,732
Private equity funds	54,691
Private credit funds	<u>43,476</u>
Total investments	550,827
Total assets	<u>558,161</u>
Liabilities:	
Accrued administrative expense	62
Accrued investment expense	45
Securities payable	<u>22</u>
Total liabilities	129
Fiduciary net position restricted for pension	<u><u>\$ 558,032</u></u>

See accompanying notes to basic financial statements.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Statement of Changes in Fiduciary Net Position
Year ended December 31, 2025
(In thousands)

	<u>2025</u>
Additions:	
Employer contributions	\$ 18,200
Employee contributions	<u>3,432</u>
Total contributions	21,632
Investment income:	
Net appreciation in fair value	60,590
Interest	3,919
Dividends	3,491
Real estate income, net of operating expenses	1,332
Miscellaneous income	<u>7</u>
	69,339
Less investment expense	<u>(3,167)</u>
Net investment income	<u>66,172</u>
Total additions	<u>87,804</u>
Deductions:	
Retirement benefits	34,361
Death benefits	212
Refunds of employee contributions	69
Administrative expenses	<u>239</u>
Total deductions	<u>34,881</u>
Net increase in fiduciary net position	52,923
Fiduciary net position restricted for pension:	
Beginning of year	<u>505,109</u>
End of year	<u><u>\$ 558,032</u></u>

See accompanying notes to basic financial statements.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

Notes to Financial Statements

December 31, 2025

(1) PLAN DESCRIPTION

A. Plan Administration

The Board of Water Commissioners of the City and County of Denver, Colorado (the Board), established 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 Plan is exempt from compliance with the Employee Retirement Income Security Act of 1974, as amended, as it is a governmental 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, 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 Treasury Section, Benefits Section, and the Office of General Counsel, 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.

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, 2025, there were 2,377 Plan participants, of which 1,110 participants were active, 241 were deferred vested participants, 268 participants were terminated and due a refund, 750 participants were retirees and/or beneficiaries, and eight were on long-term disability.

Effective January 1, 2018, the Plan was amended to require 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, including employees 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 ended 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 Tier II 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.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

Notes to Financial Statements

December 31, 2025

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 to include employee contributions to the Plan and to modify 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. Funding policy updates made effective May 31, 2023 contained minor formatting adjustments only. In 2025, the Board and members of the Plan made contributions totaling \$18.2 million and \$3.4 million, respectively. Plan contributions were made in accordance with actuarial funding valuation performed as of January 1, 2025.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

Notes to Financial Statements

December 31, 2025

Employees under both Tier I and Tier II of the Plan contribute 3% of their compensation. Non-vested members who leave employment are eligible to receive an actuarial equivalence of a full single lump sum payment that equals no less than the member's contribution plus associated interest of 2.5% compounded annually. As of December 31, 2025, the total balance of non-vested member contributions plus associated interest was \$2.8 million. There were \$69 thousand in refunds of contributions and interest to non-vested members in 2025.

(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 management fees that are netted against gains or losses and are not separately reported to the Plan. The fees are included in the net appreciation/depreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position. Management calculates these management fees based on the contractual agreement between the investment managers and the Plan.

C. Cash and Cash Equivalents

Cash and cash equivalents consists 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, available for liquidation daily, and are recorded at amortized cost.

D. 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.

E. 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.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

(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, 2025 was approved on February 22, 2023.

The Plan's investments are governed by a formal investment policy adopted by the Board, which establishes guidelines for managing risk in a manner consistent with the Plan's long-term objective of achieving the actuarially assumed rate of return. The Plan manages exposure to investment risks through a diversified asset allocation strategy and the use of professional investment managers operating within defined mandates.

The Plan's investment policies are designed to address credit risk, concentration of credit risk, interest rate risk, custodial credit risk, and foreign currency risk. These risks are managed primarily through diversification across asset classes and investment managers, establishment of asset allocation ranges, use of pooled investment vehicles and custodial arrangements, and ongoing monitoring of investment managers and portfolio exposures.

A general investment objective of the Plan is to preserve its actuarial soundness 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 this 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. Progress toward the long-term investment objective is measured by tracking achievement of the secondary investment return targets, including exceeding a passive benchmark index and fulfillment of manager-specific return objectives.

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, 2025, the Plan's long-term asset allocation ranges were as follows:

<u>Long-Term Asset Allocation Ranges</u>	
Year ended December 31, 2025	
Asset Segment	Allowable Range
Public Equities	35-60%
Fixed Income	15-35
Real Estate	10-20
Alternatives	10-25

B. Money-Weighted Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on Plan investments, net of investment expense, was 10.9%. 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.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

C. Custody and Management of Assets

During 2025, 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.

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 funds, collective investment trusts and limited partnerships, which by their nature, have an independent custodian for the fund assets. Investments in a short-term investment fund 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, 2025, this amount was \$2.4 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 schedule below:

<u>Schedule of Interest Rate Risk - Segmented Time Distribution of Investment Maturities</u>						
As of December 31, 2025						
(amounts expressed in thousands)						
Investment type	Fair value / NAV	< 1 year	1-6 years	6-10 years	10+ years	Maturity not determined ¹
Other fixed income funds	\$ 144,452	-	-	-	-	\$ 144,452

¹Amounts represent investments in commingled funds. Maturities of individual securities held by the funds are not reported by the fund.

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, 2025, 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.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

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 credit quality of fixed income investments as of December 31, 2025, are listed below. Credit ratings, when available, are based on ratings from Standard & Poor's and Moody's, with split-rated securities reported at the lower rating. Investments with no available rating are reported as NR/NA.

<u>Schedule of Credit Risk</u>			
As of December 31, 2025			
(amounts expressed in thousands)			
Investment type	Quality rating	Fair value	Percentage of asset class
Other fixed income funds	NR/NA ¹	<u>\$ 144,452</u>	100 %
¹ 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, private equity, and private credit funds whose underlying securities are invested in multiple foreign currencies that are denominated in US dollars, therefore the Plan does not have foreign currency risk.

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, 2025.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

J. Fair Value of Investments

The Plan has the following recurring fair value measurements as of December 31, 2025:

<u>Investments and Derivative Instruments Measured at Fair Value</u>				
As of December 31, 2025 (amounts expressed in thousands)				
	December 31, 2025	Fair Value Measurements		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Debt securities				
Other fixed income funds	\$ 144,452	\$ -	\$ 144,452	\$ -
Total debt securities	144,452	-	144,452	-
Equity securities				
Common stock funds	85,949	85,949	-	-
Total equity securities	85,949	85,949	-	-
Total investments by fair value level	230,401	\$ 85,949	\$ 144,452	\$ -
Investments measured by the net asset value (NAV):				
Common stock funds	152,527			
Real estate funds	69,732			
Private equity funds	54,691			
Private credit funds	43,476			
Total investments measured at the NAV	320,426			
Total investments	550,827			
Total investments measured at amortized cost	4,597			
Total investments measured at fair value ¹	\$ 555,424			

¹Total investments measured at fair value include \$2.9 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, 2025 are presented on the following table.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

<u>Investments Measured at the NAV</u>				
As of December 31, 2025 (amounts expressed in thousands)				
	<u>NAV</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Common stock funds	\$ 152,527	\$ —	Daily	None
Real estate funds	69,732	4,440	Quarterly/None	45-90 days
Private equity funds	54,691	6,808	None	N/A
Private credit funds	43,476	7,796	None	N/A
Total investments measured at the NAV	<u>\$ 320,426</u>	<u>\$ 19,044</u>		

Common stock funds

The Plan invests in Riverbridge SMID Cap Growth Collective Investment Trust, a collective investment trust maintained by SEI Trust Company for the benefit of participating tax-qualified retirement plans, governmental plans, and related trusts. The investment objective is to invest in high-quality growth companies within the U.S. small and mid-capitalization equity markets. The fund is valued daily at net asset value (NAV) based on the fair value of the underlying investments, less liabilities. The Plan may purchase or redeem units on each business day at the NAV per unit calculated by the fund as of the end of that day, subject to the terms and conditions of the trust agreement. There are no lock-up periods, redemption notice requirements, or redemption restrictions. The Plan has no unfunded commitments relating to this investment. The Plan also invests in the NT Collective S&P 500 Index Fund–Non-Lending, a collective trust fund managed by Northern Trust. This investment is valued at the NAV reported by the trustee of the fund. The NAV is based on the fair value of the underlying assets held by the fund, which consist primarily of publicly traded equity securities that seek to replicate the performance of the S&P 500 Index. The Plan may redeem its investment in the collective trust fund at NAV per share on a daily basis, subject to the terms and conditions of the trust agreement. There are no significant restrictions that would limit the Plan's ability to redeem this investment at year-end and the Plan has no unfunded commitments relating to this investment.

Real estate funds

This fund category includes four open-end and three closed-end real estate funds. The open-end funds, UBS Trumbull Property Fund, RREEF America REIT II, Principal Real Estate INV U.S. Property and Harrison Street Core Property Fund are reported at the NAV of shares/units held at year end, provided by fund managers. The closed-end funds, Harbert United States Real Estate Fund V, Harbert United States Real Estate Fund VII and Harbert United States Real Estate Fund VIII are reported at the net asset 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 24.0% 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.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

Private equity funds

This category includes investments in five fund-of-funds, which invest in private equity funds. Both HighVista 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 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 closed-end and open-ended private credit strategies that provide diversified exposure across liquid and illiquid credit markets.

The Plan invests in two closed-end private credit funds: Centerbridge Special Credit Partners Fund IV and Oaktree Direct Lending Fund. Centerbridge invests in a diversified portfolio of loans, securitized credit, and asset-based lending opportunities, including distressed and value-oriented credit purchased at discounts to par. Oaktree Direct Lending focuses primarily on directly originated senior secured first lien and unitranche loans, with limited exposure to second lien, mezzanine, and equity securities. These closed-end investments are reported at net asset values, are not redeemable, and have an expected investment horizon of approximately 6–7 years, subject to extensions.

In addition, the Plan invests in one open-ended credit strategy. The Partners Group Private Credit Strategy (PCS) is a fully funded, evergreen private credit vehicle designed as a core allocation. PCS primarily invests in first lien, floating rate, senior secured loans to middle and upper middle market companies operating in non-cyclical, defensive industries. The strategy emphasizes conservative leverage, strong covenant protections, and active portfolio monitoring, with limited allocations to junior debt and equity co-investments. PCS offers monthly subscriptions, quarterly redemptions with notice, and monthly valuation and reporting.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

(4) NET PENSION LIABILITY OF DENVER WATER

The components of the net pension liability of Denver Water at December 31, 2025 were as follows:

<u>Net Pension Liability</u>	
December 31, 2025	
(amounts expressed in thousands)	
Total pension liability	\$596,513
Plan fiduciary net position restricted for pension	<u>(558,032)</u>
Net pension liability	<u><u>\$38,481</u></u>
Plan fiduciary net position restricted for pension as a percentage of total pension liability	93.6%

A. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2025 rolled forward to the reporting date of December 31, 2025. The actuarial assumptions included a 6.50% investment rate of return, age-based salary increases ranging from 2.85% to 9.00% per year for funding, and a 2.40% inflation factor.

The pre-retirement mortality rates for 2025 were determined using the Pub-10 Employee Amount Weighted Mortality Tables projected with the Ultimate MP-2020 Scale. Post-retirement rates were determined by using the Pub-10 Healthy Retiree Amount Weighted Mortality Tables with a 1 year setback for females projected with the Ultimate MP-2020 Scale. The mortality rates for 2025 for post-disablement were determined using the Pub-10 Disabled Retiree Amount Weighted Mortality Tables projected with the Ultimate MP-2020 Scale .

The actuarial assumptions used in the January 1, 2025 valuation were based on an actuarial experience study for the period from January 1, 2015 through January 1, 2024.

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, 2025 are summarized in the following table.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

<u>Target Asset Allocation and Long-Term Expected Return</u>		
December 31, 2025		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Bank Loans	5.0%	2.4%
Domestic Equity	30.0	5.6
Domestic Fixed Income	22.5	1.8
International Equity	12.5	5.7
Private Credit	7.5	5.3
Private Equity	10.0	9.1
Real Estate	12.5	3.6
	<u>100.0%</u>	

B. Discount Rate

The discount rate used in the 2025 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 table presents the net pension liability of the Plan, calculated using the discount rate of 6.5% for 2025 as well as what the Plan's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

<u>Sensitivity of the Net Pension Liability to Changes in Discount Rate</u>			
As of December 31, 2025			
(amounts expressed in thousands)			
	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	<u>\$ 114,474</u>	<u>\$ 38,481</u>	<u>\$ (24,687)</u>

(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 \$138.0 million of the Plan's cash and investments as of December 31, 2025. For the year ended December 31, 2025, the Plan incurred approximately \$14 thousand in management fees with this investment manager.

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
Notes to Financial Statements
December 31, 2025

(6) PLAN AMENDMENTS

There were no plan amendments during 2025.

EMPLOYEES' RETIREMENT PLAN

OF THE

DENVER BOARD OF WATER COMMISSIONERS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios (unaudited)

2016 - 2025

(amounts expressed in thousands)

SCHEDULE I

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 11,836	\$ 11,489	\$ 10,605	\$ 10,108	\$ 9,851	\$ 8,590	\$ 8,127	\$ 9,070	\$ 8,522	\$ 7,330
Interest	37,114	35,609	33,570	32,262	31,021	31,320	29,982	29,285	27,728	26,237
Effect of economic/demographic (gains) or losses	11,415	11,836	5,928	4,798	(1,671)	5,779	(525)	6,700	(2,255)	(3,348)
Effect of changes of assumptions	-	7,662	-	-	16,427	-	(4,004)	-	22,250	-
Benefit payments	(34,642)	(36,393)	(29,193)	(27,688)	(26,009)	(24,927)	(24,800)	(22,055)	(19,927)	(19,932)
Net change in pension liability	25,723	30,203	20,910	19,480	29,619	20,762	8,780	23,000	36,318	10,287
Total pension liability-beginning	570,790	540,587	519,677	500,197	470,578	449,816	441,036	418,036	381,718	371,431
Total pension liability-ending (a)	596,513	570,790	540,587	519,677	500,197	470,578	449,816	441,036	418,036	381,718
Plan fiduciary net position										
Employer contributions	18,200	18,000	17,500	17,500	17,500	17,500	16,702	18,000	18,000	14,500
Member contributions	3,432	3,362	3,195	2,995	2,802	2,579	1,713	662	-	-
Net investment income(loss)	66,172	40,515	42,906	(50,696)	80,668	39,063	58,643	(14,319)	48,273	21,326
Benefit payments	(34,642)	(36,393)	(29,193)	(27,688)	(26,009)	(24,927)	(24,800)	(22,055)	(19,927)	(19,932)
Administrative expense	(239)	(206)	(202)	(192)	(185)	(183)	(183)	(180)	(48)	(52)
Net change in plan fiduciary net position	52,923	25,278	34,206	(58,081)	74,776	34,032	52,075	(17,892)	46,298	15,842
Plan fiduciary net position-beginning	505,109	479,831	445,625	503,706	428,930	394,898	342,823	360,715	314,417	298,575
Plan fiduciary net position-ending (b)	558,032	505,109	479,831	445,625	503,706	428,930	394,898	342,823	360,715	314,417
Net pension liability-ending (a)-(b)	\$ 38,481	\$ 65,681	\$ 60,756	\$ 74,052	\$ (3,509)	\$ 41,648	\$ 54,918	\$ 98,213	\$ 57,321	\$ 67,301
Plan fiduciary net position as a percentage of the total pension liability	93.55%	88.49%	88.76%	85.75%	100.70%	91.15%	87.79%	77.73%	86.29%	82.37%
Covered payroll	\$ 114,389	\$ 112,073	\$ 106,512	\$ 99,848	\$ 93,383	\$ 87,877	\$ 81,654	\$ 82,151	\$ 77,159	\$ 75,740
Net pension liability/(asset) as a percentage of covered payroll	33.64%	58.61%	57.04%	74.16%	(3.76%)	47.39%	67.26%	119.55%	74.29%	88.86%

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Denver Water Pension Contributions (unaudited)
2016 - 2025
(amounts expressed in thousands)

SCHEDULE II

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 18,843	\$ 17,745	\$ 15,997	\$ 14,975	\$ 17,917	\$ 15,953	\$ 16,411	\$ 18,489	\$ 18,089	\$ 14,017
Board contributions in relation to the actuarially determined contribution	18,200	18,000	17,500	17,500	17,500	17,500	16,702	18,000	18,000	14,500
Contribution deficiency (excess)	\$ 643	\$ (255)	\$ (1,503)	\$ (2,525)	\$ 417	\$ (1,547)	\$ (291)	\$ 489	\$ 89	\$ (483)
Covered payroll	\$ 114,389	\$ 112,073	\$ 106,512	\$ 99,848	\$ 93,383	\$ 87,877	\$ 81,654	\$ 82,151	\$ 77,159	\$ 75,740
Contributions as a percentage of covered payroll	15.91%	16.06%	16.43%	17.53%	18.74%	19.91%	20.45%	21.91%	23.33%	19.14%

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, the beginning of each fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	Layered, 15 years starting 01/01/2024. Prior bases collapsed to 10 years at 01/01/2024.
Asset valuation method	3-year smoothed fair value. Marked to market at 01/01/2024.
Inflation	2.40%
Salary increases	Age-based rates from 9.00% to 2.85%
Investment rate of return	6.50% net of pension plan investment expenses, including inflation.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Pre-Retirement: Pub-10 Employee Amount Weighted Mortality Tables projected with the Ultimate MP-2020 Scale. Post-Retirement: Pub-10 Healthy Retiree Amount Weighted Mortality Tables with a 1 year setback for females projected with the Ultimate MP-2020 Scale. Post-Disablement: Pub-10 Disabled Retiree Amount Weighted Mortality Tables projected with the Ultimate MP-2020 Scale.
Cost-of-living adjustment	2.40%

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Investment Returns (unaudited)
2016 - 2025
(amounts expressed in thousands)

SCHEDULE III

Fiscal year ending December 31,	Net money-weighted rate of return
2016	7.2%
2017	15.3
2018	(4.0)
2019	17.1
2020	9.9
2021	18.8
2022	(10.1)
2023	9.7
2024	8.5
2025	10.9

**EMPLOYEES' RETIREMENT PLAN
OF THE
DENVER BOARD OF WATER COMMISSIONERS**

REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information - Net Pension Liability (unaudited)

Changes in assumptions or other input effective for the December 31, 2024 reporting date are as follows:

- Inflation: increase from 2.25% to 2.40%
- Reduced real return assumption from 4.50% to 4.10%
- Mortality: update to the Pub-10 General Amount Weighted tables with a one-year setback for female retirees and update the projection scale to the ultimate MP 2020 Scale.
- Individual Merit and Promotion Increases: increased wage inflation rate from 2.25% to 2.75% and merit age-based scale from 4%-0.10 to 6.25%-0.10%.
- Rates of disability: reduced age-based probability range from 0.02%-0.942% to 0.014%-0.628%.
- Rates of Retirement: decreased normal/rule of retirement rates for ages 55-69.
- Rates of Termination: adjusted the rates based on years of service from a probability range of 9%-1% to 10%-1.25% to better reflect higher level of terminations.
- Lump Sum Elections: decreased election rates for those < 45 years of age at termination from 10% to 5%; for those aged 45-55 at termination, decreased election assumption from 20% to 15%.

Effective January 1, 2024, the amortization layers created prior to January 1, 2024 were collapsed and reamortized over a closed 10-year period as a level dollar amount. Layers established on and after January 1, 2024 will continue to be amortized over a 15-year period.

Effective January 1, 2024, there was a one-time reset of the actuarial asset value to the market value of assets in conjunction with the changes to the amortization of the Unfunded Accrued Liabilities. Asset smoothing will resume in subsequent valuations. The changes to the amortization and resetting to market value were designed to reduced anticipated contribution volatility.

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.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2025, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated May 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Denver, Colorado
May 6, 2026