2008 Annual Report

Denver Board of Water Commissioners Employees' Retirement Program

Employees' Retirement Plan,

Denver Water 401(k) Supplemental Retirement Savings Plan,

Denver Water 457 Deferred Compensation Plan

Trust Funds of the Denver Board of Water Commissioners

For Fiscal Year Ended December 31, 2008

TREASURY DEPARTMENT, DENVER BOARD OF WATER COMMISSIONERS
1600 W. 12TH AVENUE, DENVER, CO 80204-3412, PHONE: 303-628-6410

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I. INTRODUCTORY SECTION (UNAUDITED)

A. LETTER OF TRANSMITTAL

DENVER WATER

June 29, 2009

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, 2008. The Retirement Program includes three trusteed funds ("Plans") and two additional, unfunded benefits. The trusteed 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 trusteed plans. The two unfunded benefits are a Health Care Continuation Program for Early Retirees and a Pre-Retirement Financial Counseling 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.

BKD, LLP Certified Public Accountants, audited the three financial statements included in this document, and issued an unqualified ("clean") opinion on each of those financial statements for the year ended December 31, 2008. 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. Generally accepted accounting principles (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 (adopted by the Board on April 11, 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 improved dramatically. In 1971, cost of living adjustments were added. In 1981, employee contributions were eliminated. In 1985, early retirement at age 55 with 15 years of service become 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.

Currently, the DB Plan provides normal, special early (rule-of-75), early, and late retirement benefit options with limited annual cost-of-living adjustments, disability benefits and death benefits. Participants become fully vested after five (5) 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, 2008 there were 1,536 participants in the DB Plan, including 1,018 active members, 424 retirees and beneficiaries, 17 disabled members and beneficiaries, and 77 terminated employees entitled to benefits but not receiving them.

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. VALIC (formerly AIG Retirement) is the administrator of the SRSP and holds the assets in trust for the sole benefit of the participants and their beneficiaries. At December 31, 2008, there were 918 contributing and 103 non-contributing participants. 85% of all eligible Denver Water employees participated in the SRSP Plan as of 12/31/2008.

Denver Water established a 457 deferred compensation plan pursuant to Section 457 of the Internal Revenue Code (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. Denver Water does not contribute to the plan and employee participation is voluntary. VALIC is the administrator of the 457 Plan and holds the assets in trust for the sole benefit of participants and their beneficiaries. At December 31, 2008, there were 336 contributing and 394 non-contributing participants. 29% of all eligible Denver Water employees participated in the 457 Plan as of 12/31/2008.

Until 12/31/2008 Denver Water offered six hours of ***Pre-Retirement Financial Counseling*** to each employee who expressed an intent to retire within 6 months. The counseling was offered through vendors who held a Certified Financial Planner™ designation, were fee-only planners and did not sell products. The scope of service for the vendor was primarily to assist employees with full understanding of the pros and cons of the various distribution options available in the three trusteed plans in light of the employee's personal circumstances, including but not necessarily limited to the income, cost, and tax implications of each alternative. Ten (10) employees used the counseling services during 2008 and 9 of those employees have subsequently retired. Beginning in June 2009 the Pre-Retirement Financial Counseling Program was converted into Retirement Financial Planning Reimbursement Program in response to employee suggestions. The new Program is designed to encourage eligible employees who are within three years of retirement to consult with a Certified Financial Planner (CFP®) of their choice about their retirement planning needs. Participants are eligible to receive a lifetime maximum reimbursement of $1,000. Reimbursement requires certification that the services did not include tax preparation, legal, accounting or brokerage services, as this is designed to be a tax-free reimbursement for "qualified retirement planning services" as described in Internal Revenue Code section 132(m).

Health Care Continuation for Early Retirees is offered to each employee who takes an immediate distribution from the Plan, who is covered by Denver Water's health care plan (except through COBRA) at the time of retirement, and who retires between the ages of 55 and 65 pursuant to the Special Early Retirement provisions of the Plan (This provision, known as the Rule of 75, applies if the sum of the retiree's age plus Credited Service equals 75 or more). Under this program, the employee and his eligible dependents may continue in Denver Water's health care program, at a higher premium than offered to active employees, until the employee attains age 65. After the retiree becomes Medicare-eligible at age 65, the retiree's coverage ceases. 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. Effective with the issuance of December 31, 2007 financial statements, The Governmental Accounting Standards Board ("GASB") Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", requires Denver Water to accrue the cost of this benefit over the period of employment, much as a defined pension benefit is now accrued. Denver Water is in compliance with GASB Statement No. 45 and is accruing the liabilities related to health care coverage for Early Retirees as presented in its financial statements. Denver Water is not required to, and has not, established an irrevocable trust to accumulate assets for payment of future retiree health benefits. It will make a determination whether to fund this obligation in the near future. The annual expense for this benefit is calculated based on the annual required contribution as computed by the actuary. The expense recorded in 2008 was $2.7 million; of this amount, $1.4 million was paid as benefits under the plan, and $1.2 million was recorded as a liability at December 31, 2008. The Net OPEB Obligation for postemployment healthcare benefits as of the end of the year was $4.9 million.

Major Initiatives in 2008

- **Completion of Phase I of the Retirement Program Review.** As part of the three-year evaluation of the Denver Water's benefit programs, the Board directed the Retirement Program Committee ("RPC") to evaluate the DW Retirement Program. The review, conducted with the assistance of several external experts, focuses on adequacy, comparability, and efficiency of Denver Water's retirement benefits. Part I of the review, which was completed in early 2009, included the analysis of the DB and DC Plans and the integration with Social Security benefits. The study covered an analysis of twenty-five Retirement Program – related issues, and included employee briefings, employee surveys, communications, comparative studies and cost analyses. Based on the results of the study, the RPC recommended, and the Board approved four changes to the Retirement Program: mandatory cash out of accrued vacation/sick leave upon retirement, elimination of COLA adjustment during period of LTD, elimination of pension plan purchase option and implementation of a pre-retirement counseling reimbursement program. The changes will be implemented during 2009. Phase II of the Retirement Program Review, which is expected to be completed by the end of 2009, will be focused on the Health Care Continuation for Early Retirees.

- **Peer Review of the Retirement Program Study.** In October 2008 the Board contracted Gabriel, Roeder, Smith and Co. ("GRS"), an independent actuarial and consulting firm, to perform a peer review of the Retirement Program Study completed by the current DW Actuary, Benefit Partners. Specifically, the review analyzed the peer group comparison, replacement ratio and purchasing power comparisons, and actuarial impact analysis. In general, GRS found the conclusions in the Study to be reasonable based on the underlying assumptions. The consultant recommended further analysis in a few areas covered in the Study.

- **Full replication audit of the 2007 Actuarial Valuation results for the DB Plan.** In November 2008 the Board contracted Milliman, Inc. one of the largest independent actuarial and consulting firms in the U.S., to perform a full replication audit of the Actuarial Valuation and verification of the benefit calculator maintained by the current DW Actuary, Benefit Partners. The objective of the audit was to provide assurance that the valuation was performed correctly and to verify that the data, methods and assumptions were properly used. The main reason behind the audit was the need for quality control following major personnel changes at Benefit Partners. The conclusion from the audit was that the January 1, 2008 actuarial valuation provided a reasonable estimate of the Plan's current funded position. However, Milliman recommended a few corrections to the membership data, valuation of certain benefits and presentation of the valuation results. Most of the recommendations have been implemented in the 2009 Valuation report.

- **New Investment Consultant for the DB Plan.** As a result of normal contract expiration, in September 2008 the RPC circulated a Request for Information for Investment Consulting Services for the Employees' Retirement Plan. Six firms responded, of which three were asked to participate in interviews with the RPC. Following extensive discussion and reference checks, the RPC recommended to the Manager that Watershed Investment Consultants, Inc. be selected as the firm to provide investment consulting services to the DB Plan through December 31, 2011. The Board may, at its sole discretion extend the term for two additional 1-year terms. Watershed is a local, employee-owned, independent firm founded in 1998. Its clients include retirement plans foundations, endowments, health care firms and other institutional investors. Specific services to be provided by the firm include preparation of quarterly performance evaluation reports, Investment Policy

Statement review, evaluation of asset allocation strategy, investment manager searches as needed, and ongoing investment support and education. Watershed replaces Buck Consultants LLC who provided investment advisory services to the Board from 2005 until 2008.

- **Extension of the Consulting Agreement with Cook Street Consulting, Inc.** Cook Street Consulting, Inc. serves as an independent investment consultant and co-fiduciary for the 401(k) Plan and the 457 Plan. Specific services provided by the firm include investment option analysis, assistance with fund selection process, provider expense analysis/benchmarking, Investment Policy Statement review, fund monitoring, vendor negotiations, etc. Cook Street has provided investment consulting services to the Board and the RPC since March 2006. The initial contract was set to expire in March 2009. In January 2009, the Board approved the extension of the contract with Cook Street under the current retainer arrangement through December 31, 2010.

- **Fund changes in 401(k)/457 Plans.** The Board engaged Cook Street Consulting to regularly review and evaluate the funds offered to participants in the 401(k) and 457 Plans. In June 2008, Cook Street Consulting recommended share class changes for the following funds: a change from American Funds Washington Mutual A (AWSHX) to American Funds Washington Mutual R5 (RWMFX), a change from Vanguard Inflation-Protected Secs Inv (VIPSX) to Vanguard Inflation-Protected Secs Adm (VAIPX), a change from PIMCO High Yield A (PHDAX) to PIMCO High Yield Admin (PHYAX) and a change from Domini Social Equity (DSEFX) to Domini Social Equity R (DSFRX). The main reason for the above changes was to reduce the investment management expenses paid by employees who invest in these funds. The Fund managers and the investment objectives remained the same. Additionally, in October 2008 Cook Street recommended that DW replace Allianz CCM Emerging Companies Inst (PMCIX) with Baron Growth (BGRFX). This change reduces investment management expenses paid by employees and replaces a fund that has not been performing well.

- **Annual review and update of Investment Policy Statements ("IPS").** Each year the Director of Finance, together with the RPC and the investment advisors, reviews the investment policy statements for the plans in the Retirement Program. As a result of the 2008 review, completed in June 2008, the IPS was modified to reflect the inability of many highly desirable real estate managers to comply with the requirement to acknowledge and agree in writing to his/her fiduciary status. This change was brought about by the conversion of one of the real estate investments held by Denver Water's Retirement Plan Trust from an insurance company comingled fund to a private real estate investment trust. This modification was recommended by a real estate consultant hired by the Board, Townsend Consulting Group, as well as the permanent Investment Advisor to the DB Plan, Buck Consultants.

- **2008 Tax Compliance Amendments to the 401(k) Plan.** In December 2008, following a recommendation of the RPC, the Board approved four Tax Compliance amendments to the 401(k) Plan. Section 7.2 of the Plan document was amended to comply with tax regulations regarding minimum distributions. Section 7.3 (a) was amended to delete a reference to after-tax contributions. Section 7.7 was added to allow a non-spouse beneficiary to make an IRA rollover of a plan distribution. Article V was amended to adjust the maximum contribution limits and to incorporate certain IRS regulations "by reference".

- **2008 Tax Compliance Amendments to the DB Plan.** In December 2008, following a recommendation of the RPC, the Board approved six Tax Compliance amendments to the DB Plan. Section 5.13 was amended to incorporate certain IRS regulations regarding maximum benefit limitations "by reference". Section 5.14 was added to the DB Plan document to comply with all requirements regarding military service that apply to the Plan. Section 6.04 was amended to incorporate a reference to Treasury Regulations related to voluntary after-tax member contributions. Section 6.07 was amended to reference Treasury Regulations regarding required distributions. Section 6.08(a) was amended to address the rollover distributions of after-tax Member contribution. Section 6.09 was added to allow a non-spouse beneficiary to make an IRA rollover of a plan distribution.

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, 2008 are listed on page III-75 of the report; funds included in the Defined Contribution Plans are listed on page III-93 of the report. Activities of the professional managers are reviewed and evaluated quarterly by the investment consultant for each plan, the Retirement Program Committee, and Denver Water' financial staff.

During 2008, investments in the Defined Benefit Plan had a negative rate of return of -29.8%, compared to the target benchmark index return of -23.4% and the actuarial assumed rate of return of 7.5%. The annualized rate of return on assets of the Defined Benefit Plan was -4.9% over the last three years and was 0.6% 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, 2009, the Funded Ratio of the DB Plan was 72.7%, compared to 92.9% the year before. Over the past ten years the Funded Ratio ranged from a low of 72.7% (01/01/09) to a high of 103.5% (01/01/01). 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, but Denver Water currently matches 100% of employee contributions to the 401(k) plan up to 3% of published base pay for each employee.

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 Certified Public Accountant 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 list of consultants engaged to assist the Manager, various staff members, and the Board are listed on page I-21.

Acknowledgements

The compilation of this report reflects the combined effort of Denver Water's staff. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of

the funds included in 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 staff, specifically the members of the Retirement Program Committee and their support staff, especially Ms. Aneta Rettig, who prepared the initial draft of this report, Mr. Richard Wirth, who prepared the financial statements, the advisors, and to the many 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,

Hamlet J. Barry, III,
Manager

Carla Elam-Floyd
Manager of Human Resources, RPC Co-Chair

David B. LaFrance
Director of Finance, RPC Co-Chair

B. ORGANIZATIONAL CHART OF THE EMPLOYEES' RETIREMENT PROGRAM

Denver Water Board

- 5 members appointed by the Mayor of Denver
- Serves as Trustee of the Defined Benefit Plan and Sponsor of the Defined Contribution Plans
- Approves benefit plan design
- Approves investment policy
- Approves actuarial assumptions and methods

Trust Fund Custodians

- Hold assets
- Disburse payment to participants

DW Manager:

- Administers retirement program
- Implements investment policy
- Appoints Retirement Program Committee members

Investment Managers

Make day-to-day investment decisions

Retirement Program Committee

Advises Manager on retirement issues

Consultants, Vendors and Advisors

Provide specialized advice

Director of Finance

- Co-Chair of the RPC
- Performs cost analysis
- Recommends financial, investment and actuarial policies

Manager of Human Resources

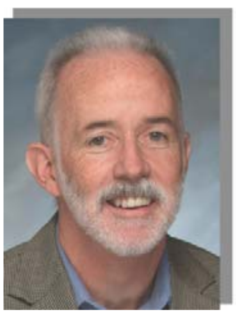
- Co-Chair of the RPC
- Responsible for day-to -day administration of the plans
- Responsible for administrative vendor relations
- Recommends administrative and plan design policies

More information about investment professionals who provide services to the Retirement Program and their fees can be found on the following pages: I-21, III-75, III-83, III-93 and III-98.

C. 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, 2008

Top from left, Penfield W. Tate III, John R. Lucero;
Bottom from left, Thomas A. Gougeon, George B. Beardsley, Susan D. Daggett

Penfield W. Tate III, President Attorney: Greenberg Traurig	*Commissioner since October 18, 2005;* *Term expires July 10, 2011.*
John R. Lucero, First Vice President Broker Associate, Lucero Real Estate, Inc.	*Commissioner since September 13, 2007;* *Term expires July 10, 2009.*
Thomas A. Gougeon, Principal: Continuum Partners LLC	*Commissioner since August 10, 2004;* *Term expires July 10, 2011.*
George B. Beardsley Principal: Inverness Properties, LLC	*Commissioner since February 2, 2004;* *Resigned March 13, 2009.*
Susan D. Daggett Independent consultant	*Commissioner since November 6, 2007;* *Resigned January 22, 2009.* *Replaced by Paula Herzmark, effective April 24, 2009;* *Term expires July 10, 2013*

LAST 20 COMMISSIONERS

Charles F. Brannan	Dec 14, 1970 to Sep 26, 1983
James B. Kenney, Jr.	Jan 9, 1976 to Sep 26, 1983
Charles G. Jordan	Sep 26, 1983 to Jun 28, 1985
D. Dale Shaffer	Aug 9, 1978 to Jul 8, 1985
John A. Yelenick	Jul 14, 1969 to Aug 25, 1987
Marguerite S. Pugsley	May 10, 1978 to Aug 25, 1987
Elizabeth A. Hennessey	Nov 4, 1985 to Jul 28, 1989
Malcolm M. Murray	Aug 25, 1987 to Jul 12, 1993
Donald L. Kortz	Aug 25, 1987 to Jul 12, 1993
Monte Pascoe	Sep 26, 1983 to Jul 10, 1995
Romaine Pacheco	Jul 31, 1989 to Jul 10, 1995
Hubert A. Farbes, Jr.	Jul 8, 1985 to Jul 14, 1997
Ronald L. Lehr	Jul 21, 1993 to Apr 20, 1999
Joe Shoemaker	Jul 10 , 1995 to Jul 9, 2001
Andrew D. Wallach	Jul 18, 2001 to Aug 5, 2003
Daniel E. Muse	Feb 10, 2000 to Nov 13, 2003
Richard A. Kirk	Jul 21, 1993 to October 18, 2005
William R. Roberts	Jul 10, 1997 to October 18, 2005
Harris D. Sherman	Dec 6, 2005 to Feb 16, 2007
Denise S. Maes	Jul 10, 1995 to Jul 10, 2007

D. KEY MEMBERS OF THE RETIREMENT PROGRAM COMMITTEE

Retirement Program Committee ("RPC") – responsible for advising the Manager with respect to retirement issues; The Retirement Program Committee ("RPC") was created by the resolution of the Board passed in September 2005. The RPC advises the Manager and other employees authorized to administer and analyze various aspects of the Board's retirement program. Under the resolution, the Board maintained full authority to approve substantive changes to the Retirement Program, investment policy, and actuarial assumptions. The RPC is co-chaired by the Manager of Human Resources and the Director of Finance and includes key representatives from Treasury, HR Benefits and the Legal Division. The RPC engages outside experts for assistance in a number of areas as authorized in the 2005 resolution as noted in the annual report.

Hamlet J. Barry III – Manager of Denver Water since January 1991; responsible for the implementing Board policies, including those related to the Denver Water Retirement Program. Supervises the Director of Finance and the Manager of Human Resources, appoints members of the Retirement Program Committee.

Carla Elam-Floyd - Manager of Human Resources since February 1995; co-chair of the RPC; executive sponsor of the Benefits Evaluation Team ("BET".) Under the general supervision of the Manager, Ms. Elam-Floyd administers the Plans with regard to participants, including data maintenance, disclosures, calculations, payment of benefits and other similar duties. She also evaluates and recommends vendors and consultants to assist with administration of the Plans, and authors or approves most communication with participants. Ms. Elam-Floyd is also responsible for evaluating and recommending changes in Program design and providing information related to the administration of the Program to the Board.

David B. LaFrance - Director of Finance since July 1998; co-chair of the RPC; executive sponsor of the BET. Under the general supervision of the Manager, Mr. LaFrance recommends investment policy guidelines, asset allocation targets, investment managers, and actuarial funding methods and assumptions. Mr. LaFrance also recommends and evaluates various professionals whose duties would be related to the financial health of Denver Water Retirement Plans and their investments. He and his staff implement Trustee decisions, monitor performance of services provided by different professionals, and report on the status of the Plans to the Board.

Sandra Miller - Manager of Healthcare & Benefit Administration since September 2008; member RPC; The Manager of Human Resources to Ms. Miller the responsibility for managing employee benefits

Deb B. Engleman - Senior Benefits Administrator since June 1993; member RPC; lead member of the Benefit Evaluation Team ("BET"). The Manager of Human Resources has delegated 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.

Gary L. Brockett - Human Resources Specialist since April 2005; member RPC. Under the direction of the Manager of Human Resources, Mr. Brockett communicates with current and retired employees, in addition to providing required disclosures, notices, and pension calculations. Mr. Brockett also analyzes financial and workforce trends that impact the Retirement Plan.

Kathryn M. Kempke – Treasurer with Denver Water from July 1994 until February 2009; former member, RPC; member BET. Retired in February 2009.

Usha Sharma – Treasurer with Denver Water from April 2009. The Director of Finance has delegated various responsibilities pertaining to the Plans, including the preparation of this Annual Financial Report, to the Treasurer and her subordinates.

Michael L. Walker – Attorney. Mr. Walker has been employed by Denver Water since 1973; member RPC.

Aneta M. Rettig – Treasury Analyst since March 2006; member RPC; supports the Treasurer in fulfilling her responsibilities pertaining to the Plans.

Susan Zimmerman - Finance Office Management Assistant since July 2003; Member and Recording Secretary of the RPC

E. CONSULTANTS AND ADVISORS

Consulting Services

Actuary	Benefit Partners, Inc.- since January 1, 2007	9400 N. Central Expwy., Ste 1400 Dallas, TX 75231
Benefit Consultant	Leif Associates, Inc.	1515 Arapahoe Street, Tower 1, Suite 410 Denver, CO 80202
Legal Counsel	Ms. Mary Brauer Reinhart, Boerner, Van Deuren, Attorneys At Law	8400 E. Prentice Ave., Penthouse Englewood, CO 80111
Performance Evaluation	The Northern Trust Company	50 S. LaSalle Street, Chicago, IL 60675
Investment Advisor (DB Plan)	Mr. Donald Eibsen Buck Consultants (until 12/31/08) Mr. Dale Connors Watershed Investment Consultants (since 01/01/09)	1200 17th Street, Ste 1200 Denver, CO 80202 6400 S. Fiddler's Green Circle, Ste 2050 Greenwood Village, CO 80111
Investment Advisor (DC Plans)	Cook Street Consulting	44 Cook Street, Ste 600 Denver, CO 80206

Asset Custodian

The Northern Trust Company (DB Plan)	50 S. LaSalle Street, Chicago, IL 60675
The Variable Annuity Life Insurance Company (VALIC) (DC Plans)	2929 Allen Parkway, L 13-10 Houston, TX 77015

Independent Auditor

BKD, LLP, Certified Public Accountants	Wells Fargo Center 1700 Lincoln Street, Ste 1400 Denver, CO 80203

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*.

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II. Financial Section

A. EMPLOYEES' RETIREMENT PLAN

1. Independent Auditor's Report

BKD LLP
CPAs & Advisors

Wells Fargo Center
1700 Lincoln Street, Suite 1400
Denver, CO 80203-4514
303.861.4545 Fax 303.832.5705 www.bkd.com

Independent Accountants' Report

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

We have audited the accompanying statements of plan net assets of Employees' Retirement Plan and Trust of the Denver Board of Water Commissioners as of December 31, 2008 and 2007, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Employees' Retirement Plan and Trust of the Denver Board of Water Commissioners as of December 31, 2008 and 2007, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis, schedule of funding progress and schedule of employer contributions as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

/s/ BKD, LLP

Denver, Colorado
May 4, 2009

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Employee's Retirement Plan and Trust of the Denver Board of Water Commissioners, City and County of Denver, Colorado (Plan) for the years ended December 31, 2008 and 2007. This information should be read in conjunction with the financial statements and notes which follow.

FINANCIAL HIGHLIGHTS

As of December 31, 2008 and 2007, $174.8 million and $259.9 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its members.

For 2008, the total net assets of the Plan decreased by $85.1 million or 32.7%. This compares with $6.1 million increase or 2.4% in 2007. The decrease in 2008 and the increase in 2007 were primarily due to changes in market value of the Plan's assets. Plan returns for 2008 and 2007 were -29.8% and 8.1% respectively.

The assets in the Plan are categorized based on the type of securities held. Mutual funds, which often hold more than one type of security, are classified based on the majority type of securities held in the fund. Northern Trust, as custodian of the fund, periodically re-analyzes the holdings and reclassifies accordingly. The Western Asset Management Company mutual fund holding approximately $32.3 million of assets was reclassified from corporate bonds to government agencies in 2008.

Additions to Plan net assets in 2008 included contributions of $7.6 million, which was offset by a net investment loss of $77.3 million resulting in a net reduction to additions to Plan assets of $69.7 million. In 2007, contributions were $7.3 million and net investment income was $19.2 million for a net increase of $26.5 million.

Deductions from Plan net assets for 2008 were $15.4 million compared to $20.4 million in 2007 a decrease of 24.4%. Retirement benefit payments were $15.2 million in 2008 and $20.0 million in 2007 resulting in a decrease in benefit payments of 24.0% from 2007.

The Plan's funding objective is to ensure that retirement benefits are adequately funded at a reasonable and predictable cost through employer contributions and investment returns. As of January 1, 2008 and 2007, the dates of the actuarial valuations, the funded ratio for the retirement Plan was 92.9% and 93.4%, respectively. The funded ratio of the Plan is expected to fall significantly in the January 1, 2009 actuarial valuation report expected to be available in May of 2009. The decline in the funded ratio is due to the significant decrease in the market value of assets held in the Plan during 2008.

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. Statements of Plan Net Assets
2. Statements of Changes in Plan Net Assets
3. Notes to Financial Statements
4. Supplementary Information Required by the Governmental Accounting Standards Board

The Statements of Plan Net Assets present the Plan assets and liabilities as of December 31, 2008 and 2007. The Statements reflect the net assets available for benefits in the retirement fund as of December 31, 2008 and 2007.

The Statements of Changes in Plan Net Assets show the additions to and deductions from Plan assets during 2008 and 2007.

The above statements are in compliance with the Governmental Accounting Standards Board (GASB) Statements Nos. 25, 34 and all other applicable GASB pronouncements including GASB Statement No. 50 on "*Pension Disclosures*" which amends certain provisions of GASB Nos. 25 and 27. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2008 and 2007, and the activities that occurred during the year. Both 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 which is essential to a full understanding of the basic financial statements.

Supplementary Information required by the Governmental Accounting Standards Board, in conjunction with the notes to the required supplementary schedules, provides additional information about the Plan's progress in funding its future obligations and the history of Board contributions.

FINANCIAL ANALYSIS

There are several ways to measure the Plan's financial position. One way is to determine the Plan's net assets available to pay benefits, defined as the difference between total assets and total liabilities. Another way is to refer to the funded ratio of the Plan. As of January 1, 2008, the date of the last actuarial valuation, the Retirement Plan had a funded ratio of 92.9%, which means that for every dollar of benefits earned to date, based on service and expected final salaries, the Plan had 92.9 cents in assets available for payment. This compares with a funded ratio of 93.4% in 2007. The funded ratio used in the public sector, including this plan, is the actuarial value of assets divided by the actuarial accrued liability. For this Plan, the actuarial value of assets at January 1, 2008 was less than the market value due to a 3 year smoothing method used in the actuarial valuation.

The Board has determined that it is prudent to hold a diversified portfolio of assets in order to achieve its overall objective and to continually monitor the Plan's investments. The Board changed the target asset allocations for each asset class following an asset liability study completed by Buck Consultants in 2006. Please refer to the notes under "Investment Policy" for more information on asset allocations. The actual asset allocation is reviewed quarterly by the retirement program committee and rebalanced as necessary.

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 quarterly against the appropriate benchmark for his 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. As of December 31, the Plan's net assets were as follows:

Net Assets

(amounts expressed in thousands)

	December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Cash and equivalents	$ 2,359	$ 2,835	$ 2,298	$ (476)	(16.8) %	$ 537	23.4 %
Dividends, interest & other receivables	1,086	813	800	273	33.6 %	13	1.6 %
Investments, at fair value	172,282	257,131	251,494	(84,849)	(33.0) %	5,637	2.2 %
Total assets	175,727	260,779	254,592	(85,052)	(32.6) %	6,187	2.4 %
Total liabilities	918	857	805	61	7.1 %	52	6.5 %
Plan net assets	$ 174,809	$259,922	$ 253,787	$(85,113)	(32.7) %	$ 6,135	2.4 %

Change in Plan Net Assets

The statements of plan net assets display the Plan's assets, liabilities and net assets at year-end. The statements of changes in plan net assets provide information on the source of the change in net assets during the year. The decrease in total assets of $85.1 million or 32.7% in 2008 was a result of a decrease in investments and a modest decrease in cash and cash equivalents, which were offset by a slight increase in receivables. In 2007 total assets increased by $6.2 million or 2.4% primarily due to increases in investments as well as small increases in cash and cash equivalents and receivables.

Cadence Capital Management, Prudential Real Estate Investors, Pzena Investment Management, LLC, and Denver Investment Advisors reported holding cash and cash equivalents as of December 31, 2008. Cash is also held in the account used for disbursement of benefit payments and administrative expenses. Many of the other managers have cash holdings from time to time but do not specifically identify it in their reporting.

Liabilities of the Plan for 2008 and 2007 consisted primarily of unpaid but earned investment manager fees and amounts related to unsettled investment trades. The change in Plan net assets is a function of the change in total assets offset by the change in total liabilities. The Plan recorded a net decrease in Plan net assets of $85.1million in 2008 and a net increase of $6.1 million in 2007.

Additions

The monies needed to pay benefits are accumulated from the contributions made by the Board and the income generated from the Plan's investments, including interest, dividends and proceeds from the sale of individual investments. Any earnings on investments are reported net of investment management expenses. Board contributions for 2008 and 2007 totaled $7.6 million and $7.3 million, respectively. Contributions to the Plan for 2008 and 2007 were 100% of the actuarially recommended amount.

Declines in capital market performance during 2008 overshadowed relatively good performance in 2007, unfavorably affecting the Plan's total investment income, mostly due to depreciation in fair market value of the Plan's assets. This depreciation was led by international equities, followed by domestic equities and absolute return strategies. International equity segment recorded a loss of 45.8%, trailing the benchmark (MSCI EAFE ND) return of -43.4%. Domestic equities returned -40.5%, compared to a benchmark (Russell 3000) return of -37.3% and S&P 500 index return of -37.0%. Pzena, a Large Cap Value manager with a considerable overweight in financial stocks was the worst performer within the segment. Absolute return strategies, represented by Wellington Diversified Hedges fund and PIMCO All Asset Fund recorded a combined loss of 35.3%, more than 40 percentage points worse than their benchmark index, CPI+5%, which was 5.1% in 2008. The total market value of Plan assets declined by 29.8% in 2008 as compared to the expected total portfolio return based on Denver Water's customized benchmark return of -23.4%. In 2007 total Plan assets recorded an 8.1% return.

Additions to Plan Net Assets

(amounts expressed in thousands)

	Years ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Board contributions	$ 7,591	$ 7,277	$ 8,269	$ 314	4.3 %	$ (992)	(12.0) %
Investment income	(77,310)	19,209	29,512	(96,519)	(502.5) %	$ (10,303)	(34.9) %
Total additions, net	$(69,719)	$ 26,486	$ 37,781	$ (96,205)	(363.2) %	$ (11,295)	(29.9) %

Deductions

Annual Plan expenditures 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. Please refer to the Plan document for detailed information regarding the Plan. For the year, ended December 31, 2008 annual Plan expenditures totaled $15.4 million which compares with $20.4 million in 2007. This represents a decrease in deductions in 2008 of 24.4% as compared to an increase in 2007 of 55.8%. The decrease in total deductions in 2008 is primarily due to a decrease in employee benefit payments.

Deductions from Plan Net Assets

(amounts expressed in thousands)

	Years ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Retirement benefits	$ 15,216	$ 20,020	$ 12,694	$ (4,804)	(24.0) %	$ 7,326	57.7 %
Death benefits	65	80	75	(15)	(18.8) %	5	6.7 %
Refunds of contributions	65	206	109	(141)	(68.4) %	97	89.0 %
Administrative expenses	48	45	181	3	6.7 %	(136)	(75.1) %
Total deductions	$ 15,394	$ 20,351	$ 13,059	$ (4,957)	(24.4) %	$ 7,292	55.8 %

REQUESTS FOR INFORMATION

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2008 and 2007 and changes in financial status for the years 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 Plan Net Assets

ASSETS	December 31, 2008	December 31, 2007
Cash and cash equivalents, at cost which approximates fair value	$2,358,800	$2,834,700
Dividends, interest and other receivables	1,086,400	812,900
Investments, at fair value		
U. S. Government and agency securities	43,570,600	10,777,300
Corporate bonds and debentures	11,854,800	55,873,100
Equities	85,899,300	147,308,200
Real estate	19,238,700	22,383,500
Alternative Investments	11,718,600	20,789,100
Total Investments	172,282,000	257,131,200
Total Assets	175,727,200	260,778,800
LIABILITIES		
Accrued administrative expense	-	800
Accrued investment expense	214,500	344,900
Securities payable	703,900	511,100
Total Liabilities	918,400	856,800
Net assets held in trust for pension benefits	$174,808,800	$259,922,000
(Please see "Schedule of Funding Progress")		

The accompanying notes are an integral part of these financial statements

b) Statements of Changes in Plan Net Assets

	Years Ended December 31,	
ADDITIONS	2008	2007
Employer contributions	$7,590,500	$7,277,200
Investment income		
Net appreciation (depreciation) in fair value of investments	(82,698,500)	14,025,900
Interest	4,374,000	4,532,700
Dividends	1,354,800	1,313,400
Real estate income, net of operating expenses	1,180,100	1,163,100
Miscellaneous	4,800	3,800
	(75,784,800)	21,038,900
Less investment expense	(1,524,900)	(1,830,200)
Net investment income (loss)	(77,309,700)	19,208,700
Total additions	(69,719,200)	26,485,900
DEDUCTIONS		
Retirement benefits	(15,216,500)	(20,019,700)
Death benefits	(65,000)	(80,000)
Refunds of contributions	(64,600)	(205,500)
Administrative expense	(47,900)	(45,500)
Total deductions	(15,394,000)	(20,350,700)
NET INCREASE (DECREASE)	(85,113,200)	6,135,200
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	259,922,000	253,786,800
End of year	$174,808,800	$259,922,000

The accompanying notes are an integral part of these financial statements

4. Notes to the Financial Statements

NOTE 1 - PLAN DESCRIPTION

The Board of Water Commissioners, City and County of Denver, Colorado (the "Board"), adopted the Employees' Retirement Plan ("Plan") in 1944. It is a defined benefit, single-employer plan covering substantially all regular employees of the Board. The Board operates a water utility owned by the City and County of Denver, Colorado (the "City"). In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity," the Board is classified as an "other stand-alone government" since the Board is a legally distinct and separate entity from the City under the Charter of the City, and the City is not financially accountable for the Board. However, the City has elected to include the financial statements of the Board in the City's basic financial statements because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The assets of the Plan are held in trust for the exclusive benefit of Plan participants.

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

The following is a brief general description of the Plan. Participants and all others should refer to the Plan document for a more complete description of the Plan. All regular and discretionary employees of the Board become members of the Plan upon completion of the required introductory period. As of January 1, 2008, there were 1,470 members: 80 were terminated vested members, 434 members were retired and/or disabled, 776 members were active with vested benefits, 177 were active but not yet vested and 3 active members were on approved leave of absence.

Participants become fully vested after 5 years of employment. The normal retirement age is 65. An employee who reaches age 55 and has 5 years of service is eligible to receive a reduced early retirement benefit. Unreduced retirement benefits prior to age 65 are provided for employees who are a minimum of age 55, whose age and years of service totaled 75 on the last day of employment and whose employment ends at age 50 or later. 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. The Plan also provides for retirement benefits in the event of total and permanent disability, as determined by the Board.

Terminated vested members or surviving spouses whose severance date occurs before the attainment of age 55 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 are integrated with Social Security benefits and are determined by a formula defined in the Plan document. The Plan also includes a minimum benefit provision. 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.

The Board reserves the right to amend the Plan, including its benefit provisions; however, any amendment that substantially impairs the property rights of employees will not become effective until approved by two-thirds of the employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when made, because there are no required due dates for contributions. Other additions are recognized when due. Benefits, refunds, and expenses are recognized when due and payable in accordance with the terms of the Plan document.

Plan Expenses

The Board acts as trustee of the Plan's assets. Certain expenses are paid from the assets of the Plan and are recorded as administrative expense on the financial statements. These expenses include actuarial fees, auditing expenses, benefit payment processing fees, legal fees and other miscellaneous expenses. In 2008 and 2007, these fees were $48,000 and $45,000 respectively.

Fair Value of Investments

Plan investments are valued at quoted market value for financial statement purposes when available. Cash equivalents are valued at cost, which approximates fair value. Interests in real estate partnerships and trusts that do not have readily ascertainable market value are recorded at the most recent appraised value.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service ("IRS"), dated July 29, 2002 for amendments enacted through October 2, 2001, the Plan is exempt from federal income taxes. Although the Plan has been subsequently amended, management of the Board is of the opinion that the Plan, as amended, meets the IRS requirements and therefore continues to be tax exempt.

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 3 - CONTRIBUTIONS AND PLAN ASSETS

Employer 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's funding policy provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due.

Actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The Board made contributions totaling $7.6 million and $7.3 million during 2008 and 2007, respectively, in accordance with actuarial valuations performed as of January 1, 2008 and January 1, 2007, respectively.

Employee Contributions

From 1944 through September of 1981, employees were required to contribute to the Plan. Employee contributions were not required or permitted after September 30, 1981 except as discussed below. Effective January 1, 1992, the Board amended the Plan 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. Approximately $2.5 million was paid in 1992 to refund amounts contributed by employees who retired or were terminated prior to December 31, 1992. Payments of $65,000 and $206,000 were made in 2008 and 2007, respectively, for employees who had retired or were terminated during the respective year. As of December 31, 2008 and 2007, total remaining employee contributions including accrued interest was $536,000 and $571,000, respectively. These amounts are not accrued as liabilities in the accompanying financial statements.

Effective September 1, 1995, members may elect to make a voluntary after-tax contribution to the Plan for the purpose of purchasing an additional monthly benefit. The additional benefit is in the form of a monthly annuity with no cost of living adjustment. No contributions were made under this provision in 2008 or 2007.

Funding Policy

The Plan's funding policy provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. The entry age actuarial cost method is used to determine the normal cost, and the unfunded actuarial accrued liability is amortized using a standard amortization at an assumed rate of 7.5% over an open 30-year period from January 1, 2008.

There were no changes to actuarial methods or assumptions for the Plan in 2008. There were several changes, based on an experience study performed in 2006, made to actuarial methods or assumptions and implemented January 1, 2007. The discount rate was reduced from 8.0% to 7.5%, the inflation assumption and cost of living assumption decreased to 3.5% from 4.0%, the salary scale assumption, the social security wage base assumption and retirement rates for early retirement, special rule of 75 retirement (including grow-in) and normal retirement were decreased, the lump sum election utilization for ages under 40 was increased, the valuation earnings calculation was modified and the unfunded actuarial accrued liability (UAAL) was changed to a 30-year open amortization period.

The Board intends to continue making annual contributions to the Plan based on current annual actuarial valuations, but reserves the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan document.

Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the plan was 92.9% funded. The actuarial accrued liability for benefits was $275.2 million, and the actuarial value of assets was $255.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of $19.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $60.3 million, and the ratio of the UAAL to the covered payroll was 32.3%. A schedule of funding progress for the last ten years is included as part of the Required Supplementary Information of this report.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplemental Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2008
Actuarial cost method	Entry age
Amortization method	Level dollar - open
Amortization period	30 years
Asset valuation method	3-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases	4.0% - 11.0%
* Includes inflation at	3.5%
Cost-of-living adjustments	CPI-W
	3.5%

Use of Plan Assets

All contributions to the Plan and all net assets of the Plan are available for the payment of benefits and plan expenses. Upon termination of the Plan, the assets (net of the costs of liquidation) would be distributed in the following order of priority: first, an amount to each employee (current and terminated if retaining vested rights) equal to unrefunded employee contributions and accrued interest (taking into account benefits paid before termination of the Plan); second, assets would be distributed to all current employees, retired employees and terminated employees with vested rights ("Members") according to the respective actuarial values of their accumulated benefits as of the date of termination of the Plan; and third, all remaining assets would be allocated to Members pro rata according to the respective actuarial values of their accumulated benefits as of the date of termination of the Plan.

Investment Policy

The primary objective of the Board's investment policy is to ensure that retirement benefits are adequately funded at a reasonable and predictable cost. In light of this objective, the preservation of capital is an important concern. However, the investment horizon is long term, so the Board realizes some degree of investment risk is appropriate and desirable to achieve the goal of providing benefits at reasonable costs. The Board believes the achievement of investment return should be viewed in a long-term context. It recognizes that rates of return vary on a year-to-year basis and the achievement of investment objectives will not progress uniformly over time.

The Board has determined that it is prudent to hire professional investment managers to invest the assets on a fully discretionary basis, subject to its investment policy. The Board's investment policy does not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, through; (1) appropriate use of independent experts who preferably acknowledge their fiduciary status, (2) optimizing the expected risk-adjusted return of Plan assets as a whole by means of periodic asset allocation studies, (3) regular review and rebalancing to asset allocation targets, (4) allocating assets among managers in such a way that there is diversification of style and strategy, and (5) regular monitoring of the investment managers hired by the Plan. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investment they are managing.

Each year the Director of Finance and the Retirement Program Committee review the investment policy statement (IPS) and make recommendations to the Board. On June 11, 2008, the Board approved recommendations to the IPS removing the requirement of the investment manager to acknowledge and agree in writing to their fiduciary status. The Board still prefers investment managers to acknowledge their fiduciary status but will no longer make it a mandatory condition of managing fund assets in the Plan.

Several changes were recommended in 2007 to better align the functions described in the IPS with the delegations made by the Board in the resolution that created the Retirement Program Committee. The Board approved the recommended changes to the IPS on October 10, 2007.

The investment policy provides that the asset allocation be reviewed quarterly and re-balanced as necessary.

The following asset allocation targets and operational ranges were in effect as of December 31, 2008 and 2007:

Asset Class	Target		Operational Range				
Domestic Equities	38	%	33	%	-	43.0	%
International Equity	20	%	15	%	-	25.0	%
Fixed Income	27	%	22	%	-	32.0	%
Real Estate	8	%	5	%	-	11.0	%
Absolute Return	7	%	4	%	-	10.0	%
	100	%					

Each separately managed account manager has agreed to invest in a specific assigned asset class using an agreed-upon strategy, and to be subject to various constraints such as limits on market capitalization, concentration, diversification, duration, credit rating, and use of leverage. Mutual funds have been selected based on the stated objectives and strategies of their respective prospectus. Equity securities include both U.S. and non-U.S. securities and are diversified by sector, industry, and market capitalization. Fixed income securities include both domestic and foreign securities. Real estate investments are limited to pooled equity real estate funds which are diversified by property type and geographical location and which have reasonable leverage. The absolute return segment provides diversification benefits to the portfolio as a whole through return patterns that are minimally correlated with any of the other asset classes included in the portfolio. Cash equivalents are held in the Collective Government Short-Term Investment Fund ("CGS") managed by the custodian, Northern Trust Company. The CGS is invested in short-term marketable securities issued or guaranteed by the United States government, its agencies or instrumentalities and repurchase agreements thereon. Plan investments and deposits are held separate from other Board investments.

Custody and Management of Assets

During 2008 and 2007, The Northern Trust Company served as asset custodian for all Plan assets. The Plan assets were managed by the following investment managers:

AXA Rosenberg Investment Management LLC	since August, 2006
Artio Global Management, LLC (formerly Julius Baer Investment Management, LLC)	since September, 2004
Cadence Capital Management	since December, 1993
Denver Investment Advisors, LLC	hired prior to 1978
Dimensional Fund Advisors LP	since February, 2008
Fidelity Management Trust Company	since July, 2006
Heitman Capital Management Corporation	since September, 1989
JP Morgan Investment Management, Inc.	since November, 2005
Mondrian Investment Partners, Ltd.	terminated February, 2008
Northern Trust Investments, N.A.	since July, 2006
Pacific Investment Management Company LLC	since July, 2006
Prudential Real Estate Investors	since March, 2006
Pzena Investment Management, LLC	since July, 2006
UBS Trumbull Property Fund LP (formerly UBS Realty Investors, LLC)	since May, 1998
Wellington Management Company, LLP	since July, 2006
Western Asset Management Company	since July, 2006

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.

Consistent with the Plan's investment policy, all securities are held in a bank trust account in the Plan's name by the Plan's custodian except for investments in mutual and commingled funds, and limited partnerships, which by their nature, may have an independent custodian for the fund assets. Investments in short-term investment funds and in a domestic equity index fund are held in a SEC-registered pooled fund managed by the fund's custodian bank. At December 31, 2008 there were no deposits subject to custodial credit risk.

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 present in the schedule below:

Schedule of Interest Rate Risk - Segmented Time Distribution of Investment Maturities at December 31, 2008

Investment Type	Market value	Less than 1 year	1 to 6 years	6 to 10 years	10 + years	Maturity not determined**
Asset backed securities	$ 903,181	$ -	$ 756,502	$ 52,668	$ 94,011	$ -
Commercial mortgage-backed securities	244,368	-	244,368	-	-	-
Corporate bonds	10,323,160	54,028	4,120,201	1,683,798	405,381	4,059,752
Government agencies	33,922,081	449,437	656,762	560,596	-	32,255,286
Government bonds	7,153,630	-	-	3,814,282	3,339,348	-
Government mortgage-backed securities	2,494,913	-	-	-	2,494,913	-
Non-government backed C.M.O.s	384,070	-	47,072	-	336,998	-
Alternative investments	11,718,626	-	-	-	-	11,718,626
Short term investment funds	2,358,810	-	-	-	-	2,358,810
Total	$ 69,502,839	$ 503,465	$5,824,905	$ 6,111,344	$6,670,651	$ 50,392,474

** Amounts represent investments in comingled mutual funds. Maturities of individual securities held by the funds were not reported for these funds.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of December 31, 2008 the Plan has no single issuer that exceeds 5% of total investments. 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.

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 rating organization as of December 31, 2008 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
Government mortgage backed securities	AGY[1]	$ 2,494,913	3.59%
Asset backed securities	AAA	850,513	1.22%
	BBB	52,668	0.08%
Commercial mortgage backed securities	NR/NA[2]	244,368	0.35%
Corporate bonds	AA	468,698	0.67%
	A	2,782,818	4.00%
	BBB	2,914,191	4.19%
	BB	55,688	0.08%
	NR/NA[2]	4,101,766	5.91%
Government agencies	AGY[1]	32,704,723	47.06%
	AAA	1,217,358	1.75%
Government bonds	AAA	7,153,629	10.30%
Non-government backed C.M.O.s	AAA	336,998	0.48%
	BBB	47,072	0.07%
Alternative investments	NR/NA[2]	11,718,626	16.86%
Short-term investment funds	NR/NA[1,2]	2,358,810	3.39%
Total fixed income securities		$ 69,502,839	100.00%

[1]These ratings are implicitly or explicitly guaranteed by the US Government and currently a rating is not provided by the nationally recognized statistical rating organization.

[2] NR/NA indicates the securities were either not rated by the rating organizations or the rating was not available to the custodian.

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. Many of the Plan's assets are invested in assets of foreign countries. Many of the securities investments are denominated in U.S. dollars. Information was not available to determine the denomination of all of the securities in foreign countries.

The following table provides the Plan's maximum exposure to foreign currency risk in U.S. dollars as of December 31, 2008:

Foreign Currency Risk

Country	Total	International Stocks	Fixed Income
Argentina	$ 4,131	$ 4,131	$ -
Australia	1,051,513	706,392	345,121
Austria	124,793	124,793	-
Belgium	77,976	77,586	390
Bermuda	95,993	10,699	85,294
Brazil	740,503	201,793	538,710
Bulgaria	106	106	-
Canada	1,134,570	1,015,054	119,516
Cayman Islands	21,443	-	21,443
Chile	79,164	70,197	8,967
China	157,588	157,183	405
Cyprus	8,409	8,409	-
Czech Republic	340,943	340,943	-
Denmark	177,042	176,158	884
Finland	277,443	276,270	1,173
France	4,040,209	3,997,385	42,824
Georgia	9,464	9,464	-
Germany	3,764,630	3,755,200	9,430
Greece	45,155	45,155	-
Hong Kong	780,876	780,876	-
Hungary	321,318	321,318	-
Iceland	26,177	-	26,177
India	324,402	263,239	61,163
Indonesia	61,144	61,144	-
Ireland	158,411	158,411	-
Israel	61,853	61,853	-
Italy	1,054,181	783,114	271,067
Japan	3,201,617	3,110,787	90,830
Kazakhstan	273,349	-	273,349
Lithuania	8	8	-
Luxembourg	426,451	107,133	319,318
Malaysia	133,347	120,187	13,160
Mexico	544,179	223,868	320,311
Netherlands	1,307,756	981,770	325,986
New Zealand	30,235	30,235	-
Norway	95,370	94,881	489
Panama	914	-	914
Phillippines	15,062	15,062	-
Poland	374,957	374,957	-
Portugal	24,434	24,434	-
Romania	22,582	22,582	-
Russian	597,778	57,523	540,255
Singapore	129,844	129,844	-
South Africa	380,847	380,292	555
South Korea	317,425	317,226	199
Spain	1,115,369	1,113,962	1,407
Sweden	363,036	363,036	-
Switzerland	1,948,878	1,948,256	622
Taiwan	330,887	330,887	-
Thailand	62,037	62,037	-
Turkey	66,539	66,539	-
Ukraine	752	752	-
United Kingdom	4,161,461	3,845,716	315,745
Supra National	193	-	193
Multi-National	2,854	-	2,854
United Arab Emirates	-	-	-
	$ 30,867,598	$ 27,128,847	$ 3,738,751

Derivatives

Certain of the Plan's external investment managers may be permitted through their individual investment guidelines to use derivative instruments. Derivatives may be used both for hedging and non-hedging purposes to enhance returns. Derivatives are financial instruments whose value depends upon, or is derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivatives may be traded on organized exchanges, or individually negotiated transactions with other parties, known as over-the-counter derivatives.

Derivatives involve special risks and costs and may result in losses to the Plan. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the Plan will depend on the investment managers and their advisors to analyze and manage derivatives transactions.

NOTE 4 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

The current economic environment presents employee benefit plans with unprecedented circumstances and challenges which in some cases have resulted in large declines in the fair value of investments. The financial statements have been prepared using values and information currently available to the Plan.

Given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Plan.

NOTE 5 - PLAN AMENDMENTS

On November 7, 2008, the plan was amended with an effective date of January 1, 2008 to incorporate IRS 415 regulations, to comply with all requirements regarding military service that apply to the Plan, including new rules under the HEART Act, and to incorporate the tax laws of the Pension Protection Act of 2006.

5. Required Supplemental Information

a) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/1999	165,761,967	170,983,517	5,221,550	96.9%	44,147,939	11.8%
1/1/2000	184,124,100	178,159,690	(5,964,410)	103.3%	45,204,147	(13.2%)
1/1/2001	195,559,000	188,903,316	(6,655,684)	103.5%	46,564,313	(14.3%)
1/1/2002	193,039,567	209,443,041	16,403,474	92.2%	50,695,208	32.4%
1/1/2003	189,790,870	224,079,753	34,288,883	84.7%	53,188,420	64.5%
1/1/2004	191,817,401	237,094,582	45,277,181	80.9%	54,902,822	82.5%
1/1/2005	205,448,203	246,022,907	40,574,704	83.5%	55,998,351	72.5%
1/1/2006	228,774,927	259,565,207	30,790,280	88.1%	57,224,980	53.8%
1/1/2007	247,159,884	264,513,872	17,353,988	93.4%	58,578,510	29.6%
1/1/2008	255,768,194	275,245,932	19,477,738	92.9%	60,346,577	32.3%

b) Schedule of Employer Contributions

Year Ended December 31	Actual Contributions	Interest Credit During the Year	Actual Contribution with Interest	Recommended * Contribution at Year End	Percentage Contributed
1999	4,434,500	241,281	4,675,781	4,675,781	100.0%
2000	3,464,300	245,930	3,710,230	3,710,230	100.0%
2001	3,528,600	229,926	3,758,526	3,758,526	100.0%
2002	6,063,000	309,920	6,372,920	6,372,920	100.0%
2003	7,832,900	359,239	8,192,139	8,192,139	100.0%
2004	9,005,700	353,062	9,358,762	9,358,762	100.0%
2005	8,738,600	380,205	9,118,805	9,118,805	100.0%
2006	8,269,119	375,711	8,644,830	8,644,830	100.0%
2007	7,277,159	-	7,277,159	7,277,159	100.0%
2008	7,590,475	-	7,590,475	7,590,475	100.0%

* The Plan does not have required contributions as contemplated by GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans". Accordingly, presentation of annual required contributions in this schedule is not applicable.

6. Supporting Schedules (unaudited)

a) Schedule of Administrative Expenses and Payments to Outside Consultants

	2008	2007
Actuarial Services	$ 20,600	$22,200
Asset Liability Study	-	-
Fund Search	-	-
Benefit Payment Processing	10,100	9,500
Audit Services	17,200	13,800
Total payments to consultants	47,900	45,500
	-	-
Total Administrative Expenses	$ 47,900	$ 45,500
Average Assets	$ 217,645,500	$ 257,185,450
Administrative Expenses as a percentage of Average Assets	0.022%	0.018%

b) Schedule of Investment Expenses

	2008	2007
Artio Global Management LLC[1]	$187,300	$250,500
AXA Rosenberg Investment Management LLC	162,300	190,700
Cadence Capital Management	122,900	146,600
Denver Investment Advisors, LLC	62,100	60,000
Dimensional Fund Advisors LP	83,600	-
Fidelity Management Trust Company	45,900	54,400
Heitman Capital Management Corporation	-	-
JP Morgan Investment Management, Inc.	68,300	80,800
Mondrian Investment Partners, Ltd.	27,700	244,900
Northern Trust Investments, N. A.	13,400	12,800
Pacific Investment Management Company, LLC	49,500	49,400
Prudential Real Estate Investors	64,800	48,400
Pzena Investment Management, LLC	98,400	146,500
UBS Trumbull Property Fund LP[2]	109,500	92,000
Wellington Management Company, LLP	110,400	119,800
Western Asset Management Company	171,000	178,800
Total payments to investment advisors	1,377,100	1,675,600
Buck Consultants	41,900	41,100
The Townsend Group	30,700	-
The Northern Trust Company	75,200	113,500
Total Investment Expenses	$1,524,900	$ 1,830,200
Average Assets	$ 217,645,500	$ 257,185,450
Investment Expenses as a Percentage of Average Assets	0.701%	0.712%

[1]Formerly Julius Baer Investment Management, LLC
[2]Formerly UBS Realty Investors, LLC

FINANCIAL SECTION

B. DENVER WATER SUPPLEMENTAL RETIREMENT SAVINGS PLAN

1. Independent Auditor's Report

BKD LLP
CPAs & Advisors

Wells Fargo Center
1700 Lincoln Street, Suite 1400
Denver, CO 80203-4514
303.861.4545 Fax 303.832.5705 www.bkd.com

Independent Accountants' Report

Board of Water Commissioners
Denver Water Supplemental Retirement Savings Plan
Denver, Colorado

We have audited the accompanying statements of net assets available for benefits of Denver Water Supplemental Retirement Savings Plan as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Denver Water Supplemental Retirement Savings Plan as of December 31, 2008 and 2007, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

/s/ **BKD, LLP**

Denver, Colorado
May 4, 2009

experience BKD

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GLOBAL ALLIANCE OF INDEPENDENT FIRMS

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Denver Water Supplemental Retirement Savings Plan for the years ended December 31, 2008 and 2007. This information should be read in conjunction with the financial statements and notes which follow.

<u>FINANCIAL HIGHLIGHTS</u>

As of December 31, 2008, $30.4 million was held in trust for the payment of Plan benefits to the participants as compared to $35.9 million in 2007. This represents a decrease in total Plan net assets held in trust of $5.5 million or 15.4%. The decrease is primarily due to a significant decline in market values of Plan assets and a reduction in participant rollovers partly offset by increases in participant contributions and Board matching contributions.

Additions to Plan net assets for 2008 and 2007 included participant contributions of $3.3 million and $3.2 million, respectively, and Board matching contributions of $1.6 million in 2008 and $1.5 million in 2007. The net investment loss for 2008 was $8.5 million as compared to investment income of $2.2 million in 2007.

Total deductions from Plan net assets were $1.9 million in 2008 and $3.1 million in 2007. Plan benefits payments to participants decreased by $1.1 million or 38.5% in 2008. Administrative expenses increased slightly by $3,000 or 4.2%. In 2007 Plan benefit payments to participants increased by $1.4 million or 91.0% and administrative expenses decreased by $15,000 or 17.2%.

The Plan is a defined contribution plan and its purpose is to enable the Plan participants to accumulate financial assets for their retirement. The Board matches 100% of employee contributions up to 3% of the participating employee's published hourly base pay and salary. As of December 31, 2008, there were 856 participating employees contributing to the Plan or 85% of all eligible Denver Water employees. This compares with 820 participating employees or 86% as of December 31, 2007. There were 1,009 employees eligible to participate in the Plan as of December 31, 2008 and 958 in 2007.

<u>OVERVIEW OF THE FINANCIAL STATEMENTS</u>

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

1. Statements of Net Assets Available for Benefits
2. Statements of Changes in Net Assets Available for Benefits
3. Notes to Financial Statements

The Statements of Net Assets Available for Benefits present the Plan assets and liabilities as of December 31, 2008 and 2007. It reflects the net assets available for benefits in the Denver Water Supplemental Retirement Savings Plan as of December 31, 2008 and 2007.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from Plan net assets during 2008 and 2007.

Both of these statements are in compliance with the Governmental Accounting Standards Board (GASB) Statements Nos. 25 and 34 and all other applicable GASB pronouncements. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of the Plan's assets and liabilities as of December 31 and the activities which occurred during the years presented. Both 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.

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

FINANCIAL ANALYSIS

Within the overall objective of enabling the employees to accumulate savings for their retirement, the Board of Water Commissioners (the Board) has identified the following additional objectives: to undertake all transactions solely in the interest of the participants and beneficiaries; to maintain flexibility in meeting the future needs of the 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 include investment options that have reasonable investment management costs; to the extent possible, to select investment options that do not result in the imposition of explicit additional participant fees for administration or recordkeeping, and to arrange for investment education to be available to the participants.

The Board has engaged AIG Retirement (AIG) to administer the Plan and the Board engages investment experts to monitor and recommend changes in the investment options included in the Plan.

As of December 31, the Plan's net assets were:

Net Assets Available for Benefits

(amounts expressed in thousands)

	as of December 31,			2008 - 2007			2007 - 2006		
	2008	2007	2006	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Mutual funds	$20,601	$28,032	$24,389	$ (7,431)	(26.5)	%	$ 3,643	14.9	%
Fixed interest	9,603	7,694	7,321	1,909	24.8	%	373	5.1	%
Total investments	30,204	35,726	31,710	(5,522)	(15.5)	%	4,016	12.7	%
Receivables:									
Contributions	178	173	182	5	2.9	%	(9)	(4.9)	%
Interest, dividends, and other	0	22	0	(22)	(100.0)	%	22		%
Total receivables	178	195	182	(17)	(8.7)	%	13	7.1	%
Plan net assets	$30,382	$35,921	$31,892	$(5,539)	(15.4)	%	$ 4,029	12.6	%

Plan Activities

Net assets decreased by $5.5 million or 15.4% in 2008 due to declines in market valuations of Plan assets. Net assets increased by $4.0 million or 12.6% in 2007. Key elements are discussed below.

Additions:

The monies used to pay benefits are accumulated from the contributions made by the Board and each participant and from income generated by investments, including interest and dividends. Earnings on investments are reported net of investment management expenses. The Board matching contribution for 2008 was $1.6 million as compared to $1.5 million in 2007, an increase of $67,000 or 4.5% from 2007. Investment income for the Plan in 2008 was $10.7 million less than 2007 and $172,000 less in 2007 as compared to 2006.

Additions to Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Board matching contributions	$ 1,554	$1,487	$ 1,481	$ 67	4.5 %	$ 6	0.4 %
Participant contributions	3,254	3,248	3,087	6	0.2 %	161	5.2 %
Participant rollovers	18	104	-	(86)	(82.7) %	104	- %
Investment income	(8,453)	2,248	2,420	(10,701)	(476.0) %	(172)	(7.1) %
Total additions	$(3,627)	$ 7,087	$ 6,988	$(10,714)	(151.2) %	$ 99	1.4 %

Deductions

Benefits paid to participants during the year represent most of the deductions from the Plan. In 2008 and 2007 retirement benefits paid were $1.8 million and $3.0 million respectively, a decrease of 38.5% in 2008 over 2007 and a 91.0% increase in 2007 over 2006. The decrease in benefits paid is likely attributed to the June 13, 2007 amendment to the Plan permitting Plan Participants to receive payments from the Plan in installments as well as payments in a single lump sum. The large increase in 2007 over 2006 is due to several employees with high balances retiring and opting to take single lump sum payments.

Administration expenses for the Plan were $75,000 in 2008 and $72,000 in 2007. Please refer to Note 5 for a detailed explanation of Plan administrative expense.

Deductions from Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Retirement benefits	$ 1,837	$2,986	$ 1,563	$ (1,149)	(38.5) %	$1,423	91.0 %
Administrative expenses	75	72	87	3	4.2 %	(15)	(17.2) %
Total deductions	$1,912	$ 3,058	$ 1,650	$ (1,146)	(37.5) %	$ 1,408	85.3 %

REQUESTS FOR INFORMATION

This discussion and analysis is designed to provide a general overview of the Plan's net assets and changes in net assets as of December 31, 2008 and 2007 and for the years then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

3. Basic Financial Statements

a) Statements of Net Assets Available for Benefits

	December 31, 2008	December 31, 2007
ASSETS		
Investments, at fair value		
Mutual funds	$20,600,700	$28,031,800
Investments, at contract value		
Fixed interest	9,602,700	7,693,600
Total investments	30,203,400	35,725,400
Receivables		
Employer contributions	60,400	56,100
Participant contributions	117,700	117,100
Interest, dividends, & other receivables	-	22,000
Total receivables	178,100	195,200
Total assets and net assets available for benefits	$30,381,500	$35,920,600

The accompanying notes are an integral part of these financial statements

b) Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31, 2008	2007
ADDITIONS		
Investment income		
Net appreciation (depreciation) in fair value of investments - mutual funds	$ (10,781,300)	$191,400
Interest	326,100	283,300
Dividends	2,001,900	1,773,300
Net investment income (loss)	(8,453,300)	2,248,000
Contributions		
Employer contributions	1,554,200	1,486,500
Participant contributions	3,253,500	3,247,900
Participant rollovers	18,200	104,100
Total contributions	4,825,900	4,838,500
Total additions	(3,627,400)	7,086,500
DEDUCTIONS		
Benefits paid to participants	1,836,400	2,986,100
Administrative expenses	75,300	71,500
Total deductions	1,911,700	3,057,600
NET INCREASE (DECREASE)	(5,539,100)	4,028,900
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	35,920,600	31,891,700
End of year	$30,381,500	$35,920,600

The accompanying notes are an integral part of these financial statements

4. Notes to the Financial Statements

NOTE 1 - PLAN DESCRIPTION

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

The following description of the SRSP provides only general information. Participants and all others should refer to the Denver Water Supplemental Retirement Savings Plan agreement for a more complete description of the SRSP's provisions.

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. The purpose of the SRSP is to provide supplemental retirement and other related benefits for eligible employees. There were 1,009 and 958 Denver Water employees eligible to participate in the Plan as of December 31, 2008 and 2007, respectively. 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. Plan 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 it is a governmental plan.

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. Participants direct the investment of their contributions into various investment options offered by the SRSP. The SRSP offered seventeen mutual funds and one fixed interest account as investment options as of December 31, 2008 and 2007. The Board makes a matching contribution in an amount equal to 100% of the first 3% of base compensation that each participant contributes to the SRSP. The matching contribution is allocated to the participants' accounts and is participant directed as well. Although it has not expressed any intent to do so, the Board may change the amount of, or discontinue the matching contribution at any time.

Participant Accounts. Each participant's account reflects the cumulative amount of each participant's contribution along with the employer's matching contribution including any income, gains, losses, or increases or decreases in market value attributable to the investment of contributions, and further reflecting any distributions to the participant or his or her beneficiary and any fees or expenses charged against the participant's account.

Vesting. A participant's interest in his/her account is always fully vested and non-forfeitable.

Participant Loans. The SRSP does not permit participant loans.

Payment of Benefits. On 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 to leave the funds in the SRSP until no later than age 70½. The Board amended the Plan on June 13, 2007 allowing participants to receive payments in installments as an alternative to payment in a single lump sum. All distributions from the account may be rolled directly to an eligible retirement plan specified by the participant. Upon the death of a participant, the account is paid to the participant's beneficiaries in a single lump sum.

Custody and Management of Assets. The Board has contracted with AIG to provide trust and administrative services related to this SRSP through 2010. Assets allocated to the various funds are managed by investment professionals hired by the fund.

Plan 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 Employer's Board of Water Commissioners. Upon discontinuance of the SRSP, the account of each participant would remain fully vested and non-forfeitable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 net assets and changes in net assets, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Basis of Accounting. The SRSP's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when earned without regard to the date of actual collection. Expenses are recognized when due and payable. Benefits and refunds are recognized upon distribution.

Investment Valuation. The SRSP mutual fund investments are stated at fair value. Quoted market prices are used to value investments. Mutual fund shares are valued at their net asset value. Each fund's net asset value per share is determined by dividing the value of the total assets of the underlying mutual fund, less liabilities, by the number of shares outstanding. This computation is performed by the mutual fund company and is reported daily to AIG.

The VALIC Fixed Interest account is not traded on an open market. The interest rate for the VALIC fixed interest option is determined by AIG and is adjusted by AIG to reflect changing market conditions. The interest rate is subject to a floor that is determined by the Board's contract with VALIC, renamed AIG Retirement in 2007. Any proposed change in interest rate would be prospective and reductions cannot decrease the interest rate below the floor. During the years ended December 31, 2008 and 2007, the investment had a guaranteed return rate of 3.25%, and an actual return rate of 3.75%. The investment is stated at contract value (which approximates fair value) as determined by AIG.

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.

Tax Status. The Internal Revenue Service has determined and informed Denver Water by letter dated July 29, 2002, that the SRSP and related trust are designed in accordance with applicable sections of the Internal Revenue Code for amendments through October 2, 2001. The Plan has been amended since receiving the determination letter. However, the Board and general counsel believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 3 - INVESTMENTS

The following table lists the investment options available to members and the market value of each option at December 31, 2008 and 2007. (amounts are expressed in thousands).

	2008	2007
American Funds Washington Mutual A	$ 2,733	$4,046
Artio International Equity Fund A (formerly Julius Baer International Equity A)	2,975	4,531
Allianz CCM Emerging Company Institutional	-	570
Baron Growth	394	-
Domini Social Equity	77	138
Dreyfus Mid Cap Index	2,661	3,719
DWS Equity 500 Index Institutional	2,297	3,809
Janus Small Cap Value Institutional	1,270	1,604
Pimco High Yield A	150	111
Pimco Total Return Institutional	2,024	1,709
T. Rowe Price Growth Stock	1,613	2,575
VALIC Fixed- Interest	9,603	7,694
Vanguard Inflation Protected Bond	420	160
Vanguard Target Retirement Income	18	13
Vanguard Target Retirement 2005	17	63
Vanguard Target Retirement 2015	787	755
Vanguard Target Retirement 2025	1,831	2,503
Vanguard Target Retirement 2035	478	541
Vanguard Target Retirement 2045	855	1,184
Total Investments	$30,203	$35,725

During 2008, the SRSP's investments (including gains and losses on investments bought and sold) as well as income received on investments held during the year generated an investment loss of approximately $8.5 million. In 2007, the SRSP's investments generated investment income of approximately $2.2 million. Interest realized on the Plan's fixed interest contract for 2008 and 2007 was $326,000 and $283,000, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

During 2008 and 2007, participants directed investments to the VALIC fixed interest account, which is an investment contract with AIG. AIG maintains the contributions in a commingled fund managed as an insurance company separate account that is totally separate from the corporate assets of AIG. The account is credited with net purchase payments received plus any interest earnings less any amounts deducted for benefits, withdrawals, transfers, and annuity purchases. The contract is included in the financial statement asset category "Fixed interest" at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses) because it is fully benefit responsive. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2008 and

2007 was $9,603,000 and $7,694,000, respectively. The average yield and crediting interest rates were 3.75% for 2008 and 2007. The crediting interest rate is declared annually by the issuer, but cannot be less than three percent.

NOTE 5 - ADMINISTRATIVE EXPENSES

The majority of investment options available to participants in the SRSP are mutual funds managed by other companies. The dollar amount of fees paid by the SRSP for investment management and administrative services on these funds is not separately disclosed. Fees received by AIG for administration and record keeping expenses of the Plan in both 2008 and 2007 were funded by 12(b)(1) fees, revenue sharing received by the record keeper from the various fund companies, a portion of the spread on the fixed interest account and wrap fees assessed on investments in funds that do not share revenue with the Plan's record keeper. In January 2006, an amendment to the custodial contract set annual administrative fees at $123 per participant Social Security Number in this Plan and another plan available to Denver Water Employees administered by AIG. These fees are to be offset by the revenue sources listed above with an emphasis on minimizing participant-level fees. Revenue sharing reported under the current contract by the record keeper for 2008 from all sources was $122 per participant or $132 thousand. Approximately $1 per participant of administrative expense will be carried over and deducted from participant accounts in 2009 or offset against 2009 revenues. Administrative expense is allocated between the 2 plans on a pro-rata basis. In 2008, $75 thousand was recorded in the Plan financial statements for administrative expense. For 2007, $72 thousand of administrative expense and $22 thousand of other receivables were recorded in the Plan financial statements.

NOTE 6 - PLAN AMENDMENT

The Board amended the Plan on June 13, 2007, to allow Plan participants to make tax-free rollovers into the Plan of pre-tax assets held by another qualified plan and to receive payments in installments as an alternative to payment in a single lump sum.

The Plan was amended again on November 7, 2008 with an effective date of January 1, 2008 to comply with current tax law related to minimum distributions, eligibility of after tax contributions for rollover, new flexibility in plan distributions for non-spouse beneficiaries and maximum contribution limitations in accordance with IRS code 415 regulations.

NOTE 7 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

C. DENVER WATER 457 DEFERRED COMPENSATION PLAN

I. Independent Auditor's Report

BKD LLP
CPAs & Advisors

Wells Fargo Center
1700 Lincoln Street, Suite 1400
Denver, CO 80203-4514
303.861.4545 Fax 303.832.5705 www.bkd.com

Independent Accountants' Report

Board of Water Commissioners
Denver Water 457 Deferred Compensation Plan
Denver, Colorado

We have audited the accompanying statements of net assets available for benefits of Denver Water 457 Deferred Compensation Plan as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Denver Water 457 Deferred Compensation Plan as of December 31, 2008 and 2007, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

/s/ BKD, LLP

Denver, Colorado
May 4, 2009

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Denver Water 457 Deferred Compensation Plan for the years ended December 31, 2008 and 2007. This information should be read in conjunction with the financial statements and notes which follow.

FINANCIAL HIGHLIGHTS

As of December 31, 2008 and 2007 respectively, $22.9 million and $28.7 million were held in trust for the payment of Plan benefits to the participants.

Total Plan net assets held in trust for the participants decreased by $5.8 million or 20.3% in 2008. This compares with an increase in 2007 of $181,000 or 0.6%. The decrease in 2008 was due to a decline in market values of assets offset by decreases in participant deferrals and benefit payments to participants. Benefit payments decreased by 524,000 or 17.1% and participant deferrals decreased 116,000 or 8.1%. The increase in 2007 was due to positive performance in the financial markets and increased deferrals by the participants offset by $3.1 million in benefits paid to participants.

In 2008, the Plan had a net investment loss of $4.5 million compared to a net investment gain of $1.9 million in 2007. Additions to Plan net assets included participant deferrals of approximately $1.3 million in 2008 and $1.4 million in 2007.

Deductions from Plan net assets for 2008 totaled $2.6 million compared to $3.1 million in 2007. The deductions were primarily due to benefit payments to participants. In 2008, payments to participants decreased $524,000 or 17.1% from 2007. In 2007, benefit payments increased $947,000 or 44.7% from 2006.

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, 2008, there were 289 participating employees in the Plan equating to 29% of all eligible Denver Water employees. As of December 31, 2007, there were 283 participating employees or 30% of all eligible employees. There were 1,009 employees eligible for the Plan as of December 31, 2008 compared to 958 as of December 31, 2007.

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. Statements of Net Assets Available for Benefits
2. Statements of Changes in Net Assets Available for Benefits
3. Notes to Financial Statements

The Statements of Net Assets Available for Benefits present the Plan assets and liabilities as of December 31, 2008 and 2007. It reflects the net assets available for benefits in the Denver Water 457 Deferred Compensation Plan as of December 31, 2008 and 2007.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from Plan net assets during 2008 and 2007.

Both of these statements are in compliance with the Governmental Accounting Standards Board (GASB) Statements Nos. 25 and 34 and all other applicable GASB pronouncements. These pronouncements address the requirements for financial statement presentation and certain disclosures for state and local governmental entities. The Plan's financial statements comply with all material requirements of these pronouncements.

These statements provide a snapshot of the Plan's assets and liabilities as of December 31 and the activities which occurred during the years presented. Both 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.

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

FINANCIAL ANALYSIS

Within the overall objective of enabling the employees to defer income for their retirement, the Board of Water Commissioners (the Board) has identified the following additional objectives: to undertake all transactions solely in the interest of the participants and beneficiaries; to maintain flexibility in meeting the future needs of the 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 include investment options that have reasonable investment management costs; to the extent possible, to select investment options that do not result in the imposition of additional participant fees for administration or recordkeeping and to arrange for investment education to be available to the participants.

The Board has engaged AIG Retirement (AIG) to administer the Plan. The Board engages investment experts to monitor and recommend changes in the investment options included in the Plan.

As of December 31, the Plan's net assets were:

Net Assets Available for Benefits

(amounts expressed in thousands)

	as of December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investments:							
Mutual funds	$ 10,812	$ 16,455	$ 15,933	$ (5,643)	(34.3) %	$ 522	3.3 %
Fixed interest	12,018	12,188	12,542	(170)	(1.4) %	(354)	(2.8) %
Total investments	22,830	28,643	28,475	(5,813)	(20.3) %	168	0.6 %
Receivables:							
Deferrals	49	45	51	4	8.9 %	(6)	(11.8) %
Interest, dividend and other	-	19	-	(19)	(100.0) %	19	- %
Total receivables	49	64	51	(15)	(23.4) %	13	25.5 %
Plan net assets	$ 2,879	$28,707	$28,526	$(5,828)	(20.3) %	$181	0.6 %

Plan Activities

Net assets decreased in 2008, due to declines in fair market value of investments and decreased participant deferrals. The total decrease in Plan net assets was $5.8 million or 20.3%. In 2007, Plan net assets increased by $181,000 or 0.6%. Key elements are discussed below.

Additions

Monies used to pay benefits are accumulated from the deferrals made by each participant, income generated from the participants' investments including interest and dividends. Earnings on investments are reported net of investment management expenses. Investment loss during 2008 was $4.5 million as compared to investment income of $1.9 million in 2007.

Additions to Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Participant deferrals	$1,314	$ 1,430	$ 1,228	$(116)	(8.1) %	$ 202	16.4 %
Investment income	(4,544)	1,877	1,771	(6,421)	(342.1) %	106	6.0 %
Total additions	$(3,230)	$ 3,307	$ 2,999	$ (6,537)	(197.7) %	$308	10.3 %

Deductions

Retirement benefit payments of $2.5 million in 2008 and $3.1 million in 2007 represent most of the deduction from Plan net assets. Retirement benefit payments were 17.1% smaller in 2008 than in 2007 and 44.7% greater in 2007 over 2006. The increase in withdrawal of funds in 2007 is attributed to the retirement of several employees with high balances in the Plan. The decrease in 2008 over 2007 is reflective of fluctuations in the number of participants choosing to retire.

Administrative expense deductions for 2008 and 2007 were $57,000 and $61,000, respectively. Please refer to Note 5 for information regarding administrative expense.

Deductions from Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2008 - 2007		2007 - 2006	
	2008	2007	2006	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Retirement benefits	$ 2,541	$3,065	$2,118	$ (524)	(17.1) %	$ 947	44.7 %
Administrative expenses	57	61	84	(4)	(6.6) %	(23)	(27.4) %
Total deductions	$2,598	$3,126	$ 2,202	$ (528)	(16.9) %	$ 924	42.0 %

REQUESTS FOR INFORMATION

This discussion and analysis is designed to provide a general overview of the Plan's net assets and changes in net assets as of December 31, 2008 and 2007 and for the years then ended. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

3. Basic Financial Statements

a) Statements of Net Assets Available for Benefits

	December 31, 2008	December 31, 2007
ASSETS		
Investments, at fair value		
Mutual funds	$10,811,400	$16,454,600
Investments, at contract value		
Fixed interest	12,018,100	12,188,200
Total investments	22,829,500	28,642,800
Receivables		
Participant deferrals	49,000	45,300
Interest, dividends, and other receivables	-	18,600
Total receivables	49,000	63,900
Total assets and net assets available for benefits	$22,878,500	$28,706,700

The accompanying notes are an integral part of these financial statements

b) Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31, 2008	2007
ADDITIONS		
Investment income		
Net appreciation (depreciation) in fair value of investments	(6,035,300)	$361,800
Interest	441,700	457,100
Dividends	1,049,900	1,058,800
	(4,543,700)	1,877,700
Less investment expense	-	(400)
Net investment income (loss)	(4,543,700)	1,877,300
Contributions		
Participant deferrals	1,313,500	1,429,700
Total additions	(3,230,200)	3,307,000
DEDUCTIONS		
Benefits paid to participants	2,540,800	3,065,400
Administrative expenses	57,200	60,400
Total deductions	2,598,000	3,125,800
NET INCREASE (DECREASE)	(5,828,200)	181,200
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	28,706,700	28,525,500
End of year	$22,878,500	$28,706,700

The accompanying notes are an integral part of these financial statements

4. Notes to the Financial Statements

NOTE 1- PLAN DESCRIPTION

The Board of Water Commissioners, City and County of Denver, Colorado (the "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 administered by Nationwide Insurance Company ("Nationwide"). The termination of Nationwide in December of 2000 required the Board to adopt a new plan. In January of 2001 the Board adopted the Denver Water 457 Deferred Compensation Plan (the "Plan"). All of the funds in the old plan were sold and the proceeds were used to purchase like kind funds in the new 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's provisions.

General. The Plan is a deferred compensation plan covering all regular and discretionary employees of Denver Water 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 it is a governmental plan.

Deferrals. 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 Code, of amounts deferred by an individual under another eligible deferred compensation plan. Participants direct the investment of their deferrals into various investment options offered by the Plan. The Plan offered seventeen mutual fund investment options and one fixed interest investment option at December 31, 2008 and 2007.

Participant Accounts. Each participant's account reflects the cumulative amount of each participant's deferred compensation, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the participant's deferred compensation, and further reflecting any distributions to the participant or his or her beneficiary and any fees or expenses charged against the participant's account.

Participant Loans. The Plan does not permit participant loans.

Payment of Benefits. On 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, or leave the balance in the 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.

Custody and Management of Assets. The Denver Water Board has contracted with AIG to provide custodial and administrative services related to this Plan for the years 2006 through 2010. Assets allocated to the various funds are managed by investment professionals hired by the fund.

Plan Termination. Though it has not expressed any intent to do so, Denver Water has the right under the Plan to terminate the Plan at any time with respect to any or all participants by resolution of the Employer's Board of Water Commissioners.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 net assets and changes in net assets, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Basis of Accounting. The Plans' financial statements are prepared using the accrual basis of accounting. Deferrals are recognized when earned without regard to the date of actual collection. Expenses are recognized when due and payable. Benefits and refunds are recognized upon distribution.

Investment Valuation. The Plan's investments are stated at fair value. Quoted market prices are used to value investments in mutual funds. Mutual fund shares are valued at their net asset value. Each funds' net asset value per share is determined by dividing the value of the total assets of the underlying mutual fund, less liabilities, by the number of shares outstanding. This computation is performed by the fund company and is reported daily to AIG.

The VALIC Fixed Interest account is not traded on an open market. The interest rate for the VALIC fixed interest option is determined by AIG and is adjusted by AIG to reflect changing market conditions. The interest rate is subject to a floor that is determined by the Board's contract with VALIC, renamed AIG Retirement in 2007. Any proposed change in interest rate would be prospective and reductions cannot decrease the interest rate below the floor. During the years ended December 31, 2008 and 2007, the investment had a guaranteed return rate of 3.25%, and an actual return rate of 3.75%. The investment is stated at contract value (which approximates fair value) as determined by AIG.

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.

Tax Status. The Plan is a prototype plan and is intended to be an eligible deferred compensation plan under section 457(b) of the Internal Revenue Code of 1986, as amended. The Board and the Plan's tax counsel believe that the Plan is currently designed and operating in compliance with applicable requirements of the Internal Revenue Code.

NOTE 3 - INVESTMENTS

The following table lists the investment options available to members and the market value of each option at December 31, 2008 and 2007. (amounts are expressed in thousands)

	2008	2007
American Funds Washington Mutual A	$1,049	$1,830
Artio International Equity Fund A (formerly Julius Baer International Equity)	1,614	2,856
Allianz CCM Emerging Company Institutional	-	323
Baron Growth	210	-
Domini Social Equity	475	792
Dreyfus Mid Cap Blend	942	1,448
DWS Equity 500 Index Institutional	1,482	2,447
Janus Small Cap Value Institutional	460	622
Pimco High Yield A	118	125
Pimco Total Return Institutional	1,310	1,171
T. Rowe Price Growth Stock	1,716	3,201
VALIC Fixed- Interest	12,018	12,188
Vanguard Inflation Protected Bond	279	173
Vanguard Target Retirement Income	13	27
Vanguard Target Retirement 2005	47	70
Vanguard Target Retirement 2015	278	98
Vanguard Target Retirement 2025	303	616
Vanguard Target Retirement 2035	83	94
Vanguard Target Retirement 2045	433	562
Total Investments	$22,830	$28,643

During 2008, the Plan's investments (including gains and losses on investments bought and sold, as well as income received on investments held during the year) generated an investment loss of approximately $4.5 million. In 2007, the Plan's investments generated investment income of approximately $1.9 million. Interest realized on the Plan's fixed fund for 2008 and 2007 was $442,000 and $457,000, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

During 2008 and 2007, participants directed investments to the VALIC fixed interest account, which is an investment contract with AIG. AIG maintains the contributions in a commingled fund managed as an insurance company separate account that is totally separate from the corporate assets of AIG. The account is credited with net purchase payments received plus any interest earnings less any amounts deducted for benefits, withdrawals, transfers, and annuity purchases. The contract is included in the financial statement asset category "Fixed interest" at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses) because it is fully benefit responsive. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2008, and

2007 was $12,018,000 and $12,188,000, respectively. The average yield and crediting interest rates were 3.75% for 2008 and 2007. The crediting interest rate is declared annually by the issuer, but cannot be less than three percent.

NOTE 5 - ADMINISTRATIVE EXPENSE

The majority of investment options available to participants in the Plan are mutual funds managed by other companies. The dollar amount of fees paid by the Plan for investment management and administrative services on these funds is not separately disclosed. Administration and record keeping expenses of the Plan in both 2008 and 2007 were funded by 12(b)(1) fees, revenue sharing received by the record keeper from the various fund companies, a portion of the spread on the fixed interest account, and wrap fees assessed on investments in funds that do not share revenue with the Plan's record keeper. In January, 2006, an amendment to the custodial contract set annual administrative fees at $123 per participant Social Security Number in this Plan and another plan available to Denver Water employees administered by AIG. These fees are to be offset by the revenue sources listed above with an emphasis on minimizing participant-level fees. Revenue sharing reported under the current contract by the record keeper for 2008 from all sources was $122 per participant or $132,000. Approximately $1 per participant of administrative expense will be carried over and deducted from participant accounts in 2009 or offset against 2009 revenues. Administrative expense is allocated between the 2 plans on a pro-rata basis. For 2008, $57,000 of administrative expense was recorded in the Plan financial statements. Revenue sharing reported in 2007 and allocated to the Plan as administrative expense was $61,000.

NOTE 6 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

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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

Northern Trust

March 20, 2009

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, 2008.

Northern Trust calculates time-weighted performance statistics 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 and 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 comprised of equity, fixed income, and real estate market indices weighted in the same proportions as DWERP's investment policy.

Market Environment

The U.S. equity markets experienced one of the worst years on record in 2008. The S&P 500 returned -37.0% while the Russell 2000 fell -33.8%. For the year, value stocks fared somewhat better than their growth counterparts with the Russell 1000 Value returning -36.8% and the Russell 1000 Growth down -38.4%.

Economic growth was down significantly as an anticipated recession became a reality in 2008.

Within the fixed income markets, the Barclay's Capital Aggregate index returned 5.2% for the year as government bonds were in favor during a strong flight to quality. The Barclay's Capital High Yield Corporate bond index finished the year down -26.2%.

The International equity market's run of outperformance versus the U.S. market over the past six years through 2007 came to an end in 2008. The MSCI EAFE ND index fell -43.4% for the year in U.S. dollar terms as the financial portion of the index lost -54.9%.

<u>DWERP Performance</u>

For the calendar year, DWERP's total fund had a time-weighted rate of return of -29.8%. DWERP's performance trailed the median return of -23.7% vs. the TUCS Universe of Public Funds valued at $500 million or less by 6.1%. The plan lagged behind it's strategic policy benchmark target return of -23.4% for 2008. The policy benchmark at year end was comprised of the following indices in the percentages as follows: Russell 3000 (38%), MSCI EAFE (20%), LB U.S. Agg. Gov./Credit (27%), NCREIF NPI Non-Lagged (8%) and CPI+5% (7%).

Over the trailing three years ending 12/31/08, DWERP earned a -4.9% annualized return. The trailing 5-year return now stands at 0.6% which is 1.3% behind of the policy target return. The 10-year trailing return is 4.5% and it trailed the benchmark for this timeframe.

DWERP's U.S. equity composite declined -40.5% in 2008 and trailed the benchmark return of -37.3%. The 1-year domestic equity result lags behind the benchmark by 3.2%, the 3-year return of -11.5% trails its benchmark return of -8.7%.

DWERP's significant international equity investment (16%) dragged on the overall portfolio versus the policy benchmark for the year. DWERP's international equity investments fell -45.8% for the year as it trailed the MSCI EAFE benchmark return of -43.4%.

The real estate investments also fell in value as this segment of the portfolio returned -9.5% for the year. The NCREIF NPI Non-Lagged benchmark return was -6.5% but, over the five year period the real estate has surpassed the benchmark.

DWERP's fixed income composite registered a return of -7.9% for the year. This return trails the LB U.S. Agg. Gov./Credit index return of 5.7% by a significant margin. Longer term results are better although the fixed income program trails the target index for the 5-year period (1.4% vs. 4.6%).

In summary, the portfolio underperformed the total fund benchmark in 2008 and its performance ranks in the bottom 1/4 of the TUCS Universe of Public Funds valued at $500 million or less. Overall it was a difficult year for the plan.

Sincerely,

Rick Pokorny

Rick Pokorny
Senior Consultant and Vice President

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 June 11, 2008 ("IPS.")

The primary objective of the Board is to ensure that retirement benefits are adequately funded at a reasonable and predictable cost. In light of this objective, the preservation of capital is an important concern. However, the time horizon of the Fund is long-term, so the Board realizes some degree of investment risk is appropriate and desirable to achieve the goal of providing benefits at reasonable costs.

The Board has determined that all Fund assets shall be entrusted to an independent custodian. It has also determined that it is prudent to hire professional investment managers to invest the assets of the Fund on a fully discretionary basis, subject to the IPS. Each investment manager shall be registered as an investment advisor under the Investment Advisors Act of 1940 or shall be a division of a bank or other entity that reports to the Comptroller of the Currency. Each investment manager shall agree in writing to act in the interest of the investor(s) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims (the "Standard of Care"). It is preferred that the manager acknowledge its status as a fiduciary to the Fund. Each manager shall also agree in writing to manage the assets allocated to them in conformance with, and to be measured against, the appropriate asset class objectives and constraints, and to otherwise comply with this Statement.

Over a complete market cycle, all managers are expected to:

- Achieve a total return that equals or exceeds an appropriate index;
- Have positive alpha;
- Achieve performance results above the median manager in the style group;
- Maintain consistency with the style mandate for which he was hired; and,
- Maintain consistency in the manager's organization, investment philosophy, and personnel.

Specific expectations are included in the contract with each investment manager.

The investment performance objective of the assets held in trust for payment of benefits under the DB Plan ("Fund") is to earn at least 5.0% per year above the Consumer Price Index over periods encompassing at least two complete market cycles. Over shorter periods of time (5-year moving average), the portfolio is expected to perform at least as well as a portfolio comprised of index components of the actual portfolio, weighted at the target asset allocation rates.

The asset classes to be included in the portfolio are: domestic and foreign equity securities, domestic and foreign fixed income securities, absolute return strategies, and real estate in the form of commingled funds or other securities backed by a diversified portfolio of real estate. The proportion of the Fund's managed assets held in each asset class is reviewed quarterly and rebalanced as necessary. The assets are allocated among managers in such a way that there is appropriate diversification and the expected risk-adjusted return of the Fund as a whole is optimized.

The following general objectives for each asset class serve as general guidelines when selecting investment managers:

- The investment objective for the *equity portion* of the Fund is to provide a total return equal to or in excess of a comparable market index, while providing long-term protection against the erosion of value by inflation. The equity holdings shall be diversified by sector, industry, and market capitalization.
- The investment objective of the *fixed income portion* of the Fund is to provide regular cash income to the Fund while lessening volatility in the Fund's market value.
- The investment objective of the *real estate portion* of the Fund is to provide inflation protection and diversification benefits while achieving a real return of at least 5%. This segment shall be diversified by property type, size, and geographic region.
- The investment objective of the *absolute return portion* of the Fund is to provide diversification benefits to the portfolio as a whole through return patterns that are minimally correlated with any other asset class included in the portfolio.
- *Cash* is held only to facilitate the payment of obligations. The primary investment objective is capital preservation and the secondary objective is to achieve a short-term market return. Cash balances shall be invested in short-term pooled investment funds or money market mutual funds.

An attachment to the IPS includes asset allocation targets and ranges for each of the asset classes. The current allocation targets are as follows: domestic equity, 38%; international equity, 20%; fixed income, 27%; real estate, 8%; absolute return, 7%. There is no target allocation for cash.

The Director of Finance, with the assistance of the Retirement Program Committee, is directed to review 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", including the asset classes and asset allocation targets and ranges, annually for continued appropriateness, and to recommend changes to the Board when appropriate.

3. Schedule of Investment Managers

Domestic Equity Managers			
AXA Rosenberg Investment Management LLC	U.S. Mid/Small Cap Institutional Equity Fund	Commingled fund	since 08/2006
Cadence Capital Management	U.S. Large Cap Growth	Separately managed account	since 12/1993
Northern Trust Investments, N.A.	NTGI-QM Collective Daily S&P 500 Equity Index Fund[1]	Commingled fund	since 07/2006
Pzena Investment Management, LLC	Large Cap Value Equity	Separately managed account	since 07/2006
International Equity Managers			
Artio Global Management, LLC[2]	International Equity Group Trust Fund	Commingled fund	since 09/2004
Dimensional Fund Advisors LP	Global (ex: US) Value Strategy	Institutional mutual fund	since 02/2008
Fixed Income Managers			
Denver Investment Advisors, LLC	U.S. Fixed income - core	Separately managed account	hired before 1978
Fidelity Management Trust Company[3]	Real Estate High Income	Institutional mutual fund	since 07/2006
Western Asset Management Company	Fixed income Core Plus Bond Institutional	Institutional mutual fund	since 07/2006
Real Estate Managers			
Heitman Capital Management Corporation	Real Estate – Group Trust V	Commingled fund	since 09/1989
JP Morgan Investment Management, Inc.	Strategic Property Fund	Commingled fund	since 11/2005
Prudential Real Estate Investors	PRISA	Commingled fund	since 03/2006
UBS Realty Investors, LLC	Trumbull Property Fund[4]	Commingled fund	since 05/1998
Absolute Return Managers			
Pacific Investment Management Company LLC	All Asset Fund	Institutional mutual fund	since 07/2006
Wellington Management Company, LLP	Diversified Inflation Hedges	Commingled fund	since 07/2006
Cash and Equivalent			
The Northern Trust Collective Government STIF REG			

[1]Denver Water invests in two separate S&P 500 index funds offered by Northern Trust Investments: NTGI-QM Collective Daily S&P 500 Equity Index Fund—Lending (CUSIP: 658991294) and NTGI-QM Collective Daily S&P500 Equity Index Fund— Non-Lending, (CUSIP: 658991310). The Non-lending account was opened in October 2008 in order to transfer funds into a fund with the same strategy but no exposure to losses in collateral pools utilized by a lending fund.

[2]Effective June 15, 2008, Julius Baer Investment Management LLC changed its name to Artio Global Management LLC.

[3]Fidelity Management Trust Company was terminated on 03/04/09; proceeds from the termination were invested with Denver Investment Advisors (U.S. Fixed income – core mandate).

[4]Previously Real Estate Separate Account (RESA); name and legal status of the Manager changed effective 02/28/08.

Fees paid to investment managers are included in the Investment Section on page III-83.

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 (%)		
		Annualized	
	Current Year (2008)	3-year	5-year
Denver Board of Water	**-29.83**	**-4.86**	**0.55**
Denver Target Index	*-23.44*	*-2.28*	*1.84*
Median TUCS Public Funds (<$500 Million)	*-23.73*	*-2.73*	*1.72*
Total Equity	-42.39	-9.99	-1.92
MSCI World GD	*-40.33*	*-7.61*	*0.00*
Domestic Equity	-40.53	-11.45	--
Custom Blend[1]	*-37.31*	*-8.68*	*-2.09*
International Equity	-45.77	-6.71	2.08
MSCI EAFE ND	*-43.38*	*-7.35*	*1.66*
Total Fixed Income	-7.85	0.03	1.37
LB US Agg Govt/Credit	*5.70*	*5.56*	*4.64*
Real Estate	-9.50	6.89	13.47
NCREIF NPI Non-Lagged Index	*-6.46*	*8.10*	*11.67*
Absolute Return[1]	-35.31	--	--
CPI+5%	*5.12*	*7.24*	*7.68*
Cash	2.39	4.22	3.54
90 Day T-Bill	*1.56*	*3.72*	*3.16*

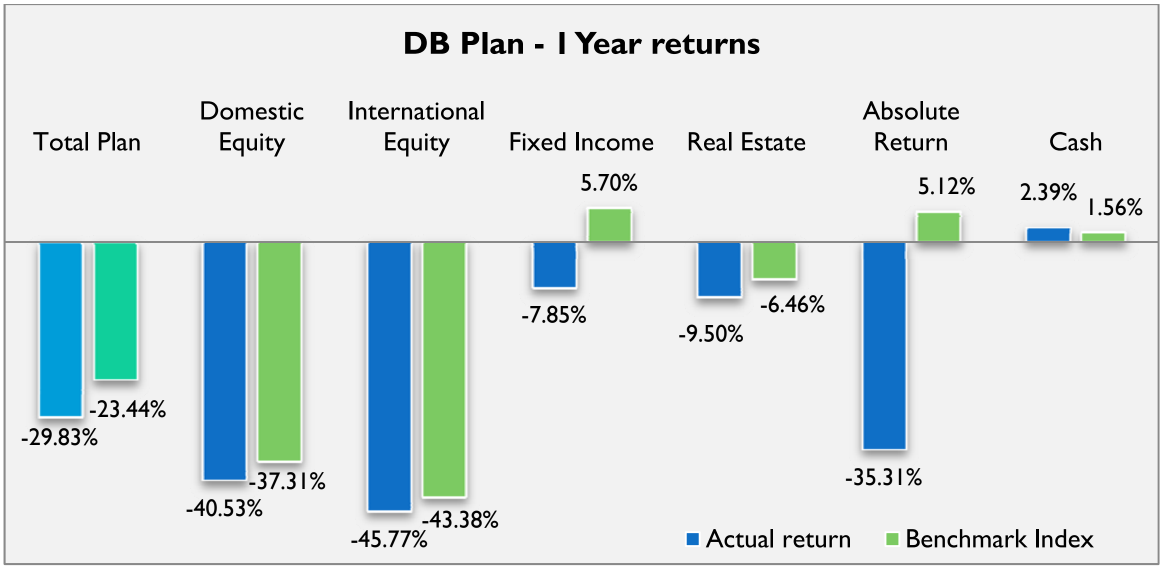
Source: Northern Trust

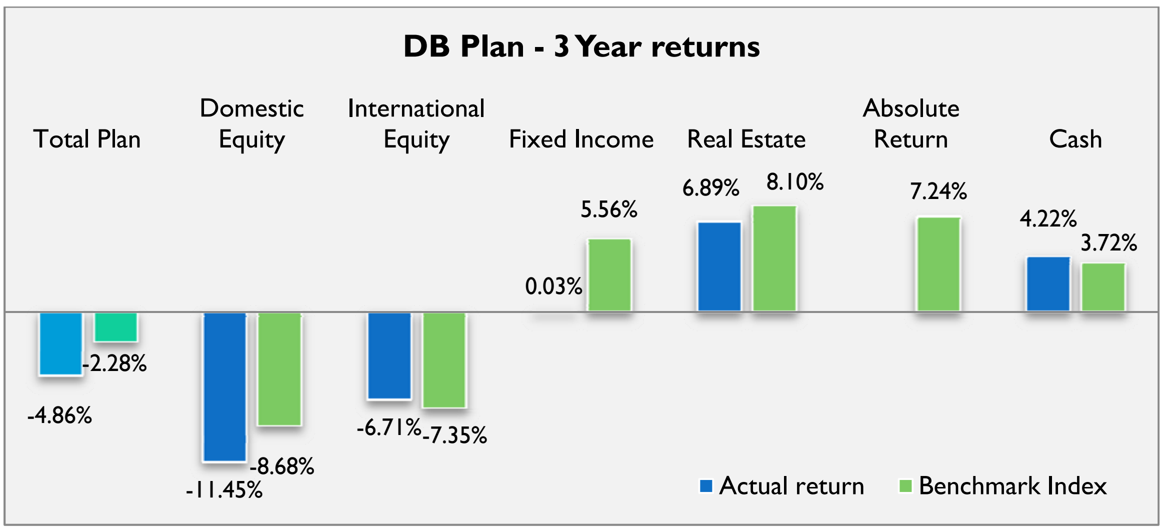
	Rates of return (%)				
	2008	2007	2006	2005	2004
Denver Board of Water	**-29.83**	**8.14**	**13.49**	**7.24**	**11.33**
Denver Target Index	*-23.44*	*8.17*	*12.68*	*6.37*	*10.36*
Median TUCS Public Funds (<$500 Million)	*-23.73*	*6.50*	*11.85*	*6.31*	*9.44*
Total Equity	-42.39	7.31	17.97	8.78	14.40
MSCI World GD	*-40.33*	*9.57*	*20.65*	*10.02*	*15.25*
Domestic Equity	-40.53	3.57	12.71	6.80	12.98
Custom Blend[1]	*-37.31*	*5.14*	*15.54*	*5.68*	*11.79*
International Equity	-45.77	14.38	30.89	14.87	18.88
MSCI EAFE ND	*-43.38*	*11.17*	*26.34*	*13.54*	*20.25*
Total Fixed Income	-7.85	3.36	5.08	2.50	4.34
LB US Agg Govt/Credit	*5.70*	*7.23*	*3.78*	*2.37*	*4.19*
Real Estate	-9.50	15.95	16.39	22.16	26.06
NCREIF NPI Index	*-6.46*	*15.84*	*16.59*	*20.06*	*14.48*
Absolute Return[1]	-35.31	24.21	--	--	--
CPI+5%	*5.12*	*9.10*	*7.54*	*8.43*	*8.26*
Cash	2.39	5.33	4.96	3.58	1.51
90 Day T-Bill	*1.56*	*4.68*	*4.96*	*3.27*	*1.40*

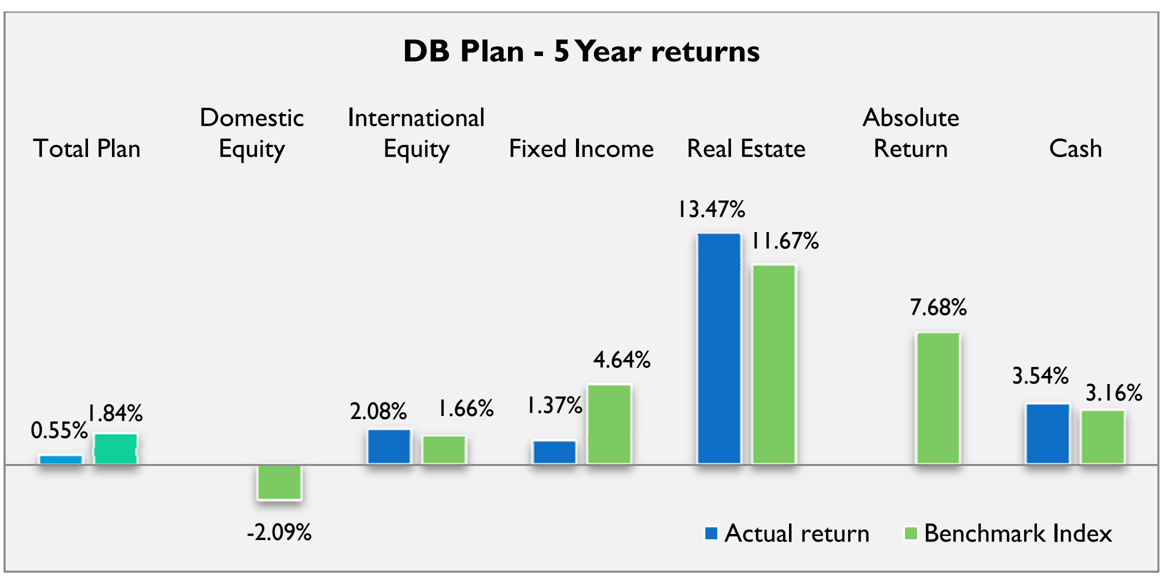
Source: Northern Trust

[1] Custom Blend is a combination of the S&P 500 from inception until 06/30/2006. From 06/30/2006 forward, the Russell 3000 is used.

[2] The Absolute Return asset class was added to the portfolio in July 2006.







INVESTMENT SECTION

5. Asset Allocation

	Market Value As of 12/31/2008	% of Portfolio	Stipulated Operational Range	Target Weight
Total Equity	86,584,154	49.48%		
Domestic Equity	**58,661,046**	**33.52%**	**33-43%**	**38%**
Cadence Capital	12,918,651	7.38%		
Pzena	9,825,850	5.62%		
AXA Rosenberg	14,858,308	8.49%		
NTGI S&P 500	21,058,238	12.03%		
International Equity	**27,923,107**	**15.96%**	**15-25%**	**20%**
Artio Global Mgmt[1]	14,600,437	8.34%		
DFA Global ex US Value[2]	13,322,670	7.61%		
Total Fixed Income	**55,999,159**	**32.00%**	**22-32%**	**27%**
Western Asset	32,255,286	18.43%		
Denver Inv Advisors	19,684,121	11.25%		
Fidelity	4,059,752	2.32%		
Real Estate	**19,405,897**	**11.09%**	**5-11%**	**8%**
JP Morgan SPF	6,159,459	3.52%		
Heitman	4,845	0.00%		
Prudential PRISA I	6,219,184	3.55%		
UBS TPF[3]	7,022,410	4.01%		
Absolute Return[1]	**11,718,626**	**6.70%**	**4-10%**	**7%**
Wellington DIH	6,808,958	3.89%		
PIMCO All Asset Fund	4,909,668	2.81%		
Cash	1,281,715	0.73%	N/A	0%
Total Portfolio[4]	**174,989,550**	**100.00%**		**100%**

Source: Northern Trust

[1]Formerly Julius Baer.

[2] Manager added in February 2008.

[3] Formerly UBS Real Estate Separate Account (RESA); name change to UBS Trumbull Property Fund (TPF) took place in February 2008, in conjunction with the Fund from an open-end, pooled separate account to a private REIT-based limited partnership.

[4]The total market value of the assets in the DB Plan reported by Northern Trust is lower than the total value of assets reported in the Statement of Plan Net Assets as certain DB Plan liabilities and expenses (i.e. securities payable and pending sales of securities) have already been netted against market value of assets by the custodian but are treated as accrued liabilities on the DB Plan's statement of net assets.

An Asset/Liability Study was undertaken in 2006 with the objective of determining the optimal strategic asset allocation policy. As a result, a new asset class – Absolute Return - was added to the portfolio with the objective to provide diversification benefits through return patterns that are minimally correlated with any other asset class within the portfolio.

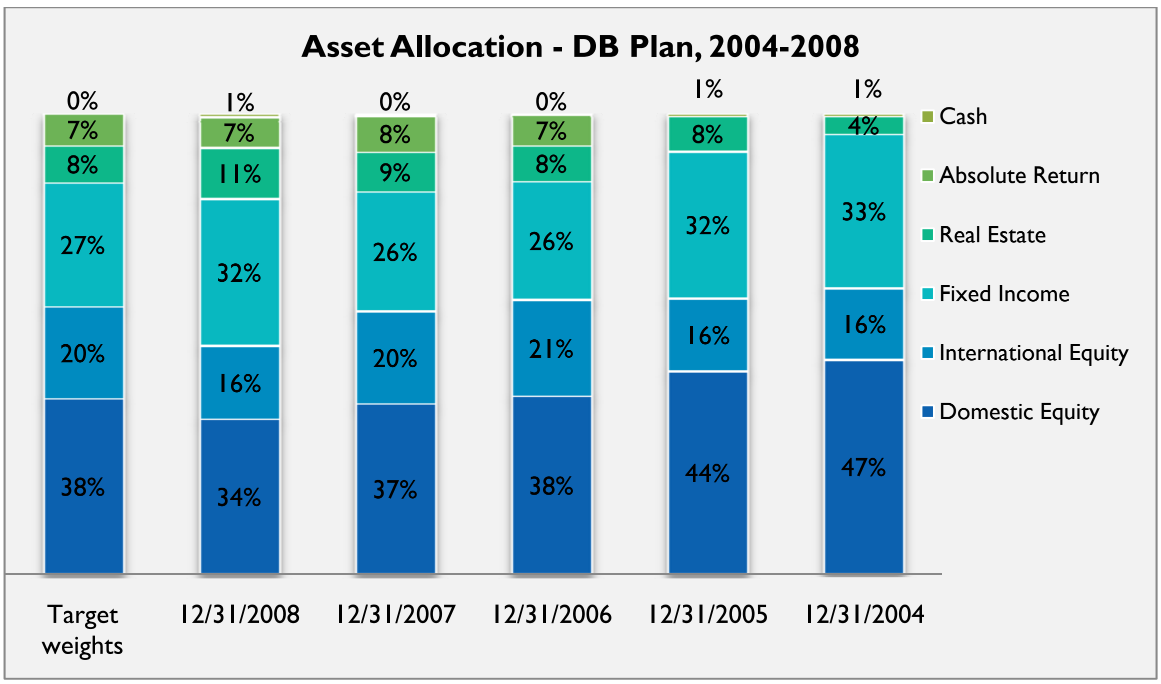
At December 31, 2008, real estate segment was slightly above the maximum weight as defined in the Investment Policies for the Plan and a few other segments were close to their respective minimum/maximum weights. Steps are being taken to rebalance the portfolio to its target weights as soon as practicable.

Employees' Retirement Plan – Asset Allocation by Asset Class, 2004-2008

	Market Value As of 12/31/2008	Market Value As of 12/31/2007	Market Value As of 12/31/2006	Market Value As of 12/31/2005	Market Value As of 12/31/2004
Total Equity	86,584,154	148,342,593	151,196,323	137,182,540	134,186,110
Domestic Equity	58,661,046	95,985,253	97,812,422	100,809,389	100,525,341
International Equity	27,923,107	52,357,340	53,383,901	36,373,151	33,660,769
Fixed Income	55,999,159	67,506,458	65,384,786	73,113,682	72,175,759
Real Estate	19,405,897	22,430,631	19,745,014	17,514,272	8,368,422
Absolute Return	11,718,626	20,789,047	16,838,029	0	0
Cash[1]	1,281,715	1,112,566	902,889	1,377,450	1,362,179
Total Portfolio	**174,989,550**	**260,181,295**	**254,067,041**	**229,187,944**	**216,092,470**

Source: Northern Trust

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



6. Investment Summary

Employees' Retirement Plan – Portfolio by Asset Type as of 12/31/2008

	Accrued Income/ Expense	Market Value	Cost	Market Value including accruals	% of Total
Equities	**40,767**	**85,899,264**	**123,425,068**	**85,940,031**	**49.11**
Common stock	40,098	85,863,514	123,375,068	85,903,612	49.09
Preferred stock	669	35,750	50,000	36,419	0.02
Fixed income	**1,044,304**	**67,144,029**	**79,652,540**	**68,188,333**	**38.97**
Government Bonds	99,277	7,153,629	6,019,331	7,252,906	4.14
Government Agencies	354,221	33,922,081	39,346,400	34,276,302	19.59
Corporate Bonds	413,743	17,132,118	24,176,153	17,545,861	10.03
Government Mortgage Backed Securities	12,020	2,494,913	2,421,111	2,506,934	1.43
Commercial Mortgage-Backed Securities	3,061	244,368	278,125	247,429	0.14
Asset Backed Securities	7,817	903,182	947,957	910,998	0.52
Non-Government Backed C.M.O.s	2,422	384,070	488,900	386,492	0.22
Other Fixed Income[1]	151,744	4,909,668	5,974,564	5,061,412	2.89
Real Estate	**83,168**	**19,238,687**	**19,526,559**	**19,321,856**	**11.04**
Cash and Cash Equivalents	**-31,938**	**2,358,810**	**2,358,810**	**2,326,872**	**1.33**
Short Term Investment Funds	1,159	2,358,810	2,358,810	2,359,969	1.35
Currency[2]	-33,097	0	0	-33,097	-0.02
Adjustments to Cash[2]	**0**	**-787,541**	**-787,541**	**-787,541**	**-0.45**
Pending trade - purchases	0	-829,313	-829,313	-829,313	-0.47
Pending trade - sales	0	143,995	143,995	143,995	0.08
Other Payables	0	-102,223	-102,223	-102,223	-0.06
Total	**1,136,301**	**173,853,249**	**224,175,436**	**174,989,550**	**100.00**

Source: Northern Trust

[1] *Other Fixed Income represents PIMCO All Asset Fund.*

[2] *Currency/Adjustments to cash represent unsettled trades as of 12/31/2008.*

7. List of Largest Holdings by Asset Type

The lists of largest equity and fixed income holdings do not include mutual fund holdings and commingled funds.

Employees' Retirement Plan - Top 10 Equity Holdings (by Market Value) as of 12/31/2008

Security Description	CUSIP	Country	Cost	Market Value[1]	% of Total equities*	% of Total portfolio value*
CA INC COM	12673P105	United States	705,633	570,261	0.66	0.33
Microsoft Corp	594918104	United States	564,683	485,106	0.56	0.28
AmeriSourceBergen Corp	03073E105	United States	521,685	474,278	0.55	0.27
Johnson & Johnson	478160104	United States	453,013	422,101	0.49	0.24
Allstate Corp Com	020002101	United States	671,695	411,957	0.48	0.24
Northrop Grumman Corp	666807102	United States	626,225	404,234	0.47	0.23
Penney J.C Co Inc	708160106	United States	526,698	367,405	0.43	0.21
Sempra Energy Inc	816851109	United States	407,363	351,698	0.41	0.20
Torchmark Corp	891027104	United States	467,672	350,895	0.41	0.20
Bristol Myers Squibb CO	110122108	United States	318,375	348,053	0.41	0.20
			Total top 10 Equities	**4,185,986**	**4.87**	**2.41**
			Total value of equities*	**85,899,264**	**100.00**	**49.41**
			Total value of portfolio*	**173,853,249**	**N/A**	**100.00**

Source: Northern Trust

[1]Excluding accruals

The complete schedule of holdings at year-end is available upon request.

Employees' Retirement Plan - Top 10 Fixed Income Holdings (by Market Value) as of 12/31/2008

Security Description	CUSIP	Country	Cost	Market Value[1]	% of Total Fixed income*	% of Total portfolio value*
Treas Nts 4% DUE 02-15-2015	912828DM9	United States	1,914,427	2,358,506	3.51	1.36
Treas Bds DTD 02/15/1996 6% DUE 02-15-2026	912810EW4	United States	1,163,867	1,395,625	2.08	0.80
Treas Bds 8.125 DUE 08-15-2019	912810ED6	United States	934,189	997,629	1.49	0.57
Treas BDS 5.500 DUE 08-15-2028	912810FE3	United States	760,718	946,093	1.41	0.54
FNMA Pool #257161 5.5% 04-01-2038	31371NTS4	United States	860,430	874,450	1.30	0.50
Federal Home Ln Mtg Corp Pool #G0-1960 5% 12-01-2035	3128LXE97	United States	676,863	724,871	1.08	0.42
Treas Bds 7.5% 7.5% DUE 11-15-2016	912810DX3	United States	624,927	682,656	1.02	0.39
FNMA Fannie Mae 3.375 05-19-2011	31398ARH7	United States	624,963	656,762	0.98	0.38
FHLMC NT 4.75 11-17-2015	3134A4VG6	United States	523,229	560,596	0.83	0.32
FNMA Preassign 00322 02-17-2009	31359MUB7	United States	450,000	449,438	0.67	0.26
Total top 10 Bond holdings				**9,646,626**	**14.37**	**5.55**
Total value of fixed income*				**67,144,029**	**100.00**	**38.62**
Total value of portfolio*				**173,853,249**	**N/A**	**100.00**

Source: Northern Trust

[1]*Excluding accruals*

The complete schedule of holdings at year-end is available upon request.

INVESTMENT SECTION

8. Schedule of Fees and Commissions

Employees' Retirement Plan - Schedule of Fees, 2008

Manager/Consultant	Assets as of 12/31/2007	Assets as of 12/31/2008	Fees	Basis points (Annually)
Artio Global Management, LLC[1]	26,296,153	14,600,437	187,300	0.90%
AXA Rosenberg Investment Management LLC	25,039,865	14,858,308	162,300	1st $25 mil – 0.75%; above – 0.60%
Cadence Capital Management	22,561,695	12,918,651	122,900	1st $25 mil – 0.70%; 2nd $25 mil – 0.50%
Denver Investment Advisors, LLC	20,828,208	19,684,121	62,100	1st $25 mil – 0.30%; above – 0.25%
Dimensional Fund Advisors LP	-	13,322,670	83,600	0.48%
Fidelity Management Trust Company	6,411,661	4,059,752	45,900	0.82%
Heitman Capital Management Corporation	7,434	4,845	-	-
JP Morgan Investment Management, Inc.	7,025,273	6,159,459	68,300	1%
Mondrian Investment Partners, Ltd.	26,061,187	-	27,700	0.90%
Northern Trust Investments, N. A.	30,718,460	21,058,238	13,400	Lending Fund: 1st $100 mil – 0.04%; Non-lending Fund: 0.05%
Pacific Investment Management Company, LLC	5,808,675	4,909,668	49,500	0.89%
Prudential Real Estate Investors	7,472,453	6,219,184	64,800	1st $10 mil – 0.75%; above – 0.60% + 6.00%* Operating Cash Flow
Pzena Investment Management, LLC	17,665,233	9,825,850	98,400	1st 10 mil – 1% 1st $25 mil – 0.70%; above – 0.50%
UBS Realty Investors, LLC	7,925,471	7,022,410	109,500	1st $10 mil – 0.275%; above – 0.90% +$1,200
Wellington Management Company, LLP	14,980,372	6,808,958	110,400	0.90%
Western Asset Management Company	40,266,588	32,255,286	171,000	0.45%
Total Assets[2]	**260,181,295**	**174,989,550**		

Manager/Consultant	Fees	Basis points (Annually)
Total payments to investment managers	**1,377,100**	
Buck Consultants	41,900	N/A
The Townsend Group	30,700	N/A
The Northern Trust Company - custodian and analytical fees	75,200	N/A
Total Investment Expenses	**1,524,900**	
Investment Expenses as a percentage of average assets	**0.70**	
Actuarial Services	20,600	N/A
Benefit Payment Processing	10,100	N/A
Audit Services	17,200	N/A
Total Administrative Expenses	**$47,900**	

Source: Denver Water

[1]*Formerly Julius Baer Investment Management, LLC*

[2]*Includes cash account.*

Employees' Retirement Plan - Schedule of Broker Commissions by Broker, 2008

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
ABN AMRO Securities (USA) Inc	775,000	773,739	0	0.000	0.000%
Arnhold & S Bleichroeder Inc	3,690	179,755	185	0.050	0.103%
Banc America Secur. Montgomery Div.	1,032,175	1,791,885	1,413	0.001	0.079%
Bancamerica Securities Inc.	275,000	332,374	0	0.000	0.000%
Baypoint Trading Llc	6,410	357,837	311	0.048	0.087%
Bear Stearns 57079	37,370	1,528,074	1,834	0.049	0.120%
Bear, Stearns, Securities Corp	3,550	167,010	178	0.050	0.106%
Bernstein, Sanford C. & Co	36,000	1,269,912	1,800	0.050	0.142%
Blair, William & Co	13,170	359,685	550	0.042	0.153%
BNP Paribas Securities Bond	250,000	248,883	0	0.000	0.000%
BNY ESI Securities Co.	23,750	945,757	1,188	0.050	0.126%
Brean Murray, Foster	330	52,511	17	0.050	0.031%
Cantor Fitzgerald & Co	20,790	1,118,129	1,040	0.050	0.093%
Chase Securities Inc (CSI)	125,000	125,188	0	0.000	0.000%
CIBC World Markets Corp. New York	15,330	428,441	767	0.050	0.179%
Citigroup Global Markets Inc/Salomon Brothers	10,825,000	10,227,641	0	0.000	0.000%
Citigroup Global Markets Inc/Smith Barney	17,090	765,320	855	0.050	0.112%
Collins Stewart Inc.	5,080	239,211	152	0.030	0.064%
Compass Point Research And Trade	67,930	2,309,818	2,668	0.039	0.116%
Credit Suisse First Boston Corporation	86,400	1,607,431	1,733	0.020	0.108%
DB Alex Brown	1,000,000	529,280	0	0.000	0.000%
Deutsche Bank Securities Inc	377,620	496,456	116	0.000	0.023%
Edwards. A.G.	9,480	470,640	474	0.050	0.101%
First Albany Corporation	660	51,279	33	0.050	0.064%
Fox Pitt Kelton	3,300	226,346	165	0.050	0.073%
Friedman Billing And Ramsey	6,930	414,408	347	0.050	0.084%
Goldman Sachs & Company	25,700	1,225,968	1,285	0.050	0.105%
Gordon Haskett Capital Corp	520	60,499	19	0.037	0.032%
Greenwich Capital Markets Chase	100,000	100,760	0	0.000	0.000%
Harris Nesbitt Corp	3,050	175,194	153	0.050	0.087%
Howard, Weil, Div Legg Mason\	2,010	87,337	101	0.050	0.115%
Instinet	5,480	217,221	274	0.050	0.126%
Investment Technology Group Inc	9,800	472,571	196	0.020	0.041%
Ivy Securities Inc.	2,740	326,283	110	0.040	0.034%
James Capel Securities, Inc.	6,570	235,647	329	0.050	0.139%
Jefferies & Company	37,240	1,158,100	1,779	0.048	0.154%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Johnson Rice & Co.	1,550	122,169	78	0.050	0.063%
Jones & Associates	2,190	36,986	110	0.050	0.296%
Keefe Bruyette And Woods Inc.	4,400	220,885	220	0.050	0.100%
Kinnard John G. & Company.	3,390	222,081	170	0.050	0.076%
Knight Securities L.P.	3,470	127,077	174	0.050	0.137%
La Branche Financial #2	47,580	1,754,342	1,427	0.030	0.081%
Lazard Freres & Co.	12,050	462,897	507	0.042	0.110%
Leerink Swann & Co./Ipo	21,400	1,037,419	1,070	0.050	0.103%
Lehman Brothers Inc	20,009	575,355	1,000	0.050	0.174%
Liquidnet Inc	15,510	799,915	310	0.020	0.039%
Lynch Jones & Ryan	74,770	2,724,429	3,739	0.050	0.137%
Mcdonald And Company/Keybanc	2,410	145,609	121	0.050	0.083%
Merrill Lynch Pierce Fenner & Smith	41,540	1,730,886	2,077	0.050	0.120%
Merrill Professional Clearing Corp.	38,540	1,014,137	1,927	0.050	0.190%
Midwest Research Securities	22,470	793,691	1,124	0.050	0.142%
Morgan Stanley & Co Inc. New York	3,050	221,988	153	0.050	0.069%
Oppenheimer And Company	16,710	385,963	819	0.049	0.212%
Pacific Growth Equities	14,440	333,339	722	0.050	0.217%
Pershing LLC Formerly Dlj\	650	41,393	33	0.050	0.079%
Petrie Parkman & Company	2,900	227,137	145	0.050	0.064%
Pipeline Trading Systems LLC	7,990	169,193	160	0.020	0.094%
Piper Jaffray Inc	73,009	77,663	0	0.000	0.000%
Princeton Securities	5,490	153,697	165	0.030	0.107%
Pritchard Capital Partners LLC	3,570	205,741	179	0.050	0.087%
Prudential Equity Group	11,240	486,435	562	0.050	0.116%
PXP Securities Corp	298,768	300,355	0	0.000	0.000%
RBC Capital Markets Inc.	23,360	849,014	1,168	0.050	0.138%
Sandler O'Neill & Partner	10,820	615,137	541	0.050	0.088%
SG Cowen Securities	51,600	1,463,955	2,293	0.044	0.157%
Simmons & Company Intl	1,330	58,883	67	0.050	0.113%
Standford Group Co	13,340	647,140	667	0.050	0.103%
State Street Brokerage Svcs	710	38,110	36	0.050	0.093%
Stephens Inc	37,910	402,349	1,306	0.034	0.324%
Stifel Nicolaus And Compan	17,090	664,942	855	0.050	0.129%
Suntrust Robinson Humphrey	510	24,207	26	0.050	0.105%
Thomas Weisel Partners 226	17,900	595,854	895	0.050	0.150%
UBS Warburg LLC	135,630	730,670	532	0.004	0.073%
Unterberg Harris	4,040	240,569	202	0.050	0.084%
US Clearing Institutional Trading	24,180	1,063,220	1,022	0.042	0.096%
Wachovia Capital Markets 46171	50,000	49,956	0	0.000	0.000%
Wachovia Capital Markets LLC	300,000	312,758	0	0.000	0.000%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Weeden And & Co	17,246	684,297	862	0.050	0.126%
Unassigned Broker[1]	398,143	398,143	0	0.000	0.000%

Source: Northern Trust

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

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

Denver Water has had a commission recapture agreement with Lynch Jones & Ryan ("LJR") since 1993. All commission rebates received from Lynch Jones & Ryan are deposited in the Fund's cash account and are used only to provide benefits and pay expenses of the Fund. The use of the service reduces the overall costs incurred by Plan without affecting the performance of the Fund. The total amount of commission recapture rebates earned by the DB Plan amounted to $3,768 in 2007 and $4,777 in 2008.

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, 2008, the market value of assets in the 401(k) Plan totaled $30.20 million, a 15.46% decrease in the Plan asset value compared to December 31, 2007. The Plan had 1,021 participants (including 918 active participants), a 1.79% increase in membership over the last year. In 2008, VALIC recorded participant contributions to the 401(k) Plan of $3.27 million (or an average of $3,564 per year per active participant), while Denver Water's matching contributions amounted to $1.55 million (an average of $1,689 per year per active participant).[1] Nearly 85% of the eligible Denver Water employees participated in the 410(k) Plan at year-end versus 86% participation rate in 2007.[2]

In 2008, AIG recorded participant contributions to the 401(k) Plan of $3.27 million, while Denver Water's matching contributions amounted to $1.55 million. Participant contributions to 457 Plan were $1.31 million.

On December 31, 2008, the market value of assets in the 457 Plan totaled $22.83 million, a 20.30% decline in the Plan asset value compared to December 31, 2007. The Plan had 730 participants (including 336 active participants), a 3.95% decrease in membership over the last year. During 2008, VALIC recorded participant contributions of $1.31 million.[1] Nearly 29% of the eligible Denver Water employees participated in the 457 Plan at year-end, compared with 30% participation rate in 2007.

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 Director of Finance, with the assistance of the Retirement Program Committee and the investment consultant for the DC Plans, Cook Street Consulting. As of December 31, 2008,

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.

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[1] *In 2008, an eligible employee was able to make a tax-deferred contribution of up to $15,500 to each Defined Contribution Plan in which he or she was a participant (2009 limit increased to $16,500). Participants age 50 or older could contribute an additional $5,000 to each plan as catch-up contributions (2009 limit is $5,500). 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 2009" IR-2008-118, Oct. 16, 2008 and other publications available on www.irs.gov .*

[2] *For more statistical information about Retirement Program see the Statistical Section of this Report.*

participants in either plan had access to 17 mutual funds representing all major asset classes, and a Fixed Account provided by VALIC. The schedule of investment options available in the DC Plans can be found on page III-93. The investment of both employee contributions and the employer-matching contributions is directed by the participants. Returns vary by participant based upon the timing of contributions and the funds selected. As a result, neither the return for the DC Plans as a whole nor the return for any participant can be reported in a manner similar to the DB Plan. However, pages III-94 and III-95 contain investment return information on each fund available to participants. Most funds in the lineup had rates of return above the median for their peer group over 1-, 3-, and 5-year periods.

Expense ratios for all the funds in the lineup, as well as the per participant amount of the fees received by VALIC, are disclosed to participants on the enrollment form and disclosed to the general public in the audited financial statements. Current expense ratios and revenue sharing levels are presented in more detail on page III-98.

VALIC (formerly AIG Retirement) is the custodian/trustee and the administrator for both DC Plans. Denver Water engaged VALIC following a competitive search. A contract with VALIC runs through December 31, 2010. Administration includes allocating contributions in accordance with participant instructions, preparing quarterly reports for participants, investment education and provision of internet, telephone, and in-person assistance with enrollment, investment changes, withdrawals and other issues as needed. Expenses related to the contract with VALIC are paid from 12b-1 fees, recordkeeping fees, and any other payments made to VALIC by the funds in the DC Plans. These expenses are generally included in the reported fund expense ratios. By contract, the maximum compensation for providing the administrative services currently cannot exceed $123 per participant social security number. Denver Water receives an annual gross revenue report from VALIC and uses it to monitor the level of such payments. In the event the total fee revenue in any given year is not sufficient to cover the agreed amount, the difference is to be charged to plan participants. Conversely, if the total fee revenue collected by VALIC exceeds the agreed upon amount, the excess shall be refunded to plan participants by making a contribution to the DC Plans. Total fee revenue paid to VALIC in 2008 amounted to $122.06 per participant. The $0.94 per person deficit recorded in 2008 will be collected from participant accounts or will offset surplus revenue in 2009.

VALIC is an indirect wholly owned subsidiary of American International Group, Inc. (AIG). AIG credit ratings were downgraded below "AA" levels in September, triggering a liquidity crisis. On September 16, 2008 the Federal Reserve Bank created an $85 billion credit facility to enable the company to meet collateral and other cash obligations. In November 2008 the U.S. government revised its loan package to the company, increasing the total amount to $152 billion. In March 2009 the funds available to AIG were increased by another $30 billion as the company reported a $61.7 billion fourth-quarter loss, the largest quarterly loss in corporate history. Many of AIG subsidiaries, including VALIC, also have experienced record losses. The subsidiary posted a $4.5 billion loss in 2008 versus $302.5 million income in 2007, which led to credit rating downgrades and forced the company to seek additional capital contributions from its parent company American General to maintain its minimum required capital surplus. While 1st quarter 2009 financial results were better than 2008 numbers, the firm's financial health is still far from solid.

Of all investment options available to Denver Water DC Plans, only the Fixed Account is linked directly to VALIC. Assets in mutual funds chosen and owned by 401(k)/457 Plan participants are held by the AIG Federal Savings Bank (formerly VALIC Trust Company) for the exclusive benefit of the participants. Conversely, the VALIC Fixed Account available offers guaranteed principal and interest returns as specified in a contract, and this guarantee is backed by the claims-paying ability of VALIC. The fixed contract is part of the VALIC general account that receives annuity premiums and invests them according to the Texas insurance regulations. The purpose of such regulations it to minimize the risk to client assets and to maximize the insurer's ability to pay claims/ fulfill obligations to contract owners. In accordance with the state requirements and the investment guidelines, VALIC general account is primarily invested in high quality investment grade fixed income securities (bonds) (average rating of A+). Nonetheless, these assets sustained major losses in 2008 (realized capital losses of $4.7 billion, including $3.6 billion in securities lending losses), which led to overall losses on VALIC's income statement.

Despite legal separation, VALIC is not immune from risks related to its parent company. AIG is now principally owned by an independent trust for the benefit of the United States Treasury, which owns shares of convertible preferred stock representing an approximate 77.9% equity interest in AIG. Consequently, AIG subsidiaries such as VALIC are indirectly owned by the U.S. Government. AIG is attempting to sell some of its assets, including US life insurance and annuity operations, to repay the government loans. The Retirement Program Committee is monitoring the VALIC/AIG developments daily with the assistance of the Investment Advisor for the DC Plans, Cook Street Consulting.

2. Outline of Investment Policies

Denver Water 401(k) Supplemental Retirement Savings Plan

Excerpted from the "Investment Policy Statement for Denver Water Supplemental Retirement Savings Plan (401(k) Plan) ["401(k) IPS"], approved by the Board on October 10, 2007

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 and beneficiaries;
- 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 include investment options that have reasonable investment management costs;
- To monitor administration costs to ensure they remain reasonable. Accordingly, to the extent possible, investment options that do not result in the imposition of explicit participant fees for administration or recordkeeping will be included and the Recordkeeper shall be directed to rebate to Participants any revenues received by the Recordkeeper in excess of those needed for administration;
- To arrange for investment education to be available to Participants.

The Board is a sponsor and a fiduciary of the 401(k) Plan. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. By resolution dated September 14, 2005 the Board has delegated certain duties to the Director of Finance and the Manager of Human Resources under the general supervision of the Manager. Among the responsibilities delegated to the Director of Finance is the responsibility and authority to determine which investment options will be chosen, and to monitor the continued acceptability of the investment options. It is the policy of the Board to engage experts to assist with these duties.

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

Over a complete market cycle, each investment option's overall annualized total return should perform above the median of portfolios in their Peer Universe. The Director of Finance shall continually monitor and review investment options against this expectation. The Director of Finance 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 Director of Finance 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 Director of Finance, with the assistance of the Retirement Program Committee is directed to review the 401(k) IPS annually, to consult as necessary with expert advisors, and to suggest updates to the Manager and the Board as necessary. A copy of this statement is available to participants upon request from the Manager of Human Resources.

Denver Water 457 Deferred Compensation Plan

Excerpted from the "Policy Statement, Denver Water 457 Deferred Compensation Plan (DW 457 Plan)", approved by the Board on October 10, 2007

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 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.

3. Schedule of Investment Managers

Domestic Equity		
Baron Growth[1]	BGRFX	Small Cap Growth
American Funds Washington Mutual R5	RWMFX	Large Cap Value
Domini Social Equity R	DSFRX	Large Cap Core
Dreyfus Mid Cap Index	PESPX	Mid Cap Blend
DWS S&P 500 Index	BTIIX	Large Cap Core
Perkins Small Cap Value Instl[2]	JSIVX	Small Cap Value
T. Rowe Price Growth Stock	PRGFX	Large Cap Growth
International Equity		
Artio International Equity A[3]	BJBIX	International Stock
Fixed Income		
PIMCO Total Return Instl	PTTRX	High Quality Bond
PIMCO High Yield Admin	PHYAX	High Yield Bond
Vanguard Inflation Protected Securities Admin	VAIPX	High Quality Bond – TIPS
Target Date Retirement Funds		
Vanguard Target Income	VTINX	Multiple Asset Classes
Vanguard Target 2005	VTOVX	Multiple Asset Classes
Vanguard Target 2015	VTXVX	Multiple Asset Classes
Vanguard Target 2025	VTTVX	Multiple Asset Classes
Vanguard Target 2035	VTTHX	Multiple Asset Classes
Vanguard Target 2045	VTIVX	Multiple Asset Classes
Cash and Equivalent		
VALIC Fixed Interest		Fixed Income
Fund removed in 2008		
Allianz CCM Emerging Companies Inst	PMCIX	Small Cap Growth
Share class change		
American Funds Washington Mutual A	AWSHX	Large Cap Value
Domini Social Equity	DSEFX	Large Cap Core
PIMCO High Yield A	PHDAX	High Yield Bond
Vanguard Inflation Protected Securities	VIPSX	High Quality Bond – TIPS

As of December 31, 2008

[1]Option available since October 8, 2009; previous option: Allianz CCM Emerging Companies Inst. (PMCIX)

[2]Fund changed the name from Janus Small Cap Value Instl to Perkins Small Cap Value Instl on 12/31/08.

[3]Fund changed the name from Julius Baer International Equity to Artio International Equity in October 2008.

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, Cook Street Consulting. Cook Street 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. Cook Street evaluates the Plans' performance in relation to market indices and appropriate manager peer groups. Returns are reported net of fees.

		Rates of Return (%)		
			Annualized	
Fund	**Ticker**	**Current Year (2008)**	**3-year**	**5-year**
Large Cap Growth				
T. Rowe Price Growth Stock	PRGFX	-42.26	-10.09	-3.11
Large Cap Growth Peer Group		*-40.67*	*-10.28*	*-3.37*
Large Cap Value				
American Funds Washington Mutual R5	RWMFX	-32.96	-6.15	-1.12
Large Cap Value Peer Group		*-37.09*	*-8.92*	*-1.79*
Small Cap Growth				
Baron Growth[1]	BGRFX	-39.18	-9.19	0.04
Allianz CCM Emerging Companies Inst.[2]	PMCIX	-42.58	-14.55	-5.53
Small Cap Growth Peer Group		*-41.55*	*-11.35*	*-3.52*
Small Cap Value				
Perkins Small Cap Value Instl	JSIVX	-21.63	-3.08	2.49
Small Cap Value Peer Group		*-32.24*	*-9.63*	*-0.97*
Foreign Stock				
Artio International Equity A	BJBIX	-43.87	-4.56	4.63
Foreign Large Blend Peer Group		*-43.99*	*-7.67*	*1.21*
MSCI EAFE Index		*-43.38*	*-7.35*	*1.66*
High Quality Bond				
PIMCO Total Return Instl	PTTRX	4.82	5.94	5.16
Intermediate Term Bond Peer Group		*-4.70*	*1.08*	*1.81*
Vanguard Inflation Protected Securities Admin	VAIPX	-2.78	2.96	3.94
Inflation Protected Bond Peer Group		*-4.08*	*1.87*	*3.14*
High Yield Bond				
PIMCO High Yield Admin	PHYAX	-23.87	-4.90	-0.41
High Yield Bond Peer Group		*-26.41*	*-6.59*	*-1.84*
Stable Value				
VALIC Fixed Interest		3.75	3.75	3.75
Stable Value Peer Group		*4.58*	*4.76*	*4.60*
Large Cap Blend				
DWS S&P 500 Index	BTIIX	-37.06	-8.41	-2.26

		Rates of Return (%)		
			Annualized	
Fund	**Ticker**	**Current Year (2008)**	**3-year**	**5-year**
Domini Social Equity R	DSFRX	-37.81	-10.57	-4.30
Large Cap Blend Peer Group		*-37.79*	*-9.03*	*-2.47*
S&P 500 Index		*-37.00*	*-8.36*	*-2.19*
Mid Cap Blend				
Dreyfus Mid Cap Index	PESPX	-36.45	-9.10	-0.49
Mid Cap Blend Peer Group		*-39.18*	*-10.33*	*-1.89*
S&P Mid Cap 400 Index		*-36.23*	*-8.76*	*-0.08*
Target Date Retirement Funds				
Vanguard Target Income	VTINX	-10.93	0.82	2.50
Income Peer Group		*-16.85*	*-1.88*	*1.00*
Vanguard Target 2005	VTOVX	-15.82	-0.50	1.90
2005 Peer Group		*-23.67*	*N/A*	*N/A*
Vanguard Target 2015	VTXVX	-24.06	-3.09	0.81
2015 Peer Group		*-26.87*	*-4.27*	*N/A*
Vanguard Target 2025	VTTVX	-30.05	-5.19	-0.21
2025 Peer Group		*-33.28*	*-6.92*	*N/A*
Vanguard Target 2035	VTTHX	-34.66	-6.80	-0.75
2035 Peer Group		*-36.61*	*-8.09*	*N/A*
Vanguard Target 2045	VTIVX	-34.56	-6.57	-0.31
2045 Peer Group		*-37.94*	*-8.51*	*N/A*

Source: Cook Street Consulting

[1]Option available since October 8, 2008.

[2]Option available until October 8, 2008.

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2007	% of the Total Assets	Total Assets as of 12/31/2008	% of the Total Assets
Large Cap Growth					
T. Rowe Price Growth Stock	PRGFX	2,575,170	7.21	1,612,750	5.33
Large Cap Value					
American Funds Washington Mutual A	AWSHX	4,045,719	11.32	-	-
American Funds Washington Mutual R5	RWMFX	-	-	2,733,875	9.17
Small Cap Growth					
Allianz CCM Emerging Companies Inst.[1]	PMCIX	569,984	1.60	-	-
Baron Growth[2]	BGRFX	-	-	394,419	1.30
Small Cap Value					
Perkins Small Cap Value Instl	JSIVX	1,604,127	4.49	1,269,827	4.20
Foreign Stock					
Artio International Equity A	BJBIX	4,530,957	12.68	2,974,843	9.84
High Quality Bond					
PIMCO Total Return Instl	PTTRX	1,709,352	4.78	2,023,890	6.69
Vanguard Inflation Protected Securities	VIPSX	159,860	0.45	-	-
Vanguard Inflation Protected Secs Admin	VAIPX	-	-	420,203	1.39
High Yield Bond					
PIMCO High Yield A	PHDAX	111,074	0.31	-	-
PIMCO High Yield Admin	PHYAX	-	-	149,714	0.50
Stable Value					
VALIC Fixed Interest	N/A	7,693,559	21.54	9,602,738	31.75
Large Cap Blend					
DWS S&P 500 Index	BTIIX	3,809,072	10.66	2,297,279	7.60
Domini Social Equity	DSEFX	137,756	0.39	-	-
Domini Social Equity R	DSFRX	-	-	76,674	0.25
Mid Cap Blend					
Dreyfus Mid Cap Index	PESPX	3,718,746	10.41	2,660,920	8.80
Target Date Retirement Funds					
Vanguard Target Income	VTINX	12,949	0.04	18,438	0.06
Vanguard Target 2005	VTOVX	63,486	0.18	16,712	0.06
Vanguard Target 2015	VTXVX	754,766	2.11	787,125	2.60
Vanguard Target 2025	VTTVX	2,503,392	7.01	1,831,014	6.05
Vanguard Target 2035	VTTHX	541,105	1.51	478,204	1.58
Vanguard Target 2045	VTIVX	1,184,370	3.32	854,785	2.83
Total		**35,725,444**	**100.00**	**30,203,410**	**100**

Source: Cook Street Consulting/ VALIC

[1]*Option available until October 8, 2008.*

[2]*Option available since October 8, 2008.*

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2007	% of the Total Assets	Total Assets as of 12/31/2008	% of the Total Assets
Large Cap Growth					
T. Rowe Price Growth Stock	PRGFX	3,201,140	11.18	1,715,539	7.51
Large Cap Value					
American Funds Washington Mutual A	AWSHX	1,829,937	6.39	-	-
American Funds Washington Mutual R5	RWMFX	-	-	1,048,949	4.59
Small Cap Growth					
Allianz CCM Emerging Companies Inst.[1]	PMCIX	322,688	1.13	-	-
Baron Growth[2]	BGRFX	-	-	210,051	0.92
Small Cap Value					
Perkins Small Cap Value Instl	JSIVX	622,532	2.17	460,174	2.02
Foreign Stock					
Artio International Equity A	BJBIX	2,855,786	9.97	1,614,174	7.07
High Quality Bond					
PIMCO Total Return Instl	PTTRX	1,170,652	4.09	1,310,290	5.74
Vanguard Inflation Protected Securities	VIPSX	173,597	0.61	-	-
Vanguard Inflation Protected Secs Admin	VAIPX	-	-	279,326	1.22
High Yield Bond					
PIMCO High Yield A	PHDAX	125,393	0.44	-	-
PIMCO High Yield Admin	PHYAX	-	-	117,911	0.52
Stable Value					
VALIC Fixed Interest	N/A	12,188,206	42.55	12,018,141	52.64
Large Cap Blend					
DWS S&P 500 Index	BTIIX	2,446,599	8.54	1,481,369	6.49
Domini Social Equity	DSEFX	792,047	2.77	-	-
Domini Social Equity R	DSFRX	-	-	474,982	2.08
Mid Cap Blend					
Dreyfus Mid Cap Index	PESPX	1,448,444	5.06	941,725	4.13
Target Date Retirement Funds					
Vanguard Target Income	VTINX	26,768	0.09	12,970	0.06
Vanguard Target 2005	VTOVX	69,940	0.24	46,517	0.20
Vanguard Target 2015	VTXVX	97,693	0.34	278,264	1.22
Vanguard Target 2025	VTTVX	615,857	2.15	303,115	1.33
Vanguard Target 2035	VTTHX	93,795	0.33	83,112	0.36
Vanguard Target 2045	VTIVX	561,732	1.96	432,837	1.90
Total		**28,642,806**	**100.00**	**22,829,446**	**100.00**

Source: Cook Street Consulting/ VALIC

[1]*Option available until October 8, 2008.*

[2]*Option available since October 8, 2008.*

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2008[1]

			Revenue sharing – paid to VALIC by fund managers (%) [3]		
Fund	Ticker	Expense Ratio [2]	12b-1/ Service Fee	Recordkeeping/ Administrative Fees	Average Expense Ratio in the Peer Group
T. Rowe Price Growth Stock	PRGFX	0.67	0.00	0.10	1.34
American Funds Washington Mutual R5	RWMFX	0.35	0.00	0.05	1.27
Baron Growth	BGRFX	1.32	0.25	0.10	1.57
Perkins Small Cap Value Instl	JSIVX	0.81	0.00	0.25	1.50
Artio International Equity A	BJBIX	1.13	0.25	0.10	1.39
PIMCO Total Return Instl	PTTRX	0.43	0.00	0.00	0.97
Vanguard Inflation Protected Securities Admin	VAIPX	0.11	0.00	0.00	0.85
PIMCO High Yield Admin	PHYAX	0.75	0.00	0.25	1.22
VALIC Fixed Interest		0.35	0.00	0.35	N/A
DWS S&P 500 Index	BTIIX	0.10	0.00	0.00	1.10
Domini Social Equity R	DSFRX	0.85	0.00	0.00	1.10
Dreyfus Mid Cap Index	PESPX	0.50	0.25	0.15	1.36
Vanguard Target Income	VTINX	0.19	0.00	0.00	0.92
Vanguard Target 2005	VTOVX	0.19	0.00	0.00	0.91
Vanguard Target 2015	VTXVX	0.19	0.00	0.00	0.94
Vanguard Target 2025	VTTVX	0.19	0.00	0.00	0.96
Vanguard Target 2035	VTTHX	0.19	0.00	0.00	0.99
Vanguard Target 2045	VTIVX	0.19	0.00	0.00	1.05
Weighted average (both plans)		**0.49**	**0.23**		

Source: Cook Street Consulting/VALIC

[1] The dollar amount of fees paid by the Plans for investment management and administrative services on the funds is not separately disclosed. Revenue sharing arrangements with VALIC are discussed in more detail in the Report on Investment Activity for the DC Plans (pages III-88 to III-89).

[2] Expense ratios provided by Cook Street Consulting

[3] Revenue sharing fees are recorded as administrative expenses in the Plans' financial statements. These fees are included in a fund expense ratio.

IV. ACTUARIAL SECTION (UNAUDITED)

A. ACTUARY'S CERTIFICATION LETTER

This section is excerpted from the January 1, 2008 valuation report prepared by Benefit Partners and pertains only to the DB Plan

Benefit Partners, Inc.

July 17, 2008

Board of Water Commissioners
Denver Water
1600 West 12th Avenue
Denver, Colorado 80204

Ladies and Gentlemen:

This report presents the results of the actuarial valuation as of January 1, 2008 of the Employees' Retirement Plan of the Denver Board of Water Commissioners. This report contains a discussion of the highlights of this year's valuation along with a comparison made to the results of last year's valuation.

Our calculations are based upon the census data supplied by Denver Water. The report includes a description of the actuarial assumptions used, a description of the actuarial methods used, and a summary of the plan provisions valued. The plan asset information for the valuation as of January 1, 2008 is based on the audited financial statements provided by Denver Water.

The actuarial valuation is based upon generally accepted actuarial methods and procedures. We certify that the amounts presented have been appropriately determined according to the actuarial assumptions stated herein.

We would be pleased to respond to any questions regarding the information contained in this report and to provide explanation or further details as may be appropriate.

Respectfully submitted,

Benefit Partners, Inc.

Bruce R. Nordstrom, Senior Consulting Actuary
Associate of the Society of Actuaries
Member of the American Academy of Actuaries

Ralph Kunkel

Ralph Kunkel, Principal

9400 N. Central Expressway, Suite 1400, Dallas, Texas 75231 | 214-526-2377 | www.benefit1.com

B. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

1. **Calculation of Normal Cost and Actuarial Accrued Liability**: The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

   Entry Age Actuarial Cost Method (adopted prior to December 31, 1990, normal cost determination changed from aggregate to individual basis on January 1, 2002)

   Projected pension and preretirement spouse's death benefits were determined for all active members under age 68. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost for the Plan is determined by summing individual results for each active member and determining an average normal cost rate by dividing the summed individual normal costs by the total payroll of members before assumed retirement age. The actuarial assumptions shown below for normal cost and actuarial accrued liability were used in determining the projected benefits and cost factors. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

   The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, active members age 68 and over, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No normal costs are now payable for these members.

   The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Previously the unfunded actuarial accrued liability was funded with a level dollar payment amount over 40 years from January 1, 1995. Effective January 1, 2007, the unfunded actuarial liability is amortized with a level dollar payment over an open 30-year amortization period.

   Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

2. **Calculation of the Actuarial Value of Assets: The 3 year smoothing method was adopted December 31, 1991. Assets were re-initialized to market value as of January 1, 1997. The method was changed recognizing the appreciation/ (depreciation) of assets to smoothing gain/ (loss) as of January 1, 2003. The method was fully phased in by the end of the 2004 Plan Year.**

   As of January 1, 2003, the 3-year smoothing asset valuation method was changed to recognize 33 1/3% each year of the gain/(loss) instead of the appreciation/(depreciation). The gain/(loss) is the difference between the actual and expected return on the market value of assets.

   The actuarial value of assets are typically determined by subtracting from (or adding to) the current year-end market value the sum of the following:

   (i) 66 1/3 % of the gain (or loss) during the first year preceding the valuation date

(ii) 33 1/3 % of the gain (or loss) during the second year preceding the valuation date

The result is constrained to be no more than 120% of market value of assets or less than 80% of market value of assets.

3. **Calculation of Actuarial Present Value of Accumulated Plan Benefits (adopted prior to December 31, 1990):** The method used to determine the actuarial present value of accumulated plan benefits was the Unit Credit Actuarial Cost Method without salary projection.

Actuarial Assumptions

		Normal Cost and Actuarial Accrued Liability	Actuarial Present Value of Accumulated Plan Benefits
1.	Investment return, net of expenses (adopted December 31, 2006)	7.5% per year.	7.5% per year.
2.	Compensation increases (adopted December 31, 2006)	Rates set forth in Table A.	None. Actual past compensation history was used to determine accrued benefits.
3.	Social Security Wage Base increases (adopted December 31, 2006)	4.0% per year.	None.
4.	Mortality (adopted December 31, 1996)	1995 Buck Mortality Table (Table B).	1995 Buck Mortality Table (Table B).
1.	Termination (adopted December 31, 2001)	Rates set forth in Table B.	Rates set forth in Table B.
6.	Disability (adopted December 31, 2001)	Rates set forth in Table C.	Rates set forth in Table C.
7.	Entry age (adopted prior to December 31, 1990)	Age on birthday nearest valuation date following employment.	N.A.
8.	Retirement (adopted December 31, 2006)	Rates as set forth in Table B.	Rates as set forth in Table B.
9.	Form of payment (adopted December 31, 2006)	Percentage Electing:	Percentage Electing:

		Normal Cost and Actuarial Accrued Liability			Actuarial Present Value of Accumulated Plan Benefits		
			Under age 40	Age 40 and Over		Under age 40	Age 40 and Over
		Life Annuity	20%	70%	Life Annuity	20%	70%
		Lump Sum	80%	30%	Lump Sum	80%	30%

		Normal Cost and Actuarial Accrued Liability	Actuarial Present Value of Accumulated Plan Benefits
10.	Benefit commencement (adopted December 31, 2001)	Deferred three months for accumulated sick leave payments upon early and special early retirement. Age 65 for deferred benefits.	Deferred three months for accumulated sick leave payments upon early and special early retirement. Age 65 for deferred benefits.
11.	Proportion of members with spouse (adopted December 31, 1990)	80% of members are assumed to be married with wives assumed to be 3 years younger than husbands.	80% of members are assumed to be married with wives assumed to be 3 years younger than husbands.
12.	Considered compensation	Greater of annualized base salary or average of three-year pensionable earnings as of the valuation date.	Greater of annualized base salary or average of three-year pensionable earnings as of the valuation date.
13.	Cost-of-living (adopted December 31, 2006)	3.5% per annum cost-of-living escalation after benefit commencement for terminated or retired members.	3.5% per annum cost-of-living escalation after benefit commencement for terminated or retired members.
14.	Lump Sum		
-	Mortality (adopted December 31, 1995)	UP-1984 Mortality Table.	UP-1984 Mortality Table.
-	Cost-of-living (adopted December 31, 2001)	3.5% per annum cost-of-living escalation after assumed benefit commencement.	3.5% per annum cost-of-living escalation after assumed benefit commencement.
15.	Anti-selection (adopted December 31, 1995)	Annuity payments loaded 1%.	Annuity payments loaded 1%.
16.	Inflation (adopted December 31, 2006)	3.5% per year.	3.5% per year.
17.	Amortization Period (adopted December 31, 2006)	Amortize Unfunded Actuarial Accrued Liability over open 30-year amortization period.	N.A.

TABLE A

COMPENSATION INCREASES

Age	Percentage Increase in the Year	Ratio of Compensation at Age 65 to Current Compensation
25	10.0%	8.10
30	8.0	5.31
35	6.6	3.76
40	5.4	2.83
45	4.7	2.22
50	4.3	1.78
55	4.2	1.45
60	4.1	1.18

TABLE B

MORTALITY, TERMINATION AND RETIREMENT ASSUMPTIONS

Annual Rate per 1,000 Members

	Mortality		
Age	Male	Female	Termination[1]
25	.69	.18	72.1
30	.64	.24	58.4
35	.73	.44	45.4
40	.96	.58	32.7
45	1.38	.90	24.1
50	2.15	1.43	18.9
55	3.46	2.11	14.7
60	6.43	3.19	9.1
65	12.43	6.61	--
70	22.33	13.89	--
75	37.67	23.35	--
80	62.80	37.89	--

[1] *In addition, an assumption that 50% more terminations will occur in the first year of employment, 25% more will occur in the second year, and 10% more will occur in the third year, is used.*

Incidence of Retirement

Percentage of Eligible Members at Age Shown

Who Retire During the Year

	Percentage	
Age	Early Retirement	Special Early Retirement (Rule of 75)
50	--	2%
51	--	2
52	--	1
53	--	1
54	--	9
55	5%	25
56	2	10
57	2	10
58	2	10
59	2	15
60	2	15
61	10	10
62	10	20
63	20	20
64	15	15
65	30	30
66	15	15
67	15	15
68	100	100

TABLE C

DISABILITY ASSUMPTIONS

Age	Annual Rate of Disability per 1,000 Members
25	0.27
30	0.64
35	1.09
40	1.64
45	2.55
50	4.37
55	7.92
60	12.56
65	--

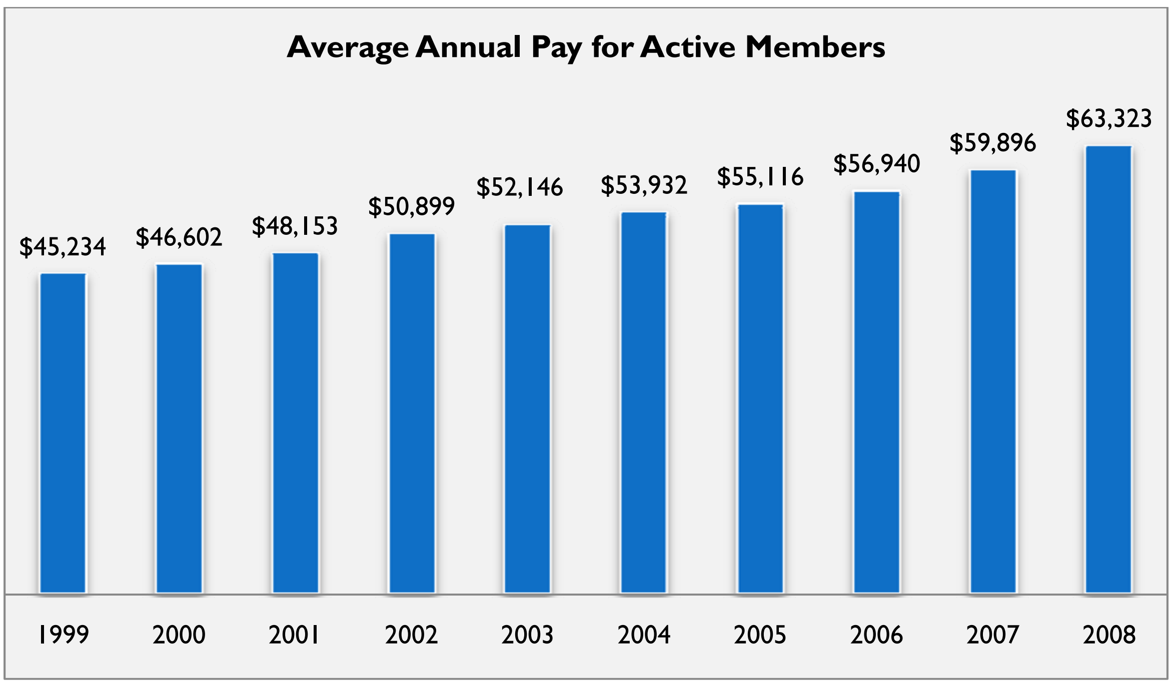
Age	Ultimate Annual Rate of Mortality per 1,000 Disabled Members
25	6.8
30	10.6
35	11.4
40	13.5
45	20.0
50	31.6
55	37.8
60	42.5

C. CHANGES IN ACTUARIAL METHODS AND ASSUMPTIONS SINCE PRIOR YEAR

None.

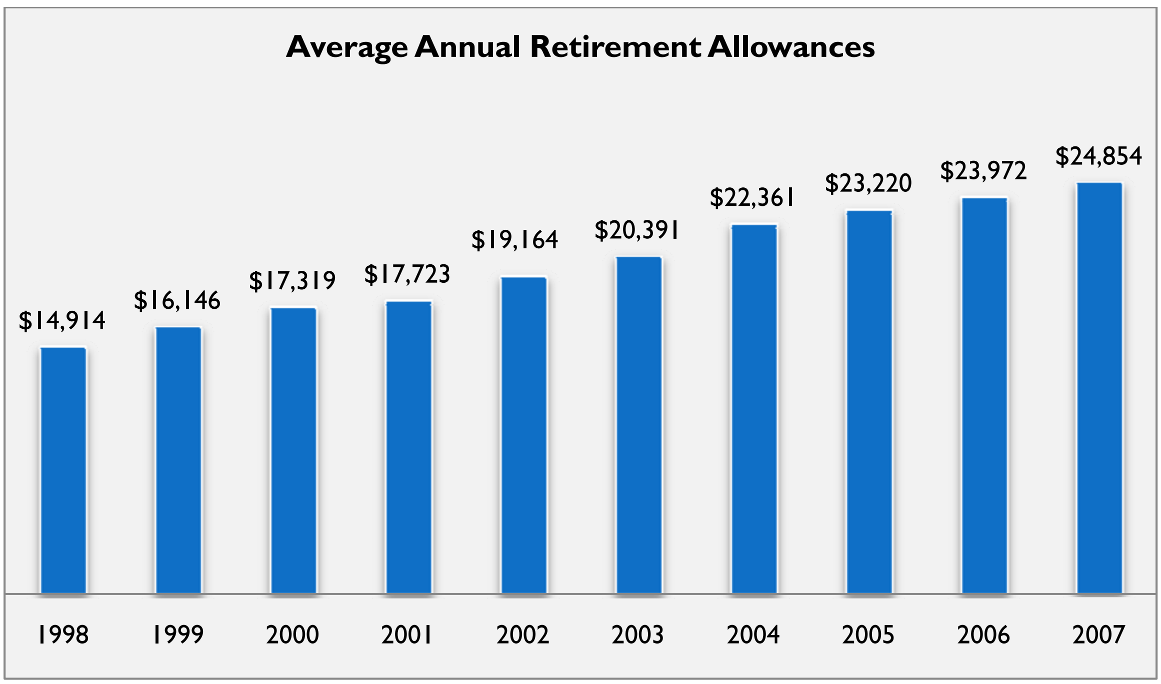
D. SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number of Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Number of Deferred Vesteds
1/1/1999	976	44,147,939	45,234	1.53	43
1/1/2000	970	45,204,147	46,602	3.02	45
1/1/2001	967	46,564,313	48,153	3.33	52
1/1/2002	996	50,695,208	50,899	5.70	51
1/1/2003	1,020	53,188,420	52,146	2.45	52
1/1/2004	1,018	54,902,822	53,932	3.42	53
1/1/2005	1,016	55,998,351	55,116	2.20	54
1/1/2006	1,005	57,224,980	56,940	3.31	61
1/1/2007	978	58,578,510	59,896	5.19	62
1/1/2008	953	60,346,577	63,323	5.72	80



E. 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
12/31/1998	16	384,467	18	168,902	385	5,742,033	4.26	14,914
12/31/1999	23	461,180	21	294,277	387	6,248,620	8.82	16,146
12/31/2000	17	358,573	26	287,852	378	6,546,463	4.77	17,319
12/31/2001	16	310,384	18	245,214	376	6,663,838	1.79	17,723
12/31/2002	17	446,647	19	262,225	374	7,167,395	7.56	19,164
12/31/2003	30	855,683	35	597,221	369	7,524,452	4.98	20,391
12/31/2004	36	1,071,629	10	266,227	395	8,832,415	17.38	22,361
12/31/2005	35	892,330	14	253,150	416	9,659,366	9.36	23,220
12/31/2006	35	1,068,629	24	524,884	427	10,236,256	5.97	23,972
12/31/2007	34	943,437	22	401,607	434	10,786,746	5.38	24,854



F. SOLVENCY TEST

	Actuarial Accrued Liabilities For				Portion of Accrued Liabilities Covered by Valuation Assets		
Valuation Date	(1) Active Member Contributions	(2) Deferred Vesteds, Retirees and Beneficiaries	(3) Active Members	Valuation Assets	(1)	(2)	(3)
1/1/1999	1,154,800	66,358,531	103,470,186	165,761,967	100	100	95.0
1/1/2000	1,084,600	70,404,699	106,670,391	184,124,100	100	100	100.0
1/1/2001	1,067,400	74,387,553	113,448,363	195,559,000	100	100	100.0
1/1/2002	987,600	72,354,207	136,101,234	193,039,567	100	100	87.9
1/1/2003	986,900	79,309,742	143,783,111	189,790,870	100	100	76.2
1/1/2004	925,600	85,819,910	150,349,072	191,817,401	100	100	69.9
1/1/2005	814,700	93,769,001	151,439,206	205,448,203	100	100	73.2
1/1/2006	746,500	102,162,352	156,656,355	228,774,927	100	100	80.3
1/1/2007	664,800	107,425,967	156,423,105	247,159,884	100	100	88.9
1/1/2008	520,500	119,028,961	155,696,471	255,768,194	100	100	87.5

G. 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			
12/31/1998	(6,465,523)	(2,241,197)	(8,706,720)	0	0	(8,706,720)
12/31/1999	(11,220,713)	62,661	(11,158,052)	0	0	(11,158,052)
12/31/2000	(1,360,443)	634,557	(725,886)	0	0	(725,886)
12/31/2001	10,213,253	1,957,245	12,170,498	9,276,223	1,570,479	23,017,200
12/31/2002	23,236,169	1,193,133	24,429,302	0	(6,431,503)	17,997,799
12/31/2003	10,905,155	338,623	11,243,778	0	0	11,243,778
12/31/2004	391,140	813,741	1,204,881	0	(5,502,072)	(4,297,191)
12/31/2005	(8,695,021)	(731,174)	(9,426,195)	0	0	(9,426,195)
12/31/2006	(4,831,200)	(5,567,912)	(10,399,112)	0	(2,740,658)	(13,139,770)
12/31/2007	(658,453)	3,245,715	2,587,262	0	0	2,587,262

An examination of both "Assets as a Percentage of Accrued Liabilities" (the Funded Ratio) and the "UAL as a Percentage of Active Member Payroll" over periods of time will give an indication of funding progress, or the lack of thereof. An increasing trend in the "Funded Ratio" is a positive indicator. A decreasing trend in the "UAL as a Percentage of Active Member Payroll" is a positive indicator.

Significant plan changes or changes in the assumptions or methods may create deviations in the trends. The impact of the UAL for changes made in the last ten years are shown above. The changes can be briefly summarized as shown on the following pages

…continued on next page

Analysis of Financial Experience (continued)

Plan Year Ending	Summary of Changes
12/31/1986	Eligibility age for Rule of 88 decreased from 63 to 62.
12/31/1987	Eligibility age for Rule of 88 decreased from 62 to 61. The method for amortizing unfunded liabilities was changed from a level percent of payroll to a level dollar amount.
12/31/1988	Eligibility age for Rule of 88 decreased from 61 to 60. Benefit formula changed from Social Security offset to covered compensation step-rate to meet safe harbor under TRA 1986.
12/31/1990	The following assumptions changed to more accurately reflect expected experience: 1) Investment return from 7.5% to 8.0%, 2) Salary scale decreased .5% at each age, and 3) Decreased rates of mortality, termination, disability, and retirement.
12/31/1991	Asset valuation method changed, reflecting appreciation/depreciation over a three-year period. Several changes in plan provisions, including: 1) Increase in base formula from 1.15% to 1.25%, 2) Reduced compensation averaging period from five to three years, 3) Reduced early retirement reduction on base formula to 4% per year, 4) Special early retirement window offered to employees who are at least age 58. Unreduced benefits payable with additional supplements payable temporary to age 65, 5) Refund of member contributions at termination or retirement, and 6) Post-retirement death benefit increased from $1,000 to $5,000, payable in a lump sum.
12/31/1992	Another special early retirement window offered to employees at least age 55 with age plus service totaling 80.
12/31/1995	Added Rule of 75 early retirement, decreased vesting from 10 years to 5 years, early retirement eligibility on or after age 55 with five years of service, added spouse's benefit for death of vested member before age 55, decreased maximum cost of living adjustment from 5.0% to 4.4% per year, and added lump sum option. Changes in assumptions include: 1) Retirement rates increased to reflect expected Rule of 75 utilization, 2) Expected experience assumption for members electing a lump sum, and 3) The cost-of-living escalator changed to reflect the change in plan provisions

. . . continued on next page

Plan Year Ending	Summary of Changes
12/31/1996	Added part-time employees as members of the plan upon completion of the required introductory period. Definition of Credited Service changed granting a year of Credited Service for each plan year in which an employee works at least 1,000 hours. The following assumptions changed to more accurately reflect expected experience: 1) Mortality was changed from the 1989 Buck Mortality Table to the 1995 Buck Mortality Table, 2) Withdrawal rates were increased, 3) Special early retirement rates (Rule of 75) were increased from age 58 to age 61, and 4) Salary scale decreased .5% at each age.
12/31/1997	The actuarial value of assets was determined as if the actuarial value of assets as of January 1, 1997 reinitialized to market value as of January 1, 1997. The remaining period for amortizing the unfunded actuarial accrued liability was expanded to 37 years from 27 years as of January 1, 1998. There were several changes to plan provisions, including: 1) A permanent "grow-in" feature to the Rule of 75. Beginning at age 55, the "grow-in" would provide a unreduced pension to a member who retired on or after age 50 with age and Credited Service summing to at least 75, 2) An increase in the base portion multiplier of the minimum benefit formula from 1.25% to 1.50%, and 3) A decrease in the early retirement reduction factor applied to the excess portion of the minimum benefit formula from 1/15 for each of the first five years and 1/30 for each of the next five years that payment precedes age 65 to 4% per year for each year preceding age 65.
10/2/2001	The 35-year credited service cap was removed from the grandfathered benefit formulas relating to credited service after December 31, 1960 and the minimum benefit formula.

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Plan Year Ending	Summary of Changes
12/31/2001	The cost method for calculation of normal cost was changed from the Entry Age Cost Method on an aggregate basis to the Entry Age Cost Method on an individual basis. There were several changes to the actuarial assumptions, including: 1) Decrease Social Security wage base increase assumption, 2) Decrease inflation assumption, 3) Decrease salary scale, 4) Increase rates of withdrawal at all ages, 5) Increase rates of disability at all ages, 6) Increase rates of normal retirement at ages 66 and 67, 7) Decrease rates of reduced early retirement, 8) Increase rates of special early retirement (Rule of 75) and decrease rates at Grow-In ages (ages 50 to 54), 9) Lower lump sum utilization below age 40 and increase lump sum utilization age 40 and over, 10) Shorten the period of expected deferral of benefit commencement due to accumulated sick leave, and 11) Decrease cost of living adjustment assumption for both annuities and lump sums and for all retired members.
12/31/2002	Starting with the January 1, 2003 valuation, the method for determining the annual base to be smoothed is changed. The annual base to be smoothed over a 3-year period is equal to the difference between actual and expected return on market value of assets.
12/31/2006	There were several changes made to the actuarial assumptions to more accurately reflect expected experience, including: 1) Decrease the discount rate from 8.0% to 7.5%, 2) Decrease the inflation assumption from 4.0% to 3.5%, 3) Decrease the cost of living assumption for annuities from 4.0% to 3.5% , 4) Valuation earnings will use the greater of annualized base salary and the average of the last three years of pensionable earnings, 5) Decrease the salary scale assumption, 6) Decrease the Social Security Wage Base assumption, 7) General decrease in retirement rates for Early Retirement, Special Rule of 75 Retirement (including Grow-In), and Normal Retirement, 8) Increase the lump sum election utilization for ages under 40, and 9) The Unfunded Actuarial Accrued Liability (UAAL) will be amortized over a 30-year open amortization period.

H. SUMMARY OF PLAN PROVISIONS

Plan Provisions as of January 1, 2008

1. Effective Date of Plan: Adopted April 11, 1944. The plan was amended and restated effective October 2, 2001.

2. Eligibility for Participation: All part-time and full-time employees of the Board who complete the required introductory period of employment, not to exceed six months, shall become members of the Plan.

3. Definitions:

   a. Credited Service: Before January 1, 1996, one twelfth of a year of Credited Service is granted for each month of full-time service. Beginning in 1996, one year of credited service is granted for each Plan Year in which a member is credited with 1,000 or more hours of service. Credited Service is granted for periods of disability, but not for a period of accrued sick leave on the date of termination.

   b. Compensation: Total compensation as reported on the employee's Form W-2, including any compensation that is reduced or deferred as allowed by the Internal Revenue Code.

   c. Average Monthly Compensation: Average Monthly Compensation is determined as the average during the highest 36 consecutive completed calendar months of the last 120 completed calendar months of service.

   d. Covered Compensation: The average of the Social Security Maximum Taxable Wage Bases for the 35-year period ending with the year coincident with a Member's attainment of Social Security retirement age divided by 12.

4. Basic Pension Benefits:

   a. Eligibility: Normal retirement upon attainment of age 65 and completion of five years of Credited Service. Retirement benefits payable to active members must begin by April 1st following the year in which they attain age 70½.

   b. Prospective Basic Benefits: Monthly pension equal to the larger of the sum of (1) through (4) and the minimum benefit given by (5) as follows:

      (1) $3.00 times Credited Service prior to June 1, 1951, plus

      (2) $4.00 times Credited Service subsequent to May 31, 1951, and before January 1, 1971, plus

      (3) $2.20 plus 2% of the Average Monthly Compensation in excess of $400 times Credited Service after December 31, 1960, and before January 1, 1971, plus

      (4) 1.25% of the Average Monthly Compensation plus 0.45% of the Average Monthly Compensation in excess of Covered Compensation times Credited Service after December 31, 1970.

(5) The minimum benefit is given by 1.50% of the Average Monthly Compensation plus 0.45% of the Average Monthly Compensation in excess of Covered Compensation, times Credited Service.

5. Basic Early Retirement Benefits:

a. Eligibility: Age 55 with 5 or more years of Credited Service.

b. Prospective Basic Benefits: Monthly pension determined as in 4b., considering Credited Service and Compensation to actual retirement. Pension is reduced by 1/3 of 1% for each month by which the starting date of the Regular Early Retirement Benefit precedes Normal Retirement Date.

6. Special Early Retirement Benefits:

a. Eligibility: Later of age 55 and age plus credited service equals 75 or more.

b. Prospective Basic Benefits: Monthly pension determined as in 4b., considering Credited Service and Compensation to actual retirement. Pension is payable immediately upon Special Early Retirement Date with no reduction for early commencement.

7. Special Early Retirement Benefit (with Grow-In Feature):

a. Eligibility: At least age 50 and less than age 55 and age plus Credited Service equals 75 or more at date of retirement or termination.

b. Prospective Basic Benefits: Monthly pension determined as in 4b., considering Credited Service and Compensation to actual retirement. Pension is payable at age 55 with no reduction for early commencement.

8. Vested Benefits:

a. Eligibility: Five or more years of Credited Service.

b. Prospective Basic Benefits: Monthly pension determined as in 4b., considering Credited Service and Compensation at date of termination and payable commencing at age 65. Payments are available as early as age 55, but are reduced for early retirement, as defined in 5b.

9. Basic Disability Benefits:

a. Eligibility: Disability retirement in the event of total and permanent disability, as determined by the Board.

b. Prospective Basic Benefits: Monthly pension determined as in 4b., considering Credited Service during the period of disability, and Average Monthly Compensation as of the date of disability, adjusted for cost of living during the period of disability. The benefit is payable at Normal Retirement Date or on the date disability ceases if the requirements were met for any Retirement Benefit on such date.

10. Preretirement Death Benefits:

a. Eligibility: Spouses of members who die after completing 5 years of service, but prior to actual retirement date.

b. Prospective Basic Benefits: A monthly benefit equal to 50% of the member's accrued pension, payable the first day of the month following the month of death or the first of the month following the month the member would have reached age 55, if later.

11. Post-Withdrawal Death Benefits: In the event of death of a terminated vested member before commencement of pension payments, a monthly pension is payable to the surviving spouse equal to 50% of the member's accrued pension, commencing on the earliest date the member could have received monthly payments, and reduced for early commencement and election in the form of a 50% joint and survivor option without the pop-up feature.

12. Post-retirement Death Benefits: In the event of death of a retired member, a lump-sum benefit of $5,000 will be paid to a named beneficiary.

13. Cost-of-Living Benefit Increases: Beginning January 1, 1971, pensions to retired members will be adjusted annually with changes in the cost-of-living as measured by the Consumer Price Index. The maximum change is 5% per year for members who retire or terminate before September 1, 1995, and 4.4% per year for members who retire or terminate on or after September 1, 1995. Any decrease in the cost-of-living will not cause the pension to fall below its initial level.

14. Employee Contributions: As of October 1, 1981, employees are not required nor permitted to make contributions under this plan. For each month of service before October 1, 1981 and after December 31, 1970, employees contributed one percent of Compensation, plus two and one-half percent of Compensation in excess of the Social Security wage base during such month. The Board is currently crediting interest on employee contributions at the rate of 5% per annum.

15. Refund of Employee Contributions: Employee contributions with interest will be refunded upon death, retirement or termination of employment. Employees who leave employment with a disability retirement benefit will receive their contributions with interest at Normal Retirement Date or at date of death if earlier.

16. Other Benefits: Any employee whose benefits as determined under this Plan are less than those determined under the provisions of the original retirement plan adopted on April 11, 1944, including amendments thereto, shall be entitled to receive such former benefits.

17. Forms of Benefits:

a. Normal Form: Single life annuity.

b. Optional Forms: A member eligible to receive a normal retirement benefit or early retirement benefit may elect a joint and survivor annuity option, with or without the pop-up feature, and thereby receive a reduced pension for life. The joint and survivor annuity without the pop-up feature provides that the spouse, if surviving, shall receive a pension for life in the amount either equal to the deceased member's reduced pension (Option 1), 3/4 of such reduced pension (Option 2), or 1/2 of such reduced pension (Option 3), according to the member's election.

The joint and survivor annuity with the pop-up feature is provided at the election of the member with a slightly greater reduction in pension. If the spouse survives the member, the annuity is calculated in the same manner as previously described for joint and survivorship. However, if the member survives the spouse, the member's benefit is increased to the amount of the original pension before reduction, adjusted for cost-of-living increases.

c. Other Optional Forms: A member who retires and begins receiving a monthly pension before age 62 may elect to receive a level income option. Under the level income option, the monthly pension payable before age 62 is increased on an actuarially equivalent basis and reduced at age 62 to the extent possible by an amount up to the estimated Social Security benefit payable at age 62.

In lieu of a monthly pension, a member may elect to receive a full single lump sum payment. Alternatively, the member may elect to receive a partial lump sum payment and a reduced monthly pension payable for life.

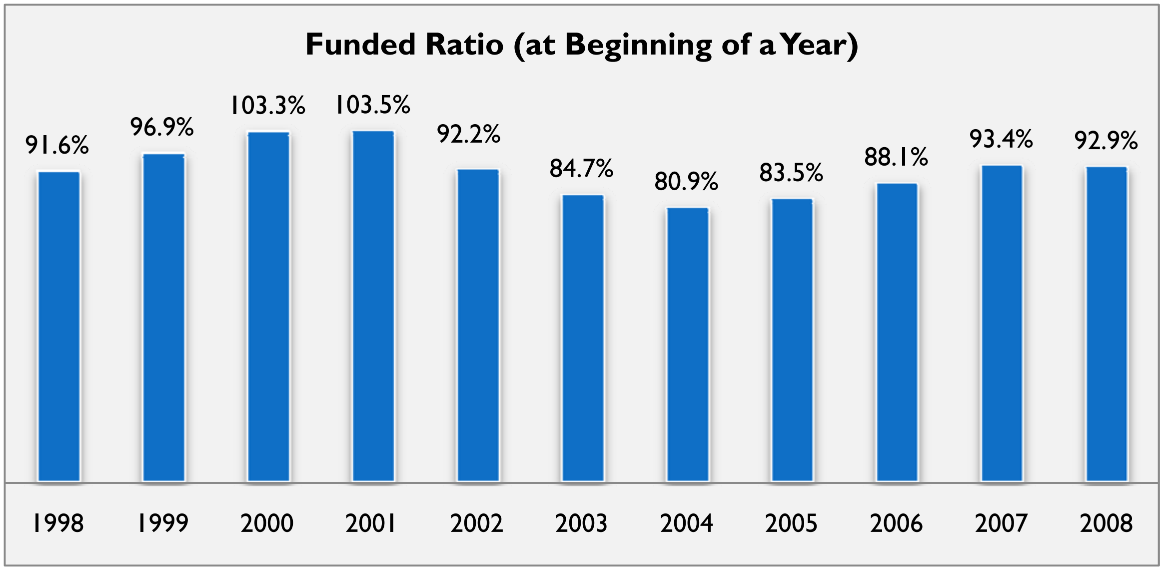
18. Maximum Benefits: Maximum benefits payable conform to those as set forth in the Internal Revenue Code Section 415.

I. CHANGES IN PLAN PROVISIONS

As of January 1, 2008, there were no changes to the plan provisions since the last actuarial valuation prepared as of January 1, 2007.

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)
1/1/1998	152,453,333	166,450,531	13,997,198	91.6	42,860,941	32.7
1/1/1999	165,761,967	170,983,517	5,221,550	96.9	44,147,939	11.8
1/1/2000	184,124,100	178,159,690	(5,964,410)	103.3	45,204,147	(13.2)
1/1/2001	195,559,000	188,903,316	(6,655,684)	103.5	46,564,313	(14.3)
1/1/2002	193,039,567	209,443,041	16,403,474	92.2	50,695,208	32.4
1/1/2003	189,790,870	224,079,753	34,288,883	84.7	53,188,420	64.5
1/1/2004	191,817,401	237,094,582	45,277,181	80.9	54,902,822	82.5
1/1/2005	205,448,203	246,022,907	40,574,704	83.5	55,998,351	72.5
1/1/2006	228,774,927	259,565,207	30,790,280	88.1	57,224,980	53.8
1/1/2007	247,159,884	264,513,872	17,353,988	93.4	58,578,510	29.6
1/1/2008	255,768,194	275,245,932	19,477,738	92.9	60,346,577	32.3



K. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year Ending	Actual Contribution	Interest Credit during the Year	Actual Contributions with Interest	Recommended Contributions at Year End	Percentage Contributed
12/31/1998	5,093,900	192,378	5,286,278	5,286,278	100.0
12/31/1999	4,434,500	241,281	4,675,781	4,675,781	100.0
12/31/2000	3,464,300	245,930	3,710,230	3,710,230	100.0
12/31/2001	3,528,623	229,903	3,758,526	3,758,526	100.0
12/31/2002	6,062,961	309,959	6,372,920	6,372,920	100.0
12/31/2003	7,832,924	359,239	8,192,163	8,192,163	100.0
12/31/2004	9,005,701	391,272	9,396,973	9,358,762	100.4
12/31/2005	8,738,635	380,228	9,118,863	9,118,805	100.0
12/31/2006	8,269,119	376,075	8,645,194	8,644,830	100.0
12/31/2007	7,277,159	295,636	7,572,836	7,277,159	104.1

L. NOTES TO TREND DATA

Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2007
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar open
Remaining amortization period	30 years
Asset valuation method	3-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases	4.0% -11.0%
*Includes inflation at	3.5%
Cost-of-living adjustment maximums	CPI-W 3.5%

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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 2008. "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 1999-2008. All non-accounting data is derived from Denver Water's internal sources. The actuarial information was updated based on the 2008 Valuation Report completed in June 2009.

A. EMPLOYEES' RETIREMENT PLAN

1. Schedule of Additions by Source, 1999-2008

		Employer Contributions[1]			
Fiscal Year Ending	Member Contributions[2]	Dollars	Percentage of Annual Covered Payroll[3]	Net Investment and Other Income[4]	Total
1999	N/A	4,434,500	10.0%	21,819,800	26,254,300
2000	N/A	3,464,300	8.2%	4,677,300	8,141,600
2001	N/A	3,528,600	8.1%	(12,864,900)	(9,336,300)
2002	N/A	6,063,000	12.6%	(13,575,300)	(7,512,300)
2003	N/A	7,832,900	15.4%	33,523,100	41,356,000
2004	N/A	9,005,700	17.1%	21,453,900	30,459,600
2005	N/A	8,738,600	16.3%	14,875,000	23,613,600
2006	N/A	8,269,100	15.1%	29,511,400	37,780,500
2007	N/A	7,277,200	12.4%	19,208,700	26,485,900
2008	N/A	7,590,500	12.6%	(77,309,700)	(69,719,200)

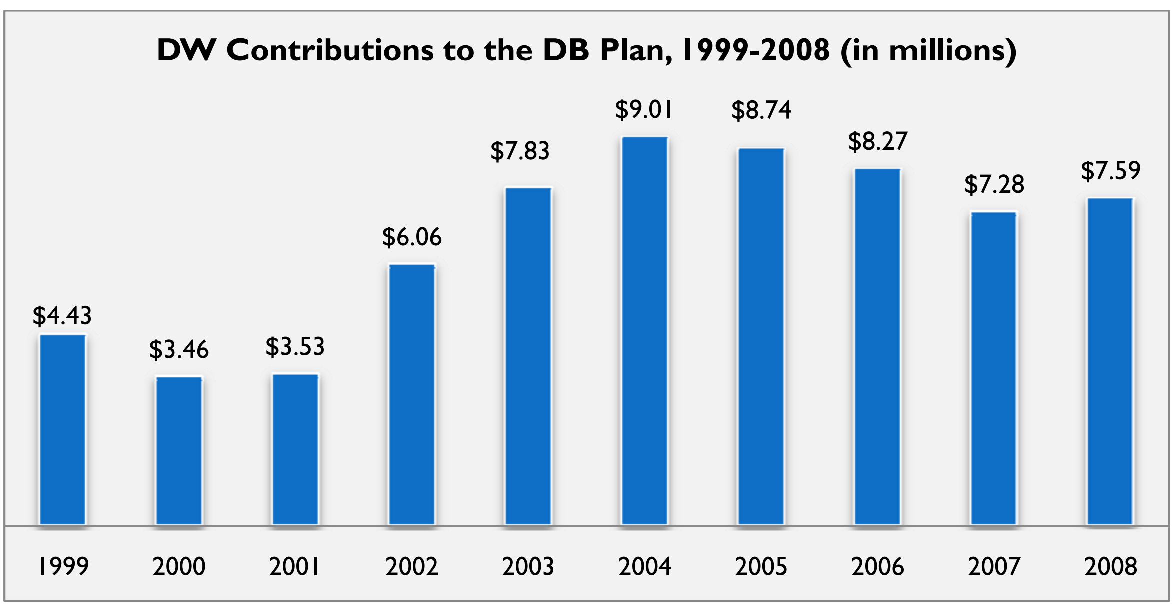
Source: Financial Statements for the Employees' Retirement Plan, 2000-2009 Actuarial Valuation Reports

1 Employer contributions are made at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due.

2 Effective September 1, 1995, members had the ability to make a voluntary after-tax contribution to the Plan to purchase an additional monthly benefit (Pension Purchase feature). The additional benefit was in the form of a monthly annuity with no cost of living adjustment. No contributions were made under this provision in 1999-2008. The Pension Purchase feature will be eliminated effective July 1, 2009.

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

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



STATISTICAL SECTION

2. Schedule of Deductions by Type, 1999-2008

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Administrative Expenses	Refunds[1]	Total
1999	10,260,200	124,000	127,600	10,511,800
2000	7,976,500	109,900	73,400	8,159,800
2001	11,139,200	116,400	128,200	11,383,800
2002	7,891,100	129,500	57,200	8,077,800
2003	9,919,300	107,500	130,200	10,157,000
2004	10,144,200	110,700	163,900	10,418,800
2005	10,371,300	43,300	131,600	10,546,200
2006	12,768,700	180,700	109,600	13,059,000
2007	20,099,700	45,500	205,500	20,350,700
2008	15,281,500	47,900	64,600	15,394,000

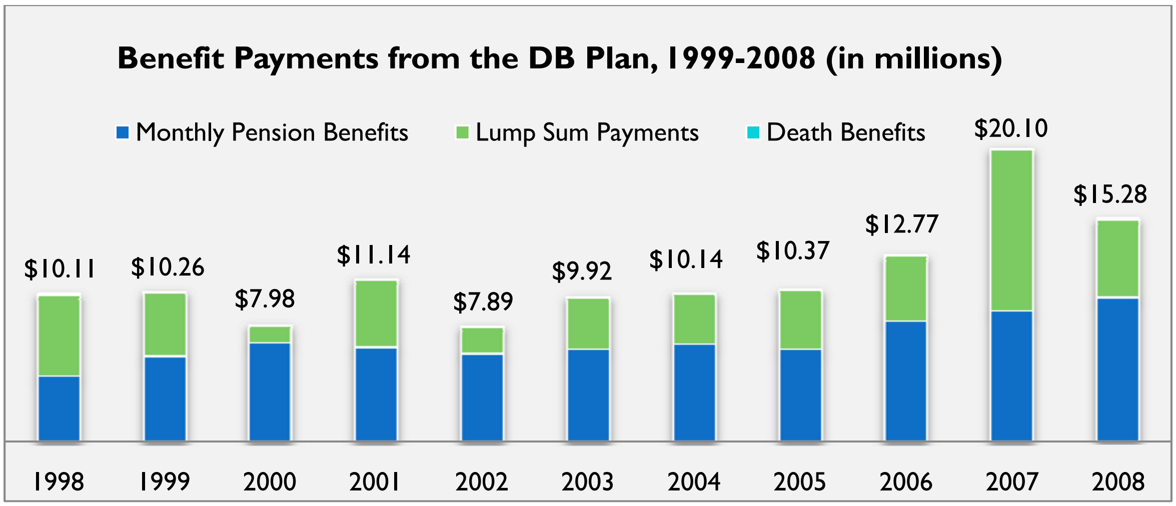
Source: Financial Statements for the Employees' Retirement Plan

[1]. Effective January 1, 1992, the Board determined that all employee contributions to the Denver Water Employees' Retirement Plan would be refunded, with interest at 5%, upon termination or retirement. An amount of $2,480,000 was paid in 1992 to refund amounts contributed by employees who had retired prior to December 1992 or were terminated during 1992. Amounts listed subsequent to 1992 were paid to employees who were terminated or retired in the year listed. Employees stopped making mandatory contributions after October 1981. There are 176 employees who still have funds in the Plan, and the combined balance to be refunded was $535,652 as of 12/31/2008.

3. Schedule of Benefit Deductions from Net Assets by Type, 1999-2008

Fiscal Year Ending	Monthly Pension Benefits	Lump Sum Payments	Death Benefits	Total Benefits	Refunds
1999	5,806,500	4,368,800	84,900	10,260,200	127,600
2000	6,736,500	1,165,000	75,000	7,976,500	73,400
2001	6,429,100	4,660,100	50,000	11,139,200	128,200
2002	5,985,700	1,855,400	50,000	7,891,100	57,200
2003	6,304,000	3,510,300	105,000	9,919,300	130,200
2004	6,667,800	3,416,400	60,000	10,144,200	163,900
2005	6,284,900	4,046,400	40,000	10,371,300	131,600
2006	8,241,800	4,451,900	75,000	12,768,700	109,600
2007	8,952,600	11,067,100	80,000	20,099,700	205,500
2008	9,837,000	5,379,500	65,000	15,281,500	64,600

Source: Denver Water, Retiree database



4. Schedule of Changes in Net Assets, 1999-2008

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
1999	26,254,300	10,511,800	15,742,500	185,344,000	201,086,500
2000	8,141,600	8,159,800	(18,200)	201,086,500	201,068,300
2001	(9,336,300)	11,383,800	(20,721,100)	201,068,300	180,348,200
2002	(7,512,300)	8,077,800	(15,590,100)	180,348,200	164,758,100
2003	41,356,000	10,157,000	31,199,000	164,758,100	195,957,100
2004	30,459,600	10,418,800	20,040,800	195,957,100	215,997,900
2005	23,613,600	10,546,200	13,067,400	215,997,900	229,065,300
2006	37,780,500	13,059,000	24,721,500	229,065,300	253,786,800
2007	26,485,900	20,350,700	6,135,200	253,786,800	259,922,000
2008	(69,719,200)	15,394,000	(85,113,200)	259,922,000	174,808,800

Source: Financial Statements for the Employees' Retirement Plan

5. Schedule of Retired Members by Type of Benefit

Data as of January 1, 2009

Amount of monthly benefit	Number of retirees	Type of retirement*						Option selected #			
		1	2	3	4	5	6	Life	Opt. 1	Opt. 2	Opt. 3
Deferred	104	0	0	0	0	17	77	94	0	0	0
$1 – $250	15	3	6	6	0	0	0	12	0	0	3
$251 – $500	33	8	19	6	0	0	0	32	1	0	0
$501 – $750	29	7	8	11	1	1	0	21	1	1	5
$751 – $1,000	26	5	14	5	0	1	0	16	3	2	4
$1,001 – $1,250	26	9	12	4	0	0	0	18	3	0	4
$1,251 – $1,500	31	4	22	4	1	0	0	22	6	0	3
$1,501 – $1,750	33	6	21	3	1	1	0	24	4	4	1
$1,751 – $2,000	25	3	20	3	0	0	0	18	4	1	3
over $2,000	192	27	168	8	1	5	0	110	68	7	24
Totals	514	72	290	50	4	25	77	367	90	15	46

*Type of Retirement
1-Normal retirement
2-Early and special early retirement
3-Survivor of pensioner deaths
4-Survivor of active deaths
5-Disability retirement
6-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

Source: January 1, 2009 Actuarial Valuation Report for Employees' Retirement Plan prepared by Benefit Partners

6. Schedule of Average Benefit Payment Amounts for Retirees, 1999-2008

	Years of Credited Service							
Retirement Effective Dates	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
January 1, 1999 to December 31, 1999:								
Average Monthly Benefit	$371.88	$0.00	$1,021.97	$1,433.87	$1,950.60	$3,035.95	$3,268.87	$1,916.28
Number of Active Retirants	1	0	2	3	2	3	1	12
January 1, 2000 to December 31, 2000:								
Average Monthly Benefit	$0.00	$0.00	$1,768.77	$1,180.14	$1,428.68	$2,272.46	$2,452.96	$1,770.39
Number of Active Retirants	0	0	2	2	2	1	2	9
January 1, 2001 to December 31, 2001:								
Average Monthly Benefit	$0.00	$0.00	$1,073.84	$729.51	$1,875.42	$2,709.04	$0.00	$2,048.79
Number of Active Retirants	0	0	1	1	2	4	0	8
January 1, 2002 to December 31, 2002:								
Average Monthly Benefit	$0.00	$0.00	$2,198.50	$1,264.39	$2,272.37	$2,939.07	$0.00	$2,342.74
Number of Active Retirants	0	0	2	1	6	3	0	12
January 1, 2003 to December 31, 2003:								
Average Monthly Benefit	$388.08	$735.05	$1,249.99	$1,746.66	$1,980.54	2,748.41	$3,293.17	$2,055.10
Number of Active Retirants	1	2	1	1	7	5	2	19
January 1, 2004 to December 31, 2004:								
Average Monthly Benefit	$805.73	$0.00	$543.47	$1,320.81	$2,309.82	$2,893.16	$4,956.52	$2,812.33
Number of Active Retirants	2	0	1	3	5	5	6	22
January 1, 2005 to December 31, 2005:								
Average Monthly Benefit	$0.00	$0.00	$889.51	$2,072.72	$2,071.02	$2,279.90	$3,063.27	$2,235.02
Number of Active Retirants	0	0	2	6	4	4	5	21
January 1, 2006 to December 31, 2006:								
Average Monthly Benefit	$347.80	$0.00	$0.00	$2,256.22	$2,128.89	$2,783.37	$2,425.29	$2,393.76
Number of Active Retirants	1	0	0	1	4	8	4	18
January 1, 2007 to December 31, 2007:								
Average Monthly Benefit	$144.99	$625.86	$0.00	$1,774.83	$2,102.49	$3,047.84	$3,587.81	$2,462.23
Number of Active Retirants	1	1	0	7	7	10	5	31
January 1, 2008 to December 31, 2008:								
Average Monthly Benefit	$408.19	$0	$2,277.10	$2,177.18	$3,102.16	$2,718.25	$3,274.88	$2,439.48
Number of Active Retirants	2	0	2	4	4	4	2	18

7. Other Information

Employees' Retirement Plan – Member count

			Inactive		
As of	Total	Active[1]	With Deferred Benefits	Retired Members and Beneficiaries	On Long Term Disability
01/01/2000	1,407	975	45	364	23
01/01/2001	1,400	970	52	356	22
01/01/2002	1,426	999	51	355	21
01/01/2003	1,450	1,024	52	353	21
01/01/2004	1,443	1,021	53	349	20
01/01/2005	1,468	1,019	54	368	27
01/01/2006	1,485	1,008	61	385	31
01/01/2007	1,472	983	62	394	33
01/01/2008	1,470	956	80	410	24
01/01/2009	1,536	1,018	77	424	17

Source: 2000-2009 Actuarial Valuation reports; extracted from "Member Data Reconciliation"

[1] *Includes members on leave of absence as of January 1.*

Employees' Retirement Plan – Active members

As of	Number of Members on Leave of Absence	Active Only	Average Age	Average Vesting Service	Average Earnings	Average Entry Age
01/01/2000	5	970	44.6	15.1	$46,602	29.5
01/01/2001	3	967	44.9	15.4	$48,153	29.5
01/01/2002	3	996	44.9	15.1	$50,899	29.8
01/01/2003	4	1,020	45.5	15.1	$52,146	30.4
01/01/2004	3	1,018	45.9	15.4	$53,932	30.5
01/01/2005	3	1,016	46.0	15.2	$55,116	30.8
01/01/2006	3	1,005	46.3	15.3	$56,940	31.0
01/01/2007	5	978	46.8	15.5	$59,896	31.3
01/01/2008	3	953	46.5	14.9	$63,323	N/A
01/01/2009	1	1,018	46.1	14.1	$64,623	N/A

Source: 2000-2009 Actuarial Valuation reports; extracted from "Active Member Averages"

Employees' Retirement Plan –Retiring Members by Type of Benefit elected, 2001-2008

Fiscal Year Ending	Lump Sum	Partial Lump/Annuity	Annuity Only	Total Retirements
2001	15	1	8	24
2002	6	0	12	18
2003	6	0	20	26
2004	7	0	22	29
2005	9	2	19	30
2006	10	3	15	28
2007	26	7	24	57
2008	5	3	15	23

Source: 2002-2009 Actuarial Valuation reports; extracted from "Retirements by Type"

Employees' Retirement Plan –Retiring Members by Type of Retirement, 2001-2008

Fiscal Year Ending	Normal Retirement	Early Retirement	Special Early (Rule of 75)	Special Early (Rule of 75 Grow-In)	Total Retirements
2001	6	0	16	2	24
2002	1	0	17	0	18
2003	2	3	20	1	26
2004	4	1	22	2	29
2005	5	0	25	0	30
2006	5	1	19	3	28
2007	8	2	47	0	57
2008	1	2	20	0	23

Source: 2002-2009 Actuarial Valuation report; extracted from "Retirements by Type"

Retired Members (Inactive Plan members) – By Type of Retirement

As of	Normal Retirement	Early and Special Early Retirement	Survivor af Pensioner Deaths	Survivor af Active Employee Deaths	Disability Retirements	Vested Terminations	Total Inactive Members
01/01/2003	259	44	44	3	24	52	426
01/01/2004	239	64	43	3	20	53	422
01/01/2005	237	83	45	3	27	54	449
01/01/2006	235	99	48	3	31	61	477
01/01/2007	220	124	46	4	33	62	489
01/01/2008	73[1]	276	49	4	32	80	514
01/01/2009	72[1]	290	50	4	25	77	518

Source: 2003-2009 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit"

[1] Retirees who met the Special Early Retirement rule (Rule of 75) were classified incorrectly in the "Normal Retirement" category until 2007.

Retired members (Inactive Plan members) – By Option Selected

As of	Life or leveling option	50% J&S	75% J& S	100% J& S	Total
01/01/2003	314	73	15	24	426
01/01/2004	305	80	13	24	422
01/01/2005	323	81	14	31	449
01/01/2006	342	79	16	40	477
01/01/2007	355	79	15	40	489
01/01/2008	374	80	15	45	514
01/01/2009	367	90	15	46	518

Source: 2003-2009 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit"

B. DENVER WATER 401(K) SUPPLEMENTAL RETIREMENT SAVINGS PLAN

1. Schedule of Additions by Source, 2002-2008

Fiscal Year Ending[1]	Member Contributions	Participant Rollovers	Employer Contributions[2]	Net Investment and Other Income[3]	Total
2002	2,927,100	-	1,412,400	(1,624,700)	2,714,800
2003	2,894,800	-	1,414,900	2,679,200	6,988,900
2004	3,000,500	-	1,431,700	1,787,600	6,219,800
2005	3,035,900	-	1,445,600	1,362,100	5,843,600
2006	3,087,300	-	1,480,300	2,420,300	6,987,900
2007	3,247,900	104,100	1,486,500	2,248,000	7,086,500
2008	3,253,500	18,200	1,554,200	(8,453,300)	(3,627,400)

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

1 The first financial statement for the 401(k) Plan was prepared for the year ended 12/31/2002.

2 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.

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

2. Schedule of Deductions by Type, 2002-2008

	Deductions by Type		
Fiscal Year Ending[1]	Benefit Payments	Expenses[2]	Total
2002	206,700	21,700	228,400
2003	499,400	37,500	536,900
2004	745,700	41,600	787,300
2005	922,500	71,200	993,700
2006	1,562,700	87,400	1,650,100
2007	2,986,100	71,500	3,057,600
2008	1,836,400	75,300	1,911,700

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

1. The first financial statement for the 401(k) Plan was prepared for the year ended 12/31/2002.

2 Includes imputed amount of investment and recordkeeping fees.

3. Schedule of Benefit Deductions from Net Assets by Type, 2002-2008

Fiscal Year Ending	Retirement	Age 70 1/2 Minimum	Termination of Employment	Hardship Withdrawal	Rollover	Other[1]	Total Benefits
2002	60,700	0	110,300	33,100	0	2,600	206,700
2003	275,100	0	123,600	85,200	0	15,500	499,400
2004	363,800	0	219,700	110,100	0	52,100	745,700
2005	539,400	300	252,000	111,400	0	19,400	922,500
2006	466,000	11,800	868,000	141,100	0	75,800	1,562,700
2007	1,820,400	1,200	885,600	137,200	0	53,700	2,986,100
2008	1,114,600	900	244,000	98,700	307,600	70,600	1,836,400

Source: VALIC

[1]"Other" includes beneficiary payments, Qualified Domestic Relations Order Payments, disability payments, early distributions and taxes withheld.

4. Schedule of Changes in Net Assets, 2002-2008

Fiscal Year Ending[1]	Total Additions	Total Deductions	Change in Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2002	2,714,800	228,400	2,486,400	7,333,100	9,819,500
2003	6,988,900	536,900	6,452,000	9,819,500	16,271,500
2004	6,219,800	787,300	5,432,500	16,271,500	21,704,000
2005	5,843,600	993,700	4,849,900	21,704,000	26,553,900
2006	6,987,900	1,650,100	5,337,800	26,553,900	31,891,700
2007	7,086,500	3,057,600	4,028,900	31,891,700	35,920,600
2008	(3,627,400)	1,911,700	(5,539,100)	35,920,600	30,381,500

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

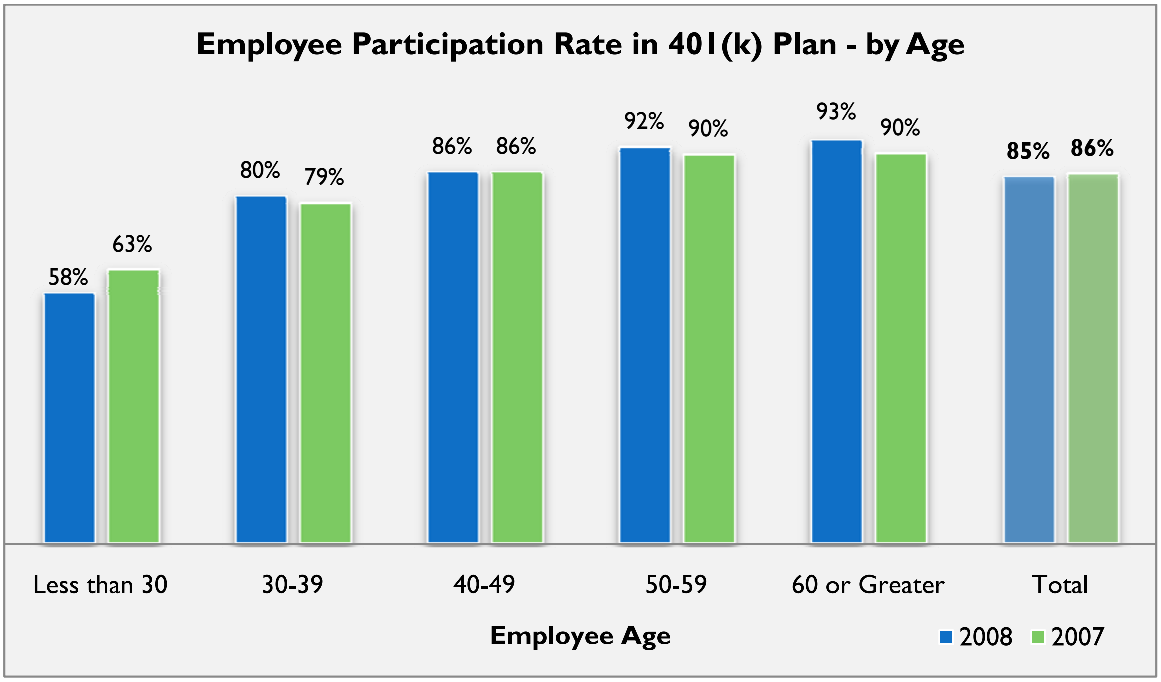
[1].The first financial statement for the 401(k) Plan was prepared for the year ended 12/31/2002.

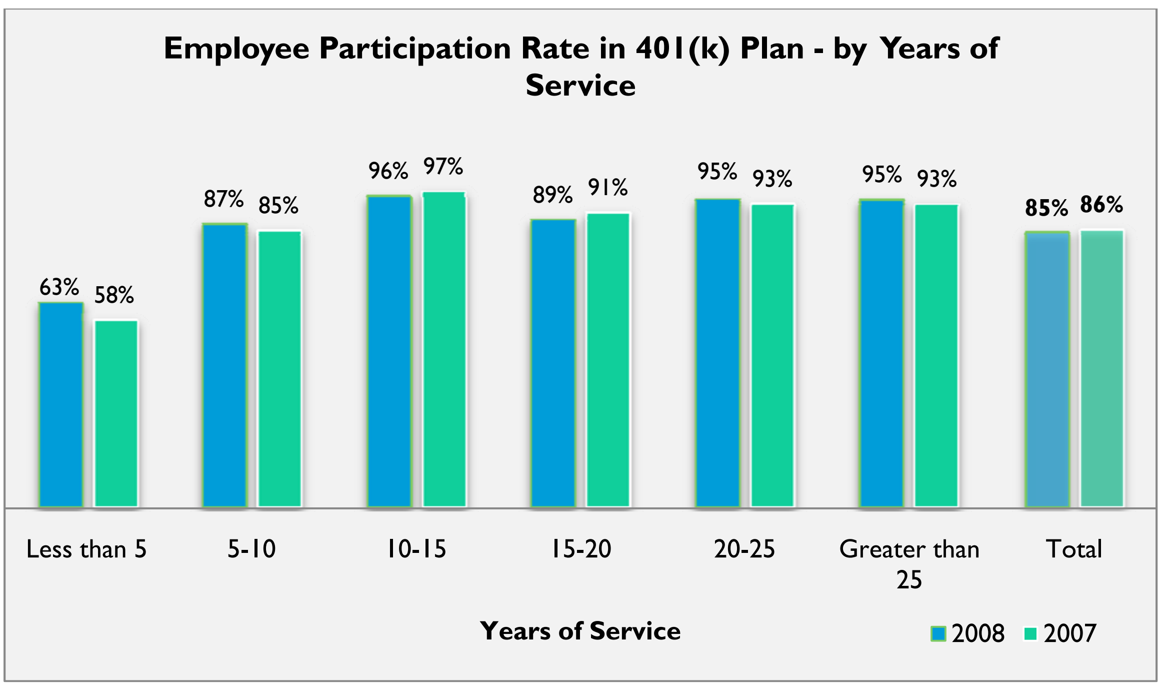
5. Other Information

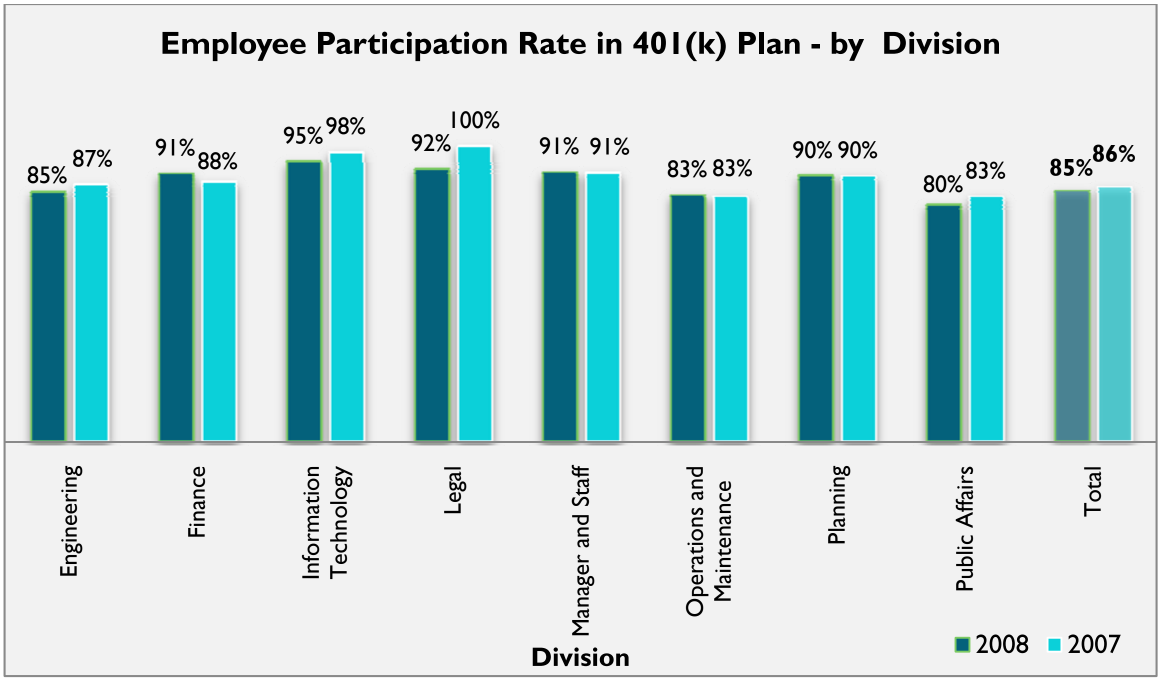
Denver Water 401(k) Supplemental Retirement Savings Plan - Number of Participants

	Participants			
	Total	Active	Inactive	New enrollments
12/31/2002	1,001	965	36	N/A
12/31/2003	987	974	13	15
12/31/2004	1,000	945	55	40
12/31/2005	1,015	953	62	63
12/31/2006	1,020	935	85	45
12/31/2007	1,003	918	85	39
12/31/2008	1,021	918	103	75

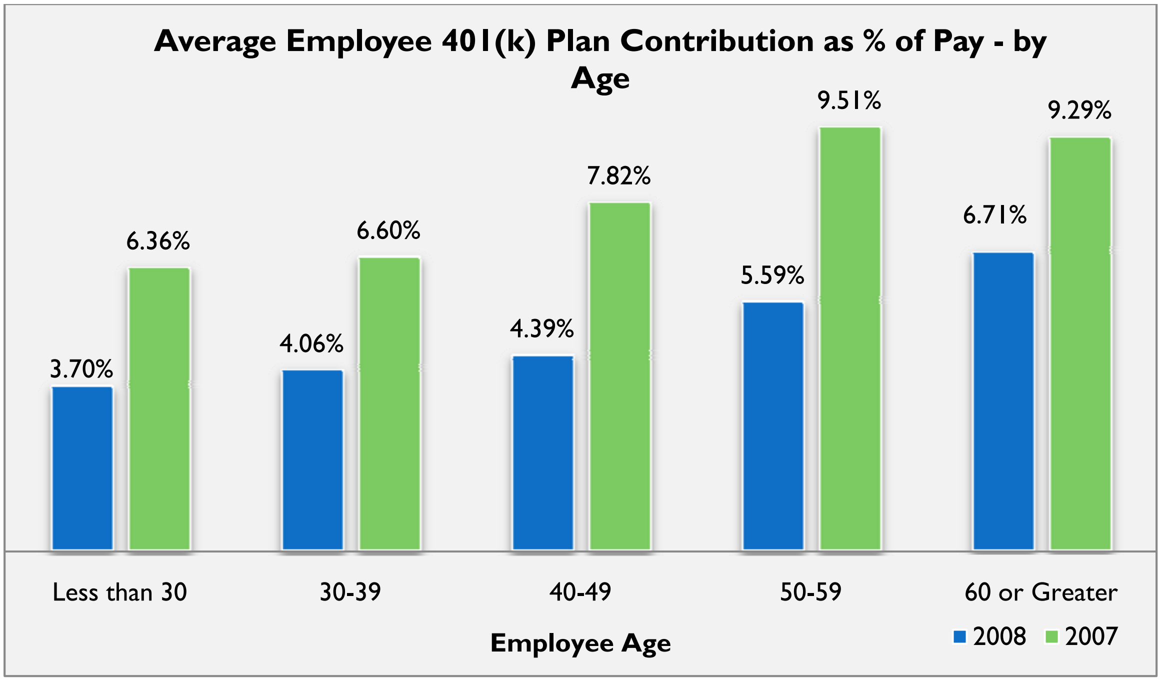
Source: VALIC

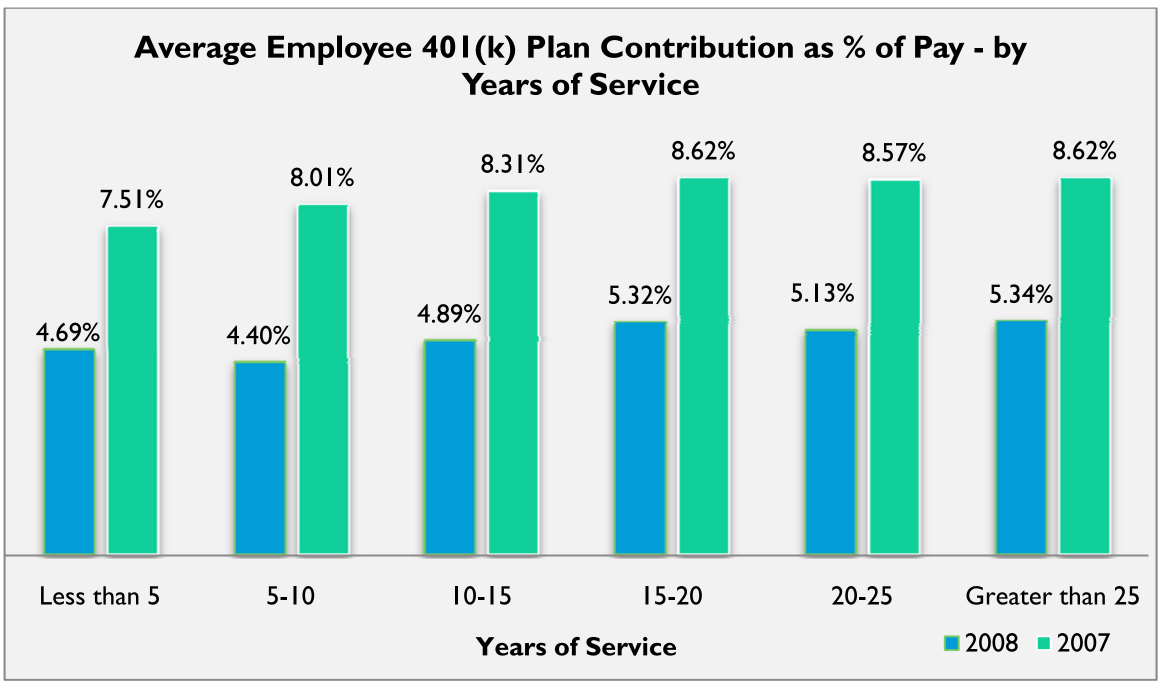

Employee Participation Rate in 401(k) Plan - by Age
58%
63%
80%
79%
86%
86%
92%
90%
93%
90%
85%
86%
Less than 30
30-39
40-49
50-59
60 or Greater
Total
Employee Age
2008
2007


Employee Participation Rate in 401(k) Plan - by Years of Service
63%
58%
87%
85%
96%
97%
89%
91%
95%
93%
95%
93%
85%
86%
Less than 5
5-10
10-15
15-20
20-25
Greater than 25
Total
Years of Service
2008
2007



Source: Denver Water, Human Resources database; data as of year-end.





Source: Denver Water, Human Resources database; data as of year-end.

C. DENVER WATER 457 DEFERRED COMPENSATION PLAN

1. Schedule of Additions by Source, 2002-2008

Fiscal Year Ending[1]	Member Contributions	Employer Contributions	Net Investment and Other Income[2]	Total
2002	1,154,100	N/A	(2,745,700)	(1,591,600)
2003	1,150,600	N/A	3,418,700	4,569,300
2004	1,246,700	N/A	2,028,000	3,274,700
2005	1,238,300	N/A	1,128,700	2,367,000
2006	1,227,700	N/A	1,770,900	2,998,600
2007	1,429,700	N/A	1,877,300	3,307,000
2008	1,313,500	N/A	(4,543,700)	(3,230,200)

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

1. The first financial statement for the 457 Plan was prepared for the year ended 12/31/2002.

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

2. Schedule of Deductions by Type, 2002-2008

	Deductions by Type		
Fiscal Year Ending[1]	Benefit Payments	Administrative Expenses[2]	Total
2002	2,119,900	32,700	2,152,600
2003	1,451,600	44,200	1,495,800
2004	1,994,800	46,800	2,041,600
2005	1,823,300	50,800	1,874,100
2006	2,118,600	83,600	2,202,200
2007	3,065,400	60,400	3,125,800
2008	2,540,800	57,200	2,598,000

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

1. The first financial statement for the 457 Plan was prepared for the year ended 12/31/2002.

2 Includes imputed amount of investment and recordkeeping fees

3. Schedule of Benefit Deductions from Net Assets by Type, 2002-2008

Fiscal Year Ending	Retirement	Age 70 1/2 minimum	Termination of Employment	Rollover	Other[1]	Total Benefits
	Data not available					2,119,900
	Data not available					1,451,600
2004	1,149,000	10,800	692,700	0	142,300	1,994,800
2005	1,026,100	15,900	565,900	0	215,400	1,823,300
2006	728,300	26,800	1,156,700	0	206,800	2,118,600
2007	2,094,600	28,300	862,700	0	79,800	3,065,400
2008	1,511,100	7,100	481,000	579,000	(37,400)	2,540,800

Source: VALIC

[1]"Other" includes beneficiary payments, Qualified Domestic Relations Order Payments, disability payments, early distributions and taxes withheld.

4. Schedule of Changes in Net Assets, 2002-2008

Fiscal Year Ending[1]	Total Additions	Total Deductions	Change In Net Assets	Net Assets Held in Trust, Beginning of Year	Net Assets Held in Trust, End of Year
2002	(1,591,600)	2,152,600	(3,744,200)	26,673,800	22,929,600
2003	4,569,300	1,495,800	3,073,500	22,929,600	26,003,100
2004	3,274,700	2,041,600	1,233,100	26,003,100	27,236,200
2005	2,367,000	1,874,100	492,900	27,236,200	27,729,100
2006	2,998,600	2,202,200	796,400	27,729,100	28,525,500
2007	3,307,000	3,125,800	181,200	28,525,500	28,706,700
2008	(3,230,200)	2,598,000	(5,828,200)	28,706,700	22,878,500

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

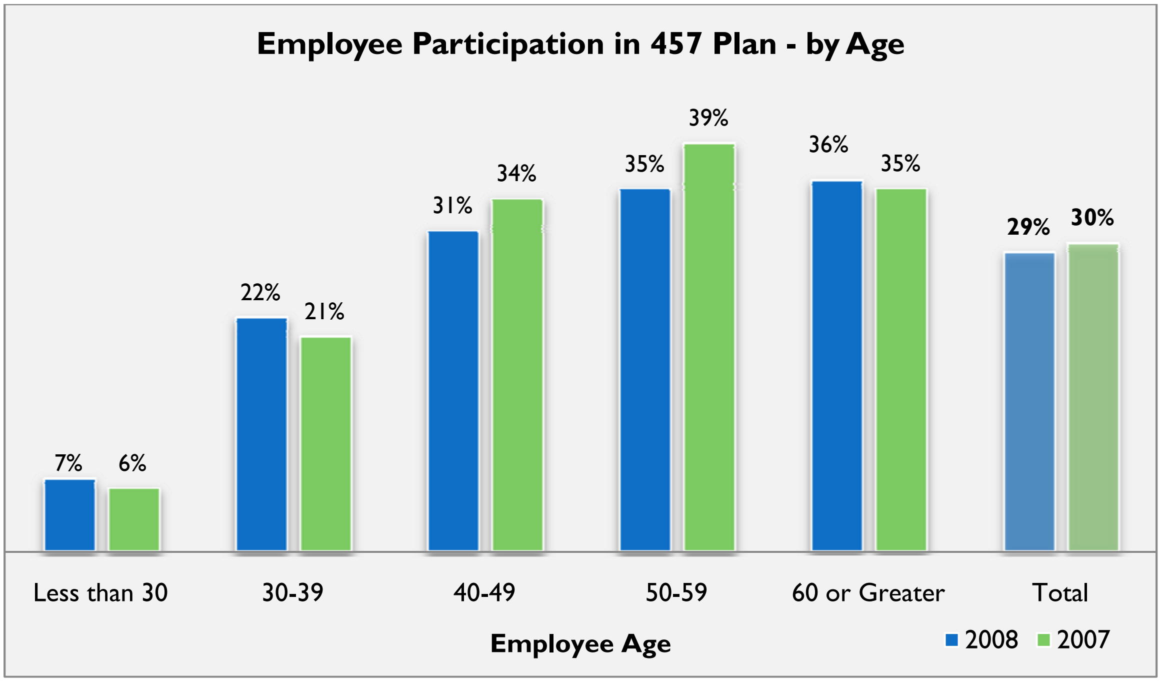
[1]. The first financial statement for the 457 Plan was prepared for the year ended 12/31/2002.

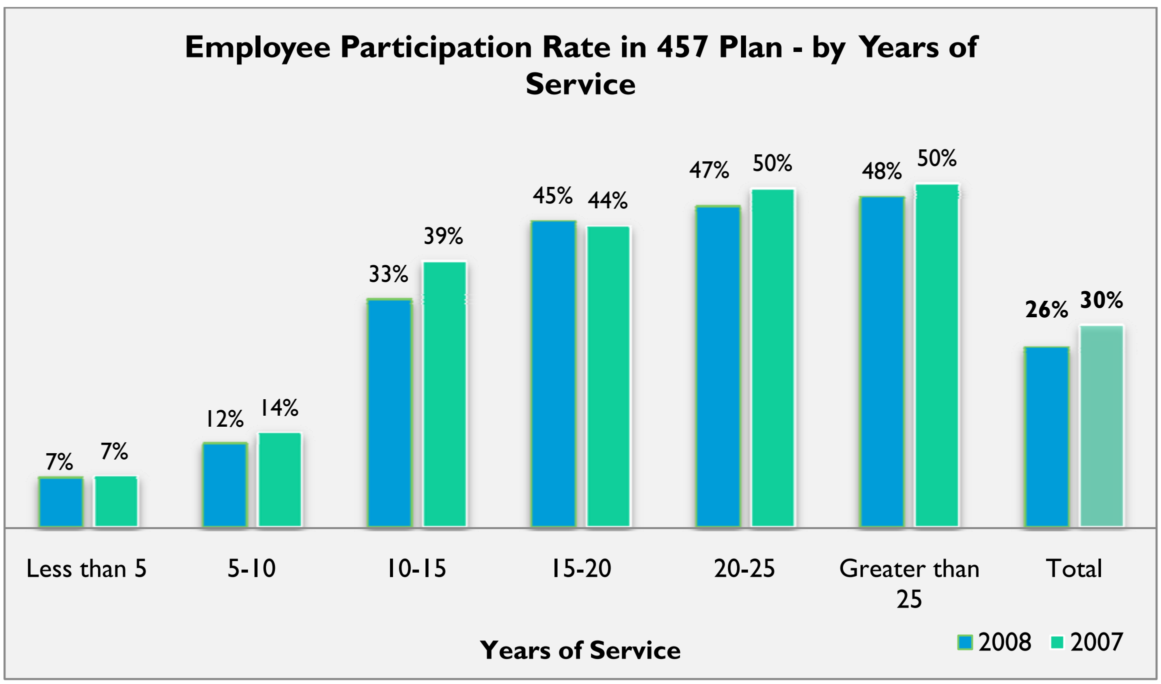
5. Other Information

Denver Water 457 Deferred Compensation Plan- Number of Participants

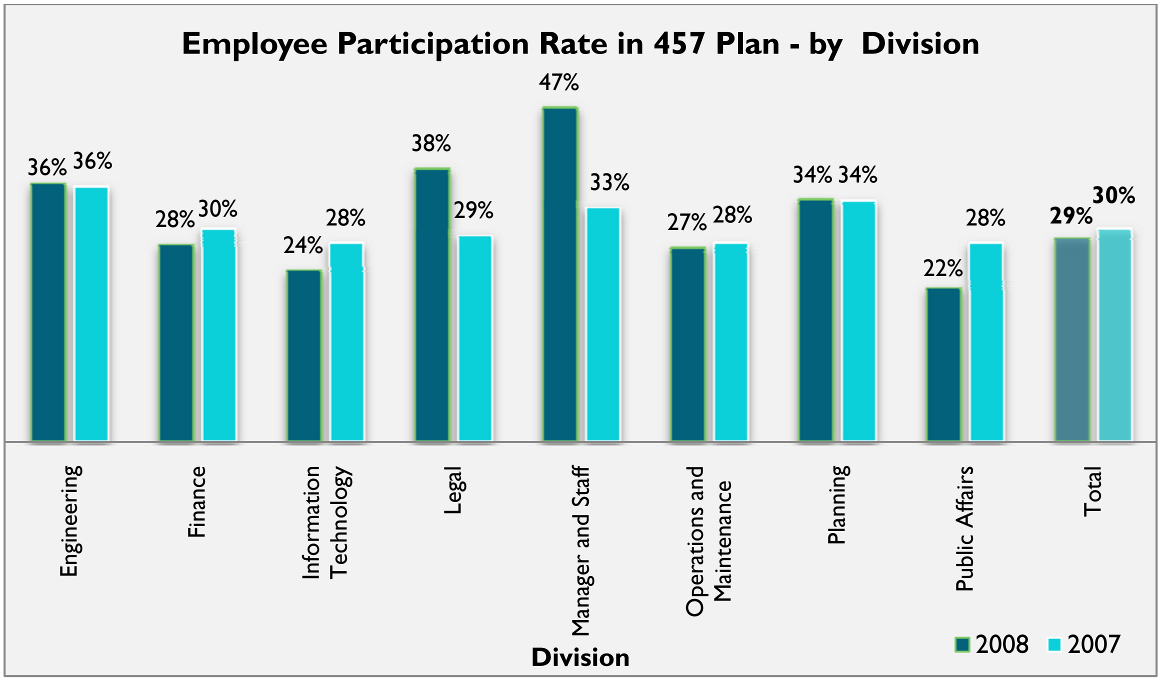
	Participants			
	Total	Active	Inactive	New Enrollments
12/31/2002	967	382	585	N/A
12/31/2003	928	482	446	6
12/31/2004	847	365	482	3
12/31/2005	826	364	462	59
12/31/2006	807	351	456	13
12/31/2007	760	348	412	10
12/31/2008	730	336	394	24

Source: VALIC

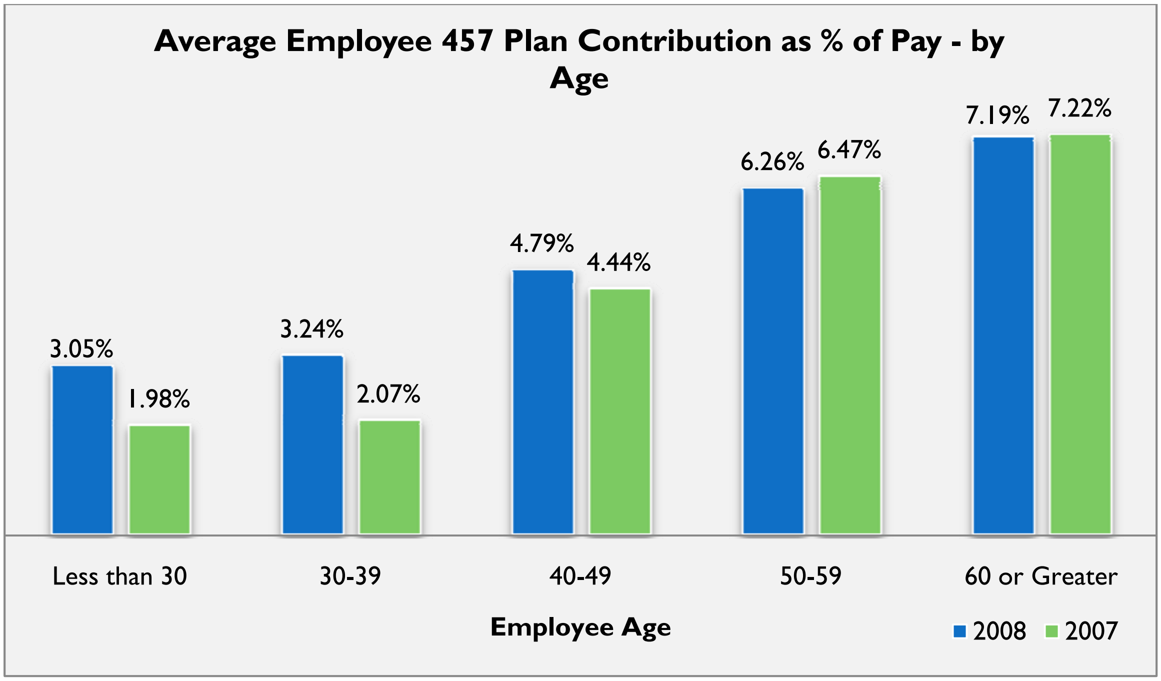


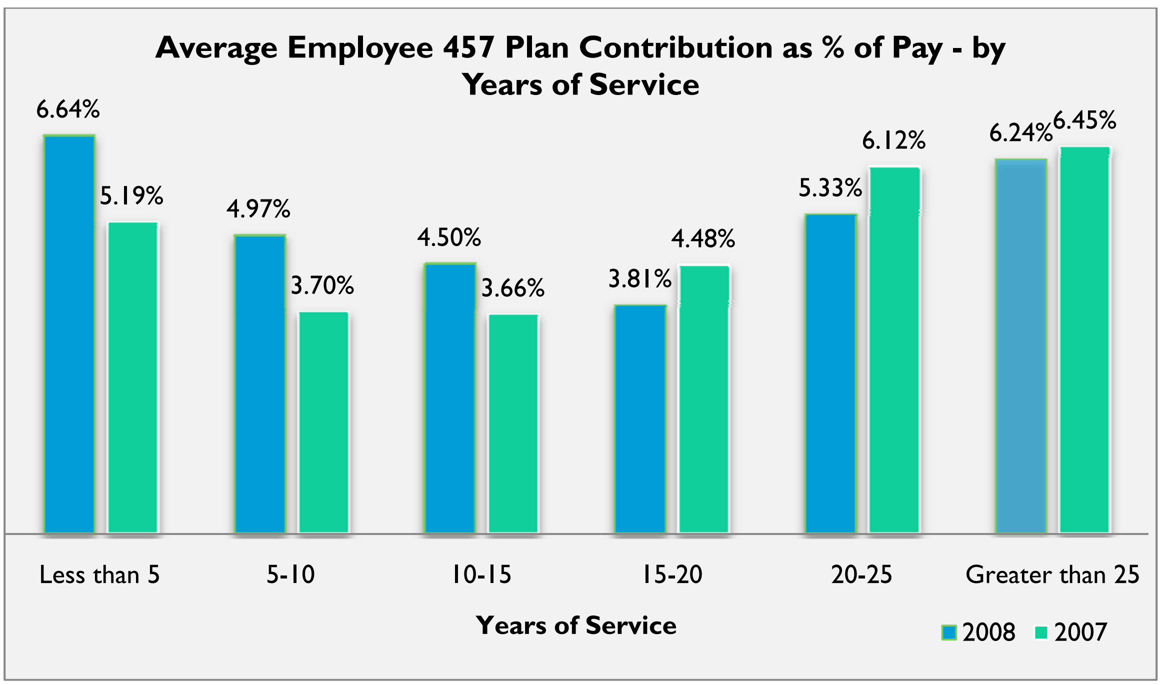


STATISTICAL SECTION



Source: Denver Water, Human Resources database; data as of year-end.





Source: Denver Water, Human Resources database; data as of year-end.