2009 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, 2009

DENVER WATER

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

TABLE OF CONTENTS

This page intentionally left blank

I. INTRODUCTORY SECTION (UNAUDITED)

A. LETTER OF TRANSMITTAL

DENVER WATER

May 11, 2010

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, 2009. 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, 2009. 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 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 became available, but at a reduced amount. In 1995, the Rule of 75 was adopted, permitting an unreduced retirement at the age of 55 with 20 years of service. In 1996, part-time employees were allowed to participate in the DB Plan, and in 2001 the 35-year cap on years of service used for computing benefits was eliminated.

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, 2009 there were 1,588 participants in the DB Plan, including 1,063 active members, 435 retirees and beneficiaries, 11 disabled members and beneficiaries, and 79 terminated employees entitled to benefits but not receiving them yet.

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. In 2009 there were 926 contributing (active) and 85 non-contributing (inactive) participants. 83% of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2009.

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 upon completion of a required introductory period. 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. In 2009, there were 314 contributing (active) and 365 non-contributing (inactive) participants. 27% of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2009.

Until December 31, 2008, Denver Water offered six hours of ***Pre-Retirement Financial Counseling*** to each employee who expressed an intent to retire within six 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. Beginning in June 2009, the Pre-Retirement Financial Counseling Program was converted into the ***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). Nine (9) employees used the counseling services during 2009 and three (3) of those employees have subsequently retired. The total 2009 expenditures on the Retirement Financial Planning Reimbursement Program were $6,127.

Denver Water began offering ***Health Care Continuation for Early Retirees*** in 1995, which also was the first year employees were able to retire under the Rule of 75.[1] Retiree medical coverage is available 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. 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

[1] *This provision, known as the Rule of 75, applies if the sum of the retiree's age plus Credited Service equals 75 or more.*

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. The Board of Water Commissioners 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 2009 was $3.4 million; of this amount, $1.7 million was paid as benefits under the plan, and $1.7 million was recorded as a liability at December 31, 2009. The Net OPEB Obligation for postemployment healthcare benefits as of the end of the year was $6.6 million.

Major Initiatives in 2009

- **Implementation of Approved Changes to the Retirement Program.** Following the completion of Phase I of the Retirement Program Review completed in early 2009, the Retirement Program Committee ("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. In 2009 amendments necessary to implement the above changes were made to the Personnel Policies, Executive Guidelines and Retirement Plan Document. The Retirement Financial Planning Reimbursement Program became effective June 1, 2009. Mandatory cash out of accrued vacation and sick leave upon retirement, elimination of COLA adjustment during period of LTD, and elimination of pension plan purchase option were effective July 1, 2009.

- **Other DB Plan Changes.** Amendments to the Denver Water Personnel Policies made in November 2009 removed references to project employees and clarified that temporary employees are not eligible for benefits. In order to ensure consistency of the DB Plan document with the current practice and the Personnel Policies, the RPC recommended the DB Plan Document be revised to amend sections 1.17 and 2.06(b) to mirror the new provisions of the Personnel Policies by removing references to "project employees" and disallowing retroactive service credits for temporary employees once they attained regular employment status. The Board approved these changes on November 25, 2009.

- **Completion of the Phase II of the Retirement Program Review.** The Retirement Program Committee completed Phase II of the Retirement Program Review, which was focused on the Health Care Continuation for Early Retirees and other post-employment benefits (OPEB). The current Denver Water actuary, benefit consultant, and benefit attorney provided technical assistance with the review. Faced with the growing financial burden of this benefit, attributable to accelerating medical inflation and ageing workforce, exacerbated by the accounting changes discussed earlier, the RPC formulated and analyzed the impact of a number of changes to the Health Care Continuation for Early Retirees program. These recommended changes are intended to mitigate the fiscal impact and improve the fiscal management of the program. The RPC is currently in the process of discussing the proposed changes and gathering feedback from the Senior Staff, the Manager and the Board, although no decisions are expected until the new CEO-Manager and Director of Finance take office.

- **2009 Asset Allocation Study and New Asset Allocation Strategy for the DB Plan Fund**. The Director of Finance, with assistance from the investment advisor of the Board and the Board's Treasury staff, evaluates the asset allocation on a periodic basis and recommends changes, if necessary, to ensure appropriate diversification and the optimization of the expected risk-adjusted return of the Fund. An asset allocation study was completed by Watershed Investment Consultants, Inc. in May 2009 and a recommendation was made to the Retirement Program Committee to re-structure the Fund to optimize the expected return of the Fund as a whole. The main changes proposed by the Consultant included decreased allocation to Domestic Equity, elimination of Absolute Return strategies, and increased allocation to International Equity and Fixed Income. Later revisions to the proposed asset allocation included addition of a Global Equity segment as a way to increase the international component of the portfolio. The new asset allocation was approved by the Board on August 26, 2009, in conjunction with the updated Investment Policy Statement for the DB Plan.

- **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 2009 review, completed in August 2009, the IPS for the DB Plan was modified to divide the existing Statement into two separate documents, a policy statement and an operating procedures manual, in order to make the Policy Statement a long-term document with less frequent need for amendments. As a supplement to the IPS, the Operating Procedure document, created and maintained by the Treasury section since October 2009, is intended to provide the operating instructions to the Denver Water investment professionals responsible for oversight and day-to-day management of the Fund. The Procedure defines the risk and returns objectives of the Fund, expands on the underlying principles of the Board in the management of the Fund, describes the approved categories of investments and asset mix guidelines, provides guidance for the prudent and effective management of the Fund including constraints, and establishes the process for hiring and monitoring investment managers.

- **Manager Changes in the DB Plan.** Following the first investment performance review completed by Watershed, a few changes were made to the Manager lineup in the DB Plan. Two Fixed Income Managers – Fidelity Real Estate High Income and Western Asset Core Plus Bond Fund - were terminated due to underperformance. Four managers offering fixed income products were interviewed. PIMCO Total Return fund was chosen as a replacement for the terminated managers in April 2009. The funding of the new Manager was completed in June 2009. Additionally, as part of the May 2009 asset allocation analysis, Watershed recommended that Denver Water increase the non-U.S. equity exposure while decreasing the U.S. equity exposure in the Plan assets by way of implementing a global equity allocation into the Plan's investment structure. A global equity manager search was performed in September and October 2009. The emphasis was to find a product that utilized a style complementary to the exiting equity managers' styles. Four candidates were interviewed. After a thorough review, the Lazard Global Thematic Equity commingled fund was selected. The new strategy was funded at the beginning of November 2009, in conjunction with elimination of Absolute Return strategies and numerous partial withdrawals/additions made to rebalance the portfolio to the new target allocations.

- **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 2009, Cook Street Consulting recommended addition of the Dreyfus Cash Management Institutional Fund in order to expand the money market options in the fund lineup. The new fund became available to Plan participants on July 29, 2009. Additionally, in November 2009 Cook Street recommended the addition of Global Real Estate as an asset class to the menu of investment options and proposed three Global REIT managers for consideration by the RPC. The RPC selected Cohen & Steers Institutional Global Realty fund. The fund became available to participants on April 20, 2010.

- **2009 Tax Compliance Amendments to the 401(k) Plan.** In December 2008, the Board approved four Tax Compliance amendments to the 401(k) Plan. The changes included amendment to comply with tax regulations regarding minimum distributions, to delete a reference to after-tax contributions, to allow a non-spouse beneficiary to make an IRA rollover of a plan distribution and to adjust the maximum contribution limits and to incorporate certain IRS regulations "by reference". On December 22, 2008, Denver Water submitted the amended documents to the IRS as required in order to maintain compliance with the Code. The Committee's recommendation for implementation of 2009 technical tax compliance amendments to the Denver Water Supplemental Retirement Savings Plan was approved by Denver Water's Manager and adopted on November 24, 2009. The changes addressed distribution of gap period earnings on excessive elective contributions for Denver Water employees who also participated in a former employer's 401(k) Plan in the same year and expansion of the allowable financial hardship withdrawals to include funeral and burial expense and principal residence repair expense. Because the IRS had taken no action on the 2008 submittal, that submittal was amended in December 2009 to include the 2009 amendments.

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, 2009 are listed on page III-74 of the report; funds included in the Defined Contribution Plans are listed on page III-95 of the report. Activities of the professional managers are reviewed and evaluated quarterly by the investment consultant for each plan, the Retirement Program Committee, and Denver Water's financial staff.

The investments in the Defined Benefit Plan returned 18.42% during 2009, compared to the target benchmark index return of 17.42% and the actuarial assumed rate of return of 7.5%. The annualized rate of return on assets of the Defined Benefit Plan was -3.55% over the last three years and 1.77% 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 other people who have worked so diligently in the preparation of this report and toward the successful operation of the Denver Water Retirement Program.

Respectfully submitted,

Robert J. Mahoney,
Director of Engineering, Acting CEO/Manager

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

Usha Sharma
Acting 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

Retirement Program Committee

Advises Manager on retirement issues

CEO / Manager:

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

Investment Managers

Make day-to-day investment decisions

Consultants, Vendors and Advisors

Provide specialized

Director of Finance

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

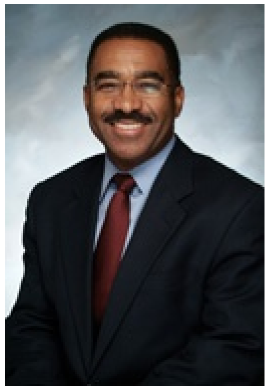
Director of Human Resources

- 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-74, III-84, III-95 and III-100.

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, 2009

Top from left, Penfield W. Tate III, John R. Lucero
Bottom from left, Thomas A. Gougeon, Paula Herzmark, Greg Austin

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 December 1, 2011.*
Thomas A. Gougeon, Vice President Principal: Continuum Partners LLC	*Commissioner since August 10, 2004;* *Term expires July 10, 2011.*
Paula Herzmark, Vice President Executive Director, Denver Health Foundation	*Commissioner since April 24, 2009;* *Term expires July 10, 2013.*
Greg Austin, Vice President Former Partner, Holland & Hart LLP.	*Commissioner since July 28, 2009;* *Term expires July 10, 2013*

LAST 20 COMMISSIONERS

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
Susan D. Daggett	Nov 6, 2007 to Jan 22, 2009
George B. Beardsley	Feb 2, 2004 to Mar 13, 2009

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 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 retained full authority to approve substantive changes to the Retirement Program, investment policy, and actuarial assumptions. The RPC is co-chaired by the Director 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.

CEO / Manager – responsible for the implementing Board policies, including those related to the Denver Water Retirement Program. Supervises the Director of Finance and the Director of Human Resources, appoints members of the Retirement Program Committee. Hamlet J. Barry III, Manager of Denver Water since January 1991, died tragically in May 2010. The new CEO/Manager, Jim Lochhead, will officially take office on June 1, 2010.

Carla Elam-Floyd - Director 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, Director of Finance recommends investment policy guidelines, asset allocation targets, investment managers, and actuarial funding methods and assumptions. The Director of Finance 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. The current Director of Finance, David LaFrance, announced his resignation and will be leaving Denver Water on April 23, 2010. His duties as a co-chair of the RPC will be temporarily assigned to the Treasurer until a replacement is selected.

Sandra Miller - Manager of Healthcare and Benefit Administration since September 2008; member RPC; The Director of Human Resources has delegated 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.

Usha Sharma – Treasurer since 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.	9400 N. Central Expwy., Suite 1400 Dallas, TX 75231
Benefit Consultant	Leif Associates, Inc.	1515 Arapahoe Street, Tower 1, Suite 530 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. Dale Connors Watershed Investment Consultants	6400 S. Fiddler's Green Circle, Ste 2050 Greenwood Village, CO 80111
Investment Advisor (DC Plans)	Mr. Sean Waters Cook Street Consulting	5299 DTC Blvd., Suite 1150, Greenwood Village, CO 80111

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, Suite 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*.

This page intentionally left blank

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, 2009 and 2008, 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, 2009 and 2008, 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
April 14, 2010

experience BKD

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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, 2009 and 2008. This information should be read in conjunction with the financial statements and notes which follow.

FINANCIAL HIGHLIGHTS

As of December 31, 2009 and 2008, $208.1 million and $174.8 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its members.

For 2009, the total net assets of the Plan increased by $33.3 million or 19.0%. This compares with $85.1 million decrease or 32.7% in 2008. The increase in 2009 was due to an increase in the Board's contribution of $6.9 million and increases in the market value of the Plan's assets. The decrease in 2008 was primarily due to declines in the market value of the Plan's assets. Plan returns for 2009 and 2008 were 18.4% and -29.8%, 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 plan assets, periodically re-analyzes the holdings and reclassifies them accordingly. The Western Asset Management Company mutual fund, holding approximately $32.3 million of assets as of December 31, 2008, was reclassified from corporate bonds to government agencies in 2008. This mutual fund was terminated in 2009 and proceeds were reinvested in other funds in the Plan.

Additions to Plan net assets in 2009 included contributions of $14.5 million and net investment income of $31.6 million resulting in a net increase to Plan assets of $46.1 million. In 2008, contributions were $7.6 million and net investment loss was $77.3 million for a net decrease of $69.7 million.

Deductions from Plan net assets for 2009 were $12.8 million compared to $15.4 million in 2008, a decrease of 17.0%. Retirement benefit payments were $12.6 million in 2009 and $15.2 million in 2008 resulting in a decrease in benefit payments of 2.6 million or 17.4%.

The Plan's investment objective is to preserve actuarial soundness of the Plan by achieving a long-term return of at least the actuarial earnings rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. As of January 1, 2009 and 2008, the dates of the actuarial valuations, the funded ratio for the retirement Plan was 72.7% and 92.9%, respectively. 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 the following:

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, 2009 and 2008. The Statements reflect the net assets available for benefits in the retirement fund as of December 31, 2009 and 2008.

The Statements of Changes in Plan Net Assets show the additions to and deductions from Plan assets during 2009 and 2008.

The above statements are in compliance with the Governmental Accounting Standards Board (GASB) Statements Nos. 25 and 34 and all other applicable GASB pronouncements including GASB Statement No. 50, on "*Pension Disclosures,*" which amends certain provisions of GASB Statements 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, 2009 and 2008, 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 that 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, 2009, the date of the last actuarial valuation, the Retirement Plan had a funded ratio of 72.7%, which means that for every dollar of benefits earned to date, based on service and expected final salaries, the Plan had 72.7 cents in assets available for payment. This compares with a funded ratio of 92.9% at the beginning of 2008. 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, 2009, was higher 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, in response to the losses to the Plan in 2008, changed the target asset allocations for domestic equities and fixed income reducing the target allocation for domestic equities by 8% to 30% of the portfolio value and increasing fixed income by 5% to 32% of the portfolio value. The global equities segment with a target allocation of 10% was added to the portfolio and the absolute return segment was eliminated. Please refer to the notes under "Investment Policy" for more information on asset allocations. The actual asset allocation is reviewed at least quarterly by the Director of Finance with the assistance of the Treasurer 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)

	Years ended December 31,			2009-2008		2008-2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Cash and equivalents	$ 4,424	$ 2,359	$ 2,835	$ 2,065	87.5 %	$ (476)	(16.8) %
Dividends, interest & other receivables	753	1,086	813	(333)	(30.7) %	273	33.6 %
Investments, at fair value	203,584	172,282	257,131	31,302	18.2 %	(84,849)	(33.0) %
Total assets	208,761	175,727	260,779	33,034	18.8 %	(85,052)	(32.6) %
Total liabilities	675	918	857	(243)	(26.5) %	61	7.1 %
Plan net assets	$ 208,086	$ 174,809	$259,922	$ 33,277	19.0 %	$ (85,113)	(32.7) %

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 increase in total assets of $33.0 million or 18.8% in 2009 was a result of an increase in the fair value of investments and cash and cash equivalents, offset by a slight decrease in receivables. In 2008 total assets decreased by $85.1 million or 32.6% compared to 2007, primarily due to decreases in fair market value of investments and cash and cash equivalents.

Cadence Capital Management, Pzena Investment Management, LLC and Denver Investment Advisors reported holding cash and cash equivalents as of December 31, 2009. 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 them in their reporting.

Liabilities of the Plan for 2009 and 2008 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 an increase in Plan net assets of $33.3 million in 2009 and a decrease of $85.1 million in 2008.

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 2009 and 2008 totaled $14.5

million and $7.6 million, respectively. The Board contributed more than the annual required contribution amount of $13.2 million to compensate for some of the losses the Plan incurred in 2008 and to capitalize on attractive valuations of securities in the market.

The 2009 was a great year in the capital markets as most assets classes posted double-digit returns, market volatility subsided and overall investor confidence improved. Good market performance had a positive impact on the Plan's total investment income, mostly due to significant appreciation in fair market value of the Plan's assets in 2009. This appreciation was led by international equities, followed by domestic equities and fixed income securities. The international equity segment recorded a gain of 35.9%, outperforming MSCI EAFE ND index return of 31.8%. The Global ex US Value portfolio managed by Dimensional Fund Advisors was the best absolute performer within the Plan with 49.8% return in 2009. The domestic equity segment returned 28.8% for the year, compared to a benchmark (Russell 3000) return of 28.3% and S&P 500 index return of 26.5%. Pzena, a large cap value manager with a considerable overweight in financial stocks was the best performer within the segment gaining 40.0%. The fixed income segment went through major restructuring during the year, terminating two managers and adding a one new manager, recorded a combined return of 11.3%, above the benchmark (Barclays US Aggregate index) return of 5.9%. The real estate segment was the only segment that recorded a negative return in 2009 with a loss of 27.5%. The total market value of Plan assets increased by 18.4% in 2009, which compares with the expected total portfolio return based on Denver Water's customized benchmark return of 17.4%. In 2008 total Plan assets recorded a loss of 23.4%.

Additions to Plan Net Assets

(amounts expressed in thousands)

	Years ended December 31,			2009-2008		2008-2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Board contributions	$ 14,500	$ 7,591	$ 7,277	$ 314	4.3 %	$ (992)	(12.0) %
Investment income	31,559	(77,310)	19,209	(96,519)	(502.5) %	$ (10,303)	(34.9) %
Total additions, net	$ 46,059	$(69,719)	$ 26,486	$ (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, 2009, annual Plan deductions totaled $12.8 million which compares with $15.4 million in 2008. This represents a decrease in deductions in 2009 of 17.0% as compared to a decrease in 2008 over 2007 of 24.4%. The decrease in total deductions in 2009 was primarily due to a decrease in benefit payments.

Deductions from Plan Net Assets
(amounts expressed in thousands)

	Years ended December 31,			2009-2008		2008-2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Retirement benefits	$ 12,567	$ 15,216	$ 20,020	$ (2,649)	(17.4) %	$ (4,804)	(24.0) %
Death benefits	75	65	80	10	15.4 %	(15)	(18.8) %
Refunds of contributions	88	65	206	23	35.4 %	(141)	(68.4) %
Administrative expenses	52	48	45	4	8.3 %	3	6.7 %
Total deductions	$ 12,782	$ 15,394	$ 20,351	$ (2,612)	(17.0) %	$ (4,957)	(24.4) %

REQUESTS FOR INFORMATION

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2009 and 2008, 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

	December 31,	
ASSETS	2009	2008
Cash and cash equivalents, at cost which approximates fair value	$4,424,400	$2,358,800
Dividends, interest and other receivables	753,000	1,086,400
Investments, at fair value		
U. S. Government and agency securities	15,834,200	43,570,600
Corporate bonds and debentures	49,554,500	11,854,800
Equities	124,992,900	85,899,300
Real estate	13,202,200	19,238,700
Alternative Investments	-	11,718,600
Total Investments	203,583,800	172,282,000
Total Assets	208,761,200	175,727,200
LIABILITIES		
Accrued administrative expense	8,800	-
Accrued investment expense	248,200	214,500
Securities payable	418,400	703,900
Total Liabilities	675,400	918,400
Net assets held in trust for pension benefits (Please see "Schedule of Funding Progress")	$208,085,800	$174,808,800

The accompanying notes are an integral part of these financial statements.

b) Statements of Changes in Plan Net Assets

	Years Ended December 31,	
ADDITIONS	2009	2008
Employer contributions	$14,500,000	$7,590,500
Investment income		
Net appreciation (depreciation) in fair value of investments	27,477,200	(82,698,500)
Interest	2,851,500	4,374,000
Dividends	1,317,300	1,354,800
Real estate income, net of operating expenses	1,133,800	1,180,100
Miscellaneous	4,200	4,800
	32,784,000	(75,784,800)
Less investment expense	(1,225,300)	(1,524,900)
Net investment income (loss)	31,558,700	(77,309,700)
Total additions	46,058,700	(69,719,200)
DEDUCTIONS		
Retirement benefits	(12,565,900)	(15,216,500)
Death benefits	(75,000)	(65,000)
Refunds of contributions	(88,400)	(64,600)
Administrative expense	(52,400)	(47,900)
Total deductions	(12,781,700)	(15,394,000)
NET INCREASE (DECREASE)	33,277,000	(85,113,200)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	174,808,800	259,922,000
End of year	$208,085,800	$174,808,800

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, 2009, there were 1,536 members: 77 were terminated vested members, 441 members were retired and/or disabled, 771 members were active with vested benefits, 246 were active but not yet vested and 1 active member was 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 2009 and 2008, these fees were $52,400 and $47,900, 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 $14.5 million and $7.6 million during 2009 and 2008, respectively, in accordance with actuarial valuations performed as of January 1, 2009, and January 1, 2008, respectively. Contributions in 2009 exceeded the actuarially determined annual required contribution at the end of the year by $1.3 million. The Board paid the contributions on a monthly basis. Prepayment of the required contribution reduces the actuarially required contribution by the present value of the payments discounted by the actuarial investment rate of return when paid, effectively reducing the actuarial required contribution by $616,300.

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 $88,400 and $64,600 were made in 2009 and 2008, respectively, for employees who had retired or were terminated during the respective year. As of December 31, 2009 and 2008, total remaining employee contributions including accrued interest was $472,000 and $536,000, respectively. These amounts are not accrued as liabilities in the accompanying financial statements.

Effective September 1, 1995, members could 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. This option had never been used and effective July 1, 2009, was eliminated from the Plan.

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, 2009.

Following a valuation audit, the assumptions used to value certain ancillary death benefits were changed as of January 1, 2009, to better reflect payout patterns. There were no changes to actuarial methods or assumptions for the Plan in 2008.

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, 2009, the most recent actuarial valuation date, the plan was 72.7% funded. The actuarial accrued liability for benefits was $288.7 million, and the actuarial value of assets was

$209.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of $78.9 million. The covered payroll (annual payroll of active employees covered by the plan) was $65.7 million, and the ratio of the UAAL to the covered payroll was 120.0%. 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, 2009
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, (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 he or she is managing.

Each year the Director of Finance, assisted by the investment consultant retained by the Board and the Retirement Program Committee, reviews the Investment Policy Statement (IPS) and makes recommendations to the Board. On August 26, 2009, the Board adopted a Statement of Investment Objective Policy and Guidelines (SIOPG) replacing the IPS. The SIOPG changed the format of the previous policy statement with the intention to make the policy a long-term governing document requiring infrequent amendments. In conjunction with the SIOPG, a procedures manual was developed to provide step-by-step instructions for the implementation of the policy statement. The procedures manual, presented to the Board as an information item in the October 2009 trustee meeting, is expected to have more frequent revisions in response to changes in the market. On October 28, 2009, the Board approved changes to the target asset allocation weights for fixed income and equities, the addition of a global equities segment and the elimination of the absolute return class.

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 his or her 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.

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, 2009 and 2008:

2009 ASSET ALLOCATION STRATEGY

Asset Class	Target		Operational Range Min			Max	
Domestic Equities	30	%	25	%	-	35	%
Global Equity	10	%	5	%		15	%
International Equity	20	%	15	%	-	25	%
Fixed Income	32	%	27	%	-	37	%
Real Estate	8	%	3	%	-	13	%
	100	%					

2008 ASSET ALLOCATION TARGETS

Asset Class	Target		Operational Range Min			Max	
Domestic Equities	38	%	33	%	-	43	%
International Equity	20	%	15	%	-	25	%
Fixed Income	27	%	22	%	-	32	%
Real Estate	8	%	5	%	-	11	%
Absolute Return	7	%	4	%	-	10	%
	100	%					

The asset classes currently utilized in the portfolio are domestic and foreign equity securities, domestic and foreign fixed income securities, and real estate. Separate accounts or pooled funds may be used in other asset classes based upon the most favorable approach for the Fund's circumstances. Investment managers that utilize more than one of these asset classes may also be selected. 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. Pooled funds have been selected based on the stated objectives and strategies outlined in their respective prospectus. Due to its size, the Plan does not invest directly in real estate, but may hold interests in institutional funds or other securities backed by a diversified portfolio of real estate. 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 2009 and 2008, 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	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	terminated April 2009
Heitman Capital Management Corporation	since September 1989
JP Morgan Investment Management, Inc.	since November 2005
Lazard Asset Management LLC	since November 2009
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	since May 1998
Wellington Management Company, LLP	terminated November 2009
Western Asset Management Company	terminated June 2009

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 an SEC-registered pooled fund managed by the fund's custodian bank. At December 31, 2009, 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 presented in the schedule below:

Schedule of Interest Rate Risk - Segmented Time Distribution of Investment Maturities at December 31, 2009

Investment Type	Market value	Less than 1 year	1 to 6 years	6 to 10 years	10 + years	Maturity not determined**
Asset backed securities	$ 1,222,294	-	$ 943,789	$ 185,309	$ 93,196	
Corporate bonds	48,113,291	801,767	8,738,162	4,143,169	934,438	33,495,755
Government agencies	3,927,319	-	2,858,014	1,069,305	-	-
Government bonds	10,974,848	-	4,704,843	3,335,098	2,934,907	-
Gov. mortgage-backed securities	931,996	-	-	-	931,996	-
Non-government backed C.M.O.s	218,913	-	53,190	-	165,723	-
Short -term investment funds	4,424,432	-	-	-	-	4,424,432
Total	$ 69,813,093	$ 801,767	$ 17,297,998	$ 8,732,881	$ 5,060,260	$ 37,920,187

** Amounts represent investments in commingled mutual funds. Maturities of individual securities held by the funds are not reported by the 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, 2009, 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, 2009, are as follows:

Schedule of Credit Risk as of December 31, 2009

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
Asset backed securities	AAA	$ 1,188,875	1.70
	BBB	33,419	0.05
Corporate bonds	AA	1,111,380	1.59
	A	6,297,841	9.02
	BBB	5,828,787	8.35
	BB	1,379,528	1.98
	NR/NA[1,2]	33,495,755	47.97
Government agencies	AAA	3,927,319	5.63
Government bonds	AAA	10,974,848	15.72
Government mortgage-backed securities	AGY[1]	931,996	1.33
Non-Government backed C.M.O.s	AAA	165,723	0.24
	BBB	53,190	0.08
Short-term investment funds	NR/NA[1,2]	4,424,432	6.34
Total fixed income securities		$ 69,813,093	100.00

[1]These ratings are implicitly or explicitly guaranteed by the U.S. Government and currently a rating is not provided by the nationally recognized statistical rating organization. The agencies invested in are FHLMC, FNMA and FHLB.

[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, 2009:

Foreign Currency Risk

Country	Total	International Stocks	Fixed Income
Australia	$ 2,541,285	$ 2,153,122	$ 388,163
Austria	350,872	350,872	-
Belgium	198,780	198,780	-
Bermuda	458,514	458,514	-
Brazil	2,659,608	1,775,320	884,288
British Virgin Islands	44,823	44,823	-
Canada	4,843,326	4,395,800	447,526
Cayman Islands	191,363	191,363	-
Chile	125,613	122,263	3,350
China	2,446,020	2,432,622	13,398
Colombia	13,398	-	13,398
Cyprus	1,536	1,536	-
Czech Republic	279,675	279,675	-
Denmark	477,031	477,031	-
Egypt	3,350	-	3,350
Finland	202,785	202,785	-
France	4,201,816	4,201,816	-
Germany	4,794,678	3,454,848	1,339,830
Greece	54,026	54,026	-
Hong Kong	2,388,108	2,388,108	-
Hungary	217,430	217,430	-
India	939,974	939,974	-
Indonesia	208,513	178,367	30,146
Ireland	83,804	83,804	-
Israel	280,633	280,633	-
Italy	1,069,832	1,069,832	-
Japan	6,171,016	6,171,016	-
Luxemburg	34,139	34,139	-
Marshall Islands	3,270	3,270	-
Malaysia	157,956	157,956	-
Mexico	662,503	588,812	73,691
Netherlands	2,266,939	1,933,403	333,536
Netherlands Antilles	22,133	22,133	-
New Zealand	21,137	21,137	-
Norway	526,161	526,161	-
Panama	32,665	15,917	16,748
Philippines	32,062	32,062	-
Poland	265,440	265,440	-
Portugal	55,310	55,310	-
Romania	365	365	-
Russian Federation	1,205,600	1,074,967	130,633
Singapore	922,441	922,441	-
South Africa	735,315	731,965	3,350
South Korea	763,725	763,725	-
Spain	1,353,160	1,353,160	-
Sweden	944,168	944,168	-
Switzerland	3,782,194	3,782,194	-
Taiwan	1,628,477	1,628,477	-
Thailand	79,941	79,941	-
Turkey	103,453	103,453	-
Ukraine	972	972	-
United Kingdom	8,632,461	7,977,950	654,511
Multi-national	346,781	11,823	334,958
Other	3,517,054	-	3,517,054
Total	$ 63,343,631	$ 55,155,701	$ 8,187,930

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 depend upon, or are 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 that 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

The plan was amended November 7, 2008, 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.

The Plan was amended November 25, 2009, changing the word "Project Employee" to "Temporary Worker" to conform to the Board's personnel policy and to clarify that temporary workers are not members of the Plan.

The Plan was amended May 13, 2009, with an effective date of July 1, 2009, to require mandatory cash out of accrued vacation and sick leave upon retirement, to eliminate the COLA adjustment to retirement payments during a period of long-term disability and to eliminate the pension plan purchase option.

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)
1/1/2000	$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%
1/1/2009	209,770,560	288,664,801	78,894,241	72.7%	65,721,304	120.0%

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
2000	$3,464,300	$245,930	$3,710,230	$3,710,230	100.0%
2001	3,528,623	229,903	3,758,526	3,758,526	100.0%
2002	6,062,961	309,959	6,372,920	6,372,920	100.0%
2003	7,832,924	359,239	8,192,163	8,192,163	100.0%
2004	9,005,701	391,272	9,396,973	9,358,762	100.4%
2005	8,738,635	380,228	9,118,863	9,118,805	100.0%
2006	8,269,119	376,075	8,645,194	8,644,830	100.0%
2007	7,277,159	295,636	7,572,795	7,277,159	104.1%
2008	7,590,475	357,026	7,947,501	7,590,476	104.7%
2009	14,500,000	616,277	15,116,277	13,179,253	114.7%

*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 are not applicable.

6. Supporting Schedules (unaudited)

a) Schedule of Administrative Expenses

	2008	
Actuarial Services	$ 20,600	$ 20,600
Benefit Payment Processing	10,000	10,100
Audit Services	21,800	17,200
Total Administrative Expenses	52,400	$ 47,900
Average Assets[1]	$191,683,050	$217,645,500
Administrative Expenses as a percentage of Average Assets	0.027%	0.022%

[1]Average Assets are calculated based on total assets less securities payable.

b) Schedule of Investment Expenses

	2009	2008
Artio Global Management LLC	$155,400	$187,300
AXA Rosenberg Investment Management LLC	113,400	162,300
Cadence Capital Management	96,400	122,900
Denver Investment Advisors, LLC	74,000	62,100
Dimensional Fund Advisors LP	83,300	83,600
Fidelity Management Trust Company	6,700	45,900
Heitman Capital Management Corporation	-	-
JP Morgan Investment Management, Inc.	50,000	68,300
Lazard Asset Management LLC	28,800	-
Mondrian Investment Partners, Ltd.	-	27,700
Northern Trust Investments, N. A.	7,100	13,400
Pacific Investment Management Company, LLC[1]	118,600	49,500
Prudential Real Estate Investors	48,200	64,800
Pzena Investment Management, LLC	94,200	98,400
UBS Trumbull Property Fund LP	54,500	109,500
Wellington Management Company, LLP	59,200	110,400
Western Asset Management Company	66,700	171,000
Total payments to investment advisors	1,056,500	1,377,100
Investment Consulting Expense	70,000	72,600
Investment Performance Reporting Expense	98,800	75,200
Total Investment Expenses	$1,225,300	$1,524,900
Average Assets[2]	$191,683,050	$ 217,645,500
Investment Expenses as a Percentage of Average Assets	0.639%	0.701%

[1]In 2008 the Plan was invested in the PIMCO Total All Asset Fund, in 2009 the Plan was invested in the PIMCO All Asset Fund through November and in the PIMCO Total Return Fund from June 09 through December 09.

[2]Average Assets are calculated based on total assets less securities payable.

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, 2009 and 2008, 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, 2009 and 2008, 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
April 14, 2010

experience BKD

Praxity MEMBER
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, 2009 and 2008. This information should be read in conjunction with the financial statements and notes which follow.

FINANCIAL HIGHLIGHTS

As of December 31, 2009, $39.4 million was held in trust for the payment of Plan benefits to the participants as compared to $30.4 million in 2008. This represents an increase in total Plan net assets held in trust of $9.0 million or 29.5%. This increase is primarily due to significant appreciation in market values of Plan assets.

Additions to Plan net assets for 2009 and 2008 included participant contributions of $3.3 million and $3.2 million, respectively and Board matching contributions of $1.65 million in 2009 and $1.55 million in 2008. The net investment income for 2009 was $6.2 million compared to a net investment loss of $8.5 million in 2008.

Total deductions from Plan net assets in 2009 and 2008 were $2.2 million and $1.9 million respectively. The deductions were comprised of retirement benefit payments of $2.1 million and administrative expense of $80,000 in 2009. In 2008 the deductions were comprised of $1.8 million in benefit payments and $75,000 in administrative costs. Total deductions in 2009 were 14.3% greater than those in 2008. Total deductions were 38.5% less in 2008 over 2007.

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, 2009, there were 880 employees contributing to the Plan or 83% of all eligible Denver Water employees. This compares with 856 employees contributing to the Plan or 85% as of December 31, 2008. There were 1,059 employees eligible to participate in the Plan as of December 31, 2009 and 1,009 in 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 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, 2009 and 2008.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from Plan net assets during 2009 and 2008.

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 purpose of enabling the employees to accumulate savings for their retirement, the Board of Water Commissioners (the Board) has identified the following objectives for the Plan administration: to offer investment options having diverse risk and return expectations; 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 VALIC, formerly AIG Retirement, 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,			2009-2008		2008-2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Mutual funds	$27,931	$20,601	$28,032	$ 7,330	35.6 %	(7,431)	(26.5) %
Fixed interest	11,244	9,603	7,694	1,641	17.1 %	1,909	24.8 %
Total investments	39,175	30,204	35,726	8,971	29.7 %	(5,522)	(15.5) %
Receivables:							
Contributions	189	178	173	11	6.2 %	5	2.9 %
Interest, dividends, and other	-	-	22	-	0.0 %	(22)	(100.0) %
Total receivables	189	178	195	11	6.2 %	(17)	(8.7) %
Total assets	39,364	30,382	35,921	8,982	29.6 %	(5,539)	(15.4) %
Total liabilities	7	-	-	7	NM		0.0
Plan net assets	$39,357	$30,382	$35,921	8,975	29.5 %	(5,539)	(15.4) %

NM = Not Meaningful

Plan Activities

Net assets increased by $9.0 million or 29.5% in 2009 due to appreciation in market valuations of Plan assets. Net assets decreased by $5.5 million or 15.4% in 2008. Key drivers of the net asset changes 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 investment valuation appreciation, interest and dividends. Earnings on investments are reported net of investment management expenses. The Board matching contribution for 2009 and 2008 was $1.65 million and $1.55 million, respectively. Investment income was $6.2 million in 2009 as compared to an investment loss of $8.5 million in 2008. The change in investment income in 2009 was driven by a substantial increase in market values, which was partially offset by a substantive decrease in dividends received as corporations reduced or suspended their dividends in 2009 in response to actual and expected earnings decline.

Additions to Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2009-2008		2008-2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Board matching contributions	1,648	$ 1,554	$1,487	94	6.0 %	67	4.5 %
Participant contributions	3,294	3,254	3,248	40	1.2 %	6	0.2 %
Participant rollovers	63	18	104	45	250.0 %	(86)	(82.7) %
Investment income	6,157	(8,453)	2,248	14,610	NM %	(10,701)	(476.0) %
Total additions	11,162	$(3,627)	$ 7,087	14,789	NM %	(10,714)	(151.2) %

NM = Not Meaningful

Deductions

Benefits paid to participants during the year represent most of the deductions from the Plan. In 2009 and 2008 retirement benefits paid were $2.1 million and $1.8 million respectively, an increase of 14.6% in 2009 over 2008 and a 38.5% decrease in 2008 over 2007. The increase in benefit payments in 2009 is likely due to an increased number of retirees receiving benefits. The decrease in benefits paid in 2008 over 2007 is 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.

Administration expenses for the Plan were $80,000 in 2009 and $75,000 in 2008. 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	
	2009	2008	2007	Increase (Decrease)	% Change		Increase (Decrease)	% Change
Retirement benefits	$ 2,106	$ 1,837	$2,986	$ 269	14.6	%	(1,149)	(38.5)
Administrative expenses	80	75	72	5	6.7	%	3	4.2
Total deductions	$ 2,186	$1,912	$ 3,058	$ 274	14.3	%	(1,146)	(37.5)

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, 2009 and 2008 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, 2009	December 31, 2008
ASSETS		
Investments, at fair value		
Mutual funds	$27,931,200	$20,600,700
Investments, at contract value		
Fixed interest	11,243,300	9,602,700
Total investments	39,174,500	30,203,400
Receivables		
Employer contributions	63,300	60,400
Participant contributions	126,000	117,700
Total receivables	189,300	178,100
Total assets	39,363,800	$30,381,500
LIABILITIES		
Accrued administrative expense	6,600	-
Net assets available for benefits	$ 39,357,200	$ 30,381,500

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, 2009	Years Ended December 31, 2008
ADDITIONS		
Investment income		
Net appreciation (depreciation) in fair value of investments - mutual funds	4,963,600	$(10,781,300)
Interest	390,200	326,100
Dividends	803,400	2,001,900
Net investment income (loss)	6,157,200	(8,453,300)
Contributions		
Employer contributions	1,647,700	1,554,200
Participant contributions	3,294,300	3,253,500
Participant rollovers	62,400	18,200
Total contributions	5,004,400	4,825,900
Total additions	11,161,600	(3,627,400)
DEDUCTIONS		
Benefits paid to participants	2,106,300	1,836,400
Administrative expenses	79,600	75,300
Total deductions	2,185,900	1,911,700
NET INCREASE (DECREASE)	8,975,700	(5,539,100)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	30,381,500	35,920,600
End of year	$39,357,200	$30,381,500

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 1,059 and 1,009 active Denver Water employees eligible to participate in the Plan as of December 31, 2009 and 2008, 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 as investment options eighteen mutual funds and one fixed interest account as of December 31, 2009 and seventeen mutual funds and one fixed interest account as of December 31, 2008. 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. 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. Participants may specify that funds be rolled directly from their account to an eligible retirement plan. Upon the death of a participant, the account is paid to the participant's beneficiaries in a single lump sum.

Custody and Management of Assets. The Board has contracted with VALIC 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 VALIC

The VALIC Fixed Interest account is not traded on an open market. The interest rate for the VALIC fixed interest option is determined by VALIC and is adjusted by VALIC to reflect changing market conditions. The interest rate is subject to a floor that is determined by the Board's contract with VALIC. 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, 2009 and 2008, the investment had a guaranteed return rate of 3.25%, and an actual return rate of 3.75%. The annual minimum guaranteed rate was reduced to 3.00% effective January 1, 2010. The investment is stated at contract value (which approximates fair value) as determined by VALIC.

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):

	2009	2008
American Funds Washington Mutual A	$ 3,360	$ 2,733
Artio International Equity Fund A	3,920	2,975
Baron Growth	615	394
Domini Social Equity	104	77
Dreyfus Cash Management Institutional	73	-
Dreyfus Mid Cap Index	3,678	2,661
DWS Equity 500 Index Institutional	2,815	2,297
Perkins Small Cap Value Institutional	1,861	1,270
Pimco High Yield A	450	150
Pimco Total Return Institutional	2,463	2,024
T. Rowe Price Growth Stock	2,459	1,613
VALIC Fixed- Interest	11,243	9,603
Vanguard Inflation Protected Bond	421	420
Vanguard Target Retirement Income	51	18
Vanguard Target Retirement 2005	35	17
Vanguard Target Retirement 2015	1,106	787
Vanguard Target Retirement 2025	2,457	1,831
Vanguard Target Retirement 2035	803	478
Vanguard Target Retirement 2045	1,261	855
Total Investments	39,175	$30,203

During 2009, the SRSP's investments (including gains and losses on investments bought and sold, as well as income received on investments during the year) recorded an investment income of approximately $6.2 million. In 2008, the SRSP's investments recorded net investment loss of approximately $8.5 million. Interest realized on the Plan's fixed interest contract for 2009 and 2008 was $390,000 and $326,000, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

During 2009 and 2008, participants directed investments to the VALIC fixed interest account, which is an investment contract with VALIC. VALIC maintains the contributions in a commingled fund managed as an insurance company separate account that is totally separate from the corporate assets of VALIC. 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 contract value of the investment contract at December 31, 2009 and 2008 was $11.2 million and $9.6 million, respectively. The average yield and crediting interest rates were

3.75% for 2009 and 2008. 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 VALIC for administration and record keeping expenses of the Plan in both 2009 and 2008 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 VALIC. 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 2009 from all sources was $113 per participant or $123,000. Approximately $10 per participant of administrative expense will be accrued as administrative expense in 2009. Administrative expense is allocated between the participants of this Plan and the participants of the Denver Water Supplemental Retirement Savings Plan on a pro-rata basis. In 2009, $80,000 was recorded in the Plan financial statements for administrative expense. For 2008, $75,000 of administrative expense was recorded in the Plan financial statements.

NOTE 6 - PLAN AMENDMENT

The Plan was amended 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.

The Board amended the Plan on May 13, 2009, with an effective date of July 1, 2009 discontinuing the employer matching contribution for elective contributions a participant makes from accrued vacation leave or sick leave the employer pays in a lump sum upon the participant's termination of employment.

The Plan was amended again on November 24, 2009 to comply with current tax law related to excess contributions and addition of funeral or burial expenses and expenses for the repair of damage to the Participant's principal residence to the list of financial hardships eligible for early withdrawal.

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

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 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, 2009 and 2008, 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, 2009 and 2008, 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
April 14, 2010

experience BKD

Praxity MEMBER 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 457 Deferred Compensation Plan for the years ended December 31, 2009 and 2008. This information should be read in conjunction with the financial statements and notes which follow.

FINANCIAL HIGHLIGHTS

As of December 31, 2009 and 2008 respectively, $25.0 million and $22.9 million in Plan net assets were held in trust for the payment of Plan benefits to the participants.

Total Plan net assets held in trust for the participants increased $2.1 million or 9.1% in 2009. This compares with a decrease in 2008 of $5.8 million or 20.3%. The increase in 2009 was due to appreciation in the fair value of assets, a slight decrease in benefit payments and administrative costs offset by a modest decrease in participant deferrals. Benefit payments decreased by $40,000 or 1.6% and participant deferrals decreased by $11,000 or 0.8%. The decrease in net assets in 2008 was due to negative performance in the financial markets and a decrease in participant deferrals offset by a decrease of $524,000 in benefit payments to participants.

In 2009, the Plan had net investment income of $3.3 million compared to a net investment loss of $4.5 million in 2008. Participant deferrals were approximately $1.3 million in both years.

Deductions from Plan net assets totaled $2.6 million for 2009 and 2008 and were primarily for benefit payments to participants.

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, 2009, there were 282 participating employees in the Plan which constituted 27% of all eligible Denver Water employees. As of December 31, 2008, there were 289 participating employees or 29% of all eligible employees. There were 1,059 employees eligible for the Plan as of December 31, 2009 compared to 1,009 as of December 31, 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 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, 2009 and 2008. It reflects the net assets available for benefits in the Denver Water 457 Deferred Compensation Plan as of December 31, 2009 and 2008.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from Plan net assets during 2009 and 2008.

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 purpose of enabling the employees to defer income for their retirement, the Board of Water Commissioners (the Board) has identified the following objectives for the Plan administration: to offer investment options having diverse risk and return expectations; 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 VALIC, formerly AIG Retirement 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 as follows:

Net Assets Available for Benefits

(amounts expressed in thousands)

	as of December 31,			2008-2007		2007-2006	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investments:							
Mutual funds	13,211	$ 10,812	$ 16,455	2,399	22.2 %	(5,643)	(34.3) %
Fixed interest	11,707	12,018	12,188	(311)	(2.6) %	(170)	(1.4) %
Total investments	24,918	22,830	28,643	2,088	9.1 %	(5,813)	(20.3) %
Receivables:							
Deferrals	47	49	45	(2)	(4.1) %	4	8.9 %
Interest, dividend and other	-	-	19	-	0.0 %	(19)	(100.0) %
Total receivables	47	49	64	(2)	(4.1) %	(15)	(23.4) %
Total assets	24,965	22,879	28,707	2,086	9.1 %	(5,828)	(20.3) %
Total liabilities	5	-	-	5	NM %	-	0.0 %
Plan net assets	$24,960	$22,879	$28,707	2,081	9.1 %	(5,828)	(20.3) %

NM = Not Meaningful

Plan Activities

Net assets increased in 2009, due to increases in fair market value of investments. The total increase in Plan net assets was $2.1 million or 9.1%. In 2008, Plan net assets decreased by $5.8 million or 20.3%, as compared to 2007. Key drivers of the net asset changes are discussed below.

Additions

Monies used to pay benefits are accumulated from the deferrals made by each participant and from income generated from the participants' investments including investment appreciation, interest and dividends. Earnings on investments are reported net of investment management expenses. Investment income during 2009 was $3.3 million as compared to investment loss of $4.5 million in 2008.

Additions to Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Participant deferrals	$ 1,303	$1,314	$ 1,430	$ (11)	(0.8) %	(116)	(8.1) %
Investment income	3,334	(4,544)	1,877	7,878	NM	(6,421)	(342.1) %
Total additions	$ 4,637	$(3,230)	$ 3,307	$ 7,867	NM	(6,537)	(197.7) %

NM = Not Meaningful

FINANCIAL SECTION

Deductions

Retirement benefit payments of $2.50 million in 2009 and $2.54 million in 2008 represent most of the deduction from Plan net assets. Retirement benefit payments were 1.6% smaller in 2009 than in 2008 and 17.1% smaller in 2008 over 2007. The change in the amount of retirement benefit payments from year to year is attributed to the number of participants choosing to take lump sum distributions in any one year and to changes in the number of participants receiving benefits in the plan.

Administrative expense deductions for 2009 and 2008 were $54,000 and $57,000, 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,			2009 - 2008		2008 - 2007	
				Increase	%	Increase	%
	2009	2008	2007	(Decrease)	Change	(Decrease)	Change
Retirement benefits	$ 2,501	$ 2,541	$3,065	$ (40)	(1.6) %	(524)	(17.1) %
Administrative expenses	54	57	61	(3)	(5.3) %	(4)	(6.6) %
Total deductions	$ 2,555	$2,598	$3,126	$ (43)	(1.7) %	(528)	(16.9) %

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, 2009 and 2008 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, 2009	December 31, 2008
ASSETS		
Investments, at fair value		
Mutual funds	13,211,100	$10,811,400
Investments, at contract value		
Fixed interest	11,706,600	12,018,100
Total investments	24,917,700	22,829,500
Receivables		
Participant deferrals	47,500	49,000
Total assets	24,965,200	22,878,500
LIABILITIES		
Accrued administrative expense	4,700	-
Net assets available for benefits	$24,960,500	$22,878,500

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, 2009	2008
ADDITIONS		
Investment income		
Net appreciation (depreciation) in fair value of investments	2,508,700	(6,035,300)
Interest	439,900	441,700
Dividends	385,600	1,049,900
Net investment income (loss)	3,334,200	(4,543,700)
Contributions		
Participant deferrals	1,302,800	1,313,500
Total additions	4,637,000	(3,230,200)
DEDUCTIONS		
Benefits paid to participants	2,500,700	2,540,800
Administrative expenses	54,300	57,200
Total deductions	2,555,000	2,598,000
NET INCREASE (DECREASE)	2,082,000	(5,828,200)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	22,878,500	28,706,700
End of year	$24,960,500	$22,878,500

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 eighteen mutual fund investment options and one fixed interest investment option at December 31, 2009 and seventeen mutual fund investment options and one fixed interest investment option at December 31, 2008.

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 VALIC 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 VALIC.

The VALIC Fixed Interest account is not traded on an open market. The interest rate for the VALIC fixed interest option is determined by VALIC and is adjusted by VALIC to reflect changing market conditions. The interest rate is subject to a floor that is determined by the Board's contract with VALIC. 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, 2009 and 2008, the investment had a guaranteed return rate of 3.25%, and an actual return rate of 3.75%. The annual minimum guaranteed rate was reduced to 3.00% effective January 1, 2010. The investment is stated at contract value (which approximates fair value) as determined by VALIC.

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, 2009 and 2008 (amounts are expressed in thousands:)

	2008	2008
American Funds Washington Mutual A	$ 1,048	$1,049
Artio International Equity Fund A	1,924	1,614
Baron Growth	307	210
Domini Social Equity	488	475
Dreyfus Cash Management Institutional	44	-
Dreyfus Mid Cap Blend	1,179	942
DWS Equity 500 Index Institutional	1,814	1,482
Perkins Small Cap Value Institutional	628	460
Pimco High Yield A	340	118
Pimco Total Return Institutional	1,417	1,310
T. Rowe Price Growth Stock	2,289	1,716
VALIC Fixed- Interest	11,707	12,018
Vanguard Inflation Protected Bond	133	279
Vanguard Target Retirement Income	24	13
Vanguard Target Retirement 2005	22	47
Vanguard Target Retirement 2015	382	278
Vanguard Target Retirement 2025	426	303
Vanguard Target Retirement 2035	140	83
Vanguard Target Retirement 2045	606	433
Total Investments	$ 24,918	$22,830

During 2009, 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 investment income of approximately $3.3 million. In 2008, the Plan's investments generated an investment loss of approximately $4.5 million. Interest realized on the Plan's fixed fund for 2009 and 2008 was $440,000 and $442,000, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

During 2009 and 2008, participants directed investments to the VALIC fixed interest account, which is an investment contract with VALIC. VALIC maintains the contributions in a commingled fund managed as an insurance company separate account that is totally separate from the corporate assets of VALIC. 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 contract value of the investment contract at December 31, 2009, and 2008 was $11.7 million and $12.0 million, respectively. The average yield and crediting interest rates were

3.75% for 2009 and 2008. 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 2009 and 2008 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 VALIC. 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 2009 from all sources was $113 per participant or $123,000. Approximately $10 per participant of administrative expense will be accrued as administrative expense in 2009. Administrative expense is allocated between the participants in this Plan and the participants in the Denver Water Supplemental Retirement Savings Plan on a pro-rata basis. For 2009, $54,000 of administrative expense was recorded in the Plan financial statements. Revenue sharing reported in 2008 and allocated to the Plan as administrative expense was $57,000.

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.

This page intentionally left blank

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 29, 2010

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, 2009.

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 best years on record in 2009. The S&P 500 returned 26.5% while the Russell 2000 added 27.2%. For the year, growth stocks fared much better than their value counterparts with the Russell 1000 Value returning 19.7% and the Russell 1000 Growth adding 37.2%.

Economic growth was lower as a 10% unemployment rate dragged on the economy.

Within the fixed income markets, the Barclay's Capital Aggregate index returned 5.9% for the year as corporate bonds were in favor as the markets tended to reward risk. The Barclay's Capital High Yield Corporate bond index finished the year up 58.2%.

The International equity market outperformed vs. the U.S. equity market during 2009. The MSCI EAFE ND index rose 31.8% for the year in U.S. dollar terms.

DWERP Performance

For the calendar year, DWERP's total fund had a time-weighted rate of return of 18.4%. DWERP's performance trailed the median return of 19.8% vs. the TUCS Universe of Public Funds valued at $500 million or less by 1.4%. The plan surpassed it's strategic policy benchmark target return of 17.4% for 2009 by 1%. The policy benchmark at year end was comprised of the following indices in the percentages as follows: Russell 3000 (30%), MSCI ACWI ND (10%), MSCI ACWI ex USA ND (20%), BC U.S. Aggregate (32%), and NCREIF Op-End Div Core GR NonL (8%).

Over the trailing three years ending 12/31/09, DWERP earned a -3.6% annualized return. The trailing 5-year return now stands at 1.8% which is 1.3% behind of the policy target return. The 10-year trailing return is 2.9% and it trailed the benchmark for this timeframe.

DWERP's U.S. equity composite returned 28.8% in 2009 and surpassed the benchmark return of 28.3%. The 1-year domestic equity result surpassed the benchmark by 0.5%. The 3-year return of -7.4% trails its benchmark return of -5.4%.

DWERP's significant international equity investment (20%) outperformed the policy benchmark for the year. DWERP's international equity investments rose 35.9% for the year as it surpassed the MSCI EAFE benchmark return of 33.8%.

The real estate investments fell in value as this segment of the portfolio returned -27.5% for the year. The real estate benchmark return was -18.0%. The real estate investments also trailed the target index by 2.9% over the five year period.

DWERP's fixed income composite registered a return of 11.3% for the year. This return surpassed the LB U.S. Agg. Gov./Credit index return of 4.7% by a significant margin. Longer term results are less impressive as the fixed income program trails the target index for the 5-year period (2.6% vs. 4.7%).

In summary, the portfolio outperformed the total fund benchmark in 2009 and its performance ranks slightly below the median fund of the TUCS Universe of Public Funds valued at $500 million or less. Overall it was a solid 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 August 26, 2009 ("IPS.")

The investment objective of the Fund is to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial earnings rate and to prudently manage the inherent investment risks that are related to the achievement of this goal. The Board recognizes that the investment objective is long-term in nature, and that actual year-to-year returns achieved may be above or below the actuarially assumed rate of return.

All transactions that utilize assets of the Fund will be undertaken for the sole benefit of the Fund. The Fund's assets will be managed with that degree of care, prudence and diligence that a prudent person, acting in a like capacity and familiar with such matters, would use in a similar situation. Investment decisions with respect to individual assets should be evaluated not in isolation but in the context of the entire portfolio and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund.

The Board, in its capacity as Trustee to the Plan, is a fiduciary of the Fund. The Board may, from time to time, delegate some of its Trustee duties. All persons or entities to which duties are delegated will have the same fiduciary duty to the Trust and will follow the Prudent Conduct requirements of the Plan Document.

The asset allocation strategy is designed to reflect, and be consistent with, the long-term investment objective expressed in this Statement. In order to achieve this objective, various asset classes and investment manager styles are selected to create a broadly diversified portfolio. Both the actuarial return assumption and the asset allocation strategy will change through time to reflect current investment objectives and market conditions. The asset allocation strategy is outlined in the appendix to the IPS. The current allocation targets are as follows: domestic equity - 30%, global equity – 10%, international equity – 20%, fixed income - 32%, real estate -8%. Although there is no specific allocation to cash, the Board recognizes that it is necessary to hold a portion of the Fund as immediately available funds to pay scheduled and unscheduled benefits and administrative expenses. The appropriate level of cash reserves will depend upon anticipated liquidity needs as determined by the Director of Finance on an ongoing basis.

Investment managers are given full discretionary authority over the management of their assigned investment portfolio, subject to the Fiduciary Standard stated above and any other policies and guidelines within this Policy and within other agreed upon guidelines. This full discretion is designed to allow each retained investment manager to fully implement their investment philosophy, as long as it is consistent with their stated investment strategy and management style. Active investment managers are expected to outperform the designated passive index, and rank above median within a peer universe of active investment managers over rolling three-to-five year periods. Passive products are expected to produce returns that have minimal tracking error to their target index returns.

The Board has delegated implementation of this Statement to the full time staff member occupying the position of the Director of Finance under the general supervision of the Manager. The Director of Finance is directed to review this Statement, at a minimum, annually with the investment consultant and the Retirement Program Committee for continued appropriateness, and to recommend changes to the Manager and the Board when appropriate.

As a supplement to the IPS, the Operating Procedure document created and maintained by the Treasury section since October 2009, is intended to provide the operating instructions to the investment professionals at Denver Water responsible for oversight and day-to-day management of the Fund. The Procedure defines the risk and returns objectives of the Fund, expands on the underlying principles of the Board in the management of the Fund, describes the approved categories of investments and asset mix guidelines, provides guidance for the prudent and effective management of the Fund including constraints, and establishes the process for hiring and monitoring investment managers.

3. Schedule of Investment Managers

Manager	Strategy	Vehicle	Date funded
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
Global Equity Manager			
Lazard Asset Management LLC	Lazard Global Thematic Fund	Commingled fund	since 11/2009
International Equity Managers			
Artio Global Management, LLC	International Equity Group Trust Fund	Commingled fund	since 09/2004
Dimensional Fund Advisors LP	Global (ex: US) Value Strategy[2]	Institutional mutual fund	since 02/2008
Fixed Income Managers			
Denver Investment Advisors, LLC	U.S. Fixed income - core	Separately managed account	hired before 1978
Pacific Investment Management Company LLC	PIMCO Total Return Institutional Fund (PTTRX)	Institutional mutual fund	since 06/2009
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	Commingled fund	since 05/1998
Cash and Equivalent			
Northern Trust Investments, N.A.	The Northern Trust Collective Government STIF	Commingled fund	Since 1988
Managers terminated during 2009			
Fidelity Management Trust Company[3]	Real Estate High Income	Institutional mutual fund	since 07/2006; terminated 03/2009
Western Asset Management Company	Fixed income Core Plus Bond Institutional	Institutional mutual fund	since 07/2006; terminated 06/2009
Pacific Investment Management Company LLC	PIMCO All Asset Institutional Fund (PAAIX)	Institutional mutual fund	since 07/2006; terminated 11/2009
Wellington Management Company, LLP	Diversified Inflation Hedges	Commingled fund	since 07/2006; terminated 11/2009

[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]*Global (ex: US) Value Strategy is a customized combination of two institutional mutual funds: DFA Emerging Markets Value Portfolio Institutional Fund (DFEVX) – 20% of the strategy, and DFA International Value Portfolio Institutional (DFIVX) – 80% of the strategy.*

Fees paid to investment managers are included in the Investment Section on page III-84.

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 (2009)	3-year	5-year
Denver Board of Water	**18.42**	**-3.55**	**1.77**
Denver Target Index[1]	*17.42*	*-0.93*	*3.11*
Median TUCS Public Funds (<$500 Million)	*19.82*	*0.06*	*3.47*
Total Equity	30.43	-6.92	0.69
MSCI World GD	*30.79*	*-5.09*	*2.57*
Domestic Equity	28.81	-7.42	-0.91
Custom Blend[2]	*28.34*	*-5.42*	*0.65*
Global Equity[3]	--	--	--
MSCI ACWI ND	*34.63*	*-4.57*	*3.10*
International Equity	35.87	-5.54	4.85
Custom Blend[4]	*33.77*	*-5.57*	*3.85*
Total Fixed Income	11.28	1.88	2.64
Custom Blend[5]	*4.68*	*5.87*	*4.74*
Real Estate	-27.49	-8.71	1.58
Custom Blend[6]	*-29.76*	*-9.73*	*0.59*
Cash	0.34	2.67	3.30
90 Day T-Bill	*0.15*	*2.11*	*2.91*

Source: Northern Trust

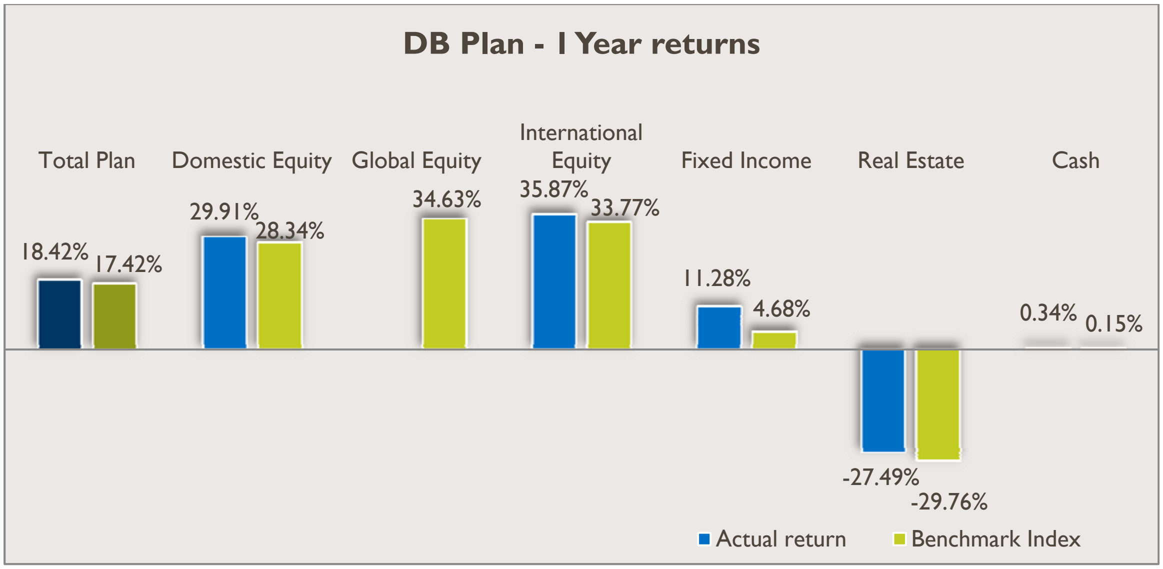
	Rates of return (%)				
	2009	2008	2007	2006	2005
Denver Board of Water	**18.42**	**-29.83**	**8.14**	**13.49**	**7.24**
Denver Target Index[1]	*17.42*	*-23.44*	*8.17*	*12.68*	*6.37*
Median TUCS Public Funds (<$500 Million)	*19.82*	*-23.73*	*6.50*	*11.85*	*6.31*
Total Equity	30.43	-42.39	7.31	17.97	8.78
MSCI World GD	*30.79*	*-40.33*	*9.57*	*20.65*	*10.02*
Domestic Equity	28.81	-40.53	3.57	12.71	6.80
Custom Blend[2]	*28.34*	*-37.31*	*5.14*	*15.54*	*5.68*
Global Equity[3]	--	--	--	--	--
MSCI ACWI ND	*34.63*	*-42.19*	*11.66*	*20.95*	*10.84*
International Equity	35.87	-45.77	14.38	30.89	14.87
Custom Blend[4]	*33.77*	*-43.38*	*11.17*	*26.34*	*13.54*
Total Fixed Income	11.28	-7.85	3.36	5.08	2.50
Custom Blend[5]	*4.68*	*5.70*	*7.23*	*3.78*	*2.37*
Real Estate	-27.49	-9.50	15.95	16.39	22.16
Custom Blend[6]	*-29.76*	*-6.46*	*15.84*	*16.59*	*20.06*
Absolute Return[7]	--	-35.31	24.21	--	--
CPI+5%	*7.74*	*5.12*	*9.10*	*7.54*	*8.43*
Cash	0.34	2.39	5.33	4.96	3.58
90 Day T-Bill	*0.15*	*1.56*	*4.68*	*4.96*	*3.27*

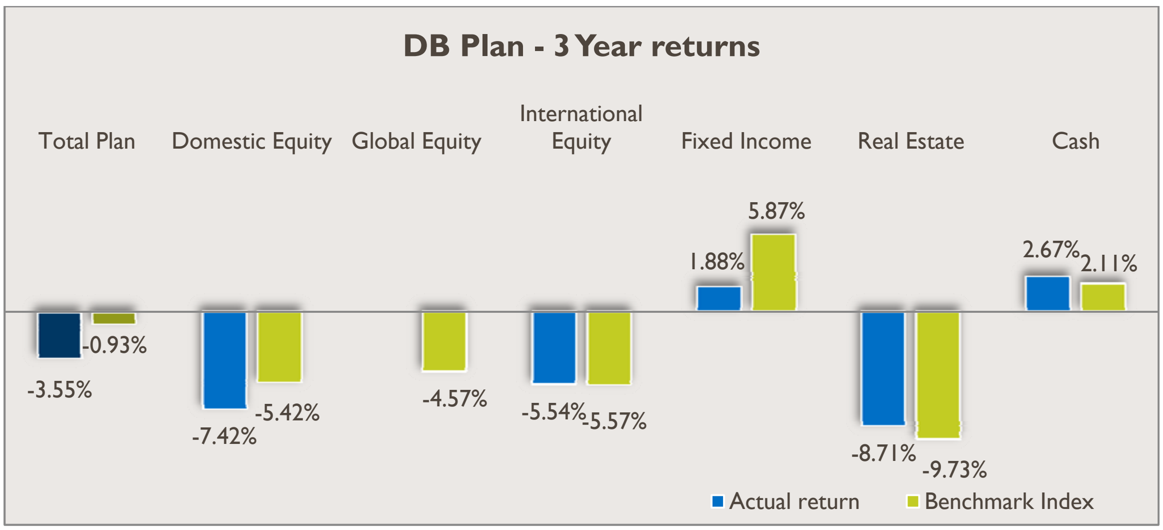
Source: Northern Trust

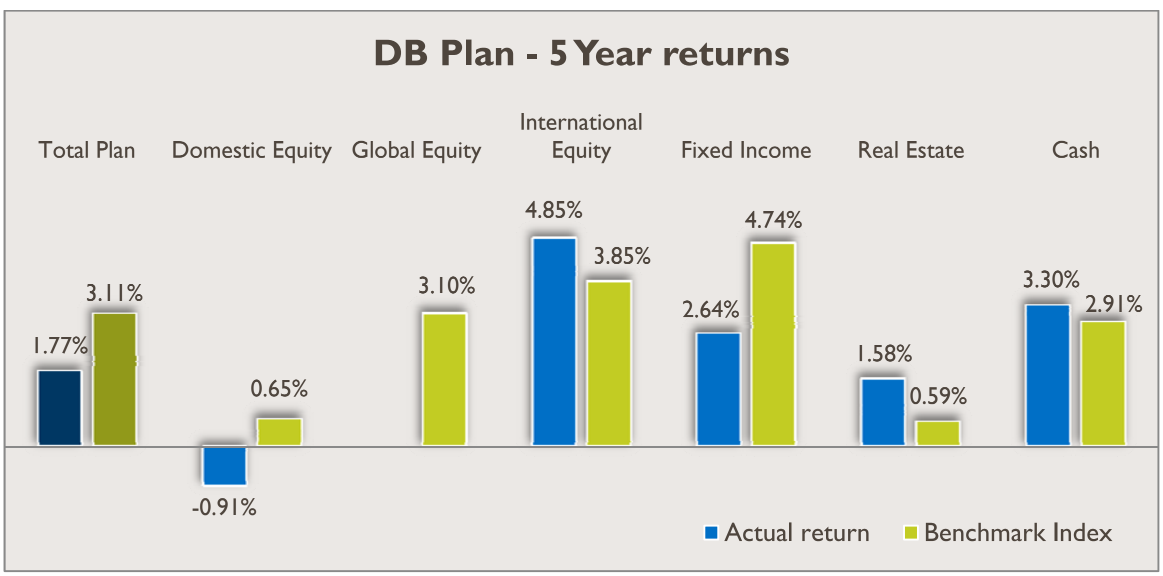
[1] Denver Target Index is a combination of current segment benchmark indices, weighted at the target asset allocations.

[2] Custom Blend for Domestic Equity segment is a combination of S&P 500 index performance from inception until 06/30/2006. From 06/30/2006 forward, the Russell 3000 index is used.
[3] Global Equity segment was added in November 2009.
[4] Custom Blend for International Equity segment is a combination of MSCI EAFE ND index performance from inception until 10/30/2009. From 10/30/2009 forward, MSCI All Country World ex-US ND index is used.
[5] Custom Blend for Fixed Income segment is a combination of BC US Agg Govt/Credit index performance from inception until 10/30/2009. From 10/30/2009 forward, BC Aggregate Bond Index is used.
[6] Custom Blend for Real Estate segment is a combination of NCREIF NPI Index performance from inception until 06/30/2008. From 10/30/2009 forward, NFI ODCE Gross of Fee Index is used.
[7] The Absolute Return asset class was added to the portfolio in July 2006 and then removed in November 2009.

Current benchmark indices for all asset classes and individual managers are outlined in the Operating Procedure for the DB Plan.


DB Plan - 1 Year returns
Total Plan
Domestic Equity
Global Equity
International Equity
Fixed Income
Real Estate
Cash
18.42%
17.42%
29.91%
28.34%
34.63%
35.87%
33.77%
11.28%
4.68%
-27.49%
-29.76%
0.34%
0.15%
Actual return
Benchmark Index


DB Plan - 3 Year returns
Total Plan
Domestic Equity
Global Equity
International Equity
Fixed Income
Real Estate
Cash
-3.55%
-0.93%
-7.42%
-5.42%
-4.57%
-5.54%
-5.57%
1.88%
5.87%
-8.71%
-9.73%
2.67%
2.11%
Actual return
Benchmark Index


DB Plan - 5 Year returns
Total Plan
Domestic Equity
Global Equity
International Equity
Fixed Income
Real Estate
Cash
1.77%
3.11%
-0.91%
0.65%
3.10%
4.85%
3.85%
2.64%
4.74%
1.58%
0.59%
3.30%
2.91%
Actual return
Benchmark Index

5. Asset Allocation

	Market Value As of 12/31/2009	% of Portfolio	Stipulated Operational Range	Target Weight
Total Equity	125,668,952	60.33%		
Domestic Equity	**63,007,190**	**30.25%**	**25-35%**	**35%**
Cadence Capital	17,155,922	8.24%		
Pzena	16,447,906	7.90%		
AXA Rosenberg	10,257,839	4.92%		
NTGI S&P 500	19,145,523	9.19%		
Global Equity	**21,634,585**	**10.39%**	**5-15%**	**10%**
Lazard Global Thematic[1]	*21,634,585*	*10.39%*		
International Equity	**41,027,177**	**19.69%**	**15-25%**	**20%**
Artio Global Mgmt	20,496,699	9.84%		
DFA Global ex US Value	20,530,478	9.86%		
Total Fixed Income	**65,958,142**	**31.66%**	**27-37%**	**32%**
Denver Inv Advisors	32,462,387	15.58%		
PIMCO Total Return Fund	33,495,755	16.08%		
Real Estate	**13,258,982**	**6.36%**	**3-13%**	**8%**
JP Morgan SPF	4,379,963	2.10%		
Heitman	4,751	0.00%		
Prudential PRISA I	3,863,967	1.85%		
UBS TPF	5,010,300	2.41%		
Cash[2]	3,431,223	1.65%	N/A	0%
Total Portfolio[3]	**208,317,299**	**100.00%**		**100%**

Source: Northern Trust

[1] Manager added in November 2009.
[2] While the IPS does not quantify an allocation to cash, the Operating Procedure for the DB Plan sets the current target level for cash and cash equivalents at the amount equal to two months of pension payments, or approximately $2 million.
[3] The total market value of the assets in the DB Plan reported by Northern Trust is lower than the net asset value reported in the Statement of Plan Net Assets as certain DB Plan liabilities and expenses (i.e. securities payable and investment manager fees payable) 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.

Target asset allocation weights are approved by the Board and outlined in the IPS. Operating Procedure also contains current target allocation for individual managers.

In May 2009, Watershed Investment Consultants, Inc., an investment consultant to the DB plan, completed an asset allocation study and made a recommendation to re-structure the portfolio to optimize the expected return of the Fund as a whole. The main asset allocation changes included elimination of the 7% investment target for Absolute Return segment, adjustment of the Total Equity allocation between U.S. and non-U.S. mandates to increase the weight of non-U.S. stocks by adding the Global Equity segment, and increase in the Total Fixed Income allocation. The Board approved the new asset allocation mix in conjunction with the updated Investment Policy Statement on August 26, 2009.

At December 31, 2009, all asset classes were within their stipulated operational ranges. Steps are being taken to move closer to the target weight for the real estate segment by reinvesting excess cash reserves.

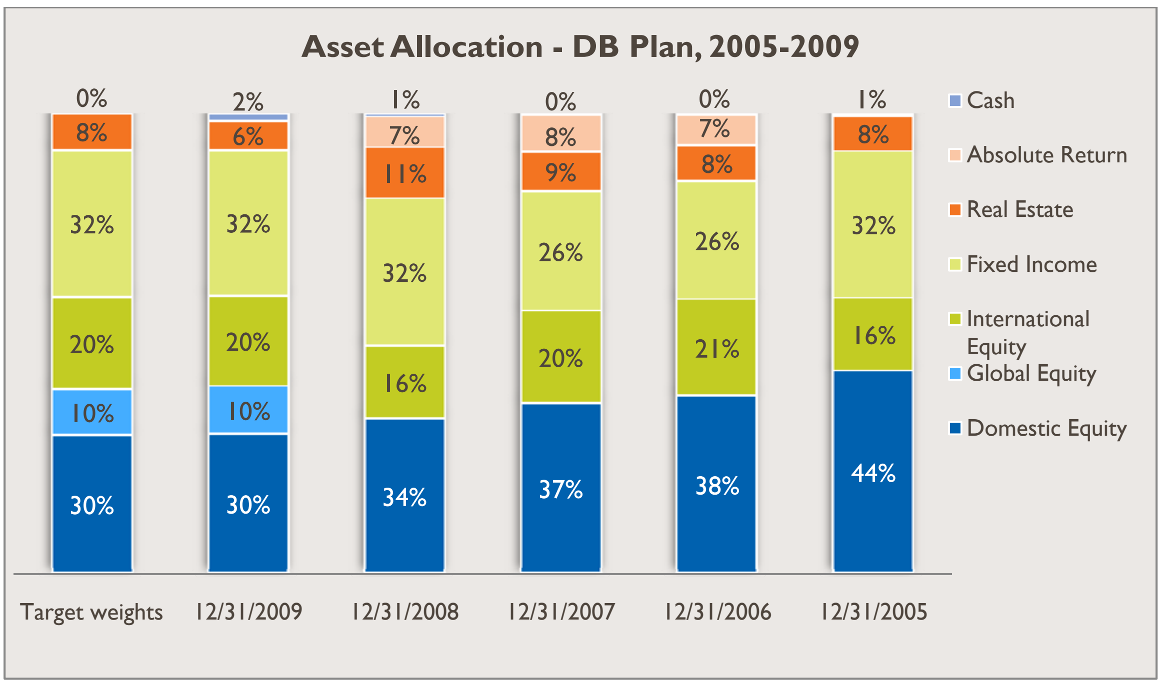
Employees' Retirement Plan – Asset Allocation by Asset Class, 2005-2009

	Market Value As of 12/31/2009	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
Total Equity	125,668,952	86,584,154	148,342,593	151,196,323	137,182,540
Domestic Equity	63,007,190	58,661,046	95,985,253	97,812,422	100,809,389
Global Equity	21,634,585	-	-	-	-
International Equity	41,027,177	27,923,107	52,357,340	53,383,901	36,373,151
Fixed Income	65,958,142	55,999,159	67,506,458	65,384,786	73,113,682
Real Estate	13,258,982	19,405,897	22,430,631	19,745,014	17,514,272
Absolute Return	-	11,718,626	20,789,047	16,838,029	0
Cash[1]	3,431,223	1,281,715	1,112,566	902,889	1,377,450
Total Portfolio	**208,317,299[2]**	**174,989,550**	**260,181,295**	**254,067,041**	**229,187,944**

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.

[2] The total market value of the assets in the DB Plan reported by Northern Trust is lower than the net asset value reported in the Statement of Plan Net Assets as certain DB Plan liabilities and expenses (i.e. securities payable and investment manager fees payable) 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.



Percentages may not add to 100% due to rounding

6. Investment Summary

Employees' Retirement Plan – Portfolio by Asset Type as of 12/31/2009

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
Equities	125,753,317	124,992,855	210,218	125,203,073	60.10%
Common stock	125,703,317	124,944,090	209,549	125,153,639	60.08%
Preferred stock	50,000	48,766	669	49,434	0.02%
Fixed income	64,131,011	65,388,661	485,846	65,874,507	31.62%
Government Bonds	10,759,897	10,974,848	150,894	11,125,742	5.34%
Government Agencies	3,924,523	3,927,319	33,833	3,961,151	1.90%
Corporate Bonds	47,192,920	48,166,481	290,578	48,457,059	23.26%
Government Mortgage Backed Securities	883,861	931,996	4,814	936,810	0.45%
Asset Backed Securities	1,193,756	1,222,294	5,047	1,227,341	0.59%
Non-Government Backed C.M.O.s	176,055	165,723	681	166,405	0.08%
Real Estate	19,685,067	13,202,197	56,785	13,258,982	6.36%
Cash and Cash Equivalents	4,424,432	4,424,432	(25,283)	4,399,150	2.11%
Short Term Investment Funds	4,424,432	4,424,432	199	4,424,632	2.12%
Currency	0	0	(25,482)	(25,482)	-0.01%
Adjustments to Cash	(418,412)	(418,412)	0	(418,412)	-0.20%
Pending trade - purchases	(1,186,386)	(1,186,386)	0	(1,186,386)	-0.57%
Pending trade - sales	933,031	933,031	0	933,031	0.45%
Other Payables	(165,057)	(165,057)	0	(165,057)	-0.08%
Total	**213,575,415**	**207,589,733**	**727,566**	**208,317,299**[2]	**100.00%**

Source: Northern Trust

[2] The total market value of the assets in the DB Plan reported by Northern Trust is lower than the net asset value reported in the Statement of Plan Net Assets as certain DB Plan liabilities and expenses (i.e. securities payable and investment manager fees payable) 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.

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 12/31/2009

Security Description	CUSIP	Country	Cost	Market Value[1]	% of Total equities*	% of Total portfolio value*
Northrop Grumman Corp COM	666807102	United States	831,313	744,201	0.60%	0.36%
CA Inc COM	12673P105	United States	699,955	726,806	0.58%	0.35%
Microsoft Corp COM	594918104	United States	572,540	674,103	0.54%	0.32%
Allstate Corp COM	020002101	United States	811,286	566,254	0.45%	0.27%
Boeing Co Com	097023105	United States	394,857	552,126	0.44%	0.27%
Tyco Electronics Ltd F	H8912P106	United States	341,530	549,306	0.44%	0.26%
Penney J.C Co Inc COM	708160106	United States	551,572	524,217	0.42%	0.25%
Omnicom Group Inc COM	681919106	United States	396,143	513,844	0.41%	0.25%
Magna Intl Inc Cl A Cl A	559222401	Canada	447,593	491,891	0.39%	0.24%
L-3 Communications Hldg Corp COM	502424104	United States	378,141	484,746	0.39%	0.23%
Total top 10 Equities				**5,827,494**	**4.67%**	**2.81%**
Total value of equities*				**124,992,855**	**100.00%**	**60.21%**
Total value of portfolio*				**207,589,733**	**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 12/31/2009

Security Description	CUSIP	Country	Cost	Market Value[1]	% of Total Fixed income*	% of Total portfolio value*
United States Treas NTS DTD 00084 4% DUE02-15-2015 REG	912828DM9	United States	3,004,160	3,188,436	4.88%	1.54%
United States Treas NTS 4% NTS 15/08/18 USD1000 4% DUE 08-15-2018 REG	912828JH4	United States	1,919,199	1,884,350	2.88%	0.91%
US Treas NTS T-NT 1.375 DUE 06-15-2012 REG	912828KX7	United States	1,524,902	1,516,407	2.32%	0.73%
United States Treas BDS DTD 02/15/1996 6% DUE 02-15-2026 REG	912810EW4	United States	1,163,867	1,169,844	1.79%	0.56%
FHLB Preassign 00358 4.875 05-17-2017	3133XKQX6	United States	1,097,510	1,069,305	1.64%	0.52%
FNMA Preassign 00460 2.75 02-05-2014	31398AVD1	United States	1,001,800	1,011,301	1.55%	0.49%
FHLMC Preassign 00046 2.5 01-07-2014	3137EABX6	United States	1,002,740	1,001,131	1.53%	0.48%
United States Treas BDS DTD 02/15/2006 4.5% DUE 02-15-2036 REG	912810FT0	United States	1,000,742	985,000	1.51%	0.47%
US TREAS BDS USD1000 8.125 DUE 08-15-2019 REG	912810ED6	United States	934,189	908,508	1.39%	0.44%
United States Treas BDS 5.500 DUE 08-15-2028 REG	912810FE3	United States	760,718	780,063	1.19%	0.38%
Total top 10 Bond holdings				**13,514,345**	**20.67%**	**6.51%**
Total value of fixed income*				**50,170,972**	**100.00%**	**31.50%**
Total value of portfolio*				**207,589,733**	**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, 2009

Manager/Consultant	Assets as of 12/31/2008	Assets as of 12/31/2009	Fees	Annual Management Fee
Artio Global Management, LLC	14,600,437	20,496,699	155,400	0.90%
AXA Rosenberg Investment Management LLC	14,858,308	10,257,839	113,400	1st $25 mil – 0.85%; above – 0.70%
Cadence Capital Management	12,918,651	17,155,922	96,400	1st $25 mil – 0.70%; 2nd $25 mil – 0.50%
Denver Investment Advisors, LLC	19,684,121	32,462,387	74,000	1st $25 mil – 0.30%; above – 0.25%
Dimensional Fund Advisors LP	13,322,670	20,530,478	83,300	0.48%
Fidelity Management Trust Company	4,059,752	-	6,700	0.82%
Heitman Capital Management Corporation	4,845	4,751	-	-
JP Morgan Investment Management, Inc.	6,159,459	4,379,963	50,000	1% of NAV+0.15% on cash balances above 7.5%
Lazard Asset Management LLC		21,634,585	28,800	0.80%
Mondrian Investment Partners, Ltd.	-	-	-	0.90%
Northern Trust Investments, N. A.	21,058,238	19,145,523	7,100	Lending Fund: 1st $100 mil – 0.04%; Non-Lending Fund: 0.05%
Pacific Investment Management Company, LLC (All Asset Fund)	4,909,668	-	41,300	0.89%
Pacific Investment Management Company, LLC (Total Return Fund)	-	33,495,755	77,300	0.50%
Prudential Real Estate Investors	6,219,184	3,863,967	48,200	1st $10 mil – 0.75% of Cost Basis + performance fee of 6.00%* Operating Cash Flow +0.10%* cash holdings (max 1.20%)
Pzena Investment Management, LLC	9,825,850	16,447,906	94,200	1st 10 mil – 1% 1st $25 mil – 0.70%; above – 0.50%
UBS Realty Investors, LLC	7,022,410	5,010,300	54,500	1st $10 mil – 0.95%*NAV + 0.20% on cash above 7.5% of NAV + incentive fee of 0.075% for each 1% of outperformance above CPI+5%
Wellington Management Company, LLP	6,808,958	-	59,200	0.90%
Western Asset Management Company	32,255,286	-	66,700	0.45%
Total Assets[2]	**174,989,550**	**208,317,299**	**1,056,500**	

Manager/Consultant	Fees	Basis points (Annually)
Total payments to investment managers		
Investment Consulting Expense	70,000	N/A
Investment Performance Reporting Expense	98,800	N/A
Total Investment Expenses	**$1,225,300**	
Investment Expenses as a percentage of average assets	**0.64%**	
Actuarial Services	20,600	N/A
Benefit Payment Processing	10,000	N/A
Audit Services	21,800	N/A
Total Administrative Expenses	**52,400**	
Total Expenses as a percentage of average assets	**0.67%**	

Source: Denver Water

[2]Includes cash account. The total market value of the assets in the DB Plan reported by Northern Trust is lower than the net asset value reported in the Statement of Plan Net Assets as certain DB Plan liabilities and expenses (i.e. securities payable and investment manager fees payable) 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.

Employees' Retirement Plan - Schedule of Broker Commissions by Broker, 2009

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Unassigned Broker	36,961,053	186,375,943	0	0.00	0.000%
ABEL NOSER CORPORATION	5,590	195,454	112	0.02	0.057%
ADAMS HARKNESS & HILL, INC	5,280	150,922	211	0.04	0.140%
AUTRANET INC EQUITY TRADES	99,150	2,284,254	3,216	0.03	0.141%
AVONDALE PARTNERS	8,330	241,551	333	0.04	0.138%
BANC AMERICA SECUR. MONTGOMERY DIV.	1,710,000	1,710,676	0	0.00	0.000%
BARCLAYS CAPITAL FIXED INC	5,305,917	5,323,721	0	0.00	0.000%
BARCLAYS CAPITAL LE	37,680	961,930	1,421	0.04	0.148%
BAYPOINT TRADING LLC	11,080	334,185	492	0.04	0.147%
BERNSTEIN, SANFORD C. & CO	35,219	1,181,053	1,215	0.03	0.103%
BLAIR, WILLIAM & CO	22,360	824,422	991	0.04	0.120%
BLUEFIN RESEARCH PARTNER INC	1,860	29,948	74	0.04	0.248%
BNP PARIBAS SECURITIES BOND	225,000	245,471	0	0.00	0.000%
BNY CAPITAL MARKETS 443	200,000	211,045	0	0.00	0.000%
BNY ESI SECURITIES CO.	79,500	2,285,270	3,025	0.04	0.132%
BREAN MURRAY, FOSTER	2,690	57,136	108	0.04	0.188%
BROADCORT CAPITAL CORP	1,150	50,033	40	0.04	0.080%
BROADPOINT CAPITAL	25,000	24,781	0	0.00	0.000%
BUCKINGHAM RESEARCH GROUP	4,725	181,211	165	0.04	0.091%
CANTOR FITZGERALD & CO	13,865	396,240	389	0.03	0.098%
CAP INSTITUTIONAL SERVICES INC	120,771	2,501,746	4,164	0.03	0.166%
CARIS AND COMPANY INC 443	850	53,399	34	0.04	0.064%
CHASE SECURITIES INC (CSI)	1,130,000	1,189,169	0	0.00	0.000%
CITIGROUP GLOBAL MARKETS INC/SALOMON BROTHERS	7,049,763	7,238,919	0	0.00	0.000%
CITIGROUP GLOBAL MARKETS INC/SMITH BARNEY	28,785	450,558	470	0.02	0.104%
CJS SECURITIES INC	1,875	36,363	66	0.04	0.180%
CL KING & ASSOCIATES	13,540	332,761	426	0.03	0.128%
COWEN LLC	7,350	285,816	262	0.04	0.092%
CRAIG HALLUM	4,920	198,692	197	0.04	0.099%
CREDIT SUISSE FIRST BOSTON CORPORATION	398,320	2,734,575	2,771	0.01	0.101%
D. A. DAVIDSON & CO. INC.	3,600	218,415	144	0.04	0.066%
DAVENPORT AND CO OF VIRGINIA INC	2,275	67,410	80	0.04	0.118%
DB ALEX BROWN	2,620,000	2,848,923	0	0.00	0.000%
DEUTSCHE BANK SECURITIES INC	186,149	836,729	1,054	0.01	0.126%
DOWLING & PARTNERS 443	19,581	437,780	640	0.03	0.146%
FIDELITY CAPITAL MARKETS	279,920	890,953	90	0.00	0.010%
FIRST TENNESSEE BANK N.A.	100,000	107,281	0	0.00	0.000%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
FIRST TENNESSEE SECURITIES CORP	225,000	233,047	0	0.00	0.000%
FOX PITT KELTON	24,375	203,502	444	0.02	0.218%
FRIEDMAN BILLING AND RAMSEY	15,030	494,024	537	0.04	0.109%
GOLDMAN SACHS & COMPANY	456,734	1,294,660	587	0.00	0.045%
GORDON HASKETT AND COMPANY	3,075	50,688	101	0.03	0.199%
GORDON HASKETT CAPITAL CORP	2,240	130,432	45	0.02	0.034%
GREENWICH CAPITAL MARKETS CHASE	505,993	523,139	0	0.00	0.000%
HARRIS NESBITT CORP	6,310	273,644	235	0.04	0.086%
INSTINET	23,150	1,009,771	926	0.04	0.092%
ISI GROUP INC.	5,075	154,462	178	0.04	0.115%
J.P. MORGAN SECURITIES INC	32,330	428,277	595	0.02	0.139%
JANNEY MONTGOMERY SCOTT	7,310	195,881	174	0.02	0.089%
JEFFERIES & CO BONDS DIRECT DIVISION	250,000	268,356	0	0.00	0.000%
JEFFERIES & COMPANY	195,490	955,831	761	0.00	0.080%
JMP SECURITIES	2,130	78,725	85	0.04	0.108%
JONESTRADING INST SERV	14,349	223,572	220	0.02	0.098%
KEEFE BRUYETTE AND WOODS INC.	1,500	23,836	42	0.03	0.178%
KNIGHT SECURITIES L.P.	11,825	175,040	208	0.02	0.119%
LEERINK SWANN & CO./IPO	3,320	177,098	133	0.04	0.075%
LEGENT CLEARING CORP	5,560	233,268	111	0.02	0.048%
LIBERTAS PARTNERS LLC	10,000	10,003	0	0.00	0.000%
LIQUIDNET INC	51,180	1,724,491	1,601	0.03	0.093%
LONGBOW SECURITIES LLC	10,175	392,342	356	0.04	0.091%
LYNCH JONES & RYAN	325,780	8,695,777	6,516	0.02	0.075%
MACQUARIE SECURITIES (USA) INC.	51,820	1,420,422	1,774	0.03	0.125%
MAXIM GROUP	700	73,027	14	0.02	0.019%
MCDONALD AND COMPANY/KEYBANC	175,000	177,607	0	0.00	0.000%
MERRILL LYNCH PIERCE FENNER & SMITH	42,806	757,566	1,252	0.03	0.165%
MERRILL PROFESSIONAL CLEARING CORP.	88,380	2,277,782	2,885	0.03	0.127%
MIDWEST RESEARCH SECURITIES	2,300	222,538	88	0.04	0.039%
MILLER TABAK HIRSCH	1,230	85,012	25	0.02	0.029%
MORGAN KEEGAN AND COMPANY	379,031	770,932	529	0.00	0.069%
MORGAN STANLEY & CO INC. NEW YORK	577,495	1,293,004	1,347	0.00	0.104%
NYFIX CLG CORP	35,150	419,123	703	0.02	0.168%
OPPENHEIMER AND COMPANY	176,415	1,077,704	1,863	0.01	0.173%
PENSON FINANCIAL SERVICES INC	18,790	720,025	499	0.03	0.069%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
PIPELINE TRADING SYSTEMS LLC	6,170	132,698	123	0.02	0.093%
PIPER JAFFRAY INC	4,510	163,308	226	0.05	0.138%
PULSE TRADING LLC	290	17,708	3	0.01	0.016%
R. W. PRESSPRICH	250,000	240,938	0	0.00	0.000%
RAFFERTY CAPITAL MARKETS LLC	79,200	2,032,676	2,667	0.03	0.131%
RAYMOND JAMES	13,225	414,994	472	0.04	0.114%
RBC DAIN RAUSCHER	46,390	761,739	2,002	0.04	0.263%
ROBERT W. BAIRD & COMPANY INC MILWAUKEE USA	67,637	67,595	0	0.00	0.000%
SANDERS MORRIS HARRIS INC	2,030	116,803	41	0.02	0.035%
SANDLER O'NEILL & PARTNER	41,211	236,121	169	0.00	0.071%
SCOTT & STRINGFELLOW INVESTMENT	274,520	757,470	863	0.00	0.114%
SIDOTI & COMPANY LLC	4,675	106,931	164	0.04	0.153%
SJ LEVINSON AND SONS LLC	27,750	655,084	683	0.02	0.104%
SOLEIL SECURITIES CORP	5,255	189,500	190	0.04	0.100%
SOUTHWEST SECURITIES INC	75,000	76,875	0	0.00	0.000%
STATE STREET BROKERAGE SVCS	4,560	131,989	135	0.03	0.102%
STEPHENS INC	1,630	59,735	65	0.04	0.109%
STERNE AGEE AND LEACH INC	259,920	556,354	210	0.00	0.038%
STIFEL NICOLAUS AND COMPAN	95,348	1,469,660	2,079	0.02	0.141%
SUNTRUST ROBINSON HUMPHREY	1,485	69,896	57	0.04	0.081%
UBS WARBURG LLC	2,702,525	3,670,015	982	0.00	0.027%
US CLEARING INSTITUTIONAL TRADING	20,410	944,956	749	0.04	0.079%
WACHOVIA CAPITAL MARKETS 46171	619,225	965,605	673	0.00	0.070%
WALL STREET ACCESS	448,000	496,706	0	0.00	0.000%
WEDBUSH MORGAN SECURITIES, INC	9,700	187,267	324	0.03	0.173%
WEEDEN AND & CO	9,450	330,789	432	0.05	0.131%
YAMNER AND COMPANY INC	114,800	1,091,313	1,148	0.01	0.105%

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 staff are in a position to determine with which brokers an investment manager can obtain the best execution of a transaction. For that reason, the Trustees do not direct commissions to any firm.

Denver Water had a commission recapture agreement with Lynch Jones & Ryan ("LJR") since 1993. Commission recapture is a process whereby a pension plan receives a rebate resulting from brokerage transactions incurred through the Plan's Investment Managers. This rebate represents a portion of commissions (equity trades) or spreads (fixed income trades) charged on these investment transactions. Commission recapture programs are often linked to directed brokerage programs, whereby plan sponsors direct Investment Managers to execute a portion of their trades through a selected brokerage firm, with which a plan sponsor has a recapture agreement. All commission rebates received from Lynch Jones & Ryan were deposited in the Fund's cash account and were used only to provide benefits and pay expenses of the Fund. The total amount of commission recapture rebates earned by the DB Plan amounted to $4,777 in 2008 and $4,235 in 2009. Following a review of the investment policies for the Employees' Retirement Plan completed with the assistance of the Investment Consultant to the Plan, the Board decided to terminate the existing commission recapture agreement as of the end of 2009, giving the Investment Managers full discretion over selection of a broker, provided that the Managers adhere to the best execution standard. The best execution standard is defined in the investment policy as transaction execution in which the total cost or proceeds are the most favorable, considering, among other things, commission rate, value of research provided, execution capability, financial responsibility and responsiveness to the manager.

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, 2009, the market value of assets in the 401(k) Plan totaled $39.17 million, a 29.70% increase in the Plan asset value compared to December 31, 2008. The Plan had 1,011 participants (including 926 active participants)[1]. In 2009, VALIC (formerly AIG Retirement) recorded participant contributions to the 401(k) Plan of $3.29 million (or an average of $3,549 per year per active participant), while Denver Water's matching contributions amounted to $1.64 million (an average of $1,776 per year per active participant).[2] Nearly 83% of the eligible Denver Water employees participated in the 410(k) Plan at year-end versus 85% participation rate in 2008.[3]

In 2009, VALIC recorded participant contributions to the 401(k) Plan of $3.29 million, while Denver Water's matching contributions amounted to $1.64 million. Participant contributions to 457 Plan were $1.30 million.

On December 31, 2009, the market value of assets in the 457 Plan totaled $24.92 million, a 9.15% increase in the Plan asset value compared to December 31, 2008. The Plan had 679 participants (including 314 active participants). During 2009, VALIC recorded participant contributions of $1.30 million (or an average of $4,154 per year per active participant)[2]. Nearly 27% of the eligible Denver Water employees participated in the 457 Plan at year-end, compared with 29% participation rate in 2008.

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

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.

---

[1] Total participants are defined as those participants who made contributions to the Plan and/or had cash value at the end of the reporting period. Active participants are defined as those participants who made contributions to the Plan during the reporting period.

[2] In 2009, an eligible employee was able to make a tax-deferred contribution of up to $16,500 to each Defined Contribution Plan in which he or she was a participant (2010 limit stayed at the same level). Participants age 50 or older could contribute an additional $5,000 to each plan as catch-up contributions. For more information on limitation on effective deferrals see "401(k) Resource Guide - Plan Participants - Limitation on Elective Deferrals", "IRS Announces Pension Plan Limitations for 2009" IR-2008-118, Oct. 16, 2008 and "IRS Announces Pension Plan Limitations for 2010", IR-2009-94, Oct. 15, 2009, available on www.irs.gov .

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

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, 2009, participants in either plan had access to eighteen (18) mutual funds representing all major asset classes (of which six are Target Retirement Funds focused on various retirement dates), and a Fixed Account provided by VALIC. The schedule of investment options available in the DC Plans can be found on page III-95. The investment of both employee contributions and the employer-matching contributions is directed by the participants. The average 2009 rate of return in 401(k) Plan was 18.08%, while the average 2009 rate of return in the 457 Plan was 16.51%. Individual participant returns vary based upon the timing of contributions and the funds selected. Pages III-96 and III-97 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 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-100.

VALIC is the custodian/trustee and the administrator for both DC Plans. Denver Water engaged VALIC following a competitive search. Administration includes allocating contributions in accordance with participant instructions, preparing quarterly reports for participants, and providing 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 upon 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 2009 amounted to $11,192.50 or $112.71 per participant. The $10.29 per person deficit recorded in 2009 will be collected from participant accounts or will offset surplus revenue in 2010. This deficit is in addition to $137.03 total shortfall (or approximately $0.13 per participant) remaining after 2008.

VALIC is an indirect wholly owned subsidiary of American International Group, Inc. (AIG). Following a liquidity crisis in September 2008 that led to record losses and subsequent government bailout, 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 79.9% equity interest in AIG. Consequently, AIG subsidiaries such as VALIC are indirectly owned by the U.S. Government. AIG has been selling some of its assets to repay the government loans. In reversal of the previous sale plans for VALIC, Bob Benmosche, the President and CEO of AIG, recently stated that the Retirement Services Division is considered a core business and there are no plans to sell, spin-off or create an initial public offering for VALIC. Additionally, in December 2009 AIG's Domestic Life and Retirement Services division, which includes VALIC and a few other subsidiaries, was rebranded as SunAmerica Financial Group for marketing purposes. VALIC's name as a subsidiary is not expected to change. While complete audited financial statements for VALIC will not be available until May 2010, the company admits that difficult market conditions and "anti-AIG rhetoric" that began in late 2008 led to a further decline in units' revenues in 2009 compared with 2008. However, thanks to investment gains and capital contributions from VALIC's immediate parent company, AG Life, VALIC's financial position improved slightly towards the end of 2009. The Retirement Program Committee continues to monitor the VALIC/AIG developments with the assistance of the Investment Advisor for the DC Plans, Cook Street Consulting.

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 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 is to minimize the risk to client assets and to maximize the insurer's ability to pay claims and fulfill obligations to contract owners. In accordance with the state requirements and the investment guidelines, the VALIC general account is primarily invested in high quality investment grade fixed income securities (bonds).

The current contract with VALIC expires on December 31, 2010. Cook Street Consulting is currently assisting the Retirement Program Committee in issuing a Request for Proposal ("RFP") for an administrator/custodian for its two defined contribution plans for a 3-5 year period beginning on January 1, 2011. All RFP materials have been made publicly available through BidNet, a leading government bid aggregation and e-procurement service provider. The deadline for proposals is Monday, April 12, 2010 and the winning provider is expected to be selected in June 2010.

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 Director 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 Director 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 will receive a consolidated participant statement for the two Plans, so that participants can see the effect of their investment allocation decisions more comprehensively.

In order to maintain the 457 Plan as an eligible deferred compensation plan under section 457 of the Internal Revenue Code, assets of the 457 Plan will be held by an independent custodian and the Board will take such other actions as are necessary to maintain the tax deferred status of the 457 Plan.

3. Schedule of Investment Managers

Fund	Ticker	Asset class
Domestic Equity		
Baron Growth	BGRFX	Small Cap Growth
Perkins Small Cap Value Instl	JSIVX	Small Cap Value
T. Rowe Price Growth Stock	PRGFX	Large Cap Growth
American Funds Washington Mutual R5	RWMFX	Large Cap Value
Dreyfus Mid Cap Index	PESPX	Mid Cap Blend
Domini Social Equity R	DSFRX	Large Cap Blend w/ Social Screening
DWS Equity 500 Index	BTIIX	Large Cap Blend
International Equity		
Artio International Equity A	BJBIX	Foreign Stock
Fixed Income		
PIMCO High Yield Admin	PHYAX	High Yield Bond
Vanguard Inflation Protected Securities Admin	VAIPX	High Quality Bond – TIPS
PIMCO Total Return Instl	PTTRX	High Quality Bond
Target Date Retirement Funds		
Vanguard Target Retirement Income	VTINX	Multiple Asset Classes
Vanguard Target Retirement 2005	VTOVX	Multiple Asset Classes
Vanguard Target Retirement 2015	VTXVX	Multiple Asset Classes
Vanguard Target Retirement 2025	VTTVX	Multiple Asset Classes
Vanguard Target Retirement 2035	VTTHX	Multiple Asset Classes
Vanguard Target Retirement 2045	VTIVX	Multiple Asset Classes
Cash and Equivalent		
Dreyfus Cash Management Instl[1]	DICXX	Money Market
VALIC Fixed Interest		Money Market

As of December 31, 2009

[1]*Fund added July 29, 2009.*

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 (%)	
Fund	**Ticker**	**Current Year (2009)**	**3-year**	**5-year**
Domestic Equity				
Baron Growth	BGRFX	34.24	-4.52	1.22
Small Growth Peer Group		*35.46*	*-4.89*	*0.37*
Perkins Small Cap Value Instl	JSIVX	36.91	3.46	6.35
Small Value Peer Group		*31.32*	*-6.13*	*0.67*
T. Rowe Price Growth Stock	PRGFX	43.25	-2.99	2.10
Large Growth Peer Group		*35.68*	*-2.89*	*1.21*
American Funds Washington Mutual R5	RWMFX	19.40	-5.87	0.48
Large Value Peer Group		*24.13*	*-7.32*	*0.02*
Dreyfus Mid Cap Index	PESPX	37.04	-2.15	2.89
Mid-Cap Blend Peer Group		*37.39*	*-4.62*	*1.43*
S&P MidCap 400 TR Index		*37.38*	*-1.83*	*3.27*
Domini Social Equity R	DSFRX	36.13	-4.81	-0.07
Large Blend Peer Group		*28.17*	*-5.53*	*0.46*
DWS Equity 500 Index	BTIIX	26.44	-5.66	0.37
S&P 500 TR Index		*26.46*	*-5.63*	*0.42*
International Equity				
Artio International Equity A	BJBIX	23.34	-6.63	4.65
Foreign Large Blend Peer Group		*31.24*	*-6.15*	*3.58*
Fixed Income				
PIMCO High Yield Admin	PHYAX	43.70	4.22	5.22
High Yield Bond Peer Group		*46.70*	*3.08*	*4.32*
Vanguard Inflation Protected Securities Admin	VAIPX	10.96	6.41	4.45
Inflation-Protected Bond Peer Group		*10.88*	*5.34*	*3.68*
PIMCO Total Return Instl	PTTRX	13.83	9.18	6.85
Intermediate-Term Bond Peer Group		*13.97*	*4.45*	*3.84*
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	14.28	3.26	3.89
Retirement Income Peer Group		*19.08*	*0.74*	*2.55*
Vanguard Target Retirement 2005	VTOVX	16.16	1.87	3.46
Target Date 2000-2010 Peer Group		*22.05*	*-0.09*	*2.49*
Vanguard Target Retirement 2015	VTXVX	21.30	-0.31	2.98
Target Date 2011-2015 Peer Group		*23.19*	*-2.07*	*1.96*
Vanguard Target Retirement 2025	VTTVX	24.81	-2.07	2.32
Target Date 2021-2025 Peer Group		*28.16*	*-3.48*	*2.02*
Vanguard Target Retirement 2035	VTTHX	28.17	-3.44	1.98
Target Date 2031-2035 Peer Group		*29.98*	*-4.21*	*1.70*
Vanguard Target Retirement 2045	VTIVX	28.15	-3.41	2.25

			Rates of Return (%)	
Fund	**Ticker**	**Current Year (2009)**	**3-year**	**5-year**
Target Date 2041-2045 Peer Group		*30.93*	*-4.56*	*1.79*
Cash and Equivalent				
Dreyfus Cash Management Instl[1]	DICXX	0.52	2.88	3.34
Money Market Taxable Peer Group		*0.17*	*2.26*	*2.76*
VALIC Fixed Interest		3.75	3.75	3.75
Stable Value Peer Group		*3.12*	*4.21*	*4.36*

Source: Cook Street Consulting

[1]Option available since July 29, 2009.

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2008	% of the Total Assets	Total Assets as of 12/31/2009	% of the Total Assets
Domestic Equity					
Baron Growth	BGRFX	394,419	1.30	614,738	1.57
Perkins Small Cap Value Instl	JSIVX	1,269,827	4.20	1,860,617	4.75
T. Rowe Price Growth Stock	PRGFX	1,612,750	5.33	2,458,788	6.28
American Funds Washington Mutual R5	RWMFX	2,733,875	9.17	3,359,996	8.58
Dreyfus Mid Cap Index	PESPX	2,660,920	8.80	3,677,590	9.39
Domini Social Equity R	DSFRX	76,674	0.25	104,161	0.27
DWS Equity 500 Index	BTIIX	2,297,279	7.60	2,814,814	7.19
International Equity					
Artio International Equity A	BJBIX	2,974,843	9.84	3,919,740	10.01
Fixed Income					
PIMCO High Yield Admin	PHYAX	149,714	0.50	450,463	1.15
Vanguard Inflation Protected Securities Admin	VAIPX	420,203	1.39	421,355	1.08
PIMCO Total Return Instl	PTTRX	2,023,890	6.69	2,463,028	6.29
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	18,438	0.06	51,019	0.13
Vanguard Target Retirement 2005	VTOVX	16,712	0.06	35,074	0.09
Vanguard Target Retirement 2015	VTXVX	787,125	2.60	1,106,210	2.82
Vanguard Target Retirement 2025	VTTVX	1,831,014	6.05	2,456,708	6.27
Vanguard Target Retirement 2035	VTTHX	478,204	1.58	803,339	2.05
Vanguard Target Retirement 2045	VTIVX	845,785	2.83	1,260,486	3.22
Cash and Equivalent					
Dreyfus Cash Management Instl[1]	DICXX	0	0.00	73,096	0.19
VALIC Fixed Interest		9,602,738	31.75	11,243,290	28.70
Total		**30,203,410**	**100.00**	**39,174,512**	**100.00**

Source: Cook Street Consulting/ VALIC

[1]Option available since July 29, 2009.

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2008	% of the Total Assets	Total Assets as of 12/31/2009	% of the Total Assets
Domestic Equity					
Baron Growth	BGRFX	210,051	0.92	307,150	1.23
Perkins Small Cap Value Instl	JSIVX	460,174	2.02	627,967	2.52
T. Rowe Price Growth Stock	PRGFX	1,715,539	7.51	2,289,042	9.19
American Funds Washington Mutual R5	RWMFX	1,048,949	4.59	1,048,024	4.21
Dreyfus Mid Cap Index	PESPX	941,725	4.13	1,178,586	4.73
Domini Social Equity R	DSFRX	474,982	2.08	487,919	1.96
DWS Equity 500 Index	BTIIX	1,481,369	6.49	1,814,194	7.28
International Equity					
Artio International Equity A	BJBIX	1,614,174	7.07	1,923,559	7.72
Fixed Income					
PIMCO High Yield Admin	PHYAX	117,911	0.52	340,052	1.36
Vanguard Inflation Protected Securities Admin	VAIPX	279,326	1.22	133,453	0.54
PIMCO Total Return Instl	PTTRX	1,310,290	5.74	1,416,948	5.69
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	12,970	0.06	23,759	0.10
Vanguard Target Retirement 2005	VTOVX	46,517	0.20	22,205	0.09
Vanguard Target Retirement 2015	VTXVX	278,264	1.22	382,401	1.53
Vanguard Target Retirement 2025	VTTVX	303,115	1.33	425,979	1.71
Vanguard Target Retirement 2035	VTTHX	83,112	0.36	139,550	0.56
Vanguard Target Retirement 2045	VTIVX	432,837	1.90	606,059	2.43
Cash and Equivalent					
Dreyfus Cash Management Instl[1]	DICXX	0	0.00	133,453	0.18
VALIC Fixed Interest		12,018,141	52.64	11,706,564	46.98
Total		**22,829,446**	**100.00**	**24,917,619**	**100.00**

Source: Cook Street Consulting/ VALIC

[1]Option available since July 29, 2009.

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2009[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**
Domestic Equity					
Baron Growth	BGRFX	1.32	0.25	0.10	1.62
Perkins Small Cap Value Instl	JSIVX	0.82	0.00	0.25	1.53
T. Rowe Price Growth Stock	PRGFX	0.73	0.00	0.10	1.38
American Funds Washington Mutual R5	RWMFX	0.39	0.00	0.05	1.29
Dreyfus Mid Cap Index	PESPX	0.50	0.25	0.15	1.41
Domini Social Equity R	DSFRX	0.90	0.00	0.00	1.27
DWS Equity 500 Index	BTIIX	0.15	0.00	0.00	N/A
International Equity					
Artio International Equity A	BJBIX	1.25	0.25	0.10	1.50
Fixed Income					
PIMCO High Yield Admin	PHYAX	0.80	0.00	0.25	1.22
Vanguard Inflation Protected Securities Admin	VAIPX	0.12	0.00	0.00	0.84
PIMCO Total Return Instl	PTTRX	0.46	0.00	0.00	0.97
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	0.19	0.00	0.00	1.07
Vanguard Target Retirement 2005	VTOVX	0.18	0.00	0.00	1.07
Vanguard Target Retirement 2015	VTXVX	0.18	0.00	0.00	1.12
Vanguard Target Retirement 2025	VTTVX	0.18	0.00	0.00	1.12
Vanguard Target Retirement 2035	VTTHX	0.18	0.00	0.00	1.12
Vanguard Target Retirement 2045	VTIVX	0.18	0.00	0.00	1.13
Cash and Equivalent					
Dreyfus Cash Management Instl[1]	DICXX	0.21	0.00	0.00	0.61
VALIC Fixed Interest		0.35	0.00	0.35	N/A
Weighted average (both plans)		**0.49**	**0.21**		

Source: Cook Street Consulting/VALIC

INVESTMENT SECTION

[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-90 to III-91).

[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.

This page intentionally left blank

IV. Actuarial Section (Unaudited)

A. ACTUARY'S CERTIFICATION LETTER

This section is excerpted from the January 1, 2009 Actuarial Valuation Report prepared by Benefit Partners and pertains only to the DB Plan

BENEFIT PARTNERS

May 29, 2009

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, 2009 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, 2009 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.

The below actuary is a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meets the Qualification Standards of the American Academy of Actuaries to render the Actuarial Opinion contained herein..

Respectfully submitted,

Benefit Partners, Inc.

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

Ralph Kunkel, Principal

9400 N CENTRAL EXPRESSWAY 14TH FLOOR, DALLAS, TX 75231 PHONE: 214-526-2377 FAX: 214-526-0521 **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.

		Normal Cost and Actuarial Accrued Liability	Actuarial Present Value of Accumulated Plan Benefits
9.	Form of payment (adopted December 31, 2006)	Percentage Electing:	Percentage Electing:

	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

The assumptions used to value certain ancillary death benefits were changed to better reflect payout patterns.

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
1/1/2000	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
1/1/2009	1,017	65,721,304	64,623	2.05	77

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
12/31/1999	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
12/31/2008	21	600,765	14	334,219	441	10,931,756	1.34	24,789

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)
1/1/2000	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
1/1/2009	495,900	124,774,259	163,394,642	209,770,560	100	100	51.7

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			
12/31/1999	(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
12/31/2008	57,469,750	1,677,274	59,147,024	0	814,878	59,961,902

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.

. . . continued on next page

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.
12/31/2008	The assumptions used to value certain ancillary death benefits were changed to better reflect payout patterns.

H. SUMMARY OF PLAN PROVISIONS

Plan Provisions as of January 1, 2009

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.[1] 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.

---

[1] This provision was changed effective July 1, 2009. The disability retirement pension shall be adjusted by the "cost of-living adjustment" only for Members whose disability commenced before July 1, 2009. This change will be reflected in January 1, 2010 Actuarial Valuation Report.

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

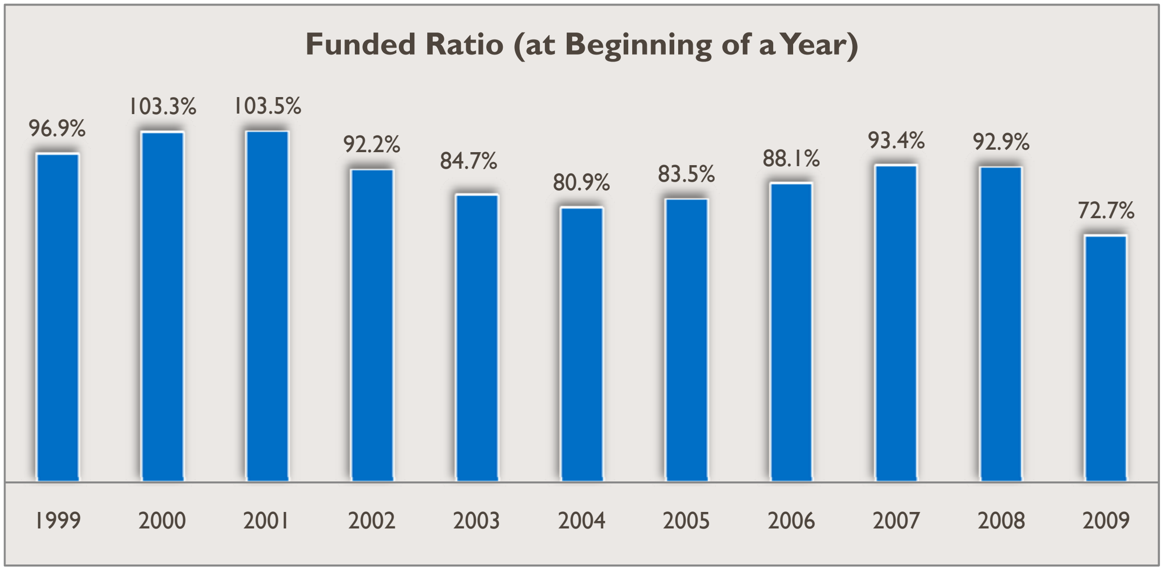
As of January 1, 2009, there were no changes to the plan provisions since the last actuarial valuation prepared as of January 1, 2008.[1]

---

[1] *Changes in plan provisions instituted in 2009 will be reflected in January 1, 2010 Actuarial Valuation Report.*

J. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAL as a % of Covered Payroll1 ((b-a)/c)
1/1/1999	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
1/1/2009	209,770,560	288,664,801	78,894,241	72.7	65,721,304	120.0



ACTUARIAL SECTION

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
12/31/1999	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
12/31/2008	7,590,475	357,026	7,947,501	7,590,476	104.7

L. NOTES TO TREND DATA

Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2009
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%

This page intentionally left blank

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 2009. "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 2000-2009. All non-accounting data was derived from Denver Water's internal sources and has been updated as of the end of 2009, as available.

A. EMPLOYEES' RETIREMENT PLAN

1. Schedule of Additions by Source, 2000-2009

		Employer Contributions[1]			
Fiscal Year Ending	Member Contributions[2]	Dollars	Percentage of Annual Covered Payroll[3]	Net Investment and Other Income[4]	Total
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)
2009	N/A	14,500,000	20.1%	31,558,700	46,058,700

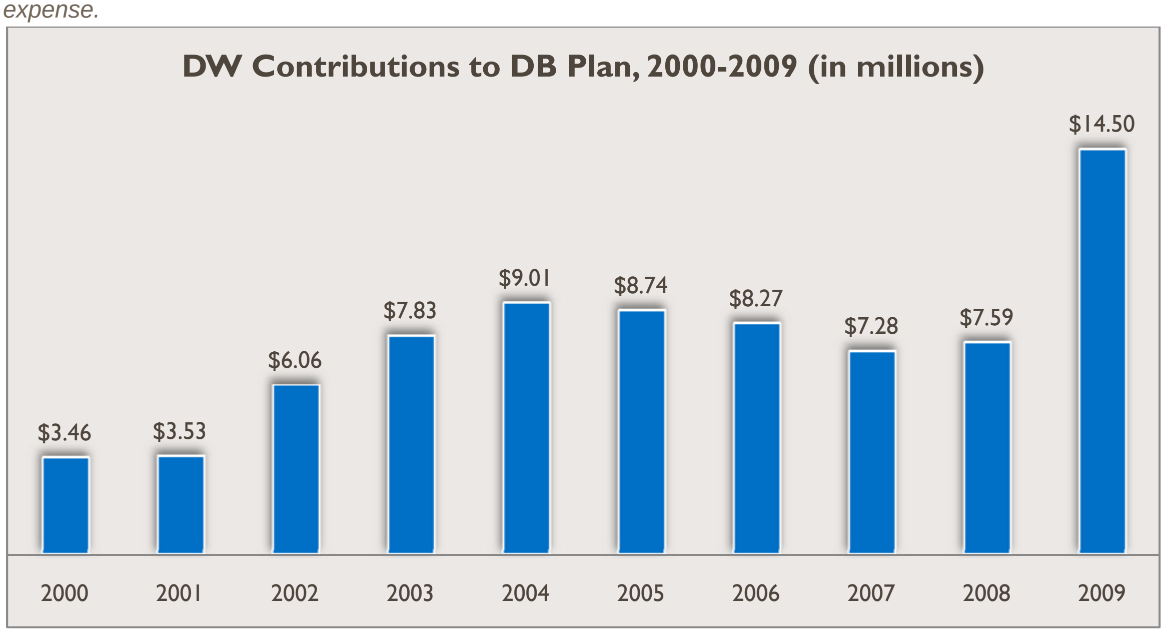
Source: Financial Statements for the Employees' Retirement Plan, 2000-2009 Actuarial Valuation Reports

[1] Employer cash contributions are made at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. Contribution amounts are rounded to the nearest $100 dollars and do not include interest earned for early payment of contribution. In 2009, the Board contributed more than the annual required contribution amount of $13.2 million to compensate for some of the losses the Plan incurred in 2008 and to capitalize on attractive valuations of securities in the market.

[2]Effective September 1, 1995, members had the ability to make a voluntary after-tax contributions 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 was 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, 2000-2009

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Administrative Expenses	Refunds[1]	Total
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
2009	12,640,900	52,400	88,400	12,781,700

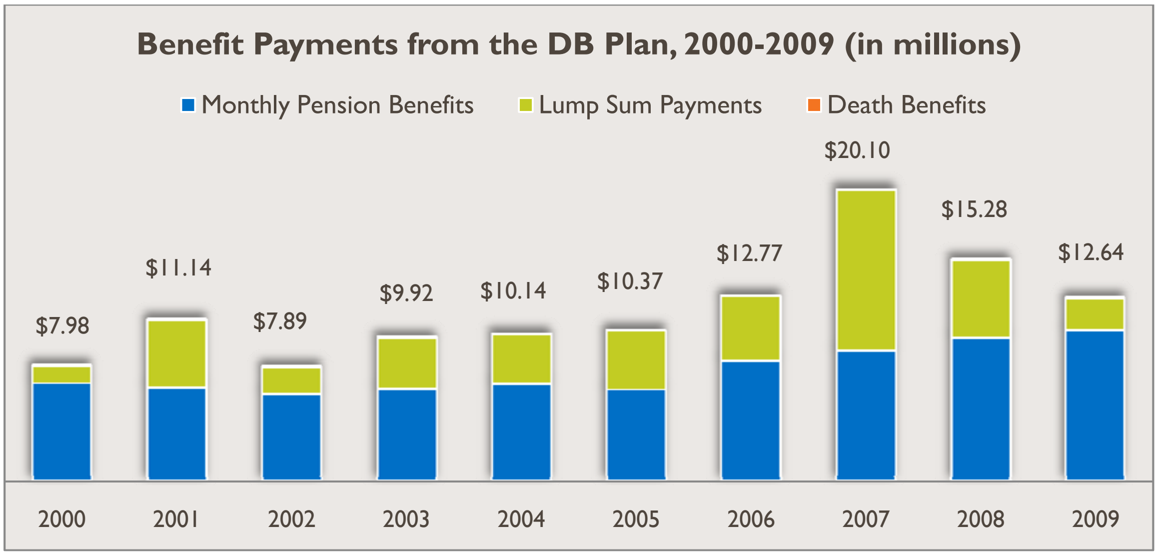
Source: Financial Statements for the Employees' Retirement Plan

[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 September 1981. There are 153 employees who still have funds in the Plan, and the combined balance to be refunded was 536,000 as of December 31, 2009.

3. Schedule of Benefit Deductions from Net Assets by Type, 2000-2009

Fiscal Year Ending	Monthly Pension Benefits	Lump Sum Payments	Death Benefits	Total Benefits	Refunds
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
2009	10,350,800	2,215,100	75,000	12,640,900	88,400

Source: Denver Water, Retiree database



4. Schedule of Changes in Net Assets, 2000-2009

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
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
2009	46,058,700	12,781,700	33,277,000	174,808,800	208,085,800

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	94	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	28	7	8	11	1	1	0	21	1	1	5
$751 – $1,000	25	5	14	5	0	1	0	16	3	2	4
$1,001 – $1,250	25	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	32	6	21	3	1	1	0	24	4	4	0
$1,751 – $2,000	26	3	20	3	0	0	0	18	4	1	3
over $2,000	209	27	168	8	1	5	0	110	68	7	24
Totals	518	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, 2000-2009

	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
01/01/2001	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
01/01/2010	1,588	1,063	79	435	11

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
01/01/2010	3	1,063	45.9	13.7	$66,389	N/A

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

Employees' Retirement Plan – Retiring Members by Type of Benefit elected, 2001-2009

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
2009	5	4	16	25

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

Employees' Retirement Plan – Retiring Members by Type of Retirement, 2001-2009

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
2009	0	2	23	0	25

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 of Pensioner Deaths	Survivor of 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
01/01/2010	68	307	48	4	19	79	525

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
01/01/2010[1]	370	88	16	51	525

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

[1] *Preliminary data, retrieved from Denver Water, Human Resources database*

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

1. Schedule of Additions by Source, 2002-2009

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)
2009	3,294,300	62,400	1,647,700	6,157,200	11,161,600

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, 2002-2009

	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
2009	2,106,300	79,600	2,185,900

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, 2002-2009

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
2009	171,900	0	201,700	100,900	1,483,400	148,400	2,106,300

Source: VALIC, Summary Distribution by Reason

[1]"Other" includes beneficiary payments, Qualified Domestic Relations Order (QDRO) payments, death claims, disability payments, early distributions and taxes withheld.

4. Schedule of Changes in Net Assets, 2002-2009

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
2009	11,161,600	2,185,900	8,975,700	30,381,500	39,357,200

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

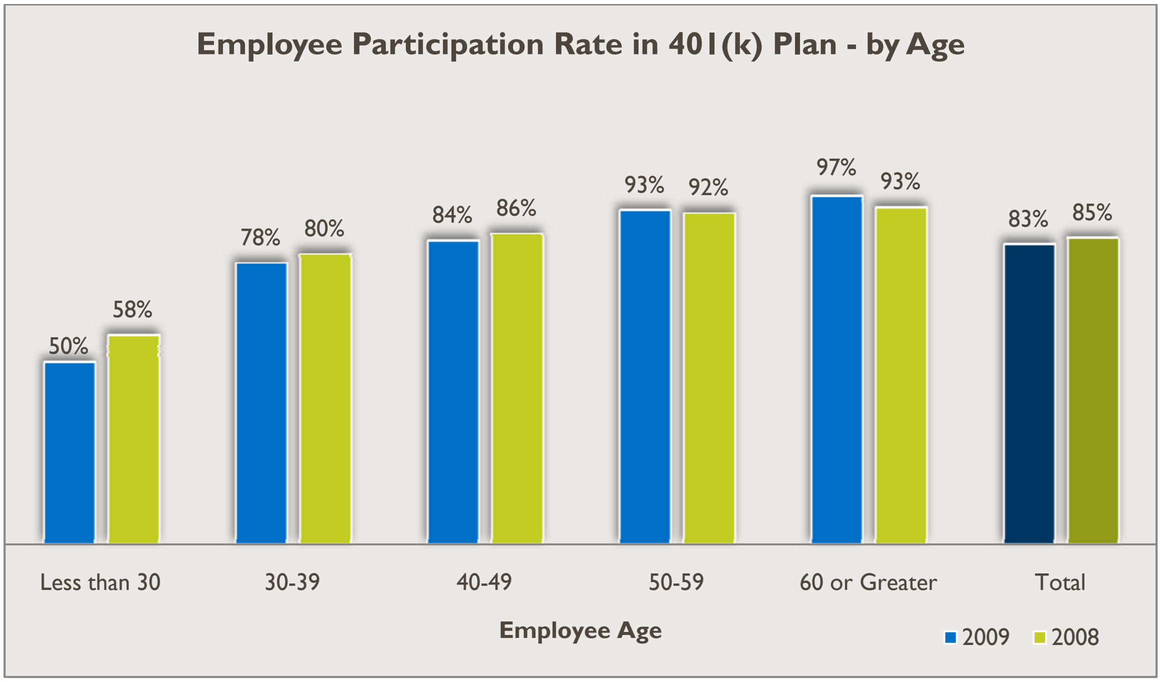
[1.]The first financial statement for the 401(k) Plan was prepared for the year ended 12/31/2002.

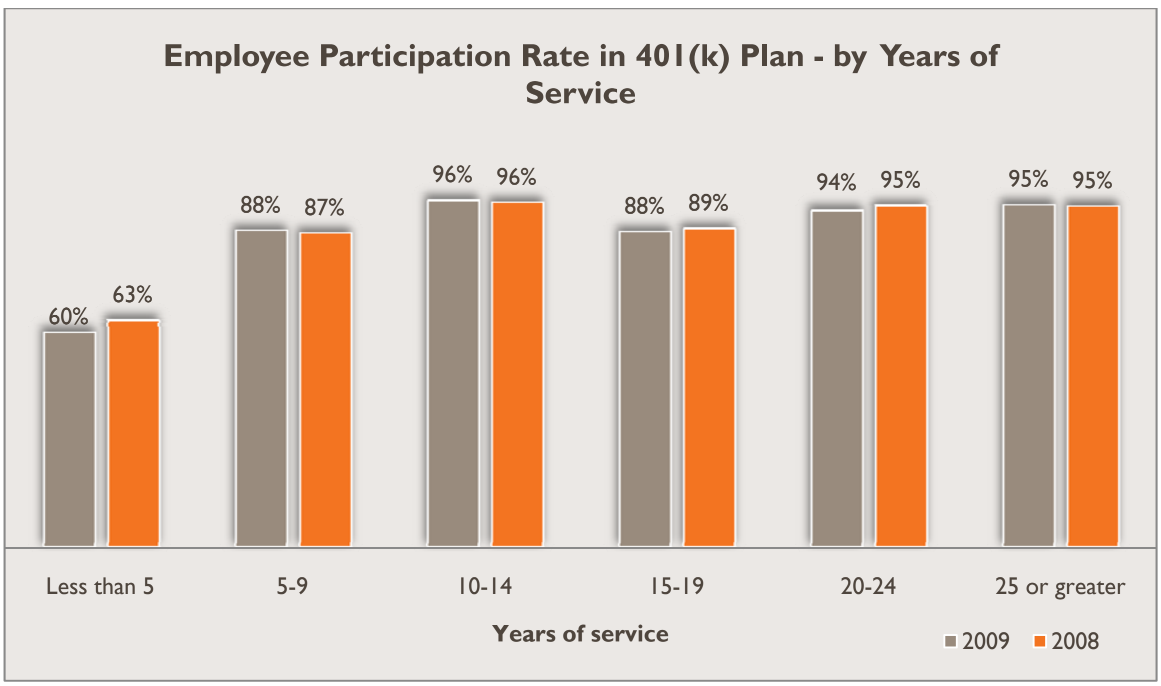
5. Other Information

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

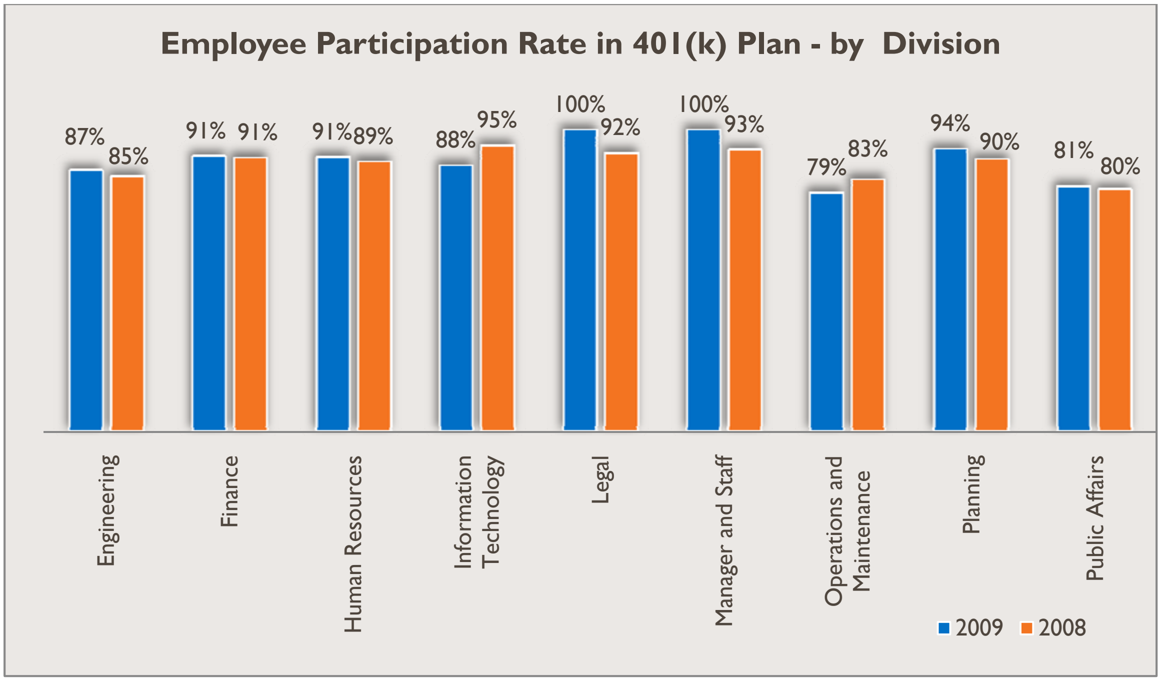
Fiscal Year Ending	Participants			
	Total	Active	Inactive	New enrollments
12/31/2002	1,001	965	36	N/A
12/31/2003	987	974	13	15
12/31/2004	1,000	945	55	40
12/31/2005	1,015	953	62	63
12/31/2006	1,020	935	85	45
12/31/2007	1,003	918	85	39
12/31/2008	1,021	918	103	75
12/31/2009	1,011	926	85	60

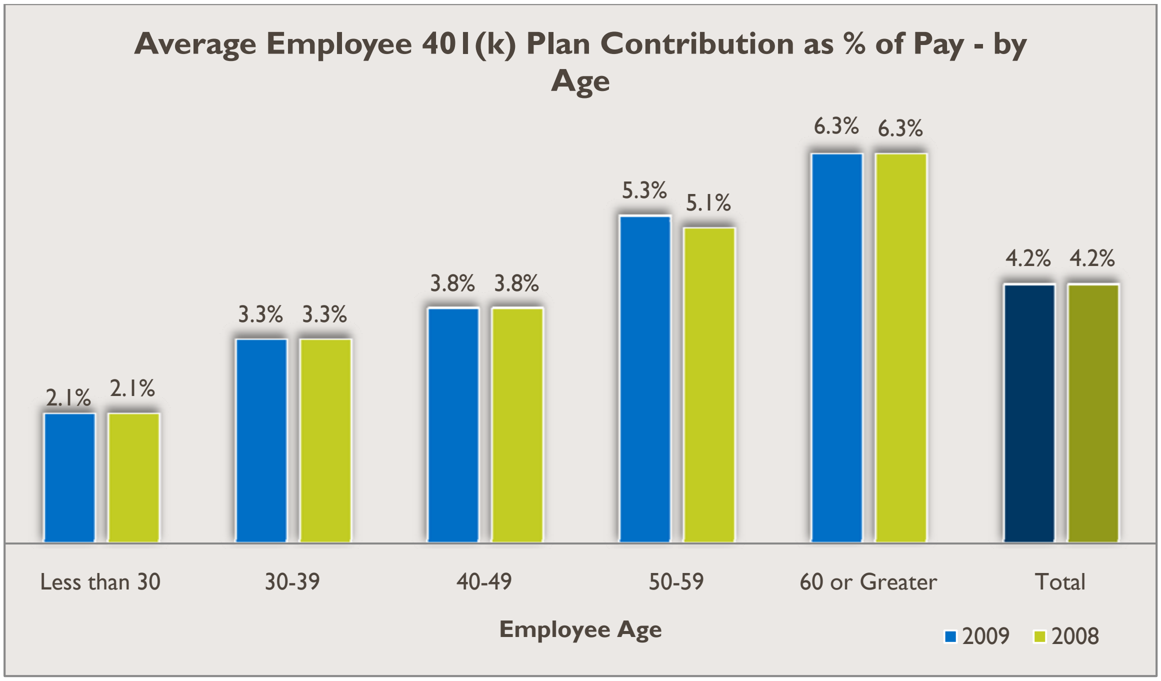
Source: VALIC

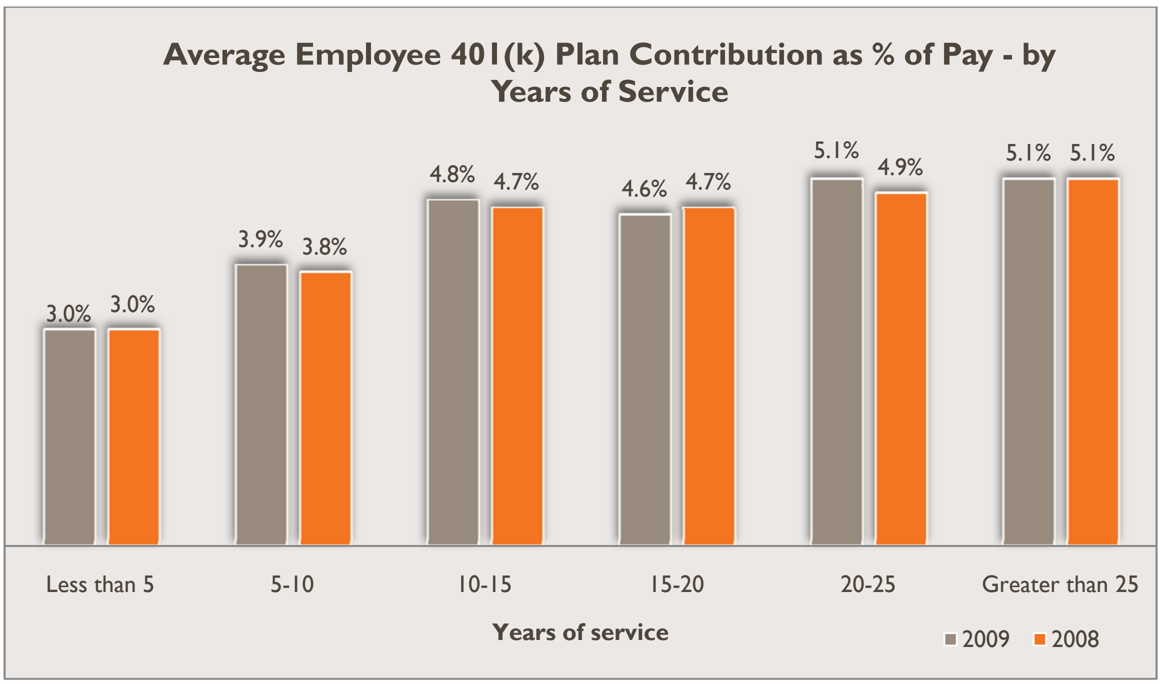




Source: Denver Water, Human Resources database; data as of year-end.


Employee Participation Rate in 401(k) Plan - by Division
87%
85%
91%
91%
91%
89%
88%
95%
100%
92%
100%
93%
79%
83%
94%
90%
81%
80%
Engineering
Finance
Human Resources
Information Technology
Legal
Manager and Staff
Operations and Maintenance
Planning
Public Affairs
2009
2008





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

C. DENVER WATER 457 DEFERRED COMPENSATION PLAN

1. Schedule of Additions by Source, 2002-2009

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)
2009	1,302,800	N/A	3,334,200	4,637,000

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

2. Schedule of Deductions by Type, 2002-2009

	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
2009	2,500,700	54,300	2,555,000

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, 2002-2009

Fiscal Year Ending	Retirement	Age 70 1/2 minimum	Termination of Employment	Rollover	Other[1]	Total Benefits
2002	Data not available					2,119,900
2003	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
2009	150,200	0	337,600	1,696,500	316,400	2,500,700

Source: VALIC, Summary Distribution by Reason

[1]"Other" includes beneficiary payments, Qualified Domestic Relations Order (QDRO) payments, death claims, disability payments, early distributions and taxes withheld.

4. Schedule of Changes in Net Assets, 2002-2009

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
2009	11,161,600	2,185,900	8,975,700	30,381,500	39,357,200

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

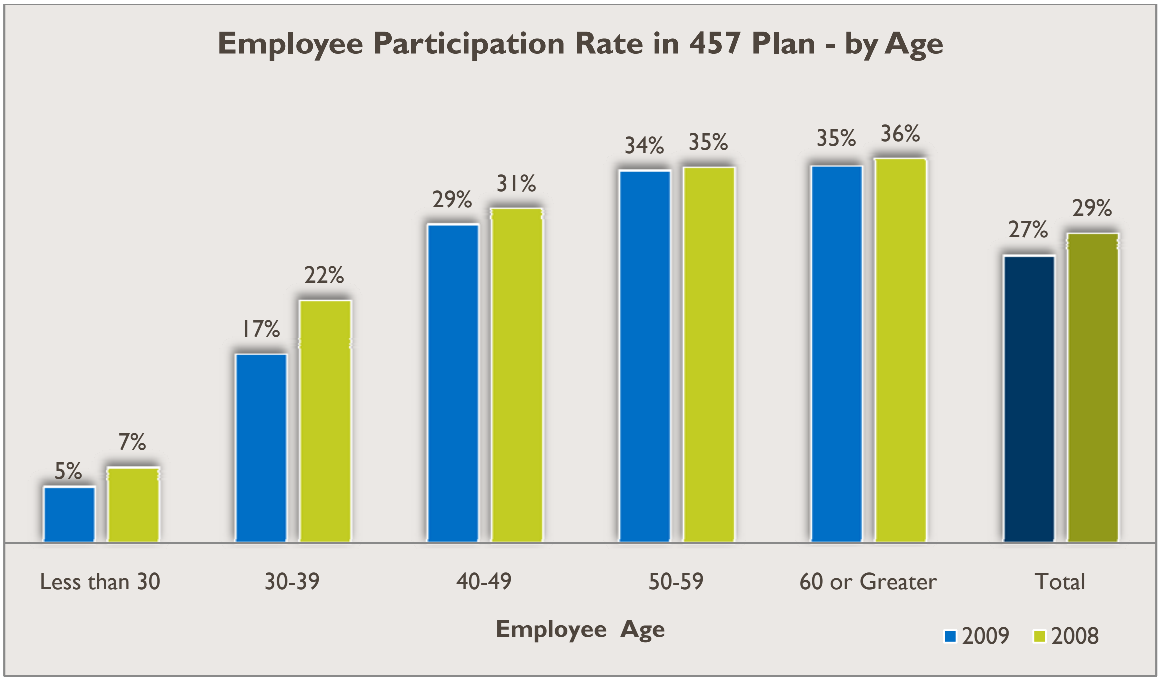
[1.] The first financial statement for the 457 Plan was prepared for the year ended 12/31/2002.

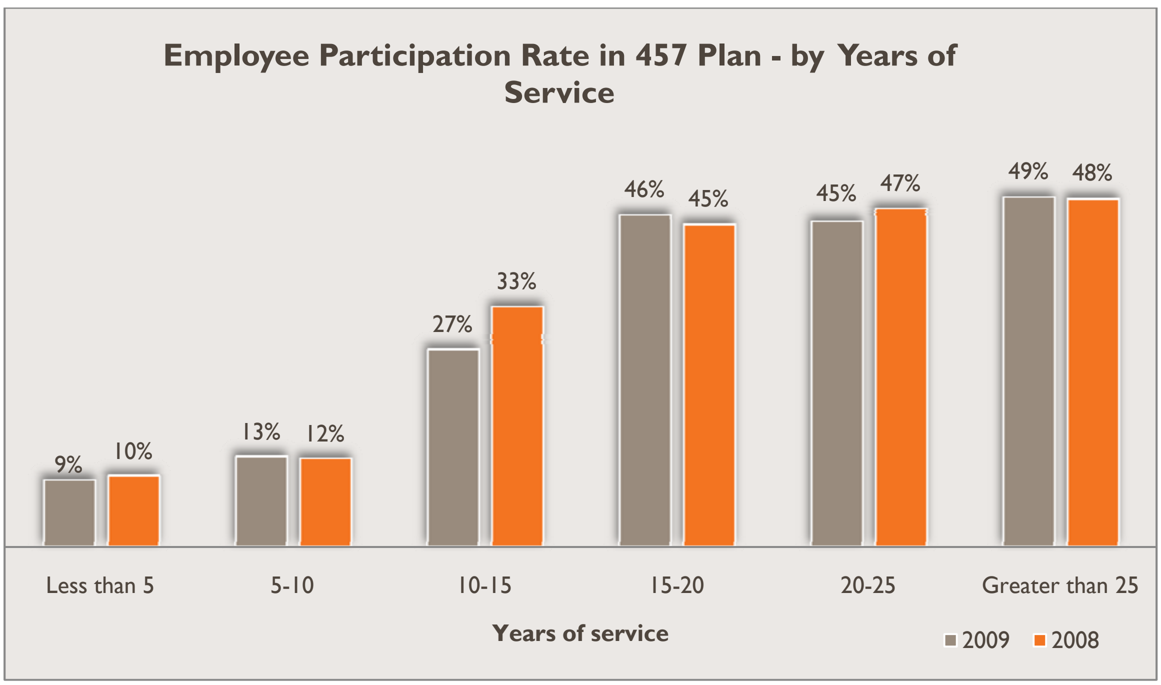
5. Other Information

Denver Water 457 Deferred Compensation Plan- Number of Participants

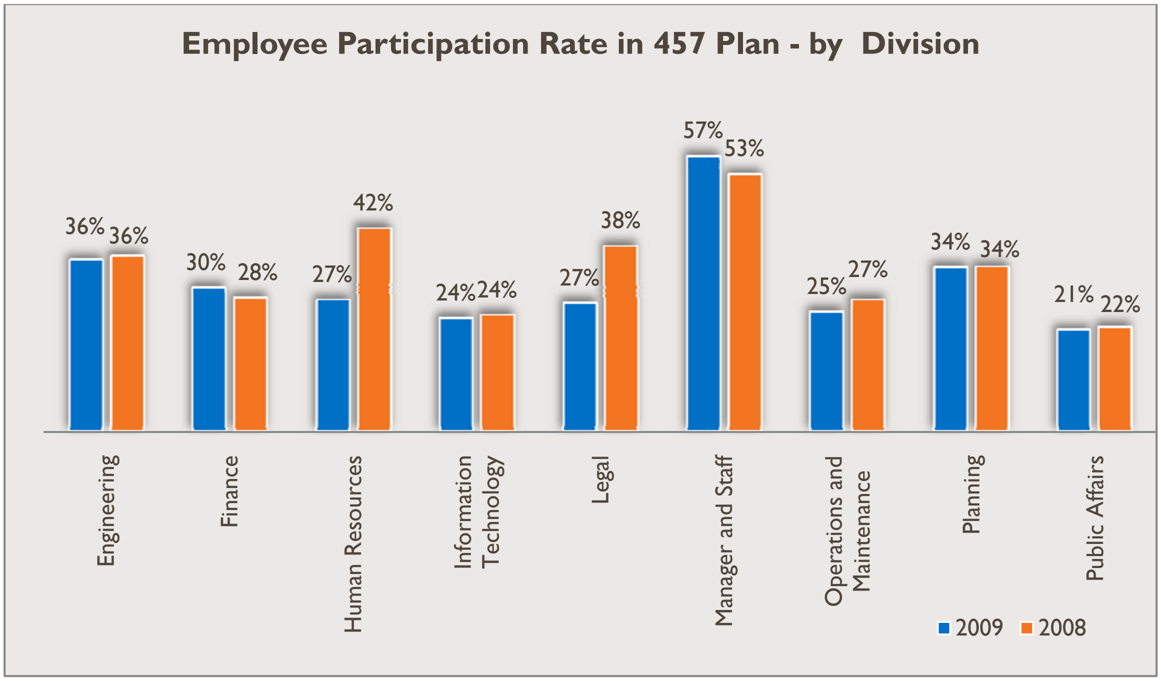
Fiscal Year Ending	Participants			
	Total	Active	Inactive	New Enrollments
12/31/2002	967	382	585	N/A
12/31/2003	928	482	446	6
12/31/2004	847	365	482	3
12/31/2005	826	364	462	59
12/31/2006	807	351	456	13
12/31/2007	760	348	412	10
12/31/2008	730	336	394	24
12/31/2009	679	314	365	11

Source: VALIC

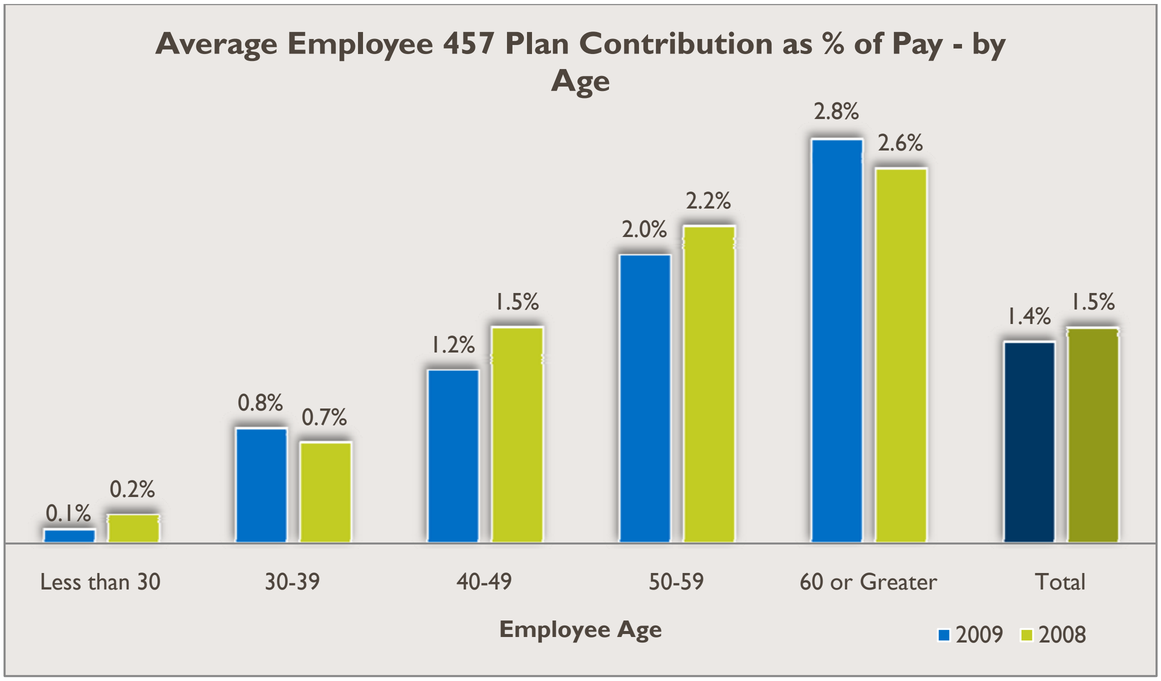


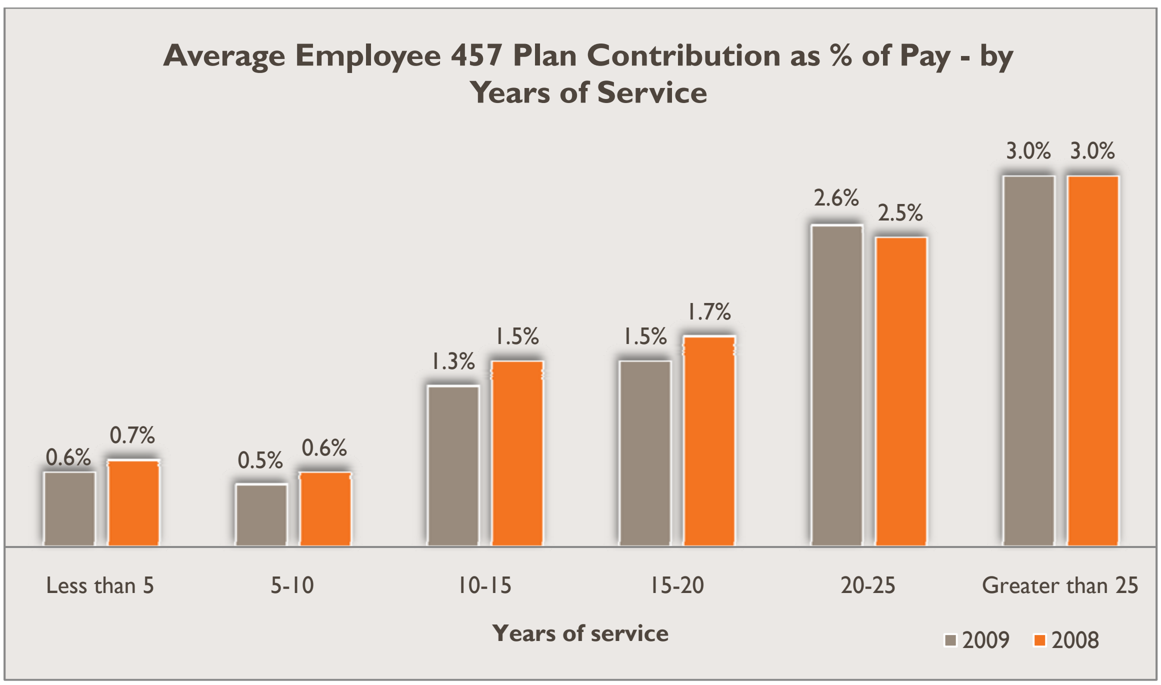


Source: Denver Water, Human Resources database; data as of year-end.



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





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