2010 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, 2010

DENVER WATER

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

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I. INTRODUCTORY SECTION (UNAUDITED)

A. LETTER OF TRANSMITTAL

DENVER WATER

June 2, 2011

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, 2010. 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 Retiree Medical Coverage Program and a Retirement Financial Planning Reimbursement Program. Although the two unfunded benefits are discussed briefly in this letter, financial statements were not prepared for either of the unfunded benefits nor are they discussed in the other sections of this Annual Report.

The report is divided into five sections: an *Introductory Section*, a *Financial Section*, an *Investment Section,* an *Actuarial Section,* and a *Statistical Section*.

Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the report, including the financial statement presentation, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of management's knowledge and belief, the data is accurate in all material respects and presents fairly the financial position and results of operations of the Plans.

KPMG LLP 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, 2010. 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, 2010 there were 1,613 participants in the DB Plan, including 1,063 active members, 456 retirees and beneficiaries and 94 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) was the administrator of the SRSP until December 29, 2010, when it was replaced by Great-West Retirement Services. At the end of 2010 there were 910 contributing (active) and 89 non-contributing (inactive) participants. 83% of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2010.

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 (formerly AIG Retirement) was the administrator of the SRSP until December 29, 2010, when it was replaced by Great-West Retirement Service. At the end of 2010, there were 278 contributing (active) and 358 non-contributing (inactive) participants. 27% of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2010.

Denver Water offers a ***Retirement Financial Planning Reimbursement Program*** 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 the ***Retiree Medical Coverage Program*** 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 DB 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 DB 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 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 the 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

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[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.

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 2010 was $3.6 million; of this amount, $1.6 million was paid as benefits under the plan, and $2.0 million increased the balance sheet liability at December 31, 2010. The Net OPEB Obligation for postemployment healthcare benefits as of the end of the year was $8.6 million.

Major Initiatives in 2010

- **Continuation of Retiree Medical Coverage Program Review**. During 2010, the Retirement Program Committee (the "RPC") continued to revise and update the Comprehensive OPEB (Other Post-Employment Benefits) Report to the Board, following discussions with the new Director of Finance, the Executive Team and the new CEO/ Manager. The analyzed options, which include changes to the benefit amount, changes in eligibility, and elimination of the benefit for new hires, are intended to mitigate the fiscal impact and improve the fiscal management of the Program. The Board discussions, which took place at the beginning of 2011, highlighted the need for updated cost/benefit estimates for the proposed options. The analysis of the Retiree Medical Coverage Program is expected to continue throughout 2011.

- **New Actuary for the DB Plan.** A request for proposals for actuarial services was circulated in the summer of 2010 as part of the normal evaluation of contracts for professional services. The services requested by the RFP included preparation of the annual actuarial valuation for the DB Plan and OPEB, preparation of annual employee benefit statements, preparation and annual update of a tool used by Human Resources to calculate pension payments, and other consulting services related to plan design and benefit calculations. Five proposals were received and four firms were interviewed. After evaluation, the RPC selected Milliman, Inc. as the firm offering the best combination of services at the best cost for Denver Water. The contract with the new actuary covers a five-year period ending July 31, 2015.

- **Selection of a new DC Plan Record Keeper/Administrator.** In October 2010, after a competitive search conducted by the RPC in conjunction with external Investment Advisor Cook Street Consulting, Great-West Retirement Services ("Great-West") was selected as the new service provider effective December 29, 2010. The deciding factors behind the selection of the new provider were lower administrative fees, experience with public sector retirement plans, extensive resources dedicated to participant education as well as local presence. The scope of services provided by Great-West is similar to that provided by VALIC and revenue sharing will be used to cover the cost of services. By contract, the total compensation for providing the core administrative services by Great-West equals 0.0225% of the total value of assets as of the last day of each calendar quarter, or 0.09% per year. The contract with the new record keeper covers a five-year period ending December 29, 2015.

- **Contract Extension for the DC Plan Investment Consultant.** Cook Street Consulting, Inc. ("Cook Street") has served as an independent investment consultant and co-fiduciary for the DC Plans since March 2006. Services provided by Cook Street include investment option analysis, assistance with the fund selection process, provider expense analysis/benchmarking, Investment Policy Statement review, fund monitoring, and vendor negotiations. The initial contract with Cook Street was set to expire on December 31, 2010. At the October 28, 2009 Trustee meeting, the Board agreed to extend the contract with Cook

Street until December 31, 2011 because of its involvement in the RFP for the new Defined Contribution Plans' administrator, interviews, contract negotiation and transition. The contract extension was finalized in December 2010.

- **Manager Changes in the DB Plan.** AXA Rosenberg was terminated as a small/mid-cap strategy manager in April 2010 due to corporate issues, combined with continued underperformance. Funds were temporarily reinvested in an S&P 400 Index fund, pending results of a manager search to find a permanent replacement in the small/mid cap equity area. Following the manager search conducted by the DB Plan Consultant Watershed in May 2010, Loomis, Sayles & Company was chosen as the permanent replacement for AXA Rosenberg SMID Cap Fund. The strategy was funded in July 2010.

- **Fund Changes in 401(k)/457 Plans.** The Board engaged Cook Street to regularly review and evaluate the funds offered to participants in the 401(k) and 457 Plans. In November 2009, Cook Street recommended 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**.** Additionally, in July 2010 Cook Street recommended a switch from a Fixed Account to a Stable Value Fund as a cash equivalent alternative in the DC Plan lineup. The benefits of stable value investments include historically higher returns, a mandate to maintain principal safety, and the ability to adjust for inflation. The risks include market exposure, 'wrapped' investment contracts by insurance companies, and 12-month notification lead time the stable value funds require plan sponsors to give when deciding to withdraw their assets from the fund. Four managers offering stable value funds were recommended by the consultant: Great-West, Galliard-Wells Fargo, Charles Schwab, & Putnam Investments. After a thorough analysis and review, Charles Schwab was selected as a replacement for the Fixed Account. The transition to the Schwab Stable Value Fund Select was completed in conjunction with the transfer of DC Plan assets to the new Record Keeper/ Administrator on December 29, 2010.

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, 2010 are listed on page III-81 of the report; funds included in the Defined Contribution Plans are listed on page III-101 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 Finance staff.

The investments in the Defined Benefit Plan returned 12.23% during 2010, compared to the target benchmark index return of 12.52% and the actuarial assumed rate of return of 7.5%. The annualized rate of return on assets of the Defined Benefit Plan was -2.35% over the last three years and 2.70% 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, 2011, the Funded Ratio of the DB Plan was 73.8%, compared to 75.7% 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 93.4% (01/01/07). 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 Independent Auditor for the Financial Statements of each of the Plans, an opinion from the actuary for the DB Plan, and a report from the Investment Performance Measurement Consultant to the DB Plan are included in this report. The consultants engaged to assist the Manager, various staff members, and the Board are listed on pages I-16 – 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,

James S. Lochhead, CEO/Manager

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

Angela Bricmont
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

CEO / Manager:

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

Investment Managers

Make day-to-day investment decisions

Retirement Program Committee

Advises Manager on retirement issues

Consultants, Vendors and Advisors

Provide specialized advice

Director of Finance

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

Director of Human Resources

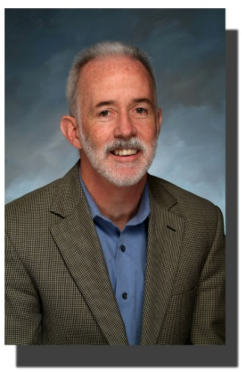
- Co-Chair of the RPC
- Responsible for day-to -day administration of the Plans
- Responsible for administrative vendor relations
- Recommends administrative and plan design policies

More information about investment professionals who provide services to the Retirement Program and their fees can be found on the following pages: I-20, III-81, III-90, III-101 and III-106.

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, 2010

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

John R. Lucero, President Deputy Director, Mayor's Office of Economic Development	*Commissioner since September 13, 2007;* *Term expires July 10, 2015*
H. Gregory Austin, First Vice President Former Partner, Holland & Hart LLP.	*Commissioner since July 28, 2009;* *Term expires July 10, 2013*
Thomas A. Gougeon, Vice President President, Gates Family Foundation	*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.*
Penfield W. Tate III, Vice President Attorney: Greenberg Traurig	*Commissioner since October 18, 2005;* *Term expires July 10, 2011.*

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.

James S. Lochhead - CEO / Manager since June 2010**.** 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.

Carla Elam-Floyd - Director of Human Resources since February 1995; co-chair of the RPC. Under the general supervision of the CEO/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.

Angela C. Bricmont - Director of Finance since July 2010, co-chair of the RPC. Under the general supervision of the CEO/Manager, the 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 the Denver Water Retirement Plans and their investments. She and her staff implement Trustee decisions, monitor performance of services provided by different professionals, and report on the status of the Plans to the Board.

Sandra Miller - Manager of Healthcare 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. The Director 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 Director 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.

Ellen Cinchock - Executive Assistant to the Director of Public Affairs since June 2008; Member and Recording Secretary of the RPC.

E. CONSULTANTS AND ADVISORS

Consulting Services

Actuary	**Since 09/2010:** Milliman, Inc.	1099 18th Street, Suite 3100 Denver, Colorado 80202
	Benefit Partners, Inc.	9400 N. Central Expressway., 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 500 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
Since 12/2010: Great-West Retirement Services (DC Plans)	8515 East Orchard Road, 10T2 Greenwood Village, CO 80111
The Variable Annuity Life Insurance Company (VALIC) (DC Plans)	2929 Allen Parkway, L 13-10 Houston, TX 77015

Independent Auditor

Since 10/2010: KPMG LLP	707 1 7th Street, Suite 2700 Denver, Colorado 80202
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*.

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II. Financial Section

A. EMPLOYEES' RETIREMENT PLAN

1. Independent Auditor's Report

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

We have audited the accompanying statement of net assets held in trust for pension benefits of Employees' Retirement Plan and Trust of the Denver Board of Water Commissioners (the Plan) as of December 31, 2010, and the related statement of changes in net assets held in trust for pension benefits for the year 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 audit. The accompanying financial statements of the Plan as of December 31, 2009 and for the year then ended were audited by other auditors whose report thereon dated April 14, 2010 expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2010, and the changes in net assets for the year then ended, in conformity with United States generally accepted accounting principles.

The management's discussion and analysis and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by United States generally accepted accounting principles. 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.

April 15, 2011

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, 2010 and 2009. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2010 and 2009, $230.5 million and $208.1 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2010, the total net assets of the Plan increased by $22.4 million or 10.8%. This compares with a $33.3 million increase or 19.0% in 2009. The increase in the Plan's total net assets in 2010 and 2009 is primarily due to increases in the market value of the Plan's investments. Investments increased $22.7 million or 11.2% in 2010 and $31.3 million or 18.2% in 2009. Plan returns for 2010 and 2009 were 12.2% and 18.4%, respectively.

Additions to Plan net assets in 2010 included contributions of $12.6 million and net investment income of $24.1 million resulting in total additions to the Plan net assets of $36.8 million. In 2009, contributions were $14.5 million and net investment income was $31.6 million resulting in total additions of $46.1 million.

Deductions from Plan net assets for 2010 were $14.3 million compared to $12.8 million in 2009, an increase of 12.0%. Retirement benefit payments were $14.1 million in 2010 and $12.6 million in 2009 resulting in an increase in benefit payments of $1.5 million or 12.0%.

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, 2010 and 2009, the dates of the latest actuarial valuations, the funded ratio for the retirement Plan was 75.7% and 72.7%, respectively.

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, 2010 and 2009. The statements reflect the net assets available for benefits in the Plan as of December 31, 2010 and 2009.

The Statements of Changes in Plan Net Assets show the additions to and deductions from Plan assets during 2010 and 2009.

The above financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and all other applicable GASB pronouncements including GASB Statement No. 50, *Pension Disclosures*, which amends certain provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. 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 financial statements provide a snapshot of the Plan's assets and liabilities as of December 31, 2010 and 2009, and the activities that occurred during the year. Both financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued by independent outside sources.

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

Supplementary Information Required by the Governmental Accounting Standards Board, provides additional information about the Plan's progress in funding its future obligations and the history of the Denver Board of Water Commissioners (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, 2010, the date of the last actuarial valuation, the Retirement Plan had a funded ratio of 75.7%, which means that for every dollar of benefits earned to date, based on service and expected final salaries, the Plan had 75.7 cents in assets available for payment. This compares with a funded ratio of 72.7% at the beginning of 2009. The funded ratio used in the public sector, including this plan, is the actuarial value of assets divided by the actuarial accrued liability. For the Plan, the actuarial value of assets at January 1, 2010 was higher than the market value due to a three-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 asset allocation strategy is reviewed at least annually by the Director of Finance of the Board with the assistance of the Treasurer and rebalanced as necessary to reflect current investment objectives and market conditions. The Board reserves the right to approve all recommended changes to the asset allocations. Please refer to the notes of the financial statements under "Investment Policy" for more information on asset allocations.

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/her 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,			2010-2009			2009-2008		
	2010	2009	2008	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Cash and equivalents	$4,145	$ 4,424	$ 2,359	$(279)	(6.3)	%	$ 2,065	87.5	%
Dividends, interest & other receivables	696	753	1,086	(57)	(7.6)	%	(333)	(30.7)	%
Investments, at fair value	226,305	203,584	172,282	22,721	11.2	%	31,302	18.2	%
Total assets	231,146	208,761	175,727	22,385	10.7	%	33,034	18.8	%
Total liabilities	615	675	918	(60)	(8.9)	%	(243)	(26.5)	%
Plan net assets	$230,531	$ 208,086	$ 174,809	$22,445	10.8	%	$ 33,277	19.0	%

Change in Plan Net Assets

The Statements of Net Assets display the Plan's assets, liabilities and net assets at year end. The Statements of Changes in Net Assets provide information on the source of the change in net assets during the year. The increase in total assets of $22.4 million or 10.7% in 2010 was the result of an increase in the fair value of investments, offset slightly by a decrease in cash and cash equivalents and receivables. In 2009, total assets increased by $33.0 million or 18.8% compared to 2008, primarily due to increases in fair market value of investments and cash and cash equivalents.

Cadence Capital Management, Pzena Investment Management, LLC, Northern Trust Investments, NA, Prudential PRISA, Loomis Sayles and Company, LP and Denver Investment Advisors reported cash and cash equivalents as of December 31, 2010. Cash and cash equivalents are also held in the custodial cash 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 2010 and 2009 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 $22.4 million in 2010 and $33.3 million in 2009.

Additions

The funds 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 2010 and 2009 totaled $12.6 million and $14.5 million, respectively. For Plan year 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.

2010 was another good year in the capital markets as general economic activity picked up and most assets classes once again posted double-digit returns, albeit significantly lower than in

2009. The appreciation in fair market value of the Plan's assets in 2010 was led by domestic equities, real estate and international equities. The domestic equity segment returned 17.9% for the year compared to a benchmark (Russell 3000) return of 16.9% and S&P 500 index return of 15.1%. Small and mid cap stocks were the best performers in 2010. Loomis Sayles SMID portfolio, which was added in July 2010 as a permanent replacement for the terminated AXA Rosenberg SMID fund, gained 26.9% between the inception date and December 31, 2010. The real estate segment recorded a gain of 16.2%, slightly trailing the benchmark NFI ODCE index return of 16.4%. Prudential PRISA portfolio was the best performer within this segment with an 18.4% return in 2010. The international equity segment recorded a gain of 11.2% in line with the MSCI ACWI ex US ND index return. The Global ex US Value fund managed by Dimensional Fund Advisors was the best relative performer within the Plan returning 13.3% in 2010 and beating its benchmark index by 5.4% points. The total market value of Plan assets increased by 12.2% in 2010, which compares with the expected total portfolio return based on the Plan's customized benchmark return of 12.5%. In 2009, total Plan assets recorded a gain of 18.4%.

Additions to Plan Net Assets

(amounts expressed in thousands)

	Years ended December 31,			2010-2009		2009-2008	
				Increase	%	Increase	%
	2010	2009	2008	(Decrease)	Change	(Decrease)	Change
Board contributions	$12,639	$ 14,500	$ 7,591	$(1,861)	(12.8) %	$6,909	91.0 %
Investment income	24,118	31,559	(77,310)	(7,441)	(23.6) %	108,869	NM[1] %
Total additions, net	$36,757	$ 46,059	$(69,719)	$(9,302)	(20.2) %	$115,778	NM[1] %

[1] Not meaningful = NM

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, 2010, annual Plan deductions totaled $14.3 million which compares with $12.8 million in 2009. This represents an increase in deductions in 2010 of 12.0% as compared to a decrease in 2009 over 2008 of 17.0%. The increase in total deductions in 2010 was primarily due to an increase in benefit payments.

Deductions from Plan Net Assets

(amounts expressed in thousands)

	Years ended December 31,			2010-2009			2009-2008		
	2010	2009	2008	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Retirement benefits	$14,079	$ 12,567	$ 15,216	$1,512	12.0	%	$ (2,649)	(17.4)	%
Death benefits	65	75	65	(10)	(13.3)	%	10	15.4	%
Refunds of contributions	108	88	65	20	22.7	%	23	35.4	%
Administrative expenses	60	52	48	8	15.4	%	4	8.3	%
Total deductions	$14,312	$ 12,782	$ 15,394	$ 1,530	12.0	%	$ (2,612)	(17.0)	%

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2010 and 2009, 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	2010	2009
Cash and cash equivalents, at cost which approximates fair	$4,144,600	$4,424,400
Dividends, interest and other receivables	696,100	753,000
Investments, at fair value		
U. S. Government and agency securities	12,580,700	15,834,200
Corporate bonds and debentures	61,527,700	49,554,500
Equities	134,317,60	124,992,900
Real estate	17,879,000	13,202,200
Total Investments	226,305,00	203,583,800
Total Assets	231,145,70	208,761,200
Liabilities		
Accrued administrative expense	14,000	8,800
Accrued investment expense	306,400	248,200
Securities payable	294,300	418,400
Total Liabilities	614,700	675,400
Net assets held in trust for pension benefits	$230,531,0	$208,085,80
(Please see "Schedule of Funding Progress")		

See accompanying notes to financial statements.

b) Statements of Changes in Plan Net Assets

	Years Ended December 31, 2010	2009
Additions		
Employer contributions	$12,638,800	$14,500,000
Investment income		
Net appreciation (depreciation) in fair value of investments	19,986,800	27,477,200
Interest	2,709,500	2,851,500
Dividends	1,737,300	1,317,300
Real estate income, net of operating expenses	1,090,900	1,133,800
Miscellaneous	500	4,200
	25,525,000	32,784,000
Less investment expense	(1,406,600)	(1,225,300)
Net investment income (loss)	24,118,400	31,558,700
Total additions	36,757,200	46,058,700
Deductions		
Retirement benefits	14,078,900	12,565,900
Death benefits	65,000	75,000
Refunds of contributions	108,300	88,400
Administrative expense	59,800	52,400
Total deductions	14,312,000	12,781,700
Net Increase (Decrease)	22,445,200	33,277,000
Net Assets Held In Trust for Pension Benefits		
Beginning of year	208,085,800	174,808,800
End of year	$230,531,000	$208,085,800

See accompanying notes to 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 and Trust of the Denver Board of Water Commissioners (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 amended, 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 participants of the Plan upon completion of the required introductory period. As of January 1, 2010, there were 1,588 participants: 79 were terminated vested participants, 446 participants were retired and/or disabled, 770 participants were active with vested benefits, 290 were active but not yet vested and 3 active participants were on approved leave of absence.

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

Terminated vested participants 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 participants will not become effective until approved by two thirds of the participants.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined benefit plans. Employer contributions are recognized when made, because there are no required due dates for contributions. 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.

b. 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 2010 and 2009, these fees were $59,800 and $52,400, respectively.

c. Fair Value of Investments

Plan investments in marketable securities, including mutual funds, U.S. government and agency securities, corporate bonds and debentures, and common stock are reported at fair value and are valued at quoted market prices. Commingled funds are stated at fair value based upon the securities underlying the funds as determined by the fund manager. Cash equivalents are valued at cost, which approximates fair value. Interests in real estate funds that do not have readily ascertainable market value are stated at fair value, which is based upon the most recent appraised value as reported by the fund manager.

d. 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.

e. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial values at the date of the financial statements. Actual results could differ from these estimates.

Note 3 - Contributions and Plan Assets

a. 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 $12.6 million and $14.5 million during 2010 and 2009, respectively, in accordance with actuarial valuations performed as of January 1, 2010 and 2009, respectively. Adjustments made in 2009 to reflect prepayment of contributions for the periods 2004 through 2009 effectively reduced the actuarially determined annual required contributions in 2009 by $2.6 million to $11.9 million. Prepayment of the required contributions reduces the actuarially required contribution by the present value of the payments discounted by the actuarial investment rate of return when paid.

b. Employee Contributions

From 1944 through September 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 $108,300 and $88,400 were made in 2010 and 2009, respectively, for employees who had retired or were terminated during the respective year. As of December 31, 2010 and 2009, total remaining employee contributions including accrued interest was $399,000 and $472,000, 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 (COLA). This option had never been used and effective July 1, 2009, was eliminated from the Plan.

c. 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, 2010.

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 2010.

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.

d. Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 75.7% funded. The actuarial accrued liability for benefits was $301.3 million, and the actuarial value of assets was $228.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of $73.2 million. The covered payroll (annual payroll of active employees covered by the plan) was $70.4 million, and the ratio of the UAAL to the covered payroll was 104.0%. 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 Supplementary 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, 2010
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%

e. 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.

f. 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 of the Board, 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 less frequent 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, 2010 and 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	%					

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. The Plan investments and deposits are held separate from the Board's operating investments.

g. Custody and Management of Assets

During 2010 and 2009, 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	Terminated April 2010
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
Loomis Sayles and Company, LP	Since July 2010
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
AXA Rosenberg Investment Management, LLC	Terminated April 2010

h. 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, 2010 and 2009, there were no deposits subject to custodial credit risk.

i. 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, 2010

Investment Type	Market value	Less than 1 year	1 to 6 years	6 to 10 years	10 + years	Maturity not determined**
Asset backed securities	$1,467,960	-	$1,369,726	$98,234	-	
Corporate bonds	59,974,535	-	12,303,997	7,414,044	2,078,031	38,178,463
Government agencies	1,437,253	-	1,437,253	-	-	-
Government bonds	10,219,994	-	4,289,164	3,037,401	2,893,429	-
Gov. mortgage-backed securities	923,427	-	-	-	923,427	-
Non-government backed C.M.O.s	85,260	-	-	-	85,260	-
Short -term investment funds	4,144,596	-	-	-	-	4,144,596
Total	$78,253,025	-	$19,400,140	$10,549,679	$ 5,980,147	$ 42,323,059

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

j. 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, 2010, 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.

k. 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, 2010 are as follows:

Schedule of Credit Risk as of December 31, 2010

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
Asset backed securities	AAA	$939,212	1.2
	BBB	13,460	-
	NR/NA[2]	515,289	0.7
Corporate bonds	AA	1,080,873	1.4
	A	9,827,493	12.6
	BAA	7,278,041	9.3
	BA	3,225,181	4.1
	NR/NA[2]	38,562,946	49.3
Government agencies	AAA	1,437,253	1.8
Government bonds	AAA	8,833,866	11.3
	AA	665,801	0.8
	NR/NA[1,2]	720,326	0.9
Government mortgage-backed securities	NR/NA[1]	923,427	1.2
Non-Government backed C.M.O.s	AAA	56,470	0.1
	AA	28,791	-
Short-term investment funds	NR/NA[1,2]	4,144,596	5.3
Total fixed income securities		$78,253,025	100.0

[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 and FNMA.

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

I. 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, 2010:

Foreign Currency Risk

Country	Total	International Stocks	Fixed Income
Australia	1,867,112	1,535,123	331,989
Austria	379,489	379,489	-
Belgium	141,809	141,809	-
Bermuda	144,496	144,496	-
Brazil	1,997,622	1,997,622	-
Canada	6,008,448	5,268,701	739,747
Cayman Islands	824,001	824,001	-
Chile	141,809	141,809	-
China	2,580,238	2,580,238	-
Cyprus	35,616	35,616	-
Czech Republic	233,106	233,106	-
Denmark	598,264	598,264	-
Finland	414,257	414,257	-
France	3,416,306	3,416,306	-
Germany	3,741,887	3,741,887	-
Greece	119,112	119,112	-
Hong Kong	3,168,701	3,168,701	-
Hungary	48,819	48,819	-
India	1,940,511	1,940,511	-
Indonesia	200,967	200,967	-
Ireland	118,710	118,710	-
Israel	352,064	352,064	-
Italy	464,600	464,600	-
Japan	8,672,046	8,672,046	-
Malaysia	197,603	197,603	-
Mexico	533,956	533,956	-
Netherlands	1,936,350	1,591,188	345,162
New Zealand	20,923	20,923	-
Norway	331,324	331,324	-
Philippines	48,819	48,819	-
Poland	120,207	120,207	-
Portugal	67,098	67,098	-
Russian Federation	1,654,100	1,654,100	-
Singapore	844,393	844,393	-
South Africa	1,382,352	1,382,352	-
South Korea	1,020,605	1,020,605	-
Spain	446,350	446,350	-
Sweden	1,078,342	1,078,342	-
Switzerland	3,739,988	3,739,988	-
Taiwan	2,674,804	2,674,804	-
Thailand	139,484	139,484	-
Turkey	111,588	111,588	-
United Kingdom	9,156,044	8,474,669	681,375
Multinational	5,650	5,650	-
Other	10,288	10,288	-
Total	$63,130,258	$61,031,985	$2,098,273

m. Derivatives

Derivatives are financial instruments whose values depend upon, or are derived from, the value of something else, such as one or more underlying investments, indexes or currencies. Derivatives may be used both for hedging and to enhance returns. 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.

Certain commingled funds held by the Plan at the year-end were permitted through their individual investment guidelines to use derivative instruments, including forwards, futures, swaps, and options. Disclosures about derivative holdings of the commingled fund managers can be found in their respective audited financial statements. The Plan did not directly own any derivatives as of December 31, 2010 and 2009.

Note 4 - Related Party Transactions

An affiliate of the Plan's custodian is an investment manager for the Plan, which managed $22.0 million and $19.1 million of the Plan's investments at December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, the Plan accrued immaterial investment management fees for the services of that investment manager. For the years ended December 31, 2010 and 2009, the Plan incurred approximately $13,000 and $7,000, respectively, in management fees with this investment manager.

Note 5 - Plan Amendments

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 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)
1/1/2001	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%
1/1/2010	228,083,245	301,256,915	73,173,670	75.7 %	70,372,085	104.0%

See accompanying independent auditors' report.

b) Schedule of Employer Contributions

Year Ended December 31	Actual Required Contributions	Contribution made	Percentage Contributed
2001	3,528,623	3,528,623	100.0%
2002	6,062,961	6,062,961	100.0%
2003	7,832,924	7,832,924	100.0%
2004	8,967,490	9,005,701	100.4%
2005	8,738,577	8,738,635	100.0%
2006	8,268,755	8,269,119	100.0%
2007	6,981,523	7,277,159	104.2%
2008	7,233,450	7,590,475	104.9%
2009	11,871,976	14,500,000	122.1%
2010	12,638,827	12,638,827	100.0%

See accompanying independent auditors' report.

6. Supporting Schedules (unaudited)

a) Schedule of Administrative Expenses

	2010	2009
Actuarial Services	$ 28,100	$ 20,600
Benefit Payment Processing	10,900	10,000
Audit Services	20,800	21,800
Total Administrative Expenses	59,800	52,400
Average Assets[1]	$219,597,100	$191,683,050
Administrative Expenses as a percentage of Average Assets	0.027%	0.027%

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

b) Schedule of Investment Expenses

	2010	2009
Artio Global Management LLC	$180,500	$155,400
AXA Rosenberg Investment Management LLC	36,800	113,400
Cadence Capital Management	113,100	96,400
Denver Investment Advisors, LLC	99,200	74,000
Dimensional Fund Advisors LP	108,300	83,300
Fidelity Management Trust Company	-	6,700
Heitman Capital Management Corporation	-	-
JP Morgan Investment Management, Inc.	55,900	50,000
Lazard Asset Management LLC	171,700	28,800
Loomis Sayles & Company, LP	46,700	-
Northern Trust Investments, N. A.	8,900	7,100
Pacific Investment Management Company, LLC[1]	187,800	118,600
Prudential Real Estate Investors	49,800	48,200
Pzena Investment Management, LLC	116,000	94,200
UBS Trumbull Property Fund LP	61,400	54,500
Wellington Management Company, LLP	-	59,200
Western Asset Management Company	-	66,700
Total payments to investment advisors	1,236,100	1,056,500
Investment Consulting Expense	71,900	70,000
Investment Performance Reporting Expense	98,300	98,800
Total Investment Expenses	$1,406,300	$1,225,300
Average Assets[2]	$219,597,100	$191,683,050
Investment Expenses as a Percentage of Average Assets	0.640%	0.639%

[1]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 2010.
[2]Average Assets are calculated based on total assets less securities payable.

B. DENVER WATER SUPPLEMENTAL RETIREMENT SAVINGS PLAN

1. Independent Auditor's Report

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

We have audited the accompanying statements of net assets available for benefits of Denver Water Supplemental Retirement Savings Plan (the Plan) as of December 31, 2010, and the related statements of changes in net assets available for benefits for the year 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 audit. The accompanying financial statements of the Plan as of December 31, 2009 and for the year then ended were audited by other auditors whose report thereon dated April 14, 2010 expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Denver Water Supplemental Retirement Savings Plan as of December 31, 2010, and the changes in net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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.

April 15, 2011

2. Management's Discussion and Analysis (unaudited)

This is an analysis and overview of the financial activities of the Denver Water Supplemental Retirement Savings Plan (SRSP) for the years ended December 31, 2010 and 2009. This information should be read in conjunction with the financial statements and notes, which follow.

Financial Highlights

As of December 31, 2010, $46.6 million was held in trust for the payment of SRSP benefits to the participants as compared to $39.4 million in 2009. This represents an increase in total SRSP net assets held in trust of $7.3 million or 18.5%.

Additions to SRSP net assets for 2010 and 2009 included participant contributions of $3.6 million and $3.3 million, respectively and the Denver Board of Water Commissioners (Board) matching contributions of $1.7 million in 2010 and $1.6 million in 2009. The net investment income for 2010 was $5.0 million compared to $6.2 million in 2009.

Total deductions from SRSP net assets in 2010 and 2009 were $3.0 million and $2.2 million respectively. The deductions were comprised of retirement benefit payments of $2.9 million and administrative expense of $84,000 in 2010. In 2009 the deductions were comprised of $2.1 million in benefit payments and $80,000 in administrative costs. Total deductions in 2010 were 37.0% greater than those in 2009. Total deductions were 14.3% greater in 2009 over 2008.

The SRSP is a defined contribution plan and its purpose is to enable the SRSP 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, 2010, there were 878 employees contributing to the SRSP or 83% of all eligible Denver Water employees. This compares with 880 employees contributing to the SRSP or 83% as of December 31, 2009. There were 1,057 employees eligible to participate in the SRSP as of December 31, 2010 and 1,059 as of December 31, 2009.

Overview of the Financial Statements

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

1. 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 SRSP assets, liabilities and nets assets as of December 31, 2010 and 2009.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from SRSP net assets during 2010 and 2009.

The above financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and all other applicable GASB pronouncements including GASB Statement No.

50, *Pension Disclosures*, which amends certain provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers.* 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 financial statements provide a snapshot of the SRSP assets and liabilities as of December 31 and the activities which occurred during the years presented. Both financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued based on independent outside sources.

Notes to Financial Statements provide additional information, which is essential to have 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 has identified the following objectives for the SRSP 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 contracted with Great-West Retirement Services (Great-West), replacing the Variable Annuity Life Insurance Company (VALIC), to provide record keeping and communication services for the SRSP, effective December 29, 2010. The Board engages investment experts to monitor and recommend changes in the investment options included in the SRSP.

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

Net Assets Available for Benefits
(amounts expressed in thousands)

	as of December 31,			2010-2009			2009-2008		
	2010	**2009**	**2008**	**Increase (Decrease)**	**% Change**		**Increase (Decrease)**	**% Change**	
Mutual funds	$33,805	$27,931	$20,601	$5,874	21.0%	%	$ 7,330	35.6	%
Fixed interest	-	11,244	9,603	(11,244)	(100.0)	%	1,641	17.1	%
Commingled fund	12,638	-	-	12,638	100.0	%	-	-	
Total investments	46,443	39,175	30,204	7,268	18.5	%	8,971	29.7	%
Receivables:									
Contributions	194	189	178	5	2.6	%	11	6.2	%
Total assets	46,637	39,364	30,382	7,273	18.5	%	8,982	29.6	%
Total liabilities	-	7	-	(7)	(100.0)	%	7	NM	
Plan net assets	$46,637	$39,357	$30,382	$7,280	18.5	%	$8,975	29.5	%

NM = Not Meaningful

SRSP Activities

Net assets increased by $7.3 million or 18.5% in 2010 and by $9.0 million or 29.5% in 2009. Key drivers of the net asset changes are discussed below.

Additions

The moneys 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 2010 and 2009 was $1.7 million for each year. Investment income was $5.0 million in 2010 as compared to $6.2 million in 2009. The change in investment income in 2010 and 2009 is primarily the result of an increase in the market values of assets held during the year. The change in investment income in 2009 over 2008 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 both years in response to actual and expected earnings decline.

Additions to Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2010-2009		2009-2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Board matching contributions	$1,671	$1,648	$ 1,554	$23	1.4% %	$94	6.0 %
Participant contributions	3,562	3,294	3,254	268	8.1 %	40	1.2 %
Participant rollovers	89	63	18	26	41.3 %	45	250.0 %
Investment income	4,952	6,157	(8,453)	(1,205)	(19.6) %	14,610	NM %
Total additions	$10,274	$11,162	$(3,627)	$(888)	(8.0) %	$14,789	NM %

NM = Not Meaningful

Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2010 and 2009, benefits paid were $2.9 million and $2.1 million respectively, an increase of 38.2% in 2010 over 2009 and 14.6% in 2009 over 2008. The change in the amount of 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.

Administration expenses for the SRSP were $84,000 in 2010 and $80,000 in 2009. Please refer to note 5 of the financial statements for a detailed explanation of SRSP administrative expenses.

Deductions from Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2010-2009		2009-2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Retirement benefits	$2,911	$ 2,106	$ 1,837	805	38.2 %	$ 269	14.6 %
Administrative expenses	84	80	75	4	5.0 %	5	6.7 %
Total deductions	$2,995	$ 2,186	$1,912	809	37.0 %	$ 274	14.3 %

Requests for Information

This discussion and analysis is designed to provide a general overview of the SRSP net assets and changes in net assets as of December 31, 2010 and 2009 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, 2010	December 31, 2009
Assets		
Investments, at fair value		
Mutual funds	$33,804,400	$27,931,200
Commingled fund	12,638,300	-
Investments, at contract value		
Fixed interest	-	11,243,300
Total investments	46,442,700	39,174,500
Receivables		
Employer contributions	65,100	63,300
Employee contributions	128,700	126,000
Total receivables	193,800	189,300
Total assets	46,636,500	39,363,800
Liabilities		
Accrued administrative expense	-	6,600
Net assets available for benefits	$46,636,500	$ 39,357,200

See accompanying notes to financial statements.

b) Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31, 2010	2009
Additions		
Investment income		
Net appreciation (depreciation) in fair value of investments - mutual funds	$3,737,400	$4,963,600
Interest	415,200	390,200
Dividends	799,400	803,400
Net investment income	4,952,000	6,157,200
Contributions		
Employer contributions	1,671,100	1,647,700
Participant contributions	3,562,000	3,294,300
Participant rollovers	89,200	62,400
Total contributions	5,322,300	5,004,400
Total additions	10,274,300	11,161,600
Deductions		
Benefits paid to participants	2,911,200	2,106,300
Administrative expenses	83,800	79,600
Total deductions	2,995,000	2,185,900
Net Increase	7,279,300	8,975,700
Net Assets Available for Benefits		
Beginning of year	39,357,200	30,381,500
End of year	$46,636,500	$39,357,200

See accompanying notes to 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 in 1999 (SRSP). 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 Savings SRSP agreement for a more complete description of the SRSP provisions.

a. General

The SRSP is a defined contribution plan covering all regular and discretionary employees of Denver Water who have completed the required introductory period and is qualified under section 401(a) paragraph (k) in accordance with the regulations of the Internal Revenue Code of 1986, as amended (IRC). The purpose of the SRSP is to provide supplemental retirement and other related benefits for eligible employees. There were 1,057 and 1,059 active Denver Water employees eligible to participate in the SRSP as of December 31, 2010 and 2009, 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. The SRSP provisions and contribution requirements are established and may be amended by the Board.

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

b. Contributions

Each year a participant may contribute up to 97% of pretax annual compensation but not less than $10 per pay period up to an annual maximum amount as codified by the Internal Revenue Service (IRS). Participants direct the investment of their contributions into various investment options offered by the SRSP. The SRSP offered as investment options twenty mutual funds and one commingled fund as of December 31, 2010. In 2009 and through December 28, 2010 eighteen mutual funds and one fixed interest account were offered. 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.

c. 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 reflects any distributions to the participant or his or her beneficiary and any fees or expenses charged against the participant's account.

d. Vesting

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

e. Participant Loans

The SRSP does not permit participant loans.

f. 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 take periodic distributions provided they meet minimum distribution requirements of IRC code section 401(a)(9). Distributions must start no later than age 70½. Participants may also specify that funds roll directly from their account to an eligible retirement plan. Upon the death of a participant, the account is paid to the participant's beneficiaries in a single lump sum.

g. Record Keeping, Custody and Management of Assets

The Board approved a five year contract with Great-West Retirement Services (Great-West) to provide recordkeeping and communication services related to the SRSP effective December 29, 2010. Trust services are provided by Orchard Trust Company, LLC through a separate contract with the Board. Fees for the trust services are paid by Great-West. Variable Annuity Life Insurance Company (VALIC) provided trust and recordkeeping services to the SRSP for the previous five years. Assets allocated to the various funds are managed by investment professionals hired by the fund.

h. SRSP Termination

Though it has not expressed any intent to do so, the Board has the right under the SRSP to terminate the SRSP at any time with respect to any or all participants by resolution of the Board. Upon discontinuance of the SRSP, the account of each participant would remain fully vested and non-forfeitable.

Note 2 - Summary of Significant Accounting Policies

a. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

b. Basis of Accounting

The SRSP financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined contribution plans. Contributions are recognized when earned without regard to the date of actual collection. Expenses are recognized when due and payable. Benefit payments and refunds are recognized upon distribution.

c. Investment Valuation

The SRSP investments in trading securities, including mutual funds, are reported at fair value and are valued at quoted market prices. Commingled funds are stated at fair value based upon the securities underlying the funds as determined by the fund manager. This computation is performed by the fund company and is reported daily to VALIC or Great-West as appropriate.

Prior to changing providers for trust and recordkeeping services in late 2010, the SRSP offered the VALIC fixed interest option to participants. This investment option is not traded on an open market. The interest rate for the VALIC fixed interest option was determined by VALIC and was adjusted by VALIC to reflect changing market conditions. The interest rate was subject to a floor that was determined by the Board's contract with VALIC. Any proposed change in interest rate would have been prospective and reductions could not decrease the interest rate below the floor. During the period January 1 through December 28, 2010 the investment provided a guaranteed minimum return of 3.00% with actual returns ranging between 3.35% and 3.75%. For the year ended December 31, 2009 the investment had a guaranteed return rate of 3.25% and an actual return rate of 3.75%. The investment was stated at contract value (which approximates fair value) as determined by VALIC. Assets in the VALIC fixed interest option were sold and the moneys from the sale were redirected to the Schwab Stable Value investment option.

d. 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.

e. Tax Status

The IRS has determined and informed the Board by a letter dated July 29, 2002, that the SRSP and related trust are designed in accordance with applicable sections of the IRC for amendments through October 2, 2001. The SRSP has been amended since receiving the determination letter. The Board and the SRSP tax counsel believe that the SRSP is currently designed and operating in compliance with applicable requirements of the IRC.

Note 3 - Investments

The following table lists the investment options available to members and the value of each option at December 31, 2010 and 2009 (amounts are expressed in thousands):

	2010	2009
American Funds Washington Mutual A	$3,978	$ 3,360
Artio International Equity Fund A	4,024	3,920
Baron Growth	845	615
Cohen & Streets Institutional Global Realty	45	-
Domini Social Equity	166	104
Dreyfus Cash Management Institutional	40	73
Dreyfus Mid Cap Index	4,753	3,678
DWS Scudder Equity 500 Index Institutional	3,189	2,815
Janus Perkins Small Cap Value Institutional	2,409	1,861
PIMCO High Yield A	492	450
PIMCO Total Return Institutional	2,836	2,463
Schwab Stable Value	12,638	-
T. Rowe Price Growth Stock	3,185	2,459
VALIC Fixed- Interest	-	11,243
Vanguard Inflation Protected Bond	609	421
Vanguard Target Retirement Income	86	51
Vanguard Target Retirement 2005	17	35
Vanguard Target Retirement 2015	1,320	1,106
Vanguard Target Retirement 2025	3,026	2,457
Vanguard Target Retirement 2035	1,089	803
Vanguard Target Retirement 2045	1,696	1,261
Total Investments	$46,443	$39,175

During 2010, the SRSP 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 $5.0 million. In 2009, the SRSP investments recorded net investment income of approximately $6.2 million. Interest realized on the SRSP fixed interest contract for 2010 and 2009 was approximately $415,000 and $390,000, respectively.

Note 4 - Related Party Transactions

During 2010 and 2009, participants directed investments to the VALIC fixed interest account, which is an investment contract with VALIC. VALIC maintained 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 was credited with net purchase payments received plus any interest earnings less any amounts deducted for benefits, withdrawals, transfers, and annuity purchases.

The contract was 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 was fully benefit responsive. For example, participants would have ordinarily been able to 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 was $11.2 million. The average yield and crediting interest rates were 3.55% for 2010 and 3.75% for 2009. The crediting interest rate was declared annually by the issuer, but could not be less than 3.00%. Assets in the VALIC fixed interest option were sold and monies from the sale were redirected to the Schwab Stable Value investment option at December 29, 2010.

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 SRSP in both 2010 and 2009 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 SRSP record keeper. In January 2006, an amendment to the custodial contract set annual administrative fees at $123 per participant Social Security Number in the SRSP 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 recordkeeper for 2010 from all sources was $131 per participant or $139,000. The amount in excess of the contracted fee was used to offset accrued shortfalls recorded as a liability of the SRSP in 2009 with the remainder deposited in unallocated Plan accounts. As of December 31, 2009 and 2010 there were no funds in the unallocated account. In 2010 and 2009, approximately $84,000 and $80,000, respectively was recorded in the SRSP financial statements for administrative expense.

The current recordkeeper, Great-West, will access 0.0225% of the value of participant account balances as of the last day of each calendar quarter for recordkeeping and communication services to the SRSP. These fees will be offset by any revenue sharing Great-West and/or its affiliates receives from a mutual fund or other investment provider for providing certain administrative or other services related to the investments in the SRSP.

Revenue from revenue sharing will be calculated quarterly and deposited in an unallocated SRSP account and participant fees will be paid from this account. Excesses and shortages in the unallocated fund will be disbursed or accessed to the SRSP participants at the discretion of the Board.

Note 6 - Risks and Uncertainties

a. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the SRSP will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the SRSP, and are held by either the counterparty or the counterparty's trust department or agent but not in the SRSP name.

The SRSP investments are evidenced by mutual fund shares and commingled fund units. In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures, investments in mutual funds should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The SRSP investment is the mutual fund share and commingled fund unit, not the underlying security. Additionally, investments in open-end mutual funds are not subject to custodial credit risk disclosures.

b. Concentration Risk

Concentration risk is the credit risk of loss attributed to the magnitude of an investment in a single issuer. If 5% or more of the total assets of the SRSP are invested with one issuer then the investment is considered to have concentration risk. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from concentration of credit risk requirements. The SRSP investment options are all diversified mutual funds and one commingled fund and therefore do not have concentration risk.

c. Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The SRSP investment policy does not specifically address the quality rating of the investments. Each participant is responsible for determining the risks and commensurate returns of their portfolio. The SRSP funds are rated by nationally recognized statistical rating organizations (Fitch, Moody's and Standard & Poor's rating agencies). The schedule below is as of December 31, 2010 and provides credit rating information for the SRSP holdings in debt securities:

Schedule of Bond Quality

	Dollar allocation invested in bonds	AAA	AA	A	BBB	BB	B	Below B
Target date funds:								
Vanguard Target Retirement 2045	$163,158	$125,030	$7,048	$16,788	$14,292	-	-	-
Vanguard Target Retirement 2035	112,739	86,394	4,870	11,600	9,875	-	-	-
Vanguard Target Retirement 2025	747,385	572,723	32,287	76,905	65,470	-	-	-
Vanguard Target Retirement 2015	515,494	397,550	21,805	51,910	44,229	-	-	-
Vanguard Target Retirement 2005	10,020	8,362	306	730	622	-	-	-
Vanguard Target Retirement Income	53,245	44,635	1,592	3,791	3,227	-	-	-
Fixed income mutual funds:								
PIMCO High Yield A	432,270	4,325	-	21,613	43,227	151,294	146,971	64,840
PIMCO Total Return Institutional	2,836,389	1,815,292	255,275	368,730	226,911	85,091	56,727	28,363
Vanguard Inflation Protected Bond	585,363	585,363	-	-	-	-	-	-
Dreyfus Cash Management Institutional	863	-	-	863	-	-	-	-
Schwab Stable Value	11,448,992	8,735,583	561,000	1,202,144	938,817	11,448	-	-
Total	$16,905,918	$12,375,257	$884,183	$1,755,074	$1,346,670	$247,833	$203,698	$93,203

Note: Amounts in the above schedule are calculated by multiplying the percentage of bond holdings in the funds per published information by the holdings in the Plan by the percentage in each category.

d. Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. As funds held by the SRSP that invest in debt instruments may contain holdings with prepayments and variable cash flows, an analysis of interest rate risk using the segmented time distribution method as of December 31, 2010 is presented in the schedule below:

Schedule of Bond Maturities

	Dollar allocation invested in bonds	Less than 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	10 to 15 Years	15 to 20 Years	20 to 30 Years	Over 30 Years
Target date funds:									
Vanguard Target Retirement 2045	$163,158	$37,138	$20,378	$20,052	$21,602	$8,353	$2,659	$49,012	$3,964
Vanguard Target Retirement 2035	112,739	25,663	14,081	13,855	14,926	5,772	1,837	33,866	2,739
Vanguard Target Retirement 2025	747,385	170,108	93,348	91,853	98,953	38,266	12,182	224,514	18,161
Vanguard Target Retirement 2015	515,494	116,351	65,777	63,457	68,302	26,547	10,928	151,864	12,268
Vanguard Target Retirement 2005	10,020	2,039	1,615	1,267	1,338	553	825	2,212	171
Vanguard Target Retirement Income	53,245	10,733	8,694	6,750	7,118	2,955	4,584	11,522	889
Fixed income mutual funds:									
PIMCO High Yield A	432,270	31,343	80,445	111,698	120,343	17,766	13,184	28,400	29,091
PIMCO Total Return Institutional	2,836,389	467,441	374,686	558,201	234,569	52,189	85,942	562,172	501,189
Vanguard Inflation Protected Bond	585,363	84,998	144,291	79,141	79,902	37,931	139,023	20,077	-
Dreyfus Cash Management Institutional	863	863	-	-	-	-	-	-	-
Schwab Stable Value	11,448,992	3,118,708	2,245,147	922,788	1,234,201	518,639	325,151	2,608,080	476,278
Total	$16,905,918	$4,065,385	$3,048,462	$1,869,062	$1,881,254	$708,971	$596,315	$3,691,719	$1,044,750

Note: Amounts in the above schedule are calculated by multiplying the percentage of bond holdings in the funds per published information by holdings in the Plan by the percentage in the each category.

e. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The SRSP diversified selection of mutual funds encourages the participants to employ diversification, asset allocation, and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of their portfolio.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The SRSP diversified selection of mutual funds encourages the participants to employ diversification, asset allocation, and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of their portfolio.

Schedule of Foreign Currency Holdings

	Dollar allocation invested in foreign securities	North America	Latin America	United Kingdom	Europe Developed	Europe Emerging	Africa/Middle East	Japan	Australia	Asia Developing	Asia Emerging
Target date funds:											
Vanguard Target Retirement 2045	$432,318	$308,767	$7,781	$19,454	$39,643	$3,285	$3,458	$19,151	$7,997	$11,672	$11,110
Vanguard Target Retirement 2035	274,386	196,355	4,911	12,292	25,051	2,085	2,167	12,100	5,048	7,353	7,024
Vanguard Target Retirement 2025	627,259	450,501	11,102	27,850	56,704	4,704	4,955	27,411	11,478	16,685	15,869
Vanguard Target Retirement 2015	221,510	158,095	3,987	9,990	20,334	1,705	1,772	9,835	4,120	5,980	5,692
Vanguard Target Retirement 2005	1,723	1,218	32	80	163	13	14	78	32	48	45
Vanguard Target Retirement Income	7,550	5,330	139	350	713	59	61	345	144	209	200
Fixed income mutual funds:											
Cohen & Steers Institutional Global Realty	25,356	11,224	730	1,006	2,048	-	-	1,402	2,157	5,048	1,741
Artio International Equity Fund	3,832,429	296,635	151,764	649,979	1,068,481	360,631	160,195	334,187	70,516	208,484	531,557
Total	$5,422,531	$1,428,125	$180,446	$721,001	$1,213,137	$372,482	$172,622	$404,509	$101,492	$255,479	$573,238

Note: Amounts in the above schedule are calculated by multiplying the percentage of foreign holdings in the funds per published information by holdings in the Plan by the percentage in the each category.

Note 7 - SRSP Amendments

The SRSP 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 IRC 415 regulations.

The Board amended the SRSP 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 SRSP 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.

C. DENVER WATER 457 DEFERRED COMPENSATION PLAN

1. Independent Auditor's Report

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

We have audited the accompanying statements of net assets available for benefits of Denver Water 457 Deferred Compensation Plan (the Plan) as of December 31, 2010, and the related statements of changes in net assets available for benefits for the year 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 audit. The accompanying financial statements of the Plan as of December 31, 2009 and for the year then ended were audited by other auditors whose report thereon dated April 14, 2010 expressed an unqualified opinion on those financial statements.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Denver Water 457 Deferred Compensation Plan as of December 31, 2010, and the changes in net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by United States generally accepted accounting principles. 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.

April 15, 2011

2. Management's Discussion and Analysis (Unaudited)

This is an analysis and overview of the financial activities of the Denver Water 457 Deferred Compensation Plan (Plan) for the years ended December 31, 2010 and 2009. This information should be read in conjunction with the Plan financial statements and notes, which follow.

Financial Highlights

As of December 31, 2010 and 2009 respectively, $26.0 million and $25.0 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 $1.0 million or 4.1% in 2010. This compares with an increase in 2009 of $2.1 million or 9.1%. The increase in 2010 was due to appreciation in the fair value of assets, a moderate increase in participant contributions and small decrease in administrative costs offset by an increase in benefit payments. Benefit payments increased by $191,000 or 7.6% and participant contributions increased by $135,000 or 10.4%. The increase in net assets in 2009 was due to appreciation in the fair value of assets, a slight decrease in benefit payments and administrative expenses, offset by a modest reduction in participant contributions.

In 2010, the Plan had net investment income of $2.3 million compared to $3.3 million in 2009. Participant contributions were approximately $1.4 million in 2010 and $1.3 million in 2009.

Deductions from Plan net assets totaled $2.7 million for 2010 and $2.6 million in 2009 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, 2010 and 2009, there were 282 participating employees in the Plan, which constituted 27% of all eligible Denver Water employees. There were 1,057 employees eligible for the Plan as of December 31, 2010 compared to 1,059 as of December 31, 2009.

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's assets, liabilities and net assets as of December 31, 2010 and 2009. It reflects the net assets available for benefits in the Plan as of December 31, 2010 and 2009.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from Plan net assets during 2010 and 2009.

The above financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 34, Basic *Financial Statements—and Management's Discussion and Analysis—for State and Local*

Governments, and all other applicable GASB pronouncements including GASB Statement No. 50, *Pension Disclosures*, which amends certain provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers.* 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 financial statements provide a snapshot of the Plan assets and liabilities as of December 31 and the activities, which occurred during the years, presented. Both financial statements were prepared using the accrual basis of accounting as required by GASB. All investment activities have been reported based on the trade dates and have been valued based on independent outside sources.

Notes to Financial Statements provide additional information, which is essential to have 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 Great West Retirement Services, effective December 29, 2010, to provide recordkeeping and communication services for 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,			2010-2009		2009-2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investments:							
Mutual funds	$13,873	$13,211	$ 10,812	662	5.0 %	2,399	22.2 %
Commingled fund	12,061	11,707	12,018	354	3.0 %	(311)	(2.6) %
Total investments	25,934	24,918	22,830	1,016	4.1 %	2,088	9.1 %
Receivables:							
Deferrals	48	47	49	1	2.1 %	(2)	(4.1) %
Total assets	25,982	24,965	22,879	1,017	4.1 %	2,086	9.1 %
Total liabilities	-	5	-	(5)	(100.0) %	5	NM %
Plan net assets	$25,982	$24,960	$22,879	1,012	4.1 %	2,081	9.1 %

NM = Not Meaningful

Plan Activities

Net assets increased in 2010, primarily due to increases in fair market value of investments. The total increase in Plan net assets was $1.0 million or 4.1%. In 2009, Plan net assets increased by $2.1 million or 9.1%, as compared to 2008. Key drivers of the net asset changes are discussed below.

Additions

Monies used to pay benefits are accumulated from the contributions made by each participant and from income generated from the participants' investments including investment appreciation, interest and dividends. Earnings on investments are reported net of investment management expenses. Investment income during 2010 was $2.3 million as compared to $3.3 million in 2009.

Additions to Net Assets Available for Benefits
(amounts expressed in thousands)

	Years ended December 31,			2010-2009		2009 - 2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Participant deferrals	$1,438	$ 1,303	$1,314	135	10.4 %	$ (11)	(0.8) %
Investment income	2,326	3,334	(4,544)	(1,008)	(30.2) %	7,878	NM %
Total additions	$3,764	$ 4,637	$(3,230)	(873)	(18.8) %	$ 7,867	NM %

NM = Not Meaningful

Deductions

Benefit payments of $2.7 million in 2010 and $2.5 million in 2009 represent most of the deductions from Plan net assets. Benefit payments were 7.6% larger in 2010 than in 2009 and 1.6% smaller in 2009 over 2008. The change in the amount of 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 2010 and 2009 were $50,000 and $54,000, respectively. Please refer to note 5 of the financial statements for information regarding administrative expenses.

Deductions from Net Assets Available for Benefits

(amounts expressed in thousands)

	Years ended December 31,			2010-2009		2009 - 2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Retirement benefits	$2,692	$ 2,501	$ 2,541	191	7.6 %	$ (40)	(1.6) %
Administrative expenses	50	54	57	(4)	(7.4) %	(3)	(5.3) %
Total deductions	$2,742	$ 2,555	$2,598	187	7.3 %	$ (43)	(1.7) %

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan net assets and changes in net assets as of December 31, 2010 and 2009 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,	
	2010	**2009**
Assets		
Investments, at fair value		
Mutual funds	13,873,200	13,211,100
Commingled fund	12,060,600	-
Investments, at contract value		
Fixed interest	-	11,706,600
Total investments	25,933,800	24,917,700
Receivables		
Participant contributions	48,200	47,500
Total assets	25,982,000	24,965,200
Liabilities		
Accrued administrative expense	-	4,700
Net assets available for benefits	25,982,000	$24,960,500

See accompanying notes to financial statements.

b) Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31,	
	2010	**2009**
Additions		
Investment income		
Net appreciation (depreciation) in fair value of investments	$1,566,900	$2,508,700
Interest	413,600	439,900
Dividends	345,600	385,600
Net investment income (loss)	2,326,100	3,334,200
Contributions		
Participant deferrals	1,437,700	1,302,800
Total additions	3,763,800	4,637,000
Deductions		
Benefits paid to participants	2,692,400	2,500,700
Administrative expenses	49,900	54,300
Total deductions	2,742,300	2,555,000
Net Increase	1,021,500	2,082,000
Net Assets Available For Benefits		
Beginning of year	24,960,500	22,878,500
End of year	$25,982,000	$24,960,500

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1- Plan Description

The Denver Board of Water Commissioners, City and County of Denver, Colorado (Board) operates a water utility created by the Charter of the City and County of Denver. In 1987, the Board initiated a deferred compensation plan and adopted the Conference of Mayors' 457 Plan administered by Nationwide Insurance Company (Nationwide). The termination of Nationwide in December of 2000 required the Board to adopt a new plan. In January 2001, the Board adopted the Denver Water 457 Deferred Compensation Plan (the Plan). All of the investments in the old Plan were sold and the proceeds were used to purchase like kind investments in the new Plan.

The following description of the Plan provides general information. Participants and others should refer to the Plan document for a more complete description of the Plan provisions.

a. General

The Plan is a deferred compensation plan covering all regular and discretionary employees of the Board who have completed the required introductory period. The Plan's primary purpose is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death.

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

b. Contributions

Each year a participant may defer up to an annual maximum amount as codified by the Internal Revenue Service. The Plan will accept transfers, pursuant to section 457 of the Internal Revenue Code (Code), of amounts deferred by an individual under another eligible deferred compensation plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan offered twenty mutual fund investment options and one comingled fund at December 31, 2010 and eighteen mutual fund investment options and one fixed interest investment option at December 31, 2009.

c. 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.

d. Participant Loans

The Plan does not permit participant loans.

e. 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.

f. Recordkeeping, Custody and Management of Assets

The Board approved a five year contract with Great-West Retirement Services (Great West) to provide recordkeeping and communication services related to this Plan effective December 29, 2010. Trust services are provided by Orchard Trust Company, LLC through a separate contract with the Board. Fees for the trust services are paid by Great-West. Variable Annuity Life Insurance Company (VALIC) provided trust and recordkeeping services to the Plan for the previous five years. Assets allocated to the various funds are managed by investment professionals hired by the fund.

g. Plan Termination

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

Note 2 - Summary of Significant Accounting Policies

a. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

b. Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles that apply to governmental accounting for defined contribution plans. Contributions are recognized when earned without regard to the date of actual collection. Expenses are recognized when due and payable. Benefit payments and refunds are recognized upon distribution.

c. Investment Valuation

The Plan investments in trading securities, including mutual funds, are reported at fair value and are valued at quoted market prices. Commingled funds are stated at fair value based upon the securities underlying the funds as determined by the fund manager. This computation is performed by the fund company and is reported daily to VALIC or Great-West as appropriate.

Prior to changing providers for trust and recordkeeping services in late 2010 the Plan offered the VALIC Fixed Interest option to participants. This investment option is not traded on an open market. The interest rate for the VALIC fixed interest option was determined by VALIC and was adjusted by VALIC to reflect changing market conditions. The interest rate was subject to a floor that was determined by the Board's contract with VALIC. Any proposed change in interest rate would have been prospective and reductions could not decrease the interest rate below the floor. During the period January 1 through December 28, 2010 the investment provided a guaranteed minimum return of 3.00% with actual returns ranging between 3.35% and 3.75%. For the year ended December 31, 2009 the investment had a guaranteed return rate of 3.25%, and an actual return rate of 3.75%. The investment was stated at contract value (which approximates fair value) as determined by VALIC. Assets in the VALIC Fixed Interest option were sold and the monies from the sale were redirected to the Schwab Stable Value investment option.

d. 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.

e. Tax Status

The Plan is a prototype plan and is intended to be an eligible deferred compensation plan under section 457(b) of the Code. The Plan has been amended since the original adoption. The Board and the Plan's tax counsel believe that the Plan is currently designed and operating in compliance with applicable requirements of the Code.

Note 3 - Investments

The following table lists the investment options available to participants and the value of each option at December 31, 2010 and 2009 (amounts are expressed in thousands).

	2010	2009
American Funds Washington Mutual A	$1,170	$ 1,048
Artio International Equity Fund A	1,626	1,924
Baron Growth	369	307
Cohen & Steers Institutional Global Realty	27	-
Domini Social Equity	558	488
Dreyfus Cash Management Institutional	25	44
Dreyfus Mid Cap Blend	1,296	1,179
DWS Scudder Equity 500 Index Institutional	1,548	1,814
Janus Perkins Small Cap Value Institutional	857	628
PIMCO High Yield A	296	340
PIMCO Total Return Institutional	1,538	1,417
Schwab Stable Value	12,061	-
T. Rowe Price Growth Stock	2,487	2,289
VALIC Fixed- Interest	-	11,707
Vanguard Inflation Protected Bond	201	133
Vanguard Target Retirement Income	30	24
Vanguard Target Retirement 2005	-	22
Vanguard Target Retirement 2015	470	382
Vanguard Target Retirement 2025	490	426
Vanguard Target Retirement 2035	166	140
Vanguard Target Retirement 2045	719	606
Total Investments	$25,934	$ 24,918

During 2010 and 2009, the Plan 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 $2.3 million and $3.3 million, respectively. Interest realized on the Plan fixed fund for 2010 and 2009 was approximately $414,000 and $440,000, respectively.

Note 4 - Related Party Transactions

During 2010 and 2009, participants directed investments to the VALIC fixed interest account, which is an investment contract with VALIC. VALIC maintained the contributions in a commingled fund managed as an insurance company separate account that was totally separate from the corporate assets of VALIC. The account was 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 was fully benefit responsive. For example, participants were ordinarily able to direct the withdrawal or transfer of all or a portion of their investment at contract value. There were 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 was $11.7 million. The average yield and crediting interest rates were 3.55% for 2010 and 3.75% for 2009. The crediting interest rate was declared annually by the issuer, but cannot be less than 3%. Assets in the VALIC fixed interest option were sold and monies from the sale were redirected to the Schwab Stable Value investment option on December 29, 2010.

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. Fees received by VALIC for administration and record keeping expenses of the Plan in both 2010 and 2009 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 record keeper. In January 2006, an amendment to the custodial contract set annual administrative fees at $123 per participant Social Security Number in the Plan and another plan available to the Board Employees administered by VALIC. These fees were offset by the revenue sources listed above with an emphasis on minimizing participant level fees.

Revenue sharing reported under the contract with VALIC for 2010 from all sources was $131 per participant or $139,000. The amount in excess of the contracted fee was used to offset accrued shortfalls recorded as a liability of the Plan in 2009 with the remainder deposited in an unallocated Plan account at Great West. As of December 31, 2009 and 2010 there were no funds in the unallocated account. In 2010 and 2009, approximately $50,000 and $54,000, respectively was recorded in the Plan's financial statements for administrative expense.

The current recordkeeper, Great West, will access 0.0225% of the value of Participant account balances as of the last day of each calendar quarter for recordkeeping and communication services to the Plan. These fees will be offset by any revenue sharing Great-West and/or its affiliates receives from a mutual fund or other investment provider for providing certain administrative or other services related to the investments in the Plan.

Revenue from revenue sharing will be calculated quarterly and deposited in an unallocated Plan account and participant fees will be paid from this account. Excesses and shortages in the unallocated fund will be disbursed or accessed to the Plan participants at the discretion of the Board.

Note 6 - Risks and Uncertainties

a. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

The Plan investments are evidenced by mutual fund shares and commingled fund units. In accordance with GASB 40, Deposit and Investment Risk Disclosures, investments in these funds should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book entry form. The Plan's investment is the mutual fund share or the commingled fund unit, not the underlying security. Additionally, investments in open end mutual or commingled funds are not subject to custodial credit risk disclosures.

b. Concentration Risk

Concentration risk is the credit risk of loss attributed to the magnitude of an investment in a single issuer. If 5% or more of the total assets of the Plan are invested with one issuer then the investment is considered to have concentration risk. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from concentration of credit risk requirements. The Plan investments options are all diversified mutual funds and a commingled fund and therefore do not have concentration risk.

c. Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Plan investment policy does not specifically address the quality rating of the investments. Each participant is responsible for determining the risks and commensurate returns of their portfolio. The Plan's funds are rated by nationally recognized statistical rating organizations (Fitch, Moody's and Standard & Poor's rating agencies). The schedule below provides credit rating information for the Plan holdings in debt securities as of December 31, 2010:

Schedule of Bond Quality

	Dollars allocated in bonds	AAA	AA	A	BBB	BB	B	Below B
Target date funds:								
Vanguard Target Retirement 2045	$69,130	$52,976	$2,986	$7,113	$6,055	-	-	-
Vanguard Target Retirement 2035	17,144	13,139	740	1,764	1,501	-	-	-
Vanguard Target Retirement 2025	121,058	92,769	5,229	12,456	10,604	-	-	-
Vanguard Target Retirement 2015	183,522	141,534	7,762	18,480	15,746	-	-	-
Vanguard Target Retirement 2005	225	190	6	16	13	-	-	-
Vanguard Target Retirement Income	18,908	15,852	565	1,346	1,145	-	-	-
Fixed income mutual funds:								
PIMCO High Yield A	260,141	2,603	-	13,007	26,014	91,049	88,447	39,021
PIMCO Total Return Institutional	1,538,374	984,563	138,453	199,988	123,069	46,151	30,767	15,383
Vanguard Inflation Protected Bond	193,093	193,093	-	-	-	-	-	-
Dreyfus Cash Management Institutional	539	-	-	539	-	-	-	-
Schwab Stable Value	10,925,690	8,336,304	535,358	1,147,197	895,906	10,925	-	-
Total	$13,327,824	$8,336,304	$691,099	$1,401,906	$1,080,053	$148,125	$119,214	$54,404

Note: Amounts in the above schedule are calculated by multiplying the percentage of bond holdings in the funds per published information by the holdings in the Plan by the percentage in each category.

d. Interest Rate Risk

Interest rate exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. As funds held by the Plan that invest in debt instruments may contain holdings with prepayments and variable cash flows, an analysis of interest rate risk using the segmented time distribution method as of December 31, 2010 is presented in the schedule below:

Schedule of Bond Maturities

	Dollars allocated in bonds	Less than 3 Years	3 to 5 Years	5 to 7 Years	7 to 10 Years	10 to 15 Years	15 to 20 Years	20 to 30 Years	Over 30 Years
Target date funds:									
Vanguard Target Retirement 2045	$69,130	$15,738	$8,634	$8,496	$9,152	$3,539	$1,126	$20,766	$1,679
Vanguard Target Retirement 2035	17,144	3,905	2,141	2,107	2,269	877	279	5,150	416
Vanguard Target Retirement 2025	121,058	27,556	15,120	14,877	16,028	6,198	1,973	36,365	2,941
Vanguard Target Retirement 2015	183,522	41,425	23,417	22,591	24,316	9,451	3,890	54,065	4,367
Vanguard Target Retirement 2005	225	49	36	28	30	12	18	49	3
Vanguard Target Retirement Income	18,908	3,813	3,087	2,397	2,528	1,049	1,628	4,091	315
Fixed income mutual funds:									
PIMCO High Yield A	260,141	18,863	48,412	67,220	72,423	10,691	7,934	17,091	17,507
PIMCO Total Return Institutional	1,538,374	253,527	203,219	312,752	127,223	28,306	46,612	304,905	271,830
Vanguard Inflation Protected Bond	193,093	29,039	47,597	26,106	26,357	12,512	45,859	6,623	-
Dreyfus Cash Management Institutional	539	539	-	-	-	-	-	-	-
Schwab Stable Value	10,925,690	2,976,162	2,142,527	880,610	1,177,789	494,933	310,289	2,488,872	454,508
Total	$13,327,824	$3,370,616	$2,494,190	$1,337,184	$1,458,115	$567,568	$419,608	$2,937,977	$753,566

Note: Amounts in the above schedule are calculated by multiplying the percentage of bond holdings in the funds per published information by holdings in the Plan by the percentage in the each category.

e. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's diversified selection of funds encourages the participants to employ diversification, asset allocation, and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of their portfolio.

The Plan's exposure to foreign currency risk is limited to the mutual fund investment options listed in the information table below which provides information for the Plan holdings in foreign stocks as of December 31, 2010.

Schedule of Foreign Currency Holdings

	Dollar allocation invested in foreign securities	North America	Latin America	United Kingdom	Europe Developed	Europe Emerging	Africa// Middle East	Japan	Australia	Asia Developing	Asia Emerging
Target date funds:											
Vanguard Target Retirement 2045	$183,174	$130,822	$3,297	$8,243	$16,797	$1,392	$1,465	$8,115	$3,389	$4,946	$4,708
Vanguard Target Retirement 2035	41,726	29,859	747	1,869	3,810	317	330	1,840	768	1,118	1,068
Vanguard Target Retirement 2025	101,602	72,970	1,798	4,511	9,185	762	803	4,440	1,859	2,703	2,571
Vanguard Target Retirement 2015	78,859	56,282	1,419	3,557	7,239	607	631	3,501	1,467	2,129	2,027
Vanguard Target Retirement 2005	39	27	1	2	4	-	-	2	1	1	1
Vanguard Target Retirement Income	2,681	1,891	50	124	253	21	22	123	51	75	71
Fixed income mutual funds:											
Cohen & Steers Institutional Global Realty	15,281	6,762	440	607	1,235	-	-	845	1,300	3,042	1,050
Artio International Equity Fund	1,548,914	119,886	61,337	262,696	431,837	145,753	64,745	135,065	28,500	84,261	214,834
Total	$1,972,276	$418,499	$69,089	$281,609	$470,360	$148,852	$67,996	$153,931	$37,335	$98,275	$226,330

Note: Amounts in the above schedule are calculated by multiplying the percentage of foreign holdings in the funds per published information by holdings in the Plan by the percentage in the each category.

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 31, 2011

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, 2010.

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 a very good year in 2010. The S&P 500 returned 15.1% while the Russell 2000 added 26.9%. For the year, growth stocks fared better than their value counterparts with the Russell 1000 Value returning 15.5% and the Russell 1000 Growth adding 16.7%. Economic growth was lower as unemployment lingered above 9% throughout the year and remained a drag on the economy.

Within the fixed income markets, the Barclay's Capital Aggregate index returned 6.5% for the year, as corporate bonds were in favor and the markets tended to reward risk. The Barclay's Capital High Yield Corporate bond index finished the year up 15.1%.

The International equity market underperformed vs. the U.S. equity market during 2010. The MSCI EAFE ND index rose 6.7% 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 12.2%. DWERP's performance trailed the median return of 12.4% vs. the TUCS Universe of Public Funds valued at $500 million or less by 0.2%. The plan trailed its strategic policy benchmark target return of 12.5% for 2010 by 0.3%. 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 12/31/10, DWERP earned a -2.4% annualized return. The trailing 5-year return now stands at 2.7% and is 1.6% behind the policy target return. The 10-year trailing return is 3.8% and it trailed the benchmark for this timeframe.

DWERP's U.S. equity composite returned 17.9% in 2010 and surpassed the benchmark return of 16.9%. The 1-year domestic equity result surpassed the benchmark by 1.0%. The 3-year return of 3.3% trailed its benchmark return of -2.0%.

DWERP's significant international equity investment (20%) matched the policy benchmark for the year. DWERP's international equity investments rose 11.2% for the year and matched the MSCI ACWI ex U.S. benchmark return of 11.2%.

DWERP's real estate investments had a good absolute return of 16.2% for the year. The real estate benchmark return was 16.4%. The real estate investments surpassed the target index by 0.6% over the five year period.

DWERP's fixed income composite registered a return of 8.4% for the year. This return surpassed the BC U.S. Agg. index return of 6.5% by a significant margin. Longer term results are less impressive as the fixed income program trails the target index for the 5-year period (5.2% vs. 5.8%).

In summary, the portfolio outperformed the total fund benchmark in 2010 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

The Northern Trust Company is a wholly owned subsidiary of Northern Trust Corporation, Chicago. Member FDIC. Equal Housing Lender

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/Product	Vehicle	Date funded
Domestic Equity Managers			
Cadence Capital Management	U.S. Large Cap Growth	Separately managed account	since 12/1993
Loomis Sayles and Company, LP	U.S. Small/Mid Cap Core	Separately managed account	since 07/2010
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	Separately managed account	since 07/2006
Global Equity Manager			
Lazard Asset Management LLC	Lazard Global Thematic Equity Fund	Commingled fund	since 11/2009
International Equity Managers			
Artio Global Management, LLC	International Equity Fund I	Commingled fund	since 09/2004
Dimensional Fund Advisors LP	World ex U.S. Value Portfolio (DFWVX)[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			
JP Morgan Investment Management, Inc.	Strategic Property Fund	Commingled fund	since 11/2005
Heitman Capital Management Corporation	Real Estate – Group Trust V	Commingled fund	since 09/1989
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 2010			
AXA Rosenberg Investment Management LLC	U.S. Mid/Small Cap Institutional Equity Fund	Commingled fund	Terminated April 2010

[1]During 2010 the DB Plan assets were invested in two separate S&P 500 index funds offered by Northern Trust Investments: NTGI-QM Collective Daily S&P 500 Equity Index Fund—Lending and NTGI-QM Collective Daily S&P500 Equity Index Fund— Non-Lending. 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. All funds had been transferred into the non-lending fund by October 1, 2010, at which date the lending fund account was closed.

[2]Until August 23, 2010, the international value strategy, managed by Dimensional Fund Advisors LP was 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. On that day, all assets from the funds were transferred into a newly established World ex U.S. Value Portfolio (DFWVX), which includes the above funds.

Fees paid to investment managers are included in the Investment Section on page III-90.

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	
	1-year	3-year	5-year
Denver Board of Water	**12.23**	**-2.35**	**2.70**
Denver Target Index[1]	*12.52*	*0.38*	*4.28*
Median TUCS Public Funds (<$500 Million)	*12.37*	*2.06*	*4.60*
Domestic Equity	17.90	-3.34	1.06
Domestic Equity Benchmark[2]	*16.93*	*-2.01*	*2.71*
Global Equity[3]	9.55	-	-
MSCI ACWI ND	*12.67*	-	-
International Equity	11.17	-6.44	4.16
International Equity Benchmark[4]	*11.15*	*-5.57*	*3.41*
Total Fixed Income	8.41	3.52	3.80
Fixed Income Benchmark[5]	*6.54*	*5.64*	*5.58*
Real Estate	16.18	-8.65	0.57
Real Estate Benchmark[6]	*16.36*	*-9.59*	*-0.04*
Cash	0.11	0.94	2.60
90 Day T-Bill	*0.14*	*0.61*	*2.28*

Source: Northern Trust

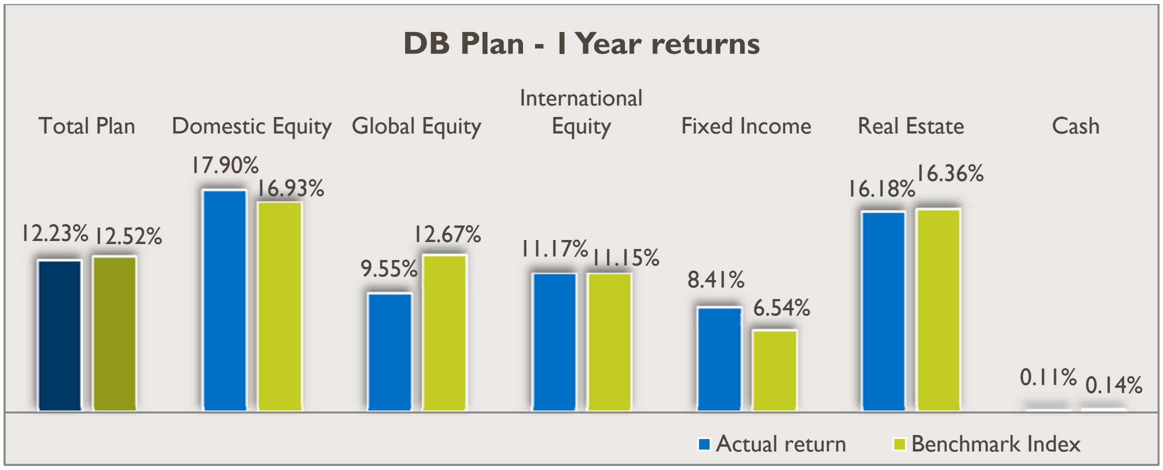
	Rates of return (%)				
	2010	2009	2008	2007	2006
Denver Board of Water	**12.23**	**18.42**	**-29.84**	**8.14**	**13.49**
Denver Target Index[1]	*12.52*	*17.42*	*-23.44*	*8.17*	*12.68*
Median TUCS Public Funds (<$500 Million)	*12.37*	*19.82*	*-23.73*	*6.50*	*11.85*
Domestic Equity	17.90	28.81	-40.53	3.57	12.71
Domestic Equity Benchmark[2]	*16.93*	*28.34*	*-37.31*	*5.14*	*15.54*
Global Equity[3]	9.55	-	-	-	-
MSCI ACWI ND	*12.67*	*34.63*	*-42.19*	*11.66*	*20.95*
International Equity	11.17	35.87	-45.77	14.38	30.89
International Equity Benchmark[4]	*11.15*	*33.77*	*-43.38*	*11.17*	*26.34*
Total Fixed Income	8.41	11.28	-8.05	3.36	5.08
Fixed Income Benchmark[5]	*6.54*	*4.68*	*5.70*	*7.23*	*3.78*
Real Estate	16.18	-27.49	-9.50	15.95	16.39
Real Estate Benchmark[6]	*16.36*	*-29.76*	*-9.59*	*15.84*	*16.59*
Absolute Return[7]	-	-	-35.31	24.21	-
CPI+5%	-	*7.74*	*5.12*	*9.10*	*7.54*
Cash	0.11	0.34	2.39	5.33	4.96
90 Day T-Bill	*0.14*	*0.15*	*1.56*	*4.68*	*4.96*

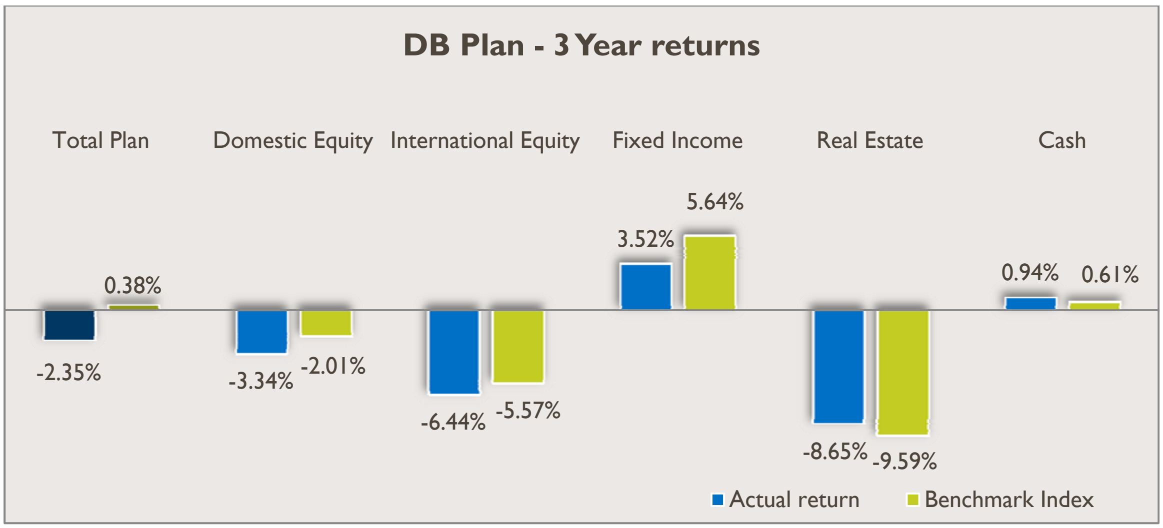
Source: Northern Trust

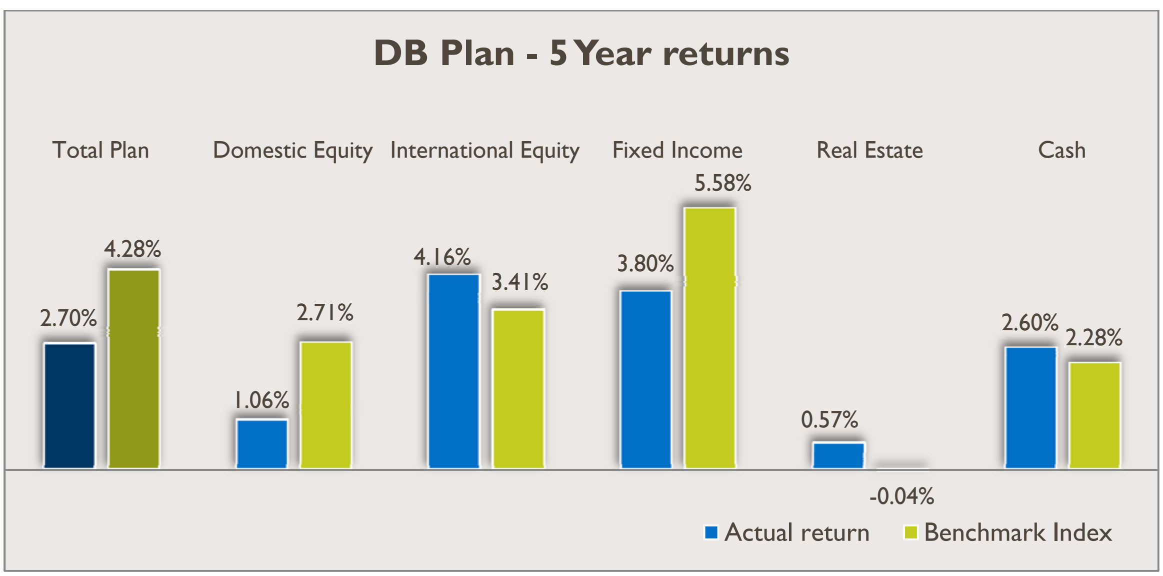
[1] Denver Target Index is a combination of current segment benchmark indices, weighted at the target asset allocations.
[2] Domestic Equity Benchmark is a custom blend of S&P 500 index performance from inception until 06/30/2006. From 06/30/2006 forward, the Russell 3000 index is used.
[3] Global Equity segment was added in November 2009.
[4] International Equity Benchmark is a custom blend 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] *Fixed Income Benchmark is a custom blend 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] *Real Estate Benchmark is a custom blend 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
12.23%
12.52%
17.90%
16.93%
9.55%
12.67%
11.17%
11.15%
8.41%
6.54%
16.18%
16.36%
0.11%
0.14%
Actual return
Benchmark Index


DB Plan - 3 Year returns
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Cash
-2.35%
0.38%
-3.34%
-2.01%
-6.44%
-5.57%
3.52%
5.64%
-8.65%
-9.59%
0.94%
0.61%
Actual return
Benchmark Index


DB Plan - 5 Year returns
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Cash
2.70%
4.28%
1.06%
2.71%
4.16%
3.41%
3.80%
5.58%
0.57%
-0.04%
2.60%
2.28%
Actual return
Benchmark Index

5. Asset Allocation

	Market Value As of 12/31/2010	% of Portfolio	Stipulated Operational Range	Target Weight
Domestic Equity	**65,225,588**	**28.26%**	**25-35%**	**30%**
Cadence Capital Large Cap Growth	15,390,736	6.67%		
Loomis Sayles SMID[1]	12,793,858	5.54%		
Pzena Large Cap Value	15,008,545	6.50%		
NTGI S&P 500	22,032,449	9.55%		
Global Equity	**24,768,343**	**10.73%**	**5-15%**	**10%**
Lazard Global Thematic Equity Fund	24,768,343	10.73%		
International Equity	**45,410,709**	**19.67%**	**15-25%**	**20%**
Artio International Equity Fund I	22,163,330	9.60%		
DFA World ex US Value Fund	23,247,379	10.07%		
Total Fixed Income	**75,978,919**	**32.92%**	**27-37%**	**32%**
Denver Inv Advisors	37,800,457	16.38%		
PIMCO Total Return Fund	38,178,463	16.54%		
Real Estate	**18,007,123**	**7.80%**	**3-13%**	**8%**
JP Morgan SPF	6,201,947	2.69%		
Heitman	4,574	0.00%		
Prudential PRISA I	4,402,240	1.91%		
UBS TPF	7,398,362	3.21%		
Cash[2]	1,420,321	0.62%	N/A	N/A
Total Portfolio[3]	**230,811,004**	**100.00%**		**100%**

Source: Northern Trust

[1] Manager added in July 2010.
[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 higher than the net asset value reported in the Statement of Plan Net Assets due to certain accrued administrative and investment expenses not reported by the custodian until paid.

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

At December 31, 2010, all asset classes were within their stipulated operational ranges.

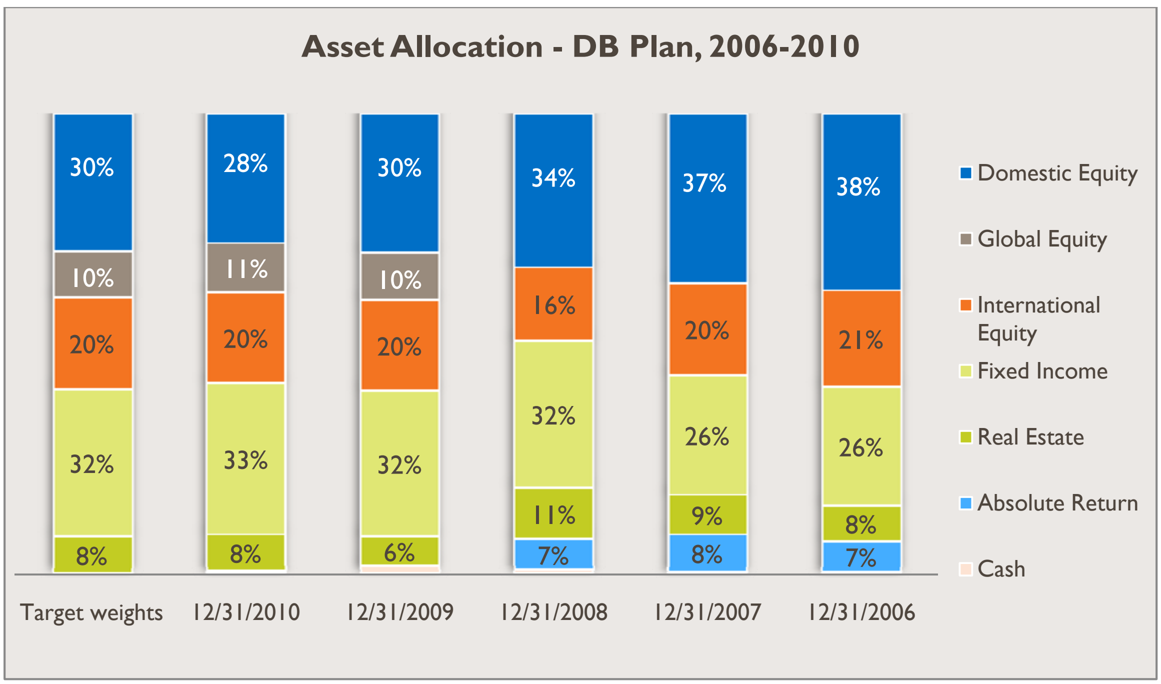
Employees' Retirement Plan – Asset Allocation by Asset Class, 2006-2010

	Market Value As of 12/31/2010	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
Domestic Equity	65,225,588	63,007,190	58,661,046	95,985,253	97,812,422
Global Equity	24,768,343	21,634,585	-	-	-
International Equity	45,410,709	41,027,177	27,923,107	52,357,340	53,383,901
Fixed Income	75,978,919	65,958,142	55,999,159	67,506,458	65,384,786
Real Estate	18,007,123	13,258,982	19,405,897	22,430,631	19,745,014
Absolute Return	-	-	11,718,626	20,789,047	16,838,029
Cash[1]	1,420,321	3,431,223	1,281,715	1,112,566	902,889
Total Portfolio[2]	**230,811,004**	**208,317,299**	**174,989,550**	**260,181,295**	**254,067,041**

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 higher than the net asset value reported in the Statement of Plan Net Assets due to certain accrued administrative and investment expenses not reported by the custodian until paid.



Percentages may not add to 100% due to rounding

6. Investment Summary

Employees' Retirement Plan – Portfolio by Asset Type as of 12/31/2010

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
Equities	115,968,211	134,317,563	36,867	134,354,430	58.21%
Common stock	115,918,211	134,266,610	36,867	134,303,477	58.19%
Preferred stock	50,000	50,953	0	50,953	0.02%
Fixed income	72,480,030	74,108,429	509,784	74,618,213	32.33%
Government Bonds	8,904,197	9,230,033	101,679	9,331,712	4.04%
Government Agencies	38,963,711	39,615,716	131,414	39,747,130	17.22%
Municipal/Provincial Bonds	1,050,000	989,961	19,896	1,009,857	0.44%
Corporate Bonds	21,162,788	21,796,072	248,088	22,044,160	9.55%
Government Mortgage Backed Securities	874,495	923,427	4,268	927,694	0.40%
Asset Backed Securities	1,437,420	1,467,961	4,125	1,472,086	0.64%
Non-Government Backed C.M.O.s	87,420	85,260	314	85,574	0.04%
Real Estate	22,832,887	17,879,036	149,363	18,028,399	7.81%
Cash and Cash Equivalents	4,144,596	4,144,596	(40,366)	4,104,229	1.78%
Adjustments to Cash	(294,268)	(294,268)	0	(294,268)	-0.13%
Pending trade - purchases	(404,060)	(404,060)	0	(404,060)	-0.18%
Pending trade - sales	162,895	162,895	0	162,895	0.07%
Other Payables	(53,103)	(53,103)	0	(53,103)	-0.02%
Total	**215,131,456**	**230,155,356**	**655,648**	**230,811,004**	**100.00%**

Source: Northern Trust

[2] The total market value of the assets in the DB Plan reported by Northern Trust is higher than the net asset value reported in the Statement of Plan Net Assets due to certain accrued administrative and investment expenses not reported by the custodian until paid.

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 12/31/2010

Security Description	CUSIP	Country	Cost	Market Value[1]	% of Total equities*	% of Total portfolio value*
Exxon Mobil Corp	30231G102	United States	773,824	854,407	0.64%	0.37%
Northrop Grumman Corp	666807102	United States	633,753	662,376	0.49%	0.29%
PPG Industries Inc	693506107	United States	537,606	650,281	0.48%	0.28%
Microsoft Corp	594918104	United States	617,518	642,411	0.48%	0.28%
Hewlett Packard Co	428236103	United States	633,236	622,028	0.46%	0.27%
Omnicom Group Inc	681919106	United States	455,189	619,445	0.46%	0.27%
Apple Inc	037833100	United States	222,219	612,864	0.46%	0.27%
L-3 Communications Hldg Corp.	502424104	United States	485,851	493,430	0.37%	0.21%
Allstate Corp	020002101	United States	648,814	480,591	0.36%	0.21%
Tyco Electronics LTD	H8912P106	United States	213,379	477,015	0.36%	0.21%
Total top 10 Equities				**6,114,848**	**4.55%**	**2.66%**
Total value of equities*				**134,317,563**	**100.00%**	**58.36%**
Total value of portfolio*				**230,155,356**	**N/A**	**100.00%**

Source: Northern Trust

[1]*Excluding accruals*

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

INVESTMENT SECTION

Employees' Retirement Plan - Top 10 Fixed Income Holdings (by Market Value) as of 12/31/2010

Security Description	CUSIP	Country	Cost	Market Value[1]	% of Total Fixed income*	% of Total portfolio value*
Treasury Note 4% 02-15-2015	912828DM9	United States	2,102,912.10	2,300,648.70	3.10%	1.00%
Treasury Note 4% 08-15-2018	912828JH4	United States	1,352,281.09	1,408,773.60	1.90%	0.61%
Treasury Note 2.625% 08-15-2020	912828NT3	United States	1,286,386.72	1,232,461.10	1.66%	0.54%
Treasury Note 2.75% 11-30-2016	912828MA5	United States	1,069,335.94	1,020,703.00	1.38%	0.44%
Treasury Note 1.25% 10-31-2015	912828PE4	United States	1,004,648.44	967,812.00	1.31%	0.42%
Treasury Bond 4.5% 02-15-2036	912810FT0	United States	916,037.11	931,780.80	1.26%	0.40%
Treasury Bond 6% 02-15-2026	912810EW4	United States	581,933.59	618,203.00	0.83%	0.27%
FHLB Note 4.875% 05-17-2017	3133XKQX6	United States	548,755.00	563,651.00	0.76%	0.24%
FHLMC Note 4.75% 11-17-2015	3134A4VG6	United States	523,228.50	560,112.00	0.76%	0.24%
Treasury Bond – STRIP 11-15-2018	912803AP8	United States	264,640.00	396,166.00	0.53%	0.17%
Total top 10 Bond holdings				**10,000,311**	**13.49%**	**4.35%**
Total value of fixed income*				**74,108,429**	**100.00%**	**32.20%**
Total value of portfolio*				**230,155,356**	**N/A**	**100.00%**

Source: Northern Trust

[1]*Excluding accruals*

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

8. Schedule of Fees and Commissions

Employees' Retirement Plan - Schedule of Fees, 2010

Manager/Consultant	Assets as of 12/31/2010	Assets as of 12/31/2009	Fees	Annual Management Fee
Artio Global Management, LLC	22,163,330	20,496,699	180,500	0.90%
AXA Rosenberg Investment Management LLC	-	10,257,839	36,800	1st $25 mil – 0.85%; above – 0.70%
Cadence Capital Management	15,390,736	17,155,922	113,100	1st $25 mil – 0.70%; 2nd $25 mil – 0.50%
Denver Investment Advisors, LLC	37,800,457	32,462,387	99,200	1st $25 mil – 0.30%; above – 0.25%
Dimensional Fund Advisors LP	23,247,379	20,530,478	108,300	0.48% for customized product (until 08/23/2010); 0.60% for the mutual fund of funds
Heitman Capital Management Corporation	4,574	4,751	-	-
JP Morgan Investment Management, Inc.	6,201,947	4,379,963	55,900	1% of NAV+0.15% on cash balances above 7.5%
Lazard Asset Management LLC	24,768,343	21,634,585	171,700	0.80%
Loomis Sayles & Company, LP	12,793,858	-	46,700	.90% first $10 million; 75% next $40 million
Northern Trust Investments, N. A.	22,032,449	19,145,523	8,900	Non-Lending Fund: 0.05% Lending Fund:– 0.04%
Pacific Investment Management Company, LLC	38,178,463	33,495,755	187,800	0.46%
Prudential Real Estate Investors	4,402,240	3,863,967	49,800	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	15,008,545	16,447,906	116,000	1st 10 mil – 1% 1st $25 mil – 0.70%; above – 0.50%
UBS Realty Investors, LLC	7,398,362	5,010,300	61,400	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%
Total Assets[1]	**230,811,004**	**208,317,299**	**1,236,100**	

Manager/Consultant	Fees	Basis points (Annually)
Total payments to investment managers		
Investment Consulting Expense	71,900	N/A
Investment Performance Reporting Expense[2]	98,300	N/A
Total Investment Expenses	**170,200**	
Investment Expenses as a percentage of average assets		
Actuarial Services	28,100	N/A
Benefit Payment Processing	10,900	N/A
Audit Services	20,800	N/A
Total Administrative Expenses	**59,800**	
Total Expenses as a percentage of average assets		

Source: Denver Water

[1]*Includes cash account. The total market value of the assets in the DB Plan reported by Northern Trust is* higher *than the net asset value reported in the Statement of Plan Net Assets* due to certain accrued administrative and investment expenses not reported by the custodian until paid.

[2]*Includes custody fees.*

Employees' Retirement Plan - Schedule of Broker Commissions by Broker, 2010

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Unassigned Broker	27,360,986	129,725,152	0	0.00	0.00%
ABEL NOSER CORPORATION	1,300	33,106	46	0.04	0.14%
AUTRANET INC EQUITY TRADES	248,132	7,881,667	8,685	0.04	0.11%
AVONDALE PARTNERS	5,617	321,372	225	0.04	0.07%
BANC AMERICA SECUR. MONTGOMERY DIV.	2,300,000	2,487,738	0	0.00	0.00%
BARCLAYS CAPITAL FIXED INC	3,515,518	3,670,113	0	0.00	0.00%
BARCLAYS CAPITAL LE	397,892	1,778,655	1,658	0.00	0.09%
BAYPOINT TRADING LLC	17,611	190,456	371	0.02	0.20%
BEAR STEARNS 57079	742,225	1,777,837	1,330	0.00	0.08%
BERNSTEIN, SANFORD C. & CO	29,718	1,265,040	1,147	0.04	0.09%
BLAIR, WILLIAM & CO	16,121	453,420	486	0.03	0.11%
BNP PARIBAS SECURITIES BOND	625,000	699,106	0	0.00	0.00%
BNP SECURITIES USA	975	61,837	34	0.03	0.06%
BNY ESI SECURITIES CO.	62,531	3,022,678	2,488	0.04	0.08%
BREAN MURRAY CARRET CO LLC	2,430	112,513	97	0.04	0.09%
BROADCORT CAPITAL CORP	4,440	220,942	166	0.04	0.08%
BUCKINGHAM RESEARCH GROUP	2,573	118,109	90	0.04	0.08%
CANACCORO ADAMS INC	19,230	949,491	687	0.04	0.07%
CANTOR FITZGERALD & CO	13,917	376,466	469	0.03	0.13%
CANTOR FITZGERALD & CO 7311	50,000	56,688	0	0.00	0.00%
CAP INSTITUTIONAL SERVICES INC	56,110	2,188,613	1,964	0.04	0.09%
CASTLEOAK SECURITIES INC	25,000	27,750	0	0.00	0.00%
CHASE SECURITIES INC (CSI)	3,225,000	3,308,474	0	0.00	0.00%
CITATION GROUP	13,979	268,843	470	0.03	0.18%
CITIGROUP GLOBAL MARKETS INC/SALOMON BROTHERS	4,695,000	5,115,411	0	0.00	0.00%
CITIGROUP GLOBAL MARKETS INC/SMITH BARNEY	43,330	1,149,157	1,494	0.03	0.13%
CL KING & ASSOCIATES	300	18,538	11	0.04	0.06%
COLLINS STEWART LLC	4,757	314,572	174	0.04	0.06%
COWEN LLC	31,068	839,136	1,035	0.03	0.12%
CREDIT SUISSE FIRST BOSTON CORPORATION	737,541	14,657,097	12,413	0.02	0.09%
D. A. DAVIDSON & CO. INC.	3,970	150,263	159	0.04	0.11%
DAHLMAN ROSE & COMPANY	2,510	141,503	50	0.02	0.04%
DB ALEX BROWN	1,850,000	1,981,387	0	0.00	0.00%
DEUTSCHE BANK SECURITIES INC	355,593	878,458	1,080	0.00	0.12%
DOWLING & PARTNERS 443	17,250	462,947	604	0.04	0.13%
FIDELITY CAPITAL MARKETS	11,545	361,293	250	0.02	0.07%
FIRST TENNESSEE SECURITIES	200,000	232,432	0	0.00	0.00%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
CORP					
FRIEDMAN BILLING AND RAMSEY	3,848	90,715	145	0.04	0.16%
GOLDMAN EXECUTING & CLEARING	2,073	47,945	52	0.03	0.11%
GOLDMAN SACHS & COMPANY	846,727	1,500,362	673	0.00	0.05%
GORDON HASKETT AND COMPANY	3,125	225,837	109	0.04	0.05%
GREENWICH CAPITAL MARKETS CHASE	2,010,000	2,155,470	0	0.00	0.00%
HARRIS NESBITT CORP	3,372	155,207	118	0.03	0.08%
INSTINET	25,207	1,031,398	966	0.04	0.09%
INVESTMENT TECHNOLOGY GROUP INC	3,146	55,099	79	0.03	0.14%
ISI GROUP INC.	4,995	241,324	187	0.04	0.08%
JANNEY MONTGOMERY SCOTT	5,089	214,641	150	0.03	0.07%
JEFFERIES & CO BONDS DIRECT DIVISION	1,225,000	1,314,158	0	0.00	0.00%
JEFFERIES & COMPANY	32,049	860,224	1,015	0.03	0.12%
JMP SECURITIES	3,740	172,200	75	0.02	0.04%
JONESTRADING INST SERV	7,211	184,056	230	0.03	0.13%
KEEFE BRUYETTE AND WOODS INC.	21,247	498,347	752	0.04	0.15%
KNIGHT EQUITY MARKETS LP	5,457	88,776	188	0.03	0.21%
KNIGHT SECURITIES L.P.	15,630	671,888	394	0.03	0.06%
LAZARD FRERES & CO.	940	43,824	38	0.04	0.09%
LEERINK SWANN & CO./IPO	5,475	237,658	219	0.04	0.09%
LEGENT CLEARING CORP	16,880	291,224	338	0.02	0.12%
LIBERTAS PARTNERS LLC	75,000	71,406	0	0.00	0.00%
LIQUIDNET INC	67,110	2,059,632	1,974	0.03	0.10%
LONGBOW SECURITIES LLC	1,825	57,006	64	0.04	0.11%
LOOP CAPITAL MARKETS LLC	250,000	264,150	0	0.00	0.00%
MACQUARIE SECURITIES (USA) INC.	28,115	581,393	891	0.03	0.15%
MAN SECURITIES INC FIXED	50,000	52,892	0	0.00	0.00%
MCDONALD AND COMPANY/KEYBANC	302,317	362,042	93	0.00	0.03%
MERRILL LYNCH PIERCE FENNER & SMITH	32,566	1,053,306	1,177	0.04	0.11%
MERRILL PROFESSIONAL CLEARING CORP.	69,965	2,042,541	2,565	0.04	0.13%
MORGAN KEEGAN AND COMPANY	55,475	363,532	205	0.00	0.06%
MORGAN STANLEY & CO INC. NEW YORK	1,299,998	2,609,273	1,253	0.00	0.05%
NOMURA SECURITIES INTERNATIONAL INC	550	32,480	19	0.04	0.06%
OPPENHEIMER AND COMPANY	12,474	348,501	418	0.03	0.12%
PACIFIC CREST SECURITES	771	26,752	31	0.04	0.12%
PELLINOR SECURITIES CORP	17,730	761,346	355	0.02	0.05%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
PENSON FINANCIAL SERVICES INC	8,900	335,864	351	0.04	0.11%
PIPELINE TRADING SYSTEMS LLC	129	22,775	4	0.03	0.02%
PIPER JAFFRAY INC	5,759	262,901	154	0.03	0.06%
PULSE TRADING LLC	121,394	4,838,029	2,486	0.02	0.05%
R. W. PRESSPRICH	200,000	219,860	0	0.00	0.00%
RAFFERTY CAPITAL MARKETS LLC	84,400	2,761,698	2,514	0.03	0.09%
RAYMOND JAMES	5,890	177,892	210	0.04	0.12%
RBC DAIN RAUSCHER	567,782	1,821,130	2,734	0.00	0.15%
REYNDERS, GRAY & CO INCORPORATED	290	9,886	6	0.02	0.06%
ROBERT W. BAIRD & COMPANY INC MILWAUKEE USA	24,620	556,244	624	0.03	0.11%
SCOTT & STRINGFELLOW INVESTMENT	3,135	135,733	122	0.04	0.09%
SG COWEN AND COMPANY	350	19,002	12	0.04	0.06%
SIDOTI & COMPANY LLC	1,433	47,057	57	0.04	0.12%
SJ LEVINSON AND SONS LLC	38,370	1,301,165	924	0.02	0.07%
SOLEIL SECURITIES CORP	2,735	132,126	96	0.03	0.07%
STATE STREET BROKERAGE SVCS	275	2,784	8	0.03	0.27%
STEPHENS INC	9,957	324,717	331	0.03	0.10%
STERNE AGEE AND LEACH INC	157,206	402,786	252	0.00	0.06%
STIFEL NICOLAUS AND COMPAN	20,832	644,307	762	0.04	0.12%
SUNTRUST ROBINSON HUMPHREY	5,611	166,650	208	0.04	0.13%
THOMAS WEISEL PARTNERS 226	9,070	175,162	363	0.04	0.21%
UBS WARBURG LLC	521,452	993,690	664	0.00	0.07%
US CLEARING INSTITUTIONAL TRADING	17,560	916,829	655	0.04	0.07%
VINING SPARKS	37,107	37,339	0	0.00	0.00%
WACHOVIA CAPITAL MARKETS 46171	1,471,343	1,907,226	490	0.00	0.03%
WALL STREET ACCESS	150,000	164,628	0	0.00	0.00%
WEDBUSH MORGAN SECURITIES, INC	6,770	289,756	216	0.03	0.07%
WEEDEN AND & CO	3,944	97,969	67	0.02	0.07%
WESTMINSTER RESEARCH ASSOC/JEFFERIES	2,666	16,615	40	0.02	0.24%
YAMNER AND COMPANY INC	54,000	234,606	540	0.01	0.23%

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.

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, 2010, the market value of assets in the 401(k) Plan totaled $46.44 million, an 18.55% increase in the Plan asset value compared to December 31, 2009. On the last day of the year, the Plan had 999 participants (including 910 active participants)[1]. In 2010, employee contributions to the 401(k) Plan amounted to $3.56 million (or an average of $3,910 per year per active participant), while Denver Water's matching contributions totaled $1.67 million (an average of $1,830 per year per active participant)[2]. More than 83% of the eligible Denver Water employees participated in the 410(k) Plan at year-end, unchanged from the 401(k) Plan participation rate in 2009.[3]

In 2010, employee contributions to the 401(k) Plan amounted to $3.56 million, while Denver Water's matching contributions totaled $1.67 million.

On December 31, 2010, the market value of assets in the 457 Plan totaled $25.93 million, a 4.08% increase in the Plan asset value compared to December 31, 2009. The Plan had 636 participants (including 278 active participants). During 2010, participant contributions totaled of $1.44 million (or an average of $5,180 per year per active participant)[2]. Nearly 27% of the eligible Denver Water employees participated in the 457 Plan at year-end, unchanged from 2009.

As noted in the policy statements for both the 401(k) and 457 Plans, the primary objective of the Board is to offer investment options having diverse risk and return expectations so that each participant may construct a portfolio that can be expected to meet his or her individual needs. Investment managers are selected by the Director of Finance, with the

The investment of all contributions in the DC Plans is directed by each participant. Returns vary by participant based upon the timing of contributions and the funds selected by the participant.

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[1] 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.

[2] In 2010, 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. Participants age 50 or older could contribute an additional $5,500 to each plan as catch-up contributions. For more information on limitation on effective deferrals see "401(k) Resource Guide - Plan Participants - Limitation on Elective Deferrals", "IRS Announces Pension Plan Limitations for 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.

assistance of the Retirement Program Committee and the investment consultant for the DC Plans, Cook Street Consulting. As of December 31, 2010, participants in either plan had access to nineteen (19) mutual funds representing all major asset classes (of which six were Target Retirement Funds focused on various retirement dates), and Schwab Stable Value Funds, which replaced Fixed Account provided by VALIC. The schedule of investment options available in the DC Plans can be found on page III-101. The investment of both employee contributions and the employer-matching contributions is directed by the participants. The estimated average 2010 rate of return in 401(k) Plan was 11.77%, while the average 2010 rate of return in the 457 Plan was 9.31%.[1] Individual participant returns vary based upon the timing of contributions and the funds selected. Pages III-102 and III-103 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 revenue sharing amounts received by the Plan administrator, are disclosed to participants in the enrollment package and though HR page on the intranet, 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-106.

VALIC served as the custodian/trustee and the administrator for both DC Plans for the past 10 years. Plan administration services provided by VALIC included allocating contributions in accordance with participant instructions, daily reporting of individual participant account balances and transactions via the website, preparing quarterly reports for participants, processing distributions, and providing investment education and provision of internet, telephone, and in-person assistance with enrollment, investment changes, withdrawals and other issues as needed. The compensation for providing administrative services was set at $123 per participant social security number. Expenses related to the contract with VALIC were paid from 12b-1 fees, recordkeeping fees, and any other payments made to VALIC by the funds in the DC Plans ("revenue sharing"). These expenses are generally included in the reported fund expense ratios. Total fee revenue paid to VALIC in 2010 was $131 per participant or $139,000. The amount in excess of the contracted fee was used to offset accrued shortfalls recorded as a liability in 2009 with the remainder awaiting distribution to the plan participants.

In October 2010, after a competitive search conducted by the Retirement Program Committee, in conjunction with external Investment Advisor Cook Street Consulting, Great-West Retirement Services ("Great-West") was selected as the new service provider effective January 1, 2011. The deciding factors behind the selection of the new provider were lower administrative fees, experience with the public sector retirement plans, extensive resources dedicated to participant education as well as local presence. Great-West is a business unit of Great-West Life & Annuity Insurance Company, an organization providing retirement services throughout the United States since 1940. Great-West is headquartered in Greenwood Village, Colorado. Great-West Retirement Services is the fourth-largest retirement plan record keeper in the U.S. based on total participants, as ranked by "Pensions & Investments" in April 2011. The company provided 401(k), 401(a), 403(b) and 457 retirement plan services to more than 24,200 plans representing 4.4 million participants and $147 billion in assets as of December 31, 2010.

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[1] *Calculated by the Denver Water staff using original Dietz Method.*

The scope of services provided by Great-West is similar to that provided by VALIC and revenue sharing will still be used to cover the cost of services. By contract, the total compensation for providing the core administrative services by Great-West equals 0.0225% of the total value of assets as of the last day of each calendar quarter, or 0.09% per year. Great-West will prepare a quarterly reconciliation of the revenue sharing received and the required fee amounts. In the event the total revenue sharing amount in any given quarter is not sufficient to cover the agreed upon amount, the difference is to be deducted from participant accounts in proportion to the value of each account. Conversely, if the total fee revenue collected by Great-West exceeds the agreed upon amount, the excess shall be refunded to plan participants by making a contribution to individual accounts in proportion to the value of each account. The allocation of excess revenue sharing fees shall be made at least once a year, on the last day of the calendar year.

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
Global Real Estate		
Cohen & Steers Instl Global Realty[1]	GRSIX	Global Real Estate
International Equity		
Artio International Equity A	BJBIX	Foreign Stock
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
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	DICXX	Money Market
Schwab Stable Value Select[2]		Money Market

As of December 31, 2010

[1]*Fund added April 20, 2010.*

[2]*Schwab Stable Value Select fund replaced VALIC Fixed Account on 12/29/2010, in conjunction with the transition to a new Dc plan Recordkeeper/Administrator.*

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**	**3-year**	**5-year**
Global Real Estate				
Cohen & Steers Instl Global Realty[1]	GRSIX	17.56	-1.88	N/A
Global Real Estate Peer Group		*17.22*	*-5.21*	*1.71*
International Equity				
Artio International Equity A	BJBIX	8.52	-9.09	3.08
Foreign Large Blend Peer Group		*10.25*	*-6.88*	*2.58*
Domestic Equity				
Baron Growth	BGRFX	24.01	0.42	4.51
Small Growth Peer Group		*26.99*	*-0.04*	*3.50*
Perkins Small Cap Value Instl	JSIVX	18.18	8.24	8.06
Small Value Peer Group		*25.74*	*3.33*	*3.79*
T. Rowe Price Growth Stock	PRGFX	16.93	-1.11	4.01
Large Growth Peer Group		*15.40*	*-2.66*	*2.22*
American Funds Washington Mutual R5	RWMFX	13.65	-3.11	2.32
Large Value Peer Group		*13.59*	*-4.01*	*1.13*
Dreyfus Mid Cap Index	PESPX	26.02	3.15	5.34
Mid-Cap Blend Peer Group		*22.70*	*0.57*	*3.84*
S&P MidCap 400 TR Index		*26.64*	*3.52*	*5.73*
Domini Social Equity R	DSFRX	14.36	-1.07	2.17
Large Blend Peer Group		*14.18*	*-3.14*	*1.89*
DWS Equity 500 Index	BTIIX	15.01	-2.91	2.25
S&P 500 TR Index		*15.06*	*-2.86*	*2.29*
Fixed Income				
PIMCO High Yield Admin	PHYAX	13.96	7.62	7.09
High Yield Bond Peer Group		*14.13*	*6.64*	*6.23*
Vanguard Inflation Protected Securities Admin	VAIPX	6.31	4.67	5.19
Inflation-Protected Bond Peer Group		*5.90*	*3.98*	*4.30*
PIMCO Total Return Instl	PTTRX	8.83	9.10	8.05
Intermediate-Term Bond Peer Group		*7.71*	*5.08*	*4.79*
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	9.39	3.65	508
Retirement Income Peer Group		*8.72*	*2.07*	*3.63*
Vanguard Target Retirement 2005	VTOVX	9.71	2.37	4.65
Target Date 2000-2010 Peer Group		*10.55*	*1.52*	*3.79*
Vanguard Target Retirement 2015	VTXVX	12.47	1.19	4.42
Target Date 2011-2015 Peer Group		*11.62*	*-0.45*	*3.21*
Vanguard Target Retirement 2025	VTTVX	13.84	-0.21	3.90
Target Date 2021-2025 Peer Group		*13.40*	*-1.63*	*3.18*

			Rates of Return (%)	
Fund	**Ticker**	**Current Year**	**3-year**	**5-year**
Vanguard Target Retirement 2035	VTTHX	15.14	-1.20	3.62
Target Date 2031-2035 Peer Group		*14.42*	*-2.21*	*2.98*
Vanguard Target Retirement 2045	VTIVX	15.19	-1.14	3.78
Target Date 2041-2045 Peer Group		*14.83*	*-2.45*	*2.98*
Cash and Equivalent				
Dreyfus Cash Management Instl	DICXX	0.14	1.19	2.74
Money Market Taxable Peer Group		*0.03*	*0.74*	*2.23*
VALIC Fixed Account	N/A	3.53	3.68	3.71
Schwab Stable Value Select[2]	N/A	2.34	3.13	3.64
Stable Value Peer Group		*3.12*	*3.60*	*4.10*

Source: Cook Street Consulting

[1]Fund added April 20, 2010.
[2]Schwab Stable Value Select fund replaced VALIC Fixed Account on 12/29/2010, in conjunction with the transition to a new Dc plan Recordkeeper/Administrator.

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2009	% of the Total Assets	Total Assets as of 12/31/2010	% of the Total Assets
Globa Real Estate					
Cohen & Steers Instl Global Realty[1]	GRSIX	-	-	44,950	0.10
International Equity					
Artio International Equity A	BJBIX	3,919,740	10.01	4,023,971	8.66
Domestic Equity					
Baron Growth	BGRFX	614,738	1.57	844,780	1.82
Perkins Small Cap Value Instl	JSIVX	1,860,617	4.75	2,408,593	5.19
T. Rowe Price Growth Stock	PRGFX	2,458,788	6.28	3,184,599	6.86
American Funds Washington Mutual R5	RWMFX	3,359,996	8.58	3,977,764	8.56
Dreyfus Mid Cap Index	PESPX	3,677,590	9.39	4,753,216	10.23
Domini Social Equity R	DSFRX	104,161	0.27	166,040	0.36
DWS Equity 500 Index	BTIIX	2,814,814	7.19	3,188,858	6.87
Fixed Income					
PIMCO High Yield Admin	PHYAX	450,463	1.15	492,167	1.06
Vanguard Inflation Protected Securities Admin	VAIPX	421,355	1.08	608,549	1.31
PIMCO Total Return Instl	PTTRX	2,463,028	6.29	2,836,389	6.11
Vanguard Target Retirement Income	VTINX	51,019	0.13	85,796	0.18
Vanguard Target Retirement 2005	VTOVX	35,074	0.09	17,013	0.04
Vanguard Target Retirement 2015	VTXVX	1,106,210	2.82	1,320,088	2.84
Vanguard Target Retirement 2025	VTTVX	2,456,708	6.27	3,025,852	6.52
Vanguard Target Retirement 2035	VTTHX	803,339	2.05	1,089,268	2.35
Vanguard Target Retirement 2045	VTIVX	1,260,486	3.22	1,696,030	3.65
Cash and Equivalent					
Dreyfus Cash Management Instl[1]	DICXX	73,096	0.19	40,524	0.09
VALIC Fixed Interest	N/A	11,243,290	28.70	-	
Schwab Stable Value Select[2]	N/A	-	-	12,638,252	27.21
Total		**39,174,512**	**100.00**	**46,442,696**	**100.00**

Source: Cook Street Consulting/ VALIC

[1]Fund added April 20, 2010.
[2]Schwab Stable Value Select fund replaced VALIC Fixed Account on 12/29/2010, in conjunction with the transition to a new Dc plan Recordkeeper/Administrator.

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2009	% of the Total Assets	Total Assets as of 12/31/2010	% of the Total Assets
Global Real Estate					
Cohen & Steers Instl Global Realty[1]	GRSIX	-	-	27,090	0.10
International Equity					
Artio International Equity A	BJBIX	1,923,559	7.72	1,626,327	6.27
Domestic Equity					
Baron Growth	BGRFX	307,150	1.23	369,299	1.42
Perkins Small Cap Value Instl	JSIVX	627,967	2.52	856,583	3.30
T. Rowe Price Growth Stock	PRGFX	2,289,042	9.19	2,486,860	9.59
American Funds Washington Mutual R5	RWMFX	1,048,024	4.21	1,169,625	4.51
Dreyfus Mid Cap Index	PESPX	1,178,586	4.73	1,295,901	5.00
Domini Social Equity R	DSFRX	487,919	1.96	557,634	2.15
DWS Equity 500 Index	BTIIX	1,814,194	7.28	1,548,099	5.97
Fixed Income					
PIMCO High Yield Admin	PHYAX	340,052	1.36	296,187	1.14
Vanguard Inflation Protected Securities Admin	VAIPX	133,453	0.54	200,741	0.77
PIMCO Total Return Instl	PTTRX	1,416,948	5.69	1,538,374	5.93
Vanguard Target Retirement Income	VTINX	23,759	0.10	30,468	0.12
Vanguard Target Retirement 2005	VTOVX	22,205	0.09	383	0.00
Vanguard Target Retirement 2015	VTXVX	382,401	1.53	469,969	1.81
Vanguard Target Retirement 2025	VTTVX	425,979	1.71	490,116	1.89
Vanguard Target Retirement 2035	VTTHX	139,550	0.56	165,646	0.64
Vanguard Target Retirement 2045	VTIVX	606,059	2.43	718,611	2.77
Cash and Equivalent					
Dreyfus Cash Management Instl[1]	DICXX	133,453	0.18	25,346	0.10
VALIC Fixed Interest	N/A	11,706,564	46.98	-	
Schwab Stable Value Select[2]	N/A	-	-	12,060,592	46.51
Total		**24,917,619**	**100.00**	**25,933,848**	**100.00**

Source: Cook Street Consulting/ VALIC

[1]Fund added April 20, 2010.
[2]Schwab Stable Value Select fund replaced VALIC Fixed Account on 12/29/2010, in conjunction with the transition to a new Dc plan Recordkeeper/Administrator.

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2010[1]

Fund	Ticker	Expense Ratio [2]	Revenue sharing – paid to Great-West by fund managers (%) [3]	Average Expense Ratio in the Peer Group
Global Real Estate				
Cohen & Steers Instl Global Realty[4]	GRSIX	1.00	0.10	1.56
International Equity				
Artio International Equity A	BJBIX	1.27	0.25	1.49
Domestic Equity				
Baron Growth	BGRFX	1.35	0.40	1.57
Perkins Small Cap Value Instl	JSIVX	1.06	0.00	1.51
T. Rowe Price Growth Stock	PRGFX	0.73	0.15	1.37
American Funds Washington Mutual R5	RWMFX	0.42	0.05	1.28
Dreyfus Mid Cap Index	PESPX	0.50	0.35	1.38
Domini Social Equity R	DSFRX	0.90	0.00	1.28
DWS Equity 500 Index	BTIIX	0.15	0.00	N/A
Fixed Income				
PIMCO High Yield Admin	PHYAX	0.80	0.25	1.21
Vanguard Inflation Protected Securities Admin	VAIPX	0.12	0.00	0.84
PIMCO Total Return Instl	PTTRX	0.46	0.00	0.97
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	0.17	0.00	1.04
Vanguard Target Retirement 2005	VTOVX	0.17	0.00	1.06
Vanguard Target Retirement 2015	VTXVX	0.17	0.00	1.08
Vanguard Target Retirement 2025	VTTVX	0.18	0.00	1.10
Vanguard Target Retirement 2035	VTTHX	0.19	0.00	1.11
Vanguard Target Retirement 2045	VTIVX	0.19	0.00	1.12
Cash and Equivalent				
Dreyfus Cash Management Instl[1]	DICXX	0.20	0.00	0.62
Schwab Stable Value Select[5]	N/A	0.40	0.25	N/A
Weighted average (both plans)		**0.36**	**0.16**	

Source: Cook Street Consulting/VALIC

[1] *The dollar amount of fees paid by the Plans for investment management and administrative services on the funds is not separately disclosed. Revenue sharing arrangements with Great-West are discussed in more detail in the Report on Investment Activity for the DC Plans (pages III-96 to III-97).*

[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.*

[4] *Fund added April 20, 2010.*

[5] *Schwab Stable Value Select fund replaced VALIC Fixed Account on 12/29/2010, in conjunction with the transition to a new Dc plan Recordkeeper/Administrator.*

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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 28, 2010

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, 2010 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, 2010 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,

Bruce R. Nordstrom, ASA, EA, MAAA
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

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	--

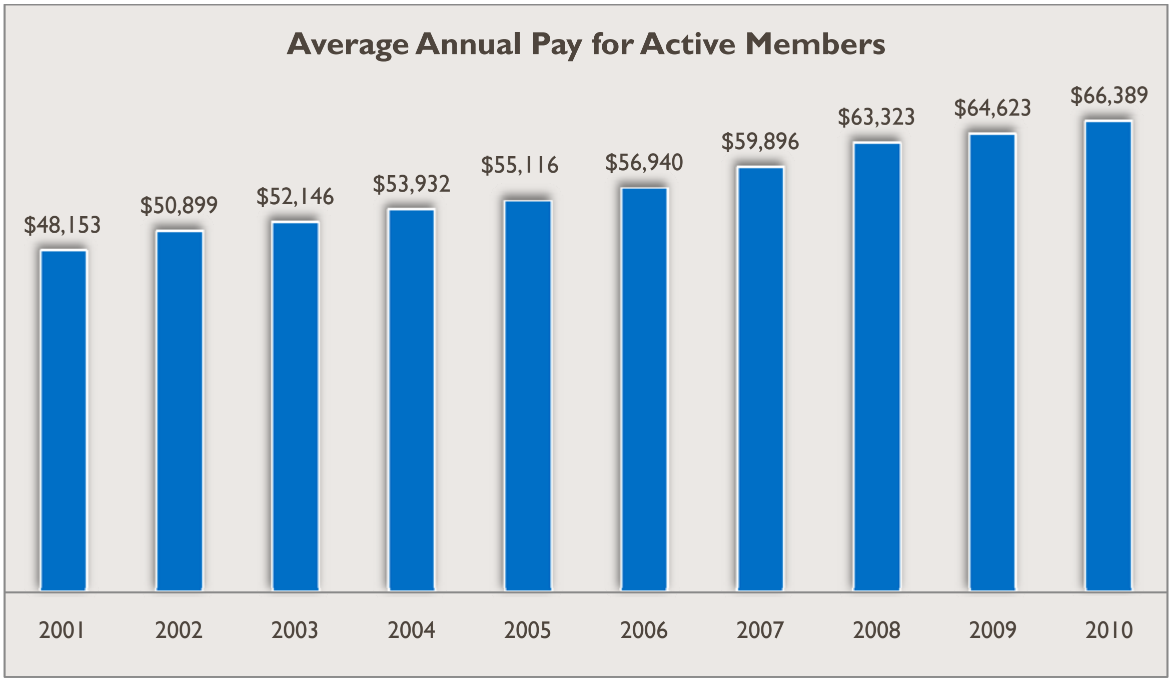
Age	Ultimate Annual Rate of Mortality per 1,000 Disabled Members
25	6.8
30	10.6
35	11.4
40	13.5
45	20.0
50	31.6
55	37.8
60	42.5

C. CHANGES IN ACTUARIAL METHODS AND ASSUMPTIONS SINCE PRIOR YEAR

None.

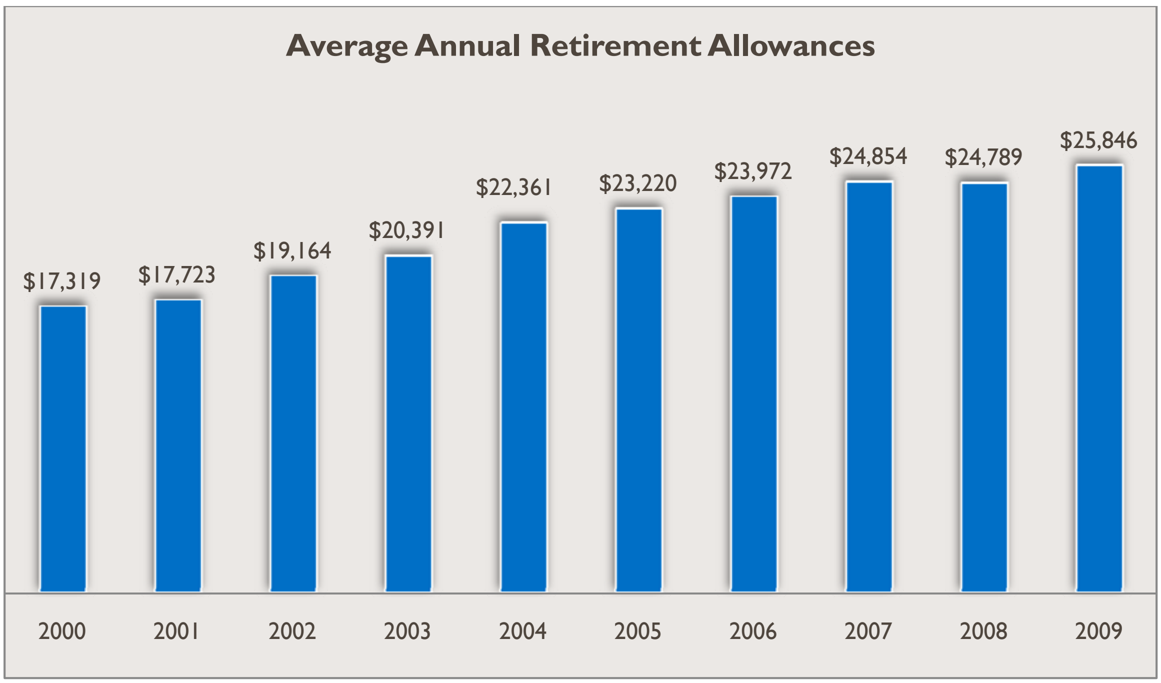
D. SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number of Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Number of Deferred Vesteds
1/1/2001	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
1/1/2010	1,060	70,372,085	66,389	2.73	79



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
12/31/2000	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
12/31/2009	24	918,144	19	322,450	446	11,527,450	5.45	25,846



ACTUARIAL SECTION

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)
1/1/2001	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
1/1/2010	499,600	132,568,017	168,189,298	228,083,245	100	100	56.4

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			
12/31/2000	(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
12/31/2009	(710,044)	(1,354,240)	(2,064,284)	(956,258)	0	(3,020,542)

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

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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

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

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Plan Year Ending	Summary of Changes
12/31/2001	The cost method for calculation of normal cost was changed from the Entry Age Cost Method on an aggregate basis to the Entry Age Cost Method on an individual basis. There were several changes to the actuarial assumptions, including: 1) Decrease Social Security wage base increase assumption, 2) Decrease inflation assumption, 3) Decrease salary scale, 4) Increase rates of withdrawal at all ages, 5) Increase rates of disability at all ages, 6) Increase rates of normal retirement at ages 66 and 67, 7) Decrease rates of reduced early retirement, 8) Increase rates of special early retirement (Rule of 75) and decrease rates at Grow-In ages (ages 50 to 54), 9) Lower lump sum utilization below age 40 and increase lump sum utilization age 40 and over, 10) Shorten the period of expected deferral of benefit commencement due to accumulated sick leave, and 11) Decrease cost of living adjustment assumption for both annuities and lump sums and for all retired members.
12/31/2002	Starting with the January 1, 2003 valuation, the method for determining the annual base to be smoothed is changed. The annual base to be smoothed over a 3-year period is equal to the difference between actual and expected return on market value of assets.
12/31/2006	There were several changes made to the actuarial assumptions to more accurately reflect expected experience, including: 1) Decrease the discount rate from 8.0% to 7.5%, 2) Decrease the inflation assumption from 4.0% to 3.5%, 3) Decrease the cost of living assumption for annuities from 4.0% to 3.5% , 4) Valuation earnings will use the greater of annualized base salary and the average of the last three years of pensionable earnings, 5) Decrease the salary scale assumption, 6) Decrease the Social Security Wage Base assumption, 7) General decrease in retirement rates for Early Retirement, Special Rule of 75 Retirement (including Grow-In), and Normal Retirement, 8) Increase the lump sum election utilization for ages under 40, and 9) The Unfunded Actuarial Accrued Liability (UAAL) will be amortized over a 30-year open amortization period.
12/31/2008	The assumptions used to value certain ancillary death benefits were changed to better reflect payout patterns.
12/31/2009	The plan and Personnel Policies were amended to eliminate the COLA during a period of LTD, eliminate the pension purchase option, require lump-sum cash-out of unused sick and vacation pay upon retirement, and clarify that temporary workers are not plan members.

H. SUMMARY OF PLAN PROVISIONS

Plan Provisions as of January 1, 2010

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.

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[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.

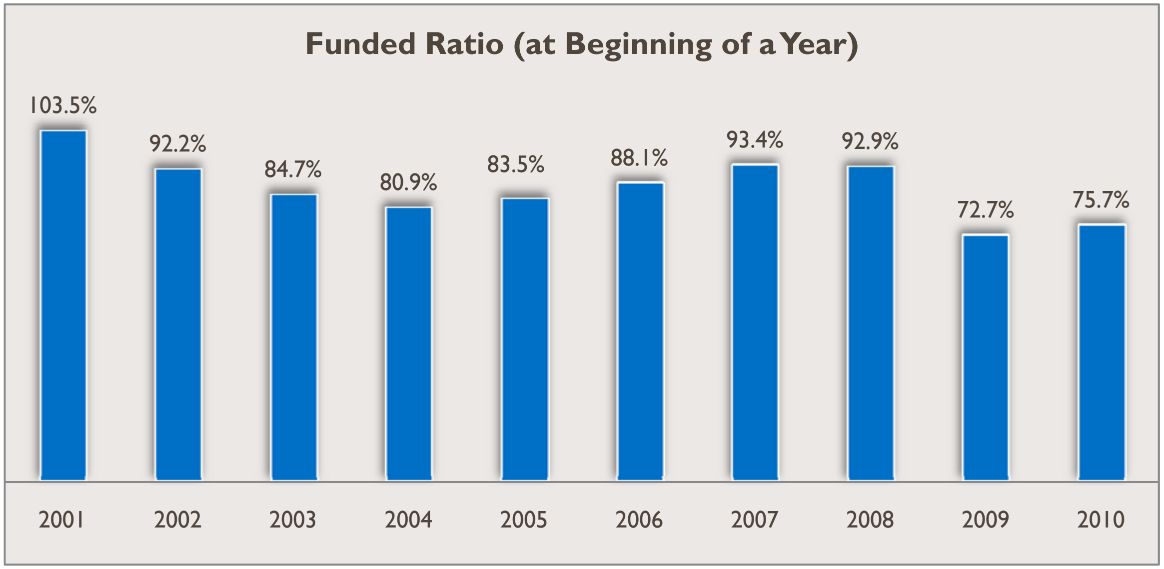
18. Maximum Benefits: Maximum benefits payable conform to those as set forth in the Internal Revenue Code Section 415.

I. CHANGES IN PLAN PROVISIONS

As of January 1, 2010, there were two amendments to the plan provisions since the last actuarial valuation prepared as of January 1, 2009 as follows: The COLA adjustment to disability benefits during LTD periods commencing after June 30, 2009 was eliminated, and the pension purchase option was eliminated as of July 1, 2009. There were also two changes to Personnel Policies that are reflected in the Plan. These changes require unused sick and vacation pay to be paid in a lump sum at retirement, and clarify that temporary workers are not members of the Plan.

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)
1/1/2001	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
1/1/2010	228,083,245	301,256,915	73,173,670	75.7	70,372,085	104.0



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
12/31/2000	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
12/31/2009	14,500,000	616,277	15,116,277	13,179,253	114.7

L. NOTES TO TREND DATA

Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2010
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar open
Remaining amortization period	30 years
Asset valuation method	3-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases	4.0% -11.0%
*Includes inflation at	3.5%
Cost-of-living adjustment maximums	CPI-W 3.5%

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V. Statistical Section (Unaudited)

This section provides detailed information about the Retirement Plans of the Denver Board of Water Commissioners as a context for understanding the Program's overall financial condition. "Schedules of Additions by Source", "Schedules of Deductions by Type", "Schedules of Benefit and Refund Deductions from Net Assets by Type" and "Schedules of Changes in Net Assets" provide detailed information about the trends of key sources of additions and deductions to assets of Denver Water Retirement Plans, as well as their overall growth. "Schedule of Retired Members by Type of Benefit" contains information regarding the number and type of benefit recipients, and benefit amount for those who retired in 2010. "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 2001-2010. All non-accounting data was derived from Denver Water's internal sources and has been updated as of the end of 2010, as available.

A. EMPLOYEES' RETIREMENT PLAN

1. Schedule of Additions by Source, 2001-2010

		Employer Contributions[1]			
Fiscal Year Ending	Member Contributions[2]	Dollars	Percentage of Annual Covered Payroll[3]	Net Investment and Other Income[4]	Total
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
2010	N/A	12,638,800	N/A	24,118,400	36,757,200

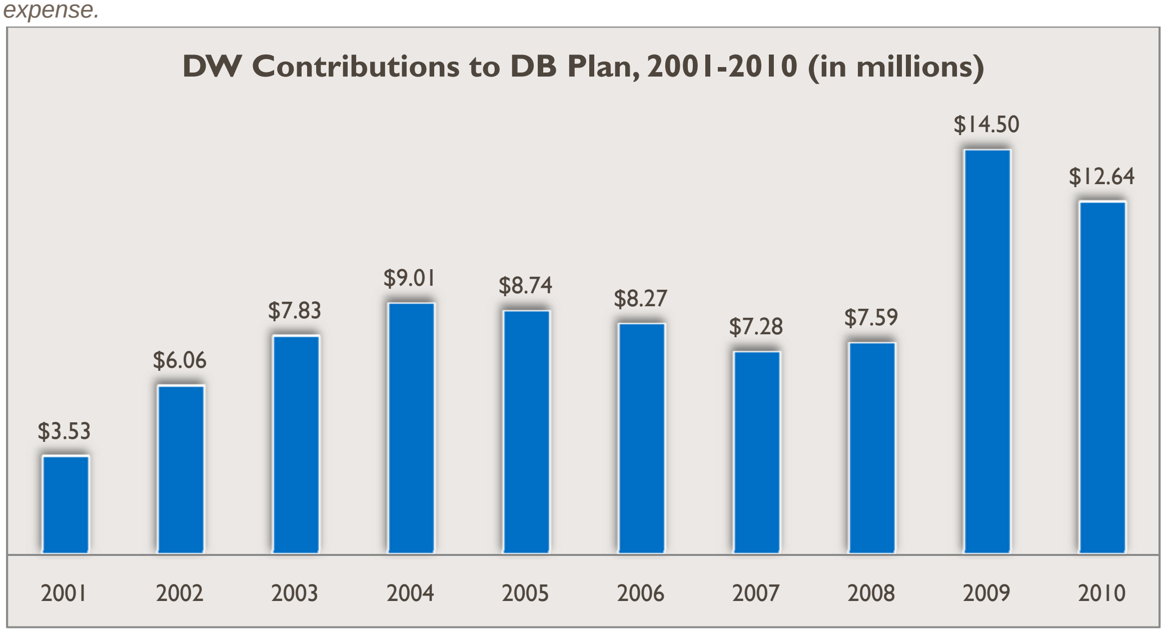
Source: Financial Statements for the Employees' Retirement Plan, 2001-2009 Actuarial Valuation Reports

[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.

[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.



2. Schedule of Deductions by Type, 2001-2010

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Administrative Expenses	Refunds[1]	Total
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
2010	14,143,900	59,800	108,300	14,312,000

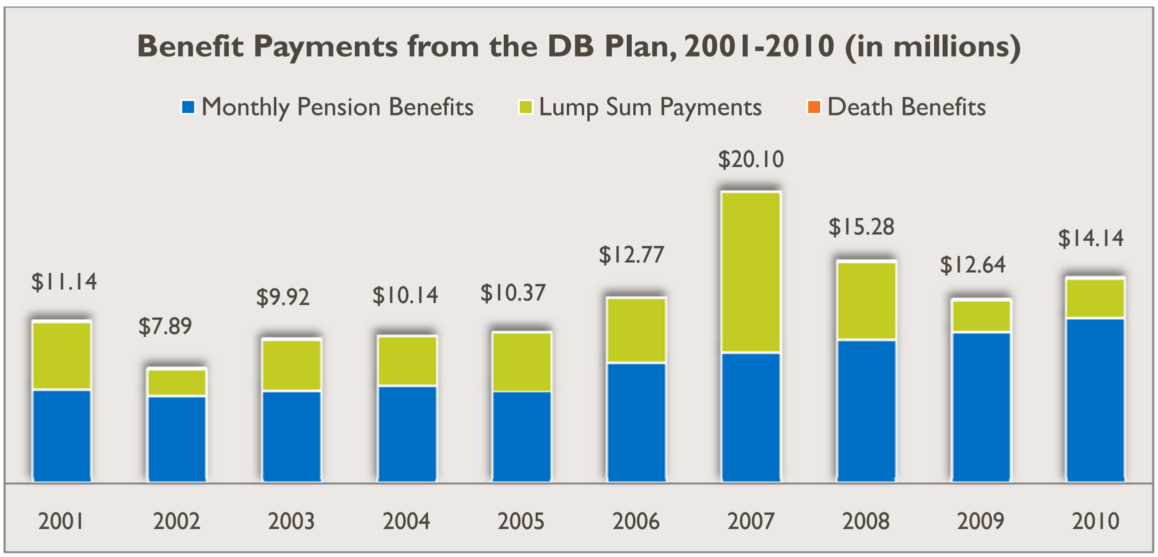
Source: Financial Statements for the Employees' Retirement Plan

[1.] Effective January 1, 1992, the Board determined that all employee contributions to the Denver Water Employees' Retirement Plan would be refunded, with interest at 5%, upon termination or retirement. An amount of $2,480,000 was paid in 1992 to refund amounts contributed by employees who had retired prior to December 1992 or were terminated during 1992. Amounts listed subsequent to 1992 were paid to employees who were terminated or retired in the year listed. Employees stopped making mandatory contributions after September 1981. There are 130 employees who still have funds in the Plan, and the combined balance to be refunded was $399,000 as of December 31, 2010.

3. Schedule of Benefit Deductions from Net Assets by Type, 2001-2010

Fiscal Year Ending	Monthly Pension Benefits	Lump Sum Payments	Death Benefits	Total Benefits	Refunds
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
2010	11,338,400	2,740,500	65,000	14,143,900	108,300

Source: Financial Statements for the Employees' Retirement Plan, Custody Reports



4. Schedule of Changes in Net Assets, 2001-2010

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
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
2010	36,757,200	14,312,000	22,445,200	208,085,800	230,531,000

Source: Financial Statements for the Employees' Retirement Plan

5. Schedule of Retired Members by Type of Benefit

Data as of January 1, 2010

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	90	0	0	0	0	11	79	90	0	0	0
$1 – $250	12	2	5	5	0	0	0	9	0	0	3
$251 – $500	31	7	19	5	0	0	0	30	1	0	0
$501 – $750	29	7	10	10	1	1	0	21	2	1	5
$751 – $1,000	24	4	13	6	0	1	0	16	3	2	3
$1,001 – $1,250	24	8	13	3	0	0	0	16	2	0	6
$1,251 – $1,500	34	5	23	5	1	0	0	25	6	0	3
$1,501 – $1,750	28	5	19	2	1	1	0	19	4	3	2
$1,751 – $2,000	224	2	20	2	0	0	0	115	4	2	3
over $2,000	229	28	185	10	1	5	0	129	66	8	26
Totals	525	68	307	48	4	19	79	370	88	16	51

*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, 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
January 1, 2009to December 31, 2009								
Average Monthly Benefit	$0	$1,379.36	$0	$0	$3,031.65	$3,711.94	$3,416.99	$3,224.64
Number of Active Retirants	0	2	0	0	4	6	8	20

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
01/01/2002	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
01/01/2011	1,613	1,063	83	456	11

Source: 2001-20010 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
01/01/2002	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	1,060	45.9	13.7	$66,389	N/A
01/01/2011	N/A	1,063	46.0	13.4	$64,237	N/A

Source: 2001-2010 Actuarial Valuation reports; extracted from "Active Member Averages"

Employees' Retirement Plan – Retiring Members by Type of Benefit elected, 2001-2010

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
2010	17	2	25	44

Source: 2002-2010 Actuarial Valuation reports; extracted from "Retirements by Type""

Employees' Retirement Plan – Retiring Members by Type of Retirement, 2001-2010

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
2010	7	11	26	0	44

Source: 2002-201 Actuarial Valuation report; extracted from "Retirements by Type"

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

As of	Normal Retirement[1]	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	276	49	4	32	80	514
01/01/2009	72	290	50	4	25	77	518
01/01/2010	68	307	48	4	19	79	525
01/01/2011	73	316	59	N/A[2]	20	82	550

Source: 2003-2010 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.

[2] Survivors of Pensioner Deaths and Survivors of Active Employee Deaths were combined into one category in 2010.

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	370	88	16	51	525
01/01/2011	398	92	15	45	550

Source: 2003-2010 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit"; the 2010 data retrieved from Denver Water's internal database."

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

1. Schedule of Additions by Source, 2002-2010

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
2010	3,562,000	89,200	1,671,100	4,952,000	10,274,300

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, 2002-2010

	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
2010	2,911,200	83,800	2,995,000

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, 2002-2010

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
2010	422,000	0	257,700	122,250	1,741,350	367,900	2,911,200

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, 2002-2010

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
2010	10,274,300	2,995,000	7,279,300	39,357,200	46,636,500

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

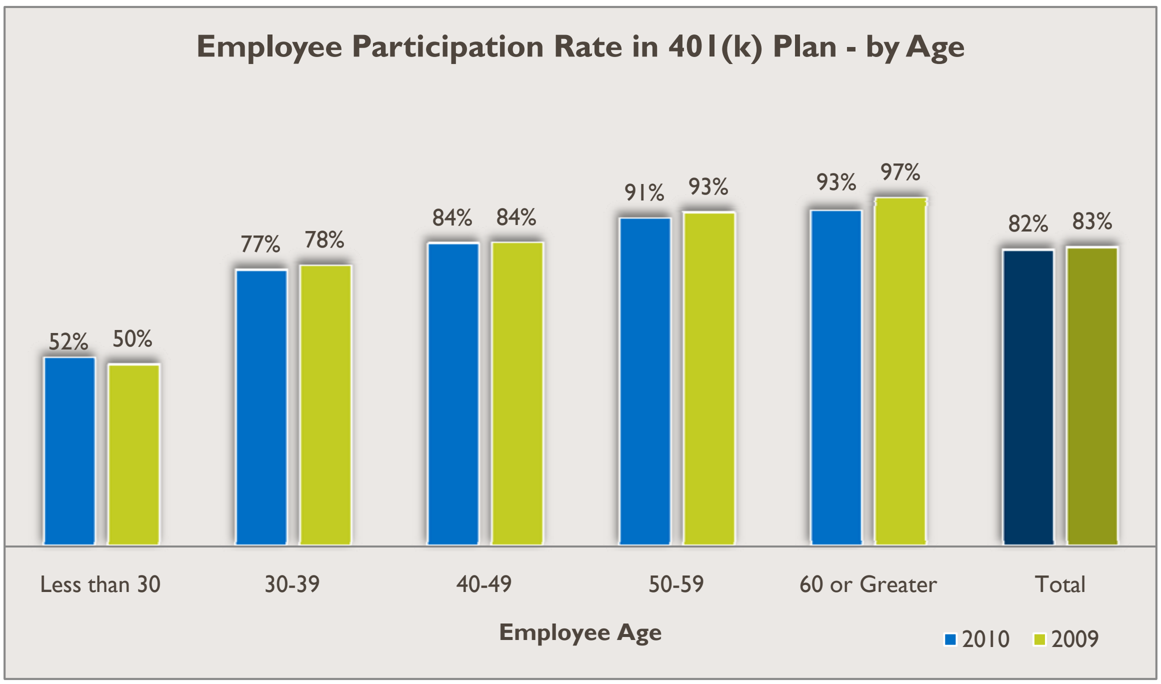
[1.] The first financial statement for the 401(k) Plan was prepared for the year ended 12/31/2002.

5. Other Information

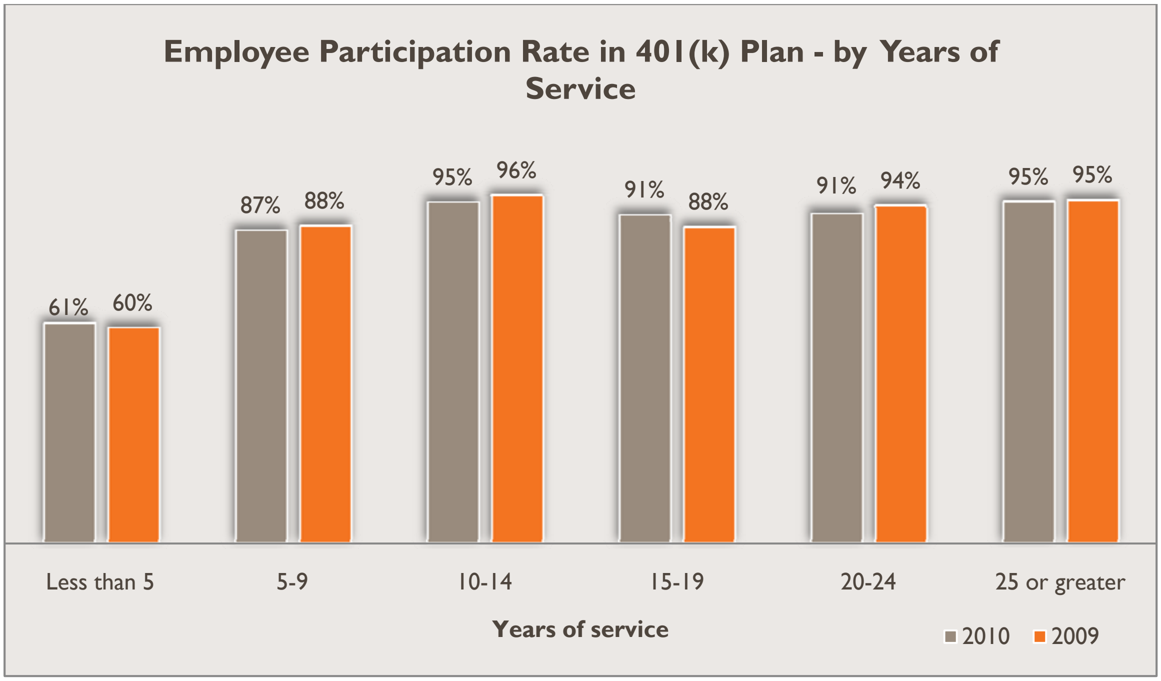
Denver Water 401(k) Supplemental Retirement Savings Plan - Number of Participants

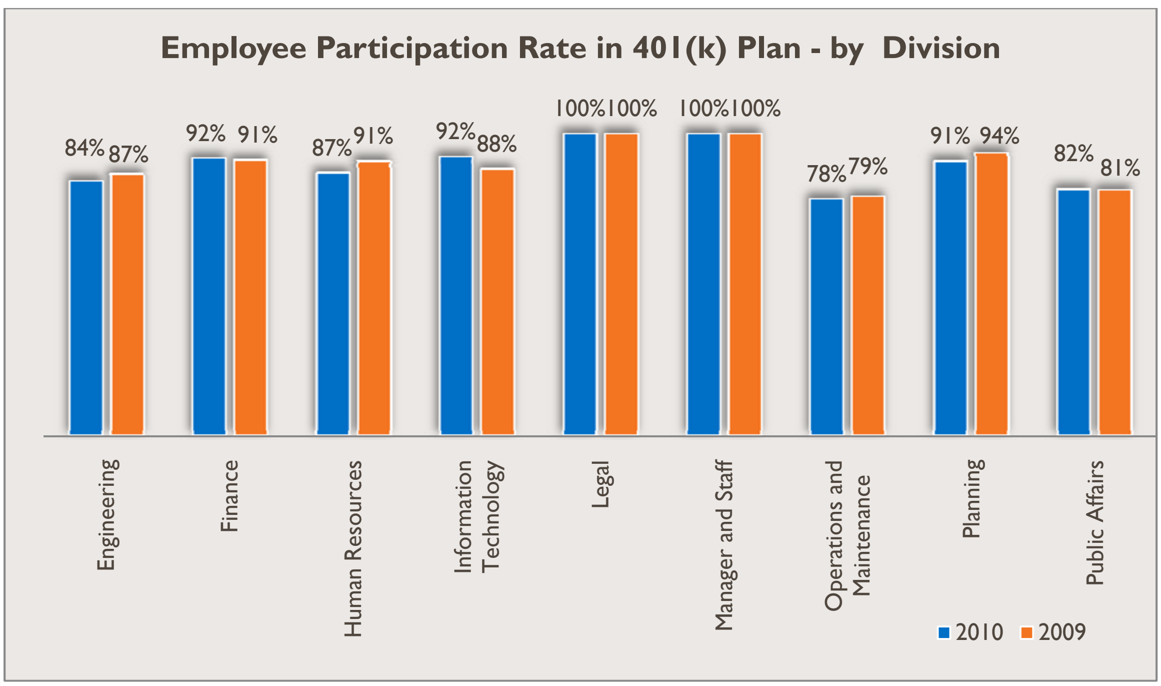
Fiscal Year Ending	Participants			
	Total	Active	Inactive	New enrollments
12/31/2002	1,001	965	36	N/A
12/31/2003	987	974	13	15
12/31/2004	1,000	945	55	40
12/31/2005	1,015	953	62	63
12/31/2006	1,020	935	85	45
12/31/2007	1,003	918	85	39
12/31/2008	1,021	918	103	75
12/31/2009	1,011	926	85	60
12/31/2011	999	910	89	N/A

Source: VALIC/ Great-West

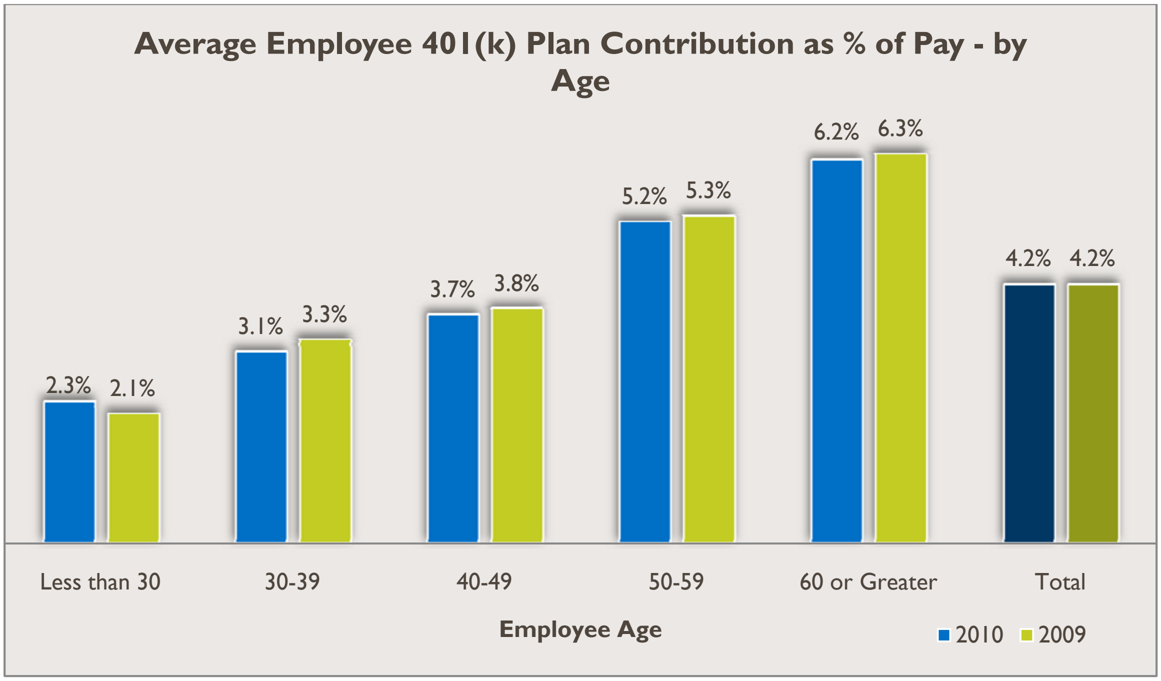


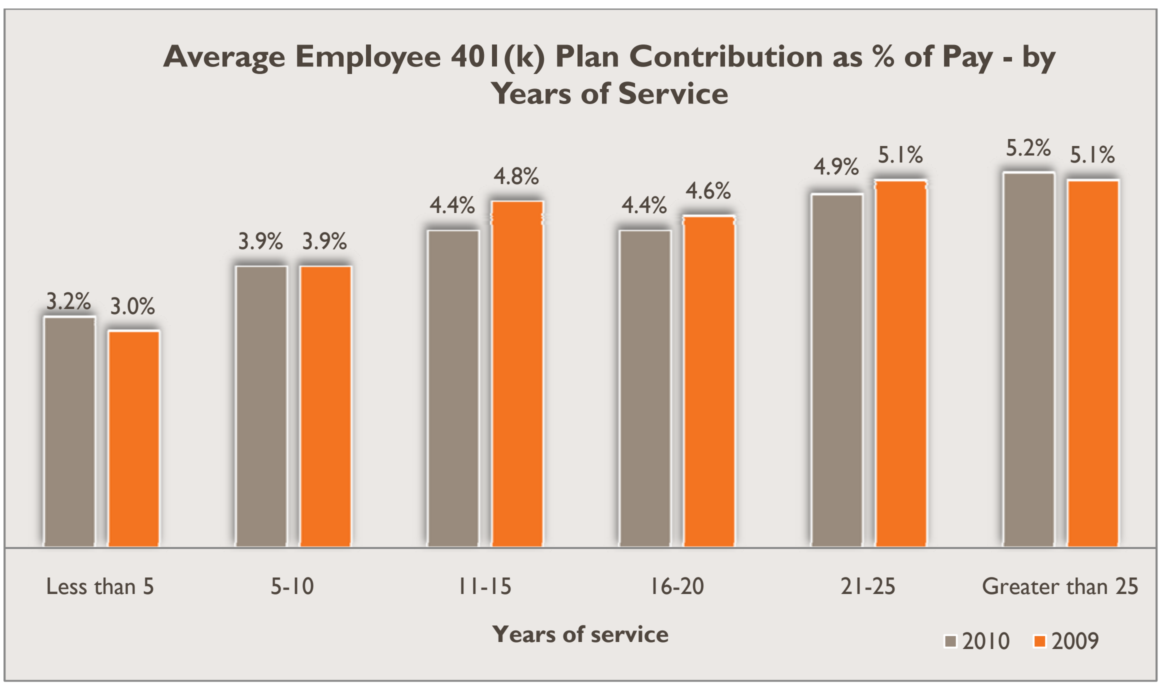
Source: Denver Water, Human Resources database; data as of year-end.





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





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

C. DENVER WATER 457 DEFERRED COMPENSATION PLAN

1. Schedule of Additions by Source, 2002-2010

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
2010	1,437,700	N/A	2,326,100	3,763,800

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, 2002-2010

	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
2010	2,692,400	49,900	2,742,300

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, 2002-2010

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
2010	86,100	0	372,700	1,999,300	234,300	2,692,400

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, 2002-2010

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	4,637,000	2,555,000	2,082,000	22,878,500	24,960,500
2010	3,763,800	2,742,300	1,021,500	24,960,500	25,982,000

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

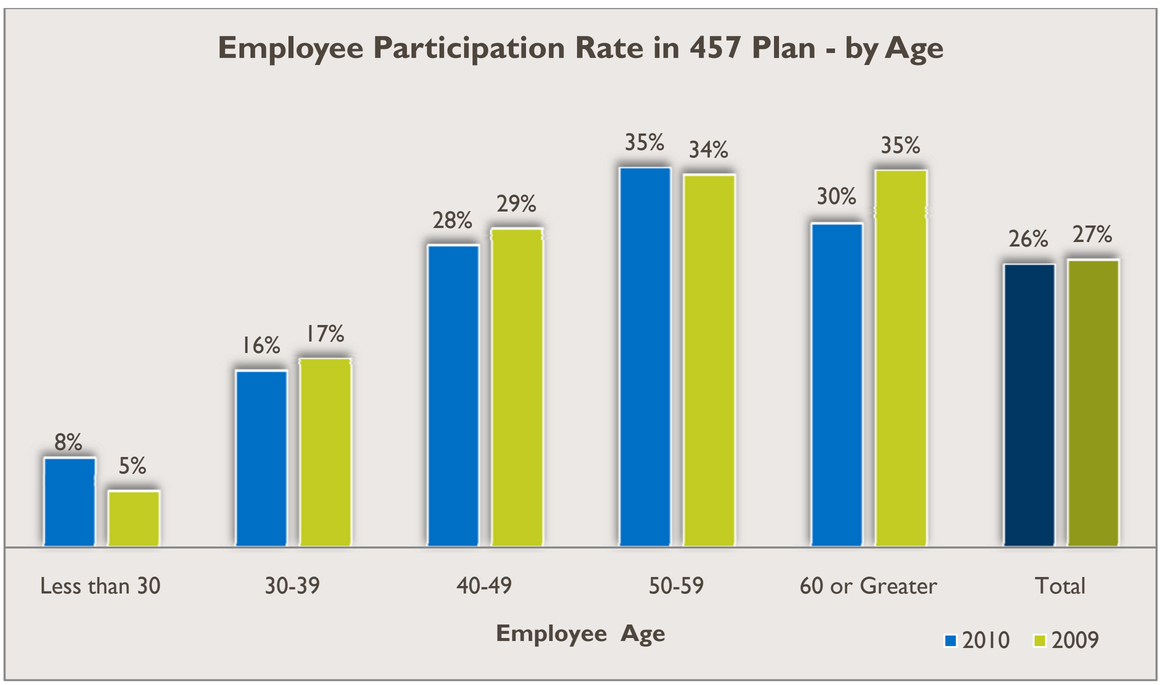
[1.] The first financial statement for the 457 Plan was prepared for the year ended 12/31/2002.

5. Other Information

Denver Water 457 Deferred Compensation Plan- Number of Participants

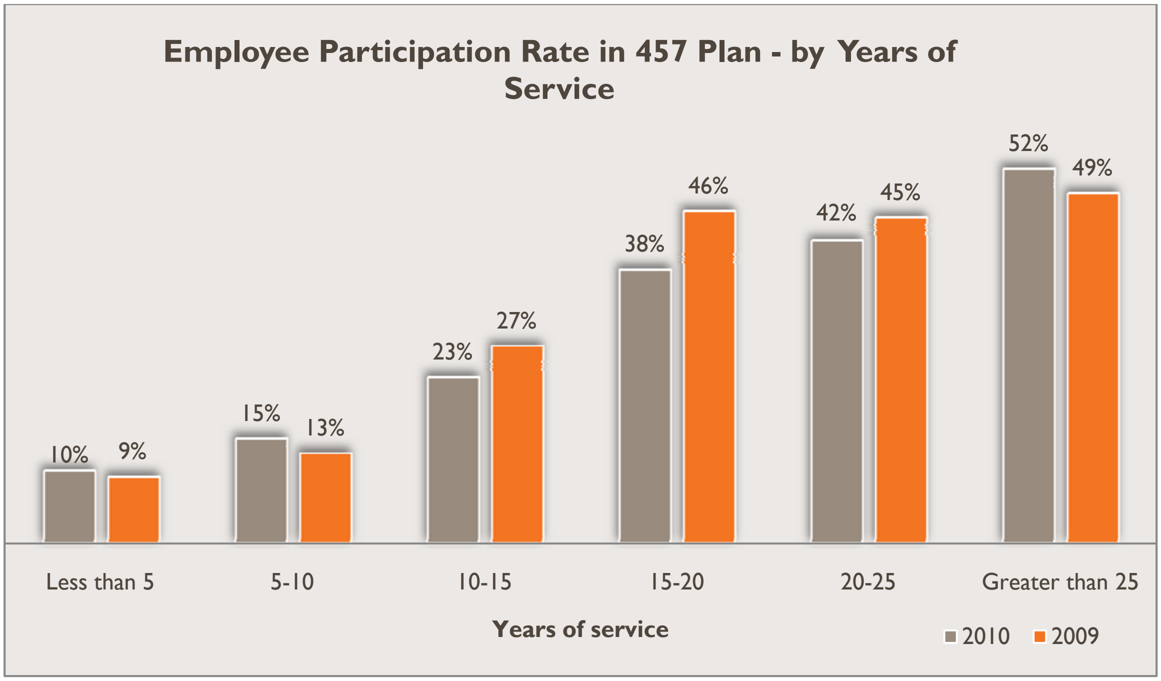
Fiscal Year Ending	Participants			
	Total	Active	Inactive	New Enrollments
12/31/2002	967	382	585	N/A
12/31/2003	928	482	446	6
12/31/2004	847	365	482	3
12/31/2005	826	364	462	59
12/31/2006	807	351	456	13
12/31/2007	760	348	412	10
12/31/2008	730	336	394	24
12/31/2009	679	314	365	11
12/31/2010	636	278	358	

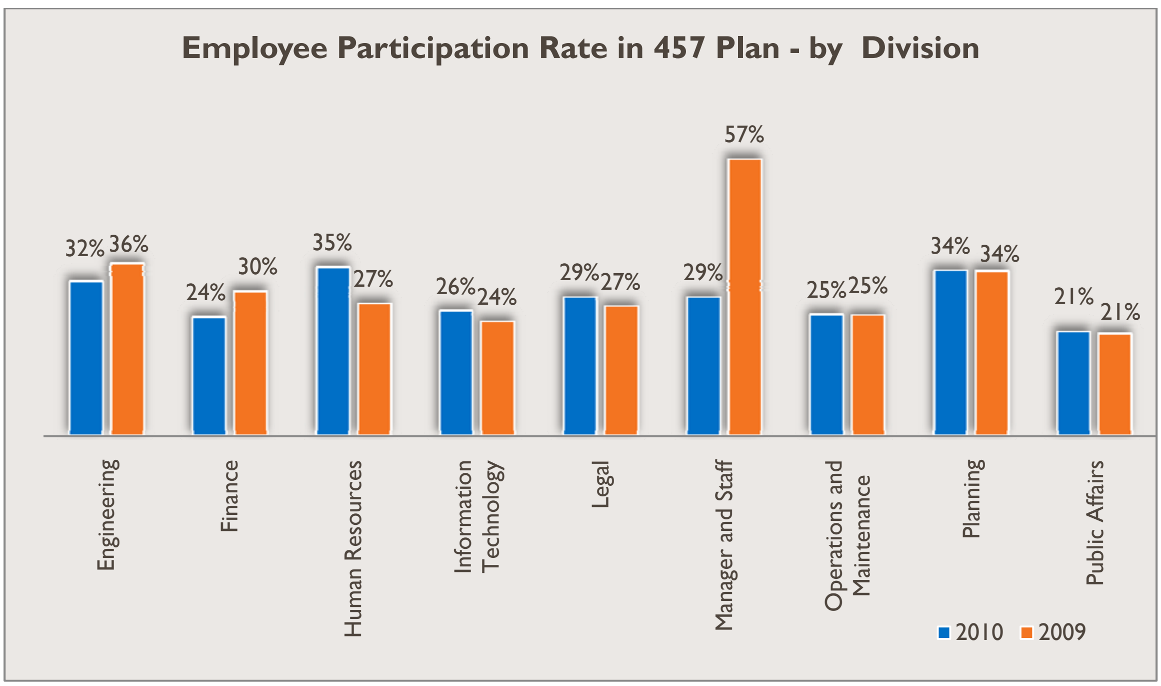
Source: VALIC/ Great-West



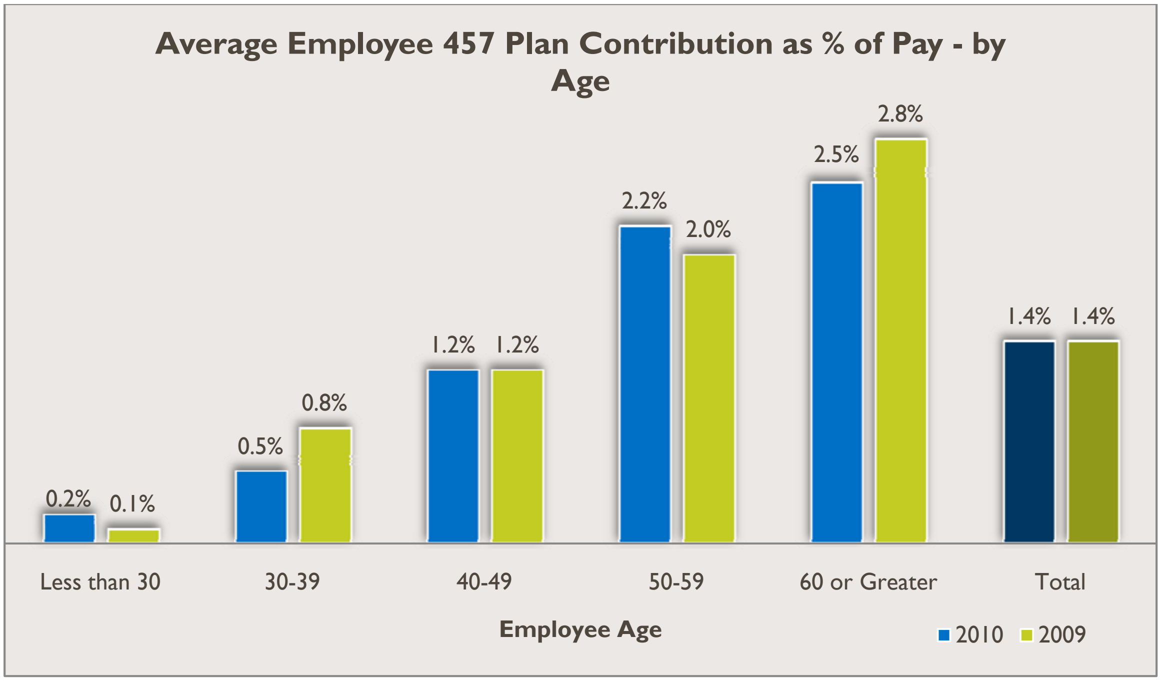
Source: Denver Water, Human Resources database; data as of year-end.

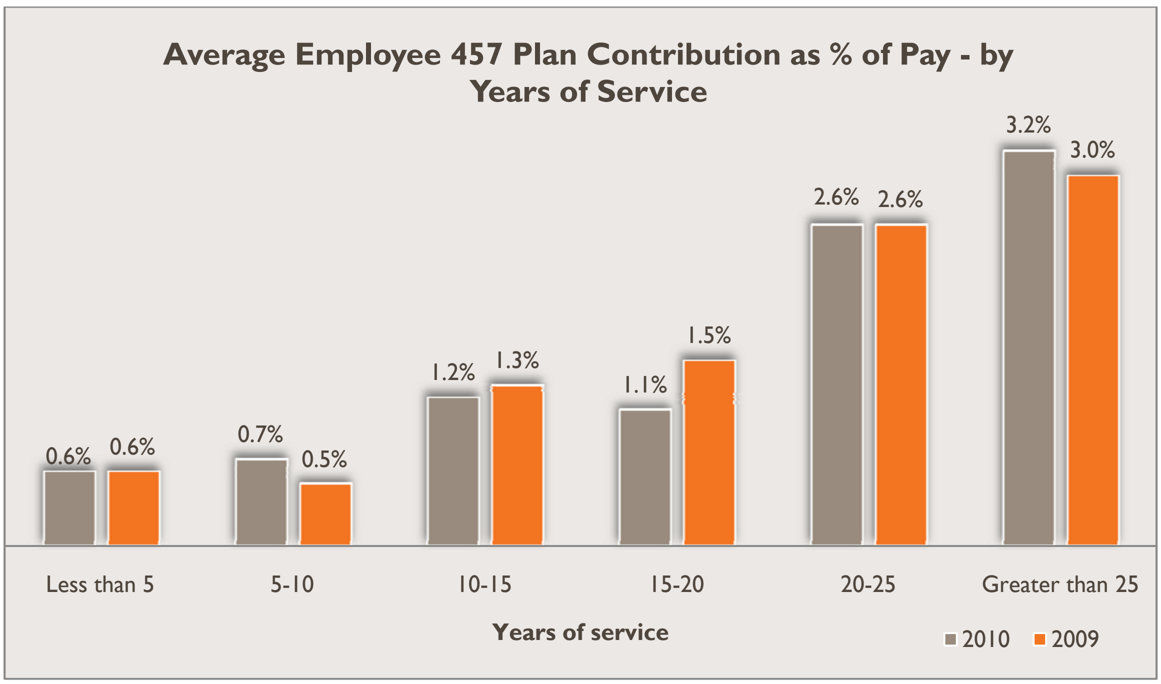
STATISTICAL SECTION





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





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