2011 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, 2011

DENVER WATER

Treasury Department, Denver Board of Water Commissioners
1600 W. 12th Avenue, Denver, CO 80204-3412, Phone: 303-628-6410

TABLE OF CONTENTS

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I. INTRODUCTORY SECTION (UNAUDITED)

A. LETTER OF TRANSMITTAL

DENVER WATER

July 18, 2012

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, 2011. 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, 2011. 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, 2011 there were 1,613 participants in the DB Plan, including 1,043 active members, 477 retirees and beneficiaries and 83 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 2011 there were 890 contributing (active) and 139 non-contributing (inactive) participants. 84% of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2011.

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 2011, there were 289 contributing (active) and 330 non-contributing (inactive) participants. 28% of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2011.

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). 11 employees used the counseling services during 2011 and four (4) of those employees have subsequently retired. The total 2011 expenditures on the Retirement Financial Planning Reimbursement Program were $6,573.

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] The benefit is in the form of partially subsidized health care costs, until the retiree 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. The benefit is provided through the Board's self-insured health plan to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring under the Special Early Retirement (Rule of 75) provision of the Board's defined benefit pension plan, taking an immediate distribution of pension benefits, and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from the Board's defined benefit retirement plan and is not paid out of retirement plan funds. Currently, 161 retirees are receiving this benefit. In January 2012, the Board discontinued its contribution for this benefit for employees hired on or after January 16, 2012. However, these employees can still access this program at the Board's cost upon meeting the Rule of 75.

[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.

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 statements. Denver Water is not required to, and has not, established an irrevocable trust to accumulate assets for payment of future retiree health benefits. Payments of benefits are made on a pay-as-you-go basis in amounts necessary. to provide current benefits to recipients. 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 2011 was $4.2 million; of this amount, $1.9 million was paid as benefits under the plan (approximately 75% of estimated premium equivalent costs). Retirees receiving benefits contributed $631,000, or approximately 25% of the estimated premium equivalent costs. The Net OPEB Obligation for postemployment healthcare benefits as of the end of the year was $9.2 million.

Major Initiatives in 2011

- **Continuation of Retiree Medical Coverage Program Review**. During 2011, the Retirement Program Committee (the "RPC") continued to analyze various retiree medical plan options and discuss the impact of potential changes with the Board, the Executive Staff and the employees. The two main changes proposed for implementation included removal of retiree medical for new hires and raising the minimum eligibility age to 60. The Board discontinued its contribution for this benefit for employees hired on or after January 16, 2012 (these employees can still access this program at full cost upon meeting the Rule of 75). Options for phasing in change of the program eligibility from age 55 to age 60 are still being developed.
- **Completed Experience Study for the DB Plan.** As a standard practice, an experience study analyzing the plan's actual experience compared to actuarial assumptions used in valuing pension and other post-employment benefit liabilities, should be completed every time a new actuary is hired, but no less frequently than every 5 years. Milliman Inc., the Board's actuary since the end of 2010, completed its first experience study in April 2011. Following the analysis, certain changes were proposed and recommended for the Board's approval. Notable changes include change in the inflation assumption from 3.5% to 3.0%, the merit salary scale assumption change to a table based on service, an update to the mortality table, change of the projected withdrawal rates to a table based on years of service, update to the projected retirement rates, change to the marital assumption from 80% to 75%.
- **Request for Proposals for Investment Consulting Services for the DC Plans.** As a result of normal contract expiration, in November 2011 the RPC circulated a Request for Proposals for Investment Consulting Services for the DC Plans. Eighteen proposals were received. All proposals were analyzed and evaluated by the members of the RPC. Four firms were interviewed following the initial screening. Based on the proposals and interviews, the incumbent firm Cook Street Consulting, Inc. ("Cook Street") was selected by the RPC as the best fit for Denver Water. The distinguishing features that led to the selection of Cook Street Consulting as the recommended firm was their emphasis on fiduciary process, organizational structure and stability, local presence, and the clear and concise manner in which they presented technically complex information during the finalist presentations. The company has

been the investment consultant and co-fiduciary for the Board's DC Plans since March 2006. The new contract is set to expire in December 2014.

- **Request for Proposals for custodial trust services for the DB Plan.** As a result of normal contract expiration, in April 2011 the Treasury staff circulated a Request for Proposals for custodial trust services for the DB Plan. Four proposals were received and evaluated by a team comprised of the representative from of Finance and Human Resources departments. The consensus of the evaluating team was that The Northern Trust Company ("Northern Trust") was the firm that offered the best combination of value and service quality. The Northern Trust has been the Plan's custodian since July 1988. The new contract is set to expire in June 2016.

- **Contract Extension for the DB Plan Investment Consultant.** Watershed Investment Consultants, Inc. ("Watershed") has served as an independent investment consultant and co-fiduciary for the Employees' Retirement Plan of the Denver Board of Water Commissioners ("DB Plan") since December 2008. Services provided by Watershed include preparation of DB Plan performance evaluation reports, assistance with the Investment Policy Statement for the DB Plan, evaluation of asset allocation strategy and investment structure, investment manager searches, and ongoing investment support and education. At the November 9, 2011 Trustee meeting, the Board agreed to extend the contract with the firm until December 31, 2012.

- **Fund Changes in 401(k)/457 Plans.** Cook Street regularly reviews and evaluates the funds offered to participants in the 401(k) and 457 Plans. In 2011, following a regular plan investment expense review, Cook Street recommended and the RPC approved a share class change for the Schwab Stable Value fund to lower overall management fees paid by participants. The change was completed effective September 20, 2011, when Schwab Stable Value Select was mapped to the I share class resulting in a reduction in operating expense ratio from 0.40% to 0.20%. In November 2011, Charles Schwab notified its investors, including Denver Water's DC Plans, that it would terminate its Stable Value Fund and liquidate all investments by the end of April 2012. At the time of the announcement, the fund had nearly $8 billion in assets and nearly 1,600 participants. The Stable Value Fund constituted more than 1/3 of total plan assets for both DC Plans as of December 31, 2011. Galliard Retirement Income Fund was selected as a replacement and fund mapping was completed effective April 2, 2012. In addition to the above changes, a decision was made to replace DWS Equity 500 and Dreyfus MidCap Index funds with lower cost Vanguard index funds, move a few other investment options to the lowest available share class and add a 0.09% wrap fee to all investments that were not sharing revenue back to the recordkeeper. Those changes were effective April 2, 2012.

- **Review and update of Investment Policy Statement ("IPS") for the DB Plan. T**he Director of Finance, together with the RPC and the investment advisors, regularly reviews the investment policy statements for the plans in the Retirement Program. As a result of the review completed in November 2011, the IPS was modified to give the Director of Finance the authority to develop a current asset allocation and rebalancing strategy which is designed to reflect, and be consistent with, the long-term asset allocation ranges approved by the Board. Additionally, the Board approved modified long-term asset allocation ranges. The changes to the current asset allocation based on the newly approved long-term asset allocation ranges were expected to be completed by the end of 1Q 2012.

- **2011 Tax Compliance Amendments to the 401(k) Plan.** The SRSP was amended on September 27, 2011 to comply with provisions with the Heroes Earnings Assistance and Tax Relief Act of 2008 (HEART Act).

- **2011 Tax Compliance Amendments to the DB Plan**. The Plan was also amended September 13, 2011 to comply with the provisions of the Heroes Earnings Assistance and Tax Relief Act of 2008 (HEART Act).

- **Manager Changes in the DB Plan.** Loomis Sayles SMID portfolio was liquidated and Pyramis Small/Mid Cap Equity Fund was selected as a replaced in July 2011. On August 1, 2011, Artio Global International Equity Portfolio was terminated and replaced by Harding Loevner's International Equity Portfolio. The Cadence Large Cap Growth portfolio was liquidated in August, 2011 and replaced by Winslow Capital Large Cap Growth strategy. A Master Limited Partnership strategy was added to the current asset allocation targets (5% allocation) and manager search took place in December 2011. Fiduciary Asset Management Company was selected and funding was completed in 1Q 2012. Additionally, Vanguard's Dividend Growth Fund was selected as a replacement for underperforming Pzena Large Cap Value with full funding completed in 1Q 2012.

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, 2011 are listed on page III-81 of the report; funds included in the Defined Contribution Plans are listed on page III-99 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 lost 0.5% during 2011, compared to the target benchmark index return of 0.7% and the actuarial assumed rate of return of 7.5%. The annualized rate of return on assets of the Defined Benefit Plan was 9.8% over the last three years and 0.0% 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, 2012, the Funded Ratio of the DB Plan was 76.5%, compared to 73.8% 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. Denver Water currently matches 100% of employee contributions to the 401(k) plan up to 3% of published base pay.

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 about 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 compiled 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

CEO / Manager:

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

Trust Fund Custodians

- Hold assets
- Disburse payment to participants

Retirement Program Committee

Advises Manager on retirement issues

Investment Managers

Make day-to-day investment decisions

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-21, III-81, III-90, III-99 and III-104.

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, 2011

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

H. Gregory Austin, President Former Partner, Holland & Hart LLP.	*Commissioner since July 2009;* *Term expires July 2013*
John R. Lucero, First Vice President Deputy Director, Mayor's Office of Economic Development	*Commissioner since July 2007;* *Term expires July 2015*
Thomas A. Gougeon, Vice President President, Gates Family Foundation	*Commissioner since August 2004;* *Term expires July 2017.*
Paula Herzmark, Vice President Executive Director, Denver Health Foundation	*Commissioner since April 2009;* *Term expires July 2013.*
Penfield W. Tate III, Vice President Attorney: Greenberg Traurig	*Commissioner since October 2005;* *Term expires July 2017.*

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.

Kris Bates - Attorney; Ms. Bates has been employed by Denver Water since 2004; member RPC.

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

Cody Berg - Treasury Analyst since May 2011; member RPC; supports the Treasurer in fulfilling her responsibilities pertaining to the Plans.

E. CONSULTANTS AND ADVISORS

Consulting Services

Actuary	Milliman, Inc.	1099 18th Street, Suite 3100 Denver, Colorado 80202
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
Great-West Retirement Services (DC Plans)	8515 East Orchard Road, 10T2 Greenwood Village, CO 80111

Independent Auditor

KPMG LLP	707 1 7th Street, Suite 2700 Denver, Colorado 80202

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 statements of net assets of Employees' Retirement Plan of the Denver Board of Water Commissioners (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Employees' Retirement Plan of the Denver Board of Water Commissioners as of December 31, 2011 and 2010, and the changes in net assets for the years then ended, in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 6 and the schedules of funding progress and employer contributions on pages 20 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

March 29, 2012

2. Management's Discussion and Analysis

This is an analysis and overview of the financial activities of the Employees' Retirement Plan of the Denver Board of Water Commissioners (Plan) for the years ended December 31, 2011 and 2010. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2011 and 2010, $228.2 million and $230.5 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2011, the total net assets of the Plan decreased by $2.3 million or 1.0%. This compares with a $22.4 million increase or 10.8% in 2010. The decrease in the Plan's total net assets in 2011 and the increase in the Plan's total net assets in 2010 are primarily due to changes in the market value of the Plan's investments. Investments decreased $910,000 or 0.4% in 2011 and increased $22.7 million or 11.2% in 2010. Plan returns for 2011 and 2010 were – 0.5% and 12.2%, respectively.

Additions to Plan net assets in 2011 included employer contributions of $15.4 million and net investment loss of $2.1 million resulting in total additions to the Plan net assets of $13.3 million. In 2010, contributions were $12.6 million and net investment income was $24.1 million resulting in total additions of $36.8 million.

Deductions from Plan net assets for 2011 were $15.6 million compared to $14.3 million in 2010, an increase of 9.1%. Retirement benefit payments were $15.4 million in 2011 and $14.1 million in 2010 resulting in an increase in benefit payments of $1.3 million or 9.1%.

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, 2011 and 2010, the dates of the latest actuarial valuations, the funded ratio for the Plan was 73.8% and 75.7%, 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, 2011 and 2010. The statements reflect the net assets available for benefits in the Plan as of December 31, 2011 and 2010.

The Statements of Changes in Plan Net Assets show the additions to and deductions from Plan assets during 2011 and 2010.

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, 2011 and 2010, and the activities that occurred during the years. 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 U.S. generally accepted accounting principles, 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, 2011, the date of the last actuarial valuation, the Retirement Plan had a funded ratio of 73.8%, which means that for every dollar of benefits earned to date, based on service and expected final salaries, the Plan had 73.8 cents in assets available for payment. This compares with a funded ratio of 75.7% at the beginning of 2010. 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, 2011 was lower 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,			2011-2010		2010-2009	
	2011	2010	2009	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Cash and equivalents	$2,374	$4,145	$ 4,424	(1,771)	(42.7) %	$(279)	(6.3) %
Dividends, interest & other receivables	596	696	753	(100)	(14.4) %	(57)	(7.6) %
Investments, at fair value	225,395	226,305	203,584	(910)	(0.4) %	22,721	11.2 %
Total assets	228,365	231,146	208,761	(2,781)	(1.2) %	22,385	10.7 %
Total liabilities	145	615	675	(470)	(76.4) %	(60)	(8.9) %
Plan net assets	$228,220	$230,531	$ 208,086	(2,311)	(1.0) %	$22,445	10.8 %

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 decrease in total assets of $2.8 million or 1.2% in 2011 was the result of a decrease in the fair value of investments, cash and cash equivalents and receivables. In 2010, total assets increased by $22.4 million or 10.7% compared to 2009, 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, 2011. 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 2011 and 2010 consisted primarily of unpaid but earned investment manager fees and amounts related to unsettled investment trades. The change in Plan net assets is a function of the change in total assets offset by the change in total liabilities. The Plan recorded a decrease in Plan net assets of $2.3 million in 2011 and an increase of $22.4 million in 2010.

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 2011 and 2010 totaled $15.4 million and $12.6 million, respectively. For Plan years 2009 through 2011, the Board contributed more than the annual required contribution amount to compensate for some of the losses the Plan incurred in 2008 and to capitalize on attractive valuations of securities in the market.

2011 was an eventful year as the market battled with the downgrade of the United States' sovereign credit rating, the ongoing European debt crisis and investor concerns with shifting news on the risk of municipal defaults. Equities generally performed poorly while Investment Grade Fixed Income performed well. Denver Water's Retirement Plan posted a 0.52% loss compared to the Plan's customized benchmark return of 0.67% for 2011, finishing with total assets of $228.3 million. Poor performance from international and domestic equity segments outweighed positive performance from real estate and fixed income segments. The international equity segment was the worst absolute performer posting a 14.95% loss and trailing its benchmark (MSCI All Country World ex U.S. ND Index) return's loss of 13.71%. Dimensional Fund Advisors fund was the Plan's worst absolute and relative performer. Harding Loevner, a recent international equity addition posted a 6.00% return for the fourth quarter in 2011, outperforming its benchmark MSCI ACWI ex USA ND Index by 2.28%. The domestic equity segment lost 0.41% for the year, underperforming both its benchmark Russell 3000 Index return of 1.03% and the S&P 500 index return of 2.11%. Pzena Investment Management was the worst absolute performer for this segment recording a loss of 4.62% compared to its benchmark Russell 1000 Value Index return of 0.39%. The Plan's most recent domestic equity manager, Pyramis posted a fourth quarter return of 15.26%, outperforming its benchmark Russell 2500 Index by 75 basis points. The real estate segment was the Plan's best absolute performer returning 14.36%, slightly behind the benchmark NFI ODCE Index return of 15.98%. JP Morgan Strategic Property Fund was the top performer within this segment posting a double digit return of 15.95% for 2011.

Additions to Plan Net Assets

(amounts expressed in thousands)

	Years ended December 31,			2011-2010		2010-2009	
				Increase	%	Increase	%
	2011	2010	2009	(Decrease)	Change	(Decrease)	Change
Employer contributions	$15,400	$12,639	$ 14,500	2,761	21.8% %	$(1,861)	(12.8) %
Investment income	(2,095)	24,118	31,559	(26,213)	(108.7) %	(7,441)	(23.6) %
Total additions, net	413,305	$36,757	$ 46,059	(23,452)	(63.8) %	$(9,302)	(20.2) %

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, 2011, annual Plan deductions totaled $15.6 million which compares with $14.3 million in 2010. This represents an increase in deductions in 2011 of 9.1% as compared to an increase in 2010 over 2009 of 12.0%. The increase in total deductions in 2011 was primarily due to an increase in benefit payments. Certain expenses previously classified as investment expense in prior years were classified as administrative expense in 2011 to better reflect the nature of the underlying transactions.

Deductions from Plan Net Assets

(amounts expressed in thousands)

	Years ended December 31,			2011-2010			2010-2009		
	2011	2010	2009	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Retirement benefits	$15,361	$14,079	$ 12,567	1,282	9.1%	%	$1,512	12.0	%
Death benefits	55	65	75	(10)	(15.4)	%	(10)	(13.3)	%
Refunds of contributions	78	108	88	(30)	(27.8)	%	20	22.7	%
Administrative expenses	123	60	52	63	105.0	%	8	15.4	%
Total deductions	$15,617	$14,312	$ 12,782	1,305	9.1	%	$ 1,530	12.0	%

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2011 and 2010, 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	2011	2010
Cash and cash equivalents, at cost which approximates fair	$2,373,500	$4,144,600
Dividends, interest and other receivables	595,700	696,100
Investments, at fair value		
U. S. Government and agency securities	47,808,900	11,590,700
Municipal/provincial bonds	1,147,800	990,000
Corporate bonds and debentures	26,362,200	61,527,700
Equities	128,235,20	134,317,600
Real estate	21,840,900	17,879,000
Total Investments	225,395,00	226,305,000
Total Assets	228,364,20	231,145,700
Liabilities		
Accrued administrative expense	2,600	14,000
Accrued investment expense	142,700	306,400
Securities payable	-	294,300
Total Liabilities	145,300	614,700
Net assets held in trust for pension benefits	$228,218,9	$230,531,00
(Please see "Schedule of Funding Progress")		

See accompanying notes to financial statements.

FINANCIAL SECTION

b) Statements of Changes in Plan Net Assets

	Years Ended December 31, 2010	2010
Additions		
Employer contributions	$15,400,000	$12,638,800
Investment income		
Net appreciation (depreciation) in fair value of investments	(6,432,900)	19,986,800
Interest	3,142,800	2,709,500
Dividends	1,751,200	1,737,300
Real estate income, net of operating expenses	917,200	1,090,900
Miscellaneous	-	500
	(621,700)	25,525,000
Less investment expense	(1,473,000)	(1,406,600)
Net investment income (loss)	(2,094,700)	24,118,400
Total additions	13,305,300	36,757,200
Deductions		
Retirement benefits	15,361,200	14,078,900
Death benefits	55,000	65,000
Refunds of contributions	78,000	108,300
Administrative expense	123,200	59,800
Total deductions	15,617,400	14,312,000
Net Increase (Decrease)	(2,312,100)	22,445,200
Net Assets Held In Trust for Pension Benefits		
Beginning of year	230,531,000	208,085,800
End of year	$228,218,900	$230,531,000

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, 2011, there were 1,613 participants: 94 were deferred vested participants, 456 participants were retired and 1,063 participants were active.

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.

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 or as provided from fund managers. 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 $15.4 million and $12.6 million during 2011 and 2010, respectively, in accordance with actuarial valuations performed as of January 1, 2011 and 2010, respectively.

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 $78,000 and $108,300 were made in 2011 and 2010, respectively, for employees who had retired or were terminated during the respective year. As of December 31, 2011 and 2010, total remaining employee contributions including accrued interest was $325,000 and $399,000, respectively. These amounts are not accrued as liabilities in the accompanying financial statements.

b. 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, 2011.

Following an experience study covering years 2005 through 2009, various assumptions were changed for the January 1, 2011 actuarial valuation to better reflect actual plan experience and changes in operations affecting the Plan. There were no changes made 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.

c. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the Plan was 73.8% funded. The actuarial accrued liability for benefits was $296.3 million, and the actuarial value of assets was $218.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of $77.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $69.9 million, and the ratio of the UAAL to the covered payroll was 110.8%. 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%

d. 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.

e. 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. 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, 2011 and 2010:

Asset Allocation Strategy

		Operational Range	
Asset Class	Target	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 U.S. government, its agencies or instrumentalities and repurchase agreements thereon. The Plan investments and deposits are held separate from the Board's operating investments.

f. Custody and Management of Assets

During 2011 and 2010, 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	Terminated August 2011
Cadence Capital Management	Terminated August 2011
Denver Investment Advisors, LLC	Hired prior to 1978
Dimensional Fund Advisors, LP	Since February 2008
Harding Loevner Funds, Inc.	Since August 2011
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	Terminated July 2011
Northern Trust Investments, N.A.	Since July 2006
Pacific Investment Management Company, LLC	Since July 2006
Prudential Real Estate Investors	Since March 2006
Pyramis Global Advisors Fidelity Asset Management	Since July 2011
Pzena Investment Management, LLC	Since July 2006
UBS Trumbull Property Fund, LP	Since May 1998
Winslow Capital Management, Inc./SEI Trust Company	Since August 2011

g. 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, 2011 and 2010, there were no deposits subject to custodial credit risk.

h. 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, 2011

Investment Type	Market value	Less than 1 year	1 to 6 years	6 to 10 years	10 + years	Maturity not determined**
Asset-backed securities	1,822,546	-	1,550,107	272,439	-	-
Corporate bonds	24,521,394	760,133	10,765,012	11,127,991	1,868,258	-
Government agencies	37,299,711	-	-	-	-	37,299,711
Government bonds	9,143,543	-	4,492,645	323,555	4,327,343	-
Government mortgage-backed securities	1,365,618	-	-	-	1,365,618	-
Municipal bonds	1,147,846	-	-	-	1,147,846	-
Nongovernment-backed C.M.O.'s	18,219	-	-	-	18,219	-
Total	75,318,877	760,133	16,807,764	11,723,985	8,727,284	37,299,711

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

i. 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, 2011, 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.

j. 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, 2011 are as follows:

Schedule of Credit Risk as of December 31, 2011

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
Asset backed securities	AAA	1,096,737	1.4%
	NR/NA[2]	725,809	0.9
Corporate bonds	AA	1,442,352	1.8
	A	11,066,738	14.2
	BBB	8,150,958	10.5
	BB	3,086,599	4.0
	NR/NA[2]	774,747	1.0
Government agencies	NR/NA[3]	37,299,711	47.9
Government bonds	NR/NA[1,2]	9,143,543	11.7
Government mortgage-backed securities	NR/NA[1]	1,365,618	1.8
Municipal Bond	AAA	371,133	0.5
	AA	776,713	1.0
Non-Government backed C.M.O.s	AAA	18,219	-
Total fixed income securities		75,318,877	96.7%

[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 able to be categorized into any other ratings or the rating was not available to the custodian.

[3]NR/NA indicates the securities were either not able to be categorized into any other ratings or the rating was not available because the assets are held in a mutual fund.

k. 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, 2011:

Foreign Currency Risk

Country	Total	International Stocks	Fixed Income
Australia	1,692,509	1,362,747	329,762
Austria	226,381	226,381	-
Bahamas	9	9	-
Belgium	114,565	114,565	-
Bermuda	406,834	406,834	-
Brazil	1,994,161	1,994,161	-
Canada	4,929,290	3,794,534	1,134,756
Cayman Islands	1,282	1,282	-
Chile	79,090	79,090	-
China	1,561,851	1,561,851	-
Cyprus	3,018	3,018	-
Czech Republic	14,459	14,459	-
Denmark	160,920	160,920	-
Finland	298,912	298,912	-
France	3,771,090	3,771,090	-
Germany	4,055,407	4,055,407	-
Gibraltar	469	469	-
Greece	11,291	11,291	-
Guernsey	20,363	20,363	-
Hong Kong	3,586,990	3,586,990	-
Hungary	21,205	21,205	-
India	520,001	520,001	-
Indonesia	162,343	162,343	-
Ireland	94,093	94,093	-
Israel	169,824	169,824	-
Italy	189,867	189,867	-
Japan	8,385,896	8,385,896	-
Jersey	687	687	-
Liechtenstein	442	442	-
Luxemburg	142,532	142,532	-
Malaysia	158,363	158,363	-
Mexico	1,219,211	1,080,848	138,363
Netherlands	1,228,044	874,388	353,656
New Zealand	17,740	17,740	-
Norway	140,678	140,678	-
Panama	47,468	47,468	-
Philippines	41,194	41,194	-
Poland	195,029	195,029	-
Portugal	9,133	9,133	-
Russia	429,345	429,345	-
Singapore	808,919	808,919	-
South Africa	1,362,137	1,362,137	-
South Korea	1,182,288	1,182,288	-
Spain	424,424	424,424	-
Sweden	1,171,983	1,171,983	-
Switzerland	3,638,017	3,638,017	-
Taiwan	1,541,097	1,541,097	-
Thailand	114,978	114,978	-
Turkey	404,745	404,745	-
United Kingdom	8,768,145	8,044,522	723,623
Multi-National	105,705	105,705	-
Other	189	189	-
Total	**55,624,613**	**52,944,453**	**2,680,160**

I. 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, 2011 and 2010.

Note 4 - Related Party Transactions

An affiliate of the Plan's custodian is an investment manager for the Plan, which managed $25.0 million and $22.0 million of the Plan's investments at December 31, 2011 and 2010, respectively. As of December 31, 2010, the Plan accrued immaterial investment management fees for the services of that investment manager. For the years ended December 31, 2011 and 2010, the Plan incurred approximately $12,000 and $13,000, respectively, in management fees with this investment manager.

Note 5 - Plan Amendments

The Plan was amended September 13, 2011, modifying the Plan to comply with the provisions of the Heroes Earnings Assistance and Tax Relief Act of 2008 (HEART Act) and changing the definition of "eligible retirement plan" to provide that outgoing rollovers from the Plan may be made to a Roth IRA.

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)
1/1/2002	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%
1/1/2011	218,757,059	296,269,387	77,512,328	73.8%	69,926,961	110.8%

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%
2011	12,414,279	15,400,000	124.1%

See accompanying independent auditors' report.

6. Supporting Schedules (unaudited)

a) Schedule of Administrative Expenses

	2011	2010
Actuarial Services	$13,200	$28,100
Benefit Payment Processing[1]	83,000	10,900
Audit Services	27,000	20,800
Total Administrative Expenses	123,200	59,800
Average Assets[2]	$229,607,800	$219,597,100
Administrative Expenses as a percentage of Average Assets	0.054%	0.027%

[1]Certain expenses previously classified as investment expense in prior years were classified as administrative expense in 2011 to better reflect the nature of the underlying transactions.

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

b) Schedule of Investment Expenses

	2011	2010
Artio Global Management LLC	$117,400	$180,500
AXA Rosenberg Investment Management LLC	-	36,800
Cadence Capital Management	71,100	113,100
Denver Investment Advisors, LLC	106,200	99,200
Dimensional Fund Advisors LP	134,600	108,300
Harding Loevner Funds, Inc.	72,300	-
Heitman Capital Management Corporation	-	-
JP Morgan Investment Management, Inc.	64,600	55,900
Lazard Asset Management LLC	196,400	171,700
Loomis Sayles & Company, LP	64,800	46,700
Northern Trust Investments, N. A.	12,000	8,900
Pacific Investment Management Company, LLC	197,300	187,800
Prudential Real Estate Investors	62,200	49,800
Pyramis Global Advisors Fidelity Asset Management	34,100	
Pzena Investment Management, LLC	105,400	116,000
UBS Trumbull Property Fund LP	96,000	61,400
Winslow Capital Management, Inc./SEI Trust Company	34,000	-
Total payments to investment advisors	1,368,400	1,236,100
Investment Consulting Expense	73,000	71,900
Investment Performance Reporting Expense	31,600	98,300
Total Investment Expenses	$1,473,000	$1,406,300
Average Assets[1]	$229,607,800	$219,597,100
Investment Expenses as a Percentage of Average Assets	0.642%	0.639%

[1]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, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Denver Water Supplemental Retirement Savings Plan as of December 31, 2011 and 2010, and the changes in net assets for the years then ended, in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

March 29, 2012

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, 2011 and 2010. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2011, $48.9 million was held in trust for the payment of SRSP benefits to the participants as compared to $46.6 million in 2010. This represents an increase in total SRSP net assets held in trust of $2.3 million or 4.9%.

Additions to SRSP net assets for 2011 and 2010 included participant contributions of $3.7 million and $3.6 million, respectively and the Denver Board of Water Commissioners (Board) matching contributions of $1.7 million in 2011 and in 2010. The net investment loss for 2011 was $92,000 compared to $5.0 million investment income in 2010.

Total deductions from SRSP net assets in 2011 and in 2010 were $3.0 million. The deductions were comprised of retirement benefit payments of $3.0 million and administrative expense of $43,000 in 2011. In 2010 the deductions were comprised of $2.9 million in benefit payments and $84,000 in administrative expenses. Total deductions in 2011 were 1.8% greater than those in 2010. Total deductions were 37.0% greater in 2010 over 2009.

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, 2011, there were 884 employees contributing to the SRSP or 86% of all eligible Denver Water employees. This compares with 878 employees contributing to the SRSP or 83% as of December 31, 2010. There were 1,027 employees eligible to participate in the SRSP as of December 31, 2011 and 1,057 as of December 31, 2010.

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 net assets as of December 31, 2011 and 2010.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from SRSP net assets during 2011 and 2010.

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,			2011-2010			2010-2009		
				Increase	%		Increase	%	
	2011	2010	2009	(Decrease)	Change		(Decrease)	Change	
Mutual funds	$35,331	$33,805	$27,931	$1,526	4.5	%	$5,874	21.0%	%
Fixed interest	-	-	11,244	-	-	%	(11,244)	(100.0)	%
Commingled fund	13,364	12,638	-	726	5.7	%	12,638	100.0	
Money market fund	37	-	-	37	100.0		-	-	
Total investments	48,732	46,443	39,175	2,289	4.9	%	7,268	18.5	%
Receivables:									
Contributions	203	194	189	9	4.6	%	5	2.6	%
Other receivable	11	-	-	11	100.0		-	-	
Total assets	48,946	46,637	39,364	20	10.3	%	7,273	18.5	%
Total liabilities	11	-	7	11	100.0	%	(7)	(100.0)	
Plan net assets	$48,935	$46,637	$39,357	$2,298	4.9	%	$7,280	18.5	%

SRSP Activities

Net assets increased by $2.3 million or 4.9% in 2011 and by $7.3 million or 18.5% in 2010. 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 2011 and 2010 was $1.7 million for each year. Net investment loss was $92,000 in 2011 as compared to net investment income of $5.0 million in 2010. The change in net investment income (loss) in 2011 over 2010 is primarily the result of a decrease in the market values of assets held during the year partially offset by an increase in dividends received. The change in investment income in 2010 over 2009 was driven by a substantial increase in market values, which was partially offset by a substantive decrease in dividends received as corporations reduced or suspended their dividends in 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,			2011-2010		2010-2009	
	2011	2010	2009	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Employer contributions	$1,735	$1,671	$1,648	64	3.8 %	$23	1.4% %
Participant contributions	3,695	3,562	3,294	133	3.7 %	268	8.1 %
Participant rollovers	9	89	63	(80)	(89.9) %	26	41.3 %
Net Investment (loss) income	(92)	4,952	6,157	(5,044)	(101.9) %	(1,205)	(19.6) %
Total additions	$5,347	$10,274	$11,162	(4,927)	(48.0) %	$(888)	(8.0) %

Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2011 and 2010, benefits paid were $3.0 million and $2.9 million respectively, an increase of 3.2% in 2011 over 2010 and 38.2% in 2010 over 2009. 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 SRSP.

Administration expenses for the SRSP were $43,000 in 2011 and $84,000 in 2010. The reduction in administrative expense is due to lower fees charged by the current recordkeeper. 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,			2011-2010		2010-2009	
	2011	2010	2009	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Benefits paid to participants	$3,005	$2,911	$ 2,106	94	3.2 %	805	38.2 %
Administrative expenses	43	84	80	(41)	(48.8) %	4	5.0 %
Total deductions	$3,048	$2,995	$ 2,186	53	1.8 %	809	37.0 %

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, 2011 and 2010 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, 2011	December 31, 2010
Assets		
Investments, at fair value		
Mutual funds	$35,331,300	$33,804,400
Commingled fund	13,364,300	12,638,300
Money market fund	36,600	-
Total investments	48,732,200	46,442,700
Receivables		
Employer contributions	65,000	65,100
Employee contributions	138,100	128,700
Other receivables	10,900	-
Total receivables	214,000	193,800
Total assets	48,946,200	46,636,500
Liabilities		
Accrued administrative expense	11,000	-
Net assets available for benefits	48,935,200	$46,636,500

See accompanying notes to financial statements.

b) Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31, 2011	2010
Additions		
Investment income		
Net depreciation (appreciation) in fair value of investments	$(1,316,100)	$3,737,400
Interest	-	415,200
Dividends	1,164,200	799,400
Miscellaneous	61,000	-
Total investment (loss) income	(90,900)	4,952,000
Less participant investment advisory fees	(1,400)	-
Net investment income	(92,300)	4,952,000
Contributions		
Employer contributions	1,735,100	1,671,100
Participant contributions	3,694,600	3,562,000
Participant rollovers	9,100	89,200
Total contributions	5,438,800	5,322,300
Total additions	5,346,500	10,274,300
Deductions		
Benefits paid to participants	3,004,500	2,911,200
Administrative expenses	43,300	83,800
Total deductions	3,047,800	2,995,000
Net Increase	2,298,700	7,279,300
Net Assets Available for Benefits		
Beginning of year	46,636,500	39,357,200
End of year	448,935,200	$46,636,500

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 1,027 and 1,057 active Denver Water employees eligible to participate in the SRSP as of December 31, 2011 and 2010, 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, 2011. 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 nonforfeitable.

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 the participants. 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 nonforfeitable.

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 mutual funds and one commingled fund are reported at fair value and are valued at quoted market prices or as provided from fund. Commingled funds are stated at fair value based upon the securities underlying the funds as determined by the fund managers. This computation is performed by the fund company and is reported daily to Great West.

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%.

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, 2011 and 2010 (amounts are expressed in thousands):

	2011	2010
American Funds Washington Mutual	$4,335	$3,978
Artio International Equity Fund	3,199	4,024
Baron Growth	1,096	845
Cohen & Streets Institutional Global Realty	84	45
Domini Social Equity	232	166
Dreyfus Cash Management Institutional	37	40
Dreyfus Mid Cap Index	4,666	4,753
DWS Equity 500 Index Institutional	3,321	3,189
Perkins Small Cap Value Institutional	2,408	2,409
Pimco High Yield	571	492
Pimco Total Return Institutional	2,867	2,836
Schwab Stable Value Fund Select	-	12,638
Schwab Stable Value Fund Institutional	13,364	-
T. Rowe Price Growth Stock	3,193	3,185
Vanguard Inflation Protected Bond	1,031	609
Vanguard Target Retirement Income	109	86
Vanguard Target Retirement 2005	106	17
Vanguard Target Retirement 2015	1,713	1,320
Vanguard Target Retirement 2025	3,207	3,026
Vanguard Target Retirement 2035	1,348	1,089
Vanguard Target Retirement 2045	1,728	1,696
Vanguard Target Retirement 2055	117	-
Total Investments	$48,732	$46,443

During 2011, the SRSP investments (including gains and losses on investments bought and sold, as well as income received on investments during the year) recorded a net investment loss of approximately $92,000. 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. Interest realized on the SRSP fixed interest contract for 2010 was approximately $415,000. The fixed interest contract was terminated December 28, 2010 and replaced with a stable value fund.

Note 4 - Related Party Transactions

During 2010, 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 average yield and crediting interest rates were 3.55%. 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 moneys from the sale were redirected to the Schwab Stable Value investment option on 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 2010 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 from 12(b) (1) fees reported by Great West in 2011 from all sources was $58,000. In 2010 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 SRSP accounts. As of December 31, 2011 there was $17,800 in the unallocated account. At December 31, 2010 there were no funds in the unallocated account. In 2011 and 2010, approximately $43,000 and $84,000, 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 off set 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 are not subject to 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 investment options are all diversified mutual funds and one commingled fund and therefore do not have credit risk. The mutual funds and commingled fund have not been rated by any nationally recognized rating agency (Moody's, Fitch and Standard & Poor's rating agencies).

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. Some of the mutual funds held by the SRSP invest in debt instruments that are subject to interest rate risk. The schedule presented below provides an indication of the interest rate risk associated with the funds holding debt obligations as of December 31, 2011:

Schedule of maturity, duration and credit quality

	Average effective maturity	Average effective duration	Average credit quality
Target Date Funds:			
Vanguard Target Retirement 2055	7.30	5.08	AA
Vanguard Target Retirement 2045	7.30	5.08	AA
Vanguard Target Retirement 2035	7.30	5.08	AA
Vanguard Target Retirement 2025	7.30	5.08	AA
Vanguard Target Retirement 2015	7.45	5.31	AA
Vanguard Target Retirement 2005	7.95	6.10	AA
Vanguard Target Retirement Income	7.96	6.11	AA
Fixed Income Mutual Funds:			
PIMCO High Yield	6.34	4.32	NR
PIMCO Total Return Institutional	8.97	7.14	NR
Vanguard Inflation Protected Bond	9.40	8.37	AAA

NR means the credit quality was either not rated or not available

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.

The SRSP exposure to foreign currency risk is limited to the mutual fund investment options listed in the information table below as of December 31, 2011:

Schedule of assets included in foreign shares

		Dollar allocation invested in foreign securities	Percentage of fund invested in foreign securities
American Funds Washington Mutual	$	346,765	8.0%
Artio International Equity Fund		3,067,946	95.9
Baron Growth Fund		49,323	4.5
Cohen & Steers Institutional Global Realty		45,321	53.8
Domini Social Equity		19,701	8.5
DWS Equity 500 Index Institutional		29,888	0.9
Perkins Small Cap Value Institutional		60,209	2.5
T. Rowe Price Growth Stock		108,569	3.4
Vanguard Target Retirement 2005		30,271	28.5
Vanguard Target Retirement 2015		484,861	28.3
Vanguard Target Retirement 2025		907,633	28.3
Vanguard Target Retirement 2035		385,651	28.6
Vanguard Target Retirement 2045		499,357	28.9
Vanguard Target Retirement 2055		33,920	29.1
Vanguard Target Retirement Income		31,451	28.8
PIMCO Total Return Institutional		690,943	24.1
Total	$	6,791,809	

Note 7 - SRSP Amendments

The SRSP was amended on September 27, 2011 to comply with provisions with the Heroes Earnings Assistance and Tax Relief Act of 2008 (HEART Act). Contributions, benefits and service credit with respect to qualified military service will be provided in the SRSP, survivor benefits for deaths during military service were established, differential pay requirements of the Heart Act were implemented and beginning on or after January 1, 2008 the meaning of eligible retirement plan shall also mean a Roth IRA.

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, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of Denver Water 457 Deferred Compensation Plan as of December 31, 2011 and 2010, and the changes in net assets for the years then ended, in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

March 29, 2012

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, 2011 and 2010. This information should be read in conjunction with the Plan financial statements and notes which follow.

Financial Highlights

As of December 31, 2011 and 2010 respectively, $24.8 million and $26.0 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 decreased $1.2 million or – 4.5% in 2011. This compares with an increase in 2010 of $1.0 million or 4.1%. The decrease in 2011 was due to depreciation in the fair value of assets, a moderate increase in participant contributions and a significant decrease in administrative costs offset by an increase in benefit payments. Benefit payments increased by $296,000 or 11.0% and participant contributions increased by $143,000 or 9.9%. The increase in net assets in 2010 was due to appreciation in the fair value of assets, a slight increase in benefit payments and a small decrease in administrative expenses, offset by an increase in participant contributions.

In 2011, the Plan had net investment income of $252,000 compared to $2.3 million in 2010. Participant contributions were approximately $1.6 million in 2011 and $1.4 million in 2010.

Deductions from Plan net assets totaled $3.0 million for 2011 and $2.7 million in 2010 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, 2011 and 2010, there were 292 participating employees in the Plan which constituted 28% of all eligible Denver Water employees. There were 1,027 employees eligible for the Plan as of December 31, 2011 compared to 1,057 as of December 31, 2010.

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, 2011 and 2010. It reflects the net assets available for benefits in the Plan as of December 31, 2011 and 2010.

The Statements of Changes in Net Assets Available for Benefits show the additions to and deductions from Plan net assets during 2011 and 2010.

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 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,			2011-2010			2010-2009		
	2011	2010	2009	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Mutual funds	$13,642	$13,873	$13,211	(231)	(1.7)	%	662	5.0	%
Fixed interest	-	-	11,707	-	-		(11,707)	(100.0)	%
Commingled fund	11,099	12,061	-	(962)	(8.0)	%	12,061	100.0	%
Money market fund	15	-	-	15	100.0		-	-	
Total investments	24,756	25,934	24,918	(1,178)	(4.5)	%	1,016	4.1	%
Receivables:									
Contributions	51	48	47	3	6.3	%	1	2.1	%
Other receivable	5	-	-	5	100.0	%	-	-	%
Total receivables	56	48	47	8	16.7	%	1	2.1	%
Total assets	24,812	25,982	24,965	(1,170)	(4.5)	%	1,017	4.1	%
Total liabilities	6	-	5	6	100.0	%	(5)	(100.0)	%
Plan net assets	$24,806	$25,982	$24,960	(1.176)	(4.5)	%	1,012	4.1	%

Plan Activities

Net assets decreased in 2011, primarily due to decreases in fair market value of investments. The total decrease in Plan net assets was $1.2 million or 4.5%. In 2010, Plan net assets increased by 1.0 million or 4.1%, as compared to 2009. 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 net of participant investment advisory fees during 2011 was $252,000 as compared to $2.3 million in 2010.

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

	Years ended December 31,			2011-2010			2010-2009		
	2011	2010	2009	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Participant contributions	$1,581	$1,438	$ 1,303	143	9.9	%	135	10.4	%
Participant rollovers	2	-	-	2	100.0	%	-	-	-
Investment income (net)	252	2,326	3,334	(2,074)	(89.2)	%	(1,008)	(30.2)	%
Total additions	$1,835	$3,764	$ 4,637	(1,929)	(51.2)	%	(873)	(18.8)	%

Deductions

Benefit payments of $3.0 million in 2011 and $2.7 million in 2010 represent most of the deductions from Plan net assets. Benefit payments were 11.0% larger in 2011 than in 2010 and 7.6% larger in 2010 over 2009. 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 2011 and 2010 were $22,000 and $50,000, respectively. The reduction in administrative expense is due to lower fees charged by the current recordkeeper. 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,			2011-2010			2010-2009		
	2011	2010	2009	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Benefits paid to participants	$2,988	$2,692	$ 2,501	296	11.0	%	191	7.6	%
Administrative expenses	22	50	54	(28)	(56.0)	%	(4)	(7.4)	%
Total deductions	$3,010	$2,742	$ 2,555	268	9.8.	%	187	7.3	%

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, 2011 and 2010 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, 2011	December 31, 2010
Assets		
Investments, at fair value		
Mutual funds	13,641,900	13,873,200
Commingled fund	11,099,100	12,060,600
Money market fund	14,600	-
Total investments	24,755,600	25,933,800
Receivables		
Participant contributions	51,400	48,200
Other receivable	4,800	-
Total receivables	56,200	48,200
Total assets	24,811,800	25,982,000
Liabilities		
Accrued administrative expense	5,600	-
Net assets available for benefits	24,806,200	25,982,000

See accompanying notes to financial statements.

b) Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31, 2011	2010
Additions		
Investment income		
Net (depreciation) appreciation in fair value of investments	$(205,400)	$1,566,900
Interest	-	413,600
Dividends	424,800	345,600
Miscellaneous income	33,000	-
	252,400	2,326,100
Less participant investment advisory fees	(500)	-
Net investment income	251,900	2,326,100
Contributions		
Participant contributions	1,580,600	1,437,700
Participant rollovers	1,900	-
Total contributions	1,582,500	1,437,700
Total additions	1,834,400	3,763,800
Deductions		
Benefits paid to participants	2,987,700	2,692,400
Administrative expenses	22,500	49,900
Total deductions	3,010,200	2,742,300
Net (decrease) Increase	(1,175,800)	1,021,500
Net Assets Available For Benefits		
Beginning of year	25,982,000	24,960,500
End of year	$24,806,200	$25,982,000

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 (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, 2011 and eighteen mutual fund investment options and one fixed interest investment option in 2009 through December 28, 2010.

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 reflects 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 the 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 the participants. 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 mutual funds and one commingled fund are valued at quoted market prices or as provided from fund managers. This computation is performed by the fund company and is reported daily to Great West. Commingled funds are stated at fair value based upon the securities underlying the funds as determined by the fund manager.

Prior to changing providers for trust and recordkeeping services in late 2011 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%.

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 intended to be an eligible deferred compensation plan under Section 457(b) of the Code. 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, 2011 and 2010 (amounts are expressed in thousands).

	2011	2010
American Funds Washington Mutual	$1,099	$1,170
Artio International Equity Fund	1,136	1,626
Baron Growth Fund	431	369
Cohen & Steers Institutional Global Realty	56	27
Domini Social Equity Fund	540	558
Dreyfus Cash Management Institutional	14	25
Dreyfus Mid Cap Index	1,232	1,296
DWS Scudder Equity 500 Index Institutional	1,424	1,548
Perkins Small Cap Value Institutional	861	857
PIMCO High Yield	378	296
PIMCO Total Return Institutional	1,519	1,538
Schwab Stable Value Fund Select	-	12,061
Schwab Stable Value Fund Institutional	11,099	-
T. Rowe Price Growth Stock	2,382	2,487
Vanguard Inflation Protected Bond	315	201
Vanguard Target Retirement Income	33	30
Vanguard Target Retirement 2005	3	-
Vanguard Target Retirement 2015	726	470
Vanguard Target Retirement 2025	577	490
Vanguard Target Retirement 2035	283	166
Vanguard Target Retirement 2045	643	719
Vanguard Target Retirement 2055	4	-
Total Investments	$24,755	$25,934

During 2011 and 2010, 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 $252,000 and $2.3 million, respectively. Interest realized on the Plan fixed fund for 2010 was approximately $414,000. The fixed fund was terminated December 28, 2010 and replaced with a stable value fund.

Note 4 - Related Party Transactions

During 2010, participants directed investments to the VALIC fixed interest account, which was 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 average yield and crediting interest rates were 3.55% for 2010. The crediting interest rate was declared annually by the issuer, but could not 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 2011 and 2010 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 funded by 12(b) (1) fees reported by Great West in 2011 from all sources was $31,000. In 2010 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 unallocated Plan accounts. As of December 31, 2011 there was $11,000 in the unallocated account. At December 31, 2010 there were no funds in the unallocated account. In 2011 and 2010, approximately $23,000 and $50,000, respectively was recorded in the Plan 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 off set 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 investment 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 investment options are all diversified mutual funds and one commingled fund and therefore do not have credit risk. The mutual funds and commingled fund have not been rated by any nationally recognized rating agency (Moody's, Fitch and Standard & Poor's rating agencies).

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. Some of the mutual funds held by the Plan invest in debt instruments that are subject to interest rate risk. The schedule presented below provides an indication of the interest rate risk associated with the funds holding debt obligations as of December 31, 2011:

Schedule of maturity, duration and credit quality

	Average effective maturity	Average effective maturity	Average credit quality
Target Date Funds:			
Vanguard Target Retirement 2055	7.30	5.08	AA
Vanguard Target Retirement 2045	7.30	5.08	AA
Vanguard Target Retirement 2035	7.30	5.08	AA
Vanguard Target Retirement 2025	7.30	5.08	AA
Vanguard Target Retirement 2015	7.45	5.31	AA
Vanguard Target Retirement 2005	7.95	6.10	AA
Vanguard Target Retirement Income	7.96	6.11	AA
Fixed Income Mutual Funds:			
PIMCO High Yield	6.34	4.32	NR
PIMCO Total Return Institutional	8.97	7.14	NR
Vanguard Inflation Protected Bond	9.40	8.37	AAA

NR means the credit quality was either not rated or not available

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 exposure to foreign currency risk is limited to the mutual fund investment options listed in the information table below as of December 31, 2011.

Schedule of assets included in foreign shares

	Dollar allocation invested in foreign securities	Percentage of portfolio invested in foreign securities
American Funds Washington Mutual	$87,963	8.0%
Artio International Equity Fund	1,089,122	95.9
Baron Growth Fund	19,381	4.5
Cohen & Steers Institutional Global Realty	30,182	53.8
Domini Social Equity Fund	45,878	8.5
DWS Scudder Equity 500 Index Institutional	12,813	0.9
Perkins Small Cap Value Institutional	21,519	2.5
T. Rowe Price Growth Stock	80,978	3.4
Vanguard Target Retirement 2005	841	28.5
Vanguard Target Retirement 2015	205,550	28.3
Vanguard Target Retirement 2025	163,256	28.3
Vanguard Target Retirement 2035	80,996	28.6
Vanguard Target Retirement 2045	185,742	28.9
Vanguard Target Retirement 2055	1,072	29.1
Vanguard Target Retirement Income	9,561	28.8
PIMCO Total Return Institutional	366,049	24.1
Total	$2,400,903	

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III. INVESTMENT SECTION (UNAUDITED)

A. EMPLOYEES' RETIREMENT PLAN

1. Report on Investment Activity

The Northern Trust Company
50 South La Salle Street Chicago, Illinois 60603
(312) 630-6000

Northern Trust

February 3, 2012

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, 2011.

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 rallied in the fourth quarter to finish 2011 with slight gains in large cap and minor losses in small cap. The S&P 500 returned 2.1% while the Russell 2000 lost -4.2%. For the year, growth stocks fared better than their value counterparts with the Russell 1000 Growth returning 2.6% and the Russell 1000 Value adding 0.4%.

The U.S. economy showed signs of improvement late in 2011, especially compared to Europe. Unemployment has finally dipped below 9% and the economy is expected to grow at a moderate pace in 2012.

Within the fixed income markets, the Barclay's Capital Aggregate index returned 7.8% for the year and the Barclay's Capital Government Credit index finished the year up 8.7%. The International equity markets struggled vs. the U.S. equity markets during 2011. The MSCI EAFE ND index lost -12.1% 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 -0.5%. DWERP's performance trailed the median return of 1.09% vs. the TUCS Universe of Public Funds valued at $500 million or less by 1.61%. The plan trailed its strategic policy benchmark target return of 0.7% for 2011 by 1.2%.

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 12/31/11, DWERP earned a 9.8% annualized return. The trailing 5-year return now stands at 0.0% and is 1.9% behind the policy target return. The 10-year trailing return is 4.3% and it trailed the benchmark slightly for this timeframe. DWERP's U.S. equity composite lost -0.4% in 2011 and trailed the benchmark return of 1.0%. The 1-year domestic equity result lagged the benchmark by 1.4%. The 3-year return of 14.8% is nearly equal to the benchmark return of 14.9%. DWERP's international equity investment trailed the policy benchmark for the year. DWERP's international equity investments lost -15.0% for the year compared to -13.7% for the benchmark MSCI ACWI ex U.S. DWERP's global equity returned -7.1% in 2011 which surpassed the benchmark MSCI ACWI ND return of -7.4%.

DWERP's real estate investments had a great absolute return of 14.4% for the year. The real estate benchmark return was 16.0%. The real estate investments surpassed the target index by 0.4% over the five year period.

DWERP's fixed income composite registered a return of 6.9% for the year. This return lagged the BC U.S. Agg. index return of 7.8%. Longer term results are less impressive as the fixed income program trails the target index for the 5-year period (4.2% vs. 6.4%).

In summary, the portfolio underperformed the total fund benchmark in 2011 and its performance ranks near the 75th percentile of the TUCS Universe of Public Funds valued at $500 million or less. Overall it was a volatile year that ended near breakeven for the plan.

Sincerely,

Jim Bailey

Consultant and 2nd 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 November 9, 2011 ("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 long term allocation ranges are as follows: equities: 35-70%, fixed income: 25-60%, alternatives: 5-30%. 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			
Winslow Capital Management, Inc	Winslow Large Cap Growth Fund	Commingled fund	since 08/2011
Pyramis Global Advisors	Small/Mid Cap Core	Commingled fund	since 07/2011
Northern Trust Investments, N.A.	NTGI-QM Collective Daily S&P 500 Equity Index Fund	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			
Harding Loevner Funds, Inc.	International Equity Portfolio (HLMIX)	Institutional mutual fund	since 08/2011
Dimensional Fund Advisors LP	World ex U.S. Value Portfolio (DFWVX)	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 2011			
Loomis Sayles and Company, LP	U.S. Small/Mid Cap Core	Separately managed account	since 07/2010- terminated 07/2011
Artio Global Management, LLC	International Equity Fund I	Commingled fund	since 09/2004 – terminated 08/2011
Cadence Capital Management	U.S. Large Cap Growth	Separately managed account	since 12/1993 – terminated 08/2011

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	**-0.52**	**9.76**	**0.03**
Denver Target Index[1]	*0.67*	*9.98*	*1.95*
Median TUCS Public Funds (<$500 Million)	*1.09*	*10.47*	*2.87*
Domestic Equity	-1.83	14.98	-1.95
Domestic Equity Benchmark[2]	*1.03*	*14.88*	*-0.01*
Global Equity[3]	-7.08	-	-
MSCI ACWI ND	*-7.35*	-	-
International Equity	-14.95	8.70	-4.44
International Equity Benchmark[4]	*-13.71*	*8.66*	*-4.18*
Total Fixed Income	6.86	8.84	4.15
Fixed Income Benchmark[5]	*7.84*	*6.35*	*6.39*
Real Estate	14.36	-1.24	0.22
Real Estate Benchmark[6]	*15.98*	*-1.77*	*-.14*
Cash	0.02	0.16	1.62
90 Day T-Bill	*0.07*	*0.12*	*1.30*

Source: Northern Trust

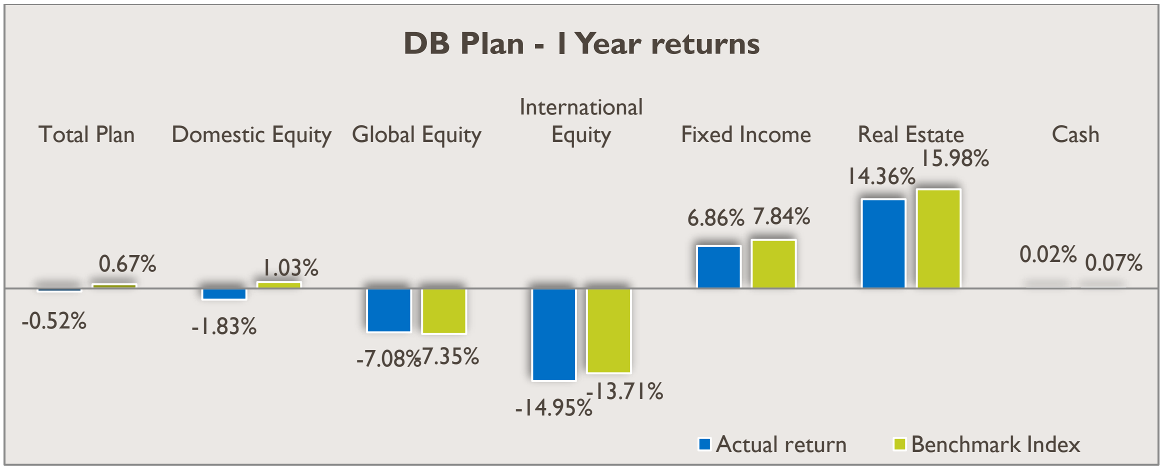
	Rates of return (%)				
	2011	2010	2009	2008	2007
Denver Board of Water	**-0.52**	**12.23**	**18.42**	**-29.84**	**8.14**
Denver Target Index[1]	*0.67*	*12.52*	*17.42*	*-23.44*	*8.17*
Median TUCS Public Funds (<$500 Million)	*1.09*	*12.37*	*19.82*	*-23.73*	*6.50*
Domestic Equity	-1.83	17.90	28.81	-40.53	3.57
Domestic Equity Benchmark[2]	*1.03*	*16.93*	*28.34*	*-37.31*	*5.14*
Global Equity	-7.08	9.55	-	-	-
MSCI ACWI ND	*-7.35*	*12.67*	*34.63*	*-42.19*	*11.66*
International Equity	-14.95	11.17	35.87	-45.77	14.38
International Equity Benchmark[3]	*-13.71*	*11.15*	*33.77*	*-43.38*	*11.17*
Total Fixed Income	6.86	8.41	11.28	-8.05	3.36
Fixed Income Benchmark[5]	*7.84*	*6.54*	*4.68*	*5.70*	*7.23*
Real Estate	14.36	16.18	-27.49	-9.50	15.95
Real Estate Benchmark[4]	*15.98*	*16.36*	*-29.76*	*-9.59*	*15.84*
Absolute Return	--	-	-	-35.31	24.21
CPI+5%	-	-	*7.74*	*5.12*	*9.10*
Cash	0.02	0.11	0.34	2.39	5.33
90 Day T-Bill	*0.07*	*0.14*	*0.15*	*1.56*	*4.68*

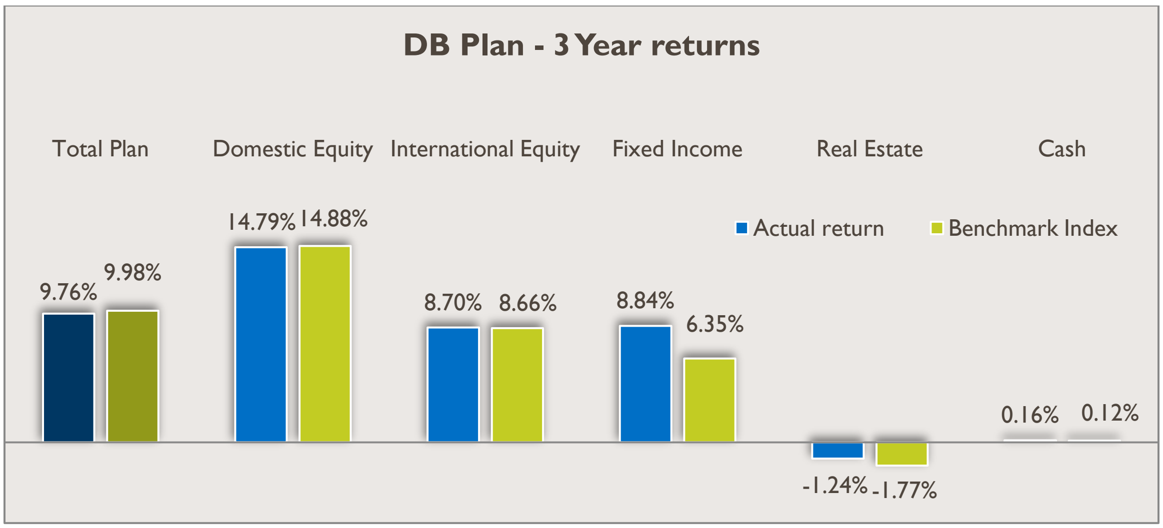
Source: Northern Trust

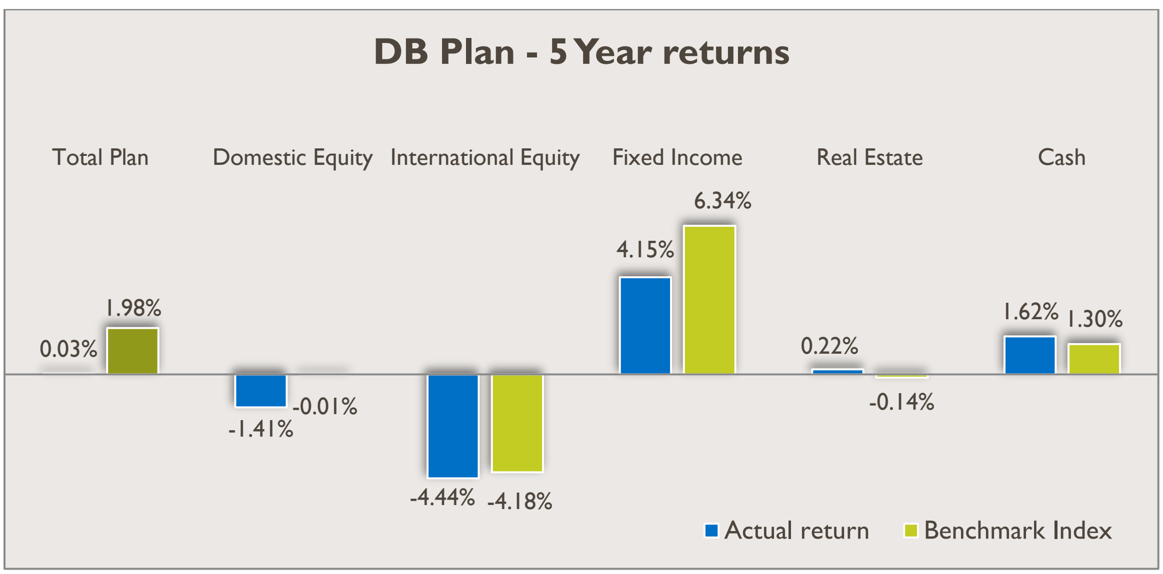
[1] Denver Target Index is a combination of current segment benchmark indices, weighted at the target asset allocations.
[2] Domestic Equity Benchmark is a custom blend of S&P 500 index performance from inception until 06/30/2006. From 06/30/2006 forward, the Russell 3000 index is used.3[4] International 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.*
[4] *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.*

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
-0.52%
0.67%
-1.83%
1.03%
-7.08%
-7.35%
-14.95%
-13.71%
6.86%
7.84%
14.36%
15.98%
0.02%
0.07%
Actual return
Benchmark Index


DB Plan - 3 Year returns
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Cash
Actual return
Benchmark Index
9.76%
9.98%
14.79%
14.88%
8.70%
8.66%
8.84%
6.35%
-1.24%
-1.77%
0.16%
0.12%


DB Plan - 5 Year returns
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Cash
0.03%
1.98%
-1.41%
-0.01%
-4.44%
-4.18%
4.15%
6.34%
0.22%
-0.14%
1.62%
1.30%
Actual return
Benchmark Index

5. Asset Allocation

	Market Value As of 12/31/2011	% of Portfolio	Stipulated Operational Range	Target Weight
Domestic Equity	**66,404,979**	**29.08%**	**25-35%**	**30%**
Winslow Large Cap Growth	15,332,280	6.71%		
Pyramis SMID	11,849,803	5.19%		
Pzena Large Cap Value	14,215,685	6.23%		
NTGI S&P 500	25,007,202	10.95%		
Global Equity	**22,830,449**	**10.00%**	**5-15%**	**10%**
Lazard Global Thematic Equity Fund	22,830,449	10.00%		
International Equity	**39,072,043**	**17.11%**	**15-25%**	**20%**
Harding Loevner International Equity Portfolio	20,272,690	8.88%		
DFA World ex US Value Fund	18,799,352	8.23%		
Total Fixed Income	**76,350,840**	**33.44%**	**27-37%**	**32%**
Denver Inv Advisors	38,718,623	16.96%		
PIMCO Total Return Fund	37,632,217	16.48%		
Real Estate[1]	**21,893,682**	**9.59%**	**3-13%**	**8%**
JP Morgan SPF	6,889,169	3.02%		
Prudential PRISA I	6,869,689	3.01%		
UBS TPF	8,134,824	3.56%		
Cash[2]	1,796,973	0.79%	N/A	N/A
Total Portfolio[3]	**228,348,965**	**100%**		**100%**

Source: Northern Trust

[1] In 2011, residual balance in Heitman, which amounted to $4,266 as of 12/31/2011, was transferred into cash account held by the custodian bank in 2011 to minimize administrative costs. No real estate remains in the account. The final liquidation and pay-out was expected to occur in 2008 but was delayed due to post-closing remediation issues.

[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, 2011, all asset classes were within their stipulated operational ranges.

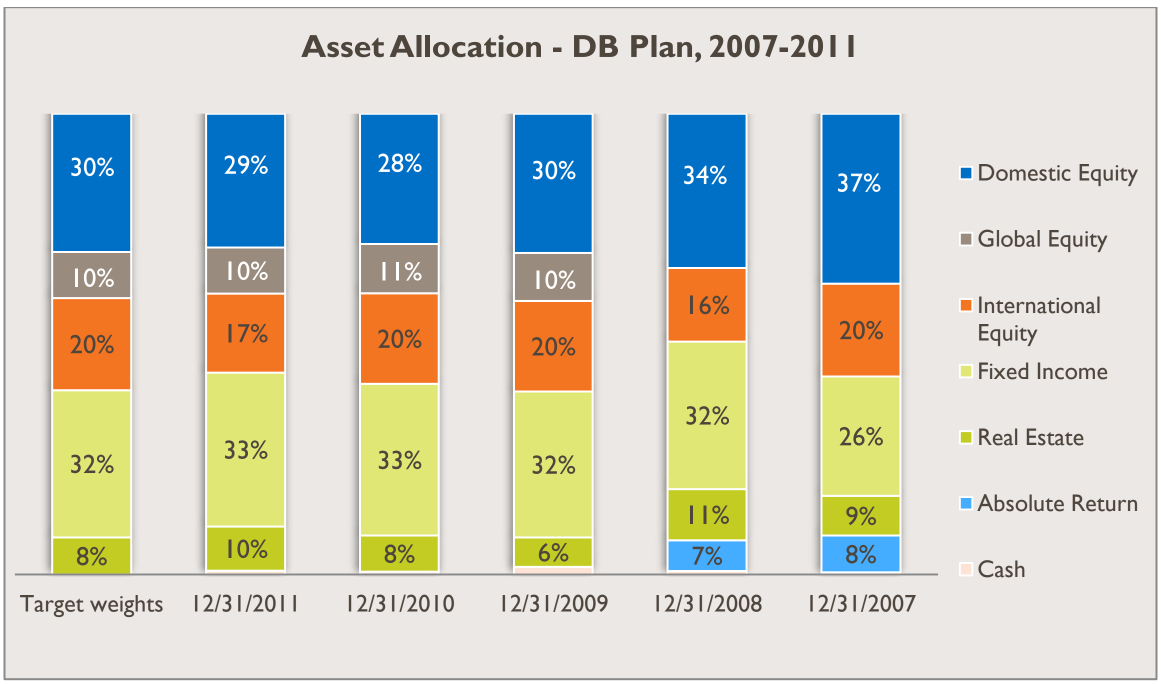
Employees' Retirement Plan – Asset Allocation by Asset Class, 2007-2011

	Market Value As of 12/31/2011	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
Domestic Equity	66,404,979	65,225,588	63,007,190	58,661,046	95,985,253
Global Equity	22,830,449	24,768,343	21,634,585	-	-
International Equity	39,072,043	45,410,709	41,027,177	27,923,107	52,357,340
Fixed Income	76,350,840	75,978,919	65,958,142	55,999,159	67,506,458
Real Estate	21,893,682	18,007,123	13,258,982	19,405,897	22,430,631
Absolute Return	-	-	-	11,718,626	20,789,047
Cash[1]	1,796,973	1,420,321	3,431,223	1,281,715	1,112,566
Total Portfolio[2]	**228,348,965**	**230,811,004**	**208,317,299**	**174,989,550**	**260,181,295**

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 12/31/2011

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
Equities	**130,613,931**	**128,235,221**	**22,202**	**128,257,423**	**56.17%**
Common stock	130,563,931	128,185,252	22,202	128,207,454	56.15%
Preferred stock	50,000	49,969	0	49,969	0.02%
Fixed income	**72,300,964**	**75,318,876**	**501,195**	**75,820,071**	**33.20%**
Government Bonds	8,172,596	9,143,543	100,189	9,243,732	4.05%
Government Agencies	36,658,380	37,299,711	109,256	37,408,967	16.38%
Municipal/Provincial Bonds	1,050,000	1,147,846	16,837	1,164,683	0.51%
Corporate Bonds	23,302,207	24,521,394	267,084	24,788,478	10.86%
Government Mortgage Backed Securities	1,291,097	1,365,618	5,400	1,371,018	0.60%
Asset Backed Securities	1,808,525	1,822,546	2,355	1,824,901	0.80%
Non-Government Backed C.M.O.s	18,159	18,219	73	18,292	0.01%
Real Estate	**24,939,846**	**21,840,873**	**57,075**	**21,897,948**	**9.59%**
Cash and Cash Equivalents	**2,596,756**	**2,596,756**	**-15,215**	**2,581,542**	**1.13%**
Funds-short term investment	2,596,756	2,596,756	16	2,596,772	1.14%
Currency	0	0	-15,230	-15,230	-0.01%
Adjustments to Cash	**-208,019**	**-208,019**	**0**	**-208,019**	**-0.09%**
Pending trade - sales	15,230	15,230	0	15,230	0.01%
Other Payables	-223,249	-223,249	0	-223,249	-0.10%
Total	**230,243,478**	**227,783,707**	**565,257**	**228,348,965**	**100.00%**

Source: Northern Trust

Totals may not add up due to rounding.

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 12/31/2011

Security Description	CUSIP	Country	Cost	Market Value*	% of Total equities*	% of Total portfolio value*
Hewlett Packard Co	428236103	United States	1,033,182	691,656	0.54%	0.30%
Royal Dutch Shell Plc Sponsored ADR	780259206	Netherlands	607,455	636,175	0.50%	0.28%
Staples Inc	855030102	United States	640,786	609,077	0.47%	0.27%
Allstate Corp	020002101	United States	817,782	576,981	0.45%	0.25%
Northrop Grumman Corp	666807102	United States	527,666	551,174	0.43%	0.24%
Abbott Lab	002824100	United States	457,014	517,316	0.40%	0.23%
Entergy Corp New	29364G103	United States	481,196	509,524	0.40%	0.22%
Exxon Mobil Corp	30231G102	United States	402,201	506,441	0.39%	0.22%
Molson Coors Brewing Co	60871R209	United States	474,534	462,613	0.36%	0.20%
Omnicom Group Inc	681919106	United States	340,926	451,373	0.35%	0.20%
Total top 10 Equities				**5,512,328**	**4.30%**	**2.42%**
Total value of equities*				**128,235,221**	**100.00%**	**56.30%**
Total value of portfolio*				**227,783,707**	**N/A**	**100.00%**

Source: Northern Trust

[1] *Market value excluding accruals*

Totals may not add up due to rounding.

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

Employees' Retirement Plan - Top 10 Fixed Income Holdings (by Market Value) as of 12/31/2011

Security Description	CUSIP	Country	Cost	Market Value*	% of Total Fixed income*	% of Total portfolio value*
Treasury Note 4% 02-15-2015	912828DM9	United States	2,102,912	2,332,313	3.10%	1.02%
Treasury Note 2.75% 11-30-2016	912828MA5	United States	1,587,676	1,637,696	2.17%	0.72%
Treasury Note 4.375% 02-15-2038	912810PW2	United States	1,240,254	1,292,812	1.72%	0.57%
Treasury Bond 4.5% 02-15-2036	912810FT0	United States	916,037	1,177,735	1.56%	0.52%
Treasury Bond 6% 02-15-2026	912810EW4	United States	581,934	720,625	0.96%	0.32%
Treasury Bond 5.375 02-15- 2031	912810FP8	United States	580,371	712,656	0.95%	0.31%
FHLMC 4.5 03-01-2041	312946PD2	United States	662,871	690,247	0.92%	0.30%
Treasury Note 2.75 10-31-2013	912828JQ4	United States	527,617	522,637	0.69%	0.23%
WA Real Estate 4.95% 10-01-2020	939653AL5	United States	433,264	444,515	0.59%	0.20%
Disney Walt Co 3.75 06-01-2021	25468PCL8	United States	399,732	439,814	0.58%	0.19%
Total top 10 Bond holdings				**9,971,048**	**13.24%**	**4.38%**
Total value of fixed income*				**75,318,876**	**100.00%**	**33.07%**
Total value of portfolio*				**227,783,707**	**N/A**	**100.00%**

Source: Northern Trust

Market value excluding accruals

Totals may not add up due to rounding.

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

8. Schedule of Fees and Commissions

Employees' Retirement Plan - Schedule of Fees, 2011

Manager/Consultant	Assets as of 12/31/2011	Assets as of 12/31/2010	Fees	Annual Management Fee
Artio Global Management, LLC	-	22,163,330	117,400	0.90%
Cadence Capital Management	-	15,390,736	71,100	1st $25 mil – 0.70%; 2nd $25 mil – 0.50%
Denver Investment Advisors, LLC	38,718,623	37,800,457	106,200	1st $25 mil – 0.30%; above – 0.25%
Dimensional Fund Advisors LP	18,799,352	23,247,379	134,600	0.48% for customized product (until 08/23/2010); 0.60% for the mutual fund of funds
Harding Loevner Funds, Inc.	20,272,690	-	72,300	0.93%
Heitman Capital Management Corporation	-	4,574	-	-
JP Morgan Investment Management, Inc.	6,889,169	6,201,947	64,600	1% of NAV+0.15% on cash balances above 7.5%
Lazard Asset Management LLC	22,830,449	24,768,343	196,400	0.80%
Loomis Sayles & Company, LP	-	12,793,858	64,800	.90% first $10 million; 75% next $40 million
Northern Trust Investments, N. A.- S&P 500	25,007,202	22,032,449	12,000	0.05%
Pacific Investment Management Company, LLC	37,632,217	38,178,463	197,300	0.46%
Prudential Real Estate Investors	6,869,689	4,402,240	62,200	1st $10 mil – 0.75% of Cost Basis + performance fee of 6.00%* Operating Cash Flow +0.10%* cash holdings (max 1.20%)
Pyramis Small/Mid Cap Core	11,849,803	-	34,100	1st 25 mil – 0.65% above – 0.50%
Pzena Investment Management, LLC	14,215,685	15,008,545	105,400	1st 10 mil – 1% 1st $25 mil – 0.70%; above – 0.50%
UBS Realty Investors, LLC	8,134,824	7,398,362	96,000	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%
Winslow Capital Management	15,332,280	-	34,000	0.60%
Total Assets[1]	**228,348,965**	**230,811,004**	**1,368,400**	

INVESTMENT SECTION

Manager/Consultant	Fees	Basis points (Annually)
Total payments to investment managers	**104,600**	
Investment Consulting Expense	73,000	N/A
Investment Performance Reporting Expense[2]	31,600	N/A
Total Investment Expenses	**1,473,000**	
Investment Expenses as a percentage of average assets	**0.64%**	
Actuarial Services	13,200	N/A
Benefit Payment Processing	83,000	N/A
Audit Services	27,000	N/A
Total Administrative Expenses	**123,200**	
Total Expenses as a percentage of average assets	**0.70%**	

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, 2011

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Unassigned Broker	30,757,608	106,835,239	0	0.00	0.000%
Abel Noser Corporation	282,182	14,382,683	5,644	0.02	0.039%
ADP Clearing & Outsourcing Inc	48,900	1,797,842	1,711	0.03	0.095%
Altrushare Securities LLC	5,000	93,304	100	0.02	0.107%
Amherst Securities	23,902	23,006	0	0.00	0.000%
Autranet Inc Equity Trades	97,445	3,412,703	3,380	0.03	0.099%
Avondale Partners	11,560	710,746	462	0.04	0.065%
Barclays Capital Fixed Inc	1,985,000	2,129,409	0	0.00	0.000%
Barclays Capital Le	31,185	983,007	981	0.03	0.100%
Baypoint Trading LLC	1,780	98,605	71	0.04	0.072%
Bear Stearns 57079	61,615	1,790,527	1,925	0.03	0.108%
Bernstein, Sanford C. & Co	42,655	1,421,575	1,593	0.04	0.112%
Blair, William & Co	10,000	386,509	304	0.03	0.079%
BNP Paribas Securities Bond	500,000	576,505	0	0.00	0.000%
BNP Securities USA	900	27,105	32	0.04	0.116%
BNy Capital Markets 443	225,000	229,469	0	0.00	0.000%
BNY ESI Securities Co.	34,987	1,959,181	1,387	0.04	0.071%
Boenning and Scattergood	6,770	345,283	151	0.02	0.044%
Broadcort Capital Corp	11,270	340,436	451	0.04	0.132%
Buckingham Research Group	325	37,555	11	0.04	0.030%
Burke and Quick Partners LLC	25,150	765,692	1,006	0.04	0.131%
Canaccoro Adams Inc	4,689	225,295	188	0.04	0.083%
Cantor Fitzgerald & Co	16,736	342,732	566	0.03	0.165%
Cap Institutional Services Inc	9,150	246,960	320	0.04	0.130%
Chase Securities Inc (CSI)	275,000	275,000	0	0.00	0.000%
Citation Group	10,571	299,029	361	0.03	0.121%
Citigroup Global Markets Inc/Salomon B	3,050,000	3,134,198	0	0.00	0.000%
Citigroup Global Markets Inc/Smith Barney	32,019	1,029,060	1,133	0.04	0.110%
CL King & Associates	4,275	238,884	150	0.04	0.063%
Collins Stewart LLC	700	23,746	25	0.04	0.103%
Cowen LLC	10,220	358,078	409	0.04	0.114%
Craig Hallum	4,650	238,891	186	0.04	0.078%
Credit Suisse First Boston Corporation	1,510,579	4,402,972	3,283	0.00	0.075%
DB Alex Brown	300,000	309,773	0	0.00	0.000%
Deutsche Bank Securities Inc	80,652	790,797	903	0.01	0.114%
Dowling & Partners 443	28,000	909,431	980	0.04	0.108%
Friedman Billing and Ramsey	179,470	378,438	154	0.00	0.041%
Goldman Executing & Clearing	367,522	773,445	438	0.00	0.057%
Goldman Sachs & Company	1,483,357	16,172,986	8,438	0.01	0.052%
Gordon Haskett and Company	6,727	206,691	235	0.04	0.114%
Greenwich Capital Markets Chase	4,048,303	4,272,719	0	0.00	0.000%
Harris Nesbitt Corp	3,200	104,208	112	0.03	0.107%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Hudson Securities Inc	4,590	258,023	92	0.02	0.036%
Imperial Capital LLC	200,000	198,750	0	0.00	0.000%
ING Financial Markets LLC	1,928	42,833	45	0.02	0.104%
Instinet	5,691	274,872	200	0.04	0.073%
Investment Technology Group Inc	6,435	102,043	154	0.02	0.151%
ISI Group Inc.	12,825	524,168	449	0.04	0.086%
Janney Montgomery Scott	2,980	188,475	119	0.04	0.063%
Jefferies & Co Bonds Direct Division	575,000	631,197	0	0.00	0.000%
Jefferies & Company	12,509	332,992	429	0.03	0.129%
Jmp Securities	7,680	151,618	154	0.02	0.101%
Jonestrading Inst Serv	14,913	351,809	588	0.04	0.167%
Keefe Bruyette And Woods Inc.	23,784	567,328	879	0.04	0.155%
Knight Equity Markets LP	7,688	92,010	225	0.03	0.245%
Lazard Freres & Co.	2,690	116,443	54	0.02	0.046%
Leerink Swann & Co./IPO	2,645	158,104	71	0.03	0.045%
Liquidnet Inc	44,145	1,280,729	1,237	0.03	0.097%
Longbow Securities LLC	1,100	40,569	39	0.04	0.095%
Macquarie Securities (USA) Inc.	8,530	468,871	324	0.04	0.069%
McDonald And Company/Keybanc	301,582	358,083	63	0.00	0.018%
Merrill Lynch Pierce Fenner & Smith	35,449	1,198,025	1,283	0.04	0.107%
Merrill Professional Clearing Corp.	382,739	1,476,329	1,167	0.00	0.079%
MF Global	500,000	580,055	0	0.00	0.000%
Miller Tabak Hirsch	3,570	162,311	143	0.04	0.088%
Mkm Partners LLC	1,310	63,042	52	0.04	0.083%
MLPFS Inc/Fixed Income	3,504,663	3,584,077	0	0.00	0.000%
Montrose Securities Equities	2,640	104,739	53	0.02	0.050%
Morgan Keegan and Company	25,658	39,480	22	0.00	0.056%
Morgan Stanley & Co Inc. New York	236,899	1,916,392	1,917	0.01	0.100%
Needham & Company	308	4,753	12	0.04	0.259%
Nomura Securities International Inc	126,600	216,229	56	0.00	0.026%
Oppenheimer And Company	5,550	200,244	196	0.04	0.098%
Pellinor Securities Corp	70	5,268	1	0.02	0.027%
Pershing LLC Formerly DLJ\	1,175	34,157	41	0.04	0.120%
Pipeline Trading Systems LLC	449	11,151	15	0.03	0.137%
Piper Jaffray Inc	4,009	317,629	160	0.04	0.050%
Pulse Trading LLC	6,800	109,677	170	0.03	0.155%
Rafferty Capital Markets LLC	55,215	1,911,436	1,936	0.04	0.101%
Raymond James	3,025	60,679	106	0.04	0.175%
RBC Dain Rauscher	13,900	595,400	493	0.04	0.083%
Robert W. Baird & Company Inc Milwaukee	49,951	681,306	758	0.02	0.111%
Sandler O'Neill & Partner	6,830	230,420	137	0.02	0.059%
Scott & Stringfellow Investment	75,475	85,181	17	0.00	0.020%
SG Cowen And Company	400,375	482,385	13	0.00	0.003%
SJ Levinson And Sons LLC	22,700	1,043,647	862	0.04	0.083%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Soleil Securities Corp	700	10,966	25	0.04	0.223%
State Street Brokerage Svcs	1,847	60,092	37	0.02	0.061%
Stephens Inc	5,675	163,556	199	0.04	0.121%
Sterne Agee And Leach Inc	154,045	273,229	114	0.00	0.042%
Stifel Nicolaus and Company	23,476	885,350	818	0.03	0.092%
Suntrust Capital / BNY	50,000	52,770	0	0.00	0.000%
Suntrust Robinson Humphrey	3,941	128,369	158	0.04	0.123%
UBS Warburg LLC	1,316,967	1,898,516	604	0.00	0.032%
Us Clearing Institutional Trading	2,030	161,928	81	0.04	0.050%
Wachovia Capital Markets 46171	3,102,425	3,449,150	85	0.00	0.002%
Wedbush Morgan Securities, Inc	4,520	251,724	137	0.03	0.054%
Weeden And & Co	852	27,669	32	0.04	0.117%
Yamner And Company Inc	425	12,121	4	0.01	0.035%

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, 2011, the market value of assets in the 401(k) Plan totaled $48.73 million, a 4.93% increase in the Plan asset value compared to December 31, 2010. On the last day of the year, the Plan had 1,029 participants, including 890 active participants)[1]. In 2011, employee contributions to the 401(k) Plan amounted to $3.69 million, or an average of $4.140 per year per active participant, while Denver Water's matching contributions totaled $1.74 million (an average of $1,950 per year per active participant)[2]. More than 84% of the eligible Denver Water employees participated in the 410(k) Plan at year-end, compared to an 82% participation rate in 2010.[3]

In 2011, employee contributions to the 401(k) Plan amounted to $3.69 million, while Denver Water's matching contributions totaled $1.74 million.

On December 31, 2011, the market value of assets in the 457 Plan totaled $24.76 million, a 4.54% decrease in the Plan asset value compared to December 31, 2010. The Plan had 619 participants, including 289 active participants. During 2011, participant contributions totaled of $1.58 million (or an average of $5,460 per year per active participant).[2] Nearly 28% of the eligible Denver Water employees participated in the 457 Plan at year-end, compared to a 26% participation rate in 2010.

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.

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

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[1] Total participants are defined as those participants who 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 2011, 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 2011" IR-2010-108, Oct. 28, 2010, available on www.irs.gov .

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

Plans, Cook Street Consulting. As of December 31, 2011, participants in either plan had access to twenty one (21) mutual funds representing all major asset classes (of which seven were Target Retirement Funds focused on various retirement dates), and a Schwab Stable Value Fund, which replaced the Fixed Account provided by VALIC, the previous administrator. The schedule of investment options available in the DC Plans can be found on page III-99. The investment of both employee contributions and the employer-matching contributions is directed by the participants. The estimated average 2011 rate of return in the 401(k) Plan was -0.30%, while the average 2011 rate of return in the 457 Plan was 0.84%.[1] Individual participant returns vary based upon the timing of contributions and the funds selected. Pages III-100 and III-101 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 the HR page on Inflow. They are 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-104.

VALIC served as the custodian/trustee and the administrator for both DC Plans from 2001 until the end of 2010. Effective December 29, 2010, Great-West Retirement Services ("Great-West") became the service provider for the Denver Water 401(k) and 457 Plans. The scope of services provided by Great-West is similar to that provided by VALIC. By contract, the total compensation for providing the core administrative services equals 0.0225% of the total value of assets as of the last day of each calendar quarter, or 0.09% per year. These fees are 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. Revenue from revenue sharing is calculated quarterly and deposited in an unallocated account and participant fees are paid from this account. In 2011, administrative expenses amounted to approximately $66,000 for both Plans, while revenue sharing from 12(b) (1) fees reported by Great West from all sources was $89,000. As of December 31, 2011, the balances in the Plan unallocated accounts were $17,800 for the 401(k) Plan and $11,000 for the 457 Plan.

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

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;
- 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	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
Vanguard Target Retirement 2055	VFFVX	Multiple Asset Classes
Cash and Equivalent		
Dreyfus Cash Management Instl	DICXX	Money Market
Schwab Stable Value Instl		Money Market

As of December 31, 2011

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	GRSIX	-9.15	13.99	-5.53
Global Real Estate Peer Group		*-10.58*	*12.67*	*-6.92*
International Equity				
Artio International Equity A	BJBIX	-23.50	0.79	-7.54
Foreign Large Blend Peer Group		*-11.13*	*11.31*	*-0.75*
Domestic Equity				
Baron Growth	BGRFX	1.24	19.01	1.79
Small Growth Peer Group		*-3.64*	*18.25*	*0.65*
Perkins Small Cap Value Instl	JSIVX	-3.18	16.14	4.85
Small Value Peer Group		*-4.34*	*16.04*	*-0.21*
T. Rowe Price Growth Stock	PRGFX	-0.97	18.37	1.12
Large Growth Peer Group		*-2.56*	*14.99*	*0.34*
American Funds Washington Mutual R5	RWMFX	7.30	13.34	0.34
Large Value Peer Group		*-0.84*	*11.88*	*-2.34*
Dreyfus Mid Cap Index	PESPX	-2.20	19.09	2.92
Mid-Cap Blend Peer Group		*-4.11*	*17.38*	*0.37*
S&P MidCap 400 TR Index		*-1.73*	*19.57*	*3.32*
Domini Social Equity R	DSFRX	0.96	16.27	-0.08
Large Blend Peer Group		*-1.40*	*13.00*	*-1.02*
DWS Equity 500 Index	BTIIX	1.95	14.03	-0.31
S&P 500 TR Index		*2.11*	*14.11*	*-0.25*
Fixed Income				
PIMCO High Yield Admin	PHYAX	3.74	19.32	6.00
High Yield Bond Peer Group		*2.75*	*19.55*	*4.77*
Vanguard Inflation Protected Securities Admin	VAIPX	13.29	10.15	7.73
Inflation-Protected Bond Peer Group		*10.55*	*9.12*	*6.42*
PIMCO Total Return Instl	PTTRX	4.16	8.87	8.09
Intermediate-Term Bond Peer Group		*5.78*	*8.94*	*5.13*
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	5.25	9.58	4.86
Retirement Income Peer Group		*1.45*	*9.51*	*2.43*
Vanguard Target Retirement 2005	VTOVX	5.14	10.24	4.05
Target Date 2000-2010 Peer Group		*0.75*	*10.78*	*2.12*
Vanguard Target Retirement 2015	VTXVX	1.71	11.54	2.54
Target Date 2011-2015 Peer Group		*-0.11*	*11.16*	*0.93*
Vanguard Target Retirement 2025	VTTVX	-0.37	12.28	1.27
Target Date 2021-2025 Peer Group		*-1.84*	*12.57*	*0.02*

		Rates of Return (%)		
Fund	**Ticker**	**Current Year**	**3-year**	**5-year**
Vanguard Target Retirement 2035	VTTHX	-2.24	13.00	0.27
Target Date 2031-2035 Peer Group		*-3.31*	*12.87*	*-0.56*
Vanguard Target Retirement 2045	VTIVX	-2.51	12.90	0.24
Target Date 2041-2045 Peer Group		*-4.10*	*12.97*	*-0.87*
Vanguard Target Retirement 2045	VFFVX	-2.27	N/A	N/A
Target Date 2041-2045 Peer Group		*-4.08*	*13.12*	*-0.96*
Cash and Equivalent				
Dreyfus Cash Management Instl	DICXX	0.08	0.25	1.76
Money Market Taxable Peer Group		*0.02*	*0.08*	*1.36*
Schwab Stable Value Instl	N/A	4.59	3.58	4.09
Stable Value Peer Group[1]		*2.69*	*2.97*	*3.69*

Source: Cook Street Consulting

[1]Returns are gross of fees. Stable Value Peer Group is the Hueler Stable Value Index.

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2010	% of the Total Assets	Total Assets as of 12/31/2011	% of the Total Assets
Globa Real Estate					
Cohen & Steers Instl Global Realty	GRSIX	44,950	0.10	84,240	0.17
International Equity					
Artio International Equity A	BJBIX	4,023,971	8.66	3,199,110	6.57
Domestic Equity					
Baron Growth	BGRFX	844,780	1.82	1,096,066	2.25
Perkins Small Cap Value Instl	JSIVX	2,408,593	5.19	2,408,345	4.94
T. Rowe Price Growth Stock	PRGFX	3,184,599	6.86	3,193,197	6.55
American Funds Washington Mutual R5	RWMFX	3,977,764	8.56	4,334,563	8.90
Dreyfus Mid Cap Index	PESPX	4,753,216	10.23	4,665,529	9.58
Domini Social Equity R	DSFRX	166,040	0.36	231,775	0.48
DWS Equity 500 Index	BTIIX	3,188,858	6.87	3,320,865	6.82
Fixed Income					
PIMCO High Yield Admin	PHYAX	492,167	1.06	570,962	1.17
Vanguard Inflation Protected Securities Admin	VAIPX	608,549	1.31	1,030,853	2.12
PIMCO Total Return Instl	PTTRX	2,836,389	6.11	2,866,983	5.89
Vanguard Target Retirement Income	VTINX	85,796	0.18	109,206	0.22
Vanguard Target Retirement 2005	VTOVX	17,013	0.04	106,213	0.22
Vanguard Target Retirement 2015	VTXVX	1,320,088	2.84	1,713,291	3.52
Vanguard Target Retirement 2025	VTTVX	3,025,852	6.52	3,207,185	6.58
Vanguard Target Retirement 2035	VTTHX	1,089,268	2.35	1,348,431	2.77
Vanguard Target Retirement 2045	VTIVX	1,696,030	3.65	1,727,879	3.55
Vanguard Target Retirement 2055	VFFVX	0.00	0.00	116,564	0.24
Cash and Equivalent					
Dreyfus Cash Management Instl	DICXX	40,524	0.09	18,847	0.04
Schwab Stable Value Instl	N/A	12,638,252	27.21	13,364,319	27.43
Total		**46,442,696**	**100.00**	**48,714,423**	**100.00**

Source: Great West

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2010	% of the Total Assets	Total Assets as of 12/31/2011	% of the Total Assets
Global Real Estate					
Cohen & Steers Instl Global Realty	GRSIX	27,090	0.10	56,101	0.23
International Equity					
Artio International Equity A	BJBIX	1,626,327	6.27	1,135,685	4.59
Domestic Equity					
Baron Growth	BGRFX	369,299	1.42	430,686	1.74
Perkins Small Cap Value Instl	JSIVX	856,583	3.30	860,741	3.48
T. Rowe Price Growth Stock	PRGFX	2,486,860	9.59	2,381,710	9.63
American Funds Washington Mutual R5	RWMFX	1,169,625	4.51	1,099,540	4.44
Dreyfus Mid Cap Index	PESPX	1,295,901	5.00	1,232,334	4.98
Domini Social Equity R	DSFRX	557,634	2.15	539,740	2.18
DWS Equity 500 Index	BTIIX	1,548,099	5.97	1,423,633	5.75
Fixed Income					
PIMCO High Yield Admin	PHYAX	296,187	1.14	378,438	1.53
Vanguard Inflation Protected Securities Admin	VAIPX	200,741	0.77	315,473	1.27
PIMCO Total Return Instl	PTTRX	1,538,374	5.93	1,518,877	6.14
Vanguard Target Retirement Income	VTINX	30,468	0.12	33,197	0.13
Vanguard Target Retirement 2005	VTOVX	383	0.00	2,951	0.01
Vanguard Target Retirement 2015	VTXVX	469,969	1.81	726,323	2.94
Vanguard Target Retirement 2025	VTTVX	490,116	1.89	576,877	2.33
Vanguard Target Retirement 2035	VTTHX	165,646	0.64	283,202	1.14
Vanguard Target Retirement 2045	VTIVX	718,611	2.77	642,706	2.60
Vanguard Target Retirement 2055	VFFVX	0.00	0.00	3,684	0.01
Cash and Equivalent					
Dreyfus Cash Management Instl	DICXX	25,346	0.10	3,253	0.01
Schwab Stable Value Instl	N/A	12,060,592	46.51	11,099,140	44.86
Total		**25,933,848**	**100.00**	**24,744,291**	**100.00**

Source: Great West

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2011[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	GRSIX	1.00	0.10	1.53
International Equity				
Artio International Equity A	BJBIX	1.29	0.25	1.42
Domestic Equity				
Baron Growth	BGRFX	1.32	0.40	1.53
Perkins Small Cap Value Instl	JSIVX	1.09	0.00	1.49
T. Rowe Price Growth Stock	PRGFX	0.70	0.15	1.32
American Funds Washington Mutual R5	RWMFX	0.36	0.05	1.25
Dreyfus Mid Cap Index	PESPX	0.50	0.35	1.31
Domini Social Equity R	DSFRX	0.90	0.00	1.22
DWS Equity 500 Index	BTIIX	0.23	0.00	N/A
Fixed Income				
PIMCO High Yield Admin	PHYAX	0.80	0.25	1.17
Vanguard Inflation Protected Securities Admin	VAIPX	0.11	0.00	0.85
PIMCO Total Return Instl	PTTRX	0.46	0.00	0.94
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	0.17	0.00	0.99
Vanguard Target Retirement 2005	VTOVX	0.17	0.00	1.02
Vanguard Target Retirement 2015	VTXVX	0.16	0.00	1.05
Vanguard Target Retirement 2025	VTTVX	0.18	0.00	1.07
Vanguard Target Retirement 2035	VTTHX	0.19	0.00	1.08
Vanguard Target Retirement 2045	VTIVX	0.19	0.00	1.08
Vanguard Target Retirement 2055	VFFVX	0.19	0.00	1.13
Cash and Equivalent				
Dreyfus Cash Management Instl	DICXX	0.21	0.00	0.60
Schwab Stable Value Instl	N/A	0.20	0.05	N/A
Weighted average (both plans)		**0.36**	**0.16**	

Source: Cook Street Consulting

[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-95 to III-96).

[2] Expense ratios provided by Cook Street Consulting

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

IV. ACTUARIAL SECTION (UNAUDITED)

A. ACTUARY'S CERTIFICATION LETTER

This section is excerpted from the January 1, 2010 Actuarial Valuation Report prepared by Benefit Partners and pertains only to the DB Plan

Milliman

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May 27, 2011

Ms. Usha Sharma
Treasurer
Denver Water
1600 West 12th Avenue
Denver, CO 80204

Dear Usha:

As requested, we have performed an actuarial valuation of Employees' Retirement Plan of the Denver Board of Water Commissioners as of January 1, 2011, for the plan year ending December 31, 2011. Our findings are set forth in this report. This report reflects the benefit provision and contribution rates in effect as of January 1, 2011.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the Plan's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Plan. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the Plan.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopt them.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the Plan. Actuarial computations presented in this report

Ms. Usha Sharma
May 27, 2011
Page 2

under Statements No. 25, 27 and 50 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Plan's funding requirements and goals. The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in Appendix A of this report, and of GASB Statements No. 25, 27 and 50. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Plan"). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The Plan may provide a copy of Milliman's work, in its entirety, to the Plan's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Plan.

(b) The Plan may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit the following report, and we look forward to discussing it with you.

Sincerely,

Patricia A. Kahle

Patricia Ann Kahle, FSA, MAAA, EA
Principal and Consulting Actuary
PAK:js

B. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The actuarial assumptions used in the valuation are intended to estimate future experience affecting projected benefit flow and investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the plan's benefits.

The tables in this section give rates of decrement, referred to in actuarial notation by the general symbol "q'." The underlying theory is described more fully in Jordan, Life Contingencies, Society of Actuaries (Second Edition, 1967), page 277. Any age referred to in a table is always the age of the person at his or her nearest birthday.

Actuarial Cost Method

The actuarial cost method we use to calculate the funding requirements of the Plan is called the entry age normal actuarial cost method.

Under this cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. The portion of the actuarial present value not provided for at the valuation date by future Normal Costs is called the actuarial accrued liability.

Actuarial Value of Assets

The actuarial value of assets is determined by calculating the expected return on the prior year's market value of assets, adjusted for cash flows of contributions and benefit payments for the year, and assuming a 7.5% interest return. The difference between this expected value and the actual return for the plan year is recognized over 3 years. The actuarial value of assets is then the actual market value minus the gains and losses for prior years that are still deferred. The resulting value is limited to between 80% and 120% of the market value of assets.

Annual Required Contribution

The Annual Required Contribution (ARC) is calculated using a 30-year amortization of the unfunded actuarial accrued liability or funding excess to determine the amortization component of the ARC. On each valuation date, the newly determined unfunded actuarial accrued liability or funding excess is amortized over a rolling 30 amortization period as a level dollar amount.

Investment Earnings

7.50% per annum, compounded annually, net of all expenses.

Inflation/Cost-of-Living Adjustments

3.00% per annum, compounded annually.

Compensation Increase

Annual salary increases are based on a table graded by service, as displayed below. Merit increases are based on the District's step increase program, and assume on average three step increases at years 3, 6 and 9.

	Percentage Increase			
Service	Inflation	Productivity	Merit	Total
1	3.0%	0.5%	2.6%	6.1%
2	3.0	0.5	2.6	6.1
3	3.0	0.5	4.7	8.2
4	3.0	0.5	2.6	6.1
5	3.0	0.5	2.6	6.1
6	3.0	0.5	3.3	6.8
7	3.0	0.5	0.1	3.6
8	3.0	0.5	0.1	3.6
9	3.0	0.5	1.9	5.4
10+	3.0	0.5	0.1	3.6

Expenses

Investment return assumption is net of all expenses.

Interest Credit for Employee Contributions

5.00% per annum, compounded annually.

Mortality

Healthy Lives – RP-2000 Combined Healthy Mortality Table, blended 50% Blue Collar adjusted and 50% White Collar adjusted, and projected to 2021 using Scale AA

Disabled Lives – RP-2000 Disabled Retiree Mortality Table projected to 2021 using Scale AA Scale AA is used to project mortality improvements in the future.

Retirement

Graduated rates by age, based on eligibility for early or unreduced retirement, as follows:

Age	Early Retirement	Unreduced Retirement
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	0	20
63	0	20
64	0	15
65		30
66-69		25
70+		100

Vested inactive members are assumed to retire at age 65. Surviving spouses of vested inactive members are assumed to begin benefit payments at first eligibility.

Disablement

Graduated rates are used. Sample rates are as follows:

Age	Probability of Disability
25	0.027%
35	0.109
45	0.255
55	0.792
65	0.000

Withdrawal Rates

Graduated rates based on years of service are used. Sample rates are as follows:

Years of Service	Probability of Termination
1	9%
2	9
3	9
4	5
5	5
6	3
7-10	3
10-15	2
15-30	1
30+	0

Marital Assumptions

75% of active and deferred vested members not currently receiving benefits are assumed to be married. Male spouses are assumed to be three years older than their female spouses.

Form of Payment Assumption

The following form of payment elections are assumed, based on age at termination/retirement.

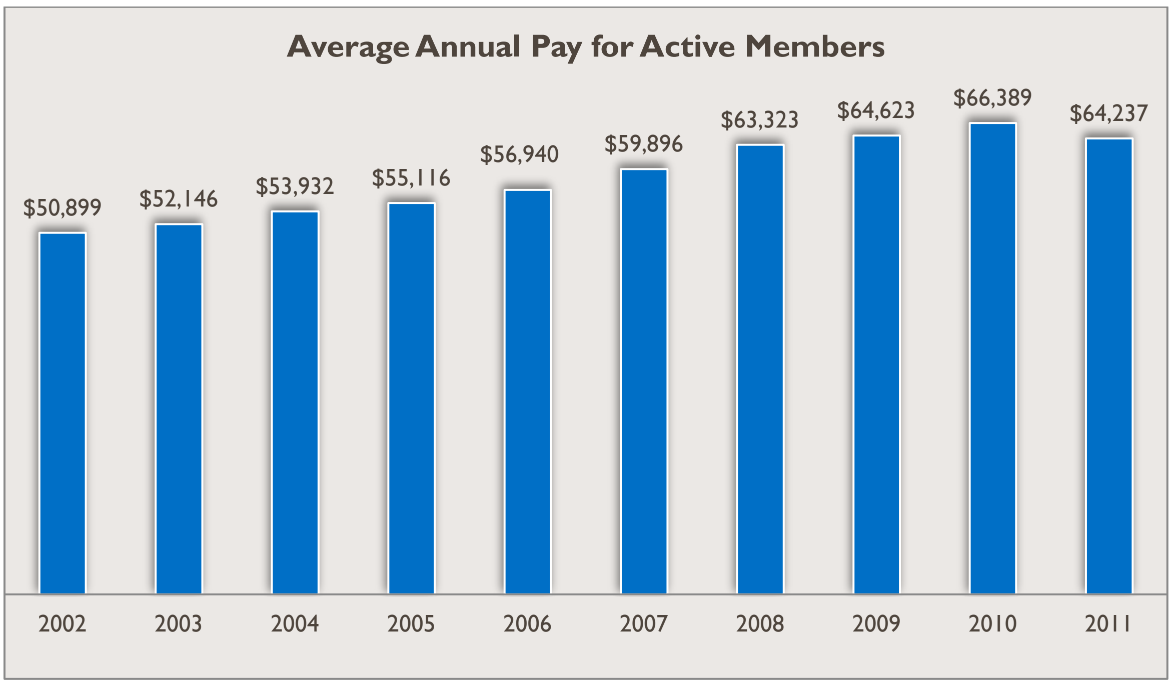
Age at Termination/Retirement	% Electing Lump Sum	% Electing Annuity
<40	75%	25%
40+	35%	65%

C. CHANGES IN ACTUARIAL METHODS AND ASSUMPTIONS SINCE PRIOR YEAR

- The inflation assumption was changed from 3.5% to 3.0%
- The merit salary scale assumption was changed from an age based table to a table based on service, pursuant to the District's current step increase program
- The healthy mortality assumption was updated from the 1995 Buck Table to the RP-2000 Combined Healthy Mortality Table, blended 50% Blue Collar, 50% White Collar, and projected to 2021 using Scale AA
- The disabled retiree mortality assumption was updated from the 1983 Railroad Board Disabled Mortality Table to the RP-2000 Disabled Retiree Mortality Table, projected to 2021 using Scale AA
- The withdrawal rates were changed from a tabled based on age to a table based on years of service
- • The retirement rates were updated
- • The marital assumption was changed from 80% to 75%
- • The form of payment assumption was updated
- • The 1% anti-selection load on annuity payments was eliminated

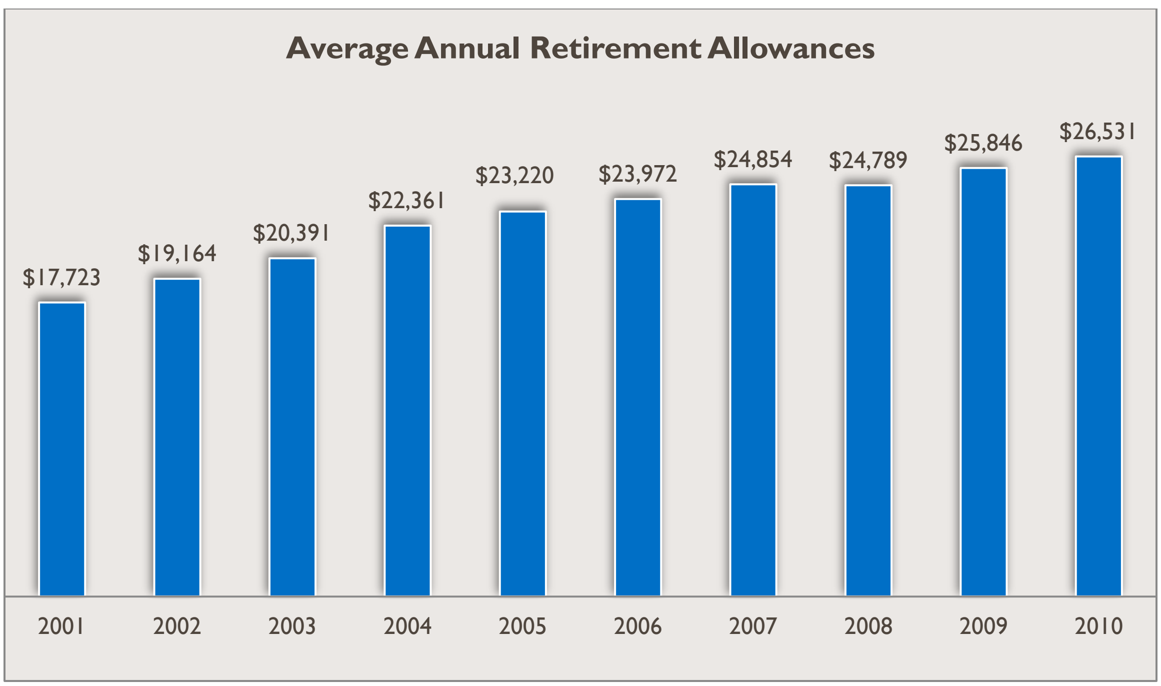
D. SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number of Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Number of Deferred Vesteds
1/1/2002	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
1/1/2011	1,063	69,926,961	64,237	(3.24)	82



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
12/31/2001	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
12/31/2010	32	1,066,810	11	204,272	467	12,389,988	7.48	26,531



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)
1/1/2002	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
1/1/2011	408,200	142,084,100	153,777,087	218,757,059	100	100	49.6

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			
12/31/2001	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)
12/31/2010	24,758,527	(6,215,755)	18,542,772	0	(13,585,635)	4,957,137

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Analysis of Financial Experience -PLAN YEAR

Expected Unfunded Actuarial Accrued Liability, January 1, 2011		$72,555,191
Changes		
Experience (Gain)/Loss		
Asset (Gain)/Loss	24,758,527	
Salary (Gain)/Loss	(4,735,270)	
New Member Loss	239,690	
Withdrawal (Gain)/Loss	414,702	
Retirement (Gain)/Loss	(585,591)	
Disability (Gain)/Loss	490,426	
Active Mortality (Gain)/Loss	(634,186)	
Inactive Mortality (Gain)/Loss	1,636,226	
Other Demographic	(3,041,752)	
Total		18,542,772
Difference in software		(758,023)
Assumption Change(s)		
Inflation	(12,759,591)	
Merit salary scale	(3,604,217)	
Withdrawal	999,666	
Early retirement	(29,241)	
Unreduced retirement	(943,409)	
Mortality	5,680,075	
Marital	(184,714)	
Form of payment	(1,986,181)	
Total		(12,827,612)
Plan Change		0
Total Changes		$4,957,137
Unfunded Actuarial Accrued Liability on January 1, 2011		$77,512,328

H. SUMMARY OF PLAN PROVISIONS

Plan Provisions as of December 31, 2010

All actuarial calculations are based upon our understanding of the provisions of Employees' Retirement Plan of the Denver Board of Water Commissioners, as amended through December 31, 2010. This summary does not attempt to cover all of the detailed provisions.

Plan Year

The Plan Year is the 12-month period beginning January 1 and ending December 31.

Accrued Benefit

The Accrued Benefit for each member is the members Normal Retirement Benefit calculated using Average Final Compensation and Credited Service as of the calculation date.

Average Final Compensation

A member's Average Monthly Salary, as of a given date, is the average of the highest 36 consecutive completed calendar months of compensation during the last 120 months of employment.

Compensation

Salary is the total compensation paid to a member for services rendered to the Employer, prior to any pre-tax contributions to any qualified cash or deferred compensation arrangement, eligible deferred compensation plan or under a cafeteria plan.

Credited Service

A member shall be credited with one year of Credited Service for each Plan Year in which the member is credited with 1,000 or more Hours of Service.

Effective Date

The original effective date of the plan is June 1, 1944. The plan was most recently restated effective July 1, 2009, and most recently amended effective November 25, 2009.

Employee

Discretionary Employee or any person employed by the Employer who has satisfactorily completed a Required Introductory Period.

Membership

An Employee shall become a member retroactive to the Employee's date of employment upon the completion of the Required Introductory Period.

Employee Contributions

No longer required on or after September 30, 1981.

Normal Retirement Date

A member's Normal Retirement Age is the later of age 65 or the date the member completes five years of Credited Service. Normal Retirement Date is the day immediately following the attainment of Normal Retirement Age.

Normal Retirement Benefits

Each member who becomes eligible for a Normal Retirement Benefit under the plan will be entitled to receive a monthly retirement pension benefit beginning at the member's Normal Retirement Date and payable in the Normal Benefit Form equal to the larger of the sum of (1) through (4), or (5):

1. $3 times Credited Service before June 1, 1951,

2. $4 times Credited Service after May 31, 1951 and before January 1, 1971,

3. The sum of $2.20 and 2% of Average Final Compensation in excess of $400, times Credited Service after December 31, 1960 and before January 1, 1971,

4. The sum of 1.25% of Average Final Compensation and 0.45% of Average Final Compensation in excess of Covered Compensation, times Credited Service after December 31, 1970.

5. The sum of 1.5% of Average Final Compensation and 0.45% of Average Final Compensation in excess of Covered Compensation, times Credited Service

Normal Benefit Form

Life Annuity

Regular Early Retirement

(a) Eligibility

Age 55 and vested in the Accrued Benefit.

(b) Amount

A member's Regular Early Retirement Benefit is a monthly pension benefit equal to his Accrued Benefit determined as of his Early Retirement Date, reduced by 1/3rd of 1% for each month payments commence prior to the member's Normal Retirement Date.

Special Early Retirement – Rule of 75

(a) Eligibility

Age 55 and age plus service equals 75 or more.

(b) Amount

A member's Special Early Retirement Benefit is a monthly pension benefit equal to his Accrued Benefit determined as of his Special Early Retirement Date, unreduced for earlier commencement.

A member who terminates service after his 50th birthday and the sum of the member's age and Credited Service equals 75 or more may retire on his 55th birthday with a Special Early Retirement Benefit.

Deferred Vested Retirement

(a) Eligibility

5 or more years of Credited Service.

(b) Amount

A member's Deferred Vested Retirement shall be equal to the member's Accrued Benefit, payable at the member's Normal Retirement Date. The member may retire with an Early Retirement Benefit upon attainment of age 55.

Disability Retirement

(a) Eligibility

Termination due to Disability.

(b) Amount

A member's Disability Retirement shall be equal to the member's Normal Retirement Benefit based on Average Final Compensation and Covered Compensation at time of Disability and Credited Service member would have accrued had he continued employment through his Normal Retirement Date (or date of discontinuance of disability benefits, if earlier).

Optional Benefit Forms

Optional Benefit Forms are available and equal to the Actuarial Equivalent of the Normal Benefit Form and may be in an amount more than or less than that provided by the Normal Benefit Form depending on the option selected. Such distribution may be as a Joint & 50%, 75%, or 100% Survivor Annuity, with or without a Pop-up Feature, Level Income Option, or a Lump Sum.

Pre-Retirement Death Benefit

If a member dies prior to commencing benefits, the member's spouse will receive a monthly benefit payable as a Life Annuity in an amount equal to 50% of the member's Accrued Benefit.

Lump Sum Death Benefit

Upon the death of a Retired member receiving a monthly pension, $5,000 shall be paid in a single sum to the member's designated beneficiary.

Cost of Living Adjustment

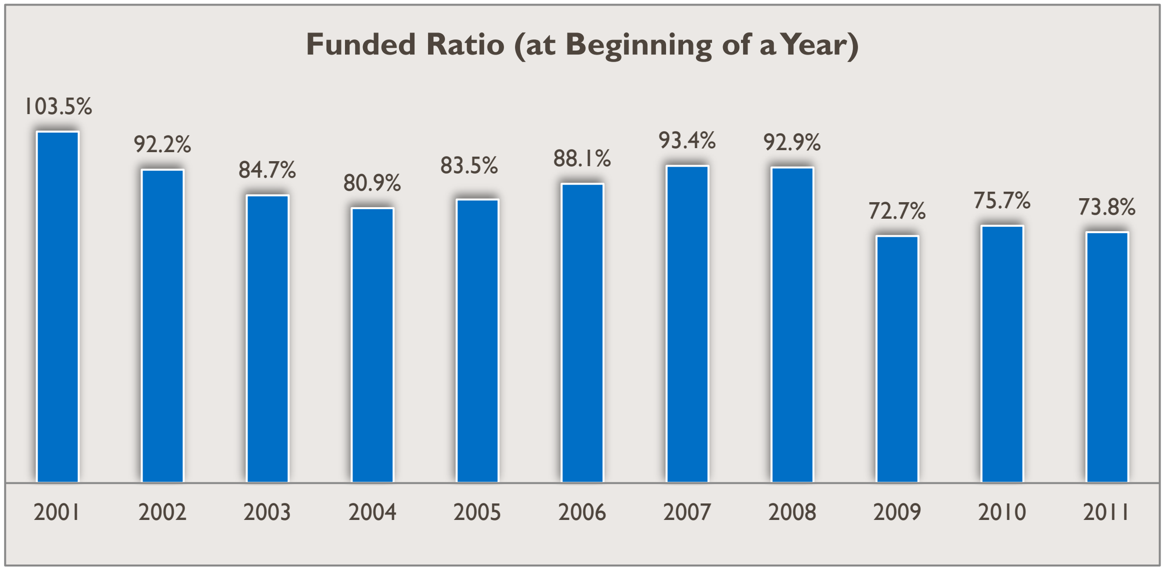
The monthly amount of any Pension provided by the Plan shall be increased or decreased annually of the first day of each January by the change in the U.S. Consumer Price Index as reported the preceding November. Annual increases may not exceed 5% for members whose severance date occurs prior to September 1, 1995 and 4.4% for members whose severance date occurs after August 31, 1995.

I. CHANGES IN PLAN PROVISIONS

None.

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)
1/1/2002	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
1/1/2011	218,757,059	296,269,387	77,512,328	73.8	69,926,961	110.8



ACTUARIAL SECTION

K. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year Ending	Annual Required Contribution	Employer Contribution	Percentage Contributed
12/31/2001	3,758,526	3,528,623	100.0
12/31/2002	6,372,920	6,062,961	100.0
12/31/2003	8,192,163	7,832,924	100.0
12/31/2004	8,967,490	9,005,701	100.4
12/31/2005	8,738,577	8,738,635	100.0
12/31/2006	8,268,755	8,269,119	100.0
12/31/2007	6,981,523	7,277,159	104.2
12/31/2008	7,233,450	7,590,475	104.9
12/31/2009	11,871,976	14,500,000	122.1
12/31/2010	12,638,827	12,638,827	100.0
12/31/2011	12,414,279	15,400,000	124.1

L. NOTES TO TREND DATA

Summary of Actuarial Assumptions, Methods and Additional Information

Valuation Date	January 1, 2011
Actuarial Cost Method	Entry Age
Amortization Method	30 years, as a level dollar amount
Remaining amortization period	30 years
Asset valuation method	3-year smoothing of market value gains or losses
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases	8.2% - 3.6%, based on years of service
*Includes inflation at	3.0%

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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 2011. "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 2002-2011. All non-accounting data was derived from Denver Water's internal sources and vendor reports and has been updated as of the end of 2011, as available.

A. EMPLOYEES' RETIREMENT PLAN

1. Schedule of Additions by Source, 2002-2011

		Employer Contributions[1]			
Fiscal Year Ending	Member Contributions[2]	Dollars	Percentage of Annual Covered Payroll[3]	Net Investment and Other Income[4]	Total
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	18.8%	24,118,400	36,757,200
2011	N/A	15,400,000	18.8%	(2,094,700)	13,305,300

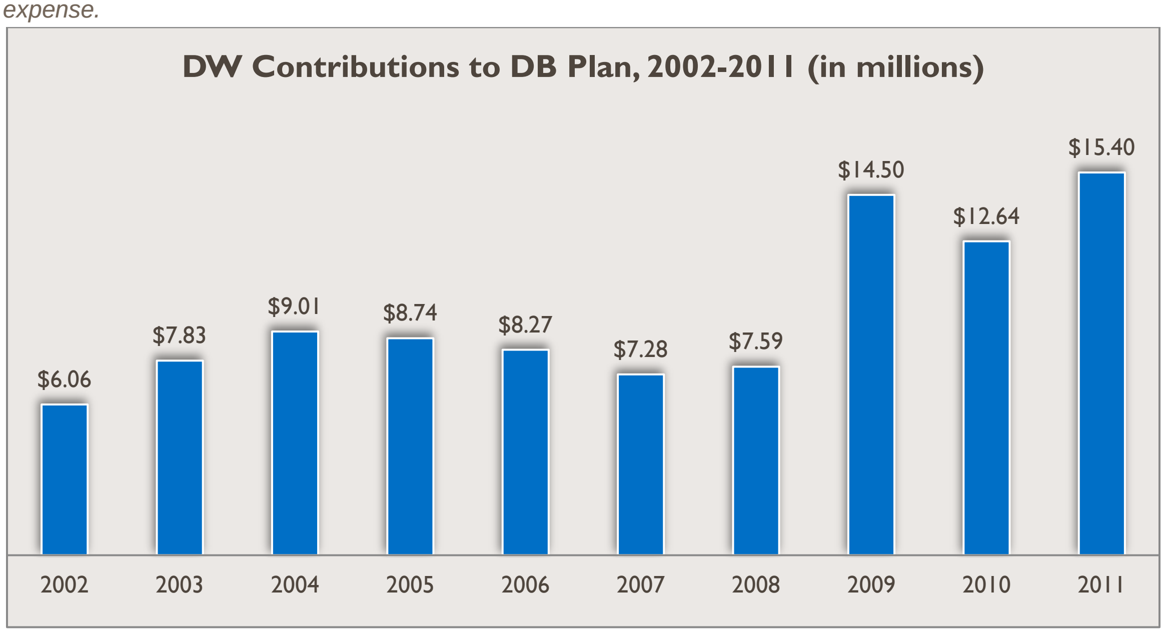
Source: Financial Statements for the Employees' Retirement Plan, 2003-2012 Actuarial Valuation Reports

[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, 2002-2011

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Administrative Expenses	Refunds[1]	Total
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
2011	15,416,200	123,200	78,000	15,617,400

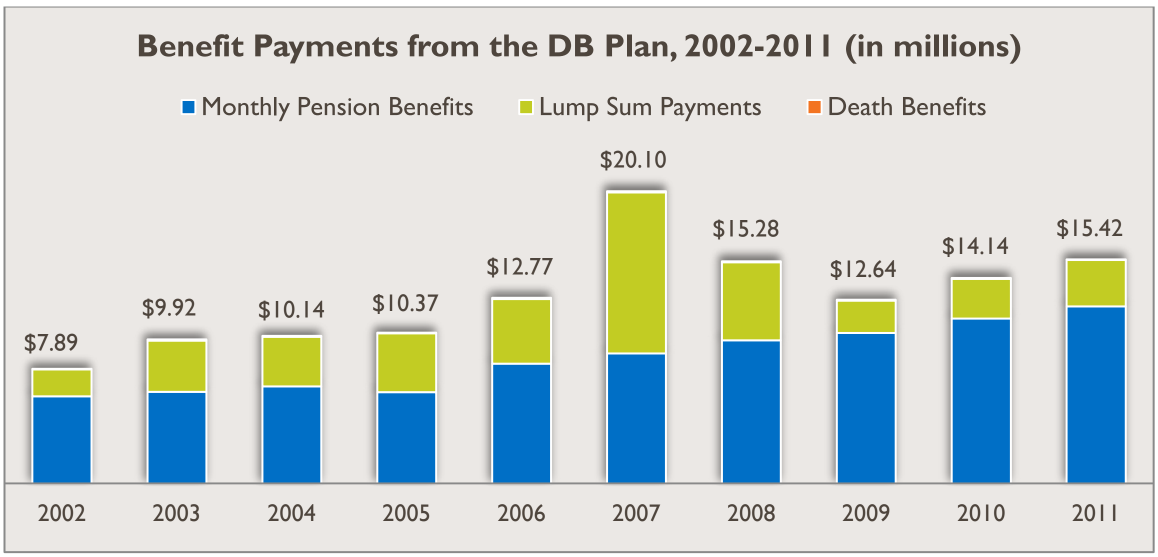
Source: Financial Statements for the Employees' Retirement Plan

[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 109 employees who still have funds in the Plan, and the combined balance to be refunded was $325,000 as of December 31, 2011.

3. Schedule of Benefit Deductions from Net Assets by Type, 2002-2011

Fiscal Year Ending	Monthly Pension Benefits	Lump Sum Payments	Death Benefits	Total Benefits	Refunds
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
2011	12,184,400	3,176,800	55,000	15,416,200	78,000

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



4. Schedule of Changes in Net Assets, 2002-2011

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
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
2011	13,305,300	15,617,400	(2,312,100)	250,531,000	228,218,900

Source: Financial Statements for the Employees' Retirement Plan

5. Schedule of Retired Members by Type of Benefit

Data as of January 1, 2012

Amount of monthly benefit	Number of retirees	Type of retirement*					Option selected #				
		1	2	3	4	5	Life	Opt. 1	Opt. 2	Opt. 3	Def
Deferred	93	0	0	1	10	82	0	0	0	0	93
$1 – $249	11	1	5	5	0	0	8	0	0	3	0
$250 – $499	32	6	19	7	0	0	31	1	0	0	0
$500 – $749	28	6	13	8	1	0	23	0	1	4	0
$750 – $999	26	3	15	6	2	0	21	2	2	1	0
$1,000 – $1,249	28	7	14	7	0	0	20	0	1	7	0
$1,250 – $1,499	37	7	23	7	0	0	23	9	0	5	0
$1,500 – $1,749	26	6	17	2	1	0	16	5	2	3	0
$1,750 – $1,999	25	5	17	3	0	0	19	3	2	1	0
over $2,000	264	34	211	14	5	0	159	76	7	22	0
Totals	570	75	334	60	19	82	320	96	15	46	93

Type of Retirement
1-Normal retirement
2-Early and special early retirement
3-Survivor
4-Disability
5-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
Def. – Deferred benefits

Source: January 1, 2012 Actuarial Valuation Report for Employees' Retirement Plan prepared by Milliman

6. Schedule of Average Benefit Payment Amounts for Retirees, 2002-2011

	Years of Credited Service							
Retirement Effective Dates	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
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, 2009 to 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
January 1, 2010 to December 31, 2010								
Average Monthly Benefit	$457.36	$1,018.89	$2,257.99	$1,410.37	$2,424.95	$2,565.34	$3,901.13	$2,676.96
Number of Active Retirants	1	4	2	1	2	7	10	27
January 1, 2011 to December 31, 2011								
Average Monthly Benefit	$0.00	$892.08	$1,235.41	$1,494.81	$2,216.83	$3,747.31	$3,472.47	$2,713.81
Number of Active Retirants	0	3	4	1	1	9	5	23

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
01/01/2003	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
01/01/2012	1,613	1,043	83	477	10

Source: 2003-2012 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
01/01/2003	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
01/01/2012	N/A	1,043	46.4	13.8	$66,839	N/A

Source: 2003-2012 Actuarial Valuation reports; extracted from "Active Member Averages"

Employees' Retirement Plan – Retiring Members by Type of Benefit elected, 2002-2011

Fiscal Year Ending	Lump Sum	Partial Lump/Annuity	Annuity Only	Total Retirements
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
2011	7	0	23	30

Source: 2003-2012 Actuarial Valuation reports; extracted from "Retirements by Type""

Employees' Retirement Plan – Retiring Members by Type of Retirement, 2002-2011

Fiscal Year Ending	Normal Retirement	Early Retirement	Special Early (Rule of 75)	Special Early (Rule of 75 Grow-In)	Total Retirements
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
2011	8	3	19	0	30

Source: 2002-2012 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	Disability Retirements	Vested Terminations	Total Inactive Members
01/01/2003	259	44	47	24	52	426
01/01/2004	239	64	46	20	53	422
01/01/2005	237	83	48	27	54	449
01/01/2006	235	99	51	31	61	477
01/01/2007	220	124	50	33	62	489
01/01/2008	73	276	53	32	80	514
01/01/2009	72	290	54	25	77	518
01/01/2010	68	307	52	19	79	525
01/01/2011	73	316	59	20	82	550
01/01/2012	75	334	60	19	82	570

Source: 2003-2012 Actuarial Valuation reports; extracted from "Schedules of Retired Members by Type of Benefit"."

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

Retired Members (Inactive Plan Members) – By Option Selected

As of	Life or leveling option	50% J&S	75% J& S	100% J&S	Total
01/01/2003	314	73	15	24	426
01/01/2004	305	80	13	24	422
01/01/2005	323	81	14	31	449
01/01/2006	342	79	16	40	477
01/01/2007	355	79	15	40	489
01/01/2008	374	80	15	45	514
01/01/2009	367	90	15	46	518
01/01/2010	370	88	16	51	525
01/01/2011	398	92	15	45	550
01/01/2012	413	96	15	46	570

Source: 2003-2012 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, 2002-2011

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
2011	3,694,600	9,100	1,735,100	(92,300)	5,346,500

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.

[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 and participant advisory fees.

2. Schedule of Deductions by Type, 2002-2011

	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
2011	3,004,500	43,300	3,047,800

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, 2002-2011

Fiscal Year Ending	Retirement	Age 70 1/2 Minimum	Termination of Employment	Hardship Withdrawal	Other[1]	Total Benefits
2002	60,700	0	110,300	33,100	2,600	206,700
2003	275,100	0	123,600	85,200	15,500	499,400
2004	363,800	0	219,700	110,100	52,100	745,700
2005	539,400	300	252,000	111,400	19,400	922,500
2006	466,000	11,800	868,000	141,100	75,800	1,562,700
2007	1,820,400	1,200	885,600	137,200	53,700	2,986,100
2008	1,422,200	900	244,000	98,700	70,600	1,836,400
2009	1,655,300	0	201,700	100,900	148,400	2,106,300
2010	2,163,350	0	257,700	122,250	367,900	2,911,200
2011	2,301,600	4,200	326,600	185,300	186,800	3,004,500

Source: Great West, Plan Asset Report

[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, 2002-2011

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
2011	5,346,500	3,047,800	2,298,700	46,636,500	48,935,200

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

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

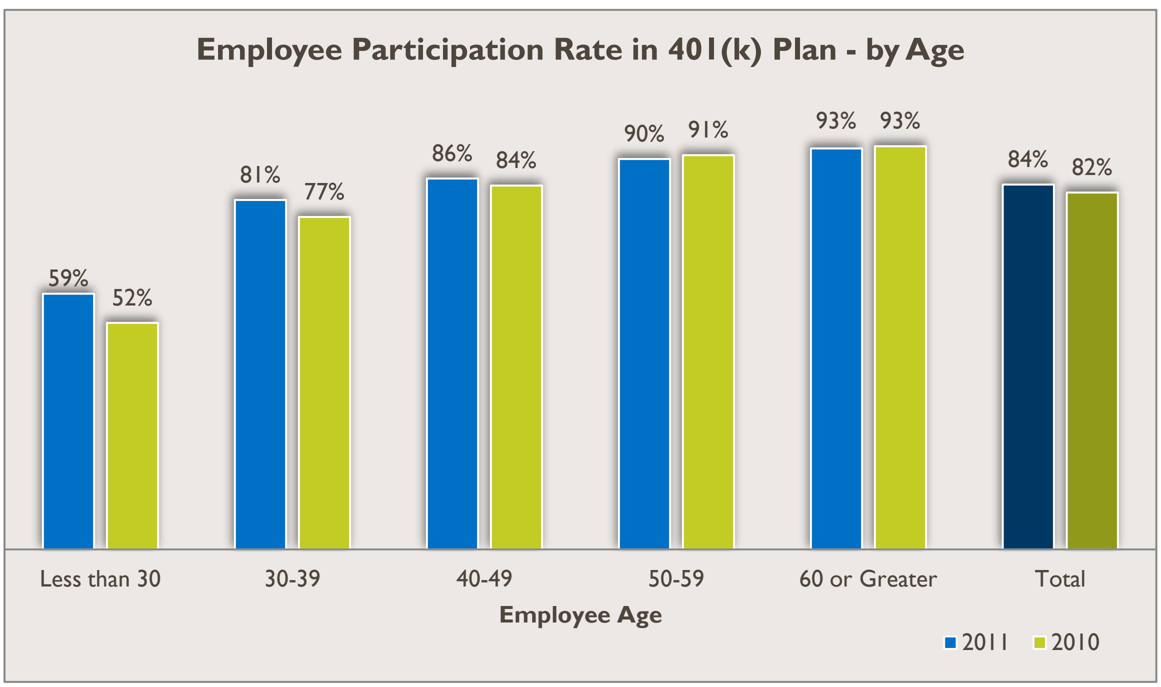
5. Other Information

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

Fiscal Year Ending	Participants[1]			
	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	1,010	922	88	N/A
12/31/2012	1,029	890	139	N/A

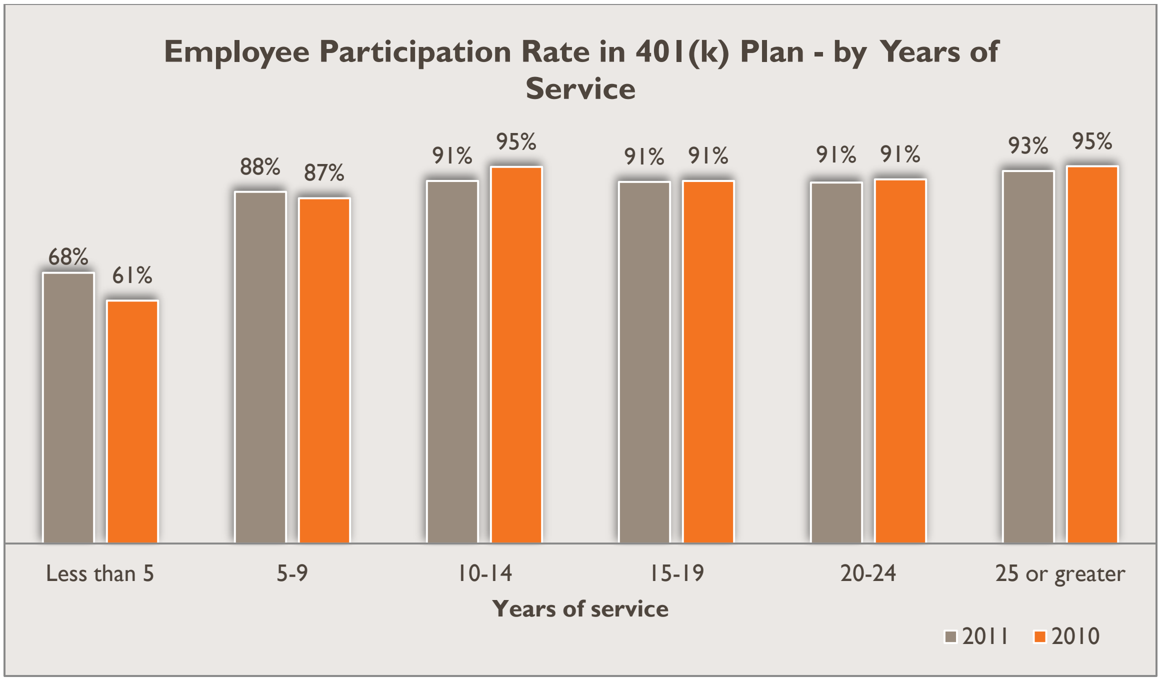
Source: VALIC/ Great-West

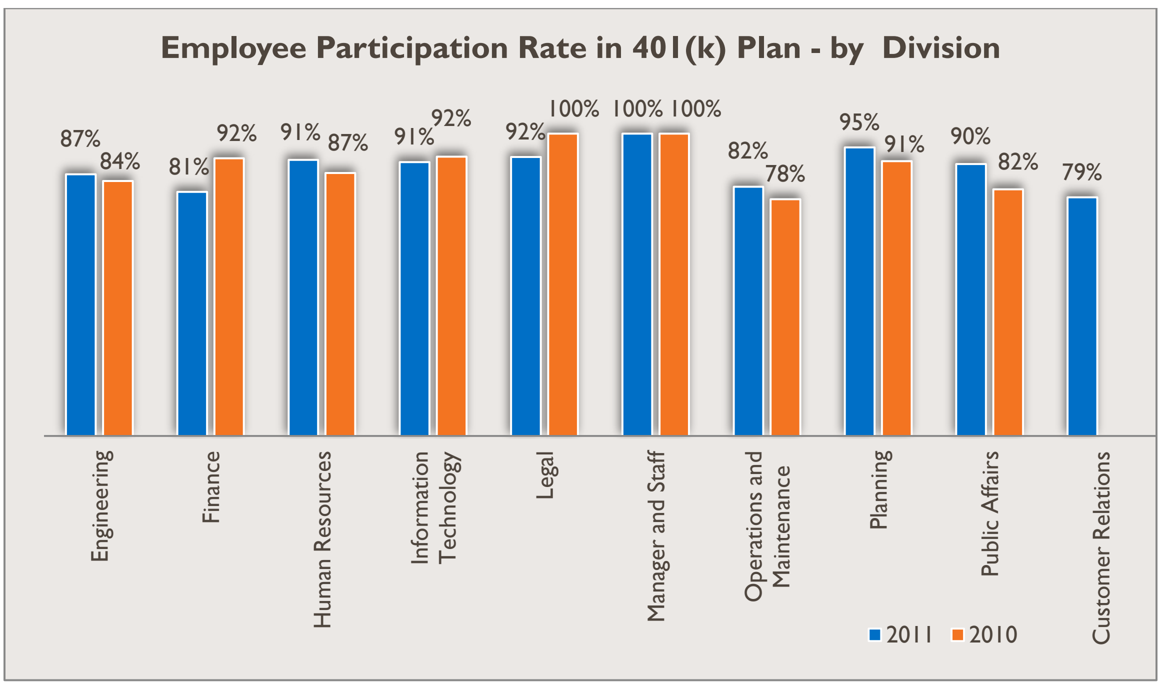
[1] Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who made contributions to the Plan. Inactive participants include plan participants who are employed and have a balance but did not have a regular payroll contribution during the period or those who are no longer employed but have a balance.



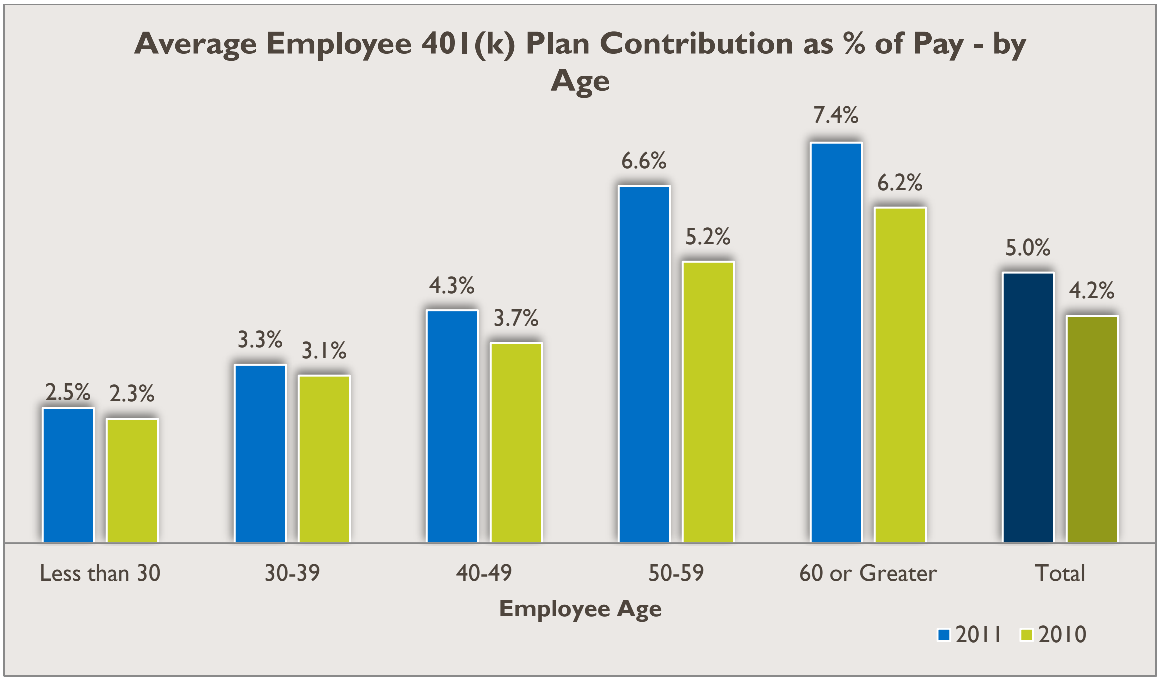
Source: Denver Water, Human Resources database; data as of year-end.

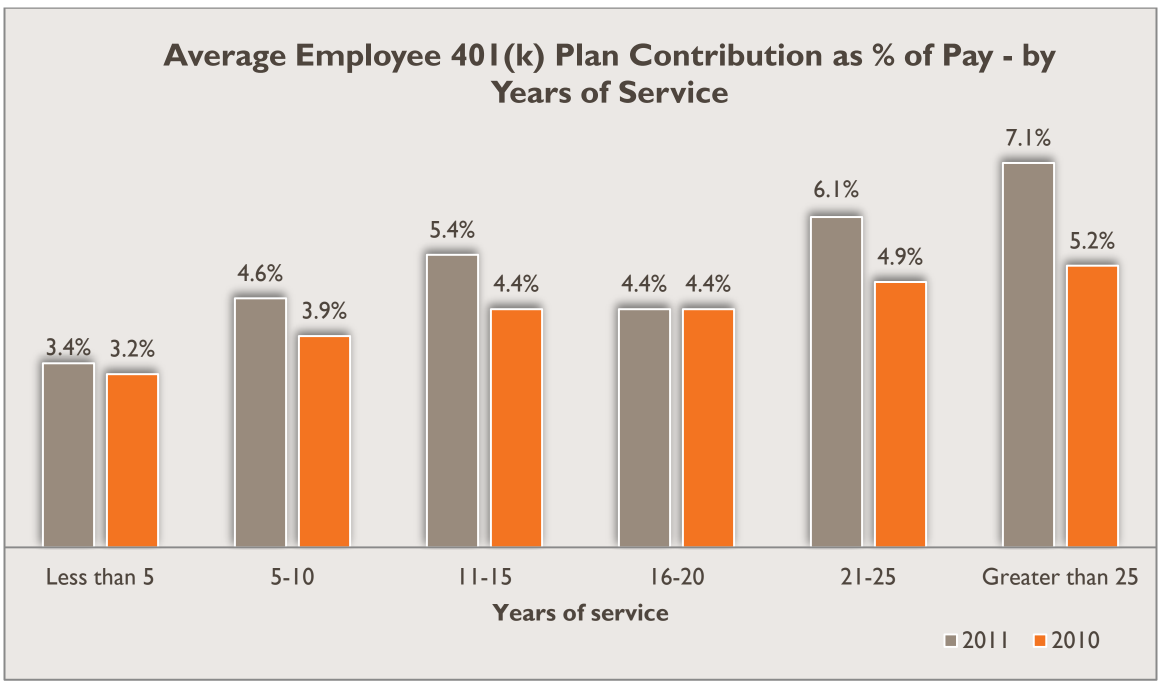
STATISTICAL SECTION





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





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

C. DENVER WATER 457 DEFERRED COMPENSATION PLAN

1. Schedule of Additions by Source, 2002-2011

Fiscal Year Ending[1]	Member Contributions	Participant Rollovers	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
2011	1,580,600	1,900	N/A	251,900	1,834,400

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 and participant advisory fees.

2. Schedule of Deductions by Type, 2002-2011

	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
2011	2,987,700	22,500	3,010,200

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

[2] Includes imputed amount of investment and recordkeeping fees.

3. Schedule of Benefit Deductions from Net Assets by Type, 2002-2011

Fiscal Year Ending	Retirement	Age 70 1/2 minimum	Termination of Employment	Hardship	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		142,300	1,994,800
2005	1,026,100	15,900	565,900		215,400	1,823,300
2006	728,300	26,800	1,156,700		206,800	2,118,600
2007	2,094,600	28,300	862,700		79,800	3,065,400
2008	2,090,100	7,100	481,000		(37,400)	2,540,800
2009	1,846,700	0	337,600		316,400	2,500,700
2010	2,085,400	0	372,700		234,300	2,692,400
2011	2,761,200	24,300	152,700	8,000	41,500	2,987,700

Source: Great West, Plan Asset Report

[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, 2002-2011

Fiscal Year Ending1	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
2011	1,834,400	3,010,200	(1,175,800)	25,982,000	24,806,200

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

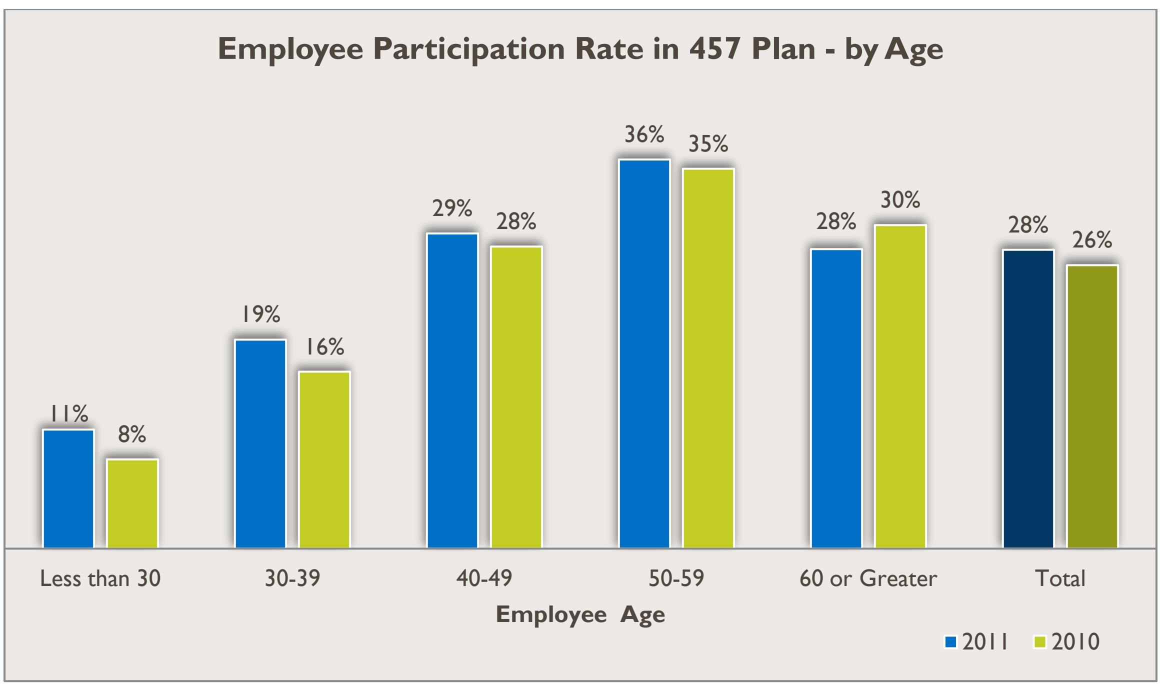
5. Other Information

Denver Water 457 Deferred Compensation Plan- Number of Participants

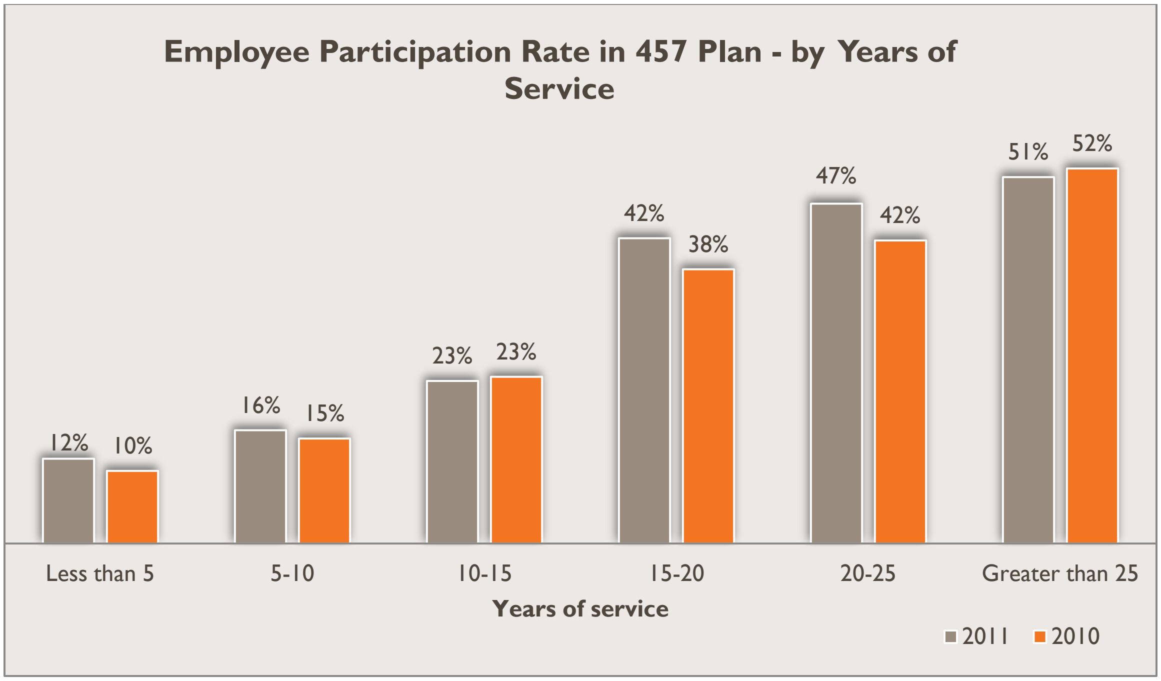
Fiscal Year Ending	Participants[1]			
	Total	Active	Inactive	New Enrollments
12/31/2002	967	382	585	N/A
12/31/2003	928	482	446	6
12/31/2004	847	365	482	3
12/31/2005	826	364	462	59
12/31/2006	807	351	456	13
12/31/2007	760	348	412	10
12/31/2008	730	336	394	24
12/31/2009	679	314	365	11
12/31/2010	636	278	358	N/A
12/31/2011	619	289	330	N/A

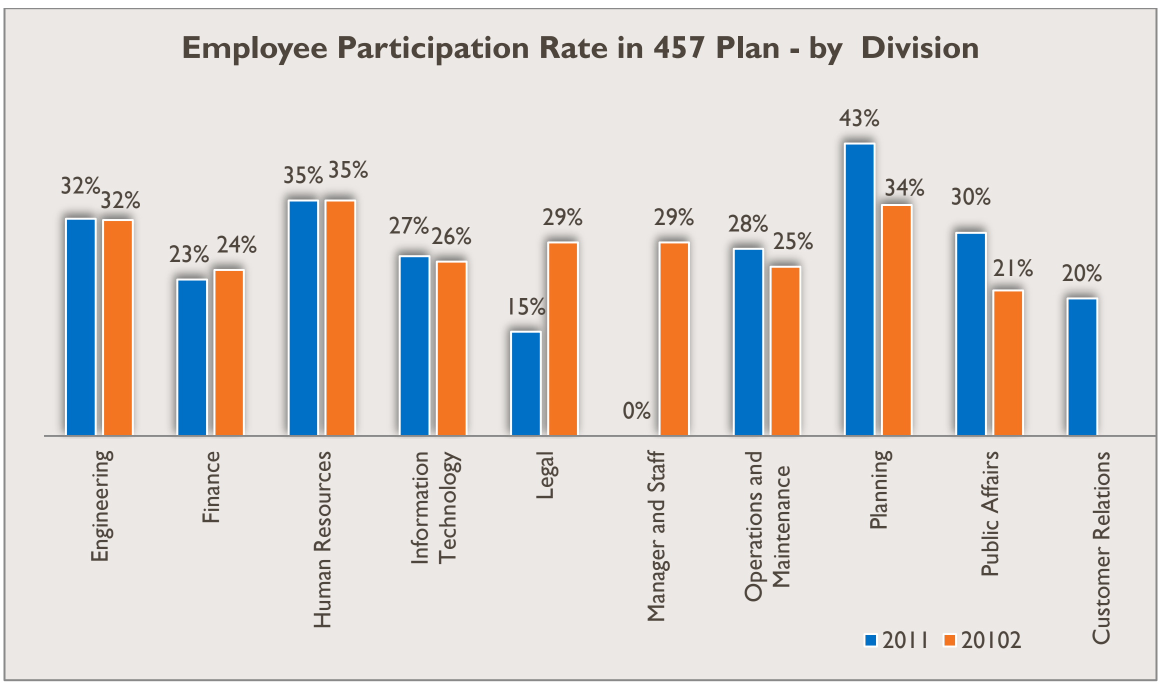
Source: VALIC/ Great-West

[1]Total participants are defined as those participants who had cash value at the end of the reporting period. Active participants are defined as those participants who made contributions to the Plan. Inactive participants include plan participants who are employed and have a balance but did not have a regular payroll contribution during the period or those who are no longer employed but have a balance.

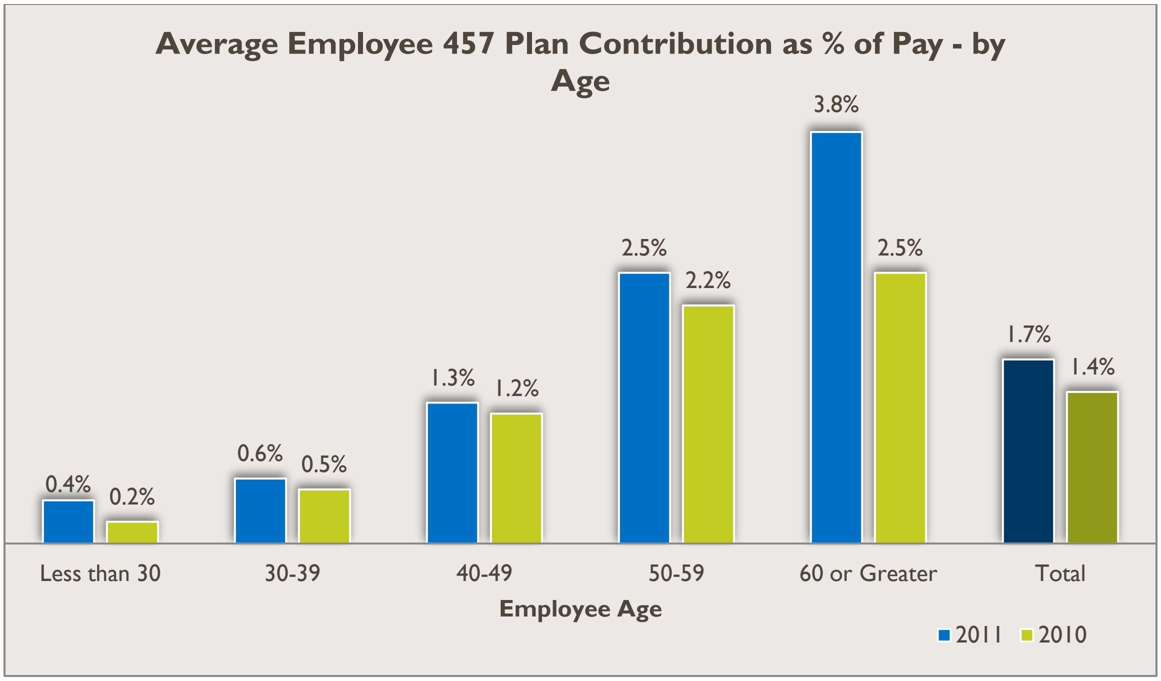


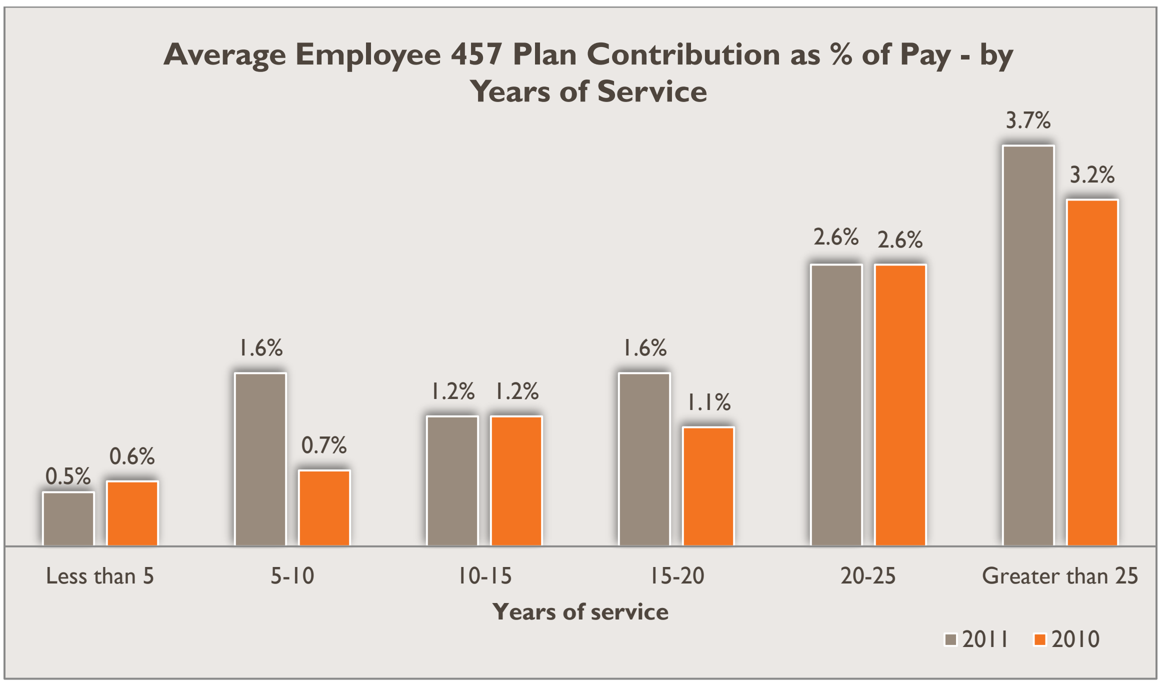
Source: Denver Water, Human Resources database; data as of year-end.





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





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