2012 ANNUAL REPORT

Denver Board of Water Commissioners

Employees' Retirement Program

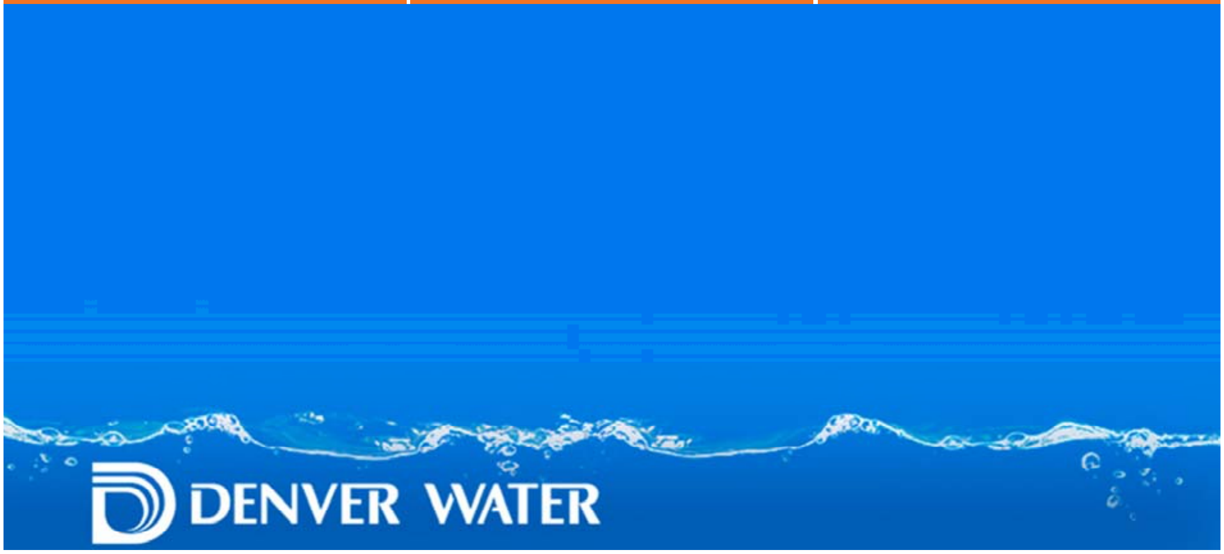
Employees' Retirement Plan

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, 2012



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

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I. INTRODUCTORY SECTION (UNAUDITED)

A. LETTER OF TRANSMITTAL

DENVER WATER

May 31, 2013

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, 2012. 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, 2012. 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, 2012 there were 1,646 participants in the DB Plan, including 1,045 active members, 511 retirees and beneficiaries and 82 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. Great-West Retirement Service is the administrator of the SRSP. At the end of 2012 there were 940 contributing (active) and 121 non-contributing (inactive) participants. 85.7% of all eligible Denver Water employees participated in the SRSP Plan as of December 31, 2012.

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. Great-West Retirement Service is the administrator of the SRSP. At the end of 2012, there were 336 contributing (active) and 271 non-contributing (inactive) participants. 28.8% of all eligible Denver Water employees participated in the 457 Plan as of December 31, 2012.

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 the program is designed to be a tax-free reimbursement for "qualified retirement planning services" as described in Internal Revenue Code section 132(m). 15 employees used the counseling services during 2012 and 9 of those employees have subsequently retired. The total 2012 expenditures on the Retirement Financial Planning Reimbursement Program were $7,345.

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

[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.*

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, 159 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 full cost. In January 2013, the Board formalized its decision to change eligibility for the retiree medical benefit effective January 1, 2014. Employees with 25 or more years of service on January 1, 2014 will be eligible for full Retiree Medical Subsidy when they retire between the ages of 55 and 65. Employees whose age plus service on January 1, 2014 will be greater than or equal to 75 may still retire as early as age 55 and participate in the plan, but those retiring prior to age 60 will not be eligible for the Denver Water portion of the contribution, and will pay the full retiree premium. For all other employees, the minimum retirement age in order to be eligible for benefits has been raised to age 60.

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 2012 was $3.7 million; of this amount, $2.1 million was paid as benefits under the plan (approximately 76% of estimated premium equivalent costs). Retirees receiving benefits contributed $666,000, or approximately 24% of the estimated premium equivalent costs. The Net OPEB Obligation for postemployment healthcare benefits as of the end of the year was $10.8 million.

Major Initiatives in 2012

- **Continuation of Retiree Medical Coverage Program Review**. During 2012, 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 by paying full cost upon meeting the Rule of 75). In January 2013, the Board formalized its decision to change eligibility for the retiree medical benefit effective January 1, 2014. Employees with 25 or more years of service on January 1, 2014 will be eligible for full Retiree Medical Subsidy when they retire between the ages of 55 and 65. For most other employees, the minimum retirement age in order to be eligible for benefits has been raised to age 60.

- **Request for Proposals for Investment Consulting Services for the DB Plan.** As a result of normal contract expiration, on August 20, 2012, Denver Water issued a Request for Proposal (RFP) for Investment Consulting Services for the Employees' Retirement Plan. The RFP was sent to forty-two (42) financial institutions through the Rocky Mountain E-Purchasing System and sent to ten (10) SBE trade organizations. Nineteen (19) proposers submitted responses to the RFP. The responses were evaluated and the top 4 proposers were interviewed by the committee selected from RPC members. Under the advice from the committee, the Director of Finance selected and recommended to the Board the approval of the contract with the incumbent Investment Consultant, Watershed Investment Consultants Inc. The Board approved the contract on December 19, 2012.

- **New Fee Structure in 401(k)/457 Plans.** Effective April 2, 2012, most investment options were converted to the lowest cost share class, which nearly eliminated the revenue sharing used to offset Great-West administration fees. The recordkeeping and communication fee equal to 0.0225% of account balance per quarter is now being deducted directly from each participant's account in April, July, October and January. Three funds which continue revenue sharing arrangements with Great-West (T. Rowe Price Growth Stock, Baron Growth and Cohen & Steers Global Realty) are excluded from this new fee arrangement.

- **Fund Changes in 401(k)/457 Plans.** Board's Investment Consultant to the DC Plans, Cook Street regularly reviews and evaluates the funds offered to participants in the 401(k) and 457 Plans. In 2012, following a regular plan investment expense review, Cook Street recommended and the Director of Finance approved the following fund changes:

    - added a number of additional Target Retirement funds to the lineup effective January 1, 2012 to better match expected retirement dates for DW employees,

    - replaced DWS Equity 500 and Dreyfus MidCap Index funds with lower cost Vanguard index funds effective April 2, 2012;

    - substituted underperforming Artio International Equity fund with Harbor International Institutional effective April 2, 2012;

    - replaced Vanguard 500 Index fund with lower cost share class of the same fund in November 2012.

- **Review and update of Investment Policy Statement ("IPS") for the DB Plan.** The Director of Finance, in conjunction with Watershed Investment Consulting, Inc., an Investment Consultant retained by the Board to assist the Board with the management of the assets of the Employees' Retirement Plan, reviewed the existing IPS for the DB Plan and recommended an update to the Statement, including a change to the long-term asset allocation range for Fixed Income asset class from 25%-60% to 20%-50%. The change was discussed at the May 23, 2012 Study Session and approved by the Board on June 13, 2012.

- **2012 Tax Compliance Amendments to the 401(k) Plan and the DB Plan.** The Plan documents were amended on June 27, 2012 to reflect technical amendments required by IRS to maintain their qualified status. Plan document changes also included various plan amendments approved by the Board since the documents we last restated in November 2009 (Employees Retirement Plan) and December 2008 (401(k) Plan), amendments to reflect recent Personnel Policy changes and amendments to reflect new fee arrangement with Great West.

- **Manager Changes in the DB Plan.** The Director of Finance, with the assistance of the Investment Consultant for the DB Plan completed DB Plan manager searches for a Master Limited Partnership strategy (December 2011), a dividend yield strategy (December 2011), and hedge funds of funds strategies (January 2013). Contracts with the selected managers were approved by the CEO/Manager in the 1st quarter of 2012 and strategies were fully implemented by April 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, 2012 are listed on page III-85 of the report; funds included in the Defined Contribution Plans are listed on page III-102 of the report. Activities of the professional managers are reviewed and evaluated quarterly by the investment consultant for each plan, the Retirement Program Committee, and Denver Water's Finance staff.

The investments in the Defined Benefit Plan returned 12.7% during 2012, compared to the target benchmark return of 12.1% and the actuarial assumed rate of return of 7.5%. The annualized rate of return on assets of the Defined Benefit Plan was 8.0% over the last three years and 0.9% 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, 2013, the Funded Ratio of the DB Plan was 78.9%, compared to 76.5% 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 the Defined Benefit Plan and the Defined Contribution Plans. It will be made available to all members of the Denver Water Retirement Program.

We would like to express our appreciation to the Denver Water staff, specifically the members of the Retirement Program Committee and their support staff, 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 changes to the Retirement Program
- Approves Investment and funding policies for the Retirement Program
- Approves actuarial assumptions and methods for the Retirement Plan

Director of Finance

Co-Chair of the RPC

- Recommends financial, investment and actuarial policies
- Performs cost analysis
- Implements investment and funding policies
- Arranges for annual financial audits and actuarial evaluations
- Recommends annual Retirement Plan contribution

CEO / Manager:

- Approves technical Plan amendments
- Decides benefit appeals
- Arranges for fiduciary Liability insurance
- Appoints Retirement Program Committee members

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

Investment Managers

Make day-to-day investment decisions

Retirement Program Committee

Advises Board/CEO/Manager and Directors of Finance/Human Resources on issues regarding the Retirement Program

Trust Fund Custodians

- Hold assets
- Disburse payments to participants

Consultants, Vendors and Advisors

Provide specialized advice

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-85, III-94, III-102 and III-107.

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, 2012

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.

Jeff Bogner - Treasury Analyst since August 2012; 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	Gallagher Benefit Services, Inc.	6399 South Fiddler"s Green Circle Suite 200 Greenwood Village, CO 80111-4949
Legal Counsel	Ms. Mary Brauer Reinhart, Boerner, Van Deuren, Attorneys At Law	8400 E. Prentice Ave., Penthouse Englewood, CO 80111
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	1225 17th Street, Suite 800, Denver, CO 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

KPMG

KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

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

We have audited the accompanying statements of net position and statements of changes in net position of the Employees' Retirement Plan of the Denver Board of Water Commissioners (Plan) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Employees' Retirement Plan of the Denver Board of Water Commissioners as of December 31, 2012 and 2011, and the changes in financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 8 and the schedules of funding progress and employer contributions on pages 22 and 23 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.

KPMG LLP

Denver, Colorado
April 4, 2013

3. 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) as of and for the years ended December 31, 2012 and 2011. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2012 and 2011, $253.8 million and $228.2 million, respectively, were held in trust for the payment of Plan benefits, and to meet the Plan's future obligations to its participants.

For 2012, the net position of the Plan increased by $25.5 million or 11.2%. This compares with a $2.3 million decrease or 1.0% in 2011. The increase in the Plan's net position in 2012 and the decrease in the Plan's total net position in 2011 are primarily due to changes in the market value of the Plan's investments. Investments increased $26.5 million or 11.7% in 2012 and decreased $910,000 or 0.4% in 2011. Plan returns for 2012 and 2011 were 12.7% and -0.5%, respectively.

Additions to Plan net position in 2012 included employer contributions of $14.3 million and a net investment gain of $28.2 million resulting in total additions to the Plan net position of $42.5 million. In 2011, contributions of $15.4 million and net investment loss of $2.1 million resulting in total additions to the Plan net position of $13.3 million.

Deductions from Plan net position for 2012 were $16.9 million compared to $15.6 million in 2011, an increase of 8.4%. Retirement benefit payments were $16.6 million in 2012 and $15.4 million in 2011 resulting in an increase in benefit payments of $1.2 million or 8.1%.

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, 2012 and 2011, the dates of the latest actuarial valuations, the funded ratio for the Plan was 76.5% and 73.8%, 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 Net Position
2. Statements of Changes in Net Position
3. Notes to Financial Statements
4. Supplementary Information Required by the Governmental Accounting Standards Board

The Statements of Net Position present the Plan assets and liabilities as of December 31, 2012 and 2011. The Statements of Changes in Net Position show the additions to and deductions from Plan net position during 2012 and 2011.

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

The Statements of Changes in Net Position show the additions to and deductions from Plan net position during 2012 and 2011.

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 and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement requires the reporting of deferred inflows and deferred outflows of resources in separate sections of the Statement of Net Position, which was renamed from Statement of Net Assets. 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, 2012 and 2011, 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 to the Plan.

Financial Analysis

There are several ways to measure the Plan's financial position. One way is to determine the Plan's net position availability 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, 2012, the date of the last actuarial valuation, the Plan had a funded ratio of 76.5%, which means that for every dollar of benefits earned to date, based on service and expected final salaries, the Plan had 76.5 cents in assets available for payment. This compares with a funded ratio of 73.8% at the beginning of 2011. 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, 2012 was higher than the market value due to a three-year smoothing method used in the actuarial valuation.

The Board has determined that it is prudent to hold a diversified portfolio of investments 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 positions were as follows:

Net Position

(amounts expressed in thousands)

	Years ended December 31,			2012-2011 Increase (Decrease)	2012-2011 % Change		2011-2010 Increase (Decrease)	2011-2010 % Change	
	2012	2011	2010						
Cash and equivalents	$1,664	$2,374	$4,145	(709)	(29.9)	%	(1,771)	(42.7)	%
Dividends, interest & other receivables	707	596	696	111	18.6	%	(100)	(14.4)	%
Investments, at fair value	251,235	225,395	226,305	26,469	11.7	%	(910)	(0.4)	%
Total assets	254,235	228,364	231,146	25,871	11.3	%	(2,781)	(1.2)	%
Total liabilities	467	145	615	322	222.1	%	(470)	(76.4)	%
Plan position	$253,768	$228,219	$230,531	25,549	11.2	%	(2,311)	(1.0)	%

Change in Plan Net Position

The Statements of Net Position display the Plan's assets, liabilities and net position at year-end. The Statements of Changes in Net Position provide information on the source of the change in net position during the year. The increase in total assets of $25.9 million or 11.3% in 2012 was the result of a combination of an increase in the fair value of investments and decrease in cash and cash equivalents offset by a slight increase in receivables. In 2011, total assets decreased by $2.8 million or 1.2% compared to 2010, primarily due to decreases in fair market value of investments and cash and cash equivalents.

Fiduciary Asset Management CO, Pacific Investment Management Company, Northern Trust Investments, NA, and Denver Investment Advisors reported cash and cash equivalents as of December 31, 2012. 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 2012 consisted primarily of unpaid but earned investment manager fees and amounts related to unsettled investment trades. In 2011, the majority of liability was primarily due to unpaid but earned investment manager fees. The change in Plan net position is a function of the change in total assets offset by the change in total liabilities. The Plan recorded an increase in Plan net position of $25.5 million in 2012 and a decrease of $2.3 million in 2011.

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 2012 and 2011 totaled $14.3 million and $15.4 million, respectively. For Plan years 2009 through 2012, 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.

While 2012 was generally characterized by global economic uncertainty that grew from sovereign debt crisis in Europe, the prospect of growth deceleration in China, as well as uncertainties surrounding the fiscal cliff and debt ceiling in the U.S., most markets concluded a strong year as investors welcomed further clarity surrounding economic reforms and prospects of stabilization when such policies are in place.

Denver Water's Retirement Plan posted a 12.7% gain compared to the Plan's customized benchmark return of 12.1% for 2012. The international equity segment was the best absolute performer posting a 19.1% gain and outperforming its benchmark, (MSCI All Country World ex-U.S. ND Index) which returned 16.8% in 2012. The domestic equity segment reported a 15.3% gain for the year, but underperformed both its benchmark Russell 3000 Index return of 16.4% and the S&P 500 index return of 16.0%. Nonetheless, Pyramis Small/Mid Cap Equity fund was the Plan's best absolute performer with an annual return of 20.9%. The 12 month return of fixed income segment of 7.9%, while modest in absolute terms, was the Plan's best relative result, surpassing the Barclays Capital Aggregate Bond index by 3.7 percentage points. PIMCO Total Return fund performed best in the fixed income segment reporting a 9.8% annual return, beating the same benchmark by 5.6 percentage points. The Global Equity segment, represented by Lazard Global Thematic Equity fund, was the worst relative performer, trailing its benchmark index, MSCI ACWI ND, by 2.3 percentage points. The real estate segment reported an 11.8% gain, which was 0.9% above the benchmark NFI ODCE Index return of 10.9%.

Additions to Net Position

(amounts expressed in thousands)

	Years ended December 31,			2012-2011			2011-2010		
				Increase	%		Increase	%	
	2012	2011	2010	(Decrease)	Change		(Decrease)	Change	
Employer contributions	14,300	$15,400	$12,639	(1,100)	(7.1)	%	$2,761	21.8%	%
Investment income	28,171	(2,095)	24,118	30,266	1,444.7	%	(26,213)	(108.7)	%
Total additions, net	$42,471	$13,305	$36,757	29,166	219.2	%	(23,452)	(63.8)	%

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, 2012, annual Plan deductions totaled $16.9 million which compares with $15.6 million in 2011. This represents an increase in deductions in 2012 of 8.4% as compared to an increase in 2011 over 2010 of 9.1%. The increase in total deductions in 2012 was primarily due to an increase in benefit payments. Certain expenses previously classified as investment expense in 2010 and in prior years were classified as administrative expense in 2011 and 2012 to better reflect the nature of the underlying transactions.

Deductions to Net Position

(amounts expressed in thousands)

	Years ended December 31,			2012-2011			2011-2010		
	2012	2011	2010	Increase (Decrease)	% Change		Increase (Decrease)	% Change	
Retirement benefits	$16,604	$15,361	$14,079	1,243	8.1	%	$1,282	9.1%	%
Death benefits	100	55	65	45	81.8	%	(10)	(15.4)	%
Refunds of contributions	94	78	108	16	20.5	%	(30)	(27.8)	%
Administrative expenses	124	123	60	1	0.8	%	63	105.0	%
Total deductions	$16,922	$15,617	$14,312	1,305	8.4	%	1,305	9.1	%

Requests for Information

This discussion and analysis is designed to provide a general overview of the Plan's financial status as of December 31, 2012 and 2011, 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

4. Basic Financial Statements

a) Statements of Net Position

Assets	December 31, 2012	2011
Cash and cash equivalents, at cost which approximates fair	$1,663,700	$2,373,500
Dividends, interest and other receivables	706,900	595,700
Investments, at fair value		
U. S. Government and agency securities	41,593,300	47,808,900
Municipal/provincial bonds	796,100	1,147,800
Corporate bonds and debentures	21,301,200	26,362,200
Equities	144,504,100	128,235,200
Real estate funds	23,209,100	21,840,900
Hedge funds	20,460,800	-
Total Investments	251,864,600	225,395,000
Total Assets	254,235,200	228,364,200
Liabilities		
Accrued administrative expense	9,000	2,600
Accrued investment expense	168,700	142,700
Securities payable	289,000	-
Total Liabilities	466,700	145,300
Net Position	$253,768,500	$228,218,900
(Please see "Schedule of Funding Progress")		

See accompanying notes to financial statements.

b) Statements of Changes in Net Position

	Years Ended December 31, 2012	2011
Additions		
Employer contributions	$14,300,000	$15,400,000
Investment income		
Net appreciation (depreciation) in fair value of investments	23,783,200	(6,432,900)
Interest	2,671,500	3,142,800
Dividends	2,104,600	1,751,200
Real estate income, net of operating expenses	1,205,500	917,200
Miscellaneous	-	-
	29,764,800	(621,700)
Less investment expense	(1,593,400)	(1,473,000)
Net investment income (loss)	28,171,400	(2,094,700)
Total additions	42,471,400	13,305,300
Deductions		
Retirement benefits	16,604,300	15,361,200
Death benefits	100,000	55,000
Refunds of contributions	93,700	78,000
Administrative expense	123,800	123,200
Total deductions	16,921,800	15,617,400
Net Increase (Decrease)	25,549,600	(2,312,100)
Net Position		
Beginning of year	228,218,900	230,531,000
End of year	$253,768,500	$228,218,900

See accompanying notes to financial statements.

5. 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 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 owns and operates a water utility. In accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and No. 61, *The Financial Reporting Entity: Omnibus*, the Board is classified as a special-purpose "other stand-alone government." A special-purpose other stand-alone government is defined as a legally separate governmental organization that (a) does not have a separately elected governing body and (b) does not meet the definition of a component unit because it does not have a financial benefit or burden relationship with a primary government. The Board is a "related organization" in the City and County of Denver, Colorado's (the City) financial reporting entity. A related organization is defined as an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization's governing board. The Board has no component units as defined in GASB Statements No. 14, 39, and 61. As a result of GASB Statement No. 61, which was early adopted by the City for 2012, the City determined that the Board is no longer a component unit of the City but is a special purpose stand-alone government.

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, 2012, there were 1,613 participants: 93 were deferred vested participants, 477 participants were retired and 1,043 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 and refunds are recognized when due and payable in accordance with the terms of the Plan document. Plan expenses, other than benefits and refunds are recognized on the accrual basis in accordance with generally accepted accounting principles.

b. Plan Expenses

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 expenses 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 and hedge funds are stated at fair value based upon the net asset value (NAV) of shares/units held at year-end as provided from fund managers. The NAV is used as a practical expedient to fair value. 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 May 4, 2012 for amendments enacted through September 27, 2011, 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 $14.3 million and $15.4 million during 2012 and 2011, respectively, in accordance with actuarial valuations performed as of January 1, 2012 and 2011, 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 $93,700 and $78,000 were made in 2012 and 2011, respectively, for employees who had retired or were terminated during the respective year. As of December 31, 2012 and 2011, total remaining employee contributions including accrued interest was $310,000 and $325,000, 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 funding requirements for the Plan. The annual required contribution is calculated using a 30-year amortization of the unfunded actuarial accrued liability (ARC) or funding excess to determine the amortization component of the ARC. 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.

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 for the January 1, 2012 valuation.

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, 2012, the most recent actuarial valuation date, the Plan was 76.5% funded. The actuarial accrued liability for benefits was $311.4 million, and the actuarial value of assets was $238.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of $73.0 million. The covered payroll (annual payroll of active employees covered by the Plan) was $71.2 million, and the ratio of the UAAL to the covered payroll was 102.7%. 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, 2012
Actuarial cost method	Entry age
Amortization method	Level dollar-open
Amortization period	30 years
Asset valuation method	3-year smoothed actuarial
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases	3.6%-8.2%
* Includes inflation at	3.0%
Cost-of-living adjustments	CPI-W 3.0%

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.

f. Investment Policy

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

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

As of December 31, the Plan's Asset Allocation Strategy was as follows:

Asset Allocation Strategy

	2012 Operational Range				
Asset Class	Min			Max	
Equities	35	%	-	70	%
Fixed Income	20	%		50	%
Alternatives	5	%	-	30	%

The asset classes currently utilized in the portfolio are domestic and foreign equity securities, domestic and foreign fixed income securities, hedge fund of funds, 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.

h. Custody and Management of Assets

During 2012 and 2011, the Northern Trust Company served as asset custodian for all Plan assets. The Plan assets were managed by the following investment managers:

Artio Global Management, LLC	Terminated August 2011
Blackrock Alternative Investors	Since March 2012
Cadence Capital Management	Terminated August 2011
Denver Investment Advisors, LLC	Hired prior to 1978
Dimensional Fund Advisors, LP	Since February 2008
Fiduciary Asset Management Company, LLC	Since January 2012
GAM US Institutional Trading II, L.P.	Since March 2012
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	Terminated February 2012
UBS Trumbull Property Fund, LP	Since May 1998
Vanguard Group, INC.	Since February 2012
Winslow Capital Management, Inc./SEI Trust Company	Since August 2011

i. 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, 2012 and 2011, there were no deposits subject to custodial credit risk.

j. 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, 2012

Investment Type	Market value	Less than 1 year	1 to 6 years	6 to 10 years	10 + years	Maturity not determined**
Asset-backed securities	$1,422,529	—	1,137,328	59,900	225,301	—
Corporate bonds	19,867,092	322,972	10,143,101	8,425,406	975,613	—
Government agencies	31,927,806	—	—	—	—	31,927,806
Government bonds	7,771,584	—	3,448,701	311,367	4,011,516	—
Government mortgage-backed	1,893,886	—	—	—	1,893,886	—
Hedge Fund	20,460,760	—	—	—	—	20,460,760
Municipal bonds	796,079	—	—	—	796,079	—
Nongovernment-backed C.M.O.'s	11,592	—	—	—	11,593	—
Real Estate funds	4,146	—	—	—	—	4,145
Short Term Investments	1,663,729	—	—	—	—	1,663,729
Total	$85,819,203	322,972	14,729,130	8,796,673	7,913,988	54,056,440

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

k. 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, 2012, the Plan has no single issuer that exceeds 5.0% 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.

l. 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, 2012 are as follows:

Schedule of Credit Risk as of December 31, 2012

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
Asset backed securities	AAA	$868,721	1.0%
	A	225,301	0.3%
	NR/NA[2]	328,506	0.4%
Corporate bonds	AA	1,595,891	1.8%
	A	8,473,481	9.8%
	BBB	6,607,861	7.7%
	BB	2,707,375	3.2%
	NR/NA[2]	482,484	0.6%
Government agencies	NR/NA[3]	31,927,806	37.2%
Government bonds	NR/NA[1,2]	7,771,584	9.1%
Government mortgage-backed securities	NR/NA[1]	1,893,886	2.2%
Municipal bond	AAA	394,968	0.5%
	AA	401,111	0.5%
Nongovernment-backed C.M.O.s	AA	11,592	-
Short-term Investments	NR/NA[2]	1,663,729	1.9%
Hedge funds	NR/NA[2]	20,460,760	23.8%
Real estate funds	NR/NA[2]	4,146	-
Total fixed income securities		$85,819,203	100.0%

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

[2]NR/NA indicates the securities were either not 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.

m. 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, 2012:

Foreign Currency Risk

Country	Total	International Stocks	Fixed Income
Argentina	33,026	31,736	1,290
Australia	2,512,511	2,030,809	481,702
Austria	85,036	85,036	-
Belgium	689,951	683,639	6,313
Bermuda	237,532	237,532	-
Brazil	2,730,442	1,869,203	861,239
Canada	6,577,939	4,953,046	1,624,893
Cayman Islands	42,158	10,553	31,605
Chile	97,954	80,928	17,026
China	2,078,661	1,881,210	197,451
Columbia	8,425	4,658	3,767
Cyprus	1,328	1,328	-
Czech Republic	16,592	16,592	-
Denmark	246,905	245,873	1,032
Finland	519,047	519,047	-
France	6,069,751	5,724,792	344,959
Germany	5,784,705	5,776,884	7,821
Gibraltar	473	473	-
Greece	25,469	25,469	-
Guernsey	29,158	29,158	-
Hong Kong	3,595,864	3,574,601	21,263
Hungary	28,876	28,876	-
Iceland	24,258	24,258	-
India	1,403,584	1,387,710	15,874
Indonesia	237,420	177,834	59,586
Ireland	194,633	184,953	9,680
Israel	563,112	547,455	15,656
Italy	2,134,120	928,303	1,205,816
Japan	12,086,257	11,855,724	230,533
Jersey	230,369	2,270	228,099
Kazakhstan	11,306	9,515	1,792
Kuwait	61,845	61,845	-
Kyrgyzstan	14,272	14,272	-
Liechtenstein	589	589	-
Luxemburg	160,667	151,796	8,871
Malaysia	195,891	194,798	1,094
Mexico	1,873,624	853,611	1,020,013
Netherlands	1,683,075	1,210,159	472,916
New Zealand	21,249	21,249	-
Norway	425,633	400,010	25,623
Panama	4,056	-	4,056
Philippines	63,265	63,265	-
Poland	380,134	380,134	-
Portugal	86,571	86,571	-
Puerto Rico	2,441	2,441	-
Qatar	27,286	-	27,286
Romania	9,515	9,515	-
Russian Federation	557,248	429,208	128,040
Singapore	1,092,743	1,075,984	16,759
South Africa	1,136,804	1,131,324	5,480
South Korea	1,589,517	1,526,816	62,702
Spain	1,122,263	786,602	335,660
Sweden	1,216,308	1,209,714	6,594

Foreign Currency Risk

Country	Total	International Stocks	Fixed Income
Switzerland	5,599,048	5,534,736	64,313
Taiwan	1,711,209	1,711,209	-
Thailand	186,202	186,202	-
Turkey	694,001	685,397	8,604
United Arab Emirates	8,104	-	8,104
United Kingdom	11,598,905	9,989,834	1,609,071
Venezuela	1,696	-	1,696
Virgin Islands	2,426	2,426	-
Multi-National	-	-	-
Other	959	959	-
Total	**79,824,409**	**70,650,132**	**9,174,277**

n. 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, 2012 and 2011.

Note 4 - Related Party Transactions

An affiliate of the Plan's custodian is an investment manager for the Plan, which managed $21.7 million and $25.0 million of the Plan's investments at December 31, 2012 and 2011, respectively. For the years ended December 31, 2012 and 2011, the Plan incurred approximately $11,000 and $12,000, 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.

The Plan was amended May 23, 2012 effective January 1, 2012 in response to an IRS determination letter dated May 4, 2012 requesting certain clarifications to the terms compensation, employee and distribute to better align with tax law.

The Retirement Plan was restated June 27, 2012 in response to an IRS determination letter dated May 4, 2012. This restatement was necessary to satisfy tax law requirements the Plan was designed to satisfy but the IRS wanted written in specific wording. These changes were technical in nature and do not change the operation of the Plan.

6. 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%
1/1/2012	238,384,139	311,443,403	73,059,264	76.5%	71,172,362	102.7%

See accompanying independent auditors' report.

b) Schedule of Employer Contributions

Year Ended December 31	Actual Required Contributions	Contribution made	Percentage Contributed
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%
2012	12,256,238	14,300,000	116.7%

See accompanying independent auditors' report.

7. Supporting Schedules (unaudited)

a) Schedule of Administrative Expenses

	2012	2011
Actuarial Services	$20,400	$13,200
Benefit Payment Processing[1]	81,500	83,000
Audit Services	22,000	27,000
Total Administrative Expenses	123,900	123,200
Average Assets[2]	$241,299,650	$229,607,800
Administrative Expenses as a percentage of Average Assets	0.051%	0.054%

[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

	2012	2011
Artio Global Management LLC	-	$117,400
Blackrock Alternative Investors	94,700	-
Cadence Capital Management	-	71,100
Denver Investment Advisors, LLC	97,200	106,200
Dimensional Fund Advisors LP	124,400	134,600
Fiduciary Asset Management Company, LLC	70,000	-
GAM US Institutional Trading II, L.P.	93,900	-
Harding Loevner Funds, Inc.	202,600	72,300
Heitman Capital Management Corporation	-	-
JP Morgan Investment Management, Inc.	72,500	64,600
Lazard Asset Management LLC	196,300	196,400
Loomis Sayles & Company, LP	-	64,800
Northern Trust Investments, N. A.	11,000	12,000
Pacific Investment Management Company, LLC	172,900	197,300
Prudential Real Estate Investors	75,200	62,200
Pyramis Global Advisors Fidelity Asset Management	81,900	34,100
Pzena Investment Management, LLC	7,100	105,400
UBS Trumbull Property Fund LP	100,700	96,000
Vanguard Group, INC.	31,200	-
Winslow Capital Management, Inc./SEI Trust Company	94,600	34,000
Total payments to investment advisors	1,526,200	1,368,400
Investment Consulting Expense	75,200	73,000
Investment Performance Reporting Expense	6,600	31,600
Total Investment Expenses	$1,608,000	$1,473,000
Average Assets[1]	$241,299,650	$229,607,800
Investment Expenses as a Percentage of Average Assets	0.666%	0.642%

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

B. DENVER WATER SUPPLEMENTAL RETIREMENT SAVINGS PLAN

1. Independent Auditor's Report

KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' 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 position and statements of changes in net position of Denver Water Supplemental Retirement Savings Plan (Plan) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Denver Water Supplemental Retirement Savings Plan as of December 31, 2012 and 2011, and the changes in financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 7 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.

KPMG LLP

Denver, Colorado
April 4, 2013

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, 2012 and 2011. This information should be read in conjunction with the financial statements and notes which follow.

Financial Highlights

As of December 31, 2012, $57.8 million was held in trust for the payment of SRSP benefits to the participants as compared to $48.9 million in 2011. This represents an increase in total SRSP net position held in trust of $8.9 million or 18.1%.

Additions to SRSP net position for 2012 and 2011 included participant contributions of $3.8 million and $3.7 million, respectively and the Denver Board of Water Commissioners (Board) matching contributions of $1.7 million in 2012 and in 2011. The net investment income for 2012 was $5.5 million compared to $91,000 investment loss in 2011.

Total deductions from SRSP net position were $2.5 million in 2012 and $3.0 million in 2011. The deductions were comprised of retirement benefit payments of $2.5 million and administrative expense of $53,000 in 2012. In 2011, the deductions were comprised of $3.0 million in benefit payments and $45,000 in administrative expenses. Total deductions in 2012 were 17.6% less than those in 2011. Total deductions in 2011 were 1.8% greater than those in 2010.

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, 2012, there were 894 employees contributing to the SRSP or 86.3% of all eligible Denver Water employees. This compares with 884 employees contributing to the SRSP or 86.1% as of December 31, 2011. There were 1,036 employees eligible to participate in the SRSP as of December 31, 2012 and 1,027 as of December 31, 2011.

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 Position
2. Statements of Changes in Net Position
3. Notes to Financial Statements

The Statements of Net Position present the SRSP assets, liabilities and net position as of December 31, 2012 and 2011.

The Statements of Changes in Net Position show the additions to and deductions from SRSP net position during 2012 and 2011.

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 and* GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires the reporting of deferred inflows and deferred outflows of resources in separate sections of the *Statement of Net Position*, which was renamed from *Statement of Net Assets*. 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.

The 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.

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

Net Position
(amounts expressed in thousands)

				2012-2011		2011-2010	
	as of December 31,			Increase	%	Increase	%
	2012	2011	2010	(Decrease)	Change	(Decrease)	Change
Mutual funds	$44,448	$35,331	$33,805	$9,117	25.8 %	$1,526	4.5% %
Fixed interest	-	-	-	-	- %	-	- %
Commingled fund	12,963	13,364	12,638	(401)	(3.0) %	726	5.7
Money market fund	188	37	-	151	408.1	37	100.0
Total investments	57,599	48,732	46,443	8,867	18.2 %	2,289	4.9 %
Receivables:							
Contributions	207	203	194	4	2.0 %	9	4.6 %
Other receivable	19	11	-	8	72.7	11	100.0
Total assets	57,825	48,946	46,637	8,879	18.1 %	2,309	5.0 %
Total liabilities	13	11	-	2	18.2 %	11	100.0

Net assets	57,812	$48,935	$46,637	$8,877	18.1 %	$2,298	4.9 %

SRSP Activities

Net position increased by $8.9 million or 18.1% in 2012 and by $2.3 million or 4.9% in 2011. Key drivers of the net position changes are discussed below.

Additions

The monies used to pay benefits are accumulated from the contributions made by the Board and each participant and from income generated by investments, including investment valuation appreciation, interest, and dividends. Earnings on investments are reported net of investment management expenses. The Board matching contribution for 2012 and 2011 was $1.7 million for each year. Net investment income was $5.5 million in 2012 as compared to net investment loss of $91,000 in 2011. The change in net investment income in 2012 over 2011 is primarily the result of an increase in the market values of assets held during the year. The change in investment income in 2011 over 2010 was driven by a substantial increase in market values and dividends received.

Additions to Net Position

(amounts expressed in thousands)

	Years ended December 31,			2012-2011		2011-2010	
				Increase	%	Increase	%
	2012	2011	2010	(Decrease)	Change	(Decrease)	Change
Employer contributions	$1,743	$1,735	$1,671	8	0.5 %	64	3.8 %
Participant contributions	3,827	3,695	3,562	132	3.6 %	133	3.7 %
Participant rollovers	275	9	89	266	2,956.0 %	(80)	(89.9) %
Net Investment (loss) income	5,544	(92)	4,952	5,658	6,150.0 %	(5,044)	(101.9) %
Total additions	11,389	$5,347	$10,274	6,064	112.6 %	(4,927)	(48.0) %

Deductions

Benefits paid to participants during the year represent the majority of the deductions from the SRSP. In 2012 and 2011, benefits paid were $2.5 million and $3.0 million respectively, a decrease of 18.1% in 2012 over 2011 and an increase of 3.2% in 2011 over 2010. 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 $53,000 in 2012 and $45,000 in 2011. The increase in administrative expense is due to an increase in fair market values in 2012. Please refer to note 4 of the financial statements for a detailed explanation of SRSP administrative expenses.

Deductions from Net Position

(amounts expressed in thousands)

2012-2011	2011-2010

	Years ended December 31,			Increase	%		Increase	%	
	2012	2011	2010	(Decrease)	Change		(Decrease)	Change	
Benefits paid to participants	2,459	$3,004	$2,911	(546)	(18.1)	%	93	3.2	%
Administrative expenses	53	45	84	8	17.8%	%	(39)	(46.4)	%
Total deductions	$2,512	$3,049	$2,995	(537)	(17.6)	%	$54	1.8	%

Requests for Information

This discussion and analysis is designed to provide a general overview of the SRSP net position and changes in net position as of December 31, 2012 and 2011 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 Position

	December 31, 2012	December 31, 2011
Assets		
Investments, at fair value		
Mutual funds	$44,447,500	$35,331,300
Commingled fund	12,963,000	13,364,300
Money market fund	188,600	36,600
Total investments	57,599,100	48,732,200
Receivables		
Employer contributions	67,200	65,000
Employee contributions	139,800	138,100
Other receivables	19,300	10,900
Total receivables	226,300	214,000
Total assets	57,825,400	48,946,200
Liabilities		
Accrued administrative expense	13,000	11,000
Net position	$57,812,400	$48,935,200

See accompanying notes to financial statements.

b) Statements of Changes in Net Position

	Years Ended December 31, 2012	2011
Additions		
Investment income		
Net (depreciation) (appreciation) in fair value of investment	4,276,500	(1,316,100)
Interest	-	-
Dividends	1,251,300	1,164,200
Miscellaneous	15,800	61,000
Total investment (loss) income	5,543,600	(90,900)
Less participant investment advisory fees	-	(1,400)
Net investment income (loss)	5,543,600	(90,900)
Contributions		
Employer contributions	1,743,300	1,735,100
Participant contributions	3,827,400	3,694,600
Participant rollovers	275,200	9,100
Total contributions	5,845,900	5,438,800
Total additions	11,389,500	5,347,900
Deductions		
Benefits paid to participants	2,458,700	3,004,500
Administrative expenses	53,600	44,700
Total deductions	2,512,300	3,049,200
Net Increase	8,877,200	2,298,700
Net Position		
Beginning of year	48,935,200	46,636,500
End of year	57,812,400	448,935,200

See accompanying notes to financial statements.

4. Notes to the Financial Statements

Note 1 - Plan Description

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

The following description of the SRSP provides only general information. Participants and all others should refer to the Savings SRSP agreement for a more complete description of the SRSP provisions.

a. General

The SRSP is a defined contribution plan covering all regular and discretionary employees of Denver Water who have completed the required introductory period and is qualified under section 401(a) paragraph (k) in accordance with the regulations of the Internal Revenue Code of 1986, as amended (IRC). The purpose of the SRSP is to provide supplemental retirement and other related benefits for eligible employees. As of December 31, 2012, there were 894 active employees out of 1,036 eligible employees participating in the SRSP. This compares with 884 active employees participating out of 1,027 eligible employees as of December 31, 2011. 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 five mutual funds and one commingled fund as of December 31, 2012. 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. 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. Certain prior year amounts have been re-classified to conform with the current year presentation.

c. Investment Valuation

The SRSP investments in mutual funds (including a money market fund) and one commingled fund are reported at fair value, which is based on the net asset value (NAV) of shares/units held at year-end. The NAV is used as a practical expedient to fair value. This computation of NAV is performed by the fund company and is reported daily to Great-West.

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. Net realized and unrealized gains and losses are reflected as net appreciation or depreciation in fair value of investments in the accompanying statements of changes in net position. This is determined as the difference between fair value at the beginning of the year (or date purchased during the year) and selling price or year-end fair value.

e. Tax Status

The IRS has determined and informed the Board by a letter dated May 24, 2012, that the SRSP and related trust are designed in accordance with applicable sections of the IRC for amendments through September 27, 2011. The SRSP has been amended since receiving the determination letter. The Board and the SRSP tax counsel believe that the SRSP with subsequent amendments 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, 2012 and 2011 (amounts are expressed in thousands):

	2012	2011
American Funds Washington Mutual	$5,027	$4,335
Artio International Equity Fund	—	3,199
Baron Growth	1,268	1,096
Cohen & Streers Institutional Global Realty	114	84
Domini Social Equity	361	232
Dreyfus Cash Management	189	37
Dreyfus Mid Cap Index	—	4,666
DWS Equity 500 Index	—	3,321
Galliard Retirement Income	12,963	—
Harbor International	4,054	—
Perkins Small Cap Value	2,594	2,408
Pimco High Yield	841	571
Pimco Total Return	3,954	2,867
Schwab Stable Value Fund	—	13,364
T. Rowe Price Growth Stock	3,780	3,193
Vanguard 500 Index Signal	3,964	—
Vanguard Inflation Protected Bond	1,829	1,031

Vanguard Mid Cap Index	5,303	—
Vanguard Target Retirement 2005	—	106
Vanguard Target Retirement 2010	2	—
Vanguard Target Retirement 2015	2,238	1,713
Vanguard Target Retirement 2020	295	—
Vanguard Target Retirement 2025	4,158	3,207
Vanguard Target Retirement 2030	3	—
Vanguard Target Retirement 2035	1,831	1,348
Vanguard Target Retirement 2040	61	—
Vanguard Target Retirement 2045	2,019	1,728
Vanguard Target Retirement 2050	5	—
Vanguard Target Retirement 2055	190	117
Vanguard Target Retirement 2060	144	—
Vanguard Target Retirement Income	412	109
Total Investments	$57,599	$48,626

During 2012, 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 income of approximately $5.6 million. 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 $91,000.

Note 4 - Administrative Expenses

The majority of investment options available to participants in the SRSP are registered mutual funds. The dollar amount of fees paid by the SRSP for investment management and administrative services on these funds is not separately disclosed. The current recordkeeper, Great-West, will assess 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. In 2011, all of these fees were 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. Not all of the investments options offered in the SRSP had revenue sharing arrangements with Great-West. Any revenue from revenue sharing was calculated quarterly and deposited in an unallocated SRSP account. Excesses and shortages in the unallocated fund were disbursed or accessed to the SRSP participants at the discretion of the Board.

Effective April 2, 2012, most investment options were converted to the lowest cost share class, which nearly eliminated the revenue sharing used to offset Great-West administration fees. The recordkeeping and communication fee is now being deducted directly from each participant's account in April, July, October and January. Three funds which continue revenue sharing arrangements with Great-West (T. Rowe Price Growth Stock, Baron Growth and Cohen & Steers Global Realty) are excluded from this new fee arrangement.

Revenue sharing from 12(b) (1) fees reported by Great-West in 2011 from all sources was $58,000. In 2012, revenue sharing amounted to $26,700 and participant wrap fees totaled $26,400. As of December 31, 2012 there was $1.13 in the unallocated account. Comparatively, there was $17,800 in the unallocated account as of December 31, 2011. In 2012 and 2011, approximately $54,000 and $45,000, respectively was recorded in the SRSP financial statements for administrative expenses.

Note 5 - 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 and therefore do not have concentration risk.

c. Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The SRSP investment policy does not specifically address the quality rating of the investments. Each participant is responsible for determining the risks and commensurate returns of their portfolio. The SRSP 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 the most recent information available:

Schedule of maturity, duration and credit quality

	Average effective maturity	Average effective duration	Average credit quality
Target Date Funds:			
Vanguard Target Retirement 2060	7.00	5.15	AA
Vanguard Target Retirement 2055	6.90	4.96	AA
Vanguard Target Retirement 2050	6.90	4.96	AA
Vanguard Target Retirement 2045	6.90	4.96	AA
Vanguard Target Retirement 2040	6.90	4.96	AA
Vanguard Target Retirement 2035	6.90	4.96	AA
Vanguard Target Retirement 2030	6.90	4.96	AA
Vanguard Target Retirement 2025	6.90	4.96	AA
Vanguard Target Retirement 2020	6.90	4.96	AA
Vanguard Target Retirement 2015	7.19	5.38	AA
Vanguard Target Retirement 2010	7.52	5.86	AA
Vanguard Target Retirement Income	7.67	6.08	AA
Fixed Income Mutual Funds:			
PIMCO High Yield	4.38	3.08	NR
PIMCO Total Return Institutional	5.93	4.02	NR
Vanguard Inflation Protected Bond	9.30	8.45	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, 2012 and 2011 (amounts are expressed in thousands):

Schedule of assets included in foreign shares

		Dollar allocation invested in foreign securities	Percentage of fund invested in foreign securities
American Funds Washington Mutual	$	44,238	8.8%
Baron Growth		7,101	5.6
Cohen & Streers Institutional Global Realty		6,065	53.2
Domini Social Equity		2,130	5.9
Dreyfus Cash Management		170	0.9
Galliard Retirement Income		54,445	4.2
Harbor International		383,914	94.7
Perkins Small Cap Value		3,372	1.3
Pimco High Yield		16,988	20.2
Pimco Total Return		78,685	19.9
T. Rowe Price Growth Stock		19,278	5.1
Vanguard 500 Index Signal		3,964	1.0
Vanguard Mid Cap Index		14,848	2.8
Vanguard Target Retirement 2010		27	13.4
Vanguard Target Retirement 2015		38,046	17.0
Vanguard Target Retirement 2020		5,753	19.5
Vanguard Target Retirement 2025		90,644	21.8
Vanguard Target Retirement 2030		72	23.9
Vanguard Target Retirement 2035		48,155	26.3
Vanguard Target Retirement 2040		1,671	27.4
Vanguard Target Retirement 2045		55,321	27.4
Vanguard Target Retirement 2050		137	27.3
Vanguard Target Retirement 2055		5.149	27.1
Vanguard Target Retirement 2060		3.859	26.8
Vanguard Target Retirement Income		3.832	9.3
Total	$	887.864	

Note 6 - SRSP Amendments

The SRSP was restated June 27, 2012 in response to an IRS determination letter dated May 24, 2012. This restatement was necessary to satisfy tax law requirements that the SRPS was designed to satisfy but for which IRS wanted written in specific wording. The changes made in this restatement were technical in nature and did not change the operation of the Plan.

Effective January 1, 2012, the SRPS was amended to better clarify the terms compensation, employee and distributee in order to align better with tax law.

Effective April 2, 2012, the fee structure to the SRSP was amended to provide more transparency to administrative and recordkeeping fees. The majority of fund managers will no longer participate in revenue sharing to the custody holder. Fees are explicitly charged on the participants' quarterly statement as a wrap fee.

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

KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

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

We have audited the accompanying statements of net position and statements of changes in net position of Denver Water 457 Deferred Compensation Plan (Plan) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Plan 's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Denver Water 457 Deferred Compensation Plan as of December 31, 2012 and 2011, and the changes in financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 7 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 forconsistency 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.

KPMG LLP

Denver, Colorado
April 4, 2013

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, 2012 and 2011. This information should be read in conjunction with the Plan financial statements and notes which follow.

Financial Highlights

As of December 31, 2012 and 2011 respectively, $26.8 million and $24.8 million was held in trust for the payment of benefits to the Plan participants.

Total net position increased $2.0 million or 8.1% in 2012. This compares with a decrease in 2011 of $1.2 million or 4.5%. The increase in 2012 was due to appreciation in the fair value of assets, an increase in participant contributions and a decrease in benefit payments. Benefit payments decreased by $1.0 million or 34.5% and participant contributions increased by $127,000 or 8.0%. The increase in net position in 2011 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 2012, the Plan had net investment income of $2.3 million compared to $252,000 in 2011. Participant contributions were approximately $1.7 million in 2012 and $1.6 million in 2011.

Deductions from net position totaled $2.0 million for 2012 and $3.0 million in 2011 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, 2012 there were 300 participating employees in the Plan which constituted 29.0% of all eligible Denver Water employees. This compares to 292 participating employees in the Plan which constituted 28% of all eligible employees in 2011. There were 1,036 employees eligible for the Plan as of December 31, 2012 compared to 1,027 as of December 31, 2011.

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 Position
2. Statements of Changes in Net Position
3. Notes to Financial Statements

The Statements of Net Position present the Plan's assets, liabilities and net position as of December 31, 2012 and 2011.

The Statements of Changes in Net position show the additions to and deductions from Plan net position during 2012 and 2011.

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 and* GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires the reporting of deferred inflows and deferred outflows of resources in separate sections of the *Statement of Net Position*, which was renamed from *Statement of Net Assets*. 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 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.

The 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 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 Position
(amounts expressed in thousands)

	as of December 31,			2012-2011		2011-2010	
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Mutual funds	$16,539	$13,642	$13,873	2,897	21.2%	(231)	(1.7)%
Fixed interest	-	-	-	-	-	-	-
Commingled fund	10,039	11,099	12,061	(1,060)	(9.6)%	(962)	(8.0)%
Money market fund	159	15	-	144	960.0	15	100%
Total investments	26,737	24,756	25,934	1,981	8.0%	(1,178)	(4.5)%
Receivables:							
Contributions	61	51	48	10	19.6%	3	6.3%
Other receivable	11	5	-	6	120.0%	5	100.0%
Total receivables	72	56	48	16	28.6%	8	16.7%
Total assets	26,809	24,812	25,982	1,997	8.0%	(1,170)	(4.5)%
Total liabilities	6	6	-	-	-	6	100.0%
Plan net assets	26,803	$24,806	$25,982	1.997	8.1%	(1,176)	(4.5)%

Plan Activities

Net position increased in 2012, primarily due to the increase in fair market value of investments. The total increase in Plan net position was $2.0 million or 8.1%. In 2011, Plan net position decreased by 1.2 million or 4.5%, as compared to 2010. Key drivers of the net position 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 2012 was $2.3 million as compared to $252,000 in 2011.

Additions to Net Position
(amounts expressed in thousands)

	Years ended December 31,			2012-2011		2011-2010	
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Participant contributions	1,708	$1,581	$1,438	127	8.0%	143	9.9 %
Participant rollovers	12	2	-	10	500.0%	2	100 %
Investment income (net)	2,268	252	2,326	2,006	796.0%	(2,074)	(89.2) %
Total additions	3,978	$1,835	$3,764	2,143	116.8%	(1,929)	(51.2) %

Deductions

Benefits paid to participants of $2.0 million in 2012 and $3.0 million in 2011 represent the majority of the deductions from the Plan. Benefits paid to participants were 34.5% less in 2012 compared to 2011 and 11% greater in 2011 compared to 2010. The change in the amount of benefits paid to participants 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 expenses for 2012 and 2011 were $25,000 and $23,000, respectively. The increase in administrative expenses is due to an overall increase in fair market values of the investments. Please refer to note 4 of the financial statements for information regarding administrative expenses.

Deductions from Net Position

(amounts expressed in thousands)

	Years ended December 31,			2012-2011		2011-2010	
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Benefits paid to participants	1,956	$2,988	$2,692	(1,032)	(34.5)%	296	11.0 %
Administrative expenses	25	23	50	2	8.7%	(27)	(54.0) %
Total deductions	1,981	$3,011	$2,742	(1,030)	(34.2)%	269	9.8 %

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, 2012 and 2011 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 Position

	December 31, 2012	December 31, 2011
Assets		
Investments, at fair value		
Mutual funds	16,538,700	13,641,900
Commingled fund	10,039,400	11,099,100
Money market fund	158,900	14,600
Total investments	26,737,000	24,755,600
Receivables		
Participant contributions	61,200	51,400
Other receivable	10,700	4,800
Total receivables	71,900	56,200
Total assets	26,808,900	24,811,800
Liabilities		
Accrued administrative expense	6,000	5,600
Net position	26,802,900	24,806,200

See accompanying notes to financial statements.

b) Statements of Changes in Net Position

	Years Ended December 31, 2012	2011
Additions		
Investment income		
Net (depreciation) appreciation in fair value of investments	$1,771,600	$(205,400)
Dividends	478,900	424,800
Miscellaneous income	7,300	33,000
	2,257,800	252,400
Less participant investment advisory fees	-	(500)
Net investment income	2,257,800	251,900
Contributions		
Participant contributions	1,707,900	1,580,600
Participant rollovers	12,200	1,900
Total contributions	1,720,100	1,582,500
Total additions	3,977,900	1,834,400
Deductions		
Benefits paid to participants	1,956,500	2,987,700
Administrative expenses	24,700	23,000
Total deductions	1,981,200	3,010,700
Net (decrease) Increase	1,996,700	(1,175,800)
Net Position		
Beginning of year	24,806,200	25,982,000
End of year	$26,802,900	$24,806,200

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.

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. At December 31, 2012, the Plan offered twenty three mutual fund investment options and one commingled fund. Comparatively, the Plan offered twenty mutual fund investment options and one comingled fund at December 31, 2011.

b. 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.

c. Participant Loans

d. Vesting

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

e. Participant Loans

The Plan 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 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.

g. 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 to the Plan through December 29, 2015. 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. Assets allocated to the various funds are managed by investment professionals hired by the fund.

h. 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. Certain prior year amounts have been re-classified to conform with the current year presentation.

c. Investment Valuation

The Plan investments in mutual funds (including a money market fund) and one commingled fund are reported at fair value, which is based on the net asset value (NAV) of shares/units held at year-end. The NAV is used as a practical expedient to fair value. This computation of NAV is performed by the fund company and is reported daily to Great-West.

e. 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. Net realized and unrealized gains and losses are reflected as net appreciation or depreciation in fair value of investments in the accompanying statements of changes in net position. This is determined as the difference between fair value at the beginning of the year (or date purchased during the year) and selling price or year-end fair value.

f. 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, 2012 and 2011 (amounts are expressed in thousands).

	2012	2011
American Funds Washington Mutual	$1,307	$1,099
Artio International Equity Fund	-	1,136
Baron Growth	359	431
Cohen & Streers Institutional Global Realty	97	56
Domini Social Equity	632	540
Dreyfus Cash Management	159	14
Dreyfus Mid Cap Index	-	1,232
DWS Equity 500 Index	-	1,424
Galliard Retirement Income	10,039	861
Harbor International	1,361	378
Perkins Small Cap Value	953	1,519
Pimco High Yield	506	-
Pimco Total Return	2,084	11,099
Schwab Stable Value Fund	-	2,382
T. Rowe Price Growth Stock	2,511	315
Vanguard 500 Index Signal	1,644	-
Vanguard Inflation Protected Bond	806	315
Vanguard Mid Cap Index	1,338	-
Vanguard Target Retirement 2005	-	3
Vanguard Target Retirement 2015	928	726
Vanguard Target Retirement 2020	142	-
Vanguard Target Retirement 2025	674	577
Vanguard Target Retirement 2030	1	-
Vanguard Target Retirement 2035	330	283
Vanguard Target Retirement 2040	11	-

Vanguard Target Retirement 2045	488	643
Vanguard Target Retirement 2055	8	4
Vanguard Target Retirement 2060	122	-
Vanguard Target Retirement Income	237	33
Total Investments	$26,737	$24,755

During 2012 and 2011, the Plan investments (including gains and losses on investments bought and sold, as well as income received on investments held during the year) generated investment income of approximately $2.3 million and $252,000, respectively

Note 4 - Administrative Expense

The majority of investment options available to participants in the Plan are registered mutual funds. The dollar amount of fees paid by the Plan for investment management and administrative services on these funds is not separately disclosed. The current recordkeeper, Great-West, will assess 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. In 2011, these fees were 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. Not all of the investments options offered in the Plan had revenue sharing arrangements with Great-West. Any revenue from revenue sharing was calculated quarterly and deposited in an unallocated Plan account. Excesses and shortages in the unallocated fund were disbursed or accessed to the Plan participants at the discretion of the Board.

Effective April 2, 2012, most investment options were converted to the lowest cost share class, which nearly eliminated the revenue sharing used to offset Great-West administration fees. The recordkeeping and communication fee is now being deducted directly from each participant's account in April, July, October and January. Three funds which continue revenue sharing arrangements with Great-West (T. Rowe Price Growth Stock, Baron Growth and Cohen & Steers Global Realty) are excluded from this new fee arrangement.

Revenue sharing funded by 12(b) (1) fees reported by Great-West in 2011 from all sources was $31,000. In 2012, revenue sharing amounted to $12,100 and participant wrap fees totaled $11,600. As of December 31, 2012 and 2011 there were no funds in the unallocated account. In 2012 and 2011, approximately $25,000 and $23,000, respectively was recorded in the Plan financial statements for administrative expenses.

Note 5 - 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 the most recent information available:

Schedule of maturity, duration and credit quality

	Average effective maturity	Average effective maturity	Average credit quality
Target Date Funds:			
Vanguard Target Retirement 2060	7.00	5.15	AA
Vanguard Target Retirement 2055	6.90	4.96	AA
Vanguard Target Retirement 2045	6.90	4.96	AA
Vanguard Target Retirement 2040	6.90	4.96	AA
Vanguard Target Retirement 2035	6.90	4.96	AA
Vanguard Target Retirement 2030	6.90	4.96	AA
Vanguard Target Retirement 2025	6.90	4.96	AA
Vanguard Target Retirement 2020	6.90	4.96	AA
Vanguard Target Retirement 2015	7.19	5.38	AA
Vanguard Target Retirement			AA
Income	7.67	6.08	AA
Fixed Income Mutual Funds:			
PIMCO High Yield	4.38	3.08	NR
PIMCO Total Return Institutional	5.93	4.02	NR
Vanguard Inflation Protected Bond	9.30	8.45	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, 2012 (amounts are expressed in thousands).

Schedule of assets included in foreign shares

	Dollar allocation invested in foreign securities	Percentage of portfolio invested in foreign securities
American Funds Washington Mutual	$11,510	8.8%
Baron Growth Fund	2,010	5.6%
Cohen & Steers Global Realty	5,160	53.2%
Domini Social Equity	3,729	5.9%
Dreyfus Cash Management	143	0.9%
Galliard Retirement Income	42,164	4.2%
Harbor International	128,887	94.7%
Perkins Small Cap Value	1,239	1.3%
PIMCO High Yield	10,221	17.3%
PIMCO Total Return	41,472	16.2%
T. Rowe Price Growth Stock	12,806	5.1%
Vanguard 500 Index Signal	1,643	1.0%
Vanguard Mid Cap Index	3,746	2.8%
Vanguard Target Retirement 2015	15,776	17.0%
Vanguard Target Retirement 2020	2,769	19.5%
Vanguard Target Retirement 2025	14,693	21.8%
Vanguard Target Retirement 2030	24	23.9%
Vanguard Target Retirement 2035	8,679	26.3%
Vanguard Target Retirement 2040	301	27.4%
Vanguard Target Retirement 2045	13,371	27.4%
Vanguard Target Retirement 2055	217	27.1%
Vanguard Target Retirement 2060	3,270	26.8%
Vanguard Target Retirement Income	2,204	9.3%
Total	$326,034	

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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

March 21, 2013

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, 2012.

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 had a very strong 2012 with double-digit gains across observed across all style medians. The S&P 500 returned 16.0% while the Russell 2000 gained 16.3%. For the year, value stocks fared better than their growth counterparts did with the Russell 1000 Value returning 17.5% and the Russell 1000 Growth adding 15.3%.

The U.S. economy survived serious financial and economic challenges in 2012. Unemployment shrunk to 7.3% but little further reduction is expected. The economy is expected to mark the third consecutive year of only moderate economic growth.

Within the fixed income markets, the Barclay's Capital Aggregate index returned 4.2% for the year and the Barclay's Capital Government Credit index finished the year up 4.8%.

The International equity markets equaled the success of the U.S. equity markets during 2012. The MSCI EAFE index gained 17.9% for the year in U.S. dollar terms while the MSCI Emerging Markets gained 18.6%.

DWERP Performance

For the calendar year, DWERP's total fund had a time-weighted rate of return of 12.68%. DWERP's performance topped the median return of 12.40% vs. the TUCS Universe of Public Funds valued at $500 million or less by 0.28%. The plan also surpassed its strategic policy benchmark target return of 12.05% for 2012 by 0.63%.

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 (18%), BC U.S. Aggregate (25%), HFR Fund of Funds Composite (8%) and NCREIF Op-End Div Core GR NonL (9%).

Over the trailing three years ending 12/31/12, DWERP earned a 7.95% annualized return. The trailing 5-year return now stands at 0.86% and is 1.82% behind the policy target return. The 10-year trailing return is 6.34% and it trailed the benchmark slightly for this timeframe.

DWERP's U.S. equity composite gained 15.33% in 2012 and trailed the benchmark return of 16.42%. The 1-year domestic equity result lagged the benchmark by 1.09%. The 3-year return of 10.63% trails the benchmark return of 11.20%.

DWERP's international equity investments gained 19.06% for the year compared to 16.83% for the benchmark.

DWERP's global equity returned 13.86% in 2012, which trailed the benchmark MSCI ACWI ND return of 16.13%.

DWERP's real estate investments had a gain of 11.76% for the year. The real estate benchmark return was 10.94%. The real estate investments surpassed the target index by 0.48% over the five-year period.

DWERP's fixed income composite generated a return of 7.91% for the year. This return surpassed the BC U.S. Aggregate index return of 4.21%. Longer-term results are less impressive as the fixed income program trails the target index at both five and ten years.

DWERP added $20 million to hedge funds in 2012.

In summary, the portfolio outperformed the total fund benchmark in 2012 and its performance ranks near the 40th percentile of the TUCS Universe of Public Funds valued at $500 million or less. The year 2012 saw solid double-digit gains across the entire portfolio!
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 June 13, 2012 ("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 return 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 assets will be invested in a manner consistent with the Plan Document and any Federal, State, or Internal Revenue Service laws or regulations. 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: 20-50%, 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
Vanguard Group, Inc	Vanguard Dividend Growth Fund (VDIGX)	Mutual fund	since 02/2012
Fiduciary Asset Management Company, LLC	Master Limited Partnership	Separately managed account	since 01/2012
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
Hedge Fund-of-Funds			
BlackRock Alternative Advisors	BlackRock Appreciation IV	Commingled fund	since 03/2012
GAM Limited	GAM US Institutional Trading II	Commingled fund	since 03/2012
Real Estate Managers			
JP Morgan Investment Management, Inc.	Strategic Property Fund	Commingled fund	since 11/2005
Prudential Real Estate Investors	PRISA	Commingled fund	since 03/2006
UBS Realty Investors, LLC	Trumbull Property Fund	Commingled fund	since 05/1998
Cash and Equivalent			
Northern Trust Investments, N.A.	The Northern Trust Collective Government STIF	Commingled fund	since 1988
Managers terminated during 2012			
Pzena Investment Management	Large Cap Value	Separately managed account	terminated 01/2012

Fees paid to investment managers are included in the Investment Section on page III-94.

4. Schedule of Investment Results

The investment returns for the Employees' Retirement Plan are calculated by the Plan's custodian, The Northern Trust Company. Northern Trust calculates time-weighted performance statistics based on the company's accounting system's data using the BAI iterative methodology (CFA Institute accepted). Northern Trust evaluates the Plan's performance in relation to market indices, appropriate manager peer groups and other public funds of similar size. Returns are reported gross of fees, except for institutional mutual funds.

	Rates of return (%)		
		Annualized	
	1-year	3-year	5-year
Denver Board of Water	**12.68**	**7.95**	**0.86**
Denver Target Index[1]	*12.05*	*8.27*	*2.6*
Median TUCS Public Funds (<$500 Million)	*12.40*	*8.13*	*3.17*
Domestic Equity	15.33	10.63	0.74
Domestic Equity Benchmark[2]	*16.42*	*11.20*	*2.04*
Global Equity	13.86	5.04	-
MSCI ACWI ND	*16.13*	*6.63*	-
International Equity	19.06	4.02	-3.67
International Equity Benchmark[3]	*16.83*	*3.87*	*-3.23*
Total Fixed Income	7.91	7.72	5.05
Fixed Income Benchmark[4]	*4.21*	*6.19*	*5.79*
Real Estate	11.76	14.09	-0.52
Real Estate Benchmark[5]	*10.94*	*14.40*	*-1.00*
Hedge Fund-of-Funds	-	-	-
HFR Fund of Funds Composite	-	-	-
Cash	0.03	0.05	0.57
90 Day T-Bill	*0.09*	*0.10*	*0.40*

Source: Northern Trust

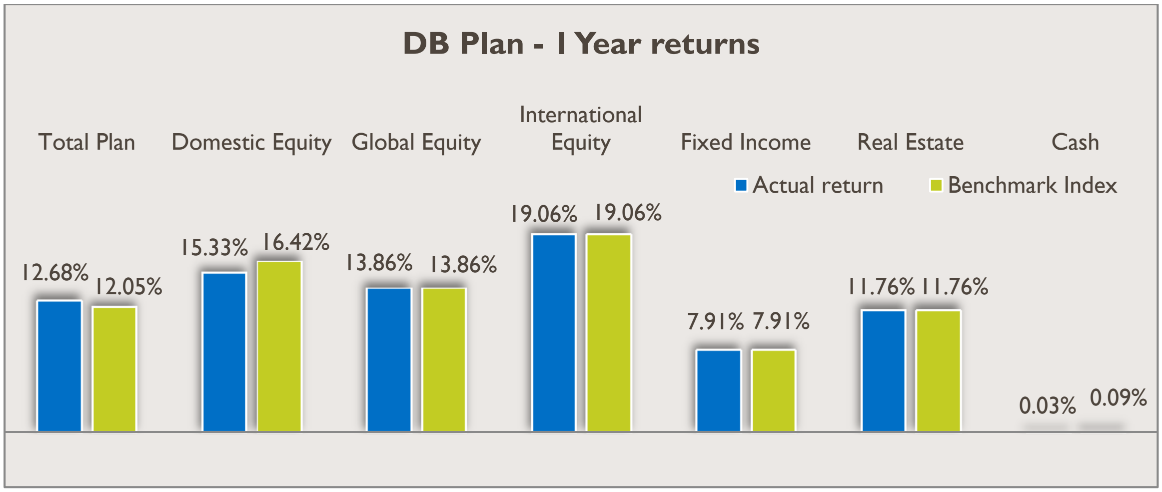
	Rates of return (%)				
	2012	2011	2010	2009	2008
Denver Board of Water	**12.68**	**-0.52**	**12.23**	**18.42**	**-29.84**
Denver Target Index[1]	*12.05*	*0.67*	*12.52*	*17.42*	*-23.44*
Median TUCS Public Funds (<$500 Million)	*12.40*	*1.29*	*12.23*	*19.82*	*-24.98*
Domestic Equity	15.33	-1.83	17.90	28.81	-40.53
Domestic Equity Benchmark[2]	*16.42*	*1.03*	*16.93*	*28.34*	*-37.31*
Global Equity	13.86	-7.08	9.55	-	-
MSCI ACWI ND	*16.13*	*-7.35*	*12.67*	*34.63*	*-42.19*
International Equity	19.06	-14.95	11.17	35.87	-45.77
International Equity Benchmark[3]	*16.83*	*-13.71*	*11.15*	*33.77*	*-43.38*
Total Fixed Income	7.91	6.86	8.41	11.28	-8.05
Fixed Income Benchmark[4]	*4.21*	*7.84*	*6.54*	*4.68*	*5.70*
Real Estate	11.76	14.36	16.18	-27.49	-9.50
Real Estate Benchmark[5]	*10.94*	*15.98*	*16.36*	*-29.76*	*-9.59*
Hedge Fund-of-Funds	-	-	-	-	-
HFR Fund of Funds Composite	-	-	-	-	-
Absolute Return	-	-	-	-	-35.31
CPI+5%	-	-	-	*7.74*	*5.12*
Cash	0.03	0.02	0.11	0.34	2.39
90 Day T-Bill	*0.09*	*0.07*	*0.14*	*0.15*	*1.56*

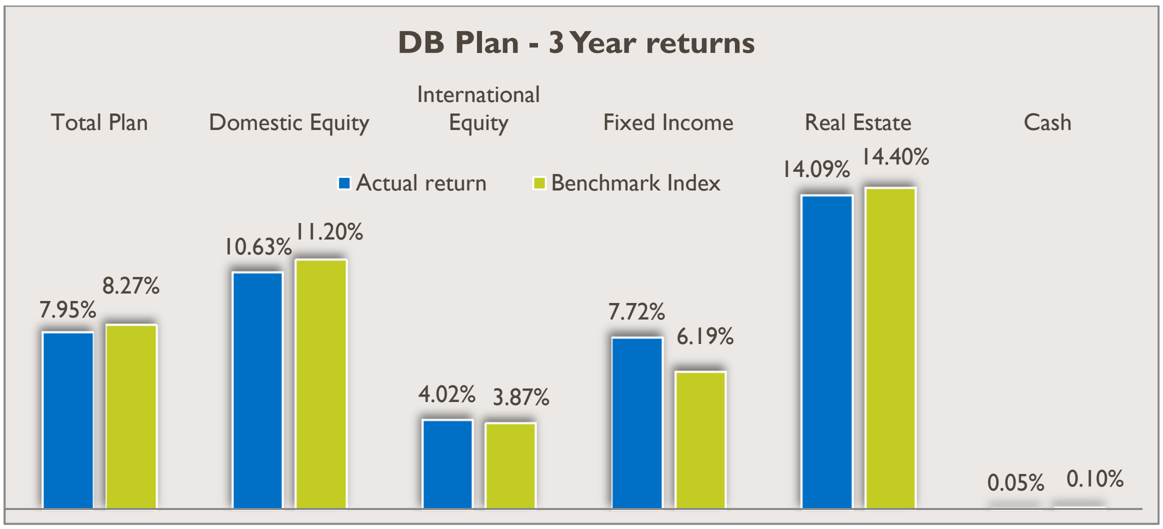
Source: Northern Trust

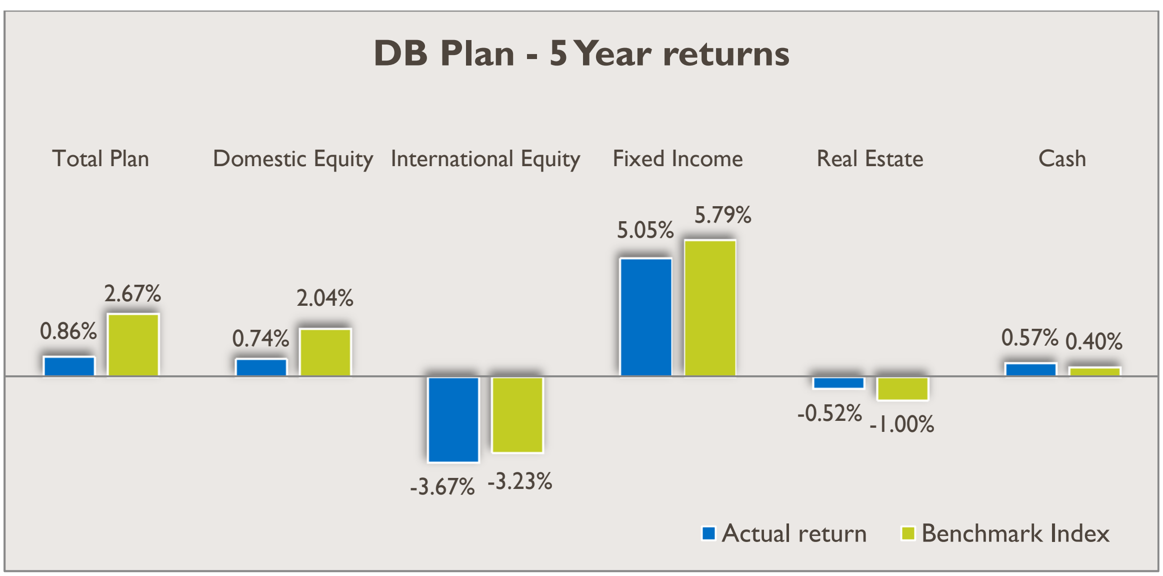
[1] Denver Target Index is a combination of current segment benchmark indices, weighted at the target asset allocations.

[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] *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.*
[4] *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.*
[5] *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
Actual return
Benchmark Index
12.68%
12.05%
15.33%
16.42%
13.86%
13.86%
19.06%
19.06%
7.91%
7.91%
11.76%
11.76%
0.03%
0.09%


DB Plan - 3 Year returns
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Cash
Actual return
Benchmark Index
7.95%
8.27%
10.63%
11.20%
4.02%
3.87%
7.72%
6.19%
14.09%
14.40%
0.05%
0.10%


DB Plan - 5 Year returns
Total Plan
Domestic Equity
International Equity
Fixed Income
Real Estate
Cash
0.86%
2.67%
0.74%
2.04%
-3.67%
-3.23%
5.05%
5.79%
-0.52%
-1.00%
0.57%
0.40%
Actual return
Benchmark Index

5. Asset Allocation

	Market Value As of 12/31/2012	% of Portfolio	Stipulated Operational Range	Target Weight
Domestic Equity	**71,819,214**	**28.29%**	**35-70%**	**30%**
Famco MLP	10,393,399	4.09%		
Winslow Large Cap Growth	15,936,897	6.28%		
Pyramis SMID	13,184,685	5.19%		
Vanguard Dividend Growth	10,585,561	4.17%		
NTGI S&P 500	21,718,672	8.55%		
Global Equity	**25,787,820**	**10.16%**	**35-70%**	**10%**
Lazard Global Thematic Equity Fund	25,787,820	10.16%		
International Equity	**46,707,439**	**18.40%**	**35-70%**	**18%**
Harding Loevner International Equity Portfolio	23,383,521	9.21%		
DFA World ex US Value Fund	23,323,919	9.19%		
Total Fixed Income	**64,814,045**	**25.53%**	**20-50%**	**25%**
Denver Inv Advisors	32,561,616	12.82%		
PIMCO Total Return Fund	32,252,429	12.70%		
Real Estate	**23,263,259**	**9.16%**	**5-30%**	**9%**
JP Morgan SPF	7,346,199	2.89%		
Prudential PRISA I	7,308,936	2.88%		
UBS TPF	8,608,124	3.39%		
Hedge Funds	**20,460,760**	8.06%	**5-30%**	**8%**
BlackRock Alternative Advisors	10,307,480	4.06%		
GAM US institutional II	10,153,280	4.00%		
Cash[1]	1,057,949	0.42%	N/A	N/A
Total Portfolio[2]	**253,910,487**	**100%**		**100%**

Source: Northern Trust

[1] 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.
[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.

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, 2012, all asset classes were within their stipulated operational ranges.

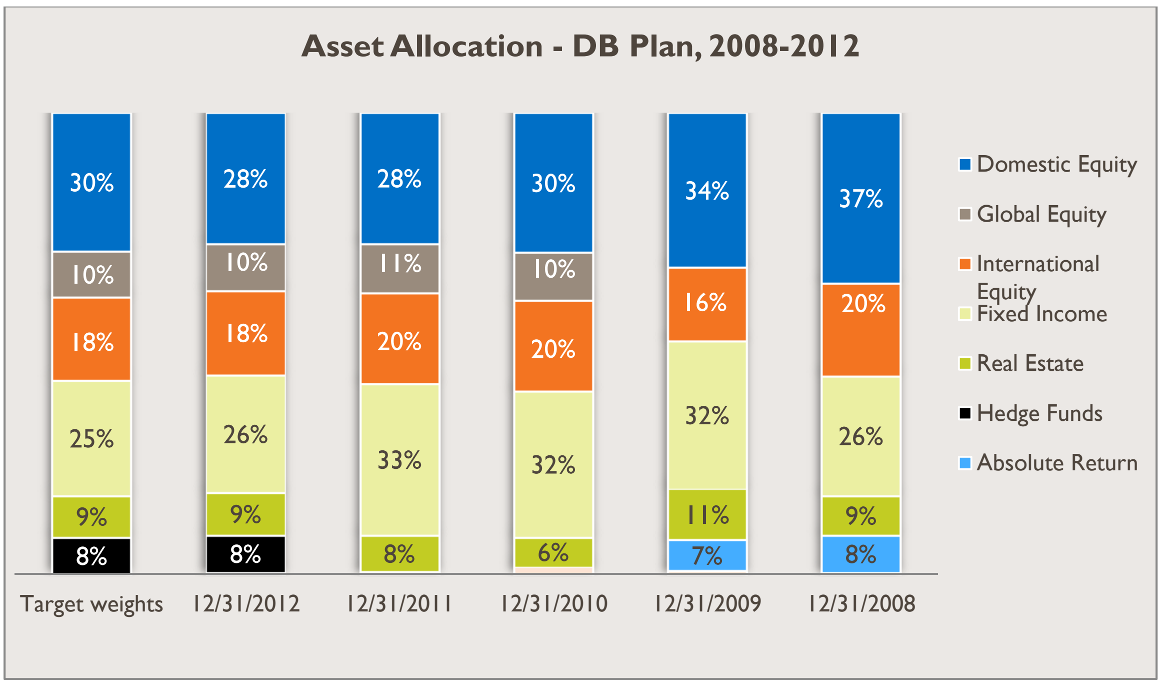
Employees' Retirement Plan – Asset Allocation by Asset Class, 2008-2012

	Market Value As of 12/31/2012	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
Domestic Equity	71,819,214	66,404,979	65,225,588	63,007,190	58,661,046
Global Equity	25,787,820	22,830,449	24,768,343	21,634,585	-
International Equity	46,707,439	39,072,043	45,410,709	41,027,177	27,923,107
Fixed Income	64,814,045	76,350,840	75,978,919	65,958,142	55,999,159
Real Estate	23,263,259	21,893,682	18,007,123	13,258,982	19,405,897
Hedge Funds	20,460,760	-	-	-	-
Absolute Return	-	-	-	-	11,718,626
Cash[1]	1,057,949	1,796,973	1,420,321	3,431,223	1,281,715
Total Portfolio[2]	**253,910,487**	**228,348,965**	**230,811,004**	**208,317,299**	**174,989,550**

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 12/31/2012

	Cost	Market Value	Accrued Income/ Expense	Market Value including accruals	% of Total
Equities	**129,204,448**	**144,504,098**	**0.00**	**144,504,098**	**56.91%**
Common stock	128,948,642	144,248,992	0.00	144,248,992	56.81%
Preferred stock	255,807	255,106	0.00	255,106	0.10%
Fixed income	**60,046,234**	**63,690,569**	**648,491**	**64,339,059**	**25.34%**
Government Bonds	7,176,548	7,771,584	84,171	7,855,754	3.09%
Government Agencies	30,390,301	31,927,806	324,618	32,252,424	12.70%
Municipal/Provincial Bonds	700,000	796,079	9,414	805,493	0.32%
Corporate Bonds	18,501,819	19,867,092	222,163	20,089,255	7.91%
Government Mortgage Backed Securities	1,864,201	1,893,886	6,440	1,900,326	0.75%
Asset Backed Securities	1,402,016	1,422,529	1,639	1,424,168	0.56%
Non-Government Backed C.M.O.s	11,349	11,593	45	11,638	0.00%
Real Estate	**25,016,349**	**23,209,069**	**58,336**	**23,267,405**	**9.16%**
Hedge Funds of Funds	**20,014,662**	**20,460,760**	**0.00**	**20,460,760**	8.06%
Cash and Cash Equivalents	**1,663,728**	**1,663,728**	**(36,566)**	**1,628,162**	0.64%
Funds-short term investment	1,663,728	1,663,728	54	1,663,783	0.66%
Currency	0.00	0.00	(35,620)	(35,620)	(0.01%)
Adjustments to Cash	**(288,997)**	**(288,997)**	**0.00**	**(288,997)**	**(0.11%)**
Pending trade - sales	116,290	116,290	0.00	116,290	0.05%
Other Payables	(405,287)	(405,287)	0.00	(405,287)	(0.16%)
Total	**235,656,425**	**253,239,227**	**671,260**	**253,910,487**	**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 12/31/2012

Security Description	CUSIP	Country	Cost	Market Value[1]	% of Total equities*	% of Total portfolio value*
Plains All Amern Pipeln Unit LTD	726503105	United States	808,247	943,254	0.65%	0.37%
MLP Energy Transfer Equity L P	29273V100	United States	829,013	895,501	0.62%	0.35%
MLP Enterprise Prods Partners L P	293792107	United States	873,398	887,918	0.61%	0.35%
Kinder Morgan Inc Del	49456B101	United States	852,971	861,699	0.60%	0.34%
MLP Enbridge Energy Partners L P	29250R106	United States	859,671	749,952	0.52%	0.30%
DCP Midstream Partners LP	23311P100	United States	835,549	715,595	0.50%	0.28%
MLP Williams Partners L P	96950F104	United States	890,308	712,869	0.49%	0.28%
MLP Genesis Energy L P Unit Ltd	371927104	United States	487,111	614,384	0.43%	0.24%
MLP Westn Gas Partners LP	958254104	United States	433,263	492,732	0.34%	0.19%
Magellan Midstream Partners LP	559080106	United States	361,817	463,645	0.32%	0.18%
Total top 10 Equities				**7,231,348**	**5.08%**	**2.88%**
Total value of equities*				**144,504,098**	**100.00%**	**57.06%**
Total value of portfolio*				**253,239,227**	**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 12/31/2012

Security Description	CUSIP	Country	Cost	Market Value*	% of Total Fixed income*	% of Total portfolio value*
Treasury Note 4% 02-15-2015	912828DM9	United States	1,831,001	1,887,266	0.79%	0.75%
Treasury Note 1.875% 09-30-2017	912828PA2	United States	1,165,015	1,161,531	0.46%	0.46%
Treasury Bond 4.375% 02-15-2038	912810PW2	United States	1,245,371	1,297,500	0.51%	0.51%
Treasury Bond 4.5% 02-15-2036	912810FT0	United States	916,037	1,184,484	0.47%	0.47%
Treasury Bond 6% 02-15-2026	912810EW4	United States	581,934	723,515	0.96%	0.29%
FNMA 4% 02-01-2041	31419BBT1	United States	487,582	492,138	0.19%	0.19%
McDonalds Corp 5.8% 10-15-2017	58013MEB6	United States	423,486	425,236	0.17%	0.17%
Philip Morris INT 5.65% 05-16-2018	718172AA7	United States	394,621	424,335	0.17%	0.17%
Treasury Bond 5.5% 08-15-2028	912810FE3	United States	326,022	423,984	0.17%	0.17%
Proctor & Gamble CO 4.7% 02-15-2019	742718DN6	United States	389,889	413,513	0.16%	0.16%
Total top 10 Bond holdings				**8,433,502**	**4.05%**	**3.33%**
Total value of fixed income*				**64,814,045**	**100.00%**	**25.59%**
Total value of portfolio*				**253,239,227**	**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, 2012

Manager/Consultant	Assets as of 12/31/2012	Assets as of 12/31/2011	Fees	Annual Management Fee
BlackRock Alternative Advisors	10,307,480	-	94,700	1.25%
Denver Investment Advisors, LLC	32,561,616	38,718,623	97,200	1st $25 mil – 0.30%; above – 0.25%
Dimensional Fund Advisors LP	23,323,919	18,799,352	124,400	0.60%
FAMCO MLP	10,393,399	-	70,000	0.75%
GAM Limited	10,153,280	-	79,000	1.20%-This includes a 30bps annual rebate
Harding Loevner Funds, Inc.	23,383,521	20,272,690	202,600	0.87%
Heitman Capital Management Corporation	4,266	-	-	-
JP Morgan Investment Management, Inc.	7,346,199	6,889,169	72,500	1% of NAV+0.15% on cash balances above 7.5%
Lazard Asset Management LLC	25,787,820	22,830,449	196,300	0.80%
Northern Trust Investments, N. A.- S&P 500	21,718,672	25,007,202	11,000	0.05%
Pacific Investment Management Company, LLC	32,252,429	37,632,217	172,900	0.46%
Prudential Real Estate Investors	7,308,936	6,869,689	75,200	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	13,184,685	11,849,803	81,900	0.65%
Pzena Investment Management, LLC	-	14,215,685	7,100	1st 10 mil – 1% 1st $25 mil – 0.70%; above – 0.50%
UBS Realty Investors, LLC	8,608,124	8,134,824	100,700	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%
Vanguard Group, Inc	10,585,561	-	31,200	0.31%
Winslow Capital Management	15,936,897	15,332,280	94,600	0.60%
Total Assets[1]	**253,910,487**	**228,348,965**	**1,511,300**	

Manager/Consultant	Fees	Basis points (Annually)
Total payments to investment managers	**81,800**	
Investment Consulting Expense	75,200	N/A
Investment Performance Reporting Expense[2]	6,600	N/A
Total Investment Expenses	**1,593,100**	
Investment Expenses as a percentage of average assets	**0.66%**	
Actuarial Services	20,400	N/A
Benefit Payment Processing	81,500	N/A
Audit Services	21,900	N/A
Total Administrative Expenses	**123,800**	
Total Expenses as a percentage of average assets	**0.71%**	

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, 2012

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Unassigned Broker	3,368,066	53,834,068	0	0.00	0.000%
Autranet Inc Equity Trades	191,665	5,347,515	6,708	0.04	0.125%
Barclays Capital Fixed Inc	3,350,000	3,682,390	0	0.00	0.000%
Barclays Capital Le	135,677	5,664,192	4,150	0.03	0.073%
BB&T Scott And Stringfellow Investment	150,000	158,763	0	0.00	0.000%
Bear Stearns 57079	76,600	2,739,448	2,681	0.04	0.098%
BNY Capital Markets 443	345,000	363,237	0	0.00	0.000%
BNY ESI Securities Co.	3,035	116,216	61	0.02	0.052%
BNY Mellon Cap	348,290	386,166	0	0.00	0.000%
Chase Securities Inc (CSI)	1,192,549	1,252,420	0	0.00	0.000%
Citigroup Global Markets Inc/Salomon Brothers	2,449,430	2,653,019	0	0.00	0.000%
Citigroup Global Markets Inc/Smith Barney	96,188	4,120,836	2,802	0.03	0.068%
Credit Suisse First Boston Corporation	1,324,100	2,972,571	844	0.00	0.028%
CRT Capital Group LLC	297,679	318,750	0	0.00	0.000%
Deutsche Bank Securities Inc	39,649	1,160,941	1,388	0.04	0.120%
Duncan Williams Inc.	291,034	312,043	0	0.00	0.000%
Goldman Sachs & Company	342,275	1,674,155	1,480	0.00	0.088%
Jefferies & Co Bonds Direct Division	300,000	354,941	0	0.00	0.000%
Jefferies & Company	23,979	837,413	288	0.01	0.034%
Jonestrading Inst Serv	8,720	234,417	174	0.02	0.074%
Keefe Bruyette and Woods Inc.	375,000	418,598	0	0.00	0.000%
Knight Equity Markets LP	18,353	870,260	367	0.02	0.042%
Libertas Partners LLC	250,000	305,390	0	0.00	0.000%
Macquarie Securities (USA) Inc.	9,850	787,013	345	0.04	0.044%
McDonald And Company/Keybanc	125,000	132,039	0	0.00	0.000%
Merrill Lynch Pierce Fenner & Smith	32,464	928,933	1,082	0.03	0.116%
Merrill Professional Clearing Corp.	400,000	428,424	0	0.00	0.000%
MLPF Inc/Fixed Income	2,683,160	2,847,943	0	0.00	0.000%
Morgan Stanley & Co Inc. New York	527,335	694,862	75	0.00	0.011%
Nomura Securities Intl Fixed	539,764	555,893	0	0.00	0.000%
Pershing Div/Donaldson Lufkin	50,000	49,813	0	0.00	0.000%
Pershing LLC Formerly DLJ	300,000	360,705	0	0.00	0.000%
RBC Dain Rauscher	74,242	701,086	422	0.01	0.060%
RBS Securities INC	3,765,000	3,998,470	0	0.00	0.000%
SAMCO Capital Markets Inc	125,000	130,860	0	0.00	0.000%
Sterne Agee and Leach Inc	225,000	247,681	0	0.00	0.000%
Stifel Nicolaus and Compan	359,701	401,078	0	0.00	0.000%
Suntrust Capital / BNY	300,000	313,317	0	0.00	0.000%
UBS Warburg LLC	786,029	1,714,739	386	0.00	0.023%

Broker	Total Shares	Net Base Amount ($)	Commission ($)	Per Share[1]	% Cost of Trade
Wachovia Capital Markets 46171	1,602,773	4,740,488	2,183	0.00	0.046%
WSA Fixed Income LLC	175,000	214,081	0	0.00	0.000%
Yamner and Company Inc	55,525	546,545	555	0.01	0.102%

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, 2012, the market value of assets in the 401(k) Plan totaled $57.60 million, an 18.20% increase in the Plan asset value compared to December 31, 2011. At year-end 2012, the Plan had 1,061 participants, including 940 active participants)[1]. Total employee contributions to the 401(k) Plan amounted to $3.83 million in 2012, or an average of $4,075 per year per active participant, while Denver Water's matching contributions totaled $1.74 million (an average of $1,851 per year per active participant)[2]. Nearly 86% of the eligible Denver Water employees participated in the 401(k) Plan at year-end, compared to an 84% participation rate in 2011.[3]

In 2012, employee contributions to the 401(k) Plan amounted to $3.83 million, while Denver Water's matching contributions totaled $1.74 million.

On December 31, 2012, the market value of assets in the 457 Plan totaled $26.74 million, an 8.00% increase in the Plan asset value compared to December 31, 2011. The Plan had 607 participants, including 336 active participants. During 2012, participant contributions totaled $1.71 million (or an average of $5,090 per year per active participant).[2] Nearly 29% of the eligible Denver Water employees participated in the 457 Plan at year-end, compared to a 28% participation rate in 2011.

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

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

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

[2] In 2011, an eligible employee was able to make a tax-deferred contribution of up to $17,000 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 2012" IR-2011-103, Oct. 20, 2011, available on www.irs.gov .

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

are selected by the Director of Finance, with the assistance of the Retirement Program Committee and the investment consultant for the DC Plans, Cook Street Consulting. As of December 31, 2012, participants in either plan had access to twenty-six (26) mutual funds representing all major asset classes (of which twelve were Target Retirement Funds focused on various retirement dates). The schedule of investment options available in the DC Plans can be found on page III-102. The investment of both employee contributions and the employer-matching contributions is directed by the participants. Pages III-103 and III-104 contain investment return information on each fund available to participants. Returns vary by participant based upon the timing of contributions and the funds selected by the participant. Most funds in the lineup had rates of return above the median for their peer group over 1-, 3-, and 5-year periods.

Great-West Retirement Services ("Great-West") is the custodian/trustee and the administrator for the Denver Water 401(k) and 457 Plans. By contract, the total compensation for providing the above services equals 0.0225% of the total value of assets as of the last day of each calendar quarter, or 0.09% per year. In the past, all of these fees were offset by any revenue sharing Great-West and/or its affiliates received from a mutual fund or other investment provider for providing certain administrative or other services related to the Plan investments. Not all of the investments options offered had revenue sharing arrangements with Great-West. Any revenue from revenue sharing was calculated quarterly and deposited in an unallocated account. Excesses and shortages in the unallocated fund were disbursed or accessed to the participants at the discretion of the Board.

Effective April 2, 2012, most investment options were converted to the lowest cost share class, which nearly eliminated the revenue sharing used to offset Great-West administration fees. The recordkeeping and communication fee is now being deducted directly from each participant's account in April, July, October and January. Three funds which continue revenue sharing arrangements with Great-West (T. Rowe Price Growth Stock, Baron Growth and Cohen & Steers Global Realty) are excluded from this new fee arrangement. Revenue from revenue sharing as well as wrap fees are calculated quarterly and deposited in an unallocated account and participant fees are paid from this account.

Total revenue sharing from 12(b) (1) fees collected by Great West in 2012 was $26,200 for both plans. Participant wrap fees withdrawn amounted to 48,600. Combined Great-West administration fees amounted to approximately $73,200 for both plans. Plan administrative expenses recorded in the plan financial statements, which amounted to $78,300, also included additional fees paid directly by participants for investment advice and asset management.

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, wrap fees and revenue sharing levels are presented in more detail on page III-107.

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 June 27, 2012

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 Record keeper 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		
Harbor International Instl	HAINX	Foreign Stock
Domestic Equity		
Baron Growth Instl	BGRIX	Small Cap Growth
Perkins Small Cap Value L	JSIVX	Small Cap Value
T. Rowe Price Growth Stock	PRGFX	Large Cap Growth
American Funds Washington Mutual R6	RWMGX	Large Cap Value
Domini Social Equity R	DSFRX	Large Cap Blend w/ Social Screening
Vanguard Mid Cap Index I	VMCIX	Mid Cap Blend
Vanguard Institutional Index I	VINIX	Large Cap Blend
Fixed Income		
PIMCO High Yield Instl	PHIYX	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 2010	VTENX	Multiple Asset Classes
Vanguard Target Retirement 2015	VTXVX	Multiple Asset Classes
Vanguard Target Retirement 2020	VTWNX	Multiple Asset Classes
Vanguard Target Retirement 2025	VTTVX	Multiple Asset Classes
Vanguard Target Retirement 2030	VTHRX	Multiple Asset Classes
Vanguard Target Retirement 2035	VTTHX	Multiple Asset Classes
Vanguard Target Retirement 2040	VFORX	Multiple Asset Classes
Vanguard Target Retirement 2045	VTIVX	Multiple Asset Classes
Vanguard Target Retirement 2050	VFIFX	Multiple Asset Classes
Vanguard Target Retirement 2055	VFFVX	Multiple Asset Classes
Vanguard Target Retirement 2060	VTTSX	Multiple Asset Classes
Cash and Equivalent		
Dreyfus Cash Management Instl	DICXX	Money Market
Galliard Retirement Income	n/a	Stable Value

As of December 31, 2012

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	25.91	10.38	1.56
Global Real Estate Peer Group		*31.50*	*11.29*	*0.03*
International Equity				
Harbor International Instl	HAINX	20.87	6.35	-0.90
Foreign Large Blend Peer Group		*18.31*	*3.94*	*-3.83*
MSCI EAFE NR USD Index		*17.32*	*3.56*	*-3.69*
Domestic Equity				
Baron Growth Instl	BGRIX	16.74	13.79	3.79
Small Growth Peer Group		*13.19*	*11.47*	*1.72*
Perkins Small Cap Value L	JSIVX	9.25	7.72	6.05
Small Value Peer Group		*16.02*	*11.75*	*4.13*
T. Rowe Price Growth Stock	PRGFX	18.92	11.25	2.64
Large Growth Peer Group		*15.24*	*9.02*	*0.70*
American Funds Washington Mutual R6	RWMGX	12.85	11.26	1.90
Large Value Peer Group		*14.55*	*8.87*	*0.09*
Domini Social Equity R	DSFRX	11.75	8.86	1.78
Large Blend Peer Group		*14.85*	*8.94*	*0.57*
Vanguard Mid Cap Index I	VMCIX	16.01	12.64	3.18
Spliced Mid Cap Index		*16.04*	*12.68*	*3.19*
Mid-Cap Blend Peer Group		*15.85*	*10.88*	*2.48*
Vanguard Institutional Index I	VINIX	15.98	10.85	1.69
S&P 500 TR Index		*16.00*	*10.87*	*1.66*
Fixed Income				
PIMCO High Yield Instl	PHIYX	14.55	10.82	8.39
High Yield Bond Peer Group		*14.69*	*10.39*	*7.40*
Vanguard Inflation Protected Securities Admin	VAIPX	6.90	8.79	6.79
Inflation-Protected Bond Peer Group		*6.42*	*7..60*	*5.75*
PIMCO Total Return Instl	PTTRX	10.36	7.75	8.34
Intermediate-Term Bond Peer Group		*6.85*	*6.78*	*5.57*
Target Date Retirement Funds				
Vanguard Target Retirement Income	VTINX	8.23	7.61	4.87
Retirement Income Peer Group		*9.00*	*6.33*	*3.29*
Vanguard Target Retirement 2010	VTENX	-	-	-
Target Date 2000-2010 Peer Group		-	-	-
Vanguard Target Retirement 2015	VTXVX	11.37	8.41	3.25
Target Date 2011-2015 Peer Group		*10.83*	*7.31*	*1.78*
Vanguard Target Retirement 2020	VTWNX	-	-	-

		Rates of Return (%)		
Fund	**Ticker**	**Current Year**	**3-year**	**5-year**
Target Date 2015-2020 Peer Group		-	-	-
Vanguard Target Retirement 2025	VTTVX	13.29	8.72	2.33
Target Date 2021-2025 Peer Group		*13.09*	*7.98*	*1.11*
Vanguard Target Retirement 2030	VTHRX	-	-	-
Target Date 2026-2030 Peer Group		-	-	-
Vanguard Target Retirement 2035	VTTHX	15.16	9.03	1.66
Target Date 2031-2035 Peer Group		*14.69*	*8.26*	*0.73*
Vanguard Target Retirement 2040	VFORX	-	-	-
Target Date 2036-2040 Peer Group		-	-	-
Vanguard Target Retirement 2045	VTIVX	15.58	9.08	1.71
Target Date 2041-2045 Peer Group		15.52	8.36	0.56
Vanguard Target Retirement 2050	VFIFX	-	-	-
Target Date 2046-2050 Peer Group		-	-	-
Vanguard Target Retirement 2055	VFFVX	15.58	n/a	n/a
Target Date 2051-2055 Peer Group		15.25	8.36	0.56
Vanguard Target Retirement 2060	*VTTSX*	-	-	-
Target Date 2056-2060 Peer Group		-	-	-
Cash and Equivalent				
Dreyfus Cash Management Instl	DICXX	0.08	0.10	0.75
Money Market Taxable Peer Group		*0.04*	*0.03*	*0.45*
Galliard Retirement Income (gross)	n/a	2.59	3.30	3.91
Galliard Retirement Income (net)	n/a	2.23	2.94	3.54
USTREAS T-Bill Auction Ave 3 Mon Index		*0.09*	*0.09*	*0.39*

Source: Cook Street Consulting

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

[2]Vanguard Target Retirement 2010, 2020, 2030, 2040, 2050 and 2060 were added at the end of 2012, therefore historical performance data is not available.

5. Asset Allocation

Denver Water 401(k) Supplemental Retirement Savings Plan

Fund	Ticker	Total Assets as of 12/31/2011	% of the Total Assets	Total Assets as of 12/31/2012	% of the Total Assets
Globa Real Estate					
Cohen & Steers Instl Global Realty	GRSIX	84,240	0.17	114,259	0.20
International Equity					
Artio International Equity A	BJBIX	3,199,110	6.57	-	-
Harbor International Instl	HAINX	-	-	4,053,538	7.04
Domestic Equity					
Baron Growth Instl	BGRIX	1,096,066	2.25	1,268,399	2.20
Perkins Small Cap Value L	JSIVX	2,408,345	4.94	2,593,906	4.50
T. Rowe Price Growth Stock	PRGFX	3,193,197	6.55	3,779,965	6.56
American Funds Washington Mutual R6	RWMGX	4,334,563	8.90	5,026,921	8.73
Dreyfus Mid Cap Index	PESPX	4,665,528	9.58	-	-
Domini Social Equity R	DSFRX	231,775	0.48	361,123	0.63
DWS Equity 500 Index	BTIIX	3,320,865	6.82	-	-
Vanguard Mid Cap Index I	VMCIX	-	-	5,303,113	9.21
Vanguard Institutional Index I	VINIX	-	-	3,964,062	6.88
Fixed Income					
PIMCO High Yield Instl	PHIYX	570,962	1.17	841,065	1.46
Vanguard Inflation Protected Securities Admin	VAIPX	1,030,853	2.12	1,829,127	3.18
PIMCO Total Return Instl	PTTRX	2,866,983	5.89	3,954,444	6.87
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	109,206	0.22	412,577	0.72
Vanguard Target Retirement 2005	VTOVX	106,213	0.22	-	
Vanguard Target Retirement 2010	VTENX	-		2,090	0.00
Vanguard Target Retirement 2015	VTXVX	1,713,291	3.52	2,238,267	3.89
Vanguard Target Retirement 2020	VTWNX	-		294,572	0.51
Vanguard Target Retirement 2025	VTTVX	3,207,185	6.58	4,157,806	7.22
Vanguard Target Retirement 2030	VTHRX	-		2,542	0.00
Vanguard Target Retirement 2035	VTTHX	1,348,431	2.77	1,831,418	3.18
Vanguard Target Retirement 2040	VFORX	-		60,660	0.11
Vanguard Target Retirement 2045	VTIVX	1,727,879	3.55	2,018,688	3.50
Vanguard Target Retirement 2050	VFIFX	-		5,297	0.01
Vanguard Target Retirement 2055	VFFVX	116,564	0.24	190,055	0.33
Vanguard Target Retirement 2060	VTTSX	-		143,550	0.25
Cash and Equivalent					
Dreyfus Cash Management Instl	DICXX	18,846	0.09	188,615	0.33
Galliard Retirement Income	n/a	-	-	12,963,024	22.51
Schwab Stable Value Instl	N/A	13,364,319	27.43	-	-
Total		**48,714,423**	**100.00**	**57,599,084**	**100.00**

Source: Cook Street Consulting

Denver Water 457 Deferred Compensation Plan

Fund	Ticker	Total Assets as of 12/31/2011	% of the Total Assets	Total Assets as of 12/31/2012	% of the Total Assets
Global Real Estate					
Cohen & Steers Instl Global Realty	GRSIX	56,101	0.23	96,425	0.36
International Equity					
Artio International Equity A	BJBIX	1,135,685	4.59	-	-
Harbor International Instl	HAINX			1,360,535	5.09
Domestic Equity					
Baron Growth	BGRIX	430,686	1.74	358,946	1.34
Perkins Small Cap Value L	JSIVX	860,741	3.48	952,559	3.56
T. Rowe Price Growth Stock	PRGFX	2,381,710	9.63	2,511,088	9.39
American Funds Washington Mutual R5	RWMGX	1,099,540	4.44	1,307,442	4.89
Dreyfus Mid Cap Index	PESPX	1,232,334	4.98	-	-
Domini Social Equity R	DSFRX	539,740	2.18	632,277	2.36
DWS Equity 500 Index	BTIIX	1,423,633	5.75	-	-
Vanguard Mid Cap Index Ins	VMCIX	-	-	1,337,573	5.00
Vanguard Institutional Index I	VINIX	-	-	1,643,487	6.15
Fixed Income					
PIMCO High Yield Instl	PHIYX	378,438	1.53	506,291	1.89
Vanguard Inflation Protected Securities Admin	VAIPX	315,473	1.27	806,121	3.02
PIMCO Total Return Instl	PTTRX	1,518,877	6.14	2,083,882	7.79
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	33,197	0.13	237,344	0.89
Vanguard Target Retirement 2005	VTOVX	2,951	0.01	-	-
Vanguard Target Retirement 2010	VTEVX	-	-	-	-
Vanguard Target Retirement 2015	VTXVX	726,323	2.94	928,262	3.47
Vanguard Target Retirement 2020	VTWNX	-	-	141,853	0.53
Vanguard Target Retirement 2025	VTTVX	576,877	2.33	674,229	2.52
Vanguard Target Retirement 2030	VTHRX	-	-	700	0.003
Vanguard Target Retirement 2035	VTTHX	283,202	1.14	330,251	1.24
Vanguard Target Retirement 2040	VFORX	-	-	11,364	0.04
Vanguard Target Retirement 2045	VTIVX	642,706	2.60	488,223	1.83
Vanguard Target Retirement 2050	VFIFX	-	-	-	-
Vanguard Target Retirement 2055	VFFVX	3,684	0.01	7,807	0.03
Vanguard Target Retirement 2060	VTTSX	-	-	122,068	0.46
Cash and Equivalent					
Dreyfus Cash Management Instl	DICXX	3,253	0.01	158,864	0.59
Galliard Retirement Income	n/a	-	-	10,039,367	37.55
Schwab Stable Value Instl	N/A	11,099,140	44.86	-	-
Total		**24,744,291**	**100.00**	**26,736,957**	**100.00**

Source: Cook Street Consulting

6. Schedule of Fees and Commissions

Schedule of fees paid by Plan Participants as of 12/31/2012[1]

Fund	Ticker	Expense Ratio [2]	Wrap Fess (%)[3]	Revenue sharing – paid to Great-West by fund managers (%)[4]	Average Expense Ratio in the Peer Group
Global Real Estate					
Cohen & Steers Instl Global Realty	GRSIX	1.00	0.00	0.10	1.49
International Equity					
Harbor International Instl	HAINX	0.78	0.09	0.00	1.40
Domestic Equity					
Baron Growth	BGRIX	1.06	0.00	0.15	1.50
Perkins Small Cap Value L	JSIVX	1.02	0.09	0.00	1.45
T. Rowe Price Growth Stock	PRGFX	0.70	0.00	0.15	1.29
American Funds Washington Mutual R6	RWMGX	0.31	0.09	0.00	1.22
Domini Social Equity R	DSFRX	0.90	0.09	0.00	1.18
Vanguard Mid Cap Index Ins	VMCIX	0.08	0.09	0.00	1.30
Vanguard Institutional Index I	VINIX	0.04	0.09	0.00	N/A
Fixed Income					
PIMCO High Yield Instl	PHIYX	0.55	0.09	0.00	1.15
Vanguard Inflation Protected Securities Admin	VAIPX	0.11	0.09	0.00	0.82
PIMCO Total Return Instl	PTTRX	0.46	0.09	0.00	0.92
Target Date Retirement Funds					
Vanguard Target Retirement Income	VTINX	0.18	0.09	0.00	0.99
Vanguard Target Retirement 2010	VTEVX	0.18	0.09	0.00	-
Vanguard Target Retirement 2015	VTXVX	0.18	0.09	0.00	1.02
Vanguard Target Retirement 2020	VTWNX	0.18	0.09	0.00	-
Vanguard Target Retirement 2025	VTTVX	0.18	0.09	0.00	1.04
Vanguard Target Retirement 2030	VTHRX	0.18	0.09	0.00	-
Vanguard Target Retirement 2035	VTTHX	0.18	0.09	0.00	1.07
Vanguard Target Retirement 2040	VFORX	0.18	0.09	0.00	-
Vanguard Target Retirement 2045	VTIVX	0.18	0.09	0.00	1.08
Vanguard Target Retirement 2050	VFIFX	0.18	0.09	0.00	-
Vanguard Target Retirement 2055	VFFVX	0.18	0.09	0.00	1.05
Vanguard Target Retirement 2060	VTTSX	0.18	0.09	0.00	-
Cash and Equivalent					
Dreyfus Cash Management Instl	DICXX	0.21	0.09	0.00	0.58
Galliard Retirement Income	N/A	0.35	0.09	0.00	N/A
Weighted average (both plans)		**0.38**	**0.08**	**0.01**	

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-98 to III-99).

[2] Expense ratios provided by Cook Street Consulting

[3]Effective April 2, 2012, most investment options were converted to the lowest cost share class, which nearly eliminated the revenue sharing used to offset Great-West administration fees. Wrap fees were added to all investment options that do not have revenue sharing. Wrap fees are recorded as administrative

expenses in the Plans' financial statements. These fees are deducted directly from each participant's account in April, July, October and January.

[4] *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, 2012 Actuarial Valuation Report prepared by Milliman and pertains only to the DB Plan

Milliman

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April 24, 2012

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, 2012, for the plan year ending December 31, 2012. Our findings are set forth in this report. This report reflects the benefit provision and contribution rates in effect as of January 1, 2012.

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 has adopted 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 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

Milliman

Ms. Usha Sharma
April 24, 2012
Page 2

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,

Joel E. Stewart

Joel E. Stewart, ASA, EA, MAAA
Consulting Actuary

Patricia A Kahle

Patricia Ann Kahle, FSA, EA, MAAA
Principal and Consulting Actuary

JES:PAK:js

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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.

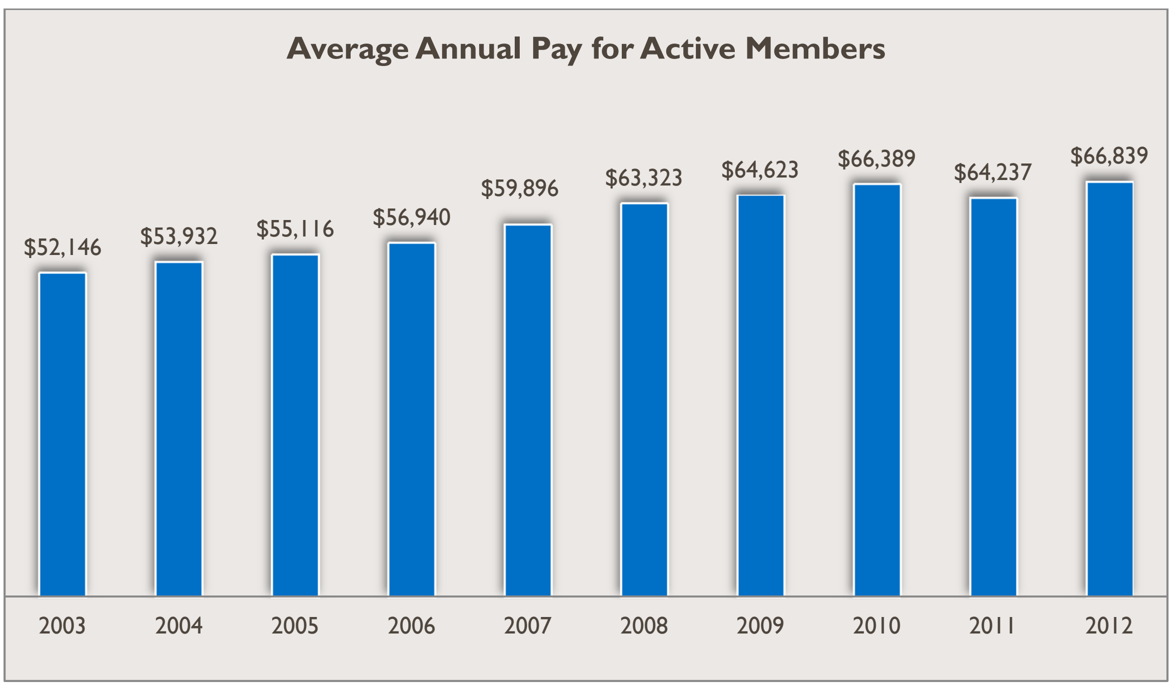
Age at Termination/Retirement	% Electing Lump Sum	% Electing Annuity
<40	75%	25%
40+	35%	65%

C. CHANGES IN ACTUARIAL METHODS AND ASSUMPTIONS SINCE PRIOR YEAR

- None.

D. SCHEDULE OF ACTIVE MEMBER VALUATION DATA

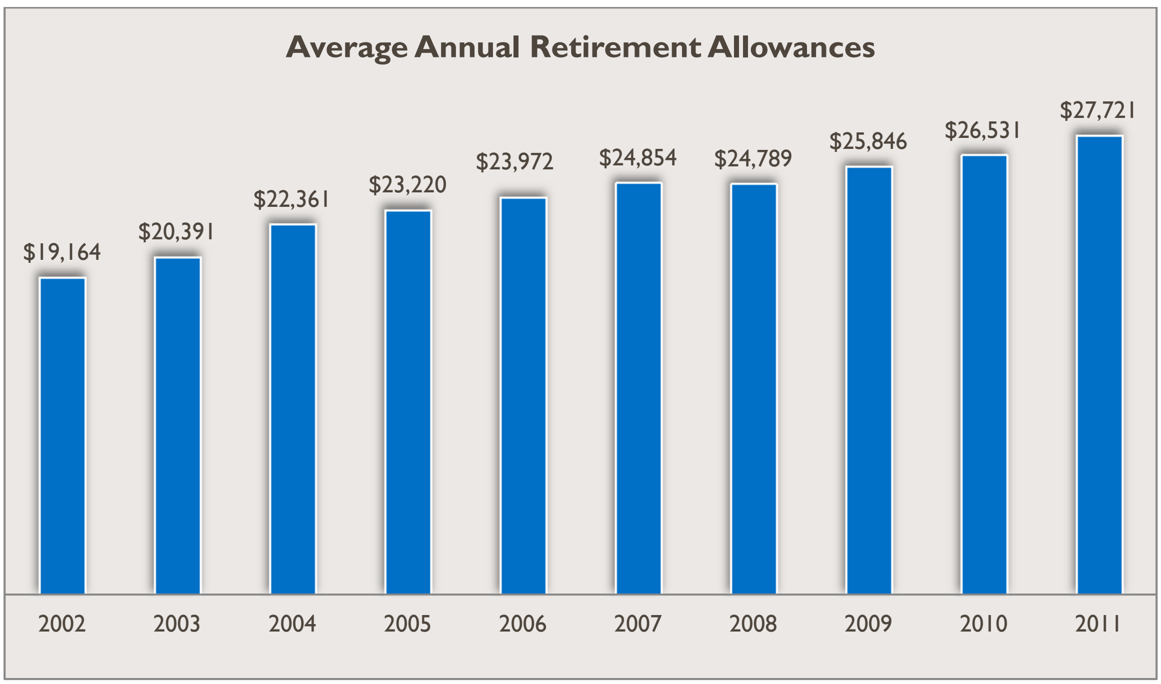
Valuation Date	Number of Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay	Number of Deferred Vesteds
1/1/2003	1,020	53,188,420	52,146	2.45	52
1/1/2004	1,018	54,902,822	53,932	3.42	53
1/1/2005	1,016	55,998,351	55,116	2.20	54
1/1/2006	1,005	57,224,980	56,940	3.31	61
1/1/2007	978	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)	83
1/1/2012	1,043	71,172,362	66,839	3.89	82



actuarial section

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
12/31/2002	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
12/31/2011	31	1,261,199	11	151,079	487	13,500,108	8.96	27,721



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)
1/1/2003	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
1/1/2012	353,600	154,303,402	156,786,401	238,384,139	100	100	53.4

G. ANALYSIS OF FINANCIAL EXPERIENCE

Plan Year Ending	Actuarial (Gains)/Losses			Changes in Plan Provisions	Changes in Assumptions/ Methods	Total (Gain)/Loss
	Asset Sources	Liability Sources	Total			
12/31/2002	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
12/31/2011	(3,318,033)	2,464,819	(853,214)	0	0	(853,214)

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Analysis of Financial Experience -PLAN YEAR

Expected Unfunded Actuarial Accrued Liability, January 1, 2012		$73,912,478
Changes		
Experience (Gain)/Loss		
Asset (Gain)/Loss	(3,318,033)	
Salary (Gain)/Loss	(452,629)	
New Member Loss	115,308	
Withdrawal (Gain)/Loss	661,974	
Retirement (Gain)/Loss	(260,512)	
Disability (Gain)/Loss	377,273	
Active Mortality (Gain)/Loss	(172,158)	
Inactive Mortality (Gain)/Loss	1,292,103	
Other Demographic	(82,610)	
Total		(853,214)
Assumption Change(s)		0
Plan Change		0
Total Changes		$4,957,137
Unfunded Actuarial Accrued Liability on January 1, 2012		$73,059,264

H. SUMMARY OF PLAN PROVISIONS

Plan Provisions as of December 31, 2012

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, 2011. 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 age plus service equals 75 or more.

(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

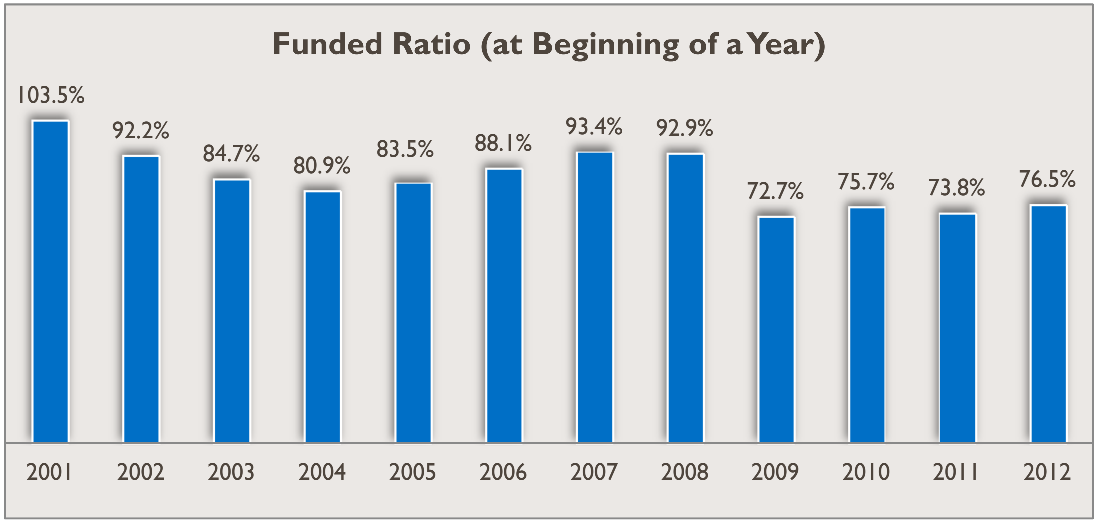
The monthly amount of any Pension provided by the Plan shall be increased or decreased annually of the first day of each January by the change in the U.S. Consumer Price Index as reported the preceding November. Annual increases may not exceed 5% for members whose severance date occurs prior to September 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)
1/1/2003	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
1/1/2012	238,384,139	311,443,403	73,059,264	76.5	71,172,362	102.7



K. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year Ending	Annual Required Contribution	Employer Contribution	Percentage Contributed
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, 2012
Actuarial Cost Method	Entry Age Normal
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	3.6% - 8.2%, based on years of service
*Includes inflation at	3.0% and 0.5% productivity

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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 2012. "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 2003-2012. All non-accounting data was derived from Denver Water's internal sources and vendor reports and has been updated as of the end of 2012, as available.

A. EMPLOYEES' RETIREMENT PLAN

1. Schedule of Additions by Source, 2003-2012

		Employer Contributions[1]			
Fiscal Year Ending	Member Contributions[2]	Dollars	Percentage of Annual Covered Payroll[3]	Net Investment and Other Income[4]	Total
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
2012	N/A	14,300,000	18.1%	28,171,400	42,471,400

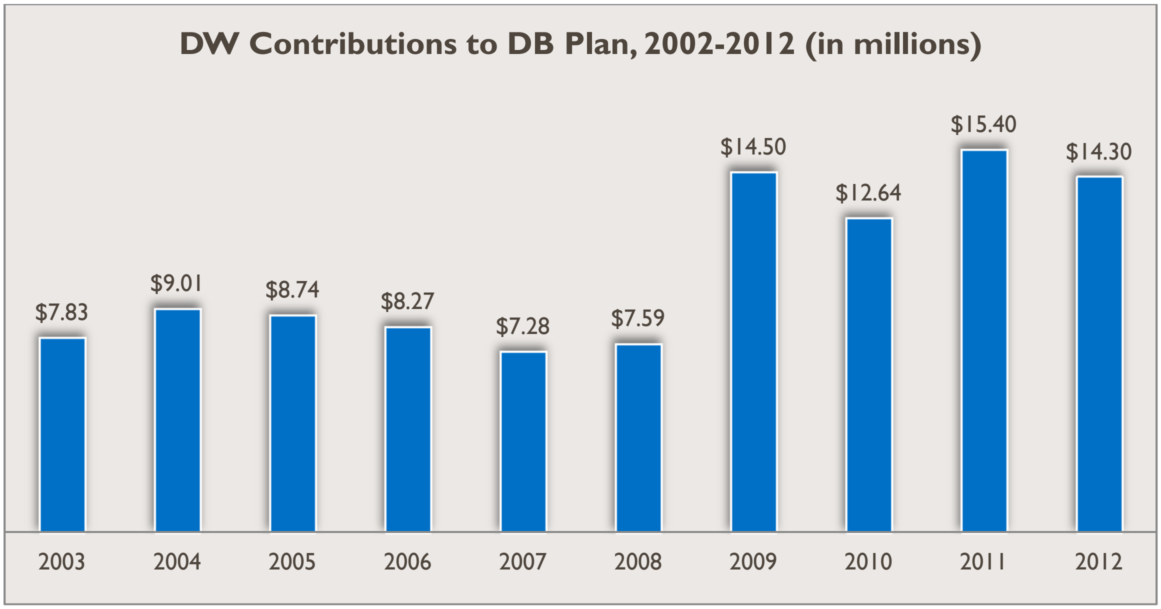
Source: Financial Statements for the Employees' Retirement Plan, 2003-2012 Actuarial Valuation Reports

[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.



3. Schedule of Deductions by Type, 2003-2012

	Deductions by Type			
Fiscal Year Ending	Benefit Payments	Administrative Expenses	Refunds[1]	Total
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
2012	16,704,300	123,800	93,700	16,921,800

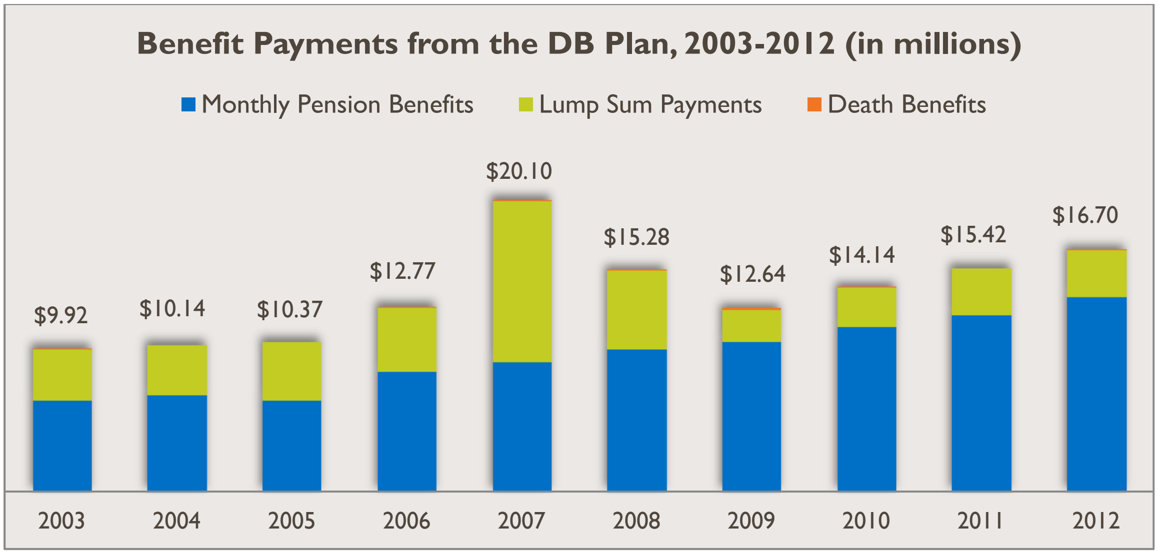
Source: Financial Statements for the Employees' Retirement Plan

[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 93 employees who still have funds in the Plan. As of December 31, 2012 and 2011, total remaining employee contributions including accrued interest was $310,000 and $325,000, respectively.

4. Schedule of Benefit Deductions from Net Assets by Type, 2002-2012

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
2012	13,442,000	3,167,300	100,000	16,704,340	93,700

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



5. Schedule of Changes in Net Position, 2003-2012

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
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
2012	42,471,400	16,921,800	25,549,600	228,218,900	253,768,500

Source: Financial Statements for the Employees' Retirement Plan

6. Schedule of Retired Members by Type of Benefit

Data as of January 1, 2013

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	90	0	0	1	8	81	0	0	0	0	90
$1 – $249	11	1	5	5	0	0	8	0	0	3	0
$250 – $499	32	6	20	6	0	0	30	1	0	1	0
$500 – $749	31	9	14	7	1	0	28	0	1	2	0
$750 – $999	28	5	16	6	1	0	20	3	2	3	0
$1,000 – $1,249	28	6	14	7	1	0	20	0	1	7	0
$1,250 – $1,499	37	7	21	9	0	0	26	6	0	5	0
$1,500 – $1,749	26	6	15	5	0	0	17	6	2	1	0
$1,750 – $1,999	31	8	19	3	1	0	23	3	2	3	0
over $2,000	287	35	229	17	6	0	173	79	10	25	0
Totals	601	83	353	66	18	81	345	98	18	50	90

*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

7. Schedule of Average Benefit Payment Amounts for Retirees, 2003-2012

	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
January 1, 2012 to December 31, 2012								
Average Monthly Benefit	$447.58	$551.04	$1,431.77	$2,077.3	$3,022.27	$3,230.24	$4,105.24	$3,097.40
Number of Active Retirants	2	1	1	8	8	11	11	33

8. Other Information

Employees' Retirement Plan – Member Count

			Inactive		
As of	Total	Active[1]	With Deferred Benefits	Retired Members and Beneficiaries	On Long Term Disability
01/01/2004	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
01/01/2013	1,646	1,045	82	511	8

Source: 2004-2013 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
01/01/2004	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
01/01/2013	N/A	1,045	46.3	13.4	$66,868	N/A

Source: 2004-2013 Actuarial Valuation reports; extracted from "Active Member Averages"

Employees' Retirement Plan – Retiring Members by Type of Benefit elected, 2003-2012

Fiscal Year Ending	Lump Sum	Partial Lump/Annuity	Annuity Only	Total Retirements
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
2012	12	3	30	45

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

Employees' Retirement Plan – Retiring Members by Type of Retirement, 2003-2012

Fiscal Year Ending	Normal Retirement	Early Retirement	Special Early (Rule of 75)	Special Early (Rule of 75 Grow-In)	Total Retirements
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
2012	9	6	30	0	45

Source: 2003-2012 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
01/01/2004	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
01/01/2013	83	353	66	18	81	601

Source: 2003-2013 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
01/01/2004	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
01/01/2013	345	98	18	50	511

Source: 2003-2013 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

Schedule of Additions by Source, 2003-2012

Fiscal Year Ending	Participant Contributions	Participant Rollovers	Employer Contributions[1]	Net Investment and Other Income[2]	Total
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	(90,900)	5,348,800
2012	3,827,400	275,200	1,743,300	5,543,600	11,389,500

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

[1] 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.

[2.] Investment and miscellaneous income (including realized and unrealized gains/losses) net of investment expense and participant advisory fees.

Schedule of Deductions by Type, 2003-2012

	Deductions by Type		
Fiscal Year Ending	Benefit Payments	Expenses[1]	Total
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	44,700	3,049,200
2012	2,458,700	53,600	2,512,300

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

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

2. Schedule of Benefit Deductions from Net Assets by Type, 2003-2012

Fiscal Year Ending	Retirement	Age 70 1/2 Minimum	Termination of Employment	Hardship Withdrawal	Other[1]	Total Benefits
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
2012	1,757,800	1,900	392,600	197,900	108,500	2,458,700

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.

3. Schedule of Changes in Net Assets, 2003-2012

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
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	5,347,900	3,049,200	2,298,700	46,636,500	48,935,200
2012	11,389,500	2,512,300	8,877,200	48,935,200	57,812,400

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

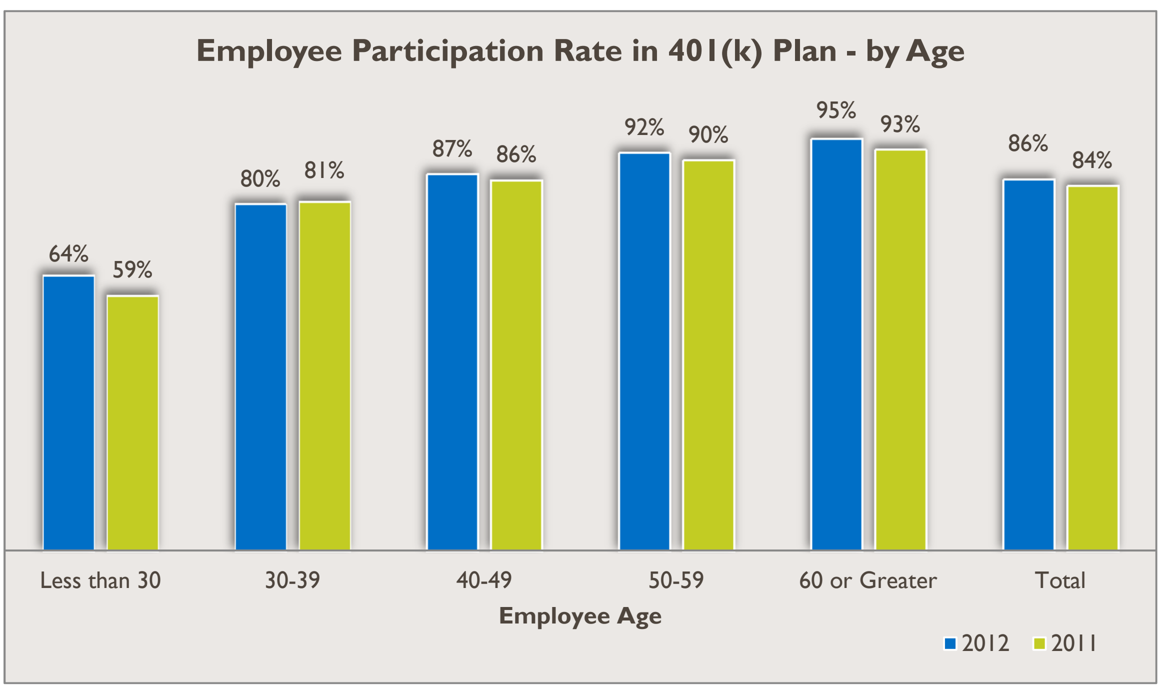
4. Other Information

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

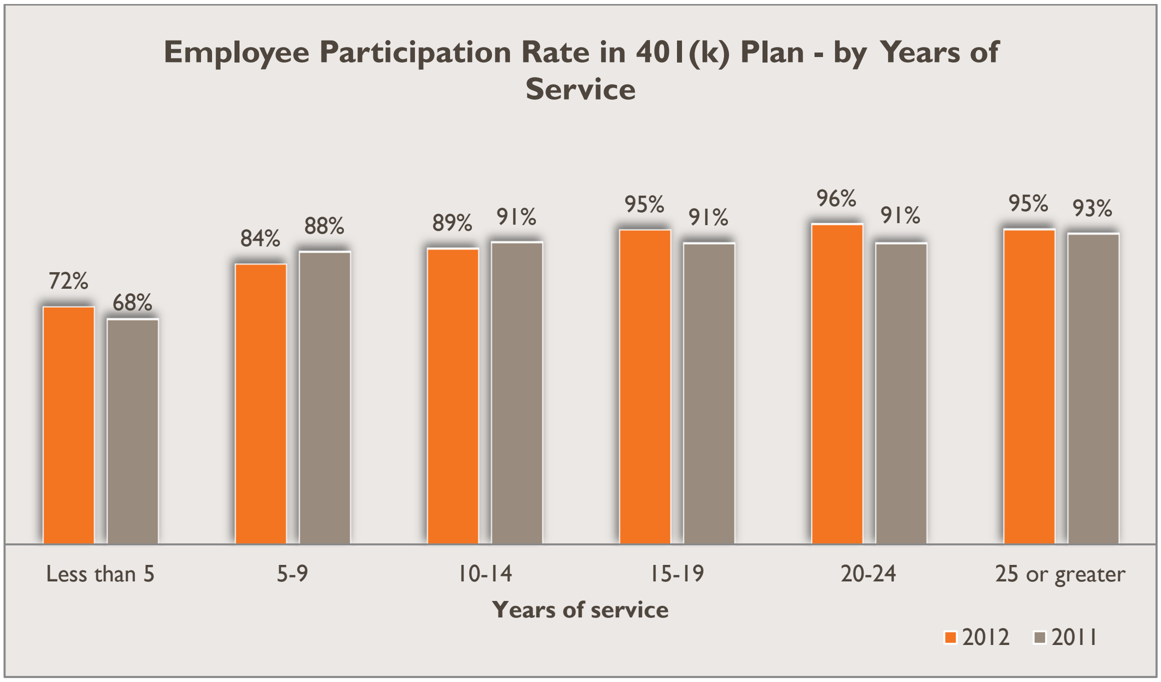
Fiscal Year Ending	Participants[1]			
	Total	Active	Inactive	New enrollments
12/31/2002	1,001	965	36	N/A
12/31/2003	987	974	13	15
12/31/2004	1,000	945	55	40
12/31/2005	1,015	953	62	63
12/31/2006	1,020	935	85	45
12/31/2007	1,003	918	85	39
12/31/2008	1,021	918	103	75
12/31/2009	1,011	926	85	60
12/31/2010	1,010	922	88	N/A
12/31/2011	1,027	930	97	N/A
12/31/2012	1,061	940	121	N/A

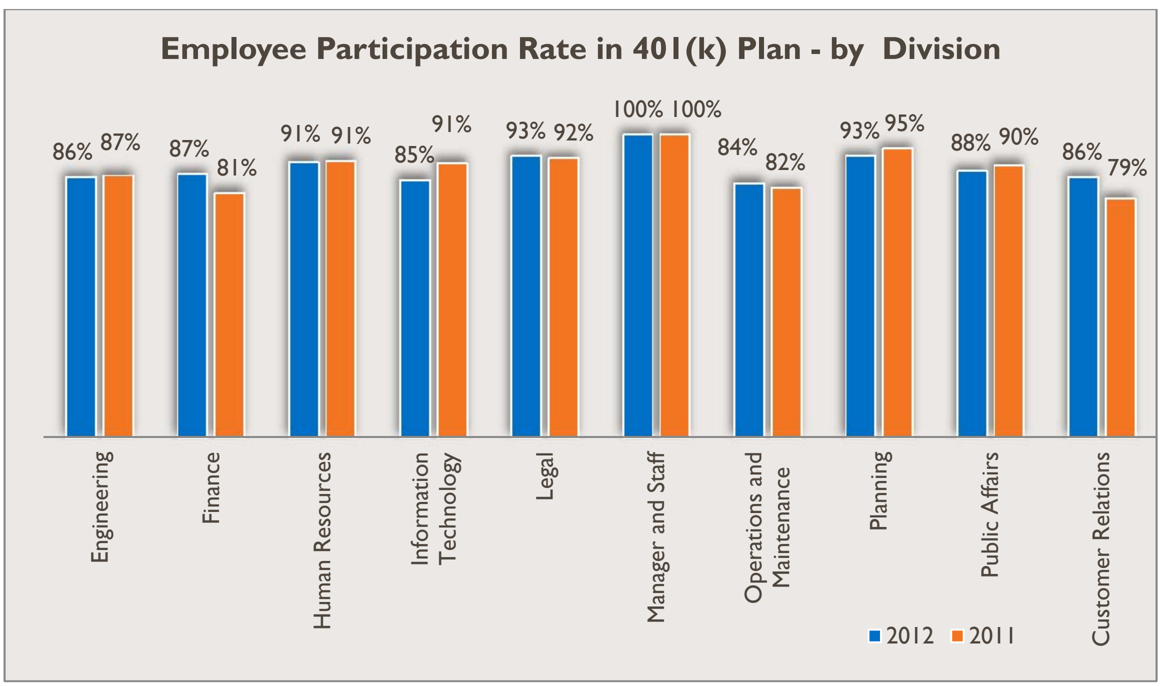
Source: VALIC/ Great-West

[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 and had a balance at the end of the year. 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.

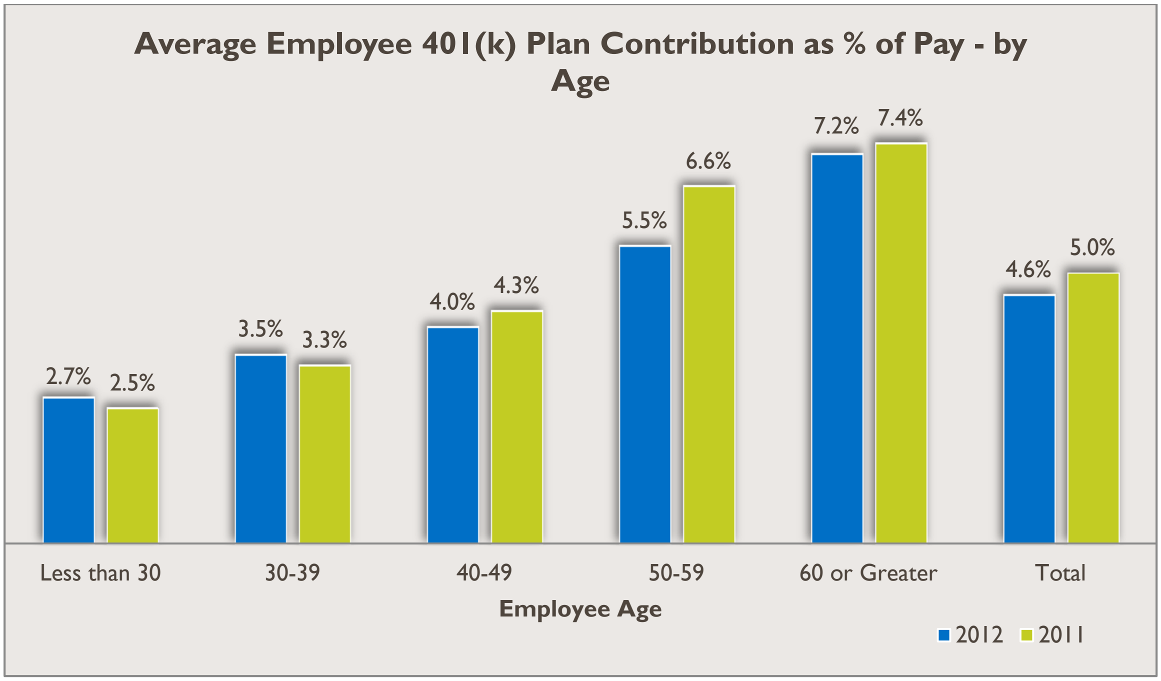


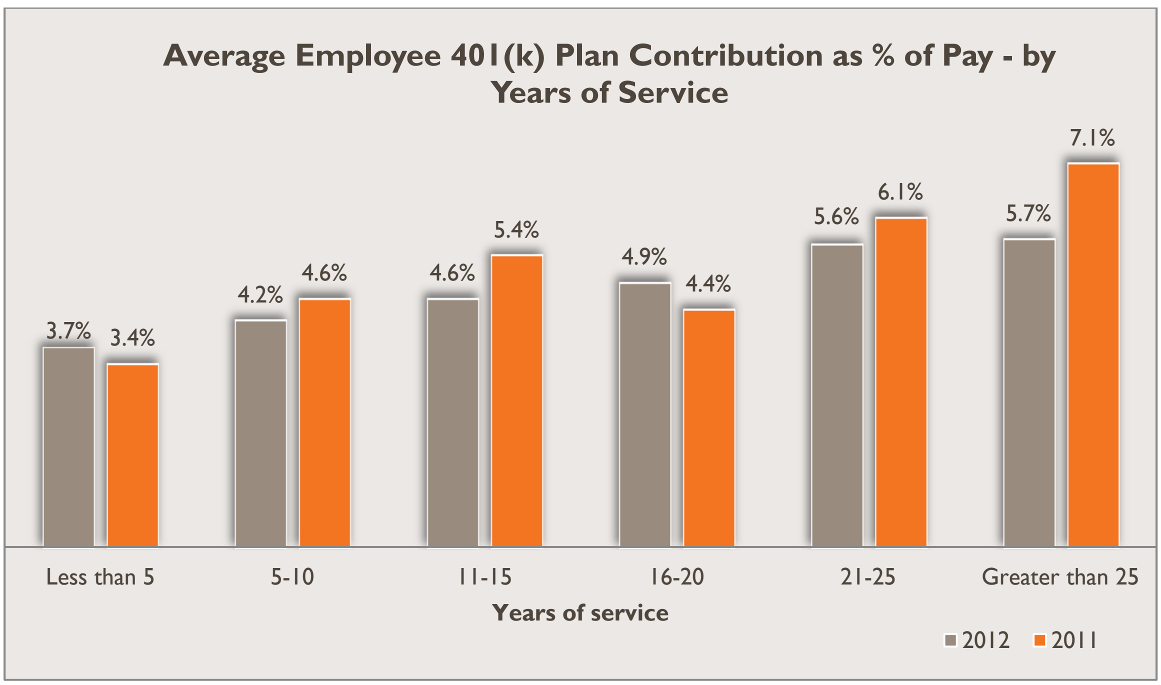
Source: Denver Water, Human Resources database; data as of year-end.





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





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

C. DENVER WATER 457 DEFERRED COMPENSATION PLAN

1. Schedule of Additions by Source, 2003-2012

Fiscal Year Ending	Participant Contributions	Participant Rollovers	Employer Contributions	Net Investment and Other Income[1]	Total
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	252,400	1,834,900
2012	1,707,900	12,200	N/A	2,257,800	3,978,000

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

[1] ·Investment and miscellaneous income (including realized and unrealized gains/losses) net of investment expense and participant advisory fees.

2. Schedule of Deductions by Type, 2003-2012

	Deductions by Type		
Fiscal Year Ending	Benefit Payments	Administrative Expenses[1]	Total
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	23,000	3,010,700
2012	1,956,500	24,700	1,981,200

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

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

3. Schedule of Benefit Deductions from Net Assets by Type, 2003-2012

Fiscal Year Ending	Retirement	Age 70 1/2 minimum	Termination of Employment	Hardship	Other[1]	Total Benefits
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
2012	1,564,900	22,300	279,200	600	88,500	1,956,500

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 Position, 2003-2012

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
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	1,834,900	3,010,700	(1,175,800)	25,982,000	24,806,200
2012	3,977,900	1,981,200	1,996,600	24,806,200	26,802,900

Source: Financial Statements for Denver Water 457 Deferred Compensation Plan

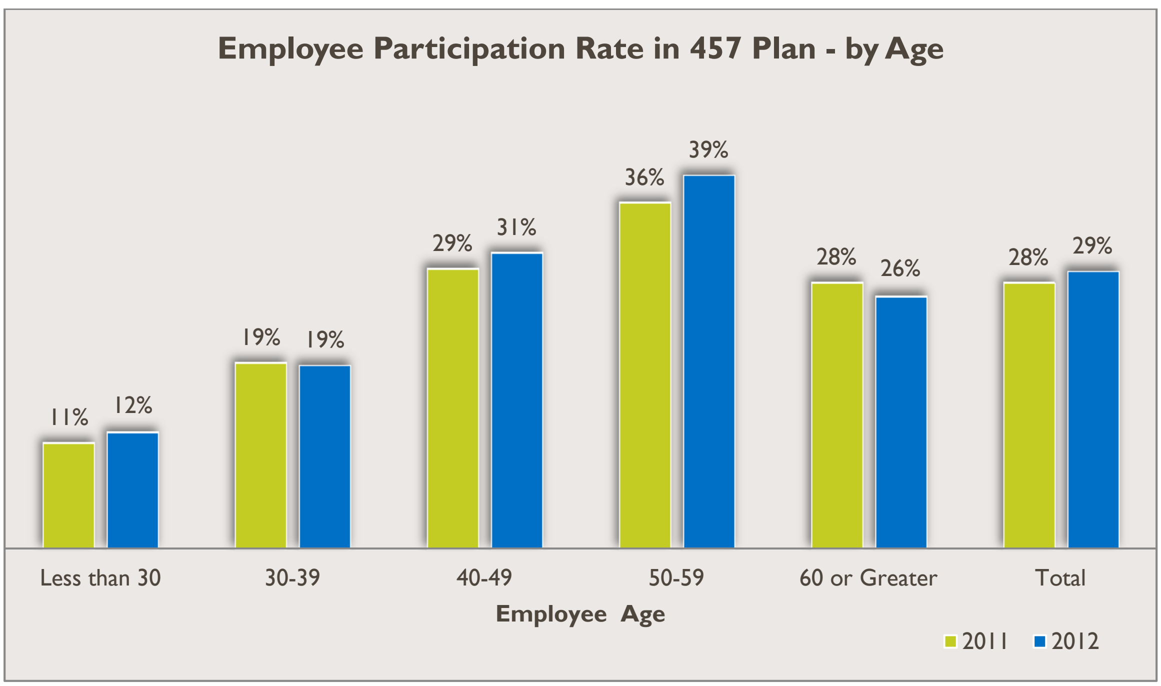
5. Other Information

Denver Water 457 Deferred Compensation Plan- Number of Participants

Fiscal Year Ending	Participants[1]			
	Total	Active	Inactive	New Enrollments
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	322	297	N/A
12/31/2012	607	336	271	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 and had a balance at the end of the year.. 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.

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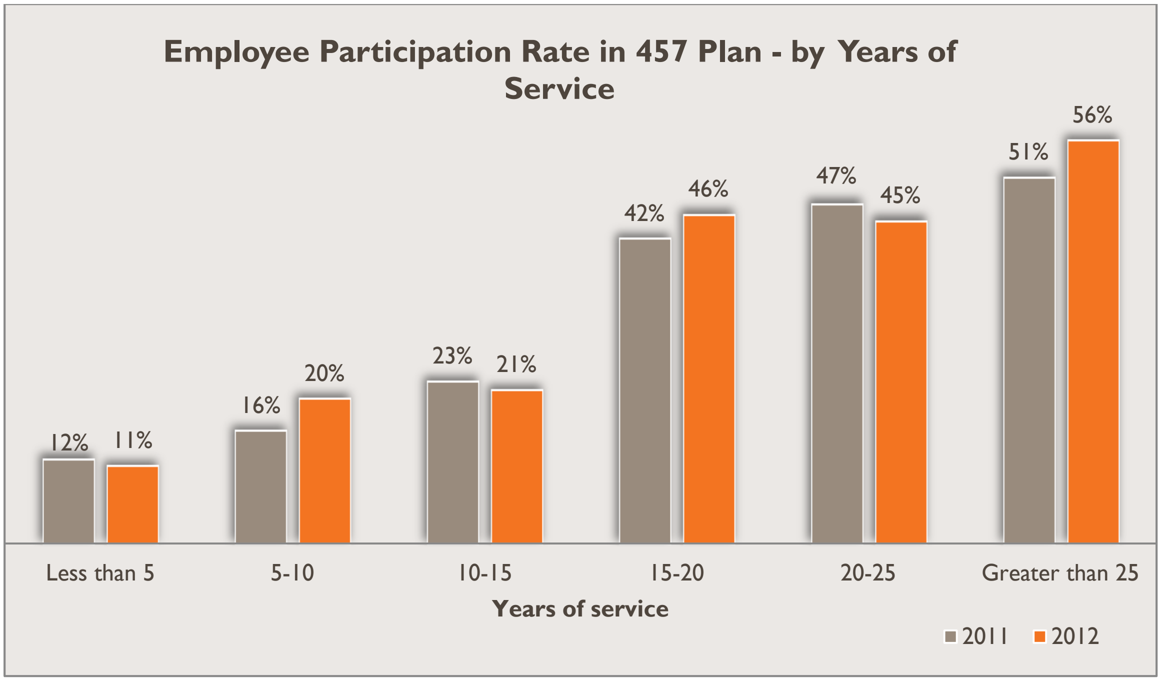

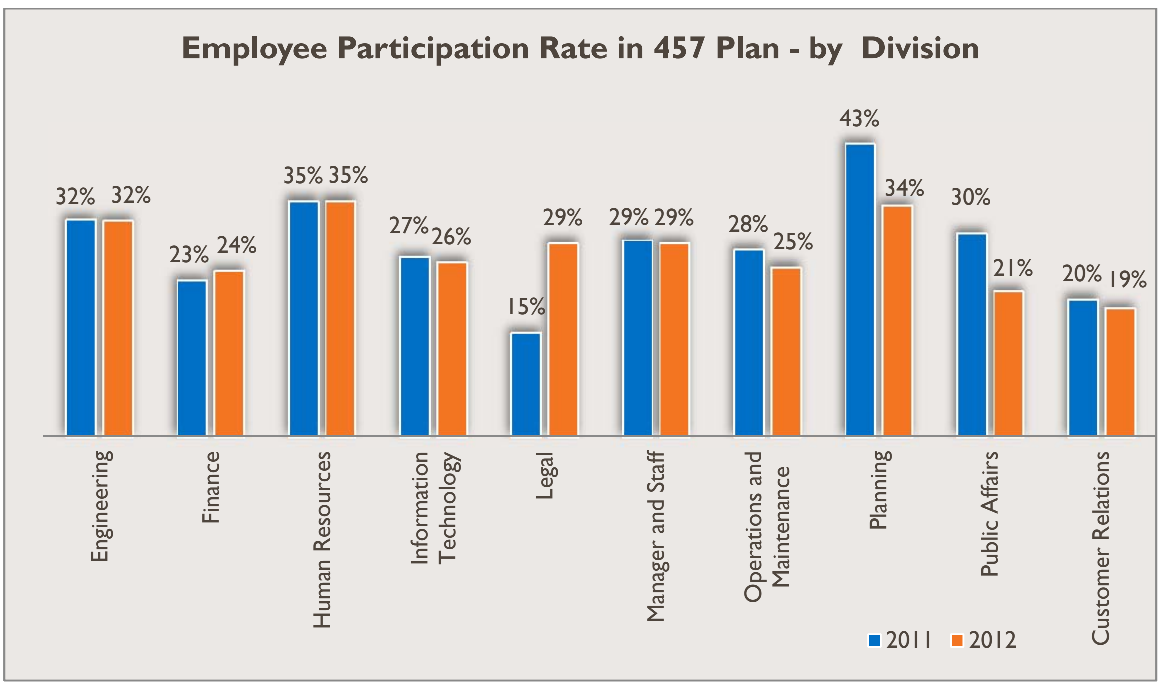

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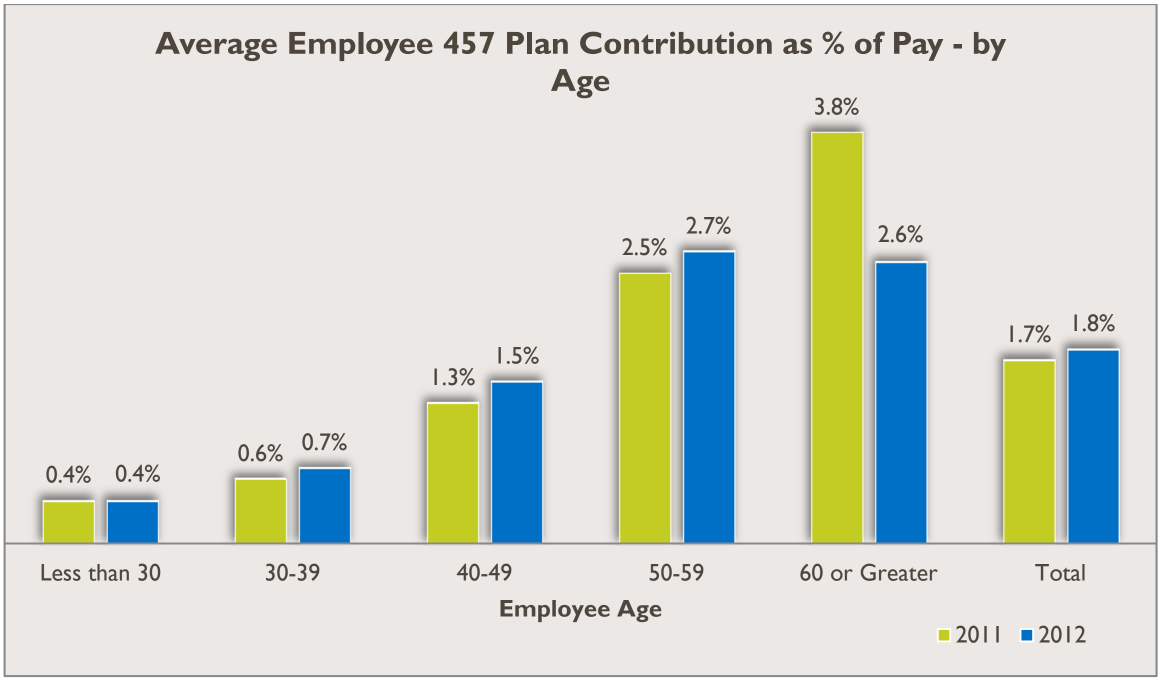

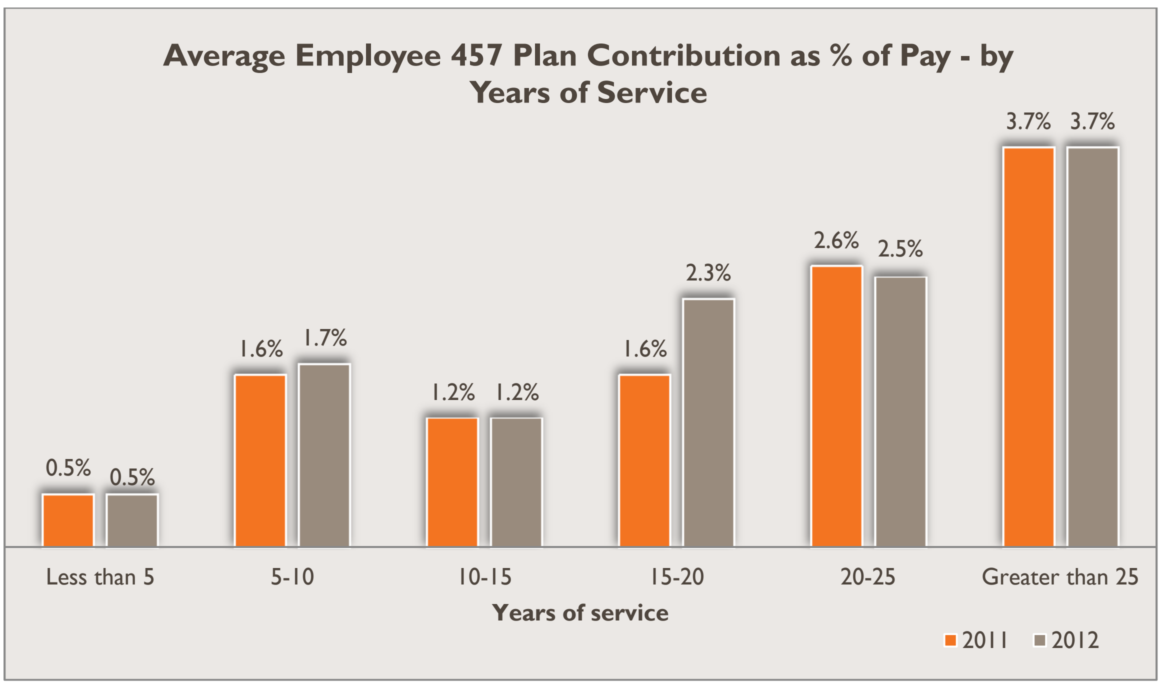

Source: Denver Water, Human Resources database; data as of year-end.