FINANCIAL

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Independent Accountants' Report on Financial Statements and Supplementary Information

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and County of Denver (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Denver Art Museum, Denver Museum of Nature and Science, Denver Convention Center Hotel Authority, Cherry Creek North Business Improvement District No.1, Downtown Denver Business Improvement District, Denver Metro Convention and Visitors Bureau, Inc. d/b/a Visit Denver, Colfax Business Improvement District, Denver Union Station Project Authority, Board of Water Commissioners, City and County of Denver, Colorado, and Denver Preschool Program, Inc., all of which are included as discretely presented component units, which represent 94.95 percent of total assets and 89.90 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2010, respectively. Those financial statements were audited by other accountants whose reports thereon have been furnished to us and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for the Denver Art Museum, Denver Museum of Nature and Science, Denver Convention Center Hotel Authority, Cherry Creek North Business Improvement District No.1, Downtown Denver Business Improvement District, Denver Metro Convention and Visitors Bureau, Inc., d/b/a Visit Denver, Colfax Business Improvement District, Denver Union Station Project Authority, Board of Water Commissioners, City and County of Denver, Colorado, and Denver Preschool Program, Inc., is based solely on the reports of the other accountants. Additionally, we did not audit the financial statements of the Gateway Village General Improvement District and Denver14th Street General Improvement District, each of which are included as blended component units, which represent .03 percent of total assets and .07 percent of total revenues of the aggregate remaining fund information as of and for the year ended December 31, 2010, respectively. Those financial statements were audited by other accountants whose reports thereon have been furnished to us and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Gateway Village General Improvement District and Denver 14th Street General Improvement District, is based solely on the reports of the other accountants.

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

Audit Committee
City and County of Denver

In our opinion, based on our audit and the reports of other accountants, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and County of Denver as of December 31, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I.E.2, during the year ended December 31, 2010, the City changed its method of accounting for derivative instruments by retroactively restating beginning net assets.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, introduction section and statistical sections supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2010 combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other accountants in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other accountants, are fairly stated, in all material respects, in relation to the basic financial statements as of and for the year ended December 31, 2010, taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements as of and for the year ended December 31, 2009, which are not presented with the accompanying financial statements. In our report dated May 27, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. In our opinion, the general fund balance sheet as of December 31, 2009 and related statement of revenues, expenditures, and changes in fund balance for the year then ended supplementary information are fairly stated in all material respects in relation to the basic financial statements as of and for the year ended December 31, 2009, taken as a whole. The introduction section and statistical section have not been subjected to the auditing procedures applied by us and the other accountants in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

June 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City and County of Denver (City) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal. The focus of the information herein is on the primary government.

Financial Highlights

- The City's assets exceeded its liabilities at the close of the fiscal year by $2,724,246,000 (net assets). Of this amount, $544,711,000 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by $27,990,000, or 1.0% after the change in accounting principle - GASB 53, *Accounting and Financial Reporting for Derivative Instruments*.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $798,383,000, an increase of $281,093,000 from the prior year. Approximately 72.6% of the fund balance (unreserved fund balance) is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved/undesignated fund balance of the General Fund was $115,586,000 which represents 13.7% of total General Fund expenditures, including transfers out.
- The City's total bonded debt increased by $178,915,000 during the year. Increases occurred in general obligation bonds, while the revenue bonds decreased.

Overview of the Financial Statements

This discussion and analysis is intended as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided are required and other supplementary information.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities reports how the City's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The governmental activities reflect the City's basic services, including police, fire, public works, sanitation, economic development, and culture and recreation. Sales and property taxes finance the majority of these services.

The business-type activities reflect private sector-type operations, such as Wastewater Management; the Denver Airport System, including Denver International Airport (DIA); and Golf Courses, where fees for services typically cover all or most of the cost of operations, including depreciation.

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable. Financial information for most of these component units is reported separately from the financial information presented for the primary government itself. A few component units, although legally separate, function essentially as an agency of the City and, therefore are included as an integral part of the City.

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains 22 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Human Services special revenue fund, and Bond Projects capital projects fund, each of which is considered to be a major fund. Data from the other 19 governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund and Human Services special revenue fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets for the General Fund and Human Services fund in accordance with US GAAP.

The City maintains two different types of ***proprietary funds***: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater Management, Denver Airport System, Environmental Services, and Golf Course funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, workers' compensation self-insurance, paper and printing supplies inventory, and asphalt plant operations. The internal service funds provide services which predominantly benefit governmental rather than business-type functions. They have been included within governmental activities with an adjustment to reflect the consolidation for internal service fund activities related to the enterprise funds in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Wastewater Management and the Denver Airport System, both of which are considered to be major funds of the City. Data for the other two enterprise funds and all of the internal service funds are combined into their respective single aggregated presentations. Individual fund data for the nonmajor enterprise funds and all of the internal service funds is provided in the form of combining statements elsewhere in this report.

The City uses ***fiduciary funds*** to account for assets held on behalf of outside parties, including other governments. When these assets are held under the terms of a formal trust agreement, a private-purpose trust fund is used.

Agency funds generally are used to account for assets that the City holds on behalf of others as their agent. Pension trust funds account for the assets of the City's employee retirement plans.

Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The ***notes to basic financial statements*** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules.

The combining statements supplementary information referred to earlier in connection with nonmajor funds, internal service funds, and nonmajor component units are presented immediately following the budgetary comparison required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately $2,724,246,000 at the close of the most recent fiscal year.

A portion of the City's net assets, $544,711,000 (20.0%), is unrestricted and may be used to meet the City's ongoing financial obligations. These are net assets that are not restricted by external requirements nor invested in capital assets.

Net assets of $1,325,558,000 (48.7%) reflects investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of the City also include $853,977,000 (31.3%) of restricted net assets. These are net assets representing resources subject to external restrictions as to how they may be used by the City.

Table 1 reflects the City's net assets (dollars in thousands) as of December 31, 2010 and 2009:

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009 [1]	2010	2009 [1]	2010	2009 [1]
Current and other assets	$ 1,337,978	$ 1,044,798	$ 1,667,431	$ 1,722,631	$ 3,005,409	$ 2,767,429
Capital assets	2,654,619	2,517,316	3,739,142	3,848,560	6,393,761	6,365,876
Total assets	**3,992,597**	**3,562,114**	**5,406,573**	**5,571,191**	**9,399,170**	**9,133,305**
Deferred outflows	16,764	-	1,814	-	18,578	-
Noncurrent liabilities	1,931,731	1,584,027	3,858,742	4,056,717	5,790,473	5,640,744
Other liabilities	453,360	412,271	436,880	209,465	890,240	621,736
Total liabilities	**2,385,091**	**1,996,298**	**4,295,622**	**4,266,182**	**6,680,713**	**6,262,480**
Deferred inflows	-	-	12,789	-	12,789	-
Net assets						
Invested in capital assets, net of related debt	1,211,215	1,188,810	114,343	212,129	1,325,558	1,400,939
Restricted	184,460	257,699	669,517	661,383	853,977	919,082
Unrestricted	228,595	119,307	316,116	431,497	544,711	550,804
Total net assets	**$ 1,624,270**	**$ 1,565,816**	**$ 1,099,976**	**$ 1,305,009**	**$ 2,724,246**	**$ 2,870,825**

[1] Amounts do not reflect the change in accounting principle - GASB 53 because it was not practical to do so.

At December 31, 2010, the City reported positive balances in all three categories of net assets for both the government as a whole and the separate governmental and business-type activities.

Table 2 reflects the City's changes in net assets (dollars in thousands) for the years ended December 31, 2010 and 2009:

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009 [1]	2010	2009 [1]	2010	2009 [1]
Revenues						
Program revenues:						
Charges for services	$ 273,445	$ 282,522	$ 796,125	$ 752,315	$ 1,069,570	$ 1,034,837
Operating grants and contributions	210,226	192,447	-	-	210,226	192,447
Capital grants and contributions	37,756	21,325	44,584	53,639	82,340	74,964
General revenues:						
Facilities development admissions tax	7,160	7,082	-	-	7,160	7,082
Lodgers tax	49,136	43,982	-	-	49,136	43,982
Motor vehicle ownership fee	17,004	17,907	-	-	17,004	17,907
Occupational privilege tax	41,818	39,551	-	-	41,818	39,551
Property tax	295,381	259,963	-	-	295,381	259,963
Sales and use tax	447,071	421,838	-	-	447,071	421,838
Specific ownership tax	84	47	-	-	84	47
Telephone tax	9,653	9,596	-	-	9,653	9,596
Special assessments	1,397	1,342	-	-	1,397	1,342
Investment income	21,730	11,826	50,424	15,828	72,154	27,654
Convention Center revenue	17,852	14,857	-	-	17,852	14,857
Other revenues	40,170	32,002	102	56	40,272	32,058
Total revenues	**1,469,883**	**1,356,287**	**891,235**	**821,838**	**2,361,118**	**2,178,125**
Expenses						
General government	249,106	243,518	-	-	249,106	243,518
Public safety	526,007	506,887	-	-	526,007	506,887
Public works	144,211	159,657	-	-	144,211	159,657
Human services	119,530	128,946	-	-	119,530	128,946
Health	53,499	52,961	-	-	53,499	52,961
Parks and recreation	67,709	100,253	-	-	67,709	100,253
Cultural activities	100,190	63,646	-	-	100,190	63,646
Community development	47,501	40,480	-	-	47,501	40,480
Economic opportunity	25,905	31,803	-	-	25,905	31,803
Interest on long-term debt	70,453	62,670	-	-	70,453	62,670
Wastewater management	-	-	84,752	80,865	84,752	80,865
Denver airport system	-	-	830,243	787,914	830,243	787,914
Other enterprise funds	-	-	14,022	13,788	14,022	13,788
Total expenses	**1,404,111**	**1,390,821**	**929,017**	**882,567**	**2,333,128**	**2,273,388**
Change in net assets before transfers	65,772	(34,534)	(37,782)	(60,729)	27,990	(95,263)
Transfers	275	(931)	(275)	931	-	-
Change in net assets	**66,047**	**(35,465)**	**(38,057)**	**(59,798)**	**27,990**	**(95,263)**
Net assets - January, as previously reported	1,565,816	1,601,281	1,305,009	1,364,807	2,870,825	2,966,088
Change in accounting principle - GASB 53	(7,593)	-	(166,976)	-	(174,569)	-
Net assets - January 1, as restated	1,558,223	1,601,281	1,138,033	1,364,807	2,696,256	2,966,088
Net assets - December 31	**$ 1,624,270**	**$ 1,565,816**	**$ 1,099,976**	**$ 1,305,009**	**$ 2,724,246**	**$ 2,870,825**

[1] Amounts do not reflect the change in accounting principle - GASB 53 because it was not practical to do so.

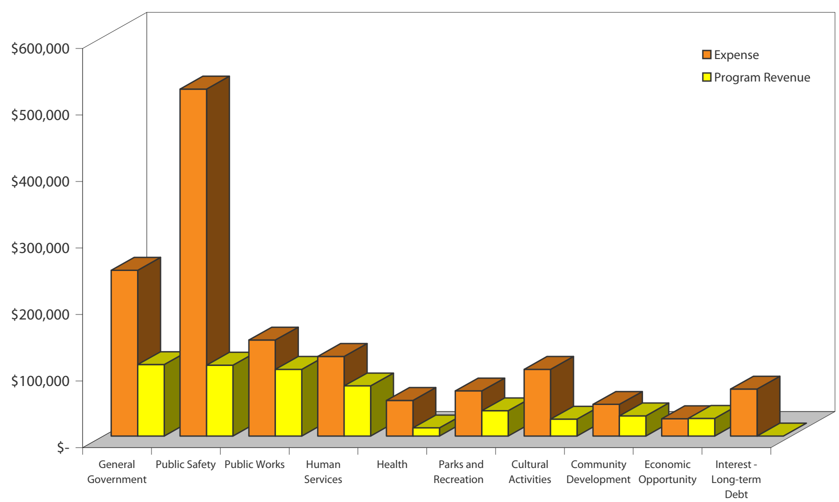
Governmental activities increased the City's net assets by $66,047,000 for the year ended December 31, 2010. Key elements of the increase are as follows:

- Property tax and sales and use taxes totaled 85.6% of all tax revenues and 50.5% of all governmental activities' revenues. Property tax recorded in the governmental funds totaled $295,381,000 for an increase of $35,418,000 (13.6%). Sales and use tax revenues of $447,071,000 were up $25,233,000 (6.0%) compared to 2009, reflecting a slight growth in the 2010 economy.
- Investment income increased by $9,904,000, due to the gradual increase in interest rates nationally.

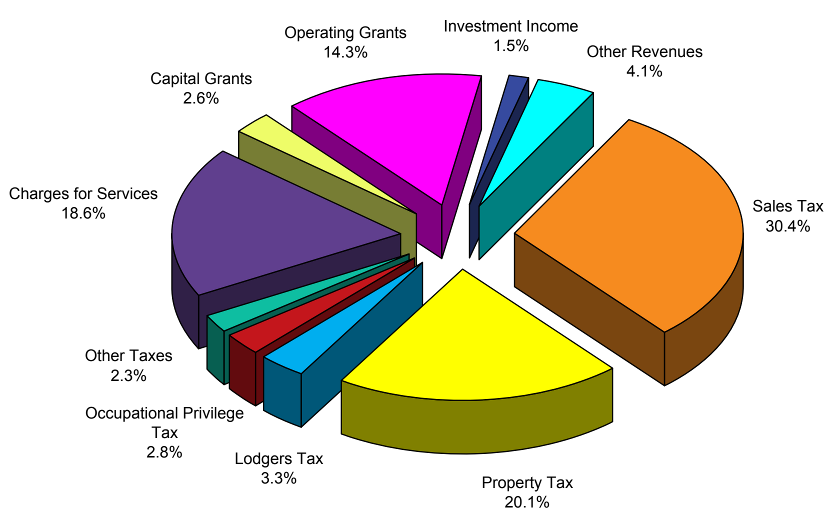
- The City received $17,779,000 more in operating grants and contributions in 2010 compared to 2009.
- Due to the slow growth in revenues, total expenses increased only slightly, by $13,290,000.

General government expenses in 2010 were $249,106,000 (17.7%) of total expenses. Public safety expenses were $526,007,000 (37.5%) of total expenses. Public works' expenses were $144,211,000 (10.3%) of total expenses. Human services' expenses were $119,530,000 (8.5%) of total expenses. The remainder of the governmental activities expenses is comprised of health with $53,449,000 (3.8%), parks and recreation with $67,709,000 (4.8%), cultural activities with $100,190,000 (7.1%), community development with $47,501,000 (3.4%), economic opportunity with $25,905,000 (1.9%), and interest on long-term debt of $70,453,000 (5.0%).

Expenses and Program Revenues - Governmental Activities
expressed in millions



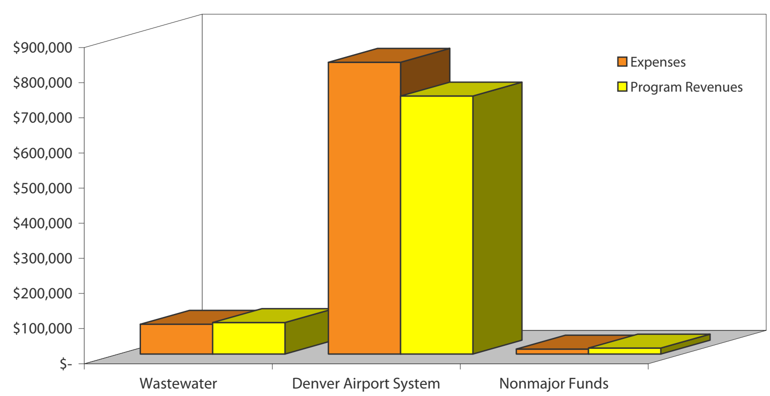
Revenues by Source - Governmental Activities



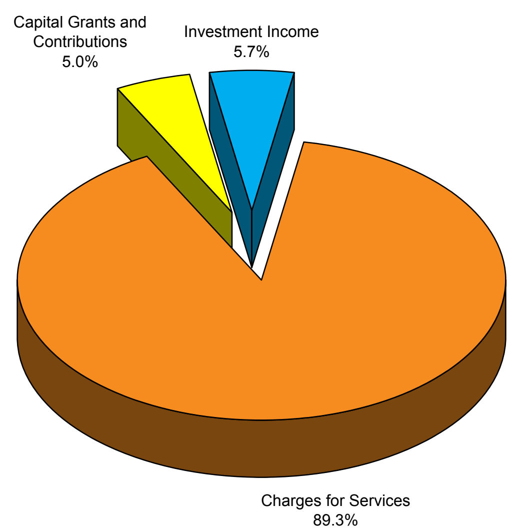
Business-type activities decreased the City's net assets by $38,057,000. Key elements of this decrease are as follows:

- Total revenues of $891,235,000 were $69,397,000 (8.4%) higher compared to prior year amounts primarily due to increases in investment income of $34,596,000 and charges for services of $43,810,000. These increases were partially offset by a decrease in capital grants and contributions of $9,055,000.
- Total expenses of $929,017,000 increased by $46,450,000 (5.3%) when compared to the prior year, primarily due to higher expenses in the Denver Airport System fund of $42,329,000 during 2010. Wastewater Management expenses in 2010 totaled $84,752,000 (9.1%) of total business-type activities. Denver Airport System expenses totaled $830,243,000 (89.4%) of business-type activities. The remaining $14,022,000 (1.5%) of expenses in business-type activities were related to Environmental Services and Golf activities.

Expenses and Program Revenues - Business-Type Activities
expressed in millions



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2010, the City's governmental funds reported combined ending fund balances of $798,383,000, an increase of $281,093,000 in comparison with the prior year. Approximately 72.6% ($579,445,000) of the total fund balance amount constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service ($104,277,000), 2) for emergency use ($32,998,000), 3) for notes receivable ($75,298,000), and 4) for a variety of other purposes ($6,365,000).

The General Fund is the chief operating fund of the City. As of December 31, 2010, unreserved/undesignated fund balance of the General Fund was $115,586,000 while total fund balance was $136,061,000. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved/undesignated fund balance represents 13.7% of total General Fund expenditures, including transfers out, of $846,807,000, while total fund balance represents 16.1% of the same amount.

The total fund balance of the City's General Fund increased by $22,841,000 (20.2%) during the year ended December 31, 2010. This was directly due to recovering revenues following the 2009 recession as well as cost savings measures implemented in 2010 to reduce overall expenditures.

Almost every revenue source increased slightly to moderately in 2010 due to a slow recovery of the economy. Total General Fund revenues, including transfers in, of $867,058,000 increased by $60,613,000 or 7.5%. Certain revenues in the General Fund that increased from 2009 to 2010 include:

- Sales and use taxes earned were higher by $21,979,000. The increase in sales and use tax is directly related to the recovering economy.
- Property tax revenues increased by $16,517,000 due to the one-time use of fire mill levy funds for pension and other safety operating costs in the General Fund.
- Occupational privilege tax revenues increased by $2,116,000 due to recovering economy.
- Lodgers tax revenue increased by $1,395,000, again, due to the economic recovery.
- Licenses and permit revenues increased by $5,342,000 largely due to an increase in construction activity.
- Investment income increased by $1,964,000, due to a slight increase in interest rates nationally.
- Charges for services increased by $7,104,000 to account for increased services provided to the Denver Airport System Enterprise Fund and other enterprise funds by General Fund agencies.
- Fines and forfeitures increased by $2,933,000 primarily due to increases in activity for traffic court fines and parking fines.

Some revenues in the General Fund decreased from 2009 to 2010, including:

- Intergovernmental Revenues decreased by $3,577,000 due to the portion of Highway Users Trust Fund revenue that supports Capital Improvements being deposited directly into the Capital Improvements Fund instead of being transferred from the General Fund.
- The motor vehicle ownership fee and registration tax collections were lower by $903,000 due to consumer buying habits related to the economy.

The national and local economies began to slowly recover in 2010 following the Great Recession of 2009. At the end of 2009, the City moved to reduce 2010 expenditures to respond to rapidly declining revenues. The result is that almost every agency saw a decrease in expenditures in 2010 from 2009. Some of the decrease was achieved through reductions in programs and operating expenditures, including supplies and equipment, and some of it was achieved through across the board personnel savings, including wage freezes, furlough days, and concessions from collective bargaining groups. Total General Fund expenditures, including transfers out, decreased by $19,461,000, or 2.2%.

The Human Services special revenue fund had a total fund balance of $10,830,000, of which $2,000,000 is reserved for the Human Services share of the TABOR reserve. The net increase in fund balance of $656,000 during the current year was mainly due to a decrease of $9,505,000 in Human Services current expenditures that was offset by a decrease in revenues, including transfers in, of $7,680,000.

An increase in fund balance in the Bond Projects fund of $240,448,000 primarily reflects the issuance of $302,610,000 in general obligation bonds.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of Wastewater Management were $508,631,000 and those for the Denver Airport System were $555,023,000. Net assets for all enterprise funds decreased $37,420,000. Other significant factors concerning the finances of the enterprise funds can be found in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the General Fund original budget and the final amended budget include a revision to both the projected revenues and expenditures.

Original revenue estimates for 2010, prepared in the summer of 2009, were based on a slow recovery with minimal growth in the economy. The original projection was for sales and use tax growth of 4.3% above 2009 amounts and an overall growth rate in the General Fund of 4.2% over 2009 revised figures. The revenue forecast, including transfers in, was revised upward by $13,540,000 or 1.6% during 2010 to primarily to account for actions taken to further respond to the impacts of the recession. The major revisions by individual revenue type are listed below.

- The sales and use tax estimate was revised down by $7,086,000 or 1.7% to account for the recession having a greater impact on collections than originally anticipated.
- The occupational privilege tax estimate was revised down by $2,763,000 or 6.5%, again due to the lingering effects of the recession on job growth.
- Investment income projections were revised down by $3,189,000 or 51.4% to account for continued low interest rates and the use of fund balance.

- Licenses and permitting revenues projections were revised up by $4,918,700 or 30.7% due to an increase in construction activity and the introduction of the medical marijuana business in Colorado.
- Fines and forfeit revenues estimates were revised up by $2,932,000 or 6.2% due primarily to the elimination of an early payment discount for traffic violations.
- Transfers in was revised up by $8,950,000 or 29.3% due to the one-time transfer of excess fire pension mill levy into the General Fund for pension-related costs.

In 2010, the original budget anticipated a use of fund balance of $8,759,000, not accounting for contingency and projected appropriations that would be unspent at the end of the year. It was later anticipated that reserves would increase by $25,782,000 due to savings and revenue measures enacted throughout 2010. Though the final approved expenditure budget was not formally reduced, an additional $22,754,000 in unspent appropriations was projected to be realized as savings by year-end. In the end, reserves increased by $22,264,000.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following paragraph. The national and local economies slowly improved throughout 2010, though revenues were still far below historical levels.

General Fund revenues, including transfers in, were approximately $1,592,000 higher than the revised budget for 2010, or 0.2%, primarily due to various revenues performing better than expected. General Fund budget basis expenditures were approximately $31,932,000 less than the final budget. This is due to achieving expected unspent appropriations, due in large part of savings measures put in place to respond to the recession, including furloughs, program reductions, compensation savings, and equipment replacement deferrals.

Capital Assets and Bonded Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2010, were $6,393,761,000 (net of accumulated depreciation). This investment in capital assets includes land and land rights, collections, buildings and improvements, equipment and other, park facilities, and, for governmental activities, infrastructure (including streets, alleys, traffic signals and signs, and bridges). Infrastructure-type assets of business-type activities are reported as buildings and improvements. The City's capital assets by activity at December 31, 2010 and 2009 are shown in **Table 3** (dollars in thousands):

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land and construction in progress	$ 385,292	$ 638,857	$ 352,624	$ 430,721	$ 737,916	$ 1,069,578
Buildings and Improvements	2,016,542	1,594,623	4,983,853	4,851,911	7,000,395	6,446,534
Equipment and other	274,372	269,831	740,973	710,037	1,015,345	979,868
Collections	73,702	68,356	-	-	73,702	68,356
Infrastructure	1,155,277	1,103,623	-	-	1,155,277	1,103,623
Less accumulated depreciation	(1,250,566)	(1,157,974)	(2,338,308)	(2,144,109)	(3,588,874)	(3,302,083)
Total	**$ 2,654,619**	**$ 2,517,316**	**$ 3,739,142**	**$ 3,848,560**	**$ 6,393,761**	**$ 6,365,876**

Major capital asset activity for the year ended December 31, 2010 included the following:

Governmental Activities:

- The Justice Center was completed and placed in service in July 2010.
- Approximately $36,493,000 in Better Denver Bonds projects were completed and placed in service. Additionally, there was approximately $60,500,000 of construction in progress on Better Denver Bond projects that construct or improve City buildings and facilities.

Business-type Activities:

- Additions to the Wastewater Storm Collection system of $21,700,000.
- Additions to the Wastewater Sanitary Collection system of $6,300,000.
- The Denver Airport System began construction on a 4.4 megawatt facility solar-energy installation.

Additional information on the City's capital asset activity for the year can be found in Note III-D in the notes to basic financial statements.

Bonded Debt

At December 31, 2010, the City had total bonded indebtedness of $5,238,454,000 (excluding GID Bond of $5,955,000). Of this amount, $969,229,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt, $4,269,225,000, represents bonds and commercial paper notes secured by specified revenue sources (i.e., revenue bonds of the Denver Airport System, Wastewater Management, and excise tax revenue bonds). The City has no outstanding commercial paper notes as of December 31, 2010.

As of December 31, 2010, the City's general obligation debt is rated AAA by Standard & Poor's rating agency, Fitch Ratings, and Moody's Investors Service.

In June 2010, the City issued $37,910,000 of Series 2010A Tax-Exempt General Obligation Better Denver Bonds and $312,055,000 of Series 2010B Taxable General Obligation Better Denver Bonds (Direct Pay Build America Bonds).

In October 2010, the City issued $44,650,000 of Series 2010D General Obligation Better Denver Bonds to provide new money for the Better Denver Bond Projects.

The Airport System's senior lien debt is currently rated at A+ with stable outlooks by Standard & Poor's and Fitch Ratings as of December 2010. Moody's Investors Service rated it A1 with a negative outlook as of December 31, 2010.

In January 2010, the Airport System terminated the 1999 and 2002 Swap Agreements with RFPC Ltd, due to deterioration in the credit ratings of AMBAC, the credit support provider for those swaps. The Airport System simultaneously entered into an interest rate swap agreement with Loop Financial Products I LLC to replace the 1999 swap agreement. The Airport System received $10,570,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $11,460,000 due to RFPC, Ltd. As a result of receiving $10,570,000 from Loop Financial Products I LLC, the fixed rate to be paid by the Airport System to Loop Financials Products I LLC will take into account such payments and will be above the market rate. The 2002 swap agreement was not replaced.

In February 2010, the Airport System terminated the 2007A swaps to monetize the economic value of those agreements. The airport system received $11,092,000 from the counterparties for the settlement of the agreements.

On March 9, 2010, the Airport System issued $171,360,000 of the Series 2010A Airport System Revenue Bonds in a fixed-rate mode. The proceeds of the Series 2010A bonds were used together with other Airport monies to current refund all of the Airport System Revenue Bonds, Subseries 2008A2 Term Rate Bonds, and to purchase and retire portions of the Airport System Revenue Bonds Subseries 2008A3 and Subseries 2008A4.

Outstanding bonded debt at December 31, 2010, and 2009, is reflected in **Table 4** (dollars in thousands):

Table 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General obligation bonds	$ 969,229	$ 616,209	$ -	$ -	$ 969,229	$ 616,209
Revenue bonds	266,640	278,450	4,002,585	4,164,880	4,269,225	4,443,330
Total	**$ 1,235,869**	**$ 894,659**	**$ 4,002,585**	**$ 4,164,880**	**$ 5,238,454**	**$ 5,059,539**

Additional information on the City's bonded debt for the year can be found in **Note III-G** in the notes to the basic financial statements.

Economic Factors and Next Year's Budget

The original 2011 budget assumed moderate growth in the local economy. By the last quarter of 2010 the economy was continuing to improve in many areas. The 2011 General Fund original revenues, including transfers in, are projected to be $871,498,000, which is an increase of 0.5% from actual 2010 revenues. It is anticipated that 2011 revenues will be revised upward to reflect better than expected performance in 2010 and the early part of 2011. Measures have been taken to have expenditures be in line with anticipated revenues.

It is anticipated that unreserved-undesignated fund balance will decrease to approximately 10.5% of expenditures during 2011 as was originally budgeted for 2011. This is appropriate during an economic downturn according to our financial policies.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Controller's Office, 201 West Colfax Avenue, Department 1109, Denver, CO 80202. The report is available online at *www.denvergov.org/controller*.

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BASIC FINANCIAL STATEMENTS

Statement of Net Assets

December 31, 2010 (dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash on hand	$ 6,301	$ -	$ 6,301	$ 18,133
Cash and cash equivalents	673,236	161,589	834,825	71,378
Investments	-	385,266	385,266	124,473
Receivables (net of allowances):				
Taxes	353,462	-	353,462	71,141
Notes	75,298	-	75,298	-
Accounts	21,202	62,854	84,056	24,229
Accrued interest	2,642	5,823	8,465	104
Other	-	-	-	32,866
Due from other governments	38,893	-	38,893	-
Internal balances	10,829	(10,829)	-	-
Inventories	2,198	10,879	13,077	8,867
Prepaid items and other assets	1,647	2,696	4,343	11,382
Restricted assets:				
Cash and cash equivalents	58,955	80,556	139,511	180,831
Investments	-	849,642	849,642	55,085
Accounts receivable	-	440	440	-
Accrued interest receivable	-	1,730	1,730	-
Other receivables	-	17,197	17,197	-
Prepaid items	-	2,212	2,212	-
Net assets held by third party	-	-	-	190,193
Deferred charges	28,866	-	28,866	-
Long-term receivables (net of allowances)	51,156	4,885	56,041	185,776
Denver Water CIS (net of amortization)	-	5,206	5,206	-
Bond issue costs and other assets (net of accumulated amortization)	8,575	45,951	54,526	23,545
Interest rate swaps	-	31,714	31,714	-
Assets held for disposition	4,718	9,620	14,338	-
Capital assets:				
Land and construction in progress	385,292	352,624	737,916	339,371
Buildings, improvements, infrastructure, collections, and equipment, net of accumulated depreciation	2,269,327	3,386,518	5,655,845	1,764,018
Total Assets	**3,992,597**	**5,406,573**	**9,399,170**	**3,101,392**
Deferred outflows				
Accumulated decrease in fair value of hedging derivatives	16,764	1,814	18,578	9,759
Liabilities				
Vouchers payable	71,368	32,924	104,292	32,468
Accrued liabilities	56,989	61,407	118,396	52,267
Unearned revenue	296,945	37,003	333,948	162,619
Interest rate swaps	23,852	207,548	231,400	28,943
Advances	3,683	-	3,683	901
Due to taxing unit	523	-	523	-
Due to other governments	-	-	-	5,966
Liabilities payable from restricted assets	-	97,998	97,998	-
Bonds with demand features	-	-	-	209,410
Noncurrent liabilities:				
Due within one year	101,839	150,578	252,417	48,478
Due in more than one year	1,829,892	3,708,164	5,538,056	976,412
Total Liabilities	**2,385,091**	**4,295,622**	**6,680,713**	**1,517,464**
Deferred inflows				
Accumulated increase in fair value of hedging derivatives	-	12,789	12,789	478
Net Assets				
Invested in capital assets, net of related debt	1,211,215	114,343	1,325,558	1,296,906
Restricted for:				
Capital projects	-	26,454	26,454	92,714
Emergency use	32,998	-	32,998	246
Debt service	126,771	643,063	769,834	102,825
Donor and other restrictions:				
Expendable	14,721	-	14,721	114,862
Nonexpendable	3,605	-	3,605	101,793
Other purposes	6,365	-	6,365	-
Unrestricted (deficit)	228,595	316,116	544,711	(116,137)
Total Net Assets	**$ 1,624,270**	**$ 1,099,976**	**$ 2,724,246**	**$ 1,593,209**

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended December 31, 2010 (dollars in thousands)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities:				
General government	$ 249,106	$ 79,636	$ 20,277	$ 7,417
Public safety	526,007	76,695	29,792	-
Public works	144,211	53,643	23,067	23,422
Human services	119,530	2,705	72,644	-
Health	53,499	1,969	10,259	-
Parks and recreation	67,709	6,474	25,308	6,168
Cultural activities	100,190	21,286	3,349	699
Community development	47,501	13,630	16,562	50
Economic opportunity	25,905	17,407	8,968	-
Interest on long-term debt	70,453	-	-	-
Total Governmental Activities	**1,404,111**	**273,445**	**210,226**	**37,756**
Business-type Activities:				
Wastewater management	84,752	75,363	-	13,984
Denver airport system	830,243	703,997	-	30,600
Environmental services	6,087	8,021	-	-
Golf course	7,935	8,744	-	-
Total Business-type Activities	**929,017**	**796,125**	**-**	**44,584**
Total Primary Government	**$ 2,333,128**	**$ 1,069,570**	**$ 210,226**	**$ 82,340**
Component Units	**$ 627,887**	**$ 341,516**	**$ 240,485**	**$ -**

General revenues:

Taxes:

Facilities development admissions
Lodgers
Motor vehicle ownership fee
Occupational privilege
Property
Sales and use
Specific ownership
Telephone

Special assessments
Investment and interest income
Contributed assets
Convention Center revenue
Other revenues

Transfers

Total General Revenues and Transfers

Change in net assets

Net assets - January 1, as previously reported

Change in accounting principle - GASB 53

Net assets - January 1, as restated

Net assets - December 31

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (141,776)	$ -	$ (141,776)	
(419,520)	-	(419,520)	
(44,079)	-	(44,079)	
(44,181)	-	(44,181)	
(41,271)	-	(41,271)	
(29,759)	-	(29,759)	
(74,856)	-	(74,856)	
(17,259)	-	(17,259)	
470	-	470	
(70,453)	-	(70,453)	
(882,684)	**-**	**(882,684)**	
-	4,595	4,595	
-	(95,646)	(95,646)	
-	1,934	1,934	
-	809	809	
-	**(88,308)**	**(88,308)**	
(882,684)	**(88,308)**	**(970,992)**	
			$ (45,886)
7,160	-	7,160	-
49,136	-	49,136	13,844
17,004	-	17,004	-
41,818	-	41,818	-
295,381	-	295,381	67,720
447,071	-	447,071	31,262
84	-	84	223
9,653	-	9,653	-
1,397	-	1,397	-
21,730	50,424	72,154	13,993
-	-	-	212
17,852	-	17,852	-
40,170	102	40,272	45,792
275	(275)	-	-
948,731	**50,251**	**998,982**	**173,046**
66,047	(38,057)	27,990	127,160
1,565,816	1,305,009	2,870,825	1,490,574
(7,593)	(166,976)	(174,569)	(24,525)
1,558,223	1,138,033	2,696,256	1,466,049
$ 1,624,270	**$ 1,099,976**	**$ 2,724,246**	**$ 1,593,209**

Balance Sheet - Governmental Funds

December 31, 2010 (dollars in thousands)

	General	Human Services	Bond Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash on hand	$ 31	$ 207	$ -	$ 6,063	$ 6,301
Cash and cash equivalents	72,894	10,009	303,081	244,675	630,659
Receivables (net of allowances of $96,233)					
Taxes	123,142	51,269	-	179,051	353,462
Notes	70	-	-	75,228	75,298
Accounts	18,929	9,347	-	43,849	72,125
Accrued interest	515	-	957	907	2,379
Interfund receivable	23,752	-	-	2,973	26,725
Due from other governments	-	2,652	-	36,241	38,893
Prepaid items and other assets	453	-	400	794	1,647
Restricted assets:					
Cash and cash equivalents	19,952	2,000	31	36,947	58,930
Assets held for disposition	-	-	-	4,718	4,718
Total Assets	**$ 259,738**	**$ 75,484**	**$ 304,469**	**$ 631,446**	**$ 1,271,137**
Liabilities and Fund Balances					
Liabilities:					
Vouchers payable	$ 12,284	$ 5,290	$ 19,056	$ 33,420	$ 70,050
Accrued liabilities	25,520	2,093	-	1,105	28,718
Due to taxing units	31	-	-	492	523
Interfund payable	2,934	5,095	208	9,127	17,364
Deferred revenue	82,757	51,982	-	217,677	352,416
Advances	151	194	-	3,338	3,683
Total Liabilities	**123,677**	**64,654**	**19,264**	**265,159**	**472,754**
Fund Balances:					
Reserved for:					
Notes receivable	70	-	-	75,228	75,298
Prepaid items and other assets	453	-	400	794	1,647
Assets held for disposition	-	-	-	4,718	4,718
Emergency use	-	2,000	-	30,998	32,998
Debt service:					
Long-term debt	19,952	-	-	55,133	75,085
Interest	-	-	31	29,161	29,192
Unreserved:					
Designated for subsequent years' expenditures, reported in:					
Capital projects funds	-	-	284,774	78,068	362,842
Undesignated, reported in:					
General Fund	115,586	-	-	-	115,586
Special revenue funds	-	8,830	-	84,282	93,112
Capital projects funds	-	-	-	4,300	4,300
Permanent fund	-	-	-	3,605	3,605
Total Fund Balances	**136,061**	**10,830**	**285,205**	**366,287**	**798,383**
Total Liabilities and Fund Balances	**$ 259,738**	**$ 75,484**	**$ 304,469**	**$ 631,446**	**$ 1,271,137**

See accompanying notes to basic financial statements.

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

December 31, 2010 (dollars in thousands)

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance-governmental funds	$ 798,383
Capital assets used in governmental activities, excluding internal service funds of $22,237, are not financial resources, and therefore, are not reported in the funds.	2,632,382
Accrued interest payable not included in the funds.	(27,909)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	84,337
Accumulated decrease in fair value of hedging derivative	16,764
Interest rate swap liability	(23,852)
Bond issue costs, net of accumulated amortization.	8,575
Internal service funds are used by management to charge the cost of these funds to their primary users-governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	10,091
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds (this excludes internal service liabilities of $57,230).	(1,874,501)
Net assets of governmental activities	**$ 1,624,270**

See accompanying notes to basic financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	General	Human Services	Bond Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Facilities development admission	$ -	$ -	$ -	$ 7,160	$ 7,160
Lodgers	13,316	-	-	35,820	49,136
Motor vehicle ownership fee	17,004	-	-	-	17,004
Occupational privilege	41,650	-	-	168	41,818
Property	80,913	48,722	-	165,746	295,381
Sales and use	409,817	-	-	37,254	447,071
Specific ownership	-	-	-	84	84
Telephone	2,787	-	-	6,866	9,653
Special assessments	-	-	-	1,397	1,397
Licenses and permits	28,571	-	-	1,336	29,907
Intergovernmental revenues	28,378	72,270	-	112,920	213,568
Charges for services	145,667	2,705	-	48,270	196,642
Investment and interest income	6,476	-	6,579	8,170	21,225
Fines and forfeitures	44,322	-	-	3,306	47,628
Contributions	8	374	-	5,579	5,961
Other revenue	10,186	1,766	-	41,888	53,840
Total Revenues	**829,095**	**125,837**	**6,579**	**475,964**	**1,437,475**
Expenditures					
Current:					
General government	165,018	-	1,095	77,584	243,697
Public safety	431,060	-	-	68,233	499,293
Public works	75,962	-	40,237	33,613	149,812
Human services	-	119,083	-	-	119,083
Health	42,924	-	-	10,111	53,035
Parks and recreation	41,800	-	1,444	14,968	58,212
Cultural activities	30,203	-	21	47,323	77,547
Community development	14,918	-	-	35,322	50,240
Economic opportunity	-	-	-	25,860	25,860
Debt service:					
Principal retirement	283	3,231	-	66,873	70,387
Interest	517	1,531	-	58,725	60,773
Bond issuance costs	-	-	2,891	150	3,041
Capital outlay	-	-	101,669	41,037	142,706
Total Expenditures	**802,685**	**123,845**	**147,357**	**479,799**	**1,553,686**
Excess (deficiency) of revenues over (under) expenditures	26,410	1,992	(140,778)	(3,835)	(116,211)
Other Financing Sources (Uses)					
Sale of capital assets	1,801	-	-	6,689	8,490
GID general obligation bonds issued	-	-	-	4,000	4,000
General obligation bonds issued	-	-	302,610	92,005	394,615
Capital leases	577	-	-	39,597	40,174
Payment to escrow	-	-	-	(129,779)	(129,779)
Commercial paper issued	-	-	70,000	-	70,000
Bond premium	-	-	8,656	200	8,856
Insurance recoveries	212	5	-	456	673
Transfers in	37,963	1,651	-	61,560	101,174
Transfers out	(44,122)	(2,992)	-	(53,785)	(100,899)
Total Other Financing Sources (Uses)	**(3,569)**	**(1,336)**	**381,266**	**20,943**	**397,304**
Net change in fund balances	22,841	656	240,488	17,108	281,093
Fund balances - January 1	113,220	10,174	44,717	349,179	517,290
Fund Balances - December 31	**$ 136,061**	**$ 10,830**	**$ 285,205**	**$ 366,287**	**$ 798,383**

See accompanying notes to basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2010 (dollars in thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ 281,093
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:	
Capital outlay, including sale of assets	206,195
Depreciation expense (excluding internal service)	(116,822)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	27,721
The issuance of long-term debt and other obligations (e.g., bonds, certificates of participation, and capital leases) provides current financial resource to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on change in net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:	
General obligation bonds issued	(394,615)
GID bonds issued	(4,000)
Commercial paper issued	(70,000)
Capital lease issued	(40,174)
Principal retirement on bonds	145,665
Issuance costs, premium, discounts and deferred gain (loss) on refunding	(2,292)
Capital lease principal payments	52,096
Additional escrow funding from proceeds	2,405
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences (excluding internal service)	(7,599)
Special incentive payable (excluding internal service)	(1,754)
Accrued interest payable	(8,948)
Legal liability	(637)
Pollution remediation	(167)
Net OPEB obligation	(6,021)
Note payable	2,879
Line of credit payable	505
Internal service funds are used by management to charge their cost to individual funds. The net expense of certain activities of internal service funds is reported within governmental activities.	517
Change in net assets of governmental activities	**$ 66,047**

See accompanying notes to basic financial statements.

Statement of Net Assets - Proprietary Funds

December 31, 2010 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Assets		
Current assets:		
Cash and cash equivalents	$ 8,028	$ 137,852
Investments	28,085	93,476
Receivables (net of allowance for uncollectibles of $2,024):		
Accounts	9,066	52,362
Accrued interest	130	5,642
Inventories	-	10,733
Interfund receivable	232	-
Prepaid items and other assets	848	1,834
Restricted assets:		
Cash and cash equivalents	-	76,017
Investments	-	163,433
Accounts receivable	-	-
Accrued interest receivable	-	1,715
Other receivables	-	17,197
Prepaid items	-	2,212
Total Current Assets	**46,389**	**562,473**
Noncurrent assets:		
Investments - unrestricted	-	263,705
Investments - restricted	-	686,209
Capital assets:		
Land and construction in progress	34,216	314,109
Buildings and improvements	16,723	1,999,547
Improvements other than buildings	690,499	2,247,619
Machinery and equipment	15,281	720,544
Accumulated depreciation	(238,036)	(2,083,584)
Net capital assets	518,683	3,198,235
Long-term receivables (net of allowances)	-	4,885
CIS net	5,206	-
Bond issue costs and other assets, net	235	45,594
Interest rate swaps	-	31,714
Assets held for disposition	-	9,620
Total Noncurrent Assets	**524,124**	**4,239,962**
Total Assets	**570,513**	**4,802,435**
Deferred Outflows		
Accumulated decrease in fair value of hedging derivatives	-	1,814

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 15,709	$ 161,589	$ 42,577
-	121,561	-
1,426	62,854	233
51	5,823	263
146	10,879	2,198
9	241	3,256
14	2,696	-
4,539	80,556	25
-	163,433	-
440	440	-
15	1,730	-
-	17,197	-
-	2,212	-
22,349	**631,211**	**48,552**
-	263,705	-
-	686,209	-
4,299	352,624	5,653
13,435	2,029,705	18,579
16,030	2,954,148	146
5,148	740,973	7,400
(16,688)	(2,338,308)	(9,541)
22,224	3,739,142	22,237
-	4,885	-
-	5,206	-
122	45,951	-
-	31,714	-
-	9,620	-
22,346	**4,786,432**	**22,237**
44,695	**5,417,643**	**70,789**
-	1,814	-

continued

Statement of Net Assets - Proprietary Funds, continued

December 31, 2010 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Liabilities		
Current liabilities:		
Vouchers payable	$ 2,362	$ 29,530
Revenue bonds payable	1,365	-
Accrued liabilities	852	48,204
Unearned revenue	13,578	23,095
Interfund payable	3,623	7,207
Capital lease obligations	-	-
Notes payable	1,173	-
Special Incentive Program payable	78	245
Compensated absences	554	2,114
Claims reserve	-	-
Construction payable	11,211	-
Due to other governments	950	-
Current liabilities (payable from restricted assets):		
Vouchers payable	-	24,165
Retainages payable	-	17,019
Notes payable	-	10,789
Accrued interest and other liabilities	-	25,343
Other accrued liabilities	-	31,471
Revenue bonds payable	-	133,605
Total Current Liabilities	**35,746**	**352,787**
Noncurrent liabilities		
Interest rate swaps	-	207,548
Notes payable	3,826	20,640
Revenue bonds payable, net	20,408	3,588,467
Unamortized premium	-	60,975
Capital lease obligations	-	-
Special Incentive Program payable	38	120
Compensated absences	1,864	5,900
Other accrued liabilities	-	-
Claims reserve	-	-
Total Noncurrent Liabilities	**26,136**	**3,883,650**
Total Liabilities	**61,882**	**4,236,437**
Deferred Inflows		
Accumulated increase in fair value of hedging derivatives	-	12,789
Net Assets		
Invested in capital assets, net of related debt (deficit)	485,933	(388,461)
Restricted for:		
Capital projects	-	22,959
Debt service	-	643,063
Unrestricted	22,698	277,462
Total Net Assets	**$ 508,631**	**$ 555,023**
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds		
Net assets of business-type activities		

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 1,032	$ 32,924	$ 1,318
425	1,790	-
190	49,246	362
330	37,003	-
255	11,085	1,773
150	150	666
-	1,173	-
13	336	20
47	2,715	504
-	-	10,386
-	11,211	-
-	950	-
-	24,165	-
-	17,019	-
-	10,789	-
-	25,343	-
-	31,471	-
-	133,605	-
2,442	**390,975**	**15,029**
-	207,548	-
-	24,466	-
4,900	3,613,775	-
33	61,008	-
337	337	19,544
6	164	-
670	8,434	777
-	-	9
-	-	25,324
5,946	**3,915,732**	**45,654**
8,388	**4,306,707**	**60,683**
-	12,789	-
16,871	114,343	2,027
3,495	26,454	-
-	643,063	-
15,941	316,101	8,079
$ 36,307	1,099,961	**$ 10,106**
	15	
	$ 1,099,976	

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Operating Revenues		
Charges for services	$ 75,363	$ 586,589
Other revenue	-	14,813
Total Operating Revenues	**75,363**	**601,402**
Operating Expenses		
Personnel services	19,340	112,230
Contractual services	14,578	278,436
Supplies and materials	1,180	19,199
Depreciation and amortization	15,682	181,496
District water treatment charges	33,567	-
Claims payments	-	-
Change in claims reserve	-	-
Other operating expenses	143	-
Total Operating Expenses	**84,490**	**591,361**
Operating income (loss)	(9,127)	10,041
Nonoperating Revenues (Expenses)		
Investment and interest income	2,190	47,752
Passenger facility charges	-	102,595
Disposition of assets	102	-
Grants	-	400
Interest expense	-	(225,054)
Other expense	-	(13,488)
Total Nonoperating Revenues (Expenses)	**2,292**	**(87,795)**
Income (loss) before capital grants, contributions, and transfers	(6,835)	(77,754)
Capital grants and contributions	13,984	30,200
Transfers in	-	-
Transfers out	(25)	-
Change in net assets	7,124	(47,554)
Net assets - January 1, as previously reported	501,507	769,553
Change in accounting principle - GASB 53	-	(166,976)
Net assets - January 1, as restated	501,507	602,577
Net Assets - December 31	**$ 508,631**	**$ 555,023**

Change in net assets of enterprise funds
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds
Change in net assets of business-type activities

See accompanying notes to basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 15,506	$ 677,458	$ 42,446
1,259	16,072	536
16,765	**693,530**	**42,982**
6,637	138,207	9,028
1,991	295,005	542
846	21,225	18,029
922	198,100	835
-	33,567	-
-	-	8,843
-	-	1,489
3,295	3,438	5,387
13,691	**689,542**	**44,153**
3,074	3,988	(1,171)
482	50,424	1,729
-	102,595	-
-	102	-
-	400	-
(296)	(225,350)	(13)
-	(13,488)	-
186	**(85,317)**	**1,716**
3,260	(81,329)	545
-	44,184	-
-	-	-
(250)	(275)	-
3,010	(37,420)	545
33,297	1,304,357	9,561
-	(166,976)	-
33,297	1,137,381	9,561
$ 36,307	**$ 1,099,961**	**$ 10,106**
	$ (37,420)	
	(637)	
	$ (38,057)	

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Cash Flows From Operating Activities		
Receipts from customers	$ 70,076	$ 620,610
Payments to suppliers	(37,756)	(299,439)
Payments to employees	(19,378)	(111,763)
Other receipts (payments)	-	-
Interfund activity	(10,296)	(17,512)
Claims paid	-	-
Other payments	-	-
Net Cash Provided by Operating Activities	**2,646**	**191,896**
Cash Flows From Noncapital Financing Activities		
Proceeds from imputed debt on swap termination	-	10,570
Operating grants received	-	401
Transfers out	(25)	-
Net Cash Provided (Used) By Noncapital Financing Activities	**(25)**	**10,971**
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital debt	-	1,639
Bond issue costs	-	(2,691)
Principal payments	(2,426)	(169,911)
Interest payments	-	(165,745)
Passenger facility charges	-	101,421
Payments on capital assets acquired through construction payables	(2,268)	(36,251)
Acquisition and construction of capital assets	(22,817)	(36,210)
Reimbursement from City for capital asset costs and proceeds from sale of assets	26,681	155
Interest paid	(1,167)	-
Contributions and advances	572	23,632
Payments to bond reserve fund	-	(900)
Net Cash Used by Capital and Related Financing Activities	**(1,425)**	**(284,861)**
Cash Flows From Investing Activities		
Purchases of investments	(203,013)	(4,736,385)
Proceeds from sale of investments	202,035	4,821,530
Proceeds from swap termination	-	11,092
Swap termination payments	-	(10,570)
Interest rate swap settlements	-	(37,895)
Sale of assets held for disposition; payments to maintain assets held	-	(4,498)
Insurance proceeds from remediation of asset held for disposition	-	10,116
Interest received	2,221	73,650
Net Cash Provided (Used) by Investing Activities	**1,243**	**127,040**
Net increase (decrease) in cash and cash equivalents	2,439	45,046
Cash and cash equivalents - January 1	5,589	168,823
Cash and Cash Equivalents - December 31	**$ 8,028**	**$ 213,869**

		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 16,688	$ 707,374	$ 43,205
(5,316)	(342,511)	(23,495)
(6,617)	(137,758)	(8,870)
-	-	536
-	(27,808)	-
-	-	(8,843)
(2,515)	(2,515)	-
2,240	**196,782**	**2,533**
-	10,570	-
-	401	-
(250)	(275)	-
(250)	**10,696**	**-**
-	1,639	20,210
-	(2,691)	-
(530)	(172,867)	(243)
-	(165,745)	(13)
-	101,421	-
-	(38,519)	-
(910)	(59,937)	(20,311)
-	26,836	-
(296)	(1,463)	-
-	24,204	-
-	(900)	-
(1,736)	**(288,022)**	**(357)**
-	(4,939,398)	-
-	5,023,565	-
-	11,092	-
-	(10,570)	-
-	(37,895)	-
-	(4,498)	-
-	10,116	-
498	76,369	1,647
498	**128,781**	**1,647**
752	48,237	3,823
19,496	193,908	38,779
$ 20,248	**$ 242,145**	**$ 42,602**

continued

Statement of Cash Flows - Proprietary Funds, continued

For the Year Ended December 31, 2010 (dollars in thousands)

	Business-type Activities - Enterprise Funds	
	Wastewater Management	Denver Airport System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	$ (9,127)	$ 10,041
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	15,682	181,496
Miscellaneous revenue	-	1,547
Accounts receivable, net of allowance	(80)	357
Interfund receivable	19	-
Inventories	(552)	6
Prepaid items and other assets	-	4,808
Vouchers payable	2,058	(4,730)
Unearned revenue	(5,225)	41
Accrued and other liabilities	(371)	14,792
Interfund payable	242	(16,462)
Claims reserve	-	-
Net Cash Provided by Operating Activities	**$ 2,646**	**$ 191,896**

Noncash Activities

The Airport System issued bonds in the amount of $171,360,000 in order to refund debt and fund capital projects. Net bond proceeds of $110,995,000 were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued interest amounts. Original issue premiums on bonds of $14,593,000 were realized on the issuance of bonds.

Assets acquired through capital contributions	$ 13,412	$ -
Unrealized gain (loss) on investments	-	15,819
Unrealized gain (loss) on derivatives	-	(8,741)
Capital assets acquired through accounts payable	11,211	34,650
Amortization of bond premiums and deferred losses on bond refundings	5	17,618

See accompanying notes to basic financial statements.

	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
	$ 3,074	$ 3,988	$ (1,171)
	922	198,100	835
	-	1,547	-
	(283)	(6)	(125)
	-	19	883
	(34)	(580)	287
	(14)	4,794	-
	(1,330)	(4,002)	503
	192	(4,992)	-
	42	14,463	(5)
	(329)	(16,549)	(163)
	-	-	1,489
	$ 2,240	$ 196,782	$ 2,533
	$ -	$ 13,412	$ -
	-	15,819	-
	-	(8,741)	-
	-	45,861	-
	8	17,631	-

Statement of Fiduciary Net Assets - Fiduciary Funds

December 31, 2010 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets			
Cash on hand	$ -	$ 90	$ 2,966
Cash and cash equivalents	40,188	1,057	19,648
Securities lending collateral	145,904	-	-
Receivables (net of allowance for uncollectibles of $6,411):			
Taxes	-	-	561,483
Accounts	452	-	18
Accrued interest	2,490	-	-
Prepaid items	1,668	-	-
Investments, at fair value:			
U.S. government obligations	209,643	-	-
Domestic stocks and bonds	826,382	-	-
International stocks	400,486	-	-
Annuity	445,970	-	-
Mutual funds	54,097	-	-
Real estate	123,768	-	-
Other	210,901	-	-
Total investments	**2,271,247**	**-**	**-**
Capital assets, net of accumulated depreciation	3,971	-	-
Total Assets	**2,465,920**	**1,147**	**$ 584,115**
Liabilities			
Vouchers payable	2,136	329	391
Securities lending obligation	151,580	-	-
Other accrued liabilities	-	-	8,043
Due to taxing units	-	304	575,681
Total Liabilities	**153,716**	**633**	**$ 584,115**
Net Assets			
Net assets held in trust for pension benefits	1,725,680	-	
Net assets held in trust for OPEB benefits	76,463	-	
Net assets held in trust for deferred compensation benefits	510,061	-	
Net assets held in trust for other purposes	-	514	
Net assets held in trust for pension benefits and other purposes	**$ 2,312,204**	**$ 514**	

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
Additions		
Contributions:		
City and County of Denver	$ 38,427	$ -
Denver Health and Hospital Authority	6,725	-
Plan members	54,603	-
Total contributions	**99,755**	**-**
Investment earnings:		
Net appreciation in fair value of investments	191,971	-
Interest and dividends	86,695	-
Total investment earnings	**278,666**	**-**
Less investment expense	(7,268)	-
Net investment earnings	**271,398**	**-**
Securities lending earnings	660	-
Securities lending expenses:		
Borrower rebates	(54)	-
Agent fees	(152)	-
Net earnings from securities lending	**454**	**-**
Total net investment earnings	**271,852**	**-**
Other additions	-	237
Total Additions	**371,607**	**237**
Deductions		
Benefits	177,543	-
Refunds of contributions	696	
Administrative expenses	2,697	-
Total Deductions	**180,936**	**-**
Change in net assets	190,671	237
Net assets-January 1	2,121,533	277
Net assets-December 31	**$ 2,312,204**	**$ 514**

See accompanying notes to basic financial statements.

Statement of Net Assets - Component Units

December 31, 2010 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Union Station Project Authority	Denver Urban Renewal Authority	Water Board	Other Component Units	Total
Assets						
Cash on hand	$ -	$ -	$ -	$ 18,133	$ -	$ 18,133
Cash and cash equivalents	1,995	1,096	4,795	50,534	12,958	71,378
Investments	-	-	-	102,244	22,229	124,473
Receivables:						
Taxes	1,999	-	57,546	-	11,596	71,141
Accounts	-	-	596	19,295	4,338	24,229
Accrued interest	-	-	104	-	-	104
Other	-	17,112	-	-	15,754	32,866
Inventories	-	-	-	8,122	745	8,867
Prepaid items and other assets	1,151	2,022	6,042	451	1,716	11,382
Restricted Assets:						
Cash and cash equivalents	79,274	3,761	80,909	-	16,887	180,831
Investments	-	-	-	55,085	-	55,085
Net assets held by third party	-	-	-	-	190,193	190,193
Long-term receivables	-	164,619	3,761	14,435	2,961	185,776
Other assets	10,440	-	1,382	11,381	342	23,545
Capital Assets:						
Land and construction in progress	23,421	4,434	-	293,989	17,527	339,371
Buildings and improvements	229,916	-	-	224,496	40,037	494,449
Improvements other than buildings	-	-	-	1,698,311	-	1,698,311
Machinery and equipment	40,808	-	-	231,107	12,889	284,804
Accumulated depreciation	(53,575)	-	-	(620,991)	(38,980)	(713,546)
Net Capital Assets	240,570	4,434	-	1,826,912	31,473	2,103,389
Total Assets	**335,429**	**193,044**	**155,135**	**2,106,592**	**311,192**	**3,101,392**
Deferred outflows						
Accumulated decrease in fair value of hedging derivatives	-	-	9,759	-	-	9,759
Liabilities						
Vouchers payable	2,922	-	-	22,604	6,942	32,468
Accrued liabilities	6,762	21,690	1,280	16,067	6,468	52,267
Unearned revenue	-	99,116	52,180	-	11,323	162,619
Interest rate swaps	-	-	28,943	-	-	28,943
Advances	517	-	384	-	-	901
Due to other governments	-	-	4,600	-	1,366	5,966
Bonds with demand features	-	-	209,410	-	-	209,410
Noncurrent liabilities:						
Due within one year	3,100	13,257	3,125	27,026	1,970	48,478
Due in more than one year	348,588	46,565	101,731	458,086	21,442	976,412
Total Liabilities	**361,889**	**180,628**	**401,653**	**523,783**	**49,511**	**1,517,464**
Deferred inflows						
Accumulated increase in fair value of hedging derivatives	-	-	478	-	-	478
Net Assets						
Invested in capital assets, net of related debt	(112,590)	2,211	-	1,401,820	5,465	1,296,906
Restricted for:						
Capital projects	48,534	-	44,180	-	-	92,714
Emergency use	-	-	-	-	246	246
Debt service	41,536	3,761	38,537	18,912	79	102,825
Donor and other restrictions:						
Expendable	-	-	3,038	-	111,824	114,862
Nonexpendable	-	-	-	-	101,793	101,793
Unrestricted (Deficit)	(3,940)	6,444	(322,992)	162,077	42,274	(116,137)
Total Net Assets (Deficit)	**$ (26,460)**	**$ 12,416**	**$ (237,237)**	**$ 1,582,809**	**$ 261,681**	**$ 1,593,209**

See accompanying notes to basic financial statements.

Statement of Activities - Component Units

For the Year Ended December 31, 2010 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Union Station Project Authority	Denver Urban Renewal Authority	Water Board	Other Component Units	Total
Expenses	$ 92,396	$ 141,433	$ 54,331	$ 240,297	$ 99,430	$ 627,887
Program Revenues						
Charges for services	78,024	-	1,385	233,507	28,600	341,516
Operating grants and contributions	-	176,288	-	27,803	36,394	240,485
Total Program Revenues	**78,024**	**176,288**	**1,385**	**261,310**	**64,994**	**582,001**
Net (expenses) revenues	(14,372)	34,855	(52,946)	21,013	(34,436)	(45,886)
General Revenues						
Taxes:						
Lodgers	-	-	1,240	-	12,604	13,844
Property	-	395	48,273	-	19,052	67,720
Sales and use	-	-	19,500	-	11,762	31,262
Specific ownership	-	-	-	-	223	223
Investment and interest income	120	9,012	3,197	1,336	328	13,993
Contributed assets	-	-	-	-	212	212
Other revenues	9,000	-	2,467	9,100	25,225	45,792
Net General Revenues	**9,120**	**9,407**	**74,677**	**10,436**	**69,406**	**173,046**
Change in net assets	(5,252)	44,262	21,731	31,449	34,970	127,160
Net Assets (deficit) - January 1, as previously reported	(21,208)	(31,846)	(234,443)	1,551,360	226,711	1,490,574
Change in accounting principle - GASB 53	-	-	(24,525)	-	-	(24,525)
Net assets - January 1, as restated	(21,208)	(31,846)	(258,968)	1,551,360	226,711	1,466,049
Net Assets (Deficit) - December 31	**$ (26,460)**	**$ 12,416**	**$ (237,237)**	**$ 1,582,809**	**$ 261,681**	**$ 1,593,209**

See accompanying notes to basic financial statements.

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Contents

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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

III. DETAILED NOTES FOR ALL FUNDS

IV. OTHER NOTE DISCLOSURES

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (USGAAP) applicable to governmental entities. A summary of the City and County of Denver's significant accounting policies applied in the preparation of these financial statements follows.

Note A – Reporting Entity

The City and County of Denver (City) was incorporated in 1861 and became a Colorado Home Rule City on March 29, 1904, under the provisions of Article XX of the Constitution of Colorado, as amended, when the people of the City ratified a Charter providing for a Mayor-Council form of government. The City is operated by authority of the powers granted by its Charter. The City provides typical municipal services with the exception of education, public housing, and sewage treatment that are administered by other governmental entities.

As required by USGAAP, these financial statements present the City (primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*. Certain amounts reported in the individual component unit financial statements have been reclassified to conform to the City's accounting policies. Each component unit has a December 31st year end, except for the Denver Art Museum, Inc., which has a September 30th year end.

1. **Blended Component Units.**

   Gateway Village General Improvement District – The City created the District as a separate legal entity pursuant to state law. The Districts' board of directors consists of the members of the City Council. The District is reported herein in the City's debt service and capital project funds because it is operated by City management and provides services entirely to the City.

   Denver 14th Street General Improvement District – The District was approved by voters November 3, 2009, as a separate legal entity pursuant to state law. The Districts' board of directors consists of the members of City Council. The District was formed to make infrastructure improvements to the 14th Street area in order to facilitate a connection to Denver City Park, the Cherry Creek Bike Path, and other destinations of interest.

2. **Discretely Presented Component Units.**

   9th Avenue, Cherry Creek North, Cherry Creek Subarea, Colfax, Downtown Denver, Old South Gaylord, and West Colfax Business Improvement Districts (BID) – Each BID is established by the City in accordance with state law for the purpose of maintaining public improvements and planning development activities within each BID's geographic boundaries. The City approves annual operating budgets for the BIDs and appoints the governing board of each BID. The 9th Avenue BID had no financial activity in 2010 or net assets to report as of December 31, 2010.

   Denver Art Museum, Inc. (DAM) – DAM operates the Denver Art Museum for the City. DAM is the Art Agency for the City. The City does not appoint a voting majority of the DAM's board. The City provides a material subsidy to the DAM, $2,211,000 for the 2010 fiscal year, to be used for general operating expenses of the museum and DAM employees are subject to the rules of the City's personnel system. The nature and significance of the relationship between the City and DAM is such that it would be misleading to exclude the DAM from the City's financial statements.

Denver Convention Center Hotel Authority (DCCHA) – The DCCHA was organized by the City as a nonprofit corporation in accordance with state law for the purpose of owning, acquiring, constructing, equipping, operating and financing a convention center hotel. The Mayor appoints the board of the DCCHA subject to City Council confirmation. The City approves the budget of the DCCHA. Certain excess revenues of the DCCHA are distributed to the City in accordance with an economic development agreement.

Denver Downtown Development Authority (DDDA) – The DDDA was created in August 2008 for the purpose of promoting public health, safety, prosperity, security, and general welfare in order to halt or prevent deterioration of property values or structures within the central business district and to assist in the development and redevelopment of the central business district, especially to benefit the property within the boundaries of the Authority. The DDDA will collect property and sales tax increment revenue from the City and disburse it to the Denver Union Station Project Authority and the Denver Union Station Metro Districts. In addition to the Denver Union Station Project Authority and the Denver Union Station Metro Districts, there exists within the boundaries of DDDA the Central Platte Valley Metropolitan District (CPV District). The CPV District only receives property tax revenue. The Board of Directors of DDDA are appointed by the City's Mayor and confirmed by City Council. The City Council can remove any of the Directors at will. The City entered into a cooperation agreement with DDDA, as a downtown development authority, on May 5, 2009, to authorize the collection and disbursement of property and sales tax increment revenues.

Denver Metro Convention and Visitor's Bureau, Inc. (Bureau), d/b/a VISIT DENVER – The Bureau is a nonprofit corporation organized to solicit, induce, and persuade sundry organizations to hold their conventions in the City and to encourage tourists and other persons to visit the City and state. The Bureau is closely related to the City because the City makes a significant annual appropriation to the Bureau and the Bureau must incorporate City comments and suggested changes into its annual budget.

Denver Museum of Nature and Science (DMNS) – The DMNS serves as the Natural History Agency of the City. DMNS operates and manages the Museum of Nature and Science at Denver City Park. The City makes an annual appropriation to DMNS, $1,495,000 for the 2010 fiscal year, as compensation for the care, control, maintenance, management, and development of the museum. DMNS must donate all of its rights, title, and interest in exhibits at the museum to the City for the benefit of the people of the City. The nature and significance of the relationship between the City and DMNS is such that it would be misleading to exclude the DMNS from the City's financial statements.

Denver Preschool Program, Inc. (DPP) – DPP is a nonprofit corporation organized to administer the Denver Preschool Program as defined in Article III of Chapter 11, of the Denver Revised Municipal Code. This program provides tuition credits for children of Denver families the year before the child is eligible for kindergarten. To fund the program, the voters of the City approved a sales and use tax increase of twelve one-hundredths of one percent (.12%) commencing on January 1, 2007, through December 31, 2016. The Mayor appoints six of the seven DPP board members and City Council appoints the other one.

Denver Union Station Project Authority (DUSPA) – The Denver Union Station Project Authority was formed June 30, 2008, with the Regional Transportation District, the Denver Regional Council of Governments and the Colorado Department of Transportation for the redevelopment of the Denver Union Station and its surrounding environs as a multimodal transportation center to serve as the future hub for several transportation modes in the City's metropolitan area. It will specifically deal with the financing, acquiring, equipping, designing, constructing, operating and maintaining the historic Denver Union Station building. The Mayor appoints the majority of the DUSPA board members, which are then confirmed by City Council, and can remove any City appointed board member at will.

Denver Urban Renewal Authority (DURA) – The DURA was created as a separate legal entity by the City pursuant to the state Urban Renewal Law to acquire, clear, rehabilitate, conserve, develop or redevelop identified slum or blighted areas existing within the City. The Mayor appoints the DURA board of directors subject to City Council approval. DURA cannot undertake any urban renewal projects unless the City approves the urban renewal plan. In 2009, the DURA established Denver Neighborhood Revitalization, Inc. (DNRI), a registered State of Colorado not-for-profit organization to address the needs in the Denver community related to foreclosed and/or abandoned homes. DNRI administers and executes the Neighborhood Stabilization Program (NSP) funds awarded by the City and County of Denver. DNRI activities include acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods within the City and County of Denver. For presentation purposes, DURA and DNRI financial activity is combined.

Water Board – The Water Board was created pursuant to the City Charter as a separate legal entity to oversee the City's water system. The Water Board's five-member governing body is appointed by the Mayor. Due to the significance of the relationship between the Water Board and the City, it would be misleading to exclude the Water Board financial statements from those of the City.

Complete financial statements of the following individual discretely presented component units can be obtained from their respective administrative offices:

9th Avenue BID
1700 Lincoln Street, Suite 3800
Denver, Colorado 80203

Cherry Creek Subarea BID
1593 South Jamica Street
Denver, Colorado 80012

Downtown Denver BID
511 16th Street, Suite 200
Denver, Colorado 80202

West Colfax BID
4500 West Colfax Avenue
Denver, Colorado 80204

Denver Convention Center Hotel Authority
1225 Seventeenth Street, Suite 3050
Denver, Colorado 80202

Denver Metro Convention and Visitor's Bureau, Inc., d/b/a VISIT DENVER
1555 California Street, Suite 300
Denver, Colorado 80202

Denver Preschool Program, Inc.
305 Park Avenue West, Suite B
Denver, Colorado 80205

Denver Urban Renewal Authority
1555 California Street, Suite 200
Denver, Colorado 80202

Cherry Creek North BID
299 Milwaukee Street, Suite 201
Denver, Colorado 80206

Colfax BID
P. O. Box 18853
Denver, Colorado 80218

Old South Gaylord BID
1096 South Gaylord Street
Denver, Colorado 80209

Denver Art Museum, Inc.
100 West 14th Avenue Parkway
Denver, Colorado 80204

Denver Downtown Development Authority
201 West Colfax Avenue, Department 1109
Denver, Colorado 80202

Denver Museum of Nature and Science
2001 Colorado Boulevard - City Park
Denver, Colorado 80205

Denver Union Station Project Authority
1225 17th Street, Suite 3050
Denver, Colorado 80202

Water Board
1600 West 12th Avenue
Denver, Colorado 80204

3. **Fiduciary Component Unit.**

Denver Employees Retirement Plan (DERP) – The DERP is a separate legal entity established by City ordinance to provide pension benefits for substantially all City employees, except police officers and fire fighters. The Mayor appoints the members of the DERP governing board. The DERP is presented herein in the City's fiduciary funds as Pension and Health Benefits Trust Funds. The net assets of the DERP are held for the sole benefit of the participants and are not available for appropriation by the City.

4. **Related Organizations.**

The City appoints members to the boards of the following organizations. The City's accountability for the organizations does not extend beyond making these appointments and there is no fiscal dependency by these organizations on the City.

Denver Health and Hospital Authority (Authority) – The Authority is a political subdivision and body corporate of the State of Colorado. The Authority is governed by a nine member board, all appointed by the Mayor. The Authority entered into contractual agreements with the City to obtain and operate the City's existing hospital system. In accordance with the contractual agreements between the Authority and the City, the City paid the Authority $52,983,000 for providing various health related services to the City and its residents during 2010. In addition, the Authority made payments in the amount of $1,930,000 to the City for human services, fleet, sheriff, and various human resources services.

Denver Housing Authority (DHA) – The DHA was created by ordinance in accordance with U. S. Department of Housing and Urban Development (HUD) regulations. Its five member board controls the daily administration and operations of the DHA. The DHA is dependent on Federal funds from HUD and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control over the DHA.

Denver Public Library Trust (DPL Trust) – The DPL Trust is a charitable entity formed by the Library Commission and the DPL Friends Foundation to accept inherited interests through a bequest. All assets of the DPL Trust derive from a percentage of an interest in two real estate partnerships. The Library Commission appoints the trustees of the DPL Trust. All funds received by the DPL Trust are deposited into a bank account managed by the DPL Trust and quarterly transferred to the DPL Friends Foundation. The monies may be requested during the Denver Public Library's annual budget request from the DPL Friends Foundation.

Lowry Economic Redevelopment Authority (Lowry) – Lowry was created as a public entity by contract between the City and another local government under the Colorado Governmental Immunity Act, C.R.S. Section 24-10-01. Lowry is a separate legal entity intended to maintain, manage, promote, and implement economic redevelopment of the former Lowry Air Force Base. The City is not fiscally accountable for Lowry. Lowry is governed by a nine-member board of directors of which the Mayor appoints seven.

Stapleton Development Corporation (SDC) – The City and DURA created a nonprofit corporation whose objectives would include, but not be limited to, planning an orderly public purpose assessment and redevelopment program for the former Stapleton International Airport property and implementing the redevelopment plan for the property. The SDC board of directors is composed of 11 voting members; the Mayor appoints 9 and 2 are appointed by DURA. All 11 members are confirmed by the City Council. SDC is not financially accountable to either the City or DURA, as the City and DURA cannot impose their will on SDC, nor does a financial benefit or burden exist between the entities.

Note B – Government-Wide and Fund Financial Statements

The government-wide financial statements, which include the statement of net assets and statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely generally on fees and charges to external parties. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net assets reports all of the City's assets and liabilities, with the difference between the two presented as net assets.

The statement of activities demonstrates the extent to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services provided by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, fiduciary funds (even though fiduciary funds are excluded from the government-wide financial statements), and component units. The emphasis of fund financial statements is on major governmental funds, enterprise funds, and component units, each reported as a separate column. All remaining governmental funds, enterprise funds, and component units, are aggregated and reported as nonmajor funds.

Note C – Measurement Focus, Basis of Accounting, and Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds, and component unit financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period or when matured. The City considers all revenue as available, if collected within 60 days after year end. Property taxes, sales and use taxes, franchise taxes, occupational privilege taxes, interest revenue, grant revenue, and charges for services are susceptible to accrual. Other receipts, fines, licenses, permits, and parking meter revenues become measurable and available when cash is received by the City and are recognized as revenue at that time. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements are met. Expenditures are recorded when the related liability is incurred, except for debt service expenditures, and certain compensated absences and claims and judgments, which are recognized when the payment is due.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.
- The Human Services special revenue fund is used to account for proceeds of restricted revenue to be used for public assistance and welfare activities.

- The Bond Projects capital projects fund is used to account for proceeds from the issuance of long-term debt to be used for paying the cost of projects as set forth in bond issuing ordinances.

The City reports the following major proprietary funds:

- The Wastewater Management fund accounts for the City's storm and sewer operations.

- The Denver Airport System fund accounts for the operation of the City's airport system which includes Denver International Airport.

The City reports the Denver Convention Center Hotel Authority, Denver Union Station Project Authority, Denver Urban Renewal Authority, and Water Board component units as major component units.

Additionally, the City reports the following fund-types:

- Internal service funds account for the print shop, fleet maintenance, asphalt plant, and workers' compensation services provided to the various departments and agencies of the City on a cost reimbursement basis.

- Pension trust funds account for the Denver Employees Retirement Plan and Deferred Compensation Plan which accumulate resources for pension and health benefit payments to qualified City retirees and amounts employees defer from their income.

- The private-purpose trust funds are used to account for resources legally held in trust by the City for use by various organizations for various purposes, i.e., COBRA payments and unclaimed warrants. All resources of the funds, including any earnings on invested resources, may be used to support the various activities of the organizations. There is no requirement to preserve the resources as capital.

- Agency funds account for the Employee Salary Redirect plan, clearing funds for payroll and benefit provider payments, and collected receipts being temporarily held for allocation to other entities. The agency funds are custodial in nature and do not involve measurement of results of operations.

The City reports its government-wide and enterprise fund financial statements following all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, for their enterprise funds and business-type activities. The City has elected not to implement this option. However, certain component units, including the Denver Art Museum, Inc., Denver Museum of Nature and Science, and the Denver Metro Convention and Visitor's Bureau, Inc. have elected this option.

The effect of interfund activity generally has been eliminated from the government-wide financial statements. Exceptions to this practice include payments and other charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions affected.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the administrative expenses, cost of sales and services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, the City uses the restricted resources first, then unrestricted resources as needed.

Note D – Assets, Liabilities, and Net Assets or Fund Balances

1. **Cash and Investments.** For the primary government, except when prohibited by trust agreements, the operating cash in each fund is maintained in one consolidated pool by the City Treasury. Cash in excess of operating requirements is invested by the City Treasurer. The City Charter, Section 2.5.3(C) and the Denver Revised Municipal Code, Section 20-21, authorize that investments may be made in U. S. government obligations, prime commercial paper, prime bankers' acceptances, repurchase agreements, forward purchase agreements, securities lending, highly rated municipal securities, and other similar securities as may be authorized by ordinance. The pension trust funds and component units maintain deposits and investments outside of the City Treasurer's pools. These are primarily in demand deposits and U.S. government obligations. Some pension trust funds have investments in real property.

   Investments are stated at fair value, which is primarily determined based upon quoted market prices at year end. Fair values of real estate and other investments are determined by independent periodic appraisals.

2. **Cash Equivalents.** The City considers all investments held in the Treasurer's consolidated pool to be cash equivalents. For investments owned by wastewater, the airport system, the pension trust funds, and the component units, investments with maturities of three months or less from the date of purchase are considered cash equivalents.

3. **Property Taxes Receivable.** Property taxes are reported as a receivable and as unearned or deferred revenue when the levy is certified by the City's Assessor on or before December 15 of each year, unless there is a special election. Property taxes receivable is reduced by an allowance for uncollectible taxes. Property taxes are due and considered earned on January 1 following the year levied. The first and second halves become delinquent on March 1 and June 16, respectively. Tax rate levy authority for the 2010 fiscal year was approved when Resolution 154, Series of 2010, was adopted by the City Council and approved by the Mayor.

4. **Water and Wastewater Service Accounts.** Sanitary sewer accounts are maintained, billed, and collected by the Water Board component unit in connection with its water accounts. The Wastewater Management enterprise fund is responsible for billing and collecting storm drainage charges using a cycle billing system. Flat rate accounts and certain cycle billings are billed in advance on a monthly basis and revenues relating to future years are classified as unearned revenue. Metered accounts are billed in arrears and have been accrued.

5. **Interfund Receivables/Payables.** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances from these transactions are classified as "interfund receivable" or "interfund payable" on the balance sheet/statement of net assets. Other interfund receivables/payables between individual funds have occurred because some funds have overdrawn their equity share of pooled cash.

6. **Due From Other Governments.** Due from other governments includes amounts due from grantors for grants for specific programs and capital projects. Program and capital grants for capital assets are recorded as receivables and revenues when all eligibility requirements are met. Revenues received in advance of project costs being incurred or for which eligibility requirements have not been met are deferred. In the governmental funds, revenue recognition depends on the timing of cash collections (availability).

7. **Inventories and Prepaid Items.** The City values inventories at cost, which approximates market, and accounts for them using either the weighted average method or the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

   Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

8. **Restricted Assets.** Certain assets of the General Fund, General Government special revenue fund and certain component units are classified as restricted assets because their use is completely restricted by State statute (see **Note IV-F-8**).

   In the General Fund and Human Services special revenue fund, certain monies related to capital leases (see **Note III-E-1**) are classified as restricted in accordance with lease requirements.

   Certain resources of the governmental activities and the Denver Airport System enterprise fund are classified as restricted assets because their use is limited by applicable bond covenants. These covenants require the accumulation of resources for current principal and interest on both bonds and subordinate bonds, principal and redemption price on term bonds subject to mandatory redemption, principal and interest emergency reserve, and operating and maintenance emergency reserve.

   Certain assets of the Environmental Services enterprise fund have been restricted by external parties to be used for future plant and equipment expenditures and payment of certain liabilities.

   Resources received through donor-restricted endowments are classified as restricted assets in the Denver Art Museum, Inc. and Denver Museum of Nature and Science component units.

9. **Capital Assets.** Land, collections, construction in progress, buildings, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities, or component unit columns of the government-wide financial statements. Such assets are recorded at cost or estimated cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold of the City is $5,000 except for internally generated software which has a threshold of $50,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

   Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

   Capital assets of the City and certain component units are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	5 to 100 years
Motor vehicles and motorized equipment	5 to 20 years
Furniture, machinery, and equipment	3 to 20 years
Collections	15 years
Infrastructure	6 to 50 years

   Collections primarily include library books which are depreciated over a 15-year life using the composite method. The Western History artwork collection, valued at $14,060,000 is not capitalized because these assets are held for public exhibition rather than financial gain. They are protected and preserved and proceeds from any sales must be used to acquire other items for collection.

Assets held for disposition consist primarily of the net book value of the Stapleton International Airport, which ceased aviation operations on February 27, 1995 and are recorded in the Denver Airport System enterprise fund. No depreciation is recorded for assets held for disposition. In addition, assets held for disposition in governmental funds consist of foreclosed property pending future sale.

10. **Long-term Obligations.** The City records long-term debt and other long-term obligations as liabilities in the government-wide and proprietary fund financial statements. Bond premiums, discounts, deferred refunding gains (losses), and issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method over the term of the debt, except for deferred refunding gains (losses) which are amortized using the same methods over the shorter of the term of either the new or old debt. Bond premiums, discounts, and deferred refunding gains (losses) are presented as an addition or reduction (net) of the face amount of the bond payable. Bond issuance costs are recorded as deferred charges. With few exceptions, bonds issued by the City are tax-exempt and subject to federal arbitrage regulations.

    In the fund financial statements for governmental fund-types, bond issuance costs are recognized as expenditures during the current period. Bond proceeds and bond premiums are reported as an other financing source. Bond discounts are reported as an other financing use. Issuance costs, even if withheld from actual net proceeds received, are reported as debt service expenditures.

11. **Compensated Absences.** The City has vacation, sick, and paid time off leave policies covering substantially all of its employees, as follows:

    Career Service Authority
    Fire and Police Departments' Classified Service
    Undersheriff
    District Attorney and Judges

    Employees may accumulate earned but unused benefits up to a specified maximum. The City has recorded an accrued liability for compensated absences in the government-wide and proprietary fund financial statements that was calculated using the vesting method.

12. **Special Incentive Program.** In 2009, the City approved a Special Incentive Program (SIP) for the purpose of reducing payroll expenses by encouraging employees eligible to retire to separate from employment. Under the SIP, each employee who separated from employment will receive $500 per month for thirty months beginning in January 2010. A total of 322 employees elected to participate in the program. The City recorded a current liability of $1,999,000 for the 2011 payments and a long term liability of $972,000 for the 2012 payments. The liability for 2012 was calculated using the present value of the payments. The discount rate of .14% used for the present value calculation was based on the average monthly projected yield of investments that will be used to fund the future payments.

13. **Net Assets.** In the government-wide and fund financial statements, net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets; less accumulated depreciation; and less any outstanding borrowings related to the acquisition, construction, or improvement of those assets. Certain net assets are restricted for capital projects, emergency use, debt service, and by donor restrictions.

14. **Fund Balance.** In the fund financial statements, governmental funds report reservations of fund balance representing amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

15. **Encumbrances.** Encumbrances for contracts and purchase orders are unencumbered at year end and reappropriated against the subsequent year's budget. As of December 31, 2010, $9,943,000 was reappropriated against the General Fund 2011 budget for remaining prior year encumbrances.

NOTE E – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

1. **Governmental Accounting Standards Board Statement No. 51.** In 2010, the City implemented the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and reporting requirements for intangible assets. There was no effect on beginning net assets for the implementation of GASB 51, as no amounts were material to the financial statements.

2. **Governmental Accounting Standards Board Statement No. 53.** In 2010, the City implemented the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and reporting requirements for the recognition, measurement, and disclosure of derivative instruments entered into by state and local governments. This change resulted in restating the beginning net assets for governmental activities, business-type activities, and component units. Additional information can be found in **Note G-7**.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

NOTE A – DEFICIT FUND EQUITY

At December 31, 2010, the Central Services internal service fund and the Workers' Compensation internal service fund (see Note IV-C), had deficit net assets in the amount of $462,000 and $1,897,000, respectively. In addition, the Denver Convention Center Hotel Authority (DCCHA), the Denver Preschool Program, Inc. (DPP), the Denver Urban Renewal Authority (DURA) and Old South Gaylord BID component units had deficit net assets in the amounts of $26,460,000, $1,226,000, and $237,237,000, and $2,000 respectively.

The City closely monitors the situation in the internal service funds and deficits are funded through unreserved fund balances/ unrestricted net assets of other funds.

The DCCHA component unit will use revenue from its hotel facility to fund its deficit net assets. The DPP receives sales tax revenue to fund its deficit net assets. The DURA component unit uses Tax Increment Financing (TIF), which is additional incremental property and sales taxes generated by redevelopment projects, to fund their deficit net assets.

NOTE B – EXCESS EXPENDITURES OVER AUTHORIZATIONS

Budget basis expenditures exceeded authorizations for the projects shown in **Table 1**.

Table 1

Excess Expenditures Over Authorizations

For the Year Ended December 31, 2010 (dollars in thousands)

	Authorization	Budget Basis Expenditures	Excess over Authorization
Adams Mark Tax Increment	$ 1,000	$ 1,240	$ 240
District Attorney	16,787	16,877	90
Emergency Management	536	572	36
Fire	104,350	104,929	579
Safety Administration	3,221	3,308	87
City Payments to Health Authority	2,342	2,343	1

The expenditures, which resulted in excess of authorization, were recorded because liabilities had been incurred before year end.

Detailed Notes for All Funds

Note A – Deposits and Investments

1. **Deposits.** The City Charter, Section 2.5.3(c), requires all banking or savings and loan institutions to pledge sufficient collateral as required by law (Public Deposit Protection Act (C.R.S., 11-10.5-101)) before any public funds are deposited. In addition, the City's Investment Policy requires that certificates of deposit be purchased from institutions that are certified as Eligible Public Depositories by the appropriate state regulatory agency. Under the PDPA, all deposits exceeding the amount insured by the FDIC are to be fully collateralized at 102% of the deposits with specific approved securities identified in the act. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institutions' trust department or agent in the "City's name."

   Custodial credit risk is the risk that, in the event of a failure of a financial institution or counterparty, the City would not be able to recover its deposits, investments or collateral securities. At December 31, 2010, the bank balance and carrying amounts of accounts managed by the City Treasurer were $5,518,000 and $11,170,000, respectively. The City's deposits, except for the pension trust fund, funds held by St. Paul/Travelers Insurance, and certain component units' deposits are subject to, and in accordance with, the State of Colorado's Public Deposit Protection Act (PDPA).

   St. Paul/Travelers Insurance manages an owner-controlled insurance plan on behalf of the Denver Airport System. St. Paul pays claims from an escrow account held in the Airport System's name that is uninsured, uncollateralized, and subject to custodial credit risk. The balance of the account at December 31, 2010, was $120,000.

   All deposits for DURA and DUSPA were not subject to custodial credit risk at December 31, 2010, since they were in PDPA eligible financial institutions. The Water Board had $463,000 in uncollateralized deposits that were subject to custodial credit risk at December 31, 2010. DCCHA had cash deposits at December 31, 2010, in bank accounts in excess of the FDIC insurance limits aggregating to approximately $1,745,000 that was subject to custodial risk.

2. **Investments.** It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Manager of Finance (the Manager), including investments of certain monies related to all governmental and business-type activities, and trust and agency funds. The City's Investment Policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the Manager for investment shall also be administered in accordance with the Investment Policy.

   The City Charter, Section 2.5.3(c), and Revised Municipal Code, Section 20-21, authorize the investments that the City can hold. The Investment Policy requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment portfolio. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolios. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

At December 31, 2010, the City's investment balances were as shown in **Table 2**.

Table 2

City Investment Balances

December 31, 2010 (dollars in thousands)

		Fair Value
Repurchase agreements	$	648
Money market funds		4,430
Local government investment pool		66,594
Commercial paper		435,749
Common stock		1,005,407
Mutual funds		277,634
State and local government securities		5,842
Municipal securities		8,871
U.S. Treasury securitites		590,019
U.S. agency securities		1,313,638
Corporate and mortgage bonds		221,462
Annuity contracts		216,162
Real estate		123,768
Other		234,774
Total Investments	**$**	**4,504,998**

The DERP pension trust fund had securities lending collateral of $170,037,000 at December 31, 2010; see **Note III-A-6** for additional discussion related to this balance.

At December 31, 2010, the investment balances of the discretely presented component units were as shown in **Table 3**.

Table 3

Component Units Investment Balances

December 31, 2010 (dollars in thousands)

		Fair Value
Money market funds	$	163,945
Commercial paper		30,086
Certificate of deposit		10,167
Local government investment pool		22,020
Mutual funds		681
U.S. Treasury securitites		109,601
U.S. agency securities		22,397
Investment contracts		24,883
Corporate bonds		3,153
Other		589
Total Investments	**$**	**387,522**

A reconciliation of cash and investments as shown in the basic financial statements as of December 31, 2010, is shown in **Table 4.**

Table 4

Reconciliation of Cash and Investments

December 31, 2010 (dollars in thousands)

	Primary Government	Component Units	Total
Governmental and Business-type Activities			
Cash on hand	$ 6,301	$ 18,133	$ 24,434
Cash and cash equivalents	834,825	71,378	906,203
Investments	385,266	124,473	509,739
Restricted cash and cash equivalents	139,511	180,831	320,342
Restricted investments	849,642	55,085	904,727
Total Governmental and Business-type Activities	**2,215,545**	**449,900**	**2,665,445**
Fiduciary			
Cash on hand	3,056	-	3,056
Cash and cash equivalents	60,893	-	60,893
Investments	2,271,247	-	2,271,247
Total Fiduciary	**2,335,196**	**-**	**2,335,196**
Total	4,550,741	449,900	5,000,641
Less deposit balance	(45,743) [1]	(62,378)	(108,121)
Total Investments	**$ 4,504,998**	**$ 387,522**	**$ 4,892,520**

[1] The carrying amount of the City's bank accounts, $11,170 plus fiduciary deposits of $40,188, less uncashed warrants of $15,183, plus other cash amounts of $9,568 equal $45,743.

Interest Rate Risk. Interest rate risk is the risk that changes in financial market interest rates will adversely affect the value of an investment. The City's Investment Policy limits interest rate risk for investments under the control of the Manager by limiting the maximum maturity of investments. Investments in commercial paper have a maximum maturity of 366 days. At December 31, 2010, the City's commercial paper maturity dates ranged from January 3, 2011 to July 6, 2011. U. S. Treasury and agency securities can have a maximum maturity of ten years. The Manager is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The Manager has waived the maximum maturity for certain investments in U. S. agency securities that are part of the Denver Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain airport system bonds, and also the investments held for the Cable Land Trust and Workman's Compensation.

At December 31, 2010, the City's investment balances and maturities for those investments subject to interest rate risk (excluding the DERP) is shown in **Table 5** (dollars in thousands):

Table 5

		Investment Maturities in Years			
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	Greater than 10
Commercial paper	$ 435,749	$ 435,749	$ -	$ -	$ -
Municipal bonds	7,936	-	-	-	7,936
U.S. Treasury securities	407,644	35,285	310,813	61,546	-
U.S. agency securities	1,286,370	168,268	920,942	147,847	49,313
Total	**$ 2,137,699**	**$ 639,302**	**$ 1,231,755**	**$ 209,393**	**$ 57,249**

The City's portfolio of U. S. agency securities includes callable securities and securities with scheduled interest changes. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2010, the City owned callable securities with a fair value of $163,410,000. Of these, securities with scheduled changes to predetermined interest rates had a fair value of $74,481,000.

The DERP limits its exposure to fair value losses due to rising interest rates by limiting investment duration as the primary measure of interest rate risk within some of its fixed income investments: intermediate – three to six years, and high yield – between (+) or (-) 10% of the duration of the Merrill Lynch High yield Cash Pay Index. At December 31, 2010, the DERP pension trust fund investment balances and maturities for those investments subject to interest rate risk are shown in **Table 6** (dollars in thousands).

Table 6

		Investment Maturities in Years			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**Greater than 10**
U.S. Treasury securities	$ 182,375	$ 1,287	$ 90,659	$ 59,215	$ 31,214
U.S. agency securities	27,268	268	14,136	8,047	4,817
Asset backed	1,894	-	1,407	-	487
Corporate bonds	182,134	1,119	76,021	81,007	23,987
Government bonds	31,067	4,911	15,144	7,420	3,592
Mortgage backed	6,367	2,598	645	562	2,562
Total	**$ 431,105**	**$ 10,183**	**$ 198,012**	**$ 156,251**	**$ 66,659**

Credit Quality Risk. Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the City. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U. S. Government or obligations explicitly guaranteed by the U. S. Government are assigned credit quality ratings of AAA. Of the City's investments at December 31, 2010, commercial paper, municipal bonds, municipal variable rate demand obligations (VRDO's), and local government investment pools were subject to credit quality risk. The VRDO's are associated with a financing issued by the City and County of Denver. The City's Investment Policy requires that commercial paper be rated by at least two recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's and Fitch, respectively, at the time of purchase. The Investment Policy requires that the municipal bonds and VRDO's have a minimum underlying issuer rating from at least one of the three rating agencies of A from Standard and Poor's and Fitch and A2 from Moody's. The Investment Policy also requires the local government investment pool to have over $1 billion in assets or have the highest current rating from one or more nationally recognized rating agencies.

As of December 31, 2010, the City owned commercial paper with a fair value of $435,749,000 that had two ratings of at least A-1 as rated by Standard & Poor's, P-1 as rated by Moody's, or F1 as rated by Fitch. The City owned $7,936,000 of municipal bonds and $935,000 of VRDO's that had ratings of at least A1 by Moody's or AA- by Standard & Poor's or Fitch. The City also had $66,061,000 invested in local government investment pools with a rating of AAAm by Standard & Poor's.

The DERP pension trust fund Investment Policy states that the DERP fixed income investment managers, excluding the DERP high yield manager, invest only in securities that are rated at BBB- or higher by one of the three established rating agencies. The DERP high yield investment manager is permitted to invest in securities rated CCC- or higher. The high yield manager is also permitted to invest 5% of its portfolio temporarily in bonds rated below CCC-.

Information on the credit ratings associated with the DERP investments in debt securities at December 31, 2010, is shown in **Table 7** (dollars in thousands).

Table 7

S&P	Moody's	Asset Backed	Corporate Bonds	Government Bonds	Mortgage Bonds	Total
AAA	Aaa	$ 813	$ 9,602	$ 31,067	$ 4,837	$ 46,319
AAA	NR	222	-	-	939	1,161
AA+ to AA-	A1 to Aa3	-	16,656	-	-	16,656
A+ to A-	A1 to Baa2	-	39,438	-	-	39,438
BBB+ to BBB-	A3 to Baa3	-	10,753	-	-	10,753
BB+ to BB-	B1 to Ba3	487	26,813	-	-	27,300
B+ to B-	B1 to Caa1	196	71,800	-	195	72,191
CCC+ to CCC	B3	-	6,410	-	-	6,410
NR	Aaa to Baa2	176	662	-	396	1,234
Total		**$ 1,894**	**$ 182,134**	**$ 31,067**	**$ 6,367**	**$ 221,462**

NR - no rating available.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2010, were subject to custodial credit risk.

In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102% of the market value of the portfolio by U.S. agency securities at the time of purchase. Collateral valuation is calculated and adjusted at least once per week, and adjusted on an as needed basis. Collateral for all investments, including repurchase agreements, are held in the City's name by the City's custodian, J.P. Morgan. The City did not own any repurchase agreements in its investment portfolio on December 31, 2010.

One City agency, the Office of Economic Development, owned repurchase agreements that are related to several bank accounts at Vectra Bank in relation to its HUD Section 108 programs. The cash in these accounts is invested each night in repurchase agreements issued by Vectra. The amounts in these accounts are held in the City's name and protected by the PDPA. In addition, Vectra pledges securities that are direct obligations of the U. S. Government, at a minimum collateralized value of 102% in compliance with HUD's investment requirements. The total repurchase agreements at December 31, 2010, was $648,000.

DERP has no formal policy for custodial credit risk. At December 31, 2010, there were no investments or collateral securities subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's Investment Policy states that a maximum of 5% of the portfolio may be invested in commercial paper, municipal securities, or certificates of deposit issued by any one provider. The City's Investment Policy also limits investments in money market funds to 25% of total investments and investments in municipal securities to 15% of total investments.

As of December 31, 2010, all investments in commercial paper, money market funds, and municipal securities were in compliance with this policy with one exception. The City purchased commercial paper issued by Credit Agricole North America on December 20, 2010. The purchase price of the investment was $24,980,166 which caused the total commercial paper investment in Credit Agricole North America to exceed 5% of the total portfolio. At December 31, 2010, the total commercial paper investment issued by Credit Agricole North America had a fair value of $119,953,150 which exceeded 5% of the total portfolio by $9,426,319. The total commercial paper investment in Credit Agricole North America fell below 5% of the total portfolio on January 18, 2011, when another holding of commercial paper of Credit Agricole North America matured.

The DERP Investment Policy mandates that no managed account may invest more than 5% of managed assets in the securities of a single issuer. As of December 31, 2010, all DERP investments were in compliance with this policy.

Foreign Currency Risk. Foreign Currency risk is the risk that changes in exchange rates will adversely affect their value of an investment or deposit. The City's Investment Policy, excluding the DERP pension trust fund, does not allow for investments in foreign currency. The DERP pension trust fund Investment Policy allows 18% to 26% of total investments to be invested in international equities. The DERP pension trust fund exposure to foreign currency risk as of December 31, 2010, is reflected in **Table 8** (dollars in thousands):

Table 8

Foreign Currency	U.S. Dollars
Equities:	
Euro	$ 106,680
British Pound	67,269
Japenese Yen	60,439
Swiss Franc	23,836
Austrialian Dollar	21,742
Chinese Yuan	11,770
Hong Kong Dollar	11,362
Brazillian Real	10,589
Canadian Dollar	9,629
South Korea Won	9,401
Thai Baht	8,920
Swedish Krona	8,708
Singapore Dollar	7,463
Norwegian Krone	5,030
Indian Rupee	5,004
South Africa Rand	4,497
Mexican Peso	3,839
Danish Krone	3,458
Israeli New Shekel	2,159
Turkish Lira	1,686
Russia Rubie	1,344
Polish Zloty	1,285
Malasia Ringgit	1,271
Indonesian Rupiah	1,084
Other Foreign Currency	2,491
Subtotal	**390,956**
Cash:	
Euro	38
British Pound Sterling	22
Canadian Dollar	4
Subtotal	**64**
Total Foreign Deposits and Investments	**$ 391,020**

3. **Denver Convention Center Hotel Authority (DCCHA).** DCCHA's investments were not subject to custodial credit risk at December 31, 2010, since they were covered by collateral held by DCCHA's custodial bank.

4. **Denver Urban Renewal Authority (DURA).** Although it does not have a formal policy to limit exposure to interest rate risk, DURA limits the maximum maturity of investments. At December 31, 2010, DURA's investment balances and maturities are shown in **Table 9** (dollars in thousands):

Table 9

		Investment Maturities in Years	
Investment Type	Fair Value	Less than 1	1 - 5
Money market funds	$ 23,624	$ 23,624	$ -
Guaranteed investment contracts	24,883	-	24,883
Local government investment pool	15,604	15,604	-
Total	**$ 64,111**	**$ 39,228**	**$ 24,883**

5. **Water Board.** To limit exposure to interest rate risk, the Water Board's Investment Policy limits investments to 270 days for commercial paper, 3 years for corporate fixed income securities, 4 years for U. S. agency securities, and 5 years for U. S. Treasury securities. At December 31, 2010, the Water Board's investment balances and maturities are shown in **Table 10** (dollars in thousands):

Table 10

		Investment Maturities in Years	
Investment Type	Fair Value	Less than 1	1 - 4
U.S. Treasury securities	$ 104,774	$ 75,035	$ 29,739
U.S. agency securities	22,397	5,109	17,288
Commercial paper	30,086	30,086	-
Corporate fixed income	3,072	1,041	2,031
Total	**$ 160,329**	**$ 111,271**	**$ 49,058**

The Water Board mitigates credit quality risk by limiting the purchase of investments in commercial paper to those rated either A1 or better by Standard & Poor's or P1 by Moody's. Corporate bonds must be rated AA- or better by Standard & Poor's or Aa3 or better by Moody's. As of December 31, 2010, all of the Water Board's investments in corporate bonds were rated AAA by Standard & Poor's or Aaa by Moody's. Money market funds must have a rating of AAAm by Standard & Poor's. All investments subject to credit risk had ratings at or above the minimum as required by the policy at December 31, 2010.

6. **Securities Lending.** The City participates in a securities lending program with certain qualified dealers. The securities are loaned to the dealer up to a maximum of one year in exchange for a predetermined fee. The City continues to receive interest earnings on the loaned securities. The securities are collateralized by the dealer. The collateral is held in the City's name by J.P. Morgan, the City's custodian. Collateral is limited to U.S. Government and/or its Agencies' securities with a maximum maturity of 30 years. Only those securities issued by Agencies approved for purchase under the City's Investment Policy are acceptable as collateral for these agreements. The initial market value of the collateral for each investment position maintained with a dealer shall be 102% of the market value of the securities being collateralized. Market value includes investment principal plus accrued interest. Collateral valuation levels with each dealer must be determined on at least a weekly basis, and deficiencies from the required 102% level must be cured no later than the following business day. The City had no securities on loan as of December 31, 2010.

The DERP pension trust fund participates in a securities lending program to augment income. The program is administered by the DERP custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U. S. Government securities, defined letters of credit or other collateral approved by the DERP. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The DERP continues to receive interest and dividends during the loan period as well as a fee from the borrower. There are no restrictions on the amount of securities that can be lent at one time. At December 31, 2010, the fair value of underlying securities lent was $171,626,000. The fair value of associated collateral was $170,037,000; of this amount, $145,904,000 represents the fair value of cash collateral and $24,133,000 is the fair value of non-cash collateral.

NOTE B – RECEIVABLES

1. **Accounts and Notes Receivable Allowances.** The City reviews its accounts receivables periodically and allowances for doubtful accounts are established based upon management's assessment of collection. **Table 11** represents the allowances for doubtful accounts at December 31, 2010:

Table 11

Allowances for Doubtful Accounts

December 31, 2010 (dollars in thousands)

	Governmental Activities	Business-type Activities	Fiduciary Funds
General Fund	$ 25,088	$ -	$ -
Human Services	604	-	-
Other Governmental Funds	70,541	-	-
Wastewater Management	-	1,015	-
Denver Airport System	-	1,009	-
Agency	-	-	6,411
Total	**$ 96,233**	**$ 2,024**	**$ 6,411**

2. **Notes Receivable.** The special revenue funds' and General Fund notes receivable balance at December 31, 2010, is shown in **Table 12** (dollars in thousands):

Table 12

Neighborhood Development Loans	$ 7,816
Economic Development Loans	52,207
Housing Development Loans	75,238
Total Office of Economic Development	**135,261**
Less allowances for delinquent loans	(8,570)
Less allowances for forgivable loans	(51,393)
Notes Receivable, Net	**$ 75,298**

Allowance for uncollectibles for notes receivable of $59,963,000 is included in the accounts receivable allowance of $96,233,000 above.

The Neighborhood, Economic and Housing Development loans are funded from both federal U.S. Housing and Urban Development grants and City monies designated for affordable housing. Recipients of affordable housing loans target low and moderate income households, special needs and the homeless. Rental and occupancy covenants are recorded on these properties for affordability periods of 20 years or more. Housing loans may be fully deferred and forgivable at the end of the affordability period, due and payable in full, or due and payable based on occupancy rates or other conditions. The Economic Development loans are made to qualified program recipients under the Community Development Block Grant to provide business owners with funds to promote job creation and growth in targeted areas. Loans are collateralized by the underlying properties.

3. **Long-Term Receivables Allowance.** Included in long-term receivables are amounts related to reimbursement for construction costs, parking fines, court fines, and library fines. The City recorded an allowance for uncollectible accounts for governmental activities of $33,143,000. The DURA component unit recorded an allowance of $4,376,000.

4. **Operating Leases.** The Denver Airport System leases portions of its Denver International Airport buildings and improvements to airline and concession tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases require retail concessions to pay a minimum guarantee or percentage of gross receipts, whichever is greater. Revenue from these operating leases of $70,217,000 was recognized in the Denver Airport System enterprise fund during the year ended December 31, 2010. Minimum future rentals due from concessions under operating leases are shown in **Table 13** (dollars in thousands):

Table 13

Year	
2011	$ 51,051
2012	48,177
2013	46,081
2014	14,385
2015	8,830
2016 - 2020	11,498
2021 - 2022	233
Total	**$ 180,255**

Leases with airlines with terms of 10 years and 30 years are terminable by the airline if the airline's cost per enplaned passenger exceeds $25 and $20 (in 1990 dollars), respectively. Rental rates for airlines are established using the rate making methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet rate maintenance covenants per governing bond ordinances.

Note C – Interfund Receivables, Payables, and Transfers

Tables 14 and **15** reflect the City's interfund balances as of December 31, 2010 (dollars in thousands):

1 **Interfund Payables/Receivables.**

Table 14

	Payable Fund								
Receivable Fund	General Fund	Human Services	Bond Projects	Nonmajor Governmental	Wastewater Management	Denver Airport System	Nonmajor Business-type	Internal Service	Total
General Fund	$ -	$ 2,312	$ 163	$ 8,956	$ 3,389	$ 6,936	$ 244	$ 1,752	$ 23,752
Nonmajor Governmental	217	2,689	10	46	1	-	5	5	2,973
Wastewater Management	-	-	29	-	-	203	-	-	232
Nonmajor Business-type	5	-	-	4	-	-	-	-	9
Internal Service Funds	2,712	94	6	121	233	68	6	16	3,256
Total	**$ 2,934**	**$ 5,095**	**$ 208**	**$ 9,127**	**$ 3,623**	**$ 7,207**	**$ 255**	**$ 1,773**	**$ 30,222**

These balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. In addition, some balances result from the overdraft of cash balances in the payable funds.

2. **Transfers.**

Table 15

	Transfers Out					
Transfers In	General Fund	Human Services	Nonmajor Governmental	Wastewater Management	Nonmajor Business-type	Total
General Fund	$ -	$ -	$ 37,963	$ -	$ -	$ 37,963
Human Services	1,651	-	-	-	-	1,651
Nonmajor Governmental	42,471	2,992	15,822	25	250	61,560
Total	**$ 44,122**	**$ 2,992**	**$ 53,785**	**$ 25**	**$ 250**	**$ 101,174**

Transfers are used to move revenues from the fund in which the City budget requires collection to the fund required to expend the monies, and to move unrestricted revenues collected in the General Fund to finance various activities accounted for in other funds.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, are shown in **Tables 16** and **17**:

1. **Governmental Activities.**

Table 16

Governmental Activities

For the Year Ended December 31, 2010 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	$ 251,333	$ 20,299	$ (2,361)	$ 4,780	$ 274,051
Construction in progress	387,524	165,527	(2,443)	(439,367)	111,241
Total capital assets not being depreciated	**638,857**	**185,826**	**(4,804)**	**(434,587)**	**385,292**
Capital assets being depreciated:					
Buildings and improvements	1,594,623	21,631	(3,982)	404,270	2,016,542
Equipment and other	269,831	10,876	(20,638)	14,303	274,372
Collections	68,356	4,753	(2,018)	2,611	73,702
Infrastructure	1,103,623	43,262	(5,011)	13,403	1,155,277
Total capital assets being depreciated	**3,036,433**	**80,522**	**(31,649)**	**434,587**	**3,519,893**
Less accumulated depreciation for:					
Buildings and improvements	(436,593)	(49,137)	2,648	-	(483,082)
Equipment and other	(195,928)	(26,339)	15,390	-	(206,877)
Collections	(32,459)	(4,244)	2,017	-	(34,686)
Infrastructure	(492,994)	(37,937)	5,010	-	(525,921)
Total accumulated depreciation	**(1,157,974)**	**(117,657)**	**25,065**	**-**	**(1,250,566)**
Total capital assets being depreciated, net	**1,878,459**	**(37,135)**	**(6,584)**	**434,587**	**2,269,327**
Governmental Activities Capital Assets, net	**$ 2,517,316**	**$ 148,691**	**$ (11,388)**	**$ -**	**$ 2,654,619**

2. Business-type Activities.

Table 17

Business-type Activities

For the Year Ended December 31, 2010 (dollars in thousands)

	January 1	Additions	Deletions	Transfers	December 31
Capital assets not being depreciated:					
Land and land rights	$ 322,383	$ 10	$ (12,940)	$ 54	$ 309,507
Construction in progress	108,338	96,281	(16,759)	(144,743)	43,117
Total capital assets not being depreciated	**430,721**	**96,291**	**(29,699)**	**(144,689)**	**352,624**
Capital assets being depreciated:					
Buildings and improvements	2,011,890	5,206	(4,653)	17,262	2,029,705
Improvements other than buildings	2,840,021	7,956	(705)	106,876	2,954,148
Machinery and equipment[1]	710,037	12,054	(1,669)	20,551	740,973
Total capital assets being depreciated	**5,561,948**	**25,216**	**(7,027)**	**144,689**	**5,724,826**
Less accumulated depreciation for:					
Buildings and improvements	(772,631)	(61,297)	1,839	-	(832,089)
Improvements other than buildings	(923,610)	(77,773)	144	-	(1,001,239)
Machinery and equipment	(447,868)	(58,398)	1,286	-	(504,980)
Total accumulated depreciation	**(2,144,109)**	**(197,468)**	**3,269**	**-**	**(2,338,308)**
Total capital assets being depreciated, net	**3,417,839**	**(172,252)**	**(3,758)**	**144,689**	**3,386,518**
Business-type Activities Capital Assets, net	**$ 3,848,560**	**$ (75,961)**	**$ (33,457)**	**$ -**	**$ 3,739,142**

[1]Includes $51 of intangible assets.

Note: Interest costs of $4,528 were capitalized during 2010.

3. Discretely Presented Component Units. Capital Asset activity for the Water Board and Denver Convention Hotel Authority and Denver Union Station Project Authority component units is shown in **Table 18**:

Table 18

Discretely Presented Component Units

For the Year Ended December 31, 2010 (dollars in thousands)

	January 1	Additions and Transfers	Deletions	December 31
Capital assets not being depreciated:				
Land and land rights	$ 202,744	$ 4,939	$ (756)	$ 206,927
Construction in progress	77,340	41,543	(3,966)	114,917
Total capital assets not being depreciated	**280,084**	**46,482**	**(4,722)**	**321,844**
Capital assets being depreciated:				
Buildings and improvements	447,522	7,136	(246)	454,412
Improvements other than buildings	1,648,231	66,129	(16,049)	1,698,311
Machinery and equipment	266,925	10,950	(5,960)	271,915
Total capital assets being depreciated	**2,362,678**	**84,215**	**(22,255)**	**2,424,638**
Less accumulated depreciation for:				
Buildings and improvements	(78,663)	(9,060)	93	(87,630)
Improvements other than buildings	(454,312)	(25,937)	5,027	(475,222)
Machinery and equipment	(99,981)	(14,299)	2,566	(111,714)
Total accumulated depreciation	**(632,956)**	**(49,296)**	**7,686**	**(674,566)**
Total capital assets being depreciated, net	**1,729,722**	**34,919**	**(14,569)**	**1,750,072**
Discretely Presented Component Units Capital Assets, net	**$ 2,009,806**	**$ 81,401**	**$ (19,291)**	**$ 2,071,916**[1]

[1]Excludes net capital assets of $31,473 of Other Component Units.

4. **Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is shown in **Table 19** (dollars in thousands):

Table 19

General government	$	15,234
Public safety		13,614
Public works, including depreciation of infrastructure		48,992
Human services		758
Health		17
Parks and recreation		9,897
Cultural activities		28,095
Community development		5
Economic opportunity		210
Capital assets held by internal service funds		835
Total	**$**	**117,657**

5. **Construction Commitments.** The City's governmental and business-type activities and component units have entered into construction and professional services contracts having remaining commitments under contract as of December 31, 2010, as shown in **Table 20** (dollars in thousands):

Table 20

Governmental Activities:		
Bond Projects	$	309,251
Capital Improvements		49,142
Entertainment and Culture		2,342
Total Governmental Activities	**$**	**360,735**
Business-type Activities:		
Wastewater Management	$	34,152
Denver Airport System		123,783
Total Business-type Activities	**$**	**157,935**
Component Units:		
Water Board	$	172,800
Total Component Units	**$**	**172,800**

The commitments for these funds are not reflected in the accompanying financial statements. Only the unpaid amounts incurred to date for these contracts are included as liabilities in the financial statements.

NOTE E – LEASE OBLIGATIONS

1. **Capitalized Leases.** The governmental activities capital leases are for various properties including the Wellington Webb Municipal Office Building, 2000 West Third Avenue Wastewater building, certain Human Services facilities, the Blair-Caldwell Research Library, the Buell Theatre, the 5440 Roslyn maintenance facility property, the Central Platte Valley Campus facilities, a jail dorm building, and portions of three parking garage/facilities. The capital leases also include certain computer software and network equipment, and public works, safety, and parks and recreation equipment. The Water Board leases are for 40% of the storage capacity and 40% of the water rights of Ritschard Dam and Wolford Mountain Reservoir, and leases of certain facilities.

The City provided funding for the construction of parking facilities adjacent to the Denver Museum of Nature and Sciences (DMNS) the Denver Zoo, and the Denver Botanic Gardens (DBG) from proceeds of certificates of participation (COP) financings. Under separate agreements, the DMNS, the Denver Zoological Foundation Inc., and DBG agreed to increase their admission charges and provide a portion of their admission revenues to help make the COP lease payments. In 2010, the DMNS collected and remitted $731,000 to the City to be applied to the lease payments. The Zoo collected and remitted $640,000. DBG collected and deposited $907,000 with a trustee to be applied to lease payments.

In addition to base rental payments, the lease agreement related to the Wellington Webb Municipal Office Building requires the City to make all payments for any swap agreements relating to the Series 2008A Certificates of Participation (COPs) entered into by the lessor. There are 3 swap agreements considered to be hybrid instruments embedded in the lease. See **III. DETAILED NOTES FOR ALL FUNDS, NOTE G – Long Term Debt, Section 7. Swap Agreements** for detailed information relating to the swaps.

In August 2010, the City executed and delivered $22,600,000 of Series 2010A Certificates of Participation (Central Platte Campus Facilities) in a private placement transaction. The proceeds were used to reimburse the City's Wastewater Management Division for capitalized expenditures for land and construction of public works, fleet maintenance and animal control facilities in the City's Central Platte Valley.

In October 2010, the City executed and delivered $36,120,000 of Series 2010B Refunding Certificates of Participation (Wastewater/Roslyn Properties). The proceeds were used to refund the Series 2001A, Series 2001B and Series 2001C Certificates of Participation.

The related net book values of plant and equipment under capital lease obligations as of December 31, 2010, are shown in **Table 21** (dollars in thousands):

Table 21

	Governmental Activities	Component Unit Water Board
Buildings	$ 365,919	$ 31,114
Land	32,193	-
Improvements other than buildings	-	82,320
Equipment	23,627	-
Less accumulated depreciation	(87,727)	(33,662)
Net Book Value	**$ 334,012**	**$ 79,772**

Table 22 is a schedule by year of future minimum lease obligations together with the present value of the net minimum lease payments as of December 31, 2010 (dollars in thousands):

Table 22

	Governmental Activities	Business-type Activities	Component Unit Water Board
2011	$ 28,355	$ 171	$ 16,113
2012	28,775	170	5,211
2013	29,357	170	5,210
2014	29,588	14	5,212
2015	28,064	-	5,211
2016 - 2020	130,212	-	15,710
2021 - 2025	101,514	-	-
2026 - 2030	97,997	-	-
2031	38,106	-	-
Total minimum lease payments	**511,968**	**525**	**52,667**
Less amounts representing interest	(67,377)	(38)	(10,247)
Present Value of Minimum Lease Payments	**$ 444,591**	**$ 487**	**$ 42,420**

2. **Operating Leases.** The City is committed under various cancelable leases for property and equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2010, were approximately $7,039,000, $803,000, and $2,663,000 for the governmental activities, business-type activities, and component units, respectively. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments should be approximately the same amount.

NOTE F – RATES AND CHARGES

The Denver Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations, maintenance, and debt service related to the airfield and space utilized by the airlines. Any differences between amounts collected and actual costs allocated to the airline's leased space are credited or billed to the airlines. As of December 31, 2010, the Denver Airport System has accrued a receivable balance of $6,831,000 for such amounts due from the airlines.

For the years ended December 31, 2000 through 2005, 75% of net revenues (as defined by bond ordinance) remaining at the end of each year is to be credited in the following year to the passenger airlines signatory to use and lease agreements; and thereafter it is 50%, capped at $40,000,000. The net revenues credited to the airlines for the year ended December 31, 2010, were $40,000,000 and have been accrued as a liability at year end.

NOTE G – LONG-TERM DEBT

1. **General Obligation Bonds.** The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 15 to 20-year serial bonds, except for refunding issues. General obligation bonds outstanding, excluding unamortized premium of $41,458,510, at December 31, 2010, are shown in **Table 23** (dollars in thousands):

Table 23

Purpose	Net Interest Cost	Interest Rates	Amount
General government	1.53% to 6.77%	2.00% to 5.65%	$ 969,229
Water Board component unit refunding		3.50% to 5.60%	28,090
Total			**$ 997,319**

In June 2010, the City issued $37,910,000 of Series 2010A Tax-Exempt General Obligation Better Denver Bonds and $312,055,000 of Series 2010B Taxable General Obligation Better Denver Bonds (Direct Pay Build America Bonds). The combined proceeds of the Series 2010A and Series 2010B Bonds were used to redeem $92,000,000 in commercial paper notes and provide approximately $259,700,000 of new money for the Better Denver Bond Projects that were authorized by the Denver voters in 2007. The Series 2010A Bonds are fixed rate bonds with final maturity in 2016. The Series 2010B Bonds are Qualified Build America Bonds for which the City chose to receive cash subsidy payments from the United States government equal to 35% of the interest payable on the bonds (the BAB credit). As such, the interest on the Series 2010B Bonds is taxable and the owners of the bonds will not receive any tax credits as a result of ownership. The Series 2010B Bonds are fixed rate bonds with final maturity in 2030.

In October 2010, the City issued $44,650,000 of Series 2010D General Obligation Better Denver Bonds to provide new money for the Better Denver Bond Projects. The Series 2010D Bonds are fixed rate bonds with final maturity in 2025. Subsequent to the issuance of the Series 2010D Bonds there remains $77,115,000 of authorized but unissued general obligation bonds attributable to the 2007 authorization. As of December 31, 2010, this is the City's only unissued bond authorization.

The City has no outstanding commercial paper notes on December 31, 2010.

General obligation bonds have been issued by the Gateway Village General Improvement District (GID) and the Denver 14th Street GID; however, these bonds are solely the obligation of the Districts and not the primary government. The Denver 14th Street GID issued $4,000,000 of Series 2010 Denver 14th Street General Improvement District, General Obligation Bonds in October 2010. As of December 31, 2010, there are bonds outstanding in the amount of $1,955,000 for the Gateway GID and $4,000,000 for the Denver 14th Street GID.

Annual debt service requirements to maturity for general obligation bonds are shown in **Table 24** (dollars in thousands):

Table 24

	Governmental Activities				Component Unit-Water Board	
	General Government		General Improvement District			
	Principal [1]	Interest [2]	Principal	Interest	Principal [3]	Interest
2011	$ 44,200	$ 42,854	$ 310	$ 381	$ 4,265	$ 1,391
2012	45,835	39,780	355	340	1,595	1,177
2013	47,755	37,693	370	325	1,995	1,112
2014	46,554	38,572	385	308	1,735	1,023
2015	51,530	33,402	405	291	1,850	948
2016 - 2020	248,715	130,153	1,060	1,217	3,440	3,919
2021 - 2025	222,755	88,133	780	973	1,660	3,348
2026 - 2030	261,885	29,516	1,100	658	11,550	2,585
2031	-	-	1,190	215	-	-
Total	**$ 969,229**	**$ 440,103**	**$ 5,955**	**$ 4,708**	**$ 28,090**	**$ 15,503**

[1] Does not include $2,291 and $1,675 of compound interest on the Series 1999A and 2007 mini-bonds respectively, unamortized premium of $41,459, or deferred amount on refunding of ($305).

[2] Interest amount is presented net of Direct Pay Build America Bonds subsidy. The City is eligible to receive $109 million over the remaining life of the bonds.

[3] Does not include unamortized net discount of ($165).

2. **Revenue Bonds.** The City and component units issue bonds and notes where income derived from acquired or constructed assets is pledged to pay debt service. Certain Airport system revenue bonds are subject to mandatory redemption requirements in 2011, and subsequent years. Revenue bonds outstanding, excluding unamortized premium (net of discount) of $76,051,000 and deferred amount on refunding of ($255,769,000), for the primary government, at December 31, 2010, are shown in **Table 25** (dollars in thousands):

Table 25

Purpose	Net Interest Cost	Interest Rates	Amount
Excise tax refunding	2.93% to 5.42%	2.25% to 6.00%	$ 266,640
Wastewater	4.98%	4.50% to 5.50%	21,715
Golf	4.80%	4.375% to 5.50%	5,325
Airport system	4.15% to 8.02%	0.31% to 7.75%	3,975,545
Total primary government			**4,269,225**
DCCHA component unit		4.125% to 5.25%	351,130
Water Board component unit		0.75% to 6.15%	377,665
Total			**$ 4,998,020**

Revenue bonds' debt service requirements to maturity are shown in **Tables 26** and **27** (dollars in thousands):

Table 26

	Governmental Activities		Business-type Activities					
			Golf Enterprise		Wastewater Management		Denver Airport System	
	Principal [1]	Interest	Principal [2]	Interest	Principal [3]	Interest	Principal [4]	Interest
2011	$ 17,500	$ 13,919	$ 425	$ 260	$ 1,365	$ 1,109	$ 133,605	$ 165,686
2012	18,490	13,095	450	236	1,430	1,047	141,185	158,264
2013	19,325	12,247	470	212	1,505	980	159,515	150,343
2014	20,175	11,358	495	191	1,580	904	144,600	141,329
2015	19,785	10,433	515	169	1,660	821	151,880	133,854
2016 - 2020	97,735	37,437	2,970	450	9,620	2,725	817,065	545,938
2021 - 2025	73,630	9,007	-	-	4,555	353	1,721,715	349,003
2026 - 2030	-	-	-	-	-	-	364,970	147,760
2031 - 2035	-	-	-	-	-	-	262,410	53,933
2036 - 2039	-	-	-	-	-	-	78,600	12,825
Total	**$ 266,640**	**$ 107,496**	**$ 5,325**	**$ 1,518**	**$ 21,715**	**$ 7,939**	**$ 3,975,545**	**$ 1,858,935**

[1]Does not include unamortized premium of $14,985 and deferred amount on refunding of ($2,296).
[2]Does not include unamortized premium of $33.
[3]Does not include unamortized premium of $58.
[4]Does not include unamortized premium of $60,975 and deferred amount on refunding of ($253,473).

Table 27

	Component Units			
	DCCHA		Water Board	
	Principal [1]	Interest	Principal [2]	Interest [3]
2011	$ 3,100	$ 17,417	$ 6,105	$ 18,459
2012	3,835	17,263	14,560	17,388
2013	4,335	17,071	15,415	16,736
2014	4,900	16,843	16,500	16,066
2015	5,485	16,586	17,260	15,284
2016 - 2020	37,515	78,417	73,760	65,376
2021 - 2025	59,940	66,970	77,765	47,745
2026 - 2030	87,230	49,547	47,990	33,253
2031 - 2035	144,790	24,572	59,395	21,246
2036 - 2040	-	-	48,915	6,551
Total	**$ 351,130**	**$ 304,686**	**$ 377,665**	**$ 258,104**

[1]Does not include unamortized premium of $7,506 and deferred amount on refunding of ($6,948).
[2]Does not include unamortized premium of $2,072 and deferred amount on refunding of ($254).
[3]Interest amount is presented net of Direct Pay Build America Bonds interest subsidy. The Board is eligible to receive $49 million over the remaining life of the bonds.

The City has pledged future facilities development tax and occupational privilege tax for payment of debt service on $28,245,000 of Series 2003 Excise Tax Revenue Refunding Bonds issued in April 2003. The bonds were issued for the purpose of refunding outstanding excise tax revenue bonds that financed the construction of the Colorado Convention Center. The total principal and interest remaining to be paid on the bonds is $15,078,000, with annual requirements of approximately $3,016,000. Over the past 10 years annual net revenues available for debt service have averaged $50,224,000. In 2010, debt service paid and net revenue available for debt service were $2,558,000 and $48,979,000, respectively.

The City has pledged portions of future lodger's tax, food and beverage tax, and short term auto rental tax for debt service on $33,940,000 of Series 2009B Excise Tax Revenue Refunding Bonds issued in June 2009. The bonds were issued for the purpose of refunding bonds that financed the construction of the Colorado Convention Center and are payable through 2014. The total principal and interest remaining to be paid on the bonds is $34,593,000, with annual requirements of approximately $8,648,000. Over the past 10 years annual net revenues available for debt service have averaged $27,822,000. In 2010, debt service paid and net revenue available for debt service were $4,198,000 and $32,928,000, respectively.

In January 2000, the City increased the tax rate on its lodger's tax and short term auto rental tax. The City has pledged the increase portion of those taxes for debt service on $149,190,000 of Series 2005A Excise Tax Revenue Refunding Bonds issued in August 2005, and $73,630,000 of Series 2009A Excise Tax Revenue Refunding Bonds issued in May 2009. The bonds were issued for the purpose of refunding bonds that financed the construction of the Colorado Convention Center and are payable through 2023. The total principal and interest remaining to be paid on the bonds is $324,465,000, with annual combined debt service requirements ranging from $19,824,000 to $27,571,000. Over the past 10 years annual net revenues available for debt service have averaged $33,180,000. In 2010, debt service paid and net revenue available for debt service were $19,828,000 and $43,468,000, respectively.

The City, through its Department of Aviation, has pledged future Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended and the 1990 Airport System Subordinate Bond Ordinance as supplemented and amended. The $3,975,545,000 of outstanding bonds were issued for the purpose of financing capital projects at the airport and for refinancing earlier bond issues and have maturities ranging from 2011 to 2039. The total principal and estimated interest remaining to be paid on the bonds is $5,834,480,000. Over the past 10 years annual net revenues available for debt service have averaged $379,407,000. In 2010, debt service paid and net revenue available for debt service were $355,538,500 and $423,453,000, respectively.

The City, through its Wastewater Management Division, has pledged future income from its storm drainage and sanitary sewerage facilities, net of operating expenses, for debt service on $30,700,000 of Series 2002 Wastewater Revenue Bonds issued in April 2002. The bonds were issued for the purpose of financing storm drainage facilities and are payable through 2022. The total principal and interest remaining to be paid on the bonds is $29,654,000, with annual requirements of approximately $2,471,000. Over the past 9 years annual net revenues available for debt service have averaged $18,556,000. In 2010, debt service paid and net revenue available for debt service were $2,484,000 and $8,722,000, respectively.

The City, through its Golf Division, has pledged future income from its golf facilities, net of operating expenses, for debt service on $7,365,000 of Series 2005 Golf Enterprise Revenue Bonds issued in March 2006. The bonds were issued for the purpose of financing the construction of certain golf facilities of the City and are payable through 2018. The total principal and interest remaining to be paid on the bonds is $6,843,000, with annual requirements of approximately $684,000. Over the past 5 years annual net revenues available for debt service have averaged $1,655,000. In 2010, debt service paid and net revenue available for debt service were $686,000 and $2,775,000, respectively.

Included in the revenue bonds are certain bonds which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series is supported by an irrevocable letter of credit or standby bond purchase agreement that contains provisions for a take-out agreement that would convert the obligation to an installment loan with the provider of that agreement. If the take-out agreement were to be exercised, interest payments would be required that are expected to be higher than the interest amount on the bonds. **Table 28** provides details of the irrevocable letters of credit and standby bond purchase agreements (SBPA) that were issued as collateral for the airport's demand bonds (dollars in thousands):

Table 28

Bonds	Par Amount Outstanding	Letter of Credit or SBPA Amount	Annual Commitment Fee	Letter of Credit or SBPA Expiration Date
Airport Series 1992F	$ 23,100	$ 23,457	0.163%	October 2, 2014
Airport Series 1992G	19,200	19,497	0.163%	October 2, 2014
Airport Series 2002C	35,500	36,049	0.163%	October 2, 2014
Airport Series 2007G1-G2	147,400	149,096	0.280%	November 13, 2014
Airport Series 2008B	75,700	76,571	0.750%	June 30, 2011
Airport Series 2008C1	92,600	93,909	1.100%	November 4, 2011
Airport Series 2008C2-C3	200,000	202,827	0.800%	November 3, 2011
Airport Series 2009C	104,655	106,135	1.400%	November 5, 2012

As of December 31, 2010, no amounts were outstanding that have been drawn under any of the existing agreements.

On March 9, 2010, the Airport System issued $171,360,000 of the Series 2010A Airport System Revenue Bonds in a fixed-rate mode. The proceeds of the Series 2010A bonds were used together with other Airport monies to current refund all of the Airport System Revenue Bonds, Subseries 2008A2 Term Rate Bonds, and to purchase and refund a portion of the Airport System Revenue Bonds Subseries 2008A3 and Subseries 2008A4. The current refunding resulted in a defeasance of debt between the reacquisition price of $182,266,000 and the net carrying amount of the old debt of $181,385,000, and the recognition of a deferred loss on refunding in the amount of $881,000. The deferred loss on refunding is being amortized over the remaining life of the old debt. The transaction resulted in a difference in cash flows to service the old debt and the new debt of ($1,913,000) and an economic loss of ($2,231,000).

For detailed information on individual bond issues see "**OTHER SUPPLEMENTARY SCHEDULES – Combined Schedule of Bonds Payable, Commercial Paper, and Escrows**."

3. **Other Debt.** DURA component unit note payable and tax increment bonds, exclusive of deferred amount on refundings of ($5,566,000) and unamortized premium of $3,425,000 at December 31, 2010, are comprised of the following individual issues shown in **Table 29** (dollars in thousands):

Table 29

Purpose	Interest Rates	Amount
Series 2002A	Variable	$ 1,715
Series 2006A	Variable	6,945
Series 2006B	Variable	8,405
Series 2006C	Variable	12,080
Series 2006D	Variable	1,410
Series 2007	5.25%	3,940
Series 2008A-1	Variable	76,170
Series 2008A-2	Variable	102,685
Series 2010B-1[1]	2.00% - 8.07%	102,455
Note payable	6.00%	602
Total		**$ 316,407**

[1]The Series 2010B-1 Bonds include $5,000 of Direct Pay Build American Bonds. As long as federal requirements imposed by the Internal Revenue Code on 1986 are met DURA will be eligible for cash subsidy payments from the United State Treasury equal to 35% of the interest payable on these bonds.

Debt service requirements to maturity for DURA's note and bond issues are shown in **Table 30** (dollars in thousands):

Table 30

Year	Principal	Interest
2011	$ 12,950	$ 5,924
2012	16,040	5,734
2013	17,336	5,420
2014	20,429	5,116
2015	19,260	4,746
2016 - 2020	102,842	17,684
2021 - 2025	127,550	7,933
Total	**$ 316,407**	**$ 52,557**

4. **Indentures and Reporting Requirements.** The City is subject to a number of limitations and restrictions contained in various indentures. Such limitations and covenants include: continued collection of pledged revenues, segregation of pledged revenues, and maintenance of specified levels of bond reserve funds, permissible investment of bond proceeds and pledged revenues, and ongoing disclosure to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12. The City is in compliance with all significant covenants.

5. **Notes payable.** The Airport System entered into two Master Installment Purchase Agreements on March 15, 2004, one with Siemens Financial Services for $20 million and one with GE Capital Public Finance Inc. for $13 million, to finance various capital equipment purchases at rates and terms of 3.46% and 3.64% based on a 30/360 calculation for 2004. Payments are due semiannually to Siemens Financial Services and quarterly to GE Capital Public Finance. The Airport System entered into three Master Installment Purchase Agreements on October 26, 2006, and one on August 1, 2006. These include two agreements with Koch Financial Corporation for $23.0 million and $2.0 million, for a total of $25.0 million, and two agreements with GE Capital Public Finance for $9.0 million and $20.0 million for a total of $29.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, 4.22%, 4.16% and 4.67% based on a 30/360 calculation for 2007. The Airport System entered into a $15.3 million Master Installment Purchase Agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, at a rate of 3.33% based on 30/360 calculation for 2008. Wastewater Management entered into an intergovernmental agreement with the City and County of Denver Board of Water Commissioners whereby Wastewater Management has agreed to pay Denver Water a monthly supplemental service fee in an amount sufficient for Denver Water to recover costs it incurred in the development of a Customer Information System (CIS). The payment schedules relating to the loan requirements as of December 31, 2010 are shown in **Table 31** (dollars in thousands):

Table 31

	Denver International Airport		Wastewater Management	
Year	Principal	Interest	Principal	Interest
2011	$ 10,789	$ 990	$ 1,173	$ 212
2012	6,429	695	1,223	162
2013	5,603	461	1,275	110
2014	3,548	299	1,328	56
2015	5,060	191	-	-
Total	**$ 31,429**	**$ 2,636**	**$ 4,999**	**$ 540**

The City has a note payable with JP Morgan Chase Bank of New York in the amount of $11,777,000 as of December 31, 2010. This represents Housing and Urban Development (HUD) loans that are due regardless of amounts received from borrowers.

6. **Changes in Long-term Liabilities.** Long-term liability activity for the year ended December 31, 2010, is shown in **Table 32** and **33** (dollars in thousands):

Table 32

Governmental Activities	January 1	Additions	Deletions	December 31	Due within one year
Legal liability	$ 1,835	$ 3,972	$ 3,335	$ 2,472	$ -
Pollution remediation	159	326	159	326	47
Special incentive payments	4,234	-	1,772	2,462	1,654
Compensated absences:					
Classified service employees - 3,078	75,743	29,709	20,717	84,735	4,916
Career Service employees - 5,470	41,601	29,011	26,808	43,804	3,625
Net OPEB obligation	-	6,021	-	6,021	-
Claims payable	34,221	10,332	8,843	35,710	9,987
General obligation bonds[1]	619,443	395,347	41,595	973,195	44,200
Commercial paper notes	22,000	70,000	92,000	-	-
GID general obligation bonds	2,215	4,000	260	5,955	310
Excise tax revenue bonds	278,450	-	11,810	266,640	17,500
Capitalized lease obligations	436,546	60,384	52,339	444,591	19,902
Unamortized premium	55,827	8,856	8,039	56,644	-
Deferred amount on refunding	(2,903)	-	(302)	(2,601)	(302)
Other governmental funds - note payable	14,656	-	2,879	11,777	-
Total Governmental Activities	**$ 1,584,027**	**$ 617,958**	**$ 270,254**	**$ 1,931,731**	**$ 101,839**

[1]Additions and deletions to general obligation bonds include accretion of $732.

Table 33

	January 1	Additions	Deletions	December 31	Due within one year
Business-type Activities					
Wastewater Management					
Revenue bonds	$ 23,015	$ -	$ 1,300	$ 21,715	$ 1,365
Unamortized premium	63	-	5	58	-
Notes payable	6,125	-	1,126	4,999	1,173
Special incentive payments	188	-	72	116	78
Compensated absences	2,462	45	89	2,418	554
Total Wastewater Management	**31,853**	**45**	**2,592**	**29,306**	**3,170**
Denver Airport System:					
Revenue bonds	4,136,140	171,360	331,955	3,975,545	133,605
Unamortized premium	59,208	11,547	9,780	60,975	-
Deferred amount on refunding	(274,565)	(881)	21,973	(253,473)	-
Notes payable	47,790	-	16,361	31,429	10,789
Special incentive payments	596	-	231	365	245
Compensated absences	7,585	6,321	5,892	8,014	2,114
Total Denver Airport System	**3,976,754**	**188,347**	**386,192**	**3,822,855**	**146,753**
Nonmajor enterprise funds:					
Revenue bonds	5,725	-	400	5,325	425
Unamortized premium	41	-	8	33	-
Capitalized lease obligations	617	-	130	487	170
Special incentive payments	31	-	12	19	13
Compensated absences	650	405	338	717	47
Total nonmajor enterprise funds	**7,064**	**405**	**888**	**6,581**	**655**
Total Business-type Activities	**$ 4,015,671**	**$ 188,797**	**$ 389,672**	**$ 3,858,742**	**$ 150,578**
Major Component Units:[1]					
Revenue bonds[2]	$ 666,016	$ 90,425	$ 25,270	$ 731,171	$ 9,205
General obligation bonds[3]	31,015	-	3,090	27,925	4,265
Capitalized lease obligations	22,308	-	1,518	20,790	1,624
Certificates of participation	27,835	-	6,205	21,630	12,005
Increment bonds and notes payable[4]	342,283	154,076	122,579	373,780	26,206
Customer advances	18,437	2,132	4,500	16,069	-
Compensated absences	8,315	372	732	7,955	3,627
Other post employment benefits	6,585	1,990	-	8,575	-
Other long term liabilities	3,391	3	-	3,394	-
Total Major Component Units	**$ 1,126,185**	**$ 248,998**	**$ 163,894**	**$ 1,211,289**	**$ 56,932**

[1]DUSPA became a major component unit in 2010; January 1 balances include DUSPA.
[2]Includes unamortized premium of $9,578; and deferred loss on refunding of ($7,202).
[3]Includes unamortized discount of ($165).
[4]Includes deferred amount on refunding of ($5,566).

The legal liability, compensated absences, net OPEB obligation and other accrued liabilities in the governmental activities are generally liquidated by the General Fund. The other governmental funds include a note payable liquidated by the Community Development special revenue fund and a claims payable liquidated by the Workers' Compensation internal service fund. The amount available for long-term debt in the debt service funds and in the special revenue fund was $84,244,000.

7. **Swap Agreements.** Included in the City's governmental activities are three derivatives that are embedded in the City's certificated lease for the Webb Municipal Office Building. The intent of the three pay fixed, receive variable rate swaps is to protect against rising interest rates on the variable rate 2008A Certificates of Participation (COPs). In 2003, Civic Center Office Building, Inc., the lessor, entered into two swap agreements with JP Morgan, associated with the 2003C1 and 2003C2 COPs, and one swap agreement with Lehman Brothers that was associated with the 2003C3 COPs. In October 2008, due to the deteriorating credit rating of the insurer (AMBAC), the outstanding COPs were refunded by the Series 2008A1-A3 Refunding Certificates of Participation, terminating the 3 swaps. To maintain the interest rate hedge related to the lease payments, the derivative instruments with JP Morgan were amended and new swaps were entered into that were associated with the 2008A1 and 2008A2 COPs. The derivative instrument with Lehman Brothers was terminated and replaced with an agreement with Royal Bank of Canada (RBC). A new swap was initiated under the RBC agreement that was associated with the 2008A3 COPs. At the time of termination of the 2003 swaps, the JP Morgan swaps had negative fair values, and no termination payments were made. In addition to a termination payment made to Lehman Brothers by the City, an up-front payment was received from RBC at the initiation of the 2008 replacement swap. These events resulted in off-market components of the swaps that are being treated as implied loans for accounting purposes and are being amortized through investment revenues over the life of the new hedges.

As of December 31, 2010, all three swaps are effective cash flow hedges and the fair values and changes in fair values are reported in the government-wide Statement of Net Assets. The combined fair market value of the three swaps as of December 31, 2010 was ($23,852,000). The year end fair values were calculated using the mid-market LIBOR swap curves as of December 31, 2010. The fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2010. When the present value of payments to be made by the City exceeds the present value of payments to be received, the swap has a negative value to the City. When the present value of payments to be received by the City exceeds that of payments to be made, the swap has a positive value to the City.

Table 34 provides the swap associated debt rates as of December 31, 2010:

Table 34

Swap	2008A1	2008A2	2008A3
Associated debt	2008A1 COP	2008A2 COP	2008A3 COP
Fixed payment to counterparty	3.400%	3.400%	3.130%
Variable payment from counterparty (68% LIBOR)	(0.178%)	(0.178%)	(0.178%)
Net swap interest rate	3.222%	3.222%	2.952%
Variable-rate certificate coupon payment	0.280%	0.280%	0.280%
Net swap and certificate rate	**3.502%**	**3.502%**	**3.232%**

As rates vary, lease interest payments and net swap payments will vary. As of December 31, 2010, lease payment requirements of the related variable rate COPs and the net swap payments, assuming current rates remain the same, for their terms, are summarized in **Table 35** (dollars in thousands).

Table 35

Year	Principal	Interest	Interest Rate Swaps Net	Total
2011	$ 3,165	$ 717	$ 8,106	$ 11,988
2012	4,705	716	8,709	14,130
2013	6,165	696	8,471	15,332
2014	7,000	679	8,259	15,938
2015	7,805	662	8,037	16,504
2016 - 2020	46,335	2,955	35,786	85,076
2021 - 2025	62,510	2,221	26,696	91,427
2026 - 2030	81,625	1,238	14,623	97,486
2031	38,000	106	1,225	39,331
Total	**$ 257,310**	**$ 9,990**	**$ 119,912**	**$ 387,212**

Table 36 provides the fair values and the 2010 changes in fair value of the on-market and the implied loan portions of the swaps as of December 31, 2010, and the accounting classifications of the changes in fair value for the year then ended.

Table 36

Counterparty	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Fair Values 12/31/10	Change in Fair Value		Accounting Classification
2008A1 Swap Agreements								
JP Morgan Chase Bank	7/17/03	$ 91,480	12/1/29	2008A1 COP	$ 9,363	$ 3,511		Deferred outflow
							$ (265)	Investment revenue
2008A2 Swap Agreements								
JP Morgan Chase Bank	7/17/03	77,290	12/1/29	2008A2 COP	7,904	2,960		Deferred outflow
							(224)	Investment revenue
2008A3 Swap Agreements								
Royal Bank of Canada	10/1/08	88,540	12/1/31	2008A3 COP	6,585	4,009		Deferred outflow
							(16)	Investment revenue
Total		**$ 257,310**			**$ 23,852**	**$ 10,480**	**$ (505)**	

Note: Certain of the City's derivatives have been reported as investment derivatives in accordance with the provisions of GASB 53. Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

The risk involved in the three swaps flows through the lease from Civic Center Office Building, Inc. (the "lessor") to the City. The following risks are generally associated with swap agreements:

- **Credit risk -** All of the governmental activity swaps rely on the performance of the respective swap counterparties. The City is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the lessor. The City measures the extent of the risk based on the credit ratings of each counterparty and the fair value of the swap agreement. As of December 31, 2010, there was no risk of loss to the City, as the swap agreements had negative fair values. The credit rating of the counterparties as of December 31, 2010 are shown in **Table 37**:

Table 37

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
JP Morgan Chase Bank	AA-	Aa1	AA-
Royal Bank of Canada	AA-	Aa1	AA

- **Termination risk –** Any party to these swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the lessor may terminate any of the swap agreements at any time at its sole discretion. If the swap had a negative fair value at the time of termination the City could be liable to the counterparty for a termination payment equal to the fair market value of the swap. If any of the swaps were terminated, the associated variable rate certificates would no longer have the benefit of the interest rate hedge.

- **Interest rate risk –** The City is exposed to interest rate risk on the swaps. In regards to the pay fixed, receive variable swaps, as the London Interbank Offered Rate (LIBOR) index rate decreases, the City's net payments on the swaps increase.
- **Basis risk –** The City pays interest at variable rates on the COPs associated with the swaps. Each of the swap agreements provide for the applicable counterparty to make variable rate payments based on the LIBOR index. To the extent that the variable rate paid on the certificates is different than the rate received from the counterparties based on LIBOR, there may be a net loss or benefit to the City.

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. The 1998, 1999 and 2009A swap agreements are pay fixed, receive variable rate, cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport System's swap agreements are considered investment derivatives as defined by GASB 53. **Table 38** provides a profile of the terms of the Airport's swap agreements (all rates as of December 31, 2010):

Table 38

SWAP	1999, 2002 2009A [1]	2005 2006B	2006A 2008A	1998	2008B
Associated Debt	**2002C, 2008B 2009C [2]**	**2006A**	**2007F-G 2002C [3]**	**2008C2-C3**	**2008C1 2002C [4]**
Payment to counterparty	5.943%	4.002%	4.008%	4.740%	4.760%
Payment from counterparty	(0.539%)	(4.268%)	(0.182%)	(0.360%)	(0.312%)
Net swap interest rate	5.404%	-0.266%	3.826%	4.380%	4.448%
Associated bond interest rate	0.334%	4.950%	0.600%	0.360%	0.378%
Net swap and bond rate	**5.738%**	**4.684%**	**4.426%**	**4.740%**	**4.826%**

[1] Associated 1999 Swap with RFPC LTD was terminated and replaced with a 2009A Swap Agreement, and associated 2002 Swap with RFPC LTD was terminated on January 12, 2010; the effect of this termination, and the termination and replacement, are not reflected here. The 2007A Swaps were terminated on February 5, 2010. Because these swaps were not scheduled to be effective until May 1, 2010, the effect of these swaps is not included.

[2] Swaps currently associated by the Airport with $104,655,000 Series 2009C, $75,700,000 million Series 2008B, and a portion of the Series 2002C Bonds.

[3] Swaps currently associated by the Airport with $207,025,000 Series 2007F1-F4, $147,800,000 Series 2007G1-G2, and a portion of the Series 2002C Bonds.

[4] Swaps currently associated by the Airport with $92,600,000 Series 2008C1 and a portion of the Series 2002C Bonds.

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2010, debt service requirements of the related variable rate debt and net swap payments for the Airport System's cash flow hedges (1998, 1999 and 2009A swap agreements), assuming current interest rates remain the same, for their terms, are reflected in **Table 39** (dollars in thousands).

Table 39

Year	Principal	Interest	Interest Rate Swaps Net	Total
2011	$ 600	$ 1,389	$ 19,567	$ 21,556
2012	600	1,387	19,567	21,554
2013	4,700	1,384	19,567	25,651
2014	4,800	1,368	19,567	25,735
2015	6,045	1,351	19,567	26,963
2016 - 2020	165,425	6,093	90,790	262,308
2021 - 2025	217,830	2,099	24,797	244,726
Total	**$ 400,000**	**$ 15,071**	**$ 213,422**	**$ 628,493**

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2010.

Table 40 provides a summary of the Airport's interest rate swap transactions (dollars in thousands):

Table 40

Counterparty	Effective Date	Notional Amount	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Values 12/31/10
Hedging Derivatives									
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/00	$ 100,000	11/15/25	2008C2-C3	4.7600%	Bond Rate	Deferred inflow	$ 6,154	$ (22,979)
							Investment income	(2,052)	
Societe Generale, New York Branch	10/4/00	100,000	11/15/25	2008C2-C3	4.7190%	Bond Rate	Deferred inflow	5,991	(21,794)
							Investment income	(2,021)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/01	100,000	11/1/22	[1]	5.6179%	SIFMA	Deferred inflow	3,985	(25,405)
							Investment income	(2,305)	
Merrill Lynch Capital Services, Inc.	10/4/01	50,000	11/1/22	[1]	5.5529%	SIFMA	Deferred inflow	1,979	(12,414)
							Investment income	(1,127)	
RFPC, LTD.	10/4/01	50,000	11/1/22 [2]	[1]	5.6229%	SIFMA	Deferred inflow	3,621	-
							Investment income	(15,507)	
2009A Swap Agreements									
Loop Financial Products I, LLC	1/12/10	50,000	11/15/22	2002C	5.6229%	SIFMA	Deferred outflow	1,814	(12,725)
							Investment income	10,911	
Investment Derivatives									
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/02	100,000	11/1/22	[1]	SIFMA	76.33% LIBOR	Investment income	2,038	(2,219)
RFPC, LTD.	4/15/02	100,000	11/1/22 [2]	[1]	SIFMA	76.00% LIBOR	Investment income	(302)	-
2005 Swap Agreements									
Royal Bank of Canada	11/15/06	55,917	11/15/25	2006A	3.6560%	70% LIBOR	Investment income	2,264	(6,917)
JP Morgan Chase Bank, N.A.	11/15/06	55,917	11/15/25	2006A	3.6874%	70% LIBOR	Investment income	2,259	(7,084)
Jackson Financial Products, LLC	11/15/06	111,834	11/15/25	2006A	3.6560%	70% LIBOR	Investment income	4,527	(13,833)
Piper Jaffray Financial Products, Inc.	11/15/06	55,917	11/15/25	2006A	3.6560%	70% LIBOR	Investment income	2,264	(6,917)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/07	179,850	11/15/25	2007F-G [3]	4.0085%	70% LIBOR [3]	Investment income	6,334	(26,882)
GKB Financial Services Corp.	11/15/07	59,951	11/15/25	2007F-G [3]	4.0085%	70% LIBOR [3]	Investment income	2,111	(8,961)
2006B Swap Agreements									
Royal Bank of Canada	11/15/06	55,917	11/15/25	2006A	SIFMA	4.0855%	Investment income	(1,119)	6,343
JP Morgan Chase Bank, N.A.	11/15/06	55,917	11/15/25	2006A	SIFMA	4.0855%	Investment income	(1,119)	6,343
Jackson Financial Products, LLC	11/15/06	111,834	11/15/25	2006A	SIFMA	4.0855%	Investment income	(2,239)	12,686
Piper Jaffray Financial Products, Inc.	11/15/06	55,917	11/15/25	2006A	SIFMA	4.0855%	Investment income	(1,119)	6,343
2007A Swap Agreements									
JP Morgan Chase Bank, N.A.	5/1/10	150,000	11/1/22 [2]	n/a	76.165% 1M LIBOR	65.55% 10YR LIBOR	Investment income	$ 5,881	-
Royal Bank of Canada	5/1/10	50,000	11/1/22 [2]	n/a	76.165% 1M LIBOR	65.55% 10YR LIBOR	Investment income	1,963	-
2008A Swap Agreements									
Royal Bank of Canada	12/18/08	123,230	11/15/25	2007F-G [3]	4.0085%	70% LIBOR [3]	Investment income	4,224	(17,915)
2008B Swap Agreements									
Loop Financial Products I, LLC	1/8/09	100,000	11/15/25	2008C1 [3]	4.7600%	70% LIBOR + 0.1% [3]	Investment income	3,969	(21,504)
TOTAL									$ (175,834)

[1] Swaps are currently associated with Series 2009C bonds, Series 2008B and a portion of the 2002C bonds.
[2] Swap agreement terminated or replaced during 2010.
[3] A portion of the Series 2002C bonds are additionally associated with these swaps.

Note: Certain of the City's derivatives have been reported as investment derivatives in accordance with the provisions of GASB 53. Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments.

On January 12, 2010, the Airport System terminated the 1999 and 2002 Swap Agreements with RFPC, Ltd. due to the deterioration in the credit ratings of AMBAC, the credit support provider for the swap. The Airport System simultaneously entered into an interest rate swap agreement ("the 2009A Swap Agreement") with Loop Financial Products I LLC. The fixed rate payable and variable rate index receivable on the 2009A Swap is identical to the terminated 1999 Swap. Because the fixed rate was higher than current market conditions; however, the Airport System received $10,570,000 from Loop Financial Products I LLC for the off-market portion of the swap. These proceeds were used to pay a portion of the settlement amount of $11,460,000 due to RFPC, Ltd. As a result of receiving proceeds of $10,570,000 from Loop Financial Products I LLC, this transaction is recorded as a loan, including interest imputed at an implied rate of 5.667%, which will be paid through the fixed rate swap payments to Loop Financial Products I LLC.

Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds. The year end fair values were calculated using the mid-market LIBOR and BMA swap curves as of December 31, 2010. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2010. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

The following risks are generally associated with swap agreements:

- **Credit Risk –** All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2010, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a negative outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below). The ratings of the counterparties, or their credit support providers, as of December 31, 2010, are shown in **Table 41**:

Table 41

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider		
	S&P	Moody's	Fitch
GKB Financial Services Corporation II, Inc.		Aa2	A+
(Societe Generale New York Branch)	A+		
Goldman Sachs Capital Markets, L.P.		A1	A+
(Goldman Sachs Group, Inc.)	A		
Jackson Financial Products, LLC		A2	A+
(Merrill Lynch & Co., Inc.)	A		
JP Morgan Chase Bank, N.A.	AA-	Aa1	AA-
Loop Financial Products I, LLC		Aa3	AA-
(Deutsche Bank, AG, New York Branch)	A+		
Merrill Lynch Capital Servies, Inc.		A2	A+
(Merrill Lynch & Co., Inc.)	A		
Piper Jaffray Financial Products, Inc.		A2	A
(Morgan Stanley Capital Services, Inc.)	A		
Royal Bank of Canada	AA-	Aa1	AA
Societe Generale, New York Branch	A+	Aa2	A+

As of December 31, 2010, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivative's fair value.

- **Termination Risk –** Any party to the Airport System's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see **Credit Risk** above). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport System's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

- **Interest Rate Risk –** The Airport System is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport System's net payments on the swap agreements increase.

- **Basis Risk –** Each of the Airport System's swap agreements are associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement.

The Denver Urban Renewal Authority (DURA) has entered into interest rate swap agreements in order to lock in interest rate savings and protect against rising interest rates. The swaps are all pay fixed, receive variable rate, cash flow hedges, with the variable payment from the counterparties based on the USD-SIFMA Municipal Swap Index. At December 31, 2010, fixed payments to the counterparties ranged from 3.06% to 5.26%. The interest rate swaps have the effect of creating a synthetic interest rate on the bonds within the same range of 3.06% to 5.26%. All of the activity related to the swaps is recorded in DURA's governmental activities.

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2010, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, are summarized in **Table 42** (dollars in thousands).

Table 42

	Principal	Interest	Interest Rate Swaps, Net	Total
2011	$ 12,255	$ 909	$ 8,649	$ 21,813
2012	13,920	818	8,130	22,868
2013	25,185	717	7,517	33,419
2014	9,580	519	6,537	16,636
2015	8,945	489	6,162	15,596
2016 - 2020	54,890	1,902	23,966	80,758
2021 - 2025	84,840	944	11,874	97,658
Total	**$ 209,615**	**$ 6,298**	**$ 72,835**	**$ 288,748**

Table 43 provides the fair value balances and notional amounts outstanding as of December 31, 2010, and the changes in fair value for the year then ended (dollars in thousands).

Table 43

Counterparty	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Payable Swap Rate	Change in Fair Value Classification	Change in Fair Value Amount	Fair Values 12/31/10
2006 Swap Agreements								
Royal Bank of Canada	10/25/06	$ 30,760	9/1/13	2006A, B, C, D	3.816%	Deferred Outflow	$ (318)	$ (1,888)
2008A-1 and 2008A-2 Swap Agreements								
Merrill Lynch Capital Services, Inc.	5/1/07	30,728	12/1/24	2008A-1	5.259%	Deferred Inflow	932	(5,893)
						Investment Revenue	(717)	
Royal Bank of Canada	3/11/10	17,563	12/1/24	2008A-1	3.059%	Deferred Outflow	558	(558)
Bank of America, N.A.	5/1/07	17,564	12/1/24	2008A-1	5.259%	Deferred Inflow	531	(3,368)
						Investment Revenue	(410)	
Merrill Lynch	6/1/08	113,000	12/1/25	2008A-1 and 2008A-2	4.598%	Deferred Outflow	2,355	(17,236)
						Investment Revenue	(815)	
Total		**$ 209,615**						**$ (28,943)**

Under the various swap agreements, DURA is the fixed-rate payer at the rates listed in the "**payable swap rate**" column in the table above and the counterparties are the floating rate payers.

The year end fair values were calculated using the mid-market BMA swap curve as of December 31, 2010. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2010.

The following risks are generally associated with the swap agreements:

- **Credit Risk –** All of DURA's swap agreements rely upon the performance of the respective swap counterparties. DURA is exposed to the risk of these counterparties being unable to fulfill their financial obligations to DURA. DURA measures the extent of this risk based upon the credit ratings of each counterparty (or, with respect to a swap agreement for which the counterparty's payment obligations are guaranteed by another entity, the credit ratings of such guarantor) and the fair value of the swap agreement. The ratings of the counterparties, or their credit support providers, as of December 31, 2010, are shown in **Table 44**:

Table 44

Counterparty (Credit Support Provider)	Ratings of the Counterparty or its Credit Support Provider: S&P	Moody's	Fitch
Royal Bank of Canada	AA-	Aa1	AA
Merrill Lynch Capital Services, Inc.	A	A2	A+
Bank of America, N.A.	A	A2	A+

In September 2008, Lehman Brothers Holdings Inc., the guarantor of the obligations of Lehman Brothers Special Financing, Inc. (LBSF) under the 2008A-1 Lehman Swap Agreement, filed for federal bankruptcy protection. This filing constituted an event of default under the swap agreement, and gave DURA the authority, but not the obligation, to terminate the swap. The event also gave the counterparties the authority to suspend making regularly-scheduled payments, provided that the unpaid amounts would be required to be paid, with interest, upon any termination of the swap, along with any termination payment. Rather than terminate, during the pendency of the LBSF bankruptcy, DURA and LBSF exercised their right to suspend making regularly-scheduled payments. In February 2010, DURA paid LBSF $1,031,595, the amount accrued for the suspended regularly-scheduled payments, and in March 2010, DURA paid LBSF an agreed-upon termination payment. The termination payment was funded by the Series 2010B-1 Stapleton Senior

Subordinate Tax Increment Revenue Bonds. Simultaneously with the termination of the Lehman swap agreement, DURA and Royal Bank of Canada entered into a replacement swap with substantially identical terms to maintain the interest rate hedge with respect to the 2008A-1 Bonds.

As of December 31, 2010, for the other swaps, there was no risk of loss to DURA since the fair values of the swap agreements are negative.

- **Termination Risk –** Any party to DURA's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, DURA may terminate any of its swap agreements at any time at its sole discretion, provided that if DURA would be required to make a termination payment to the applicable counterparty upon such termination.

  If, at the time of termination, the applicable swap agreement has a negative fair value to DURA, determined as provided in such agreement, DURA will be liable to the applicable counterparty for a termination payment approximately equal to such fair value.

  If any of DURA's swap agreements are terminated, and the associated bonds are then in variable rate mode, such bonds would no longer have the benefit of the interest rate risk hedge represented by such swap agreement. DURA is not aware of any current circumstances that would lead to a termination event with respect to the 2006 and the 2008A-2 swap agreements.

- **Interest Rate Risk** – DURA is exposed to interest rate risk in that as the SIFMA index rate decreases, DURA's net payments on the swap agreements increase.

- **Basis Risk –** Each of the Series 2006, Series 2008A-1 and Series 2008A-2 Swap Agreements provide for the applicable counterparty to pay variable payments to DURA based on the SIFMA Municipal Swap Index. To the extent that the rate produced by such index from time to time does not equal the interest rate on the associated Series 2006 or Series 2008A Bonds, as applicable, there will either be a net loss or net benefit to DURA.

Other Note Disclosures

Note A – Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In addition, the City is party to numerous pending or threatened lawsuits under which it may be required to pay certain amounts upon final disposition of these matters. The City has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The City has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The City currently reports substantially all of its risk management activities, except workers' compensation (see Note IV-C), in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported.

The Lowry Landfill, which accepted hazardous waste from the late 1960s to 1980, is listed on the national Superfund list. This means that the contamination at the site will be cleaned up under the auspices of the U.S. Environmental Protection Agency. Under federal law, the City, as owner and operator of the facility is one of the parties responsible for cleanup of the site. The City's share of the remaining costs for cleanup could be incurred over the next 5 to 30 years. The City's liability for a portion of the cleanup costs is probable, but cannot be reasonably estimated.

With respect to matters expecting to be settled subsequent to 2010, the City Attorney estimates the amount of liability determined as probable (in accordance with FASB Statement No. 5) and incurred but not reported claims and judgments at December 31, 2010, to be approximately $2,472,000, which has been recorded at the government-wide level of reporting as a current liability. The City Attorney also estimates that pending cases having a reasonably possible likelihood of resulting in an additional liability aggregating approximately $12,450,000 at December 31, 2010. This amount is not recorded in the accompanying financial statements since, in the opinion of management and the City Attorney; it is not probable that a loss has been incurred.

Changes in the long-term legal liability during the past two years are shown in **Table 45** (dollars in thousands):

Table 45

	2010	2009
Beginning balance - January 1	$ 1,835	$ -
Current year claims and changes in estimates	3,972	3,427
Claims paid	(3,335)	(1,592)
Ending Balance - December 31	**$ 2,472**	**$ 1,835**

Pursuant to Colorado law, if a monetary judgment is rendered against the City, and the City fails to provide for the payment of such judgment, the Board of County Commissioners must levy a tax (not to exceed 10 mills per annum) upon all of the taxable property within the City for the purpose of making provision for the payment of the judgment. The City must continue to levy such tax until the judgment is discharged. Such mill levy is in addition to all other mill levies for other purposes. The Colorado Governmental Immunity Act establishes limits for claims made against governmental entities. These limits are $150,000 per injury or $600,000 per occurrence.

See **Note IV-F-5** regarding Denver Airport System related litigation.

Note B – Pollution Remediation

The City has four underground storage tanks that leaked and are under remediation. Funds spent on remediation are partially reimbursed up to 50 percent of the cost by the Colorado Petroleum Storage Tank Trust. As of December 31, 2010, the City accrued a current liability, measured at its expected amount, using the expected cash flow technique, of $451,000 in the Environmental Services fund for its share of remediation costs related to these underground storage tanks. The City determined the liability amount by estimating a reasonable range of potential outlays, with no amount within the range considered a better estimate than any other amount.

The Environmental Protection Agency has listed a large area in north Denver on the National Priorities List of Superfund Sites because of lead, arsenic and cadmium contamination found in soils in residential neighborhoods. EPA has divided the Site into three operable units. Operable Unit 1 (OU1) consists of the contaminated residential soils in north Denver. Operable Unit 2 (OU2) is the Grant-Omaha Smelter Site. Operable Unit 3 (OU3) is the Argo Smelter Site.

ASARCO, Inc. finished the remediation of Operable Unit 1 in 2006 and has not claimed that the City is responsible for any of those costs; therefore management believes the possibility that the City has any liability associated with OU1 is remote.

The EPA has named the City a Potentially Responsible Party (PRP) at OU2 as the current owner of part of the site where the former Grant-Omaha Smelter was located. Denver has entered into an Administrative Order on Consent to perform a remedial investigation and feasibility study and has paid $18,000 dollars of EPA's past costs. Whether this site is contaminated or whether it will require remediation can not be determined until completion of the remedial investigation and feasibility study. The City's responsibility for some of the investigation and clean up costs is probable; however at this early stage in the process it is not possible to estimate the costs associated with this site, therefore no liability has been accrued. ASARCO, Inc. is another significant

PRP at the site. ASARCO, Inc. filed bankruptcy and the City filed a contingent claim for environmental remediation costs and reached a settlement with ASARCO for $640,000, for which payment has been received. Of this amount, $248,000 has been allocated to the site.

The City has no connection to OU3 and EPA has not asserted that the City has any responsibility for investigating or cleaning it up, therefore management believes the possibility is remote that the City has any liability associated with OU3.

In 2009, Wastewater purchased a 23-acre parcel of land at 1271 West Bayaud Avenue. In 2010, the General Fund reimbursed Wastewater $27,400,000 for 85% of the parcel including land, roadways, buildings, and building improvements. This land was formerly a General Chemical Company manufacturing site. The sellers negotiated a voluntary clean-up plan (VCUP) with the Colorado Department of Public Health and Environment and completed the VCUP prior to Denver's acquisition of the property. The seller remains contractually responsible for monitoring and obtaining a no-further-action determination on the City's behalf. The City has paid the seller $940,000 for a one-time groundwater injection treatment and for monitoring remedial progress. These costs have been capitalized with the land. The City will continue to pay the seller until 2013 for monitoring remedial progress and site closure activities with total anticipated costs ranging from $164,000 to $326,000 depending on the scope required. These costs will be capitalized as payments are made.

Additionally, the Denver Airport System has accrued a liability of $26,636,000 as of December 31, 2010, in connection with its remediation of friable asbestos in the soil at the City's Stapleton International Airport property. Under an insurance policy with American International Specialty Lines Insurance, Denver Airport System has recorded a receivable of $31,076,000 as of December 31, 2010, for insurance recoveries from past and future remediation of the Stapleton International Airport property.

NOTE C – WORKERS' COMPENSATION

The City has a Workers' Compensation self-insurance trust established in accordance with State Statutes to be held for the benefit of the City's employees. This trust is included in the Workers' Compensation internal service fund.

The Workers' Compensation internal service fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law, in addition to maintaining in-house records of claims. The Workers' Compensation program is part of the City's Risk Management Office, which also provides safety training and loss prevention for all City departments and agencies.

The Department of Labor and Employment of the State of Colorado establishes the amount of funding required each year for the City to maintain its self-insured permit. The requirement is calculated using the average amount of claims paid over the previous three years plus the outstanding liability for claims as of the end of the previous year. This requirement at December 31, 2010, for 2011, was $24,073,000. The Workers' Compensation internal service fund has current assets and appropriations set aside in 2010 to satisfy this requirement. These funds may only be used for payment of worker's compensation benefits and administrative costs.

The City has purchased reinsurance coverage in order to reduce its risk. For the period from January 1, 2010 through December 31, 2010, the self-retention amount was $2,500,000 for all employees. The City had no settlements in the past three years that exceeded its self-retention levels.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, and includes an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, and other economic and social factors. The liability is reported in the Workers' Compensation internal service fund and was discounted for investment income. Changes in the liability during the past two years are shown in **Table 46** (dollars in thousands):

Table 46

	2010	2009
Beginning balance, undiscounted - January 1	$ 34,221	$ 33,024
Current year claims and changes in estimates	18,173	17,614
Claims paid	(8,843)	(7,762)
Ending balance undiscounted	**43,551**	**42,876**
Less discount	(7,841)	(8,655)
Ending Balance - December 31	**$ 35,710**	**$ 34,221**

Note D – Water Board Risk Management

The Water Board is exposed to various risks of losses including general liability (limited under the Colorado Governmental Immunity Act to $150,000 per person and $600,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Water Board has a risk management program that includes self-insurance for liability, employee medical, long-term disability, dental, and vision. The Water Board carries commercial property insurance for catastrophic losses, including flood, fire, earthquakes, and terrorism for scheduled major facilities including the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, and the Recycling Plant and water turbines. The Water Board carries limited insurance for other nonscheduled miscellaneous locations. The Water Board also carries commercial insurance for employee life, accident, short-term disability, and worker's compensation. Workers' compensation insurance is under a retrospectively rated policy whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Premiums on retrospectively rated policies are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2010, claims liabilities consisting of medical, dental, and vision benefits were $1,294,000. Changes in the balances of these liabilities are shown in **Table 47** (dollars in thousands):

Table 47

	2010	2009
Beginning balance - January 1	$ 6,567	$ 2,659
Current year claims and changes in estimates	9,313	17,380
Claims paid	(14,586)	(13,472)
Ending Balance - December 31	**$ 1,294**	**$ 6,567**

Note E – Subsequent Events

1. **Denver Airport System.** On April 14, 2011, the Airport system issued $349,730,000 of the Series 2011A Airport System Revenue Bonds in a fixed rate mode to current refund all of the Subseries 2008A3 and Subseries 2008A4 Airport System Revenue Term Rate Bonds in the amounts of $122,060,000 and $72,350,000 respectively, and a portion of the Series 2000A Airport System Revenue Bonds in the amount of $160,135,000.

2. **Denver Art Museum Settlement.** On May 23, 2011, the City received a $15,000,000 settlement related to the construction of the Denver Art Museum.

Note F – Contingencies

1. **Legal Debt Margin.** Per the City Charter, the City's indebtedness for general obligation bonds shall not exceed three percent of actual value as determined by the last final assessment of the taxable property within the City. At December 31, 2010, the City's general obligation debt outstanding was $1,010,383,000 and the City's legal debt margin was $1,518,436,000.

2. **Prior Years' Defeased Bonds.** At various dates in prior years, the City and certain component units have placed proceeds from bond issues and cash contributions in irrevocable refunding escrow accounts. The amounts deposited in the irrevocable escrow accounts are invested in U. S. Treasury obligations that, together with interest earned thereon, would provide amounts sufficient for payment of all principal and interest of the bond issues on each remaining payment date. The likelihood of the earnings and principal maturities of the U. S. Treasury obligations not being sufficient to pay the defeased bond issues appears remote. Accordingly, the escrow accounts and outstanding defeased bonds are not included in the accompanying financial statements. Defeased bonds principal outstanding at December 31, 2010, for the City and Water Board component unit was $213,020,000 and $9,455,000, respectively.

3. **Grants and Other.** Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial to its financial position and activities.

   The City is responsible for administering certain federal and state social services programs for which the related revenue and expenditures are not included in the accompanying financial statements since the state now makes the grant disbursements.

   Table 48 lists Denver County electronic benefit transfers (EBT) authorizations, warrant expenditures, and total expenditures associated with the Human Services special revenue fund for the year ended December 31, 2010 (dollars in thousands):

Table 48

Program	City EBT Authorizations	City Share of Authorizations	Expenditures by City Warrant	City EBT Authorized Plus Expenditures by City Warrant	Total Expenditures
ADP Pass Thru	$ -	$ -	$ 920	$ 920	$ 920
Adult Foster Care	14	1	-	14	1
Aid to Needy and Disabled	4,084	817	-	4,084	817
Child Care	12,996	1,329	6,892	19,888	8,221
Child Support Enforcement	-	-	6,774	6,774	6,774
Child Support Grants	-	-	157	157	157
Child Welfare	30,808	6,234	27,128	57,936	33,362
CHP+	-	-	8	8	8
Colorado Refugee Services	67	-	38	105	38
Colorado Works	20,494	5,596	18,874	39,368	24,470
Core Services	5,412	650	2,297	7,709	2,947
County Administration	-	-	15,694	15,694	15,694
County Only Pass Thru	-	-	2,659	2,659	2,659
Federal Grants	-	-	11,468	11,468	11,468
Food Assistance Benefits	130,916	-	-	130,916	-
Food Assistance Fraud	-	-	363	363	363
Food Assistance Admin - ARRA	-	-	238	238	238
Food Assistance Job Search	82	37	792	874	829
Food Assistance - State EBT Contract[1]	153	153	-	153	153
Home Care Allowance	2,605	130	-	2,605	130
Low Income Energy Assistance	7,074	-	891	7,965	891
Non-allocated Programs	10	3	3,784	3,794	3,787
Old Age Pension	22,311	-	458	22,769	458
TANF Collects-EBT	(220)	(44)	-	(220)	(44)
Title IV-B Sub Part 2 - PSSF	20	-	457	477	457
Title IV-E Independent Living	(21)	-	178	157	178
Title XX Caseworker Training	-	-	12	12	12
Total	**$ 236,805**	**$ 14,906**	**$ 100,082**	**$ 336,887**	**$ 114,988** [2]

[1]The State pays the EBT contract for Food Assistance and then allocates the cost to the counties. These are not true EBT payments, but are amounts settled via CFMS.

[2]Does not include audit adjustments, TANF Collections - IV-D Retained, Medicaid Collections and programs not settled in CFMS, with the exception of federal grants, which are also captured in the CAFR. It also excludes County Wide Cost Allocation Pass Thru, as these amounts are not retained by Human Services and not earned by expenses incurred by Human Services.

4. **Conduit Debt Obligations.** From time to time, the City issues industrial revenue bonds, single-family mortgage revenue bonds, multi-family mortgage revenue bonds, construction loan revenue bonds, and special obligation revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of private, industrial, and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Not the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2010, the aggregate principal amount payable for the bonds was approximately $203,074,000.

   To finance the acquisition and construction of various facilities at Denver International Airport, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2010, Special Facility Revenue Bonds outstanding totaled $298,255,000.

5. **Denver Airport System.** The City and Adams County entered into an intergovernmental agreement for Denver International, dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

   There is no noise penalty due for 2010.

   The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

   Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any will be immaterial to its financial position and activities of the Airport.

6. **Environmental Services.** State and federal laws will require the City to close the Denver Arapahoe Disposal Site (DADS) once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The contracted operator is responsible for all closure and post-closure costs for the landfill's individual cells while they are under contract to operate the landfill. However, the ultimate responsibility rests with the City as owner of the facility. The City contractually shifted this financial responsibility to its operator as described below.

   Effective October 1, 1997, the City renegotiated its contract with Waste Management of Colorado, Inc. (WMC), the current operator of DADS. As a result, the City assigned its responsibility for all closure and post-closure costs to WMC. To cover these costs, WMC has provided a performance bond of $3,000,000, provided a corporate guarantee from their parent company, Waste Management, Inc (WMI), and posted a financial assurance plan with the State of Colorado (including an insurance certificate of $17,904,294 as of April 2011). Due to this assignment of closure and post-closure costs to WMC, the City no longer recognizes the related closure and post-closure costs liability in its financial statements.

7. **Denver Urban Renewal Authority.** In connection with DURA's development of the Denver Dry Building, DURA has guaranteed certain loans made to the Denver Building Housing, Ltd. by the Bank of Denver with an outstanding balance of $2,784,000 at December 31, 2010. In addition, DURA has guaranteed all obligations of the Denver Dry Development Corporation as general partner, under the terms and conditions of the limited partnership agreement of the Denver Building Housing, Ltd. No amounts have been recorded as a liability in the financial statements, as DURA management believes the possibility of having to make payments under these guarantees is remote.

8. **Tabor.** At the general election held November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution limiting the ability of the State and local governments, such as the City, to increase revenues, debt and spending, and restricting property, income and other taxes. In addition, the amendment requires that the State and local governments obtain voter approval to create any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years." The amendment excludes from its restrictions the borrowings and fiscal operations of "enterprises." Enterprises are defined to include government-owned businesses authorized to issue their own revenue bonds and receiving less than 10% of their revenues in grants from all Colorado State and local governments combined. The amendment also requires the establishment of an "Emergency Reserve" equal to three percent of fiscal year spending excluding debt service for all years subsequent to 1994. The City has established an emergency reserve of $32,998,000. The amendment is also applicable to several component units, which have established emergency reserves of $246,000.

   In November 2005, local voters approved Referred Measure 1B to allow the City to retain any revenue collected in excess of the limits established by the state amendment to the constitution for ten fiscal years beginning with fiscal year 2005 and thereafter retain and spend any excess revenues up to the amount of the revenue cap as defined. For 2010, Tabor revenues exceeded the established limits by $156,101,000.

   There are numerous uncertainties about the interpretation of the amendment and its application to particular governmental entities and their operations. It is possible that the constitutionality of the amendment as applied in some situations may be challenged on various grounds, including the argument that the amendment conflicts with other constitutional provisions and violates the protections afforded by the federal constitution against impairment of contract.

NOTE G – DEFERRED COMPENSATION PLAN

1. **Description of the Plan.** The Deferred Compensation Plan (Plan) was adopted by the City to provide a means by which public employees could defer a portion of their current income and related income taxes to future years. Under Section 457 of the Internal Revenue Code, amounts deferred and income earned on those funds are not taxed until made available to the participant. The Plan's publicly available financial report can be obtained by contacting the City of Denver Controller's Office at 201 West Colfax Avenue, Department 1109, Denver, Colorado, 80202.

2. **Administration of the Plan.** The Deferred Compensation Governing Committee of the City manages the Plan. The Committee has designated two third-party administrators for the Plan to account for all deferred compensation, withdrawals, interest income credited, and the individual balance for each participant. In addition, the administrators execute individual participant agreements and provide Plan information and counseling to all eligible employees.

3. **Investments.** Investments are recorded at fair value. In compliance with the City Charter, the Deferred Compensation Governing Committee has approved certain options for investment. All investments are transferred to mutual investment funds offered by the Hartford Variable Annuity Life Insurance Company, to an annuity contract program with the Prudential Insurance Company of America, or to a retirement trust investment fund with ICMA Retirement Trust. The Plan provides for self-directed investments by the participants.

4. **Contributions.** Participation in the Plan is voluntary and is open to all City employees. The City does not make any contributions. The maximum deferral in any one year is generally limited to 100 percent of a participant's pre-deferred taxable income or $16,500 for 2010. Those who are age 50 and older may save an additional $5,500 per year. However, special provisions, applicable during the last three taxable years before a participant attains normal retirement age under the Plan, or any year thereafter prior to the participants' separation from service, may increase the annual maximum up to $33,000 for 2010.

5. **Withdrawals.** Withdrawals from the Plan may be made upon retirement, termination of employment with the City, or in hardship cases as approved by the Administrator. Upon death, amounts credited to the participant are paid to the beneficiary designated by the participant.

   Eligible participants may elect the Systematic Withdrawal Option, purchase an annuity, or receive a lump-sum distribution. The Systemic Withdrawal Option allows eligible participants to withdraw specified amounts from their account at regular intervals. The balance of their account remains in the pool of Plan assets and continues to be invested as directed by the participant. The annuity option allows eligible participants to purchase a payment stream for a period certain or for the lifetime of the annuitant. Contracts purchased under this annuity option remain as assets of the Plan. The periodic distributions are accounted for as withdrawals in the year disbursed.

6. **Assets.** All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust by the City for the exclusive benefit of the participants and their beneficiaries. The assets of the Plan are reported as an other employee benefit trust fund of the City.

7. **Plan Termination and Amendments.** The City can at any time elect to amend, modify, or terminate the Plan. However, notice must be given to all participants at least 45 days prior to the effective date of an amendment. No amendments will deprive the participants of any benefits they were entitled to prior to the change. If the Plan is terminated, all amounts then credited to the participants are to be paid out by the administrators under the normal withdrawal requirements and procedures.

8. **Component Units.** Several component units offer plans similar to the City's which are also qualified under Section 457 of the Internal Revenue Code.

Note H – Pension Plans

The City has two material pension plans covering substantially all employees of the primary government, as follows:

- Denver Employees Retirement Plan
- State of Colorado - Fire and Police Pension Plan

The majority of the City's employees are covered under the Denver Employees Retirement Plan; firemen and policemen are covered under the State of Colorado - Fire and Police Pension Plan. In addition to the two material plans offered, several component units offer various types of pension plans, which include deferred annuity plans and defined contribution plans.

1. **Plan Descriptions.** The following are brief descriptions of the retirement plans. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information on the plans.

   The Denver Employees Retirement Plan (DERP) is a cost-sharing multiple-employer defined benefit plan established by the City to provide pension and postemployment health benefits for its employees. The DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets. As of January 1, 2010, the date of the last actuarial valuation, the plan was under-funded; however, there is no net pension obligation reported because the actuarial valuation adjusts contributions in the ensuing year to fully fund the Plan. The Board monitors the Plan continually to ensure an appropriate level of funding.

   DERP prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting.

   All full-time fire fighters and police officers of the City participate in the State of Colorado - Fire and Police Pension Plan (State Plan), a cost-sharing multiple-employer public employee retirement system. Authority for the State Plan, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The Plan is amended by statute. The Plan is affiliated with and administered by the Fire and Police Pension Association (FPPA).

   Each plan issues a publicly available financial report that includes financial statements and required supplementary information of that plan. Those reports are available by contacting:

Denver Employees Retirement Plan	Fire and Police Pension Association
777 Pearl Street	5290 DTC Parkway, Suite 100
Denver, Colorado 80203	Greenwood Village, Colorado 80111

2. **Pension Plans' Funding Policy and Annual Pension Cost.** Pension Plans' Funding Policy and Annual Pension Cost. For DERP, the City contributes 8.50% of covered payroll and employees make a pre-tax contribution of 4.50% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2010, 2009, and 2008 were $38,427,000, $41,006,000, and $41,313,000, respectively, which equaled the required contributions each year.

   The City's annual pension cost for the current year and related contribution information for DERP (plan totals) is shown in **Table 49**, **50,** and **51** (dollars in thousands):

Table 49

	DERP	DERP Health Benefits
Actuarially determined contribution rates (percentage of covered payroll):		
Employer	8.97%	0.86%
Plan members	4.75%	0.45%
Annual pension costs	$69,429	$6,636
Total contributions made	$63,368	$4,875
Actuarial valuation date	1/1/10	1/1/10
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open basis	Level dollar, open basis
Remaining amortization period	30 years	30 years
Asset valuation methods	Smoothed mkt.	Smoothed mkt.
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	3.0-6.3%	0%
Includes inflation at	3.00%	0%
Cost of living adjustment	None	None

Table 50

Three-year Trend Information

December 31, 2010 (dollars in thousands)

	Year	Annual Actuarial Required Contribution (ARC) [1,2]	Percentage of ARC Contributed [2]
DERP	2008	$ 41,700	100.0%
	2009	54,393	79.3%
	2010	48,996	86.2%
DERP Health Benefits	2008	$ 4,533	93.9%
	2009	5,157	88.3%
	2010	4,291	68.2%

[1]Employers made contributions based on the legally required rates.
[2]Years 2008 and 2009 have been revised from previously reported amounts to reflect employer-only amounts.

Table 51

Defined Benefit Pension Plans Schedule of Funding Progress

December 31, 2010 (dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability - Projected Unit Credit	Unfunded (Excess) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Excess) Actuarial Accrued Liability as a % of Covered Payroll
DERP						
January 1, 2008	$ 1,950,011	$ 1,985,651	$ 35,640	98.2%	$ 545,835	6.5%
January 1, 2009	1,924,991	2,095,887	170,896	91.8%	564,987	30.2%
January 1, 2010	1,923,561	2,176,243	252,682	88.4%	506,045	49.9%
DERP Health Benefits						
January 1, 2008	$ 96,457	$ 128,607	$ 32,150	75.0%	$ 545,835	5.9%
January 1, 2009	92,682	134,001	41,319	69.2%	564,987	7.3%
January 1, 2010	90,415	141,643	51,228	63.8%	506,045	10.1%

For FPPA, covered employees contribute at the rate of at least 8% of base salary. The City is required to provide level dollar funding at a minimum of $27,894,000 each year until there is no longer any unfunded actuarial liability for police officers and fire fighters hired before April 8, 1978. As of January 1, 2010, the actuarial reports stated that the plans for fire fighters and police officers hired before April 8, 1978, were funded at 85% and 76%, respectively. The City's contributions to FPPA for employees hired before April 8, 1978, for the years ended December 31, 2010, 2009, and 2008 were $22,348,000, $16,417,000, and $30,135,266 respectively.

The City also made contributions for the years ended December 31, 2010, 2009, and 2008 for police officers and fire fighters hired on or after April 8, 1978, in the amounts of $13,367,000, $13,387,000, and $12,443,683, respectively. As of the January 1, 2010, actuarial report, under current law benefits, which assume no cost-of-living adjustments, the Plan is funded at 100%.

NOTE I – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY

In addition to the pension benefits described in **Note IV-H**, the City provides health insurance to eligible retirees and their qualifying dependents. Current and retired employees participate in the same group plans with blended premium rates creating an implicit rate subsidy for the retirees in the plans.

1. **DERP Participants' Plan Description.** The City acts in a cost-sharing multiple-employer capacity by providing health insurance to eligible DERP retirees and their qualified dependents through the City's group insurance plans. As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees. To be eligible, employees must be a minimum of 55 years of age with 5 years of service and have elected to begin receiving their pension. Coverage ceases when one reaches Medicare age. Currently, there are 7,338 active employees under age 65 covered under the health insurance plans. In addition, there are 1,687 retired employees not yet covered by Medicare who are covered by the plans. There is no stand-alone financial report for this medical coverage benefit and it is not included in the DERP report.

2. **Funding Policy for DERP Participants' Plan.** DERP retirees are responsible for 100% of the blended premium rate. They may choose to use their health benefit toward the premium costs. The health benefit associated with the DERP pension (see **Note IV-H**) provides monthly health insurance premium reduction of $12.50 per year of service for retired participants under the age of 65 and $6.25 per year of service for retirees age 65 and older. The City's required contribution toward the implicit rate subsidy is based on pay-as-you-go financing.

   The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi- year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

3. **FPPA Participants' Plan Description.** The City acts in single-employer capacity by providing access to health insurance to eligible FPPA retirees and their qualified dependents through the respective groups' insurance plans. Based on City practice, fire fighter retirees and police officer retirees are allowed to participate in the health insurance programs offered to active employees. Fire fighters and police officers hired prior to April 8, 1978, are eligible for this coverage with a minimum of 25 years of service; however, police officers are also eligible when they begin collecting their pension benefit should they not obtain 25 years of service. For FPPA employees hired after April 7, 1978, they must have elected to begin collecting their pernsion and be a minimum of 55 years of age with 5 years of service or attained age 50 with 30 years of service. Coverage ceases when one reaches Medicare age. Currently, there are 2,337 active employees under age 65 covered under the health insurance plans. In addition, there are 340 retired employees not yet covered by Medicare who are covered by the plans. There is no stand-alone financial report for this medical coverage benefit and it is not included in the FPPA report.

4. **Funding Policy for FPPA Participants' Plan.** FPPA retirees are responsible for 100% of the blended premium rate. The City's required contribution toward the implicit rate subsidy is based on pay-as-you-go financing.

5. **Annual Pension Cost and Net Pension Obligation for FPPA Participants Plan.** The City's annual other postemployment benefit (OPEB) cost is calculated based on the Annual Required Contributions (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded Actuarial Accrued Liabilities (AAL) over a period of 30 years. **Table 52** details the components of the City's annual OPEB cost for the year, the amount contributed, and changes in the City's net OPEB obligation (dollars in thousands).

Table 52

Employer's normal cost	$	1,559
Amortization of unfunded AAL		1,371
Interest on net OPEB obligation		181
Adjustment to ARC		(179)
Total ARC		**2,932**
Employer contribution		1,437
Increase in net OPEB obligation		**1,495**
Net OPEB obligation - January 1		**4,526**
Net OPEB Obligation - December 31	**$**	**6,021**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB Obligation for the year ended December 31, 2010, and the two preceding years are detailed in **Table 53** (dollars in thousands).

Table 53

Fiscal Year Ended	Annual OPEB Cost	Contributions	% of Annual Cost OPEB Contributions	Net OPEB Obligations
December 31, 2008	$ 2,689	$ 1,177	43.8%	$ 3,017
December 31, 2009	2,809	1,300	46.3%	4,526
December 31, 2010	2,932	1,437	49.0%	6,021

6. **Funded Status and Funding Progress for FPPA Participants Plan.** The funded status for the year ended December 31, 2010, is presented in **Table 54** (dollars in thousands).

Table 54

		OPEB
Acturial accured liability (AAL)	$	35,882
Acturial value of plan assets		-
Unfunded AAL (UAAL)	**$**	**35,882**
Funded ratio		0.00%
Covered payroll	$	186,041
UAAL as a % of covered payroll		19.3%

Actuarial valuations of an ongoing plan involve the 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, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

7. **Actuarial Methods and Assumptions.** Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historic pattern of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of calculations. **Table 55** details the actuarial methods and assumptions used (dollars in thousands).

Table 55

	OPEB
Actuarial valuation date	12/31/10
Actuarial cost method	Entry age normal, Level % of pay
Amortization method	Level % of pay
Remaining amortization period	30 years, open basis
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare cost trend	Grading from 9% decreasing by .5% per year to 5% thereafter

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Required Supplementary Information Budgetary Comparison Schedule - General Fund and Human Services Special Revenue Fund

Year Ended December 31, 2010 (dollars in thousands)

	General Fund			
	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 554,388	$ 544,161	$ 565,487	$ 21,326
Licenses and permits	16,047	20,965	28,571	7,606
Intergovernmental revenues	24,651	25,084	28,378	3,294
Charges for services	8,789	10,495	145,667	135,172
Investment and interest income	6,681	3,492	6,476	2,984
Fines and forfeitures	47,324	50,256	44,322	(5,934)
Contributions	-	-	8	8
Other revenue	164,677	173,054	10,186	(162,868)
Total Revenues	**822,557**	**827,507**	**829,095**	**1,588**
Budget Basis Expenditures				
General government	212,416	188,264	165,483	22,781
Public safety	422,668	431,708	431,060	648
Public works	78,321	78,097	76,225	1,872
Human services	-	-	-	-
Health	43,664	43,664	42,924	740
Parks and recreation	45,693	45,768	41,872	3,896
Cultural activities	31,261	31,261	30,203	1,058
Community development	15,932	15,855	14,918	937
Total Budget Basis Expenditures	**849,955**	**834,617**	**802,685**	**31,932**
Excess (deficiency) of revenues over budget basis expenditures	(27,398)	(7,110)	26,410	33,520
Other Financing Sources (Uses)				
Insurance recoveries	-	-	212	212
Capital leases	-	-	577	577
Proceeds from sale of asset	-	-	1,801	1,801
Transfers in	29,369	37,959	37,963	4
Transfers out	(27,811)	(28,452)	(44,122)	(15,670)
Total Other Financing Sources (Uses)	**1,558**	**9,507**	**(3,569)**	**(13,076)**
Excess of revenues and other financing sources over budget basis expenditures and other financing uses	**$ (25,840)**	**$ 2,397**	22,841	**$ 20,444**
Fund balance - January 1			113,220	
Fund Balance - December 31			**$ 136,061**	

See notes to required supplementary information.

Human Services Special Revenue Fund			
Budget			Variance with
Original	Final	Actual	Final Budget
$ 46,639	$ 46,639	$ 48,722	$ 2,083
-	-	-	-
100,976	100,976	86,364	(14,612)
2,872	2,872	2,705	(167)
-	-	-	-
-	-	-	-
-	-	374	374
2,000	2,000	1,766	(234)
152,487	**152,487**	**139,931**	**(12,556)**
-	-	-	-
-	-	-	-
-	-	-	-
152,168	155,825	137,939	17,886
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
152,168	**155,825**	**137,939**	**17,886**
319	(3,338)	1,992	5,330
-	-	5	5
-	-	-	-
-	-	-	-
1,650	-	1,651	1,651
(75)	(75)	(2,992)	(2,917)
1,575	**(75)**	**(1,336)**	**(1,261)**
$ 1,894	**$ (3,413)**	656	**$ 4,069**
		10,174	
		$ 10,830	

Notes to Required Supplementary Information Budgetary Comparison Schedule

The City adheres to the following procedures in establishing the budgetary data for governmental fund types reflected in the financial statements:

1. Formal budgetary integration for expenditures is employed during the year for the general, special revenue, and capital projects funds except for certain special assessment projects and general improvement district funds. Formal budgetary integration is not employed for debt service funds, and certain special assessment projects and general improvement district funds included in capital projects and debt service funds, because effective budgetary control is alternatively achieved through bond and general obligation bond indenture provisions.

2. Budgets for appropriation in the General, Human Services special revenue, and capital projects funds are adopted on a basis consistent with GAAP. The General Fund and Human Services special revenue fund legally adopt budgets on an annual basis for expenditures. All other special revenue funds and the capital projects funds adopt budgets on a project length basis.

3. On or before July 1, heads of all City departments and agencies submit requests for appropriations to the budget officer who compiles the requests and submits a comprehensive budget request document to the Mayor. Thereafter, on or before September 15 of each year, the Mayor briefs the City Council on the tentative revenue and expenditure plans for the ensuing year. After receiving and considering City Council's recommendations, the Mayor prepares and submits to the City Council, on or before the third Monday in October of each year, a proposed budgetary report which includes all projected revenues and expenditures, the amount to be raised by taxation to pay interest on general obligation bonded indebtedness, and the amounts to be expended during the ensuing year for capital improvement projects identifying the sources of revenue for financing such projects. Upon receipt of the proposed budget, the City Council publishes a notice that the budget is open for inspection by the public and that a public hearing on the proposed budget will be held by no later than the fourth Monday in October. After the public hearing and consideration is given to the input by the public, the City Council, not later than the second Monday in November, adopts the budget by passage of an ordinance.

4. Authorization to transfer budgeted amounts between departments (appropriations) within any fund or revisions that alter the total expenditures of any fund must be approved by the City Council. Management can transfer budgeted amounts between line items within departments (appropriations). The legal level of budgetary control is established and maintained at the funded project level for special revenue and capital projects funds and at the department level for all other funds. Budgeted amounts are as originally adopted and as amended by the City Council throughout the year.

5. Unencumbered appropriations in the General Fund and Human Services special revenue fund lapse at year end. The unencumbered appropriations in the remaining special revenue funds and capital projects funds do not lapse at year end, but terminate upon expiration of the grant or project fiscal year or term.

Required Supplementary Information Other Postemployment Benefits - Implicit Rate Subsidy

December 31, 2010 (dollars in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability -Entry Age	Unfunded Acturarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Acturarial Accrued Liability as a % of Covered Payroll
DERP						
December 31, 2008	-	106,779	106,779	0.0%	378,197	28.2%
December 31, 2009	-	110,018	110,018	0.0%	393,325	28.0%
December 31, 2010	-	113,048	113,048	0.0%	409,058	27.6%
FPPA						
December 31, 2008	-	32,625	32,625	0.0%	172,005	19.0%
December 31, 2009	-	34,253	34,253	0.0%	178,886	19.1%
December 31, 2010	-	35,882	35,882	0.0%	186,041	19.3%

Schedule of Employer Contributions

	Employer Contributions			
	DERP		FPPA	
Year Ended	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
December 31, 2008	7,507	61.2%	2,688	43.8%
December 31, 2009	7,768	65.4%	2,808	46.3%
December 31, 2010	8,026	69.9%	2,930	49.0%

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GOVERNMENTAL FUNDS

NonMajor Governmental Funds

Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are restricted for specific purposes other than special assessments or major capital projects.

- **General Government -** to account for the proceeds of restricted revenue not specifically accounted for in another special revenue fund.
- **Public Safety -** to account for the proceeds of restricted revenue to be used for public safety purposes.
- **Health -** to account for the proceeds of restricted revenue to be used for expenditures in connection with health related purposes and activities.
- **Culture and Recreation -** to account for the proceeds of restricted revenue to be used in providing culture and recreation services.
- **Community Development -** to account for the proceeds of restricted revenue to be used for community development purposes and activities.
- **Economic Opportunity -** to account for the proceeds of restricted revenue to be used in providing economic opportunity services.
- **Special Funds -** to account for resources restricted by agreement for various purposes.

Debt Service Funds

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

- **Bond Principal -** to account for resources used for the payment of principal on governmental long-term debt.
- **Bond Interest -** to account for resources used for the payment of interest on governmental long-term debt.
- **Excise Tax Revenue Bond -** to account for the accumulation of funds for the payment of principal and interest on the Excise Tax Revenue bonds.
- **General Improvement District -** to account for the financial activities associated with the payment of principal and interest on General Improvement District general obligation bonds.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- **Winter Park Capital Fund -** to account for financial resources from the Winter Park Trust.
- **Capital Improvements -** to account for financial resources segregated for the acquisition of major capital projects of the City other than those financed by bond projects, other capital projects, enterprise funds, and internal service funds.
- **Conservation Trusts -** to account for the proceeds from State Lottery Funds, investment earnings, and refunds; all used for parks and recreation capital improvements.
- **Other Capital Projects -** to account for financial resources segregated for the financing of major capital projects for which grant or other funds will be used.
- **Entertainment and Culture -** to account for the financing of improvements and maintenance deemed to benefit properties against which special assessments are levied.
- **Special Assessments -** to account for the financing of improvements and maintenance deemed to benefit properties against which special assessments are levied.
- **General Improvement District -** to account for the financial resources segregated for the financing of improvements of properties within the general improvement district.

Permanent Fund

- **Cableland Trust -** to account for resources restricted by ordinance to be used to maintain the residence known as Cableland.

Governmental Individual Fund Schedules and Statements

- **General Fund and Human Services Special Revenue Fund -** Schedules of Expenditures Compared with Authorizations.
- **General Fund -** Comparative Balance Sheets and Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance.

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Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2010 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Assets					
Cash on hand	$ 6,063	$ -	$ -	$ -	$ 6,063
Cash and cash equivalents	78,986	78,690	86,437	562	244,675
Receivables (net of allowances for uncollectibles of $70,541):					
Taxes	34,412	88,495	56,144	-	179,051
Notes	75,228	-	-	-	75,228
Accounts	43,827	-	22	-	43,849
Accrued interest	313	268	283	43	907
Interfund receivable	2,973	-	-	-	2,973
Due from other governments	23,230	-	13,011	-	36,241
Prepaid items and other assets	794	-	-	-	794
Restricted assets:					
Cash and cash equivalents	33,460	397	90	3,000	36,947
Assets held for disposition	4,718	-	-	-	4,718
Total Assets	**$ 304,004**	**$ 167,850**	**$ 155,987**	**$ 3,605**	**$ 631,446**
Liabilities and Fund Balances					
Liabilities:					
Vouchers payable	$ 18,603	$ -	$ 14,817	$ -	$ 33,420
Accrued liabilities	1,105	-	-	-	1,105
Due to taxing units	492	-	-	-	492
Interfund payable	9,060	-	67	-	9,127
Deferred revenue	72,924	86,027	58,726	-	217,677
Advances	3,338	-	-	-	3,338
Total Liabilities	**105,522**	**86,027**	**73,610**	**-**	**265,159**
Fund Balances:					
Reserved for:					
Notes receivable	75,228	-	-	-	75,228
Prepaid items and other assets	794	-	-	-	794
Assets held for disposition	4,718	-	-	-	4,718
Emergency use	30,989	-	9	-	30,998
Debt service:					
Long-term debt	2,471	52,662	-	-	55,133
Interest	-	29,161	-	-	29,161
Unreserved:					
Designated for subsequent years' expenditures	-	-	78,068	-	78,068
Undesignated:					
Special revenue funds	84,282	-	-	-	84,282
Capital projects funds	-	-	4,300	-	4,300
Permanent fund	-	-	-	3,605	3,605
Total Fund Balances	**198,482**	**81,823**	**82,377**	**3,605**	**366,287**
Total Liabilities and Fund Balances	**$ 304,004**	**$ 167,850**	**$ 155,987**	**$ 3,605**	**$ 631,446**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Revenues					
Taxes:					
Facilities development admission	$ -	$ 2,633	$ 4,527	$ -	$ 7,160
Lodgers	14,123	21,697	-	-	35,820
Occupational privilege	-	-	168	-	168
Property	28,512	84,162	53,072	-	165,746
Sales	11,686	25,568	-	-	37,254
Specific ownership	-	-	84	-	84
Telephone	6,866	-	-	-	6,866
Special assessments	-	-	1,397	-	1,397
Licenses and permits	1,336	-	-	-	1,336
Intergovernmental revenues	76,683	-	36,237	-	112,920
Charges for services	47,609	-	661	-	48,270
Investment and interest income	3,992	2,548	1,464	166	8,170
Fines and forfeitures	3,133	-	173	-	3,306
Contributions	4,061	-	1,518	-	5,579
Other revenue	41,401	48	439	-	41,888
Total Revenues	**239,402**	**136,656**	**99,740**	**166**	**475,964**
Expenditures					
Current:					
General government	56,770	-	20,814	-	77,584
Public safety	68,233	-	-	-	68,233
Public works	3,955	-	29,658	-	33,613
Health	9,870	-	241	-	10,111
Parks and recreation	7,847	-	7,121	-	14,968
Cultural activities	43,097	-	4,226	-	47,323
Community development	34,970	-	352	-	35,322
Economic opportunity	25,860	-	-	-	25,860
Debt service:					
Principal retirement	11,544	53,665	1,664	-	66,873
Interest	13,599	44,654	472		58,725
Bond issuance cost	-	-	150		150
Capital outlay	-	-	41,037	-	41,037
Total Expenditures	**275,745**	**98,319**	**105,735**	**-**	**479,799**
Excess (deficiency) of revenues over (under) expenditures	(36,343)	38,337	(5,995)	166	(3,835)
Other Financing Sources (Uses)					
Sale of capital assets	(579)	-	7,268	-	6,689
GID general obligation bonds issued	-	-	4,000	-	4,000
General obligation bonds issued	-	92,005	-	-	92,005
Capital leases	37,207	-	2,390	-	39,597
Payment to escrow	(37,774)	(92,005)	-	-	(129,779)
Bond premium	-	-	200	-	200
Insurance recoveries	456	-	-	-	456
Transfers in	41,820	53	19,687	-	61,560
Transfers out	(12,780)	(25,805)	(15,112)	(88)	(53,785)
Total Other Financing Sources (Uses)	**28,350**	**(25,752)**	**18,433**	**(88)**	**20,943**
Net change in fund balances	(7,993)	12,585	12,438	78	17,108
Fund balances - January 1	206,475	69,238	69,939	3,527	349,179
Fund Balances - December 31	**$ 198,482**	**$ 81,823**	**$ 82,377**	**$ 3,605**	**$ 366,287**

Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2010 (dollars in thousands)

	General Government	Public Safety	Health
Assets			
Cash on hand	$ -	$ 1,217	$ -
Cash and cash equivalents	29,598	12,434	-
Receivables (net of allowances for uncollectibles of $69,164)			-
Taxes	2,156	32,256	-
Notes	12,256	-	-
Accounts	2,428	2,265	-
Accrued interest	177	11	-
Interfund receivable	370	18	6
Due from other governments	3,524	4,464	1,586
Prepaid items and other assets	611	-	-
Restricted assets:			
Cash and cash equivalents	30,989	-	-
Assets held for disposition	-	-	-
Total Assets	**$ 82,109**	**$ 52,665**	**$ 1,592**
Liabilities and Fund Balances			
Liabilities:			
Vouchers payable	$ 3,964	$ 3,598	$ 664
Accrued liabilities	60	165	12
Due to taxing units	-	492	-
Interfund payable	22	168	164
Deferred revenue	1,249	34,784	86
Advances	-	214	-
Total Liabilities	**5,295**	**39,421**	**926**
Fund Balances:			
Reserved for:			
Notes receivable	12,256	-	-
Prepaid items and other assets	611	-	-
Assets held for disposition	-	-	-
Emergency use	30,989	-	-
Debt service:			
Long-term debt	-	-	-
Unreserved - undesignated	32,958	13,244	666
Total Fund Balances	**76,814**	**13,244**	**666**
Total Liabilities and Fund Balances	**$ 82,109**	**$ 52,665**	**$ 1,592**

Culture and Recreation	Community Development	Economic Opportunity	Special Funds	Total
$ 4,844	$ -	$ 2	$ -	$ 6,063
19,525	-	-	17,429	78,986
-	-	-	-	
-	-	-	-	34,412
-	62,972	-	-	75,228
1,725	-	4	37,405	43,827
3	3	-	119	313
-	-	2,579	-	2,973
92	11,852	1,712	-	23,230
183	-	-	-	794
-	648	-	1,823	33,460
-	4,718	-	-	4,718
$ 26,372	**$ 80,193**	**$ 4,297**	**$ 56,776**	**$ 304,004**
$ 4,356	$ 4,236	$ 1,458	$ 327	$ 18,603
309	81	478	-	1,105
-	-	-	-	492
337	3,994	2,219	2,156	9,060
206	201	112	36,286	72,924
3,124	-	-	-	3,338
8,332	**8,512**	**4,267**	**38,769**	**105,522**
-	62,972	-	-	75,228
183	-	-	-	794
-	4,718	-	-	4,718
-	-	-	-	30,989
-	648	-	1,823	2,471
17,857	3,343	30	16,184	84,282
18,040	**71,681**	**30**	**18,007**	**198,482**
$ 26,372	**$ 80,193**	**$ 4,297**	**$ 56,776**	**$ 304,004**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	General Government	Public Safety	Health
Revenues			
Taxes:			
Lodgers	$ 14,123	$ -	$ -
Property	6,164	22,348	-
Sales	11,686	-	-
Telephone	-	-	-
Licenses and permits	1,335	-	-
Intergovernmental revenues	11,435	29,497	9,589
Charges for services	1,537	5,604	4
Investment and interest income	1,842	101	-
Fines and forfeitures	-	3,128	-
Contributions	799	147	295
Other revenue	11,347	456	4
Total Revenues	**60,268**	**61,281**	**9,892**
Expenditures			
Current:			
General government	53,382	1,331	-
Public safety	77	62,331	-
Public works	3,955	-	-
Health	-	-	9,870
Parks and recreation	-	-	-
Cultural activities	35	-	-
Community development	2,193	-	-
Economic opportunity	-	-	-
Debt service:			
Principal retirement	1,635	408	-
Interest	281	103	-
Total Expenditures	**61,558**	**64,173**	**9,870**
Excess (deficiency) of revenues over (under) expenditures	(1,290)	(2,892)	22
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Capital leases	1,087	-	-
Payment to escrow	-	-	-
Insurance recoveries	443	2	-
Transfers in	10,858	3,833	-
Transfers out	(6,611)	(397)	(38)
Total Other Financing Sources (Uses)	**5,777**	**3,438**	**(38)**
Net change in fund balances	4,487	546	(16)
Fund balances - January 1	72,327	12,698	682
Fund Balances - December 31	**$ 76,814**	**$ 13,244**	**$ 666**

	Cultural and Recreation	Community Development	Economic Opportunity	Special Funds	Total
	$ -	$ -	$ -	$ -	$ 14,123
	-	-	-	-	28,512
	-	-	-	-	11,686
	-	-	-	6,866	6,866
	1	-	-	-	1,336
	943	16,508	8,711	-	76,683
	21,986	1,620	16,711	147	47,609
	28	1,151	-	870	3,992
	5	-	-	-	3,133
	2,763	52	-	5	4,061
	21,995	254	105	7,240	41,401
	47,721	**19,585**	**25,527**	**15,128**	**239,402**
	3	27	-	2,027	56,770
	-	-	-	5,825	68,233
	-	-	-	-	3,955
	-	-	-	-	9,870
	7,833	-	-	14	7,847
	43,062	-	-	-	43,097
	-	32,777	-	-	34,970
	-	-	25,860	-	25,860
	1,590	-	-	7,911	11,544
	27	-	-	13,188	13,599
	52,515	**32,804**	**25,860**	**28,965**	**275,745**
	(4,794)	(13,219)	(333)	(13,837)	(36,343)
	-	(579)	-	-	(579)
	-	-	-	36,120	37,207
	-	-	-	(37,774)	(37,774)
	11	-	-	-	456
	6,765	2	455	19,907	41,820
	(388)	-	(3)	(5,343)	(12,780)
	6,388	**(577)**	**452**	**12,910**	**28,350**
	1,594	(13,796)	119	(927)	(7,993)
	16,446	85,477	(89)	18,934	206,475
	$ 18,040	**$ 71,681**	**$ 30**	**$ 18,007**	**$ 198,482**

Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2010 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Assets					
Cash and cash equivalents	$ 34,729	$ 29,277	$ 14,684	$ -	$ 78,690
Receivables (net of allowances for uncollectibles of $1,035):					
Taxes	50,064	34,845	3,232	354	88,495
Accrued interest	-	199	69	-	268
Restricted assets:					
Cash and cash equivalents	-	-	-	397	397
Total Assets	**$ 84,793**	**$ 64,321**	**$ 17,985**	**$ 751**	**$ 167,850**
Liabilities and Fund Balances					
Liabilities:					
Deferred revenue	$ 50,513	$ 35,160	$ -	$ 354	$ 86,027
Total Liabilities Balance	**50,513**	**35,160**	**-**	**354**	**86,027**
Fund Balances:					
Reserved for debt service:					
Long-term debt	34,280	-	17,985	397	52,662
Interest	-	29,161	-	-	29,161
Total Fund Balances	**34,280**	**29,161**	**17,985**	**397**	**81,823**
Total Liabilities and Fund Balances	**$ 84,793**	**$ 64,321**	**$ 17,985**	**$ 751**	**$ 167,850**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement Districts	Total
Revenues					
Taxes:					
Facilities development admission	$ -	$ -	$ 2,633	$ -	$ 2,633
Lodgers	-	-	21,697	-	21,697
Property	49,439	34,370	-	353	84,162
Sales and use	-	-	25,568	-	25,568
Investment and interest income	-	1,866	682	-	2,548
Other revenue	-	-	48	-	48
Total Revenues	**49,439**	**36,236**	**50,628**	**353**	**136,656**
Expenditures					
Principal retirement	41,595	-	11,810	260	53,665
Interest	-	29,623	14,942	89	44,654
Total Expenditures	**41,595**	**29,623**	**26,752**	**349**	**98,319**
Excess of revenues over expenditures	7,844	6,613	23,876	4	38,337
Other Financing Sources (Uses)					
General obligation bonds issued	92,005	-	-	-	92,005
Payment to escrow	(92,005)	-	-	-	(92,005)
Transfers in	-	-	-	53	53
Transfers out	-	-	(25,805)	-	(25,805)
Total Other Financing Sources (Uses)	**-**	**-**	**(25,805)**	**53**	**(25,752)**
Net change in fund balances	7,844	6,613	(1,929)	57	12,585
Fund balances - January 1	26,436	22,548	19,914	340	69,238
Fund Balances - December 31	**$ 34,280**	**$ 29,161**	**$ 17,985**	**$ 397**	**$ 81,823**

Combining Balance Sheet - Nonmajor Capital Projects Funds

December 31, 2010 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Assets			
Cash and cash equivalents	$ 3,295	$ 66,898	$ 9,722
Receivables (net of allowances for uncollectibles of $342):			
Taxes	-	54,645	-
Accounts	-	19	-
Accrued interest	4	218	43
Due from other governments	-	-	-
Restricted assets:			
Cash and cash equivalents	-	28	-
Total Assets	**$ 3,299**	**$ 121,808**	**$ 9,765**
Liabilities and Fund Balances			
Liabilities:			
Vouchers payable	$ 386	$ 6,485	$ 1,235
Interfund payable	2	57	8
Deferred revenue	-	54,563	-
Total Liabilities	**388**	**61,105**	**1,243**
Fund Balances:			
Reserved for:			
Emergency use	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	2,911	58,519	7,801
Undesignated	-	2,184	721
Total Fund Balances	**2,911**	**60,703**	**8,522**
Total Liabilities and Fund Balances	**$ 3,299**	**$ 121,808**	**$ 9,765**

	Other Capital Projects	Entertainment and Culture	Special Assessments	General Improvement Districts	Total
	$ 3,335	$ 2,664	$ 303	$ 220	$ 86,437
	-	339	939	221	56,144
	-	-	-	3	22
	11	6	1	-	283
	13,011	-	-	-	13,011
	54	-	-	8	90
	$ 16,411	$ 3,009	$ 1,243	$ 452	$ 155,987
	$ 6,331	$ 341	$ -	$ 39	$ 14,817
	-	-	-	-	67
	3,003	-	939	221	58,726
	9,334	**341**	**939**	**260**	**73,610**
	-	-	-	9	9
	7,077	1,501	175	84	78,068
	-	1,167	129	99	4,300
	7,077	**2,668**	**304**	**192**	**82,377**
	$ 16,411	$ 3,009	$ 1,243	$ 452	$ 155,987

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Revenues			
Taxes:			
Facilities development admission	$ -	$ -	$ -
Occupational privilege	-	168	-
Property	-	52,852	-
Specific ownership	-	-	-
Special assessments	-	-	-
Intergovernmental revenues	-	7,202	5,243
Charges for services	-	82	-
Fines and forfeitures	-	-	-
Investment and interest income	51	880	351
Contributions	-	-	-
Other revenue	-	226	-
Total Revenues	**51**	**61,410**	**5,594**
Expenditures			
Current:			
General government	-	20,503	-
Public works	-	22,608	-
Health	-	241	-
Parks and recreation	692	3,330	2,894
Cultural activities	-	1,707	-
Community development	-	325	-
Debt service:			
Principal retirement	-	1,664	-
Interest	-	471	-
Bond issuance cost	-	-	-
Capital outlay	1,086	8,019	2,451
Total Expenditures	**1,778**	**58,868**	**5,345**
Excess (deficiency) of revenues over expenditures	(1,727)	2,542	249
Other Financing Sources (Uses)			
Sale of capital assets	-	187	-
GID general obligation bonds issued	-	-	-
Capital leases	-	2,390	-
Bond premium	-	-	-
Transfers in	2,012	13,243	-
Transfers out	-	(6,597)	(863)
Total Other Financing Sources (Uses)	**2,012**	**9,223**	**(863)**
Net change in fund balances	285	11,765	(614)
Fund balances - January 1	2,626	48,938	9,136
Fund Balances - December 31	**$ 2,911**	**$ 60,703**	**$ 8,522**

Other Capital Projects	Entertainment and Culture	Special Assessments	General Improvement Districts	Total
$ -	$ 4,527	$ -	$ -	$ 4,527
-	-	-	-	168
-	-	-	220	53,072
-	-	-	84	84
513	-	884	-	1,397
23,792	-	-	-	36,237
579	-	-	-	661
173	-	-	-	173
112	53	15	2	1,464
1,518	-	-	-	1,518
213	-	-	-	439
26,900	**4,580**	**899**	**306**	**99,740**
311	-	-	-	20,814
5,891	32	856	271	29,658
-	-	-	-	241
77	128	-	-	7,121
-	2,519	-	-	4,226
27	-	-	-	352
-	-	-	-	1,664
1	-	-	-	472
-	-	-	150	150
29,016	465	-	-	41,037
35,323	**3,144**	**856**	**421**	**105,735**
(8,423)	1,436	43	(115)	(5,995)
7,081	-	-	-	7,268
-	-	-	4,000	4,000
-	-	-	-	2,390
-	-	-	200	200
4,432	-	-	-	19,687
(1,169)	(1,999)	(431)	(4,053)	(15,112)
10,344	**(1,999)**	**(431)**	**147**	**18,433**
1,921	(563)	(388)	32	12,438
5,156	3,231	692	160	69,939
$ 7,077	**$ 2,668**	**$ 304**	**$ 192**	**$ 82,377**

Schedule of Expenditures Compared with Authorizations - General Fund

For the Year Ended December 31, 2010 (dollars in thousands)

	2010 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
General Government:			
Mayor's Office	$ 1,561	$ 1,497	$ 64
Civic Events	865	856	9
Education/Advocacy Initiatives	845	835	10
Employee Assistance	424	406	18
City Council	4,143	3,937	206
Telecommunications	323	299	24
Board of Ethics	103	99	4
Career Service Authority	8,492	8,178	314
Career Service Authority Hearing Office	387	367	20
City Attorney	12,296	11,661	635
Airport Legal Services	1,878	1,605	273
Human Service Legal Services	4,485	4,448	37
Clerk and Recorder	8,319	6,533	1,786
Board of Adjustment	256	243	13
Human Rights and Community Relations	1,008	971	37
General Services:			
Administration	1,166	992	174
Facilities and Planning	15,667	15,120	547
Purchasing	1,785	1,709	76
Public Office Buildings Utilities	29,451	24,970	4,481
Auditor	4,838	4,459	379
Auditor - Airport	1,086	1,029	57
Department of Finance	42,202	34,555	7,647
Adams Mark Tax Increment	1,000	1,240	(240)
Annual Rental Payments	3,748	1,367	2,381
Payments to Elderly and Disabled	1,400	1,032	368
Excise and Licenses	1,252	1,236	16
Technology Services	36,021	33,241	2,780
Office of Economic Development	2,840	2,328	512
Office of Economic Development - Airport	423	270	153
Total General Government	**$ 188,264**	**$ 165,483**	**$ 22,781**
Public Safety			
911 Call Center	$ 9,200	$ 9,184	$ 16
Civil Service Commission	1,304	1,243	61
Collective Bargaining	10	-	10
County Court	20,853	20,755	98
District Attorney	16,787	16,877	(90)
Emergency Management	536	572	(36)
Fire	104,350	104,929	(579)
Independent Monitor	636	583	53
Police	177,084	176,653	431

continued

Schedule of Expenditures Compared with Authorizations - General Fund - continued

For the Year Ended December 31, 2010 (dollars in thousands)

	2010 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Police Photo Radar	2,269	2,217	52
Safe City Initiative	1,242	1,222	20
Safety Administration	3,221	3,308	(87)
Undersheriff	94,216	93,517	699
Total Public Safety	**$ 431,708**	**$ 431,060**	**$ 648**
Public Works			
Administration	$ 4,922	$ 4,485	$ 437
Operations	42,012	41,118	894
Transportation	31,163	30,622	541
Total Public Works	**$ 78,097**	**$ 76,225**	**$ 1,872**
Health			
Environmental Health	$ 9,813	$ 9,282	$ 531
City Payments to Health Authority	2,342	2,343	(1)
Clinic	117	107	10
Denver C.A.R.E.S.	3,318	3,318	-
Poison Center	97	97	-
Medically Indigent	27,977	27,777	200
Total Health	**$ 43,664**	**$ 42,924**	**$ 740**
Parks and Recreation			
Administration	$ 2,294	$ 2,074	$ 220
General Parks	28,188	25,930	2,258
Recreation	15,286	13,868	1,418
Total Parks and Recreation	**$ 45,768**	**$ 41,872**	**$ 3,896**
Cultural Activities			
Art, Culture, and Film	$ 1,174	$ 1,147	$ 27
Denver Public Library	30,087	29,056	1,031
Total Cultural Activities	**$ 31,261**	**$ 30,203**	**$ 1,058**
Community Planning/Development	$ 15,855	$ 14,918	$ 937
Total Community Planning/Development	**$ 15,855**	**$ 14,918**	**$ 937**
Total	**$ 834,617**	**$ 802,685**	**$ 31,932**

Schedule of Expenditures Compared with Authorizations - Human Services Special Revenue Fund

For the Year Ended December 31, 2010 (dollars in thousands)

	2010 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Grants - Currently Active			
13001 Federal	$ 4,128	$ 4,128	$ -
13007 Community Service	1,013	1,013	-
13009 Emergency Shelter	520	521	(1)
13012 Emergency Shelter Plus Care	2,291	2,291	-
13017 Child Care	3,134	2,320	814
13019 Homeless Vets Reintegration and Training	301	301	-
13601 Human Services Privately Funded	215	215	-
13217 Human Services Federal Stimilus	4,560	4,560	-
State/County Welfare			
13005 Child Welfare	37,179	31,856	5,323
13008 County Public Welfare	76,720	69,533	7,187
13302 Aid to the Blind	1	-	1
13303 Aid to the Needy Disabled	1,150	552	598
13304 Board for Developmentally Disabled	11,358	11,358	-
13305 General Assistance	1,496	1,036	460
13306 Local Funded Community Service	5,810	5,372	438
13501 Human Services State Funded	280	280	-
City and Other Projects			
13502 Integrated Care Management Incentive	131	131	-
13703 Drug Strategy Donations	2	2	-
13704 Homeless Services Donations	152	3	149
13802 Family Crisis Project	7	7	-
13806 Youth Transitional Housing	26	26	-
13808 Energy Assistance	5,130	2,213	2,917
13810 Human Services Operations & Administration	221	221	-
Total	**$ 155,825**	**$ 137,939** [1]	**$ 17,886**

[1] *Includes grantor expenditures of $14,094 reported in the Economic Opportunity Special Revenue Fund.*

Comparative Balance Sheets - General Fund

December 31, 2010 and 2009 (dollars in thousands)

	Totals December 31, 2010	2009
Assets		
Cash on hand	$ 31	$ 34
Cash and cash equivalents	72,894	28,021
Receivables (net of allowances for uncollectibles of $25,088 and $23,897):		
Taxes	123,142	116,253
Notes	70	23
Accounts	18,929	19,760
Accrued interest	515	542
Interfund receivable	23,752	44,001
Due from other governments	-	224
Prepaid items and other assets	453	-
Restricted assets:		
Cash and cash equivalents	19,952	20,207
Total Assets	**$ 259,738**	**$ 229,065**
Liabilities and Fund Balances		
Liabilities:		
Vouchers payable	$ 12,284	$ 10,639
Accrued liabilities	25,520	21,781
Due to taxing units	31	34
Interfund payable	2,934	3,839
Deferred revenue	82,757	79,552
Advances	151	-
Total Liabilities	**123,677**	**115,845**
Fund Balance:		
Reserved for:		
Notes receivable	70	23
Prepaid items and other assets	453	-
Debt service:		
Long-term debt	19,952	20,207
Unreserved-undesignated	115,586	92,990
Total Fund Balance	**136,061**	**113,220**
Total Liabilities and Fund Balance	**$ 259,738**	**$ 229,065**

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - General Fund

For the Years Ended December 31, 2010 and 2009 (dollars in thousands)

	Totals Year ended December 31, 2010	2009
Revenues		
Taxes:		
Lodgers	$ 13,316	$ 11,921
Motor Vehicle ownership	17,004	17,907
Occupational privilege	41,650	39,534
Property	80,913	64,396
Sales and use	409,817	387,838
Telephone	2,787	2,761
Licenses and permits	28,571	23,229
Intergovernmental revenues	28,378	31,955
Charges for services	145,667	138,563
Investment and interest income	6,476	4,512
Fines and forfeitures	44,322	41,389
Contributions	8	14
Other revenue	10,186	11,849
Total Revenues	**829,095**	**775,868**
Expenditures		
Current:		
General government	165,018	165,897
Public safety	431,060	429,718
Public works	75,962	79,506
Health	42,924	43,750
Parks and recreation	41,800	46,183
Cultural activities	30,203	32,222
Community development	14,918	16,343
Principal retirement	283	276
Interest	517	1,795
Total Expenditures	**802,685**	**815,690**
Excess (deficiency) of revenues over (under) expenditures	26,410	(39,822)
Other Financing Sources (Uses)		
Sale of capital assets	1,801	1,307
Capital leases	577	-
Insurance recoveries	212	287
Transfers in	37,963	30,577
Transfers out	(44,122)	(50,578)
Total Other Financing Sources (Uses)	**(3,569)**	**(18,407)**
Net change in fund balance	22,841	(58,229)
Fund balance - January 1	113,220	171,449
Fund Balance - December 31	**$ 136,061**	**$ 113,220**

PROPRIETARY FUNDS

Proprietary Funds

Proprietary funds are a group of funds that account for activities that are often seen in the private sector and are operated in a similar manner as in the private sector.

Enterprise Funds

- **Environmental Services -** to account for the operation and activity of the City's chemical waste disposal, phase out of hazardous materials disposal sites, and litter prevention.
- **Golf Course -** to account for the administration, operation, maintenance and improvement of City-owned golf facilities.

Internal Service Funds

- **Central Services -** to account for providing paper and printing goods and services to departments of the City and other users on a cost reimbursement basis.
- **Fleet Maintenance -** to account for the financing of automotive repairs and services provided to departments of the City or to other governmental units on a cost reimbursement basis.
- **Asphalt Plant -** to account for the expenditures and revenues of the City's Asphalt Plant that provides a service to the metropolitan Denver area and is an essential element in the street resurfacing program of the City's Street Maintenance division.
- **Workers' Compensation -** to account for the City's workers compensation self insurance activities.

Combining Statement of Net Assets - Nonmajor Enterprise Funds

December 31, 2010 (dollars in thousands)

	Environmental Services	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 13,716	$ 1,993	$ 15,709
Receivables:			
Accounts	1,403	23	1,426
Accrued interest	44	7	51
Inventories	-	146	146
Interfund receivable	9	-	9
Prepaid items and other assets	-	14	14
Restricted assets:			
Cash and cash equivalents	4,539	-	4,539
Accounts receivable	440	-	440
Accrued interest receivable	15	-	15
Total Current Assets	**20,166**	**2,183**	**22,349**
Capital assets:			
Land and construction in progress	3,168	1,131	4,299
Buildings and improvements	672	12,763	13,435
Improvements other than buildings	131	15,899	16,030
Machinery and equipment	172	4,976	5,148
Accumulated depreciation	(935)	(15,753)	(16,688)
Net capital assets	3,208	19,016	22,224
Bond issue costs and other assets	-	122	122
Total Noncurrent Assets	**3,208**	**19,138**	**22,346**
Total Assets	**23,374**	**21,321**	**44,695**
Liabilities			
Current liabilities:			
Vouchers payable	888	144	1,032
Revenue bonds payable	-	425	425
Accrued liabilities	-	190	190
Unearned revenue	-	330	330
Interfund payable	166	89	255
Capital lease obligations	-	150	150
Special incentive payments	-	13	13
Compensated absences	-	47	47
Total Current Liabilities	**1,054**	**1,388**	**2,442**
Noncurrent liabilities:			
Revenue bonds payable	-	4,900	4,900
Unamortized premiums	-	33	33
Capital lease obligations	-	337	337
Special incentive payments	-	6	6
Compensated absences	251	419	670
Total Noncurrent Liabilities	**251**	**5,695**	**5,946**
Total Liabilities	**1,305**	**7,083**	**8,388**
Net Assets			
Invested in capital assets, net of related debt	3,208	13,663	16,871
Restricted for capital projects	3,495	-	3,495
Unrestricted	15,366	575	15,941
Total Net Assets	**$ 22,069**	**$ 14,238**	**$ 36,307**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Environmental Services	Golf Course	Total
Operating Revenues			
Charges for services	$ 6,762	$ 8,744	$ 15,506
Other revenue	1,259	-	1,259
Total Operating Revenues	**8,021**	**8,744**	**16,765**
Operating Expenses			
Personnel services	2,412	4,225	6,637
Contractual services	1,920	71	1,991
Supplies and materials	115	731	846
Depreciation	19	903	922
Other operating expenses	1,612	1,683	3,295
Total Operating Expenses	**6,078**	**7,613**	**13,691**
Operating income	1,943	1,131	3,074
Nonoperating Revenues (Expenses)			
Investment and interest income	441	41	482
Interest expense	-	(296)	(296)
Total Nonoperating Revenues (Expenses)	**441**	**(255)**	**186**
Income before transfers	2,384	876	3,260
Transfers in	-	-	-
Transfers out	(250)	-	(250)
Change in Net Assets	2,134	876	3,010
Net assets - January 1	19,935	13,362	33,297
Net Assets - December 31	**$ 22,069**	**$ 14,238**	**$ 36,307**

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Environmental Services	Golf Course	Total
Cash Flows From Operating Activities			
Receipts from customers	$ 7,730	$ 8,958	$ 16,688
Payments to suppliers	(2,143)	(3,173)	(5,316)
Payments to employees	(2,381)	(4,236)	(6,617)
Other payments	(2,515)	-	(2,515)
Net Cash Provided by Operating Activities	**691**	**1,549**	**2,240**
Cash Flows From Noncapital Financing Activities			
Transfers out	(250)	-	(250)
Net Cash Used by Noncapital Financing Activities	**(250)**	**-**	**(250)**
Cash Flows From Capital and Related Financing Activities			
Principal payments	-	(530)	(530)
Acquisition of capital assets	-	(910)	(910)
Interest paid on capital debt	-	(296)	(296)
Net Cash Used by Capital and Related Financing Activities	**-**	**(1,736)**	**(1,736)**
Cash Flows from Investing Activities			
Interest received	452	46	498
Net increase (decrease) in cash and cash equivalents	893	(141)	752
Cash and cash equivalents - January 1	17,362	2,134	19,496
Cash and Cash Equivalents - December 31	**$ 18,255**	**$ 1,993**	**$ 20,248**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 1,943	$ 1,131	$ 3,074
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	19	903	922
Accounts receivable	(291)	8	(283)
Prepaid expenses		(14)	(14)
Inventories	-	(34)	(34)
Vouchers payable	(1,011)	(319)	(1,330)
Unearned revenue	-	192	192
Accrued liabilities	31	11	42
Interfund payable	-	(329)	(329)
Net Cash Provided by Operating Activities	**$ 691**	**$ 1,549**	**$ 2,240**
Noncash Activities			
Amortization of bond premium	$ -	$ 8	$ 8

Combining Statement of Net Assets - Internal Service Funds

December 31, 2010 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Assets					
Current Assets:					
Cash and cash equivalents	$ -	$ 4,881	$ 3,789	$ 33,907	$ 42,577
Receivables:					
Accounts	10	61	1	161	233
Accrued interest	-	-	-	263	263
Inventories	73	2,022	103	-	2,198
Interfund receivable	871	2,345	40	-	3,256
Restricted cash and cash equivalents	-	25	-	-	25
Total Current Assets	**954**	**9,334**	**3,933**	**34,331**	**48,552**
Capital Assets:					
Land	-	5,653	-	-	5,653
Buildings and improvements	715	14,472	3,392	-	18,579
Improvements other than buildings	-	79	67	-	146
Machinery and equipment	792	5,307	1,301	-	7,400
Accumulated depreciation	(893)	(4,649)	(3,999)	-	(9,541)
Net capital assets	614	20,862	761	-	22,237
Total Assets	**1,568**	**30,196**	**4,694**	**34,331**	**70,789**
Liabilities					
Current Liabilities:					
Vouchers payable	311	572	154	281	1,318
Accrued liabilities	6	254	21	81	362
Interfund payable	1,697	21	6	49	1,773
Capital lease obligations	-	666	-	-	666
Special incentive payments	7	13	-	-	20
Compensated absences	-	471	15	18	504
Claims reserve	-	-	-	10,386	10,386
Total Current Liabilities	**2,021**	**1,997**	**196**	**10,815**	**15,029**
Noncurrent Liabilities:					
Capital lease obligations	-	19,544	-	-	19,544
Compensated absences	6	636	46	89	777
Other accrued liabilities	3	6	-	-	9
Claims reserve	-	-	-	25,324	25,324
Total noncurrent liabilities	9	20,186	46	25,413	45,654
Total Liabilities	**2,030**	**22,183**	**242**	**36,228**	**60,683**
Net Assets					
Invested in capital assets, net of related debt	614	652	761	-	2,027
Unrestricted (deficit)	(1,076)	7,361	3,691	(1,897)	8,079
Total Net Assets (Deficit)	**$ (462)**	**$ 8,013**	**$ 4,452**	**$ (1,897)**	**$ 10,106**

Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Operating Revenues					
Charges for services	$ 3,831	$ 19,272	$ 7,419	$ 11,924	$ 42,446
Other revenue	-	52	-	484	536
Total Operating Revenues	**3,831**	**19,324**	**7,419**	**12,408**	**42,982**
Operating Expenses					
Personnel services	272	7,068	571	1,117	9,028
Contractual services	116	124	24	278	542
Supplies and materials	879	11,017	5,695	438	18,029
Depreciation	134	399	302	-	835
Claims payments	-	-	-	8,843	8,843
Change in claims reserve	-	-	-	1,489	1,489
Other operating expenses	2,607	678	511	1,591	5,387
Net Operating Expenses	**4,008**	**19,286**	**7,103**	**13,756**	**44,153**
Operating income (loss)	(177)	38	316	(1,348)	(1,171)
Nonoperating Revenues (Expenses)					
Investment and interest income	-	-	-	1,729	1,729
Interest expense	(13)	-	-	-	(13)
Total Nonoperating Revenues (Expenses)	**(13)**	**-**	**-**	**1,729**	**1,716**
Change in net assets	(190)	38	316	381	545
Net assets (deficit) - January 1	(272)	7,975	4,136	(2,278)	9,561
Net Assets (Deficit) -December 31	**$ (462)**	**$ 8,013**	**$ 4,452**	**$ (1,897)**	**$ 10,106**

Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Cash Flows From Operating Activities					
Receipts from customers	$ 4,082	$ 19,858	$ 7,401	$ 11,864	$ 43,205
Payments to suppliers	(3,539)	(11,505)	(6,126)	(2,325)	(23,495)
Payments to employees	(287)	(6,953)	(560)	(1,070)	(8,870)
Other receipts	-	52	-	484	536
Claims paid	-	-	-	(8,843)	(8,843)
Net Cash Provided by Operating Activities	**256**	**1,452**	**715**	**110**	**2,533**
Cash Flows from Capital and Related Financing Activities					
Proceeds from capital debt	-	20,210	-	-	20,210
Principal payments	(243)	-	-	-	(243)
Interest payments	(13)	-	-	-	(13)
Acquisition of capital assets	-	(20,283)	(28)	-	(20,311)
Net Cash Used by Capital and Related Financing Activities	**(256)**	**(73)**	**(28)**	**-**	**(357)**
Cash Flows From Investing Activities					
Interest received	-	-	-	1,647	1,647
Net increase in cash and cash equivalents	-	1,379	687	1,757	3,823
Cash and cash equivalents - January 1	-	3,527	3,102	32,150	38,779
Cash and Cash Equivalents - December 31	**$ -**	**$ 4,906**	**$ 3,789**	**$ 33,907**	**$ 42,602**
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	$ (177)	$ 38	$ 316	$ (1,348)	$ (1,171)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	134	399	302	-	835
Accounts receivable	(5)	(59)	(1)	(60)	(125)
Interfund receivable	255	645	(17)	-	883
Inventories	63	175	49	-	287
Vouchers payable	88	281	70	64	503
Accrued liabilities	(14)	(41)	3	47	(5)
Interfund payable	(88)	14	(7)	(82)	(163)
Claims reserve	-	-	-	1,489	1,489
Net Cash Provided by Operating Activities	**$ 256**	**$ 1,452**	**$ 715**	**$ 110**	**$ 2,533**

FIDUCIARY FUNDS

Fiduciary Funds

Fiduciary funds are trust and agency funds which account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include expendable trust funds, non-expendable trust funds, pension trust funds, and agency funds.

Pension, Health, and Other Employee Benefits Trust Funds

- **Pension Benefits Trust Funds - Denver Employees Retirement Plan -** to account for the pension assets of the Denver Employees Retirement Plan.
- **Health Benefits Trust Funds - Denver Employees Retirement Plan -** to account for the health benefits assets of the Denver Employees Retirement Plan.
- **Deferred Compensation -** to account for City employees' voluntary deferrals of current income to future years and the investment income earned.

Agency Funds

- **Employee Salary Redirect Plan -** to account for employees' income tax-exempt voluntary salary deductions used to pay for dependent childcare, medical expense reimbursement, and medical insurance premium payments.
- **Agency -** to account for the consolidation of payroll activity in one fund after the recording of expenditures in the appropriate funds. Also, collected receipts are temporarily held here in unapportioned accounts until a proper allocation is determined. Additionally, property taxes collected for all the taxing entities in the County of Denver are transferred here from the trust fund where they are initially recorded.

Combining Statement of Fiduciary Net Assets - Pension, Health, and Other Employee Benefit Trust Funds

December 31, 2010 (dollars in thousands)

	Pension Benefits Trust Fund	Health Benefits Trust Fund	Other Employee Benefit Trust Fund	
	Denver Employees Retirement Plan	Denver Employees Retirement Plan	Deferred Compensation Plan	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 38,483	$ 1,705	$ -	$ 40,188
Securities lending collateral	139,713	6,191	-	145,904
Receivables:				
Accounts	433	19	-	452
Accrued interest	2,384	106	-	2,490
Prepaid items	1,597	71	-	1,668
Investments:				
U.S. government obligations	200,748	8,895	-	209,643
Domestic stocks and bonds	791,320	35,062	-	826,382
International stocks	383,494	16,992	-	400,486
Annuity	-	-	445,970	445,970
Mutual funds	-	-	54,097	54,097
Real estate	118,516	5,252	-	123,768
Other	192,383	8,524	9,994	210,901
Total Investments	1,686,461	74,725	510,061	2,271,247
Total Current Assets	**1,869,071**	**82,817**	**510,061**	**2,461,949**
Capital assets, net of accumulated depreciation	3,803	168	-	3,971
Total Assets	**1,872,874**	**82,985**	**510,061**	**2,465,920**
Liabilities				
Vouchers payable	2,045	91	-	2,136
Securities lending obligations	145,149	6,431	-	151,580
Total Liabilities	**147,194**	**6,522**	**-**	**153,716**
Net Assets Held in Trust for Pension and Other Employee Benefit Trust Funds	**$ 1,725,680**	**-**	**$ 510,061**	
Net Assets Held in Trust for OPEB Benefits		**$ 76,463**		
Net Assets Held in Trust for Benefits				**$ 2,312,204**

Combining Statement of Changes in Fiduciary Net Assets - Pension, Health, and Other Employee Benefit Trust Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Pension Benefits Trust Fund	Health Benefits Trust Fund	Other Employee Benefit Trust Fund	
	Denver Employees Retirement Plan	Denver Employees Retirement Plan	Deferred Compensation Plan	Total
Additions				
Contributions:				
City and County of Denver	$ 36,157	$ 2,270	$ -	$ 38,427
Denver Health and Hospital Authority	6,071	654	-	6,725
Plan members	21,140	1,951	31,512	54,603
Total contributions	**63,368**	**4,875**	**31,512**	**99,755**
Investment earnings:				
Net appreciation in fair value of investments	183,783	8,188	-	191,971
Interest and dividends	40,305	1,819	44,571	86,695
Total investment earnings	**224,088**	**10,007**	**44,571**	**278,666**
Less investment expense	(6,956)	(312)	-	(7,268)
Net investment earnings	**217,132**	**9,695**	**44,571**	**271,398**
Securities lending earnings	631	29	-	660
Securities lending expenses:				
Borrower rebates	(52)	(2)	-	(54)
Agent fees	(145)	(7)	-	(152)
Net earnings from securities lending	**434**	**20**	**-**	**454**
Total net investment earnings	**217,566**	**9,715**	**44,571**	**271,852**
Total Additions	**280,934**	**14,590**	**76,083**	**371,607**
Deductions				
Benefits	137,392	11,708	28,443	177,543
Refunds of contributions	666	30	-	696
Administrative expenses	2,556	116	25	2,697
Total Deductions	**140,614**	**11,854**	**28,468**	**180,936**
Change in net assets	140,320	2,736	47,615	190,671
Net assets - January 1	1,585,360	73,727	462,446	2,121,533
Net assets - December 31	**$ 1,725,680**	**$ 76,463**	**$ 510,061**	**$ 2,312,204**

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended December 31, 2010 (dollars in thousands)

	Balance January 1	Additions	Deductions	Balance December 31
Employee Salary Redirect Plan				
Assets				
Cash and cash equivalents	$ 86	$ 5,315	$ 5,321	$ 80
Accrued Interest	1	-	1	-
Total Assets	**$ 87**	**$ 5,315**	**$ 5,322**	**$ 80**
Liabilities				
Other accrued liabilities	87	4,756	4,763	80
Total Liabilities	**$ 87**	**$ 4,756**	**$ 4,763**	**$ 80**
Agency				
Assets				
Cash on hand	$ 3,763	$ -	$ 797	$ 2,966
Cash and cash equivalents	22,635	472,012	475,079	19,568
Receivables (net of allowances for uncollectibles of $6,411):				
Taxes	556,225	573,855	568,597	561,483
Accounts	19	11	12	18
Total Assets	**$ 582,642**	**$ 1,045,878**	**$ 1,044,485**	**$ 584,035**
Liabilities				
Vouchers payable	$ 702	$ 34,538	$ 34,849	$ 391
Other accrued liabilities	7,244	446,116	445,397	7,963
Due to taxing units	574,696	614,870	613,885	575,681
Total Liabilities	**$ 582,642**	**$ 1,095,524**	**$ 1,094,131**	**$ 584,035**
Total - All Agency Funds				
Assets				
Cash on hand	$ 3,763	$ -	$ 797	$ 2,966
Cash and cash equivalents	22,721	477,327	480,400	19,648
Receivables (net of allowances for uncollectibles of $6,411):				
Taxes	556,225	573,855	568,597	561,483
Accounts	19	11	12	18
Accrued interest	1	-	1	-
Total Assets	**$ 582,729**	**$ 1,051,193**	**$ 1,049,807**	**$ 584,115**
Liabilities				
Vouchers payable	$ 702	$ 34,538	$ 34,849	$ 391
Other accrued liabilities	7,331	450,872	450,160	8,043
Due to taxing units	574,696	614,870	613,885	575,681
Total Liabilities	**$ 582,729**	**$ 1,100,280**	**$ 1,098,894**	**$ 584,115**

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COMPONENT UNITS

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Combining Statement of Net Assets - Nonmajor Component Units

December 31, 2010 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID	Denver Art Museum	Denver Metro Convention and Visitor's Bereau, Inc.
Assets					
Cash and cash equivalents	$ 32	$ 1,496	$ 244	$ 2,359	$ 144
Investments	-	-	-	8,732	202
Receivables:					
Taxes	-	3,334	385	-	1,882
Accounts	-	199	1	854	363
Other	-	233	-	6,946	-
Inventories	-	-	-	430	-
Prepaid items and other assets	-	34	6	564	438
Restricted Assets:					
Cash and cash equivalents	-	7,033	15	1,943	5,346
Net assets held by third party	-	-	-	102,559	-
Long-term receivables	-	-	-	2,961	-
Other assets	-	-	-	-	-
Capital Assets:					
Land and construction in progress	-	12,927	-	4,600	-
Buildings and improvements	-	15	227	38,902	893
Machinery and equipment	-	230	-	1,820	1,830
Accumulated depreciation	-	(198)	(30)	(30,521)	(2,059)
Net Capital Assets	-	12,974	197	14,801	664
Total Assets	**32**	**25,303**	**848**	**142,149**	**9,039**
Liabilities					
Vouchers payable	-	1,045	25	1,682	527
Accrued liabilities	-	250	-	985	895
Deferred revenue	-	3,334	385	2,020	558
Due to other governments	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	-	324	-	1,646	-
Due in more than one year	-	17,658	-	3,734	-
Total Liabilities	**-**	**22,611**	**410**	**10,067**	**1,980**
Net Assets					
Invested in capital assets, net of related debt	-	1,801	197	-	664
Restricted for:					
Emergency use	-	74	13	-	-
Debt service	-	79	-	-	-
Donor and other restrictions:					
Expendable	-	-	-	14,368	-
Nonexpendable	-	-	-	98,072	-
Unrestricted (Deficit)	32	738	228	19,642	6,395
Total Net Assets (Deficit)	**$ 32**	**$ 2,692**	**$ 438**	**$ 132,082**	**$ 7,059**

Denver Museum of Nature and Science	Denver Preschool Program, Inc.	Downtown Denver BID	Downtown Denver Development Authority	Old South Gaylord BID	West Colfax BID	Total
$ 3,654	$ 3,889	$ 1,064	$ -	$ 10	$ 66	$ 12,958
12,730	-	561	-	-	4	22,229
-	-	4,629	1,366	-	-	11,596
2,623	-	298	-	-	-	4,338
8,575	-	-	-	-	-	15,754
315	-	-	-	-	-	745
622	23	29	-	-	-	1,716
2,550	-	-	-	-	-	16,887
87,634	-	-	-	-	-	190,193
-	-	-	-	-	-	2,961
342	-	-	-	-	-	342
-	-	-	-	-	-	17,527
-	-	-	-	-	-	40,037
8,262	48	680	-	19	-	12,889
(5,771)	(13)	(369)	-	(19)	-	(38,980)
2,491	35	311	-	-	-	31,473
121,536	**3,947**	**6,892**	**1,366**	**10**	**70**	**311,192**
1,616	1,580	465	-	2	-	6,942
735	3,593	-	-	10	-	6,468
391	-	4,635	-	-	-	11,323
-	-	-	1,366	-	-	1,366
-	-	-	-	-	-	1,970
50	-	-	-	-	-	21,442
2,792	**5,173**	**5,100**	**1,366**	**12**	**-**	**49,511**
2,491	-	312	-	-	-	5,465
-	-	155	-	-	4	246
-	-	-	-	-	-	79
97,456	-	-	-	-	-	111,824
3,721	-	-	-	-	-	101,793
15,076	(1,226)	1,325	-	(2)	66	42,274
$ 118,744	**$ (1,226)**	**$ 1,792**	**$ -**	**$ (2)**	**$ 70**	**$ 261,681**

Combining Statement of Activities - Nonmajor Component Units

For the Year Ended December 31, 2010 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID	Denver Art Museum	Denver Metro Convention and Visitor's Bureau, Inc.
Expenses	$ 13	$ 3,024	$ 566	$ 23,790	$ 16,093
Program Revenues					
Charges for services	-	194	-	5,550	3,572
Operating grants and contributions	-	322	74	13,189	-
Total Program Revenues	**-**	**516**	**74**	**18,739**	**3,572**
Net expenses	(13)	(2,508)	(492)	(5,051)	(12,521)
General Revenues					
Taxes:					
Lodgers	-	-	-	-	12,604
Property	23	3,325	393	-	-
Sales and use	-	-	-	5,272	-
Specific ownership	-	199	24	-	-
Investment and interest income	-	163	4	61	37
Contributed assets	-	-	212	-	-
Other revenues	3		4	6,232	78
Total General Revenues	**26**	**3,687**	**637**	**11,565**	**12,719**
Change in net assets	13	1,179	145	6,514	198
Net Assets - January 1	19	1,513	293	125,568	6,861
Net Assets (Deficit) - December 31	**$ 32**	**$ 2,692**	**$ 438**	**$ 132,082**	**$ 7,059**

Denver Museum of Nature and Science	Denver Preschool Program, Inc.	Downtown Denver BID	Downtown Denver Development Authority	Old South Gaylord BID	West Colfax BID	Total
$ 40,693	$ 9,092	$ 6,018	$ -	$ 26	$ 115	$ 99,430
19,284	-	-	-	-	-	28,600
22,291	19	486	-	-	13	36,394
41,575	**19**	**486**	**-**	**-**	**13**	**64,994**
882	(9,073)	(5,532)	-	(26)	(102)	(34,436)
-	-	-	-	-	-	12,604
-	10,679	4,506	-	20	106	19,052
6,490	-	-	-	-	-	11,762
-	-	-	-	-	-	223
55	8	-	-	-	-	328
-	-	-	-	-	-	212
17,719	-	1,189	-	-	-	25,225
24,264	**10,687**	**5,695**	**-**	**20**	**106**	**69,406**
25,146	1,614	163	-	(6)	4	34,970
93,598	(2,840)	1,629	-	4	66	226,711
$ 118,744	**$ (1,226)**	**$ 1,792**	**$ -**	**$ (2)**	**$ 70**	**$ 261,681**

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OTHER SUPPLEMENTARY SCHEDULES

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Combined Schedule of Bonds Payable and Escrows

December 31, 2010 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate	Amount Outstanding	1st Optional Call Date
Denver Airport System					
1991D Airport System Revenue	$ 600,001	2013	7.75%	$ 39,969	Not callable
1992F-G Airport System Revenue[1]	135,000	2025	0.35%	42,300	1/3/2011
1995C Airport System Revenue	107,585	2012	6.50%	7,305	Not callable
1997E Airport System Revenue	415,705	2011/2013	6.00%	34,462	Not callable
1998A Airport System Revenue	206,665	2025	5.00%	128,695	5/16/2011
1998B Airport System Revenue	103,395	2025	5.00%	103,395	5/16/2011
Escrow - LOI	n/a	2013-2025	6.125-7.75%	54,880	5/16/2011
2000A Airport System Revenue	330,625	2011-2023	5.125-6.00%	173,095	5/16/2011
2001A Airport System Revenue	395,635	2011-2017	5.00-5.625%	182,345	11/15/2011
2001B Airport System Revenue	16,675	2013-2016	4.70-5.50%	16,675	11/15/2011
2001D Airport System Revenue	70,540	2011-2024	5.00-5.50%	46,940	11/15/2011
2002C Airport System Revenue[1]	49,000	2024	0.35%	35,500	1/3/2011
2002E Airport System Revenue	203,565	2011-2023	4.75-5.50%	129,140	11/15/2012
2003A Airport System Revenue	161,965	2026-2031	5.00%	161,965	1/3/2011
2003B Airport System Revenue	125,000	2033	5.00-5.75%	75,460	11/15/2013
2005A Airport System Revenue	227,740	2011-2025	4.00-5.00%	224,510	11/15/2015
2006A Airport System Revenue	279,585	2015-2025	4.00-5.00%	279,585	11/15/2016
2006B Airport System Revenue	170,005	2011-2015	5.00%	90,365	Not callable
Escrow - ABS	n/a	2011-2021	5.00-7.75%	88,079	11/15/2011
2007A Airport System Revenue	188,350	2023-2030	5.00%	188,350	11/15/2017
2007B Airport System Revenue	24,250	2032	5.00%	24,250	11/15/2017
2007C Airport System Revenue	34,635	2016-2033	5.00%	34,635	11/15/2017
2007D Airport System Revenue	147,815	2016-2023	5.25-5.50%	147,815	11/15/2017
2007D2 Airport System Revenue	31,950	2014-2015	5.00%	29,200	Not callable
2007E Airport System Revenue	47,400	2032	5.00%	47,400	11/15/2017
2007F1-F4 Airport System Revenue[2]	208,025	2025	0.58-0.90%	206,525	1/3/2011
2007G1-G2 Airport System Revenue[3]	148,500	2025	0.310%	147,400	1/3/2013
2008A1 Airport System Revenue	221,215	2011-2017	5.00-5.50%	161,100	Not callable
2008A3-A4 Airport System Revenue	387,625	2032	5.00-5.25%	194,410	5/16/2011
2008B Airport System Revenue[1]	81,800	2025	0.35%	75,700	1/3/2011
2008C1-C3 Airport System Revenue[1]	292,600	2025	0.36-0.38%	292,600	1/3/2011
2009A Airport System Revenue	170,190	2012-2036	5.00-5.25%	170,190	11/15/2019
2009B Airport System Revenue	65,290	2039	6.41%	65,290	1/3/2011
2009C Airport System Revenue[1]	104,655	2022	0.32%	104,655	1/3/2011
2010A Airport System Revenue	171,360	2032	4.00-5.00%	171,360	11/15/2020
Total Denver Airport System				**3,975,545**	
Deferred amount on refundings				(253,473)	
Unamortized premium net of discount				60,975	
Net Denver Airport System				**3,783,047**	
Wastewater Management					
2002 Wastewater Revenue Bonds	30,700	2011-2022	4.50-5.50%	21,715	11/1/2012
Unamortized premium				58	
Total Wastewater Management				**21,773**	
Golf Enterprise					
2005 Golf Enterprise Revenue Bonds	7,365	2012-2020	4.375-5.50%	5,325	9/1/2016
Unamortized Premium				33	
Total Golf Enterprise				**5,358**	

continued

Combined Schedule of Bonds Payable and Escrows - continued

December 31, 2010 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate	Amount Outstanding	1st Optional Call Date
Water Board					
1999 Refunding General Obligation Bonds	$ 14,530	2011-2029	5.50-5.60%	$ 12,710	10/1/2013
2000 Refunding General Obligation Bonds	12,700	2011-2015	4.80-5.50%	3,245	10/1/2011
2001A Refunding General Obligation Bonds	11,215	2011-2016	4.20-4.70%	5,105	9/1/2011
2002 Refunding General Obligation Bonds	11,610	2011-2022	3.50-4.50%	7,030	10/1/2012
2003A Revenue Bonds	50,000	2011-2023	3.00-5.00%	49,300	6/1/2013
2003B Revenue Bonds	77,155	2011-2016	3.75-5.00%	42,660	6/1/2013
2004 Revenue Bonds	43,655	2011-2024	4.125-5.50%	25,550	12/1/2014
2005 Revenue Bonds	30,000	2011-2025	3.50-5.25%	24,715	12/1/2015
2007 Revenue Bonds	100,000	2012-2037	3.00-5.00%	100,000	12/15/2018
2008 Revenue Bonds	1,800	2011-2022	0.75%	1,440	n/a
2009 Revenue Bonds	44,000	2017-2039	4.65-6.15%	44,000	12/15/2019
2010 Revenue Bonds	90,000	2017-2040	2.625-5.17%	90,000	12/15/2020
Total Water Board				**405,755**	
Deferred amount on refunding				(254)	
Premium net of discount				1,907	
Net Water Board				**407,408**	
General Obligation					
1999A Various Purposes (mini-bonds)	3,134	2014	4.75%	3,133 [4]	not callable
2002 Art Museum Bonds	52,500	2011-2017	4.25-5.00%	28,760	8/1/2012
2003A Auditorium Theatre/Zoo Bonds	35,000	2011-2018	3.00-4.00%	5,985	8/1/2013
2003B Medical Facilities Bonds	148,000	2011-2018	4.00-5.00%	87,800	8/1/2013
2005 Justice System Facilities/Zoo Bonds	77,000	2011-2025	5.00%	60,785	8/1/2015
2006 Justice System Facilities Bonds	125,000	2011-2025	5.00%	114,940	8/1/2016
2007 Justice System Facilities (mini-bonds)	8,861	2022	4.75%	8,861 [4]	not callable
2008 Justice System Facilities	174,135	2011-2025	3.00-5.50%	159,635	not callable
2009A Better Denver/Zoo Bonds	104,500	2011-2025	3.00-5.25%	92,500	8/1/2019
2009B Better Denver Bonds	14,415	2011-2015	2.00-4.00%	12,215	not callable
2010A Better Denver Bonds	37,910	2011-2016	2.00-5.00%	37,910	not callable
2010B Better Denver Bonds	312,055	2017-2030	3.78-5.65%	312,055	8/1/2022
2010D Better Denver Bonds	44,650	2011-2025	3.00-5.00%	44,650	8/1/2020
Total Primary Government				**969,229**	
Deferred amount on refunding				(305)	
Unamortized premium				41,459	
Net Primary Government				**1,010,383**	
2009 Gateway Village GID	2,215	2016	3.76%	1,955	1/1/2011
14th Street GID	4,000	2034	7.00%	4,000	12/1/2020
Total General Obligation				**1,016,338**	
Excise Tax Revenues Bonds					
2003 Excise Tax Refunding	28,245	2011-2015	3.50-5.25%	13,030	5/1/2013
2005 Excise Tax Refunding	149,190	2011-2020	5.00-5.25%	148,575	not callable
2009A Excise Tax Refunding	73,630	2021-2023	6.00%	73,630	9/1/2019
2009B Excise Tax Refunding	33,940	2011-2014	2.25-5.00%	31,405	not callable
Total Excise Tax Revenues Bonds				**266,640**	
Deferred amount on refunding				(2,296)	
Unamortized premium				14,985	
Net Excise Tax Revenue Bonds				**279,329**	
Total General Long-Term Debt				**1,295,667**	
Total Bonds Payable				**$ 5,513,253**	

[1]Variable rate issue - weekly interest rate reset
[2]Auction rate securities - 7 day auction
[3]Variable rate issue - daily interest rate reset
[4]Amounts do not include $2,291 and $1,675 of compound interest on the Series 1999A and 2007 mini-bonds, respectively.
Variable rate issues reflect rate in effect as of December 31, 2010

The public report burden for this information collection is estimated to average 380 hours annually.	Financial Planning 02/01 Form # 350-050-36
LOCAL HIGHWAY FINANCE REPORT	City or County: Denver YEAR ENDING : Dec-10
This Information From The Records Of City and County of Denver:	Prepared By: Catherine Dockery Phone: (720) 913-5539

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	$ 107,096,164
3. Other local imposts (from page 2)	$ 1,325,837
4. Miscellaneous local receipts (from page 2)	$ 536
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	$ -
7. Total (1 through 6)	$ 108,422,537
B. Private Contributions	$ -
C. Receipts from State government (from page 2)	$ 17,786,111
D. Receipts from Federal Government (from page 2)	$ -
E. Total receipts (A.7 + B + C + D)	$ 126,208,648

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	$ 63,135,814
2. Maintenance:	$ 14,924,748
3. Road and street services:	
a. Traffic control operations	$ 10,018,395
b. Snow and ice removal	$ 4,463,402
c. Other	$ 14,524,084
d. Total (a. through c.)	$ 29,005,881
4. General administration & miscellaneous	$ 3,337,578
5. Highway law enforcement and safety	$ 15,804,627
6. Total (1 through 5)	$ 126,208,648
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	$ -
b. Redemption	$ -
c. Total (a. + b.)	$ -
2. Notes:	
a. Interest	$ -
b. Redemption	$ -
c. Total (a. + b.)	$ -
3. Total (1.c + 2.c)	$ -
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	$ 126,208,648

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	$ -	$ -	$ -	$ -
1. Bonds (Refunding Portion)				
B. Notes (Total)				$ -

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	$ 126,208,648.00	$ 126,208,648.00		$ -

Notes and Comments:

- II.A.2 ("General fund appropriations") have been added to the extent that they are calculated to support highway expenditures
- IV. Until 2006 we reported debt only for street-related special assessment districts. That amount is now negligible. General Obligation debt related to highways cannot be separated from debt for other purposes.
- V.A&D. The City and County of Denver has no comprehensive, separate Road and Street "Fund." We have funds for various capital outlays; General Fund appropriations and other specified revenues support non-capital expenditures on roads and streets.

	STATE:
	Colorado
LOCAL HIGHWAY FINANCE REPORT	YEAR ENDING (mm/yy):
City and County of Denver	Dec-10

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	$ 1,325,837.00	a. Interest on investments	$ 536.00
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	$ -	h. Other	
c. Total (a. + b.)	$ 1,325,837.00	i. Total (a. through h.)	$ 536.00
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	$ 17,786,111.00	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. $1.50 Addl Motor Vehicle Reg. Fee		d. Federal Transit Admin	
d. $2.50 Apportioned Motor Veh Reg Fee		e. U.S. Corps of Engineers	
e. (Specify)		f. Other Federal	
f. Total (a. through e.)	$ -	g. Total (a. through f.)	$ -
4. Total (1. + 2. + 3.f)	$ 17,786,111.00	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		3,964,991	$ 3,964,991.00
b. Engineering Costs		12,636,524	$ 12,636,524.00
c. Construction:			
(1.) New Facilities		0	$ -
(2). Capacity Improvements		5,842,609	$ 5,842,609.00
(3). System Preservation		36,796,617	$ 36,796,617.00
(4). System Enhancement & Operation		3,895,073	$ 3,895,073.00
(5). Total Construction (1)+(2)+(3)+(4)	0	46,534,299	$ 46,534,299.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	63,135,814	$ 63,135,814.00
			(Carry forward to page 1)

Notes and Comments:

- II.A.4 (b,c,d,e) - Receipts formerly classified here are now reflected in Page 1, II.A.2.- General Fund appropriations because these specific revenue sources are not solely dedicated for Road and Street purposes.
- II.C.3(c) and (d) - In previous years, we were able to identify these receipts; in 2005 our Motor Vehicles Division combined both these and other revenues and booked them under one revenue account code; for that reason, we can no longer identify amounts for these two categories. Their absence here means that the Page, 1, II.A.2 calculation for General Fund support is higher.
- III.A.1(a) - The City's financial information system does not allow us to distinguish on from off national highway system outlays)
- III.A.1.d - Total capital outlays increased in 2008 as the result of the passage of a large General Obligation bond issuance that funded street-related projects along with a large number of non-street-related projects

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