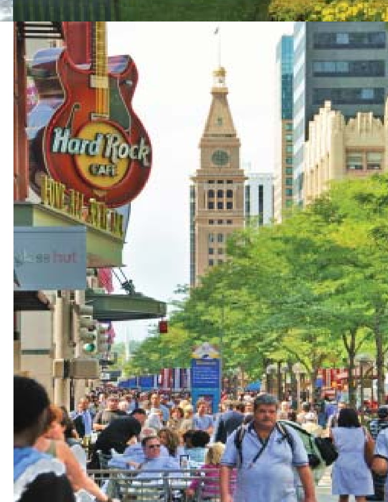
City and County of Denver

Comprehensive Annual Financial Report

Year Ended December 31, 2008
Denver, Colorado



creating a great city . . .

changing the world

City and County of Denver, Colorado

Comprehensive Annual Financial Report

Year Ended December 31, 2008

prepared by
Department of Finance
Office of the Controller
Financial Reporting and Analysis Division

Claude Pumilia, Chief Financial Officer
Beth Machann, CGFM, Controller

available on line at
www.denvergov.org/controller

150 YEARS
1858 - 2008
DENVER
THE MILE HIGH CITY

Front Cover and Back Cover Photography

The photographs on the front cover and the back cover of this Comprehensive Annual Financial Report are provided by Denver Metro Convention and Visitors Bureau, Stan Obert for Denver Metro Convention and Visitors Bureau, and Steve Crecelius for Denver Metro Convention and Visitors Bureau.

Contents

INTRODUCTION

FINANCIAL

Combining and Individual Fund Financial Statements and Schedules

Governmental Funds

Proprietary Funds

Fiduciary Funds

Component Units

Other Supplementary Schedules

STATISTICAL

Financial Trends

This page left blank intentionally.

Introduction

Department of Finance
Office of the Controller

201 W Colfax Avenue, Dept 1109
Denver, CO 80202
p: 720.913.5500
f: 720.913.5245
www.denvergov.org/controller

May 29, 2009

Claude Pumilia
Chief Financial Officer

Citizens of the City and County of Denver,

Honorable Mayor,

Honorable Auditor,

Honorable Members of City Council, and

Audit Committee

State law requires the City and County of Denver (City) to publish, within seven months of the close of the fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (US GAAP) and audited in accordance with auditing standards generally accepted in the United States of America, by a firm of licensed certified public accountants. This report is prepared by the Controller's Office under the Department of Finance according to Article 2, Part 5 of the City's Charter. Pursuant to the requirements, I hereby issue the comprehensive annual financial report (CAFR) of the City for the fiscal year ended December 31, 2008.

This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with US GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BKD, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City, as of and for the fiscal year ended December 31, 2008, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's basic financial statements as of and for the year ended December 31, 2008. The independent accountants' report is presented as the first component of the financial section of this report.

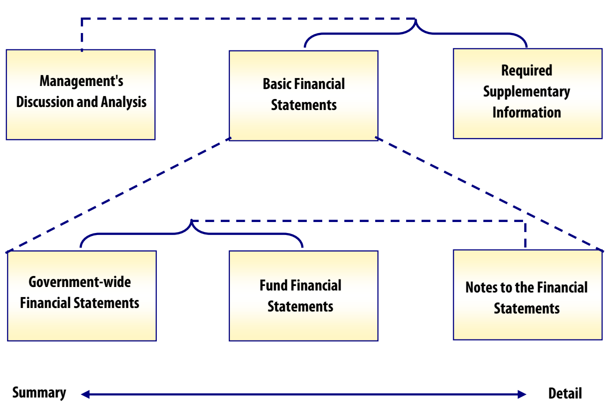
THE REPORT

The CAFR is presented in three sections:

The **Introduction** section includes this transmittal letter, Mayor, Auditor, Clerk and Recorder, City Council, and Court System introductions, the City's organization chart, and certificates of achievement.

The **Financial** section includes the report of the independent accountants, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements, and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements including the governmental funds financial statements, the proprietary funds financial statements, the fiduciary fund financial statements, component unit financial statements, and combining individual funds financial statements for the nonmajor governmental funds and internal service funds. The Financial section also includes certain required and other supplementary information and schedules.

The **Statistical** section includes selected financial and demographic information, on a multi-year basis. This transmittal letter is designed to complement and should be read in conjunction with the MD&A.



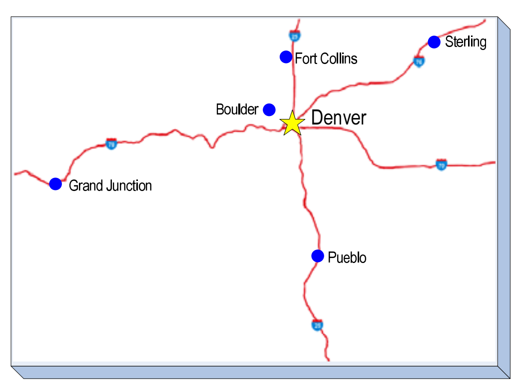
This CAFR includes all funds of the City. The City provides a full range of services including: police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events.

The City maintains budgetary controls that have the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget submitted by the Mayor and adopted by the City Council. All activities of the General Fund and Human Services special revenue fund are included in the annual appropriated budget. Project-length budgets are adopted for the remaining special revenue funds and capital project funds. Budgetary control (the level at which expenditures and encumbrances cannot legally exceed the appropriated amount) is established at the department level within individual funds, except for special revenue and capital project funds, which are at the funded project level. Disbursements that would result in an overrun of funded project balances (budgets) are not released until additional appropriations are made available. At year-end, if additional monies have not been appropriated where needed, expenditures are properly reflected in the current period causing an over budget condition to exist.

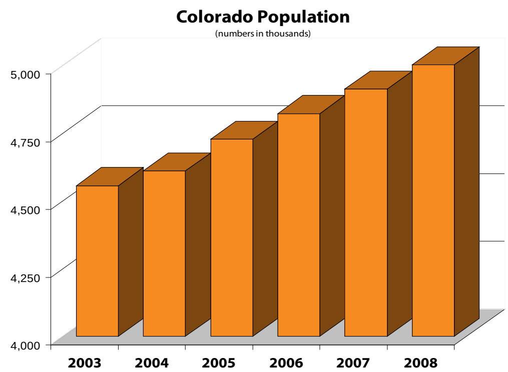
In addition to the financial audit, the City undertakes a single audit in conformance with the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The results of this single audit, including a schedule of expenditures of federal awards, and the independent accountants' reports on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the City's separately issued single audit reports.

CITY PROFILE

The City is located at the eastern base of the Rocky Mountains in the north-central part of Colorado, encompassing 154.63 square miles. The City is the capital of the state, and it is also the cultural, distribution,



entertainment, financial, service and transportation hub of the Rocky Mountain region. With an elevation of 5,280 feet the "Mile High City" has a cool, dry, sunny climate that makes it a magnet for health seekers and those enjoying outdoor recreation all year round. Denver had a 2000 U.S. Census population of 554,636 for the core City and County. In 2008, the population was estimated to be 598,707. Another 2.7 million people are estimated to reside in the metro area's



suburban counties (Adams, Arapahoe, Boulder, Broomfield, Douglas and Jefferson). Denver was founded November 22, 1858, after a gold discovery at the confluence of Cherry Creek and the South Platte River. Town founder William H. Larimer, Jr. named the city for James W. Denver, Governor of Kansas Territory, of which east central Colorado was then a part.

Numerous gold discoveries sparked a mass migration of some 100,000 in 1859-1861, leading the federal government to establish Colorado Territory in 1861. The City was incorporated on November 7, 1861 by a special act of the first session of the Legislative Assembly of Colorado Territory. In 1867 the City became the Capital of Colorado Territory and remained the capital after Colorado became a state on August 1, 1876. Denver became a City and County with home rule when Article XX was added to the Colorado Constitution in 1902. The City's charter was enacted on March 29, 1904 establishing a strong mayor/city council form of government and an independent, elected city auditor.

The mayor and thirteen-member council, elected in non-partisan elections govern the City. The Mayor is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The legislative powers of the City are vested in the City Council. The City has an elected Auditor and an elected Clerk and Recorder. In November of 2006 the voters approved a Charter amendment to change the financial structure of the City. Effective January 1, 2008 the accounting functions, including the preparation of the CAFR, were transferred from the elected Auditor to a Chief Financial Officer reportable to the Mayor. In addition, the Charter enhanced the role of the Auditor to provide for performance audits. All elected officials' terms are concurrent and last four years and each position is subject to term limits of twelve years.

The Charter change also established an audit committee consisting of seven members; two members appointed by the Mayor, two members appointed by the City Council and two members appointed by the Auditor, with the Auditor as the Chair. The audit committee, among other things, is responsible for the selection and management of the external auditor. During the course of the annual city-wide audit, the audit committee monitors the progress of the audit and discusses with the external auditor any matters related to the audit. The audit committee also accepts the results of the audit.

FACTORS AFFECTING FINANCIAL CONDITIONS

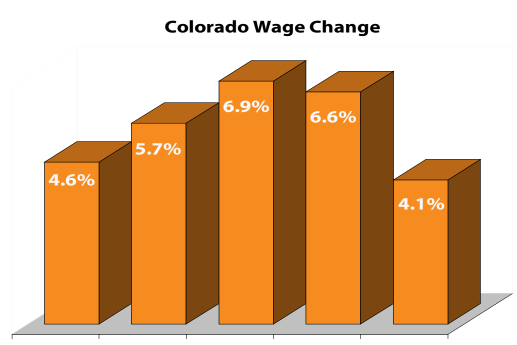
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City is the center of economic activity of the region, serving as a business, recreational, higher educational and cultural hub. Major features of the economy include the central business district, state capitol, Denver International Airport, extensive library facilities, several professional sports teams, institutions of higher learning, and numerous museums and other cultural facilities. By the end of 2008, the national and local economies had entered a recession. According to Colorado's Office of State Planning and Budgeting (OSPB), the economy of the metropolitan area generally mirrors that of the state. State unemployment increased to 4.6 percent in 2008, up from 3.8 percent in 2007. Colorado's labor market conditions correspond with those of the national labor market, which experienced a reduction of employment by 2.2 percent.

Construction

While construction activity remains an integral component of the metropolitan area's economic condition, housing permits dropped 37.3 percent in 2008. The area has seen declining rates since 2005, however it is anticipated that the bottom of the declining trend has been reached and calendar year 2009 will show a level number of permits issued from 2008 and an increase in permits for years beyond that.

Personal Income and Wages



The March 2009 OSPB Colorado Economic Perspective report states that personal income grew 4.5 percent in 2008. Wages reflected an increase of 4.1 percent for this same period. It is anticipated that in 2009 personal income growth will slow to 0.5 percent and wage and salary income will decrease by 1.3 percent. According to the OSPB, the decline in wage and salary reflects a distressed labor market where unemployment forces competition for jobs, which in turn lowers salaries.

Consumer Spending

According to the OSPB, retail sales statewide did not grow in 2008 and are not anticipated to grow in 2009 as negative job growth and high unemployment are anticipated to continue to diminish consumer confidence.

Debt Administration

As of December 31, 2008, the City had $551,679,000 of general obligation bonds and $38,000,000 of general obligation commercial paper outstanding. In addition to this amount, the cumulative compound interest on the 1999A and 2007A general obligation mini-bonds totaled $2,536,000. In November, 2007 voters approved almost $550 million in Better Denver general obligation bonds to be issued to address a wide variety of infrastructure improvements. Commercial paper notes outstanding in the amount of $38,000,000 were issued against the Better Denver Bonds Projects authorization; the notes will be redeemed with proceeds of the Better Denver general obligation bonds as they are issued, beginning in 2009. In 2000, Denver voters approved the issuance of $62,500,000 of general obligation bonds for the purpose of improving the Denver Zoological Gardens. There remains $26,500,000 from this authorization for general obligation bonds for the Zoo Project. In 2005, Denver voters approved the issuance of $378,000,000 of general obligation bonds for the purpose of financing new Justice System Facilities for the City, of which the remaining $174,135,000 was issued in February 2008. There are also $42,725,000 of general obligation water bonds issued by the Denver Board of Water Commissioners, payable from revenues derived from the City's water system, that were outstanding at year-end.

The City's Charter restricts general obligation bonded debt to three percent of the actual value of the taxable property within the City. General obligation water bonds are excluded from this limitation. At December 31, 2008, the City's general obligation bonded debt, including compound interest of the general obligation mini-bonds, subject to this restriction was 24% of the $2,356,914,246 three-percent limitation amount. By standard measures used by the primary credit rating agencies to assess debt (e.g. fund balance as a percent of operating revenues, debt-to-assessed ratios, debt per capital, etc.), the City's debt is considered moderate in comparison with similarly sized cities.

The City has issued revenue bonds that the sole source of repayment are from four primary sources of pledged revenues. Approximately $4.1 billion of airport system revenue bonds issued for and on behalf of Denver International Airport were outstanding at year-end. The repayment of these obligations is solely from the revenues of the airport enterprise fund. In addition, there are approximately $290,930,000 of excise tax revenue bonds outstanding at December 31, 2008. The revenues pledged towards the repayment of these bonds are specific excise taxes of the City. At December 31, 2008 there were $24,250,000 of wastewater revenue bonds outstanding that financed storm system capital projects. Annual storm water and sanitary sewer fees are the pledged revenues for the repayment of these bonds. In 2006 the City issued golf enterprise revenue bonds for the purpose of constructing and improving certain golf facilities within the City. As of December 31, 2008, there were $6,110,000 of golf enterprise revenue bonds outstanding, payable solely from the revenues of the golf enterprise fund.

Cash Management

The City's Charter regulates investment securities the City may acquire with idle cash. Permissible investments under the Charter are obligations of the United States Government, its agencies, and sponsored corporations, prime bankers' acceptances, prime commercial paper, certificates of deposit issued by banks and savings and loan institutions, repurchase agreements, security lending agreements, highly rated municipal securities, money market funds that purchased only the types of securities specified herein, and other similar securities as may be authorized by ordinance. The City Council has adopted an ordinance authorizing the investment of City moneys in Resolution Funding Corporation (REFCORP) Securities, Forward Purchase Agreements, and Debt Service Reserve Fund Put Agreements, all of which are either issued by a U.S. Government Corporation or are collateralized by surety types already authorized by the Charter. The City is not permitted to leverage its investment portfolio. The size of the investment portfolio managed by the City Treasurer ended the year with a fair value of $2,061,165,000 compared to $2,021,952,000 for the prior year. The size of the portfolio not managed by the City Treasurer ended the year with a market value of $1,937,373,000 compared to $2,649,293,000 for the prior year.

The objectives of the City's investment policy, in order of priority, are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. Bank deposits are either insured by federal deposit insurance or collateralized according to state law. Investments are held at a third-party bank in a safekeeping account in the City's name.

Long-Term Financial Planning

In 2007, the voters approved an increase in the mill levy for capital maintenance. This increase added $25 million per year to annual capital funding streams, allowing the City to maintain infrastructure at a preventative level and reduce future replacement costs. The City is also investing more in technology infrastructure to strengthen core systems, such as the sales tax collection system, but also to allow greater efficiencies in operations. This was evident in the payroll time reporting project, which installed an electronic tool for employees to report their time, as well as centralized payroll operations in the City, resulting in a savings of over $1,500,000 per year in on-going operating costs.

Pension Plan Operations

Employees of the City are generally covered by one of two retirement plans. The State of Colorado - Fire and Police Pension Plan (State Plan) covers firefighters and police officers. This plan is a cost sharing, multiple-employer public employee retirement system. The State Plan is affiliated with the Fire and Police Pension Association (FPPA). The rest of the City's employees are covered primarily by the Denver Employees Retirement Plan (DERP), a cost-sharing multiple-employer defined benefit plan.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended December 31, 2007. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both US GAAP and applicable legal requirements. This was the twenty-eighth consecutive year that the City has received this award. A Certificate of Achievement is valid for one year only. We believe this 2008 CAFR continues to conform to the Certificate of Achievement program requirements and will submit it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Award for Distinguished Budget Presentation for its fiscal year 2008 annual budget document. The annual budget document is prepared by the City's Budget and Management Office. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, operational guidance, and communication.

Additionally, the City was awarded GFOA's Award for Excellence in Government Finance for a project that established two task forces to address the maintenance of the city's assets. This award recognizes contributions to the practice of government finance that exemplifies outstanding financial management and is given for practical, documented work that offers leadership to the profession and promotes improved public finance.

The preparation of this CAFR could not have been accomplished without the efficient and dedicated service of a highly qualified staff in the Controller's Office. The Treasury Division and the Budget and Management Office were also instrumental. Their cooperation and continued assistance is necessary and appreciated. I would like to thank all personnel that helped and contributed to the preparation of this report. I also want to acknowledge the thorough and professional manner in which our independent auditors, BKD, LLP, conducted their audit.

Respectfully submitted,

Claude Pumilia

Claude Pumilia
Chief Financial Officer

Honorable John W. Hickenlooper
Mayor

This year Denver celebrated its 150th birthday and hosted the most important gathering in our history; the Democratic National Convention. One hundred years ago Denver hosted another national Democratic convention and the nation's circumstances were hauntingly familiar – the national economy was in the midst of troubled times. In 2008, the nation experienced a significant economic downturn that impacted our local economy including the first simultaneous downturn in property, income and sales tax revenues in at least two decades.

Here in the Mile High City, just as our leaders of the past, we have committed to survive . . . and thrive. Even with the downturn, we are committed to achieving results in our key goals:

- People will say Denver is an even better place to live.
- Denver will grow a vital economy.
- Denver City Government will achieve the highest customer service rating in the country.
- People who work for Denver city government will say it is an even better place to work.
- Denver City government will live within its means.

We are committed to improve the quality of life of Denver's residents and increase the opportunity for success, strengthen the businesses that are the foundation of our prosperity, and preserve our natural assets that are our history's legacy. We are committed to public safety. This is our highest responsibility and we will continue the steady, determined progress to reduce crime. We aim to make Denver the greatest city possible for our children and our seniors and we will invest in our children's future and create elder-friendly communities that focus on needs and opportunities, transportation, health, and wellness.

Denver has succeeded in creating a great city - we are changing the world.

Mayor's Cabinet

David Fine, City Attorney

Kim Day, Manager, Department of Aviation

Nancy Severson, Manager, Department of Environmental Health

Awilda R. Marques, Manager, Department of Excise & Licenses

Derek Brown, Acting Manager, Department of General Services

Kevin Patterson, Manager, Department of Parks and Recreation

Guillermo (Bill) Vidal, Manager, Department of Public Works, Deputy Mayor

Claude Pumilia, Chief Financial Officer, Department of Finance

Alvin LaCabe, Manager, Department of Safety

Patricia Wilson-Pheanious, Manager, Department of Human Services

Peter Park, Manager, Department of Community Planning and Development

Dennis J. Gallagher is the Auditor for the City and County of Denver. Mr. Gallagher was elected Auditor in July 2003, and was re-elected for a second term beginning in July 2007. Mr. Gallagher's current term will expire on the third Monday in July 2011.

Honorable Dennis J. Gallagher
Auditor

Honorable Mitchell R. Morrissey
District Attorney

Mr. Morrissey is the district attorney for the Second Judicial District. The district attorney is a state official. He is the chief law enforcement officer in the district and is responsible for prosecuting all felonies, misdemeanors, and serious traffic offenses arising in the district. Mr. Morrissey became district attorney in January 2005; his current term will end January 8, 2013.

Stephanie O'Malley was elected Clerk and Recorder in July 2007. Ms. O'Malley also serves as Public Trustee, City Clerk, and Ex-Officio Clerk of the City and County of Denver. Ms. O'Malley's term will expire on the third Monday in July 2011.

Honorable Stephanie O'Malley
Clerk and Recorder

There are 13 city council members - 11 from equally populated districts and two elected at-large. Council members, who must be 25 years of age, US citizens and two-year Denver residents, are all elected at the same time every four years. All terms expire on the third Monday in July 2011.

Honorable Jeanne Robb
President
10th District

Honorable Carol Boigon
At-Large

Honorable Doug Linkhart
At-Large

Honorable Rick Garcia
1st District

Honorable Jeanne Faatz
2nd District

Honorable Paul D. López
3rd District

Honorable Peggy Lehmann
4th District

Honorable Marcia Johnson
5th District

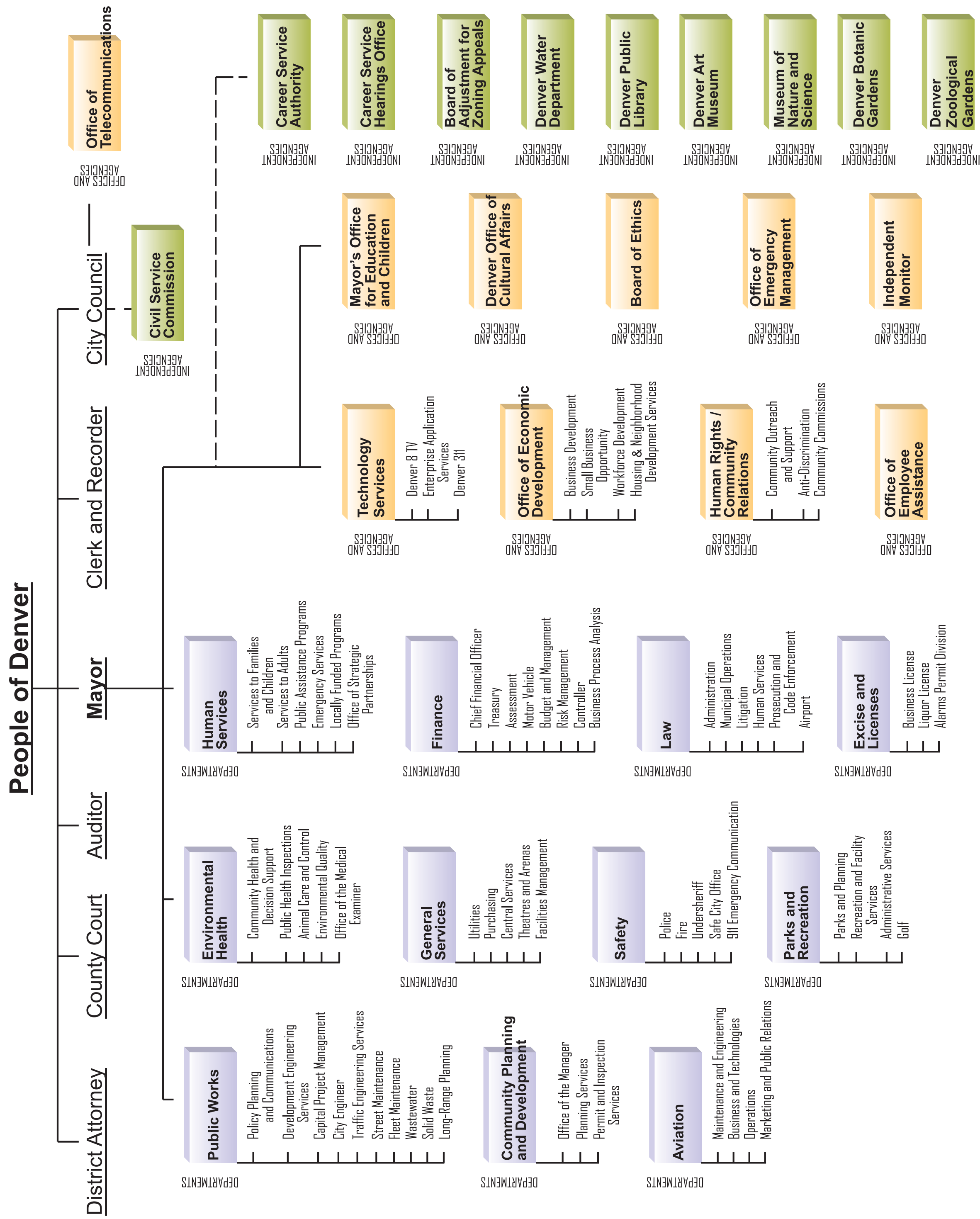
Honorable Charlie Brown
6th District

Honorable Chris Nevitt
7th District

Honorable Carla Madison
8th District

Honorable Judy Montero
9th District

Honorable Michael B. Hancock
11th District


People of Denver
District Attorney
County Court
Auditor
Mayor
Clerk and Recorder
City Council
OFFICES AND AGENCIES
Office of Telecommunications
INDEPENDENT AGENCIES
Civil Service Commission
DEPARTMENTS
Public Works
Policy Planning and Communications
Development Engineering Services
Capital Project Management
City Engineer
Traffic Engineering Services
Street Maintenance
Fleet Maintenance
Wastewater
Solid Waste
Long-Range Planning
DEPARTMENTS
Environmental Health
Community Health and Decision Support
Public Health Inspections
Animal Care and Control
Environmental Quality
Office of the Medical Examiner
DEPARTMENTS
Human Services
Services to Families and Children
Services to Adults
Public Assistance Programs
Emergency Services
Locally Funded Programs
Office of Strategic Partnerships
DEPARTMENTS
Community Planning and Development
Office of the Manager
Planning Services
Permit and Inspection Services
DEPARTMENTS
General Services
Utilities
Purchasing
Central Services
Theatres and Arenas
Facilities Management
DEPARTMENTS
Finance
Chief Financial Officer
Treasury
Assessment
Motor Vehicle
Budget and Management
Risk Management
Controller
Business Process Analysis
DEPARTMENTS
Aviation
Maintenance and Engineering
Business and Technologies
Operations
Marketing and Public Relations
DEPARTMENTS
Safety
Police
Fire
Undersheriff
Safe City Office
911 Emergency Communication
DEPARTMENTS
Law
Administration
Municipal Operations
Litigation
Human Services
Prosecution and Code Enforcement
Airport
DEPARTMENTS
Parks and Recreation
Parks and Planning
Recreation and Facility Services
Administrative Services
Golf
DEPARTMENTS
Excise and Licenses
Business License
Liquor License
Alarms Permit Division
OFFICES AND AGENCIES
Technology Services
Denver 8 TV
Enterprise Application Services
Denver 311
OFFICES AND AGENCIES
Office of Economic Development
Business Development
Small Business Opportunity
Workforce Development
Housing & Neighborhood Development Services
OFFICES AND AGENCIES
Human Rights / Community Relations
Community Outreach and Support
Anti-Discrimination
Community Commissions
OFFICES AND AGENCIES
Office of Employee Assistance
OFFICES AND AGENCIES
Mayor's Office for Education and Children
OFFICES AND AGENCIES
Denver Office of Cultural Affairs
OFFICES AND AGENCIES
Board of Ethics
OFFICES AND AGENCIES
Office of Emergency Management
OFFICES AND AGENCIES
Independent Monitor
INDEPENDENT AGENCIES
Career Service Authority
INDEPENDENT AGENCIES
Career Service Hearings Office
INDEPENDENT AGENCIES
Board of Adjustment for Zoning Appeals
INDEPENDENT AGENCIES
Denver Water Department
INDEPENDENT AGENCIES
Denver Public Library
INDEPENDENT AGENCIES
Denver Art Museum
INDEPENDENT AGENCIES
Museum of Nature and Science
INDEPENDENT AGENCIES
Denver Botanic Gardens
INDEPENDENT AGENCIES
Denver Zoological Gardens

Government Finance Officers Association of the United States and Canada (GFOA) Awards for the City and County of Denver

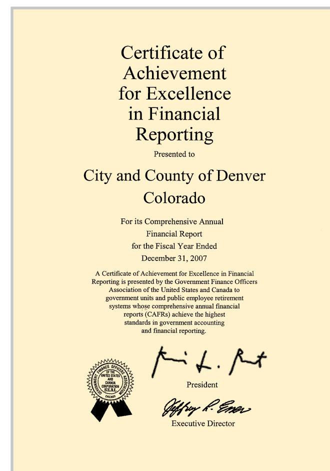
The City and County of Denver is proud to have been recognized with the following awards offered by the GFOA:

Certificate of Achievement for Excellence in Financial Reporting

Distinguished Budget Presentation Award

Award for Excellence in Government Finance

Certificate of Achievement for Excellence in Financial Reporting



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City and County of Denver for its Annual Report for the fiscal year ended December 31, 2007.

The Certificate of Achievement for Excellence in Financial Reporting program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded an award for Excellence in Financial Reporting, a government unit must publish an easily-readable and efficiently-organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Certificate of Achievement for Excellence in Financial Reporting award is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting program requirements and we are submitting it to GFOA for their consideration.

Distinguished Budget Presentation Award

The GFOA's Distinguished Budget Presentation Awards Program has been promoting the preparation of high quality budget documents since 1984.

The Distinguished Budget Presentation Awards Program is specifically designed to encourage state and local governments to prepare and issue budget documents of the highest quality. Top-quality documents are essential if citizens and others with an interest in a government's finances are to be full and informed participants in the budget process. Better budget documents contribute to better decision making and enhanced accountability.

The Distinguished Budget Presentation Awards Program allows the public finance profession a welcome opportunity to recognize those governments that have, in fact, succeeded in preparing a high quality budget document.

Award for Excellence in Government Finance

The GFOA's Awards for Excellence in Government Finance recognizes contributions to the practice of government finance that exemplify outstanding financial management.

This award is given for practical, documented work that offers leadership to the profession and promotes improved public finance. Eight criteria are taken into consideration for this award and include: local significance and value, technical significance, transferability, documentation, the cost/benefit analysis, efficiency, originality, and durability.

This award was presented to the City and County of Denver for a project that established two task forces to address the maintenance of the city's assets. One assessed the condition of the current infrastructure, developed maintenance standards, and established priority-setting criteria. The other developed a capital funding policy to provide a long-term framework. GFOA noted that the methodologies used provided a roadmap for other cities in addressing the intent of GASB 34 and that while simple in its approach, it was well executed and the process could and should be emulated in other jurisdictions.

Financial

BKD LLP

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, 2008, 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, Inc., Denver Museum of Nature and Science, Denver Convention Center Hotel Authority, Cherry Creek North BID, Downtown Denver BID, Denver Metro Convention and Visitor's Bureau, Inc., d/b/a Visit Denver and Denver Preschool Program, Inc., all of which are included as discretely presented component units, which represent 23.09 percent of total assets and 33.43 percent of total revenues of the aggregate discretely presented component units as of and for the year ended December 31, 2008, 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, Inc., Denver Museum of Nature and Science, Denver Convention Center Hotel Authority, Cherry Creek North BID, Downtown Denver BID, Denver Metro Convention and Visitor's Bureau, Inc., d/b/a Visit Denver 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 which are included as a blended component unit, which represent .03 percent of total assets and 7.35 percent of total revenues of the aggregate remaining fund information as of and for the year ended December 31, 2008. Those financial statements were audited by other accountants whose report thereon has 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, is based solely on the report of the other accountants.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Denver Art Museum, Inc., Denver Museum of Nature and Science, Cherry Creek North BID, Downtown Denver BID, Denver Metro Convention and Visitor's Bureau, Inc., d/b/a Visit Denver and Denver Preschool Program, Inc., component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. Additionally, the financial statements of Gateway Village General Improvement District, a component unit included in the financial statements of the aggregate remaining fund information, were not audited in accordance with *Government Auditing Standards*. 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.

Wells Fargo Center 1700 Lincoln Street, Suite 1400 Denver, CO 80203-4514
303 861-4545 Fax 303 832-5705

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, 2008, 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 IV-B, effective January 1, 2008 the City implemented Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

As discussed in Note IV-I, the City changed its reporting entity to include the Denver Preschool Program, Inc. as a discretely presented component unit by restating beginning net assets as of January 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary 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 2008 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, 2008, 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, 2007, which are not presented with the accompanying financial statements. In our report dated June 13, 2008, 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, 2007 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, 2007, 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

May 29, 2009

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, 2008. 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 $2,966,088,000 (net assets). Of this amount, $443,402,000 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by $22,929,000.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $714,172,000, an increase of $63,686,000 from the prior year. Approximately 71.3% 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 $149,562,000 which represents 16.7% of total General Fund expenditures, including transfers out.
- The City's total bonded debt increased by $14,955,000 during the year. Increases occurred in general obligation bonds and revenue bonds ended the year lower than in the previous year.

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 fund balance sheet and in the governmental fund 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 are considered to be major funds. 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.

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 the 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 non-major 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 $2,966,088,000 at the close of the most recent fiscal year.

A portion of the City's net assets, $443,402,000 (15.0%), 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 $1,501,153,000 (50.6%) 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 $1,021,533,000 of restricted net assets. These are 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, 2008 and 2007:

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 1,173,743	$ 1,034,379	$ 1,636,176	$ 1,694,321	$ 2,809,919	$ 2,728,700
Capital assets	2,362,767	2,206,531	3,907,628	3,960,366	6,270,395	6,166,897
Total assets	**3,536,510**	**3,240,910**	**5,543,804**	**5,654,687**	**9,080,314**	**8,895,597**
Long-term debt outstanding	1,528,673	1,338,974	3,973,246	4,058,210	5,501,919	5,397,184
Other liabilities	406,556	342,234	205,751	213,020	612,307	555,254
Total liabilities	**1,935,229**	**1,681,208**	**4,178,997**	**4,271,230**	**6,114,226**	**5,952,438**
Net assets						
Invested in capital assets, net of related debt	1,238,768	1,170,496	262,385	317,488	1,501,153	1,487,984
Restricted	340,270	274,159	681,263	678,687	1,021,533	952,846
Unrestricted	22,243	115,047	421,159	387,282	443,402	502,329
Total net assets	**$ 1,601,281**	**$ 1,559,702**	**$ 1,364,807**	**$ 1,383,457**	**$ 2,966,088**	**$ 2,943,159**

At December 31, 2008, 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, 2008 and 2007:

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	$ 261,464	$ 237,606	$ 633,286	$ 622,674	$ 894,750	$ 860,280
Operating grants and contributions	247,860	211,580	106,173	97,515	354,033	309,095
Capital grants and contributions	16,819	26,016	22,082	12,332	38,901	38,348
General revenues:						
Property tax	274,809	227,188	-	-	274,809	227,188
Sales and use tax	468,137	455,436	-	-	468,137	455,436
Facilities development admission tax	10,016	10,092	-	-	10,016	10,092
Lodgers tax	53,773	49,651	-	-	53,773	49,651
Motor vehicle ownership tax	19,514	16,963	-	-	19,514	16,963
Occupational privilege tax	43,040	42,751	-	-	43,040	42,751
Specific ownership tax	54	1,434	-	-	54	1,434
Telephone tax	9,814	9,918	-	-	9,814	9,918
Special Assessments	1,394	-	-	-	1,394	-
Investment income	34,340	39,990	90,279	87,885	124,619	127,875
Convention Center revenue	15,321	13,930	-	-	15,321	13,930
Other revenues	21,442	26,379	6	33	21,448	26,412
Total revenues	**1,477,797**	**1,368,934**	**851,826**	**820,439**	**2,329,623**	**2,189,373**
Expenses						
General government	257,780	262,209	-	-	257,780	262,209
Public safety	536,382	475,728	-	-	536,382	475,728
Public works	134,698	79,496	-	-	134,698	79,496
Human services	139,895	132,535	-	-	139,895	132,535
Health	52,332	45,345	-	-	52,332	45,345
Parks and recreation	105,232	63,778	-	-	105,232	63,778
Cultural activities	62,499	89,967	-	-	62,499	89,967
Community development	39,945	47,098	-	-	39,945	47,098
Economic opportunity	31,647	26,280	-	-	31,647	26,280
Interest on long-term debt	76,073	54,592	-	-	76,073	54,592
Wastewater management	-	-	75,122	76,298	75,122	76,298
Denver airport system	-	-	780,501	679,022	780,501	679,022
Other enterprise funds	-	-	14,588	18,889	14,588	18,889
Total expenses	**1,436,483**	**1,277,028**	**870,211**	**774,209**	**2,306,694**	**2,051,237**
Change in net assets before transfers	41,314	91,906	(18,385)	46,230	22,929	138,136
Transfers	265	2,261	(265)	(2,261)	-	-
Change in net assets	**41,579**	**94,167**	**(18,650)**	**43,969**	**22,929**	**138,136**
Net assets - January 1	1,559,702	1,465,535	1,383,457	1,339,488	2,943,159	2,805,023
Net assets - December 31	**$ 1,601,281**	**$ 1,559,702**	**$ 1,364,807**	**$ 1,383,457**	**$ 2,966,088**	**$ 2,943,159**

Governmental activities increased the City's net assets by $41,579,000 for the year ended December 31, 2008. Key elements of the increase are as follows:

- Property tax and sales and use taxes totaled 84.5% of all tax revenues and 50.3% of all governmental activities' revenues. Property tax recorded in the General Fund, special revenue funds and debt service funds totaled $274,809,000 for an increase of $47,621,000 (21%). Sales and use tax revenues of $468,137,000 were up $12,701,000 (2.8%) compared to 2007, reflecting a slightly growing economy in 2008.

- The City received $36,280,000 more in operating grants and contributions in 2008 compared to 2007.

- General government expenses in 2008 were $257,780,000 (17.9%) of total expenses. Public safety expenses were $536,382,000 (37.3%) of total expenses. Public works' expenses were $134,698,000 (9.4%) of total expenses.
- Human services' expenses were $139,895,000 (9.7%) of total expenses. The remainder of the governmental activities expenses is comprised of health with $52,332,000 (3.6%), parks and recreation with $105,232,000 (7.3%), cultural activities with $62,499,000 (4.4%), community development with $39,945,000 (2.8%), economic opportunity with $31,647,000 (2.2%), and interest on long-term debt of $76,073,000 (5.3%).

Chart 1

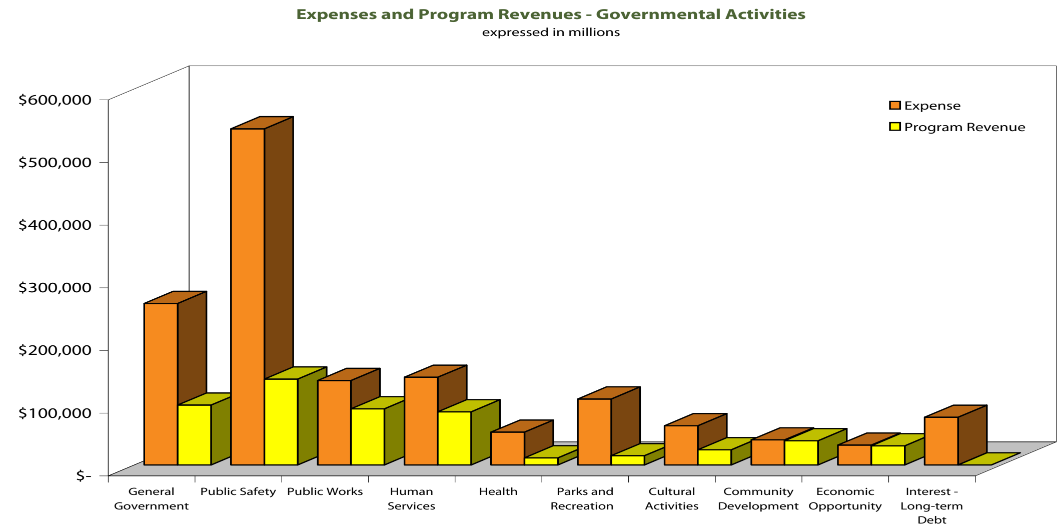
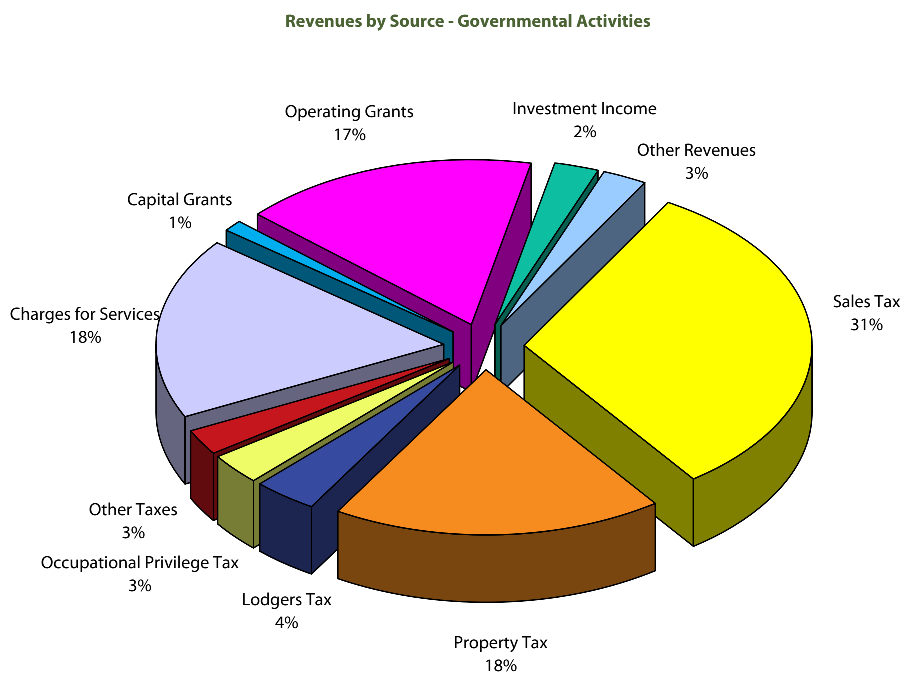


Chart 2



Business-type activities decreased the City's net assets by $18,650,000. Key elements of this decrease are as follows:

- Total revenues of $851,826,000 were $31,387,000 (3.8%) higher compared to prior year amounts primarily due to increases in charges for services, operating grants and contributions, and capital grants and contributions in the Denver Airport System fund.
- Total expenses of $870,211,000 increased by $96,002,000 (12.4%) when compared to the prior year, mostly due to higher expenses in the Denver Airport System fund of $101,479,000 during 2008. Wastewater Management expenses in 2008 totaled $75,122,000 (8.6%) of total business-type activities. Denver Airport System expenses totaled $780,501,000 (89.7%) of business-type activities. The remaining $14,588,000 (1.7%) of expenses in business-type activities were related to Environmental Services and Golf activities.

Chart 3

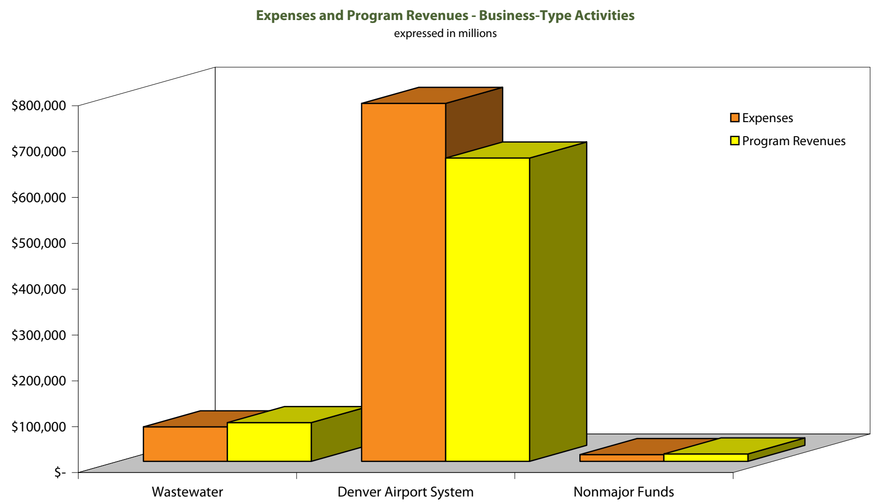
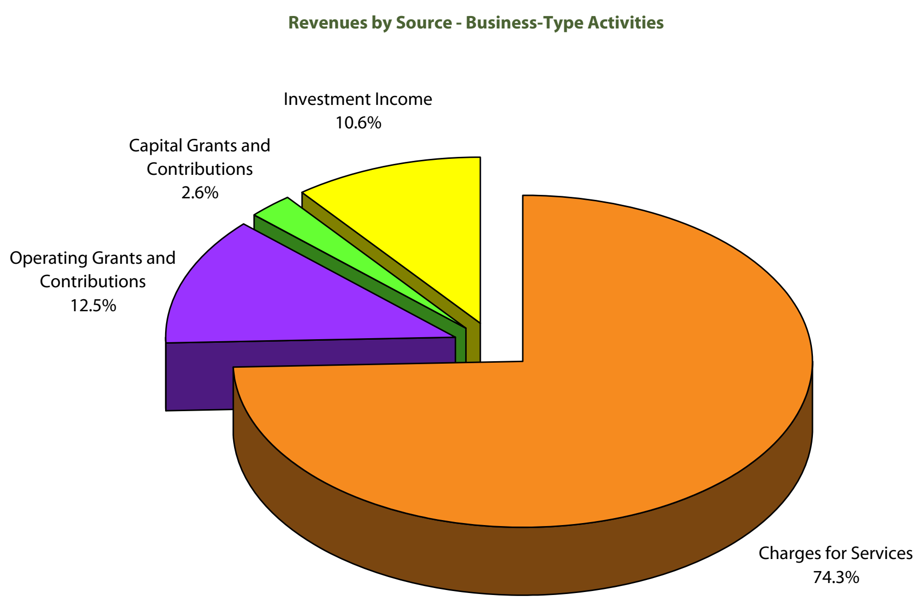


Chart 4



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 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, 2008, the City's governmental funds reported combined ending fund balances of $714,172,000, an increase of $63,686,000 in comparison with the prior year. Approximately 71.3% ($508,932,000) 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 ($83,302,000), 2) for emergency use ($32,033,000), 3) for notes receivable ($83,199,000), and 4) for a variety of other purposes ($6,706,000).

The General Fund is the chief operating fund of the City. As of December 31, 2008, unreserved/undesignated fund balance of the General Fund was $149,562,000 while total fund balance was $171,449,000. 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 16.7% of total General Fund expenditures including transfers out, while total fund balance represents 19.2% of the same amount.

The total fund balance of the City's General Fund decreased by $24,142,000 (12.3%) during the year ended December 31, 2008. The key factor in this decrease is total expenditures, including transfers out, were higher than revenues, including transfers in, by $33,926,000.

Certain revenues in the General Fund that increased from 2007 to 2008 include:

- Sales and use taxes earned were higher by $12,751,000. The increase in sales and use tax reflects slight growth in economy-driven tax collections for 2008.
- The motor vehicle ownership and registration tax collections were higher by $2,551,000 principally due to a change in the allocation of the tax. In 2008, portions of the tax were no longer diverted to the old-hire police and fire pension plans, as those unfunded liabilities had been paid down as anticipated.
- Occupational Privilege tax revenues increased by $21,664,000 largely due to a change in the allocation of the tax. In 2008, all of the Occupational Privilege tax collected was deposited into the General Fund in exchange for sending an equivalent amount of Property Tax to the Capital Improvements Fund.
- Charges for services increased $29,641,000 due primarily to reclassifying some revenue as charges for services as opposed to reimbursement for expenditures.
- Fines and forfeitures increased by $4,163,000 primarily due to increases in the parking fine schedule and growth in traffic court fines.
- Lodgers tax revenue increased by $1,143,000 primarily due to the increased tourism due to the Democratic National Convention.

Significant revenues in the General Fund that decreased from 2007 to 2008 include:

- Property tax revenues decreased by $16,529,000 largely due to a change in the allocation of the tax. In 2008, all of the Occupational Privilege tax collected was deposited into the General Fund in exchange for sending an equivalent amount of Property Tax to the Capital Improvements Fund.
- Investment and interest income decreased by $7,025,000 due to the declining economy and resulting lower interest rates.

The Denver economy grew slowly in early 2008, though it had begun to decline by the end of 2008. The City saw increases in tourism and convention travel due to the Democratic National Convention held in August 2008. Other areas of change in the General Fund included:

- Public safety expenditures increased by $24,249,000, primarily as a result of collective bargaining increases averaging four percent for uniformed officers and increases in jail medical costs.

The Human Services special revenue fund had a total fund balance of $8,426,000, of which $2,043,000 is reserved for long-term debt and the Human Services share of the TABOR reserve. The net decrease in fund balance of $12,567,000 during the current year in the Human Services special revenue fund was mainly due to an increase of $9,562,000 in Human Services operating expenditures. This increase in expenditures was partially offset by an increase of $3,679,000 in property tax revenues related to Human Services.

An increase in fund balance in the Bond Projects fund of $62,076,000 primarily reflects the issuance of debt net of related costs of $240,556,000. This was offset by $8,941,000 in increased expenditures by Public Works, $14,432,000 in higher interest expense, and $114,208,000 in increased capital outlay.

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 $491,560,000 and those for the Denver Airport System were $842,300,000. Net assets for all enterprise funds decreased $18,672,000. 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 2008 were based on moderate growth in the economy. The projection was for modest sales and use tax growth of 5.1% above 2007 amounts and an overall growth rate in the General Fund of 3.2%. The revenue forecast was revised upward slightly by a total amount of $6,955,000 (0.8%) during 2008. The major revisions by individual revenue type are listed below.

Major upward revisions in the revenue estimates include:

- 2008 sales and use tax estimates were revised up by $3,954,000 or 0.9%. At the time, collections were on target with what was originally budgeted, though we were anticipating some additional audit collections.
- Property tax collections were revised up by $1,212,000 (1.9%).
- An increase in the estimate of fines and forfeitures revenues by $1,260,000 (3.1%), mainly due to increases in volume of traffic court fines.
- An increase in the transfer of excise tax related to the Convention Center of $5,245,000 (29.5%) due to the refinancing of the debt in 2007 after the original 2008 budget was completed.

Major reductions to the 2008 revenue estimates include a decrease for licenses and permits revenue of $4,786,000 (19.3%) due to a decline in construction activity towards the end of 2008.

In 2008, the original projection anticipated a use of fund balance of $3,625,000, after assuming that approximately $14,500,000 of appropriations would be unspent at the end of the year. In the final budget, transfers out increased due to the policy decision to transfer $20,400,000 in designated fund balance for the TABOR emergency reserve to a special revenue fund, which was recorded in the General Fund as a transfer expenditure.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following paragraphs. The national and local economies had significantly worsened in the last few months of 2008 and by October, 2008, revenue forecasts were adjusted again, this time downward from the revised forecast of the summer.

General Fund revenues, including transfers in, were approximately $5,050,000 lower than the revised budget of the summer, primarily due to the impacts of the recession on certain revenue sources. The one major variance was revenue from sales and use tax collections, which was below the revised forecast by $9,346,000 (2.1%). This decrease was partially offset by various other revenues sources being over the revised budget, most notably use charges, which was over budget by $1,327,000 (7.9%) due to higher than anticipated parking related revenue.

General Fund budget basis expenditures including transfers out were approximately $12,000,000 less than the final budget. This is due to achieving the expected unspent appropriation, due in large part of savings measures put in place when the economy downturned in the fall, including a hiring freeze on non-critical positions.

Capital Assets and Bonded Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2008, were $6,270,395,000 (net of accumulated depreciation). This investment in capital assets includes land, 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, 2008 and 2007, are shown in **Table 3** (dollars in thousands):

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land and construction in progress	$ 490,258	$ 348,010	$ 380,161	$ 561,324	$ 870,419	$ 909,334
Buildings and Improvements	1,567,482	1,533,493	4,796,888	4,574,411	6,364,370	6,107,904
Equipment and other	258,172	241,380	701,945	620,376	960,117	861,756
Collections	74,556	75,094	-	-	74,556	75,094
Infrastructure	1,055,027	1,007,409	-	-	1,055,027	1,007,409
Less accumulated depreciation	(1,082,728)	(998,855)	(1,971,366)	(1,795,745)	(3,054,094)	(2,794,600)
Total	**$ 2,362,767**	**$ 2,206,531**	**$ 3,907,628**	**$ 3,960,366**	**$ 6,270,395**	**$ 6,166,897**

Major capital asset activity for the year ended December 31, 2008 included the following:

Governmental Activities:

- Construction in progress on the Justice Center in the amount of $151,152,000

Business-type Activities:

- Additions to the Wastewater Storm Collection system of $63,600,000
- Additions to the Wastewater Sanitary Collection system of $20,700,000
- Additions to Denver Airport Systems Building and Improvements of approximately $130,000,000
- Additions to Denver Airport Systems Equipment of approximately $34,400,000

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, 2008, the City had total bonded indebtedness of $4,972,744,000. Of this amount, $551,679,000 comprises debt backed by the full faith and credit of the City. The remainder of the City’s debt, $4,421,065,000, represents bonds and commercial notes secured by specified revenue sources (i.e., revenue bonds of the Denver Airport System, Wastewater Management, and excise tax revenues bonds).

The City’s general obligation debt is rated AAA by Standard & Poor’s rating agency, AA+ by Fitch rating agency and Aa1 by Moody’s Investors Service.

In February 2008, the City issued $174,135,000 of Series 2008, General Obligation Bonds, and supplemental “B” interest registered coupons for the purpose of financing a portion of the City’s new Justice System Facilities..

The Airport System’s senior lien debt is currently rated by Standard & Poor’s, Moody’s, and Fitch at A+, A1 and A+, respectively, with stable outlooks as of December 2008.

During 2008, the Denver Airport System had the following bond and commercial paper activity:

- On November 2, 2008 the Airport issued $92,600,000 and $200,000,000 of Airport System Revenue bonds Series 2008C1 and 2008C2-C3 in a variable rate mode for the purpose of refunding the 2000C and 2000B bonds.
- 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, primarily snow removal equipment, based on a ten year life.
- On June 24, 2008, the Airport issued $81,800,000 of Airport System Revenue Bonds Series 2008B in a variable rate mode for the purpose of refunding Series 2005C1-C2 which were trading at above market rate because of distressed bond insurance.
- The Airport drew $50 million on March 28, 2008 and $50 million on April 1, 2008 of Commercial Paper to currently refund the Series 2001C-C2 Auction rate securities (“ARS”). On April 14, 2008 the Airport issued $221,215,000, $111,000,000, $181,965,000 and $94,660,000 2008A1-A4 bonds in a fixed rate and term rate mode for purposes of current refunding $100,000,000 of the Series 2001C3-C4, $267,625,000 of the 2002A1-A3, $85,275,000 of the 2005B1-B2 Airport Revenue bonds that were variable rate bonds currently in an auction rate mode and to current refund $144,000,000 of the 2004A-B variable rate bonds. The Series 2001C1-C4 Airport Revenue Bonds which were Auction Rate Securities and associated with 1999, 2002, and 2007A swap agreements, were refunded on March 28, 2008, April 1, 2008 and April 14, 2008, with Commercial Paper and a portion of the Series 2008A1-A4 variable bonds which will bear interest initially in a term mode. The refunding transactions were necessitated by the deterioration of the credit rating of certain bond insurers.

Outstanding debt by activity at December 31, 2008, and 2007, is reflected in **Table 4** (dollars in thousands):

Table 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
General obligation bonds	$ 551,679	$ 422,924	$ -	$ -	$ 551,679	$ 422,924
Revenue bonds	290,930	304,105	4,130,135	4,230,760	4,421,065	4,534,865
Total	**$ 842,609**	**$ 727,029**	**$ 4,130,135**	**$ 4,230,760**	**$ 4,972,744**	**$ 4,957,789**

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 2009 budget assumed moderate growth in the local economy. By the last quarter of 2008, the economy had entered into a recession, necessitating a revision to 2009 projections for both revenues and expenditures. Currently, 2009 General Fund revenues are projected to be $851,000,000, which is $45,300,000 lower than the original budget (-5.0%) and a decrease of $15,000,000 from actual 2008 revenues. Measures have been put in place to reduce 2009 expenditures. Key points of the 2009 General Fund savings plan are as follows:

- Sales and use tax revenue is projected to decrease $24,900,000 (-5.8%) from 2008. This figure reflects expectations that the economy will decline through mid-2009 and level off by the end of the year.
- The General Fund portion of the 2009 lodgers tax has been revised down by $2,569,000 (-16.8%) from the original budget. Tourism, the major driver of Lodgers Tax, is expected to decline significantly in 2009.
- Fee-generated revenue is being revised down by $3,135,000 (-5.3%), primarily due to the continued decline of construction activity in the City.
- Total 2009 General Fund expenditures were originally budgeted at $914,070,000, which was an increase of 5% over 2008. Expenditures have now been revised down to $878,000,000, a decrease of $35,900,000 from the original 2009 budget.
- $30 million in operational savings has been identified for 2009, primarily through holding vacant positions open, delaying equipment replacement, and cutting back on supplies and services.
- $15 million in savings is being achieved by salary concession from uniformed officers, freezing merit pay for Career Service employees at 2.25%, and by suspending the 2009 bonus program.

It is anticipated that unreserved-undesignated fund balance will decrease to approximately $122,000,000 during 2009, which equates to approximately 13.9% of expenditures. 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, Dept. 1109, Denver, CO 80202. The report is available online at www.denvergov.org/controller.

This page left blank intentionally.

Basic Financial Statements

Statement of Net Assets

December 31, 2008 (dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash on hand	$ 4,942	$ -	$ 4,942	$ 49
Cash and cash equivalents	543,499	127,272	670,771	73,146
Investments	-	350,526	350,526	178,720
Receivables (net of allowances):				
Taxes	329,390	-	329,390	56,567
Special assessments	-	-	-	-
Notes	83,199	-	83,199	-
Accounts	22,286	66,143	88,429	30,572
Accrued interest	2,705	6,278	8,983	72
Other	-	-	-	17,821
Due from other governments	43,194	-	43,194	-
Internal balances	22,033	(22,033)	-	-
Inventories	2,659	10,182	12,841	7,010
Prepaid items and other assets	963	923	1,886	11,363
Restricted assets:				
Cash and cash equivalents	74,396	219,628	294,024	83,299
Investments	-	784,676	784,676	85,259
Accrued interest	-	2,156	2,156	-
Other receivables	-	18,467	18,467	-
Prepaid items	-	4,224	4,224	-
Net assets held by third party	-	-	-	163,979
Capital assets:				
Land and construction in progress	490,258	380,161	870,419	301,454
Buildings, improvements, infrastructure, collections, and equipment, net of accumulated depreciation	1,872,509	3,527,467	5,399,976	1,679,881
Long-term receivables (net of allowances)	34,607	2,000	36,607	34,384
Bond issue cost and other assets (net of accumulated amortization)	4,127	52,661	56,788	20,568
Assets held for disposition	5,743	13,073	18,816	-
Total Assets	**3,536,510**	**5,543,804**	**9,080,314**	**2,744,144**
Liabilities				
Vouchers payable	73,514	37,785	111,299	24,905
Accrued liabilities	41,499	44,600	86,099	31,555
Unearned revenue	287,107	37,343	324,450	55,913
Advances	3,837	1,847	5,684	1,984
Due to taxing unit	599	-	599	-
Due to other governments	-	-	-	2,891
Liabilities payable from restricted assets	-	84,176	84,176	-
Noncurrent liabilities:				
Due within one year	132,226	119,683	251,909	49,849
Due in more than one year	1,396,447	3,853,563	5,250,010	1,102,945
Total Liabilities	**1,935,229**	**4,178,997**	**6,114,226**	**1,270,042**
Net Assets				
Invested in capital assets, net of related debt	1,238,768	262,385	1,501,153	1,236,455
Restricted for:				
Capital projects	203,718	23,645	227,363	85,178
Emergency use	32,033	-	32,033	255
Debt service	83,187	657,618	740,805	83,310
Donor restrictions:				
Expendable	10,675	-	10,675	87,633
Nonexpendable	3,936	-	3,936	102,240
Other purposes	6,721	-	6,721	-
Unrestricted (deficit)	22,243	421,159	443,402	(120,969)
Total Net Assets	**$ 1,601,281**	**$ 1,364,807**	**$ 2,966,088**	**$ 1,474,102**

See accompanying notes to basic financial statements.

Statement of Activities

For the Year Ended December 31, 2008 (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	$ 257,780	$ 76,106	$ 19,356	$ 28
Public safety	536,382	67,396	69,663	-
Public works	134,698	50,812	29,902	8,822
Human services	139,895	2,730	82,004	-
Health	52,332	1,360	9,927	-
Parks and recreation	105,232	5,931	980	7,769
Cultural activities	62,499	19,803	4,217	200
Community development	39,945	19,288	19,282	-
Economic opportunity	31,647	18,038	12,529	-
Interest on long-term debt	76,073	-	-	-
Total Governmental Activities	**1,436,483**	**261,464**	**247,860**	**16,819**
Business-type Activities:				
Wastewater management	75,122	76,590	-	7,690
Denver airport system	780,501	540,760	106,173	14,392
Environmental services	6,336	7,537	-	-
Golf course	8,252	8,399	-	-
Total Business-type Activities	**870,211**	**633,286**	**106,173**	**22,082**
Total Primary Government	**$ 2,306,694**	**$ 894,750**	**$ 354,033**	**$ 38,901**
Component Units	**$ 463,668**	**$ 327,080**	**$ 71,877**	**$ -**

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

Convention center revenue

Other revenues

Transfers

Total General Revenues and Transfers

Change in net assets

Net assets - January 1, as previously reported

Restatement for change in reporting entity

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
$ (162,290)	$ -	$ (162,290)	$ -
(399,323)	-	(399,323)	-
(45,162)	-	(45,162)	-
(55,161)	-	(55,161)	-
(41,045)	-	(41,045)	-
(90,552)	-	(90,552)	-
(38,279)	-	(38,279)	-
(1,375)	-	(1,375)	-
(1,080)	-	(1,080)	-
(76,073)	-	(76,073)	-
(910,340)	**-**	**(910,340)**	**-**
-	9,158	9,158	-
-	(119,176)	(119,176)	-
-	1,201	1,201	-
-	147	147	-
-	**(108,670)**	**(108,670)**	**-**
(910,340)	**(108,670)**	**(1,019,010)**	
			(64,711)
10,016	-	10,016	-
53,773	-	53,773	14,844
19,514	-	19,514	-
43,040	-	43,040	-
274,809	-	274,809	56,900
468,137	-	468,137	41,839
54	-	54	236
9,814	-	9,814	-
1,394	-	1,394	-
34,340	90,279	124,619	(21,612)
15,321	-	15,321	-
21,442	6	21,448	26,407
265	(265)	-	-
951,919	**90,020**	**1,041,939**	**118,614**
41,579	(18,650)	22,929	53,903
1,559,702	1,383,457	2,943,159	1,411,086
-	-	-	9,113
1,559,702	1,383,457	2,943,159	1,420,199
$ 1,601,281	**$ 1,364,807**	**$ 2,966,088**	**$ 1,474,102**

Balance Sheet - Governmental Funds

December 31, 2008 (dollars in thousands)

	General	Human Services	Bond Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash on hand	$ 30	$ 325	$ -	$ 4,587	$ 4,942
Cash and cash equivalents	94,089	2,905	216,562	201,539	515,095
Receivables (net of allowances of $72,677)					
Taxes	117,668	48,012	-	163,710	329,390
Special assessments	-	-	-	-	-
Notes	25	-	-	83,174	83,199
Accounts	13,737	14,104	-	28,824	56,665
Accrued interest	781	-	906	924	2,611
Interfund receivable	31,596	36	-	2,695	34,327
Due from other governments	215	3,373	-	39,606	43,194
Prepaid items and other assets	861	-	-	102	963
Restricted assets:					
Cash and cash equivalents	21,001	2,043	-	51,338	74,382
Assets held for disposition	-	-	-	5,743	5,743
Total Assets	$ 280,003	$ 70,798	$ 217,468	$ 582,242	$ 1,150,511
Liabilities and Fund Balances					
Liabilities:					
Vouchers payable	$ 10,672	$ 5,379	$ 21,067	$ 35,125	$ 72,243
Accrued liabilities	19,160	1,628	1,025	1,086	22,899
Due to taxing units	30	-	-	569	599
Interfund payable	3,408	6,449	19	4,632	14,508
Deferred revenue	75,272	48,583	-	198,386	322,241
Advances	-	333	-	3,504	3,837
Compenseted absences	12	-	-		12
Total Liabilities	**108,554**	**62,372**	**22,111**	**243,302**	**436,339**
Fund Balances:					
Reserved for:					
Notes receivable	25	-	-	83,174	83,199
Prepaid items and other assets	861	-	-	102	963
Assets held for disposition	-	-	-	5,743	5,743
Emergency use	-	2,000	-	30,033	32,033
Debt service:					
Long-term debt	21,001	43	-	42,523	63,567
Interest	-	-	-	19,735	19,735
Unreserved:					
Designated for subsequent years' expenditures, reported in:					
Capital projects funds	-	-	195,357	57,629	252,986
Undesignated, reported in:					
General Fund	149,562	-	-	-	149,562
Special revenue funds	-	6,383	-	90,756	97,139
Capital projects funds	-	-	-	5,309	5,309
Permanent fund	-	-	-	3,936	3,936
Total Fund Balances	**171,449**	**8,426**	**195,357**	**338,940**	**714,172**
Total Liabilities and Fund Balances	$ 280,003	$ 70,798	$ 217,468	$ 582,242	$ 1,150,511

See accompanying notes to basic financial statements.

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

December 31, 2008 (dollars in thousands)

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

Total fund balance-governmental funds	$ 714,172
Capital assets used in governmental activities, excluding internal service funds of $3,135 are not financial resources, and therefore, are not reported in the funds.	2,359,632
Accrued interest payable not included in the funds.	(18,340)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	35,134
Bond issue costs, net of accumulated amortization.	4,127
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.	761
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 $34,468).	(1,494,205)
Net assets of governmental activities	**$ 1,601,281**

See accompanying notes to basic financial statements.

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

For the Year Ended December 31, 2008 (dollars in thousands)

	General	Human Services	Bond Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Facilities development admission	$ -	$ -	$ -	$ 10,016	$ 10,016
Lodgers	14,626	-	-	39,147	53,773
Motor vehicle ownership fee	19,514	-	-	-	19,514
Occupational privilege	43,040	-	-	-	43,040
Property	62,703	46,176	-	165,930	274,809
Sales	430,928	-	-	37,209	468,137
Specific ownership	-	-	-	54	54
Telephone	3,104	-	-	6,710	9,814
Special assessments	-	-	-	1,394	1,394
Licenses and permits	27,763	-	-	1,601	29,364
Intergovernmental revenues	32,107	80,388	-	134,891	247,386
Charges for services	137,160	2,655	-	49,679	189,494
Investment and interest income	11,692	6	10,850	11,792	34,340
Fines and forfeitures	38,416	75	-	2,982	41,473
Contributions	11	1,616	-	7,395	9,022
Other revenue	8,652	160	47	31,308	40,167
Total Revenues	**829,716**	**131,076**	**10,897**	**500,108**	**1,471,797**
Expenditures					
Current:					
General government	173,300	-	-	81,708	255,008
Public safety	424,718	-	-	110,266	534,984
Public works	81,710	-	8,983	34,975	125,668
Human services	-	139,013	-	-	139,013
Health	42,514	-	-	9,677	52,191
Parks and recreation	50,375	-	302	50,251	100,928
Cultural activities	32,531	-	67	8,228	40,826
Community development	17,209	-	-	20,599	37,808
Economic opportunity	-	-	-	31,486	31,486
Debt service:					
Principal retirement	378	2,905	-	67,524	70,807
Interest	4,047	1,838	14,432	62,281	82,598
Bond issuance costs	-	-	833	-	833
Capital outlay	-	-	171,113	39,317	210,430
Total Expenditures	**826,782**	**143,756**	**195,730**	**516,312**	**1,682,580**
Excess (Deficiency) of revenues over expenditures	2,934	(12,680)	(184,833)	(16,204)	(210,783)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	2,526	2,526
General obligation bonds issued	-	-	174,135	-	174,135
Capital leases	-	-	-	20,780	20,780
Capital leases restructured	260,000	-	-	-	260,000
Payment to escrow	(250,290)	-	-	-	(250,290)
Commercial paper issued	-	-	38,000	-	38,000
Bond premium (discount)	-	-	17,644	(237)	17,407
Proceeds from sale of registered coupons	-	-	11,610	-	11,610
Insurance recoveries	74	6	-	6	86
Transfers in	30,731	150	5,520	75,189	111,590
Transfers out	(67,591)	(43)	-	(43,741)	(111,375)
Total Other Financing Sources (Uses)	**(27,076)**	**113**	**246,909**	**54,523**	**274,469**
Net change in fund balances	(24,142)	(12,567)	62,076	38,319	63,686
Fund balances - January 1	195,591	20,993	133,281	300,621	650,486
Fund Balances - December 31	**$ 171,449**	**$ 8,426**	**$ 195,357**	**$ 338,940**	**$ 714,172**

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, 2008 (dollars in thousands)

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

Net change in fund balances - total governmental funds	$ 63,686
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	262,073
Depreciation expense	(105,660)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Change in revenues in fund statements previously recognized in statement of activities	9,404
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	(174,135)
Certificates of participation executed and delivered	(27,445)
Commercial paper issued	(38,000)
Capital lease issued	(3,045)
Principal retirement on bonds	45,380
Issuance costs, premium, discounts and deferred gain (loss) on refunding	(11,206)
Capital lease principal payments	25,427
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)	(6,922)
Accrued interest payable	(4,419)
Legal liability	1,520
Note payable	(494)
Line of credit payable	(35)
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.	5,450
Change in net assets of governmental activities	**$ 41,579**

See accompanying notes to basic financial statements.

Statement of Net Assets - Proprietary Funds

December 31, 2008 (dollars in thousands)

	Business-type Activities	
	Wastewater Management	Denver Airport System
Assets		
Current assets:		
Cash and cash equivalents	$ 13,795	$ 94,817
Investments	24,992	155,233
Receivables (net of allowance for uncollectibles of $2,144):		
Accounts	11,058	53,900
Accrued interest	164	6,041
Inventories		10,054
Interfund receivable	128	281
Prepaid items and other assets	301	622
Restricted assets:		
Cash and cash equivalents	-	218,444
Investments	-	142,453
Accrued interest receivable	-	2,152
Other receivables	-	18,051
Prepaid items	-	4,224
Total Current Assets	**50,438**	**706,272**
Noncurrent assets:		
Investments - unrestricted	-	170,301
Investments - restricted	-	642,223
Capital assets:		
Land and construction in progress	30,479	342,510
Buildings and improvements	14,207	1,990,255
Improvements other than buildings	639,588	2,130,486
Machinery and equipment	14,088	683,471
Accumulated depreciation	(209,613)	(1,746,589)
Net capital assets	488,749	3,400,133
Long-term receivables (net of allowances)	-	2,000
Bond issue costs and other assets, net	274	52,205
Assets held for disposition	-	13,073
Total Noncurrent Assets	**489,023**	**4,279,935**
Total Assets	**539,461**	**4,986,207**

See accompanying notes to basic financial statements.

Enterprise Funds		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 18,660	$ 127,272	$ 28,404
-	180,225	-
1,185	66,143	223
73	6,278	99
128	10,182	2,659
33	442	4,266
-	923	-
1,184	219,628	14
-	142,453	-
4	2,156	-
416	18,467	-
-	4,224	-
21,683	**778,393**	**35,665**
-	170,301	-
-	642,223	-
7,172	380,161	-
9,129	2,013,591	4,107
13,223	2,783,297	82
4,386	701,945	8,313
(15,164)	(1,971,366)	(9,367)
18,746	3,907,628	3,135
-	2,000	-
182	52,661	-
-	13,073	-
18,928	**4,787,886**	**3,135**
40,611	**5,566,279**	**38,800**

continued

Statement of Net Assets - Proprietary Funds, continued

December 31, 2008 (dollars in thousands)

	Business-type Activities	
	Wastewater Management	Denver Airport System
Liabilities		
Current liabilities:		
Vouchers payable	$ 1,958	$ 35,307
Revenue bonds payable	1,235	-
Accrued liabilities	770	43,051
Interfund payable	3,187	18,073
Capital lease obligations	-	-
Compensated absences	658	2,098
Deferred revenue	13,402	-
Claims reserve	-	-
Construction payable	1,847	-
Unearned revenue	-	23,843
Current liabilities (payable from restricted assets):		
Vouchers payable	-	13,642
Retainages payable	-	22,459
Notes payable	-	14,368
Accrued interest and other liabilities	-	24,241
Other accrued liabilities	-	23,711
Revenue bonds payable	-	100,785
Total Current Liabilities	**23,057**	**321,578**
Noncurrent liabilities		
Notes payable	-	49,280
Revenue bonds payable, net	23,015	3,703,810
Unamortized premium	68	63,519
Capital lease obligations	-	-
Compensated absences	1,761	5,720
Claims reserve	-	-
Total Noncurrent Liabilities	**24,844**	**3,822,329**
Total Liabilities	**47,901**	**4,143,907**
Net Assets		
Invested in capital assets, net of related debt	462,857	(213,290)
Restricted for:		
Capital projects	-	22,164
Debt service	-	657,618
Unrestricted (deficit)	28,703	375,808
Total Net Assets	**$ 491,560**	**$ 842,300**
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.

Enterprise Funds: Other Enterprise Funds	Enterprise Funds: Total Enterprise Funds	Governmental Activities: Internal Service Funds
$ 520	$ 37,785	$ 1,271
385	1,620	-
779	44,600	248
1,607	22,867	1,660
-	-	74
154	2,910	243
98	13,500	-
	-	11,371
-	1,847	-
-	23,843	-
123	13,765	-
-	22,459	-
-	14,368	-
-	24,241	-
-	23,711	-
-	100,785	-
3,666	**348,301**	**14,867**
-	49,280	-
5,725	3,732,550	-
50	63,637	-
-	-	243
615	8,096	884
-	-	21,653
6,390	**3,853,563**	**22,780**
10,056	**4,201,864**	**37,647**
12,818	262,385	2,819
1,481	23,645	-
-	657,618	-
16,256	420,767	(1,666)
$ 30,555	1,364,415	**$ 1,153**
	392	
	$ 1,364,807	

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

For the Year Ended December 31, 2008 (dollars in thousands)

	Business-type Activities	
	Wastewater Management	Denver Airport System
Operating Revenues		
Charges for services	$ 76,590	$ 526,829
Other revenue	-	13,931
Total Operating Revenues	**76,590**	**540,760**
Operating Expenses		
Personnel services	20,454	114,288
Contractual services	14,515	234,036
Supplies and materials	1,579	25,505
Depreciation and amortization	12,603	168,026
Metropolitan Wastewater Reclamation District	25,995	-
Claims payments	-	-
Change in claims reserve	-	-
Other operating expenses	-	-
Total Operating Expenses	**75,146**	**541,855**
Operating income (loss)	1,444	(1,095)
Nonoperating Revenues (Expenses)		
Investment and interest income	1,966	87,483
Passenger facility charges	-	96,787
Disposition of assets	6	-
Grants	-	703
Interest expense	-	(238,643)
Other revenue	-	8,683
Total Nonoperating Revenues (Expenses)	**1,972**	**(44,987)**
Income (loss) before contributions and transfers	3,416	(46,082)
Capital grants and contributions	7,690	14,392
Transfers in	-	-
Transfers out	(15)	-
Change in net assets	11,091	(31,690)
Net assets (Deficit) - January 1	480,469	873,990
Net Assets - December 31	**$ 491,560**	**$ 842,300**

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.

- Enterprise Funds		Governmental Activities -
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 15,656	$ 619,075	$ 50,651
280	14,211	1,227
15,936	**633,286**	**51,878**
7,030	141,772	9,337
2,323	250,874	970
1,131	28,215	21,495
682	181,311	790
-	25,995	-
-	-	8,863
-	-	528
3,124	3,124	6,053
14,290	**631,291**	**48,036**
1,646	1,995	3,842
830	90,279	1,134
-	96,787	-
-	6	-
-	703	-
(299)	(238,942)	(24)
-	8,683	-
531	**(42,484)**	**1,110**
2,177	(40,489)	4,952
-	22,082	-
-	-	50
(250)	(265)	-
1,927	(18,672)	5,002
28,628	1,383,087	(3,849)
$ 30,555	**$ 1,364,415**	**$ 1,153**
	$ (18,672)	
	22	
	$ (18,650)	

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2008 (dollars in thousands)

	Business-type Activities	
	Wastewater Management	Denver Airport System
Cash Flows From Operating Activities		
Receipts from customers	$ 76,685	$ 555,823
Payments to suppliers	(37,562)	(253,659)
Payments to employees	(20,193)	(111,298)
Other receipts (payments)	-	-
Interfund activity	(6,603)	(13,131)
Claims paid	-	-
Other payments	-	-
Net Cash Provided by Operating Activities	**12,327**	**177,735**
Cash Flows From Noncapital Financing Activities		
Transfers in	-	-
Transfers out	(14)	-
Operating grants	-	67
Net Cash Provided (Used) By Noncapital Financing Activities	**(14)**	**67**
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital debt	-	16,833
Issuance of notes payable	-	15,295
Bond issue costs	-	(7,334)
Principal payments	(1,180)	(113,056)
Passenger facility charges	-	99,898
Payments on capital assets acquired through construction payables	(7,212)	(36,720)
Acquisition and construction of capital assets	(20,895)	(55,484)
Sale of assets	5	218
Interest paid	(1,250)	(234,069)
Contributions and advances	1,932	11,238
Payments to escrow for current refunding of debt	-	(13,813)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(28,600)**	**(316,994)**
Cash Flows From Investing Activities		
Purchases of investments	(22,222)	(5,813,321)
Proceeds from sale of investments	42,966	5,743,315
Sale of assets held for disposition; payments to maintain assets held	-	(25,126)
Insurance proceeds from Stapelton remediation	-	20,490
Interest received	2,504	62,176
Net Cash Provided (Used) by Investing Activities	**23,248**	**(12,466)**
Net increase (decrease) in cash and cash equivalents	6,961	(151,658)
Cash and cash equivalents - January 1	6,834	464,919
Cash and Cash Equivalents - December 31	**$ 13,795**	**$ 313,261**
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	$ 1,444	$ (1,095)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,603	168,026
Miscellaneous revenue	-	3,114
Accounts receivable, net of allowance	(305)	13,716
Interfund receivable	663	-
Inventories	-	(3,396)
Prepaid items and other assets	19	(1,752)
Vouchers payable	561	2,866
Unearned revenue	(264)	21
Accrued and other liabilities	96	(3,597)
Interfund payable	(2,490)	(168)
Claims reserve	-	-
Net Cash Provided by Operating Activities	**$ 12,327**	**$ 177,735**

Noncash Activities

The Airport system issued bonds in the amount of $1,083,240,000 in order to refund debt and fund capital projects. Net bond proceeds of $1,085,034,000 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 $12,657,000 were realized on the issuance of bonds.

Assets acquired through capital contributions	$ 5,757	$ -
Unrealized gain (loss) on investments	268	23,835
Capital assets acquired through accounts payable	1,847	33,228
Amortization of bond premiums and deferred losses on bond refundings	-	17,939

See accompanying notes to basic financial statements.

	Enterprise Funds		Governmental Activities -
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	$ 16,457	$ 648,965	$ 48,548
	(7,803)	(299,024)	(26,156)
	(6,931)	(138,422)	(9,218)
	-	-	541
	-	(19,734)	-
	-	-	(8,758)
	(1,485)	(1,485)	-
	238	**190,300**	**4,957**
	-	-	50
	(250)	(264)	-
	-	67	-
	(250)	**(197)**	**50**
	-	16,833	-
	-	15,295	-
	-	(7,334)	-
	(370)	(114,606)	(151)
	-	99,898	-
	-	(43,932)	-
	(2,891)	(79,270)	(29)
	-	223	207
	(299)	(235,618)	(24)
	-	13,170	-
	-	(13,813)	-
	(3,560)	**(349,154)**	**3**
	-	(5,835,543)	-
	-	5,786,281	-
	-	(25,126)	-
	-	20,490	-
	897	65,577	1,123
	897	**11,679**	**1,123**
	(2,675)	(147,372)	6,133
	22,519	494,272	22,285
	$ 19,844	**$ 346,900**	**$ 28,418**
	$ 1,646	$ 1,995	$ 3,842
	682	181,311	790
	-	3,114	-
	468	13,879	285
	-	663	(1,073)
	7	(3,389)	(552)
	-	(1,733)	-
	(2,807)	620	377
	53	(190)	-
	99	(3,402)	139
	90	(2,568)	621
	-	-	528
	$ 238	**$ 190,300**	**$ 4,957**
	$ -	$ 5,757	$ -
	-	24,103	-
	-	35,075	-
	9	17,948	-

Statement of Fiduciary Net Assets - Fiduciary Funds

December 31, 2008 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets			
Cash on hand	$ -	$ 862	$ 3,614
Cash and cash equivalents	42,991	664	16,403
Securities lending collateral	151,272	-	-
Receivables (net of allowance for uncollectibles of $6,222):			
Taxes	-	-	500,790
Accounts	2,159	-	24
Accrued interest	6,404	-	1
Investments, at fair value:			
U.S. Government obligations	137,733	-	-
Domestic stocks and bonds	868,890	-	-
International stocks	213,640	-	-
Annuity	342,997	-	-
Mutual funds	32,841	-	-
Real estate	176,520	-	-
Other	94,338	-	-
Total investments	**1,866,959**	**-**	**-**
Capital assets, net of accumulated depreciation	1,006	-	-
Total Assets	**2,070,791**	**1,526**	**$ 520,832**
Liabilities			
Vouchers payable	4,053	347	779
Securities lending obligation	157,381	-	-
Other accrued liabilities	-	-	5,236
Due to taxing units	-	862	514,817
Total Liabilities	**161,434**	**1,209**	**$ 520,832**
Net Assets			
Net assets held in trust for pension benefits	1,455,545	-	
Net assets held in trust for OPEB benefits	69,776	-	
Net assets held in trust for deferred compensation benefits	384,036	-	
Net assets held in trust for other purposes	-	317	
Net assets held in trust for pension benefits and other purposes	**$ 1,909,357**	**$ 317**	

See accompanying notes to basic financial statements.

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds

For the Year Ended December 31, 2008 (dollars in thousands)

	Pension, Health, and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
Additions		
Contributions:		
City and County of Denver	$ 41,313	$ -
Denver Health and Hospital Authority	7,304	-
Plan members	46,999	-
Total contributions	**95,616**	**-**
Investment earnings (loss):		
Net appreciation (depreciation) in fair value of investments	(599,568)	-
Interest and dividends	(45,541)	-
Total investment earnings (loss)	**(645,109)**	**-**
Less investment expense	(9,100)	-
Net loss from investments	**(654,209)**	**-**
Securities lending earnings	7,221	-
Securities lending expenses:		
Borrower rebates	(4,694)	-
Agent fees	(633)	-
Net earnings from securities lending	**1,894**	**-**
Total net investment loss	(652,315)	-
Other additions	-	60
Total Additions	**(556,699)**	**60**
Deductions		
Benefits	156,950	-
Refunds of contributions	517	-
Administrative expenses	2,992	-
Total Deductions	**160,459**	**-**
Change in net assets	(717,158)	60
Net assets-January 1	2,626,515	257
Net assets-December 31	**$ 1,909,357**	**$ 317**

See accompanying notes to basic financial statements.

Statement of Net Assets - Component Units

December 31, 2008 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Urban Renewal Authority	Water Board	Other Component Units	Total
Assets					
Cash on hand	$ -	$ -	$ 49	$ -	$ 49
Cash and cash equivalents	3,124	3,322	31,205	35,495	73,146
Investments	-	1,708	170,854	6,158	178,720
Receivables:					
Taxes	-	49,012	-	7,555	56,567
Accounts	2,052	413	23,446	4,661	30,572
Accrued interest	-	72	-	-	72
Other	-	4,139	-	13,682	17,821
Inventories	-	-	6,253	757	7,010
Prepaid items and other assets	1,289	6,846	-	3,228	11,363
Restricted Assets:					
Cash and cash equivalents	58,170	7,695	-	17,434	83,299
Investments	22,303	62,956	-	-	85,259
Net assets held by third party	-	-	-	163,979	163,979
Capital Assets:					
Land and construction in progress	23,421	-	272,160	5,873	301,454
Buildings and improvements	229,302	-	212,288	38,611	480,201
Improvements other than buildings	-	-	1,575,950	-	1,575,950
Machinery and equipment	39,263	-	210,761	10,523	260,547
Accumulated depreciation	(34,221)	-	(566,158)	(36,438)	(636,817)
Net Capital Assets	257,765	-	1,705,001	18,569	1,981,335
Long-term receivables	-	-	27,763	6,621	34,384
Other assets	11,403	-	8,957	208	20,568
Total Assets	**356,106**	**136,163**	**1,973,528**	**278,347**	**2,744,144**
Liabilities					
Vouchers payable	5,539	-	11,224	8,142	24,905
Accrued liabilities	7,440	1,707	13,319	9,089	31,555
Deferred revenue	-	45,220	84	10,609	55,913
Advances	1,684	300	-	-	1,984
Due to other governments	-	2,891	-	-	2,891
Noncurrent liabilities:					
Due within one year	1,960	11,921	34,166	1,802	49,849
Due in more than one year	354,541	322,327	408,219	17,858	1,102,945
Total Liabilities	**371,164**	**384,366**	**467,012**	**47,500**	**1,270,042**
Net Assets					
Invested in capital assets, net of related debt	(100,209)	-	1,319,268	17,396	1,236,455
Restricted for:					
Capital projects	52,154	33,024	-	-	85,178
Emergency use	-	-	-	255	255
Debt service	36,831	37,473	9,005	1	83,310
Donor restrictions:					
Expendable	-	3,809	-	83,824	87,633
Nonexpendable	-	-	-	102,240	102,240
Unrestricted (Deficit)	(3,834)	(322,509)	178,243	27,131	(120,969)
Total Net Assets (Deficit)	**$ (15,058)**	**$ (248,203)**	**$ 1,506,516**	**$ 230,847**	**$ 1,474,102**

See accompanying notes to basic financial statements.

Statement of Activities - Component Units

For the Year Ended December 31, 2008 (dollars in thousands)

	Denver Convention Center Hotel Authority	Denver Urban Renewal Authority	Water Board	Other Component Units	Total
Expenses	$ 92,195	$ 65,815	$ 196,957	$ 108,701	$ 463,668
Program Revenues					
Charges for services	83,377	1,616	216,262	25,825	327,080
Operating grants and contributions	-	350	39,991	31,536	71,877
Total Program Revenues	**83,377**	**1,966**	**256,253**	**57,361**	**398,957**
Net (expenses) revenues	(8,818)	(63,849)	59,296	(51,340)	(64,711)
General Revenues					
Taxes:					
Lodgers	-	1,100	-	13,744	14,844
Property	-	49,536	-	7,364	56,900
Sales and use	-	17,700	-	24,139	41,839
Specific ownership	-	-	-	236	236
Investment and interest income	2,209	2,777	9,141	(35,739)	(21,612)
Other revenues	11,114	2,145	3,426	9,722	26,407
Net General Revenues	**13,323**	**73,258**	**12,567**	**19,466**	**118,614**
Change in net assets	4,505	9,409	71,863	(31,874)	53,903
Net Assets (deficit) - January 1, as previously reported	(19,563)	(257,612)	1,434,653	253,608	1,411,086
Restatement for change in reporting entity	-	-	-	9,113	9,113
Net Assets (deficit) - January 1, as restated	(19,563)	(257,612)	1,434,653	262,721	1,420,199
Net Assets (Deficit) - December 31	**$ (15,058)**	**$ (248,203)**	**$ 1,506,516**	**$ 230,847**	**$ 1,474,102**

See accompanying notes to basic financial statements.

This page left blank intentionally.

Contents

I. 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 31 year-end, except for the Denver Art Museum, Inc., which has a September 30 year-end.

1. **Blended Component Unit.**

   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.

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 2008 or net assets to report as of December 31, 2008.

   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, $2,054,000 for the 2008 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. Any excess revenues of the DCCHA are distributed to the City annually.

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 to 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, $1,401,000 for the 2008 fiscal year, as compensation for the care, control, maintenance, management, and development of the museum. DMNS must donate all of its right, 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. The Mayor appoints six of the seven DPP board members and City Council appoints the other one.

Denver Union Station Project Authority – 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, owning, equipping, designing, constructing, operating and maintaining the historic Denver Union Station building. There was no financial activity or net assets to report as of December 31, 2008.

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.

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

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

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

Colfax BID
8390 East Crescent Parkway, Suite 500
Aurora, Colorado 80111

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

Old South Gaylord BID
1076 South Gaylord Street
Denver, Colorado 80209

West Colfax BID
1700 Lincoln Street, Suite 3800
Denver, Colorado 80203

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

Denver Preschool Program, Inc.
370 17th Street, Suite 5300
Denver, Colorado 80202

Denver Union Station Project Authority
1200 17th Street, Suite 1500
Denver, Colorado 80202

Denver Urban Renewal Authority
1555 California Street, Suite 200
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 $53,630,000 for providing various health related services to the City and its residents during 2008. In addition, the Authority made payments in the amount of $1,713,000 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 the latter 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, fiduciary, and component unit fund 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 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.
- 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.
- 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.
- 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 Equity

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 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 2008 fiscal year was approved when Resolution 205, Series of 2008, 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 deferred 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. 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 and Designated 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. 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 40 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 premiums, discounts, and 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 and sick 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. A liability is recorded for these compensated absences in the governmental funds only if they have matured as a result of employee resignations or retirements.

12. **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 less any outstanding debt 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.

13. **Fund Equity.** 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.

14. **Encumbrances.** Encumbrances for contracts and purchase orders are unencumbered at year end and reappropriated against the subsequent year's budget. As of December 31, 2008, $6,152,098 was reappropriated against the general fund 2009 budget for remaining prior year encumbrances.

Note E – Implementation of New Accounting Principles

1. **Governmental Accounting Standards Board Statement No. 49.** In 2008, the City implemented the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which establishes uniform standards requiring more timely and complete reporting of pollution remediation obligations and requires governments to account for them in the same manner to enhance comparability of information. See the City's related disclosure in Note IV-B.

II. Stewardship, Compliance, and Accountability

Note A – Deficit Fund Equity

At December 31, 2008, the Central Services internal service fund, Workers' Compensation internal service fund (see Note IV-C), and the DURA and Denver Convention Center Hotel Authority component units had deficit fund balances or net assets in the amounts of $114,000, $8,330,000, $248,203,000 and $15,058,000, respectively.

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

The DURA component unit uses Tax Increment Financing (TIF), which is additional incremental property and sales taxes generated by redevelopment projects, to fund its deficit net assets. The Denver Convention Center Hotel Authority component unit will use revenue from its hotel facility to fund its deficit net assets.

Note B – Excess Expenditures Over Appropriations

Budget basis expenditures exceeded appropriations for certain funded projects shown in **Table 1**.

Table 1

Excess Expenditures Over Appropriations

For the Year Ended December 31, 2008 (dollars in thousands)

	Appropriation	Budget Basis Expenditures	Excess over Appropriation
Career Service Authority Hearing Office	$ 355	$ 359	$ 4
County Court	20,584	20,753	169
911 Call Center	8,838	9,216	378
Police Department	169,414	171,542	2,128
Police Airport	2,513	2,575	62
Fire Department	100,382	100,722	340
Undersheriff	91,949	92,075	126
Art, Culture, and Film	1,220	1,233	13

The expenditures, which resulted in excess of appropriations, were recorded because a liability had been incurred before year-end.

III. 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, 2008, the bank balance and carrying amounts of accounts managed by the City Treasurer were $14,613,000 and $22,814,000, respectively. The City's deposits, except for the Denver Employees Retirement Plan (DERP) pension trust fund, funds deposited at the Rocky Mountain Law Enforcement Federal Credit Union, 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). Deposits subject to the PDPA are not subject to custodial credit risk.

   The DERP has no formal policy for custodial credit risk for deposits. At December 31, 2008, the DERP had $4,441,000 in uninsured and uncollateralized deposits.

   The Rocky Mountain Law Enforcement Federal Credit Union is not certified as an Eligible Public Depository. At December 31, 2008, the City had $327,000 in uninsured and uncollateralized deposits subject to custodial credit risk.

   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, 2008, was $188,569.

   All deposits for DURA and the Water Board were not subject to custodial credit risk at December 31, 2008, since they were in PDPA eligible financial institutions. DCCHA had cash deposits at December 31, 2008, in bank accounts in excess of the FDIC insurance limits aggregating to approximately $2,874,000 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 portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

The City has retained Dominion Capital Group, Inc. (DCG) to perform quarterly reviews of the investment portfolio to ensure that the investments are authorized by the Denver City Charter and are in compliance with the City's Investment Policy. DCG also reviews investment market prices for accuracy as well as the accuracy of the portfolio performance as reported by the City.

At December 31, 2008, the City's investment balances were as shown in **Table 2**.

Table 2

City Investment Balances

December 31, 2008 (dollars in thousands)

		Fair Value
Repurchase agreements	$	1,734
Money market funds		39,392
Local government investment pool		125,632
Commercial paper		761,211
Common stock		765,648
Mutual funds		182,860
State and local government securities		15,135
Municipal auction rate securities		134,000
U.S. Treasury securitites		161,306
U.S. agency securities		1,001,784
Corporate and mortgage bonds		316,882
Annuity contracts		183,099
Real estate		176,520
Other		133,335
Total Investments	**$**	**3,998,538**

The DERP pension trust fund had securities lending collateral of $151,272,000 at December 31, 2008; see Note III-A-6 for additional discussion related to this balance.

At December 31, 2008, the investment balances of the discretely presented component units were as shown in **Table 3**.

Table 3

Component Units Investment Balances

December 31, 2008 (dollars in thousands)

		Fair Value
Money market funds	$	112,540
Local government investment pool		19,049
Commercial paper		22,064
Mutual funds		6,583
U.S. Treasury securitites		113,631
U.S. agency securities		56,030
Investment contracts		25,219
Corporate bonds		7,193
Other		11,649
Total Investments	**$**	**373,958**

A reconciliation of cash and investments as shown in the basic financial statements as of December 31, 2008, is shown in **Table 4**.

Table 4

Reconciliation of Cash and Investments

December 31, 2008 (dollars in thousands)

	Primary Government	Component Units	Total
Governmental and Business-type Activities			
Cash on hand	$ 4,942	$ 49	$ 4,991
Cash and cash equivalents	670,771	73,146	743,917
Investments	350,526	178,720	529,246
Restricted cash and cash equivalents	294,024	83,299	377,323
Restricted investments	784,676	85,259	869,935
Total Governmental and Business-type Activities	**2,104,939**	**420,473**	**2,525,412**
Fiduciary			
Cash on hand	4,476	-	4,476
Cash and cash equivalents	60,058	-	60,058
Investments	1,866,959	-	1,866,959
Total Fiduciary	**1,931,493**	**-**	**1,931,493**
Total	4,036,432	420,473	4,456,905
Less deposit balance	(37,894) [1]	(46,515)	(84,409)
Total Investments	**$ 3,998,538**	**$ 373,958**	**$ 4,372,496**

[1]The carrying amount of the City's bank accounts, $22,814, plus fiduciary deposits of $42,992, less uncashed warrants of $37,524, plus other cash amounts of $9,612 equal ($37,894).

Interest Rate Risk - Interest rate risk is the risk that changes in the financial market rates of interest 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 270 days. At December 31, 2008, the City's commercial paper maturity dates ranged from January 5, 2009 to June 26, 2009. Bond reserve proceeds that are invested in U. S. Treasury and agency securities have a maximum maturity of ten years. All other U.S. Treasury and agency securities can have a maximum maturity of five years.

At December 31, 2008, 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	$ 761,211	$ 761,211	$ -	$ -	$ -
U.S. Treasury securities	39,750	-	10,909	28,841	-
U.S. agency securities	985,607	183,045	543,677	202,572	56,313
Total	**$ 1,786,568**	**$ 944,256**	**$ 554,586**	**$ 231,413**	**$ 56,313**

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, 2008, the City owned callable securities with a fair value of $535,882,000. Of these, securities with scheduled changes to predetermined interest rates had a fair value of $60,861,000.

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.

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 – one to eight years and high yield – between (+) or (-) 10% of the duration of the Merrill Lynch High yield Cash Pay Index. At December 31, 2008, 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	$ 121,556	$ 3,052	$ 48,162	$ 51,774	$ 18,568
U.S. agency securities	16,177	1,237	6,801	3,705	4,434
Asset backed	9,050	35	4,304	1,977	2,734
Corporate backed	205,399	4,392	84,502	89,668	26,837
Mortgage backed	102,433	751	33,193	9,872	58,617
Total	**$ 454,615**	**$ 9,467**	**$ 176,962**	**$ 156,996**	**$ 111,190**

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 not assigned credit quality ratings. Of the City's investments at December 31, 2008, commercial paper, municipal auction rate securities, and local government investment pools were subject to credit quality risk. The City's investment policy requires that commercial paper and bankers acceptances be rated by at least two of the 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. Municipal auction rate securities must have an underlying issuer rating from at least one of the three rating agencies of at least A from Standard & Poor's and Fitch or A2 from Moody's at the time of purchase. Local government investment pools must either have over $1 billion in assets or have a rating of AAAm-g, AAAm, or AAA by Standard & Poor's or Aaa, Aa1, or Aa2 by Moody's.

As of December 31, 2008, the City owned commercial paper with a fair value of $761,211,000 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 $134,000,000 of municipal auction rate securities that had ratings of at least A1 by Moody's or AA- by Standard & Poor's or Fitch. The City also had $125,632,000 invested in local government investment pools with ratings of AAAm by Standard & Poor's.

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

Information on the credit ratings associated with the DERP investments in debt securities at December 31, 2008, is shown in **Table 7** (dollars in thousands).

Table 7

S&P	Moody's	Asset Backed	Corporate Bonds	Mortgage Bonds	Total
AAA	Aaa	$ 5,468	$ 8,843	$ 89,231	$ 103,542
AAA	A1 to Aa3	875			875
AAA	NR	110		4,485	4,595
AA+ to AA-	A1 to Aa3		11,910		11,910
A+ to A-	A1 to Baa2	852	64,037	1,912	66,801
BBB+ to BBB-	A1 to Baa3	1,100	40,247	1,197	42,544
BB+ to BB-	B1 to Ba3	605	35,338	1,305	37,248
B+ to B-	B1 to Caa1	35	43,483	362	43,880
CCC+ to CCC	B3	-	1,541		1,541
NR	Aaa to Baa2	5		3,941	3,946
					-
Total		**$ 9,050**	**$ 205,399**	**$ 102,433**	**$ 316,882**

NR - no rating.

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, 2008, 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, 2008.

The Office of Economic Development has several 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 obligation of the U. S. Government, at a minimum collateralized value of 102% in compliance with HUD's investment requirements.

DERP has no formal policy for custodial credit risk. 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 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, 2008, all investments in commercial paper, money market funds, and municipal securities were in compliance with the City's Investment Policy.

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, 2008, 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 15% to 19% of total investments to be invested in international equities. The DERP pension trust fund exposure to foreign currency risk as of December 31, 2008, is reflected in **Table 8** (dollars in thousands):

Table 8

Foreign Currency	U.S. Dollars
Equities:	
Euro	$ 80,476
British Pound	34,381
Brazillian Real	388
Japanese Yen	42,842
Swiss Franc	22,696
Australian Dollar	10,445
Hong Kong Dollar	5,108
Sedish Krona	3,045
Singapore Dollar	3,905
Norwegian Krone	1,784
Danish Krone	1,568
Canadian Dollar	212
New Zealand Dollar	53
Subtotal	**206,903**
Cash:	
British Pound	62
Singapore Dollar	13
Japanese Yen	91
Euro	121
Subtotal	**287**
Total Foreign Deposits and Investments	**$ 207,190**

3. **Denver Convention Center Hotel Authority (DCCHA) –** DCCHA's investments are not subject to custodial credit risk at December 31, 2008, 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, 2008, 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	$ 21,124	$ 21,124	$ -
Guaranteed investment contracts	25,219	-	25,219
Local government investment pool	18,302	18,302	-
Total	**$ 64,645**	**$ 39,426**	**$ 25,219**

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, 5 years for U. S. Treasury securities, and 7 business days for repurchase agreements.

   At December 31, 2008, 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 - 5**
U.S. Treasury securities	$ 73,591	$ 58,464	$ 15,127
U.S. agency securities	67,923	50,569	17,354
Commercial paper	51,906	51,906	-
Corporate obligations	2,438	1,532	906
Total	**$ 195,858**	**$ 162,471**	**$ 33,387**

   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 have an investment grade rating by either Standard & Poor's or Moody's. As of December 31, 2008, all of the Water Board's investments in commercial paper were rated A1 or better by Standard & Poor's or P-1 by Moody's with the exception of two securities that were downgraded to A3/P-2 September 15, 2008. These securities, representing 1.1% of the total portfolio at December 31, 2008, are being held with the Water Board's approval until maturity in early 2009. All corporate bonds held by the Water Board on December 31, 2008, were rated AA- or better by Standard & Poor's or Aa3 or better by Moody's.

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 up to 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 10 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 loans can be terminated at the request of either party on demand. The City had no securities on loan as of December 31, 2008.

   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. 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, 2008, the fair value of underlying securities lent was $196,637,000. The fair value of associated collateral was $194,564,000; of this amount, $151,272,000 represents the fair value of cash collateral and $43,293,000 is the fair value of non-cash collateral. The collateral at December

31, 2008, is less than 102% of the underlying securities due to certain securities for which cash collateral had been invested in becoming impaired because of the credit failure of the issuer. Thus DERP has credit risk exposure of $6,109,000; the reduction in the carrying amount of the collateral due to the impairment.

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, 2008:

Table 11

Allowances for Doubtful Accounts

December 31, 2008 (dollars in thousands)

	Governmental Activities	Business-type Activities	Fiduciary Funds
General Fund	$ 22,306	$ -	$ -
Human Services	595	-	-
Other Governmental Funds	49,776	-	-
Wastewater Management	-	1,119	-
Denver Airport System	-	1,025	-
Agency	-	-	6,222
Total	**$ 72,677**	**$ 2,144**	**$ 6,222**

2. **Notes Receivable.** The special revenue funds' and general fund notes receivable balance at December 31, 2008, is shown in **Table 12** (dollars in thousands):

Table 12

Neighborhood Development Loans	$ 5,798
Economic Development Loans	53,286
Housing Development Loans	69,605
Total Office of Economic Development	**128,689**
Less allowances for delinquent loans	(1,505)
Less allowances for forgivable loans	(43,985)
Notes Receivable, Net	**$ 83,199**

Allowance for uncollectibles for notes receivable of $45,490,000 is included in the accounts receivable allowance of $72,677,000 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 $24,204,000. 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 $71,582,000 was recognized in the Denver Airport System enterprise fund during the year ended December 31, 2008. Minimum future rentals due from concessions under operating leases are shown in **Table 13** (dollars in thousands):

Table 13

Year	
2009	$ 51,806
2010	50,115
2011	47,619
2012	45,901
2013	44,037
2014 - 2017	25,955
Total	**$ 265,433**

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, 2008 (dollars in thousands):

1. **Interfund Payables/Receivables.**

Table 14

	Payable Fund								
Receivable Fund	General Fund	Human Services	Bond Projects	Non-major Governmental	Wastewater Management	Denver Airport System	Non-major Business-type	Internal Service	Total
General Fund	$ -	$ 2,938	$ -	$ 4,390	$ 3,056	$ 17,999	$ 1,568	$ 1,645	$ 31,596
Human Services	-	-	-	36	-	-	-	-	36
Non-major Governmental	253	2,299	18	105	1	1	14	4	2,695
Wastewater Management	85	-	-	-	-	25	18	-	128
Denver Airport System	281	-	-	-	-	-	-	-	281
Non-major Business-type	31	-	-	2	-	-	-	-	33
Internal Service Funds	2,758	1,212	1	99	130	48	7	11	4,266
Total	**$ 3,408**	**$ 6,449**	**$ 19**	**$ 4,632**	**$ 3,187**	**$ 18,073**	**$ 1,607**	**$ 1,660**	**$ 39,035**

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**	**Non-major Governmental**	**Wastewater Management**	**Non-major Business-type**	**Total**
General Fund	$ -	$ -	$ 30,731	$ -	$ -	$ 30,731
Human Services	150	-	-	-	-	150
Bond Projects	-	-	5,520	-	-	5,520
Non-major Governmental	67,391	43	7,490	15	250	75,189
Internal Service Funds	50	-	-	-	-	50
Total	**$ 67,591**	**$ 43**	**$ 43,741**	**$ 15**	**$ 250**	**$ 111,640**

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, 2008, are shown in Tables 16 and 17:

1. Governmental Activities.

Table 16

Governmental Activities

For the Year Ended December 31, 2008 (dollars in thousands)

	January 1	Additions	Deletions	December 31
Capital assets not being depreciated:				
Land and land rights	$ 246,273	$ 1,612	$ (1,576)	$ 246,309
Construction in progress	101,737	208,997	(66,785)	243,949
Total capital assets not being depreciated	**348,010**	**210,609**	**(68,361)**	**490,258**
Capital assets being depreciated:				
Buildings and improvements	1,533,493	39,868	(5,879)	1,567,482
Equipment and other	241,380	30,451	(13,659)	258,172
Collections	75,094	5,525	(6,063)	74,556
Infrastructure	1,007,409	51,938	(4,320)	1,055,027
Total capital assets being depreciated	**2,857,376**	**127,782**	**(29,921)**	**2,955,237**
Less accumulated depreciation for:				
Buildings and improvements	(351,049)	(43,135)	884	(393,300)
Equipment and other	(172,486)	(24,643)	10,514	(186,615)
Collections	(39,593)	(4,260)	6,069	(37,784)
Infrastructure	(435,727)	(33,622)	4,320	(465,029)
Total accumulated depreciation	**(998,855)**	**(105,660)**	**21,787**	**(1,082,728)**
Total capital assets being depreciated, net	**1,858,521**	**22,122**	**(8,134)**	**1,872,509**
Governmental Activities Capital Assets, net	**$ 2,206,531**	**$ 232,731**	**$ (76,495)**	**$ 2,362,767**

2. Business-type Activities.

Table 17

Business-type Activities

For the Year Ended December 31, 2008 (dollars in thousands)

	January 1	Additions	Deletions	December 31
Capital assets not being depreciated:				
Land and land rights	$ 317,866	$ 3,620	$ -	$ 321,486
Construction in progress	243,458	145,505	(330,288)	58,675
Total capital assets not being depreciated	**561,324**	**149,125**	**(330,288)**	**380,161**
Capital assets being depreciated:				
Buildings and improvements	1,995,941	37,040	(19,390)	2,013,591
Improvements other than buildings	2,578,174	126,550	78,573	2,783,297
Machinery and equipment	620,672	83,006	(1,733)	701,945
Total capital assets being depreciated	**5,194,787**	**246,596**	**57,450**	**5,498,833**
Less accumulated depreciation for:				
Buildings and improvements	(658,588)	(56,533)	4,202	(710,919)
Improvements other than buildings	(786,298)	(69,880)	-	(856,178)
Machinery and equipment	(350,859)	(54,879)	1,469	(404,269)
Total accumulated depreciation	**(1,795,745)**	**(181,292)**	**5,671**	**(1,971,366)**
Total capital assets being depreciated, net	**3,399,042**	**65,304**	**63,121**	**3,527,467**
Business-type Activities Capital Assets, net	**$ 3,960,366**	**$ 214,429**	**$ (267,167)**	**$ 3,907,628**

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

Table 18

Discretely Presented Component Units

For the Year Ended December 31, 2008 (dollars in thousands)

	January 1	Additions	Deletions	December 31
Capital assets not being depreciated:				
Land and land rights	$ 179,696	$ 6,585	$ (16)	$ 186,265
Construction in progress	155,813	-	(46,497)	109,316
Total capital assets not being depreciated	**335,509**	**6,585**	**(46,513)**	**295,581**
Capital assets being depreciated:				
Buildings and improvements	437,649	4,372	(431)	441,590
Improvements other than buildings	1,499,287	83,470	(6,807)	1,575,950
Machinery and equipment	200,456	52,539	(2,971)	250,024
Total capital assets being depreciated	**2,137,392**	**140,381**	**(10,209)**	**2,267,564**
Less accumulated depreciation for:				
Buildings and improvements	(61,037)	(8,357)	68	(69,326)
Improvements other than buildings	(408,342)	(24,507)	2,249	(430,600)
Machinery and equipment	(87,813)	(14,989)	2,349	(100,453)
Total accumulated depreciation	**(557,192)**	**(47,853)**	**4,666**	**(600,379)**
Total capital assets being depreciated, net	**1,580,200**	**92,528**	**(5,543)**	**1,667,185**
Discretely Presented Component Units Capital Assets, net	**$ 1,915,709**	**$ 99,113**	**$ (52,056)**	**$ 1,962,766**

[1]Excludes net capital assets of $18,569 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	$	16,394
Public safety		12,828
Public works, including depreciation of infrastructure		38,831
Human services		789
Health		195
Parks and recreation		9,766
Cultural activities		25,985
Community development		75
Economic opportunity		7
Capital assets held by internal service funds		790
Total	**$**	**105,660**

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, 2008, as shown in **Table 20** (dollars in thousands):

Table 20

Governmental Activities:		
Bond Projects	$	195,357
Entertainment and Culture		2,784
Total Governmental Activities	**$**	**198,141**
Business-type Activities:		
Wastewater Management	$	11,401
Denver Airport System		207,611
Total Business-type Activities	**$**	**219,012**
Component Units:		
Water Board	$	135,500
Total Component Units	**$**	**135,500**

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 activity capital leases are for various properties including the Wellington Webb Municipal Office Building, 2000 West Third Avenue, the Blair-Caldwell Research Library, the Buell Theatre, the 5440 Roslyn maintenance facility property, a jail dorm building, three fire stations and portions of three parking garages. The capital leases also include certain computer and safety equipment, the Figaro simultext system, snow plows, street sweepers, and a production press. 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 currently leases two City Park parking structures, adjacent to the Denver Museum of Nature and Sciences (DMNS) and the Denver Zoo, from Denver Capital Leasing Corporation (DCLC). Under separate agreements, the DMNS and the Denver Zoological Foundation Inc. agreed to increase their admission charges and provide a portion of their admission revenues to help make the lease payments. In 2008, the DMNS collected and remitted $565,257 to the City to be applied to the lease payments. The Zoo collected and remitted $638,045.

On October 1, 2008, Civic Center Office Building, Inc. (CCOB), the Lessor on the City's capital lease on the Wellington E. Webb Municipal Office Building, refunded the outstanding Series 2003C1-C3 Certificates of Participation (COPs) with the Series 2008A1-A3 (2008A COPs). The refunding was necessary due to the deteriorating credit rating of the insurer. Concurrently, the City amended its annually renewable lease with CCOB. The present value of the new lease payments is $9,710,000 higher than the present value of the old lease payments. This figure does not include interest due to the variable rate nature of the lease.

In addition to base rental payments, the lease agreement with CCOB, requires the City to make all payments for any swap agreements relating to the Series 2008 A COP's entered into by the Lessor. The Lessor has entered into three separate interest rate swap agreements requiring payment to the counterparties of a fixed 3.39% interest rate on the 2008A1 and 2008A2 associated swaps and 3.13% on the 2008A3 associated swap. In return, the Lessor receives a floating rate set at 68% of LIBOR. The interest rate swaps, with amortizing notional amounts equal to the principal of the outstanding 2008A COPs, effectively fix the variable rate on the 2008A COPs. The City's annual interest expense on the lease is equal to the interest payable on the variable rate 2008A COPs, increased or decreased by any payments made or received under the three interest rate swap agreements. In 2008, the City's net payments to the swap counterparties were $2,926,806.

In 2008, the City entered into a Lease/Lease Back agreement to allow the Trustee on behalf of Denver Botanic Garden Parking Facility Leasing Trust to execute and deliver Certificates of Participation (Denver Botanic Gardens Parking Facility Project), Series 2008B. Certificates in the amount of $17,735,000 were executed and delivered in November 2008, and proceeds of the certificates are being used to fund the design and construction of a new parking facility at the Denver Botanic Gardens. The Trust has a leasehold interest in the City-owned site of the parking facility that is currently being leased back to the City by the Trust. Upon completion of the parking facility, it will also be leased to the City by the Trust. The Denver Botanic Gardens has agreed to implement a fee increase schedule for admissions, membership and concerts in order to generate revenues sufficient to cover the lease payments. The certificated lease is included in the City's capital lease information.

The related net book values of plant and equipment under capital lease obligations as of December 31, 2008, are shown in **Table 21** (dollars in thousands):

Table 21

	Governmental Activities	Component Unit Water Board
Buildings	$ 351,316	$ 31,183
Land	17,314	-
Improvements other than buildings	-	40,766
Equipment	25,287	-
Less accumulated depreciation	(75,675)	(22,610)
Net Book Value	**$ 318,242**	**$ 49,339**

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, 2008 (dollars in thousands):

Table 22

	Governmental Activities	Component Unit Water Board
2009	$ 29,892	$ 10,599
2010	30,481	10,582
2011	31,854	16,113
2012	32,504	5,211
2013	32,625	5,209
2014-2018	162,208	21,633
2019-2023	137,258	4,500
2024-2028	104,718	-
2029-2032	78,575	-
Total minimum lease payments	**640,115**	**73,847**
Less amounts representing interest	(204,809)	(16,311)
Present Value of Minimum Lease Payments	**$ 435,306**	**$ 57,536**

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, 2008, were approximately $10,954,000, $847,000, and $2,778,000 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 – Other Liabilities

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, 2008, the Denver Airport System has accrued a liability of $1,184,000 for such amounts due to 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, 2008, 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 business-type funds if they are expected to be repaid from business-type 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-year serial bonds, except for refunding issues. General obligation bonds outstanding, excluding unamortized premium of $34,539,902, at December 31, 2008, are shown in **Table 23** (dollars in thousands):

Table 23

Purpose	Net Interest Cost	Interest Rates	Amount
General government	3.14% to 4.90%	3.00% to 5.50%	$ 551,679
Water Board component unit refunding	n/a	3.125% to 5.60%	42,725
Total			**$ 594,404**

On December 31, 2008, the City had $538,230,000 in authorized but unissued general obligation bonds. Of this amount, $26,500,000 is for improvements to the City Zoo, and $511,730,000 is for the Better Denver Bond Projects authorized by the Denver voters in November 2007. Commercial paper notes outstanding in the amount of $38,000,000 are attributed to the Better Denver Bonds Projects authorization that will be redeemed with proceeds of the Better Denver general obligation bonds as they are issued, beginning in 2009. The City initiated the use of commercial paper notes to fund the Better Denver Bond Projects in order to more closely match incoming funds to project needs, and time the issuance of bonds to market conditions. The initial commercial paper draw was $16,000,000 on May 29, 2008, and another $22,000,000 was drawn on August 27, 2008. The interest rate on the outstanding commercial paper on December 31, 2008, was 0.90%.

In February 2008, the City issued $174,135,000 of Series 2008, General Obligation Bonds, and supplemental "B" interest registered coupons for the purpose of financing a portion of the City's new Justice System Facilities. The bonds are fixed rate bonds that mature in 2020 and the coupons, totaling $11,785,100, mature in 2008 and 2009.

General obligation bonds have been issued by the Gateway Village General Improvement District; however, these bonds are solely the obligation of the District and not the primary government. These bonds are outstanding at December 31, 2008 in the amount of $2,215,000.

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	Principal	Interest	Principal [2]	Interest
2009	$ 40,305	$ 29,586	$ 365	$ 87	$ 11,555	$ 2,006
2010	29,460	24,465	520	76	3,080	1,548
2011	32,710	23,010	565	59	4,265	1,391
2012	34,500	21,492	325	39	1,595	1,178
2013	33,190	19,822	65	26	1,995	1,112
2014 - 2018	202,724	76,613	375	69	6,320	4,409
2019 - 2023	121,295	39,912	-	-	2,365	3,535
2024 - 2028	57,495	4,347	-	-	-	3,232
2029 - 2033	-	-	-	-	11,550	646
Total	**$ 551,679**	**$ 239,247**	**$ 2,215**	**$ 356**	**$ 42,725**	**$ 19,057**

[1]Does not include $1,805 and $731 of compound interest on the series 1999A and 2007 mini-bonds respectively (or unamortized premium of $34,540).
[2]Does not include unamortized discount of ($146) and deferred amount on refunding of ($15).

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 and Art Museum revenue bonds are subject to mandatory redemption requirements in 2009, and subsequent years. Revenue bonds outstanding, excluding unamortized premium (net of discount) of $75,769,000 and deferred amount on refunding of ($297,613,000), at December 31, 2008, are shown in **Table 25** (dollars in thousands):

Table 25

Purpose	Net Interest Cost	Interest Rates	Amount
Excise tax revenue	5.04% to 5.41%	3.75% to 5.00%	$ 87,955
Excise tax refunding	3.40% to 5.11%	3.50% to 5.50%	202,975
Wastewater	4.98%	4.25% to 5.50%	24,250
Golf	4.80%	4.00% to 5.50%	6,110
Airport system	4.15% to 8.02%	3.41% to 7.75%	4,099,775
Total primary government			**4,421,065**
DCCHA component unit		4.125% to 5.25%	355,890
Water Board component unit		0.75% to 5.50%	277,490
Total			**$ 5,054,445**

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
2009	$ 14,490	$ 13,871	$ 385	$ 297	$ 1,235	$ 1,220	$ 100,785	$ 186,491
2010	14,945	13,182	400	282	1,300	1,167	112,395	180,539
2011	16,085	12,422	425	260	1,365	1,109	136,200	172,685
2012	17,085	11,607	450	236	1,430	1,047	143,960	163,911
2013	17,955	10,699	470	212	1,505	980	159,635	155,803
2014 - 2018	95,530	39,143	2,705	717	8,730	3,661	819,145	652,189
2019 - 2023	87,730	15,638	1,275	93	8,685	1,142	1,124,915	443,930
2024 - 2028	27,110	836	-	-	-	-	1,184,305	164,860
2029 - 2033	-	-	-	-	-	-	318,435	45,456
2034 - 2038	-	-	-	-	-	-	-	-
Total	**$ 290,930**	**$ 117,398**	**$ 6,110**	**$ 2,097**	**$ 24,250**	**$ 10,326**	**$ 4,099,775**	**$ 2,165,864**

[1]Does not include unamortized premium of $12,132 and deferred amount on refunding of ($2,433).
[2]Does not include unamortized premium of $50.
[3]Does not include unamortized premium of $68.
[4]Does not include unamortized premium of $63,519 and deferred amount on refunding of ($295,180).

Table 27

	Component Units			
	DCCHA		Water Board	
	Principal [1]	Interest	Principal [2]	Interest
2009	$ 1,960	$ 17,655	$ 12,465	$ 12,668
2010	2,800	17,557	21,360	12,072
2011	3,100	17,417	6,105	10,984
2012	3,835	17,263	14,560	10,690
2013	4,335	17,070	15,415	10,037
2014 - 2018	30,585	81,464	70,050	39,039
2019 - 2023	50,405	72,297	63,890	24,897
2024 - 2028	75,410	57,328	24,655	12,778
2029 - 2033	107,260	35,553	24,550	7,718
2034 - 2037	76,200	6,294	24,440	2,738
Total	**$ 355,890**	**$ 339,898**	**$ 277,490**	**$ 143,621**

[1]Does not include unamortized premium of $8,413 and deferred amount on refunding of ($7,802).
[2]Does not include unamortized premium of $4,633 and deferred amount on refunding of ($938).

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 commercial paper and 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
Excise Tax Series 2001B	$ 74,000	$ 74,827	0.225%	May 1, 2009 [1]
Airport Series 1992F	24,800	25,183	0.163%	October 2, 2014
Airport Series 1992G	20,600	20,918	0.163%	October 2, 2014
Airport Series 2002C	38,400	38,993	0.163%	October 2, 2014
Airport Series 2007G1-G2	148,500	150,209	0.280%	November 13, 2014
Airport Series 2008B	78,800	79,707	0.800%	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 2008 Commercial Paper	100,000	127,200	0.280%	August 17, 2010

[1]On May 1, 2009, the $74,000,000 outstanding Series 2001B Excise Tax bonds were refunded and the SBPA expired.

As of December 31, 2008, no amounts were outstanding that have been drawn under any of the existing agreements.

On November 2, 2008 the Airport issued $92,600,000 and $200,000,000 of Airport System Revenue bonds Series 2008C1 and 2008C2-C3 in a variable rate mode for the purpose of refunding the Series 2000C and 2000B bonds.

On June 24, 2008, the Airport issued $81,800,000 of Airport System Revenue bonds Series 2008B in a variable rate mode for the purpose of refunding Series 2005C1-C2 bonds which were trading at above market rate because of distressed bond insurance.

The Airport drew $50 million on March 28, 2008 and $50 million April 1, 2008, of Commercial Paper to current refund the Series 2001C1-C2 Auction Rate Securities ("ARS"). On April 14, 2008, the Airport issued $221,215,000, $111,000,000, $181,965,000 and $94,660,000 of Series 2008A1-A4 bonds in a fixed rate and term rate mode for the purposes of current refunding $100,000,000 of the Series 2001C3-C4, $267,625,000 of the Series 2002A1-A3, $85,275,000 of the Series 2005B1-B2 Airport Revenue bonds that were variable rate bonds currently in an auction rate mode, and to current refund $144,000,000 of the Series 2004A-B bonds variable rate bonds. The Series 2001C1-C4 Airport Revenue Bonds which were Auction Rate Securities and associated with 1999, 2002, and 2007A swap agreements were refunded on March 28, 2008, April 1, 2008, and April 14, 2008, with Commercial Paper and a portion of the Series 2008A1-A4 variable rate bonds which will bear interest initially in a term mode. The refunding transactions were necessitated by the deterioration of the credit rating of certain bond insurers. Debt service savings and economic gains resulting from the refunding transactions are not meaningful because all debt was variable rate debt.

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 tax increment bonds, note payable, and loan payable exclusive of unamortized loss on refunding of $4,987, at December 31, 2008, are comprised of the following individual issues shown in **Table 29** (dollars in thousands):

Table 29

Purpose	Interest Rates	Amount
Series 20022A	Variable less than 12.0%	$ 4,590
Series 2001 A-1	Variable	186,000
Series 2004 B-1	8.000%	100,000
Series 2006A	Variable	10,395
Series 2006B	Variable	11,050
Series 2006C	Variable	19,390
Series 2006D	Variable	2,265
Series 2007	5.25%	4,260
Note payable	6.00%	1,286
Total		**$ 339,236**

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
2009	$ 11,922	$ 11,257
2010	13,722	10,815
2011	15,674	10,291
2012	17,373	9,728
2013	19,040	9,139
2014 - 2018	104,200	36,294
2019 - 2023	98,695	18,704
2024 - 2028	58,610	1,737
Total	**$ 339,236**	**$ 107,965**

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 believes it is in compliance with all significant covenants.

5. **Notes payable.** The Denver Airport System entered into Master Installment Purchase Agreements with Siemens Financial Services, GE Capital Public Finance Inc., Koch Financial Corporation, and Chase Equipment Leasing Inc. to finance various capital asset purchases. The payment schedule relating to the loan requirements as of December 31, 2008, is shown in **Table 31** (dollars in thousands):

Table 31

Year	Principal	Interest
2009	$ 14,368	$ 2,337
2010	14,552	1,767
2011	12,283	1,176
2012	6,683	796
2013	5,327	551
2014 - 2016	10,435	667
Total	**$ 63,648**	**$ 7,294**

The City has a note payable with JP Morgan Chase Bank of New York in the amount of $14,532,000 as of December 31, 2008. This represents Housing and Urban Development (HUD) loans that are due regardless of amounts received from borrowers.

6. **Line of Credit.** JP Morgan Chase, a private corporation, has extended a Line of Credit Agreement of $8,000,000 to the City to provide loans for affordable housing and economic development purposes. The line of credit balance outstanding as of December 31, 2008, is $770,000 and represents a liability to JP Morgan Chase.

7. **Changes in Long-term Liabilities.** Long-term liability activity for the year ended December 31, 2008, 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	$ 1,520	$ 4,441	$ 5,961	$ -	$ -
Line of credit	735	35	-	770	-
Compensated absences:					
Classified service employees -	63,357	32,482	28,606	67,233	5,312
Career Service employees -	40,208	32,856	29,720	43,344	3,587
Claims payable	32,496	9,391	8,863	33,024	11,371
General obligation bonds[1]	424,793	174,802	45,380	554,215	40,305
Commercial paper notes	-	38,000	-	38,000	38,000
GID general obligation bonds	2,520	-	305	2,215	365
Excise tax revenue bonds	304,105	-	13,175	290,930	13,871
Capitalized lease obligations[2]	416,914	280,780	262,388	435,306	13,421
Unamortized premium	35,646	17,644	6,618	46,672	5,784
Unamortized gain on refunding	2,642	-	210	2,432	210
Other governmental funds - note payable	14,038	3,214	2,720	14,532	-
Total Governmental Activities	**$ 1,338,974**	**$ 593,645**	**$ 403,946**	**$ 1,528,673**	**$ 132,226**

[1]Additions and deletions to general obligation bonds include accretion of $666.
[2]Deletions include $151 paid by an internal service fund.

The legal liability, compensated absences, 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 for bonds payable and in the special revenue fund was $62,186,000.

Table 33

	January 1	Additions	Deletions	December 31	Due within one year
Business-type Activities					
Wastewater Management					
Revenue bonds	$ 25,430	$ -	$ 1,180	$ 24,250	$ 1,235
Unamortized premium	73	-	5	68	-
Compensated absences	2,271	318	170	2,419	658
Total Wastewater Management	**27,774**	**318**	**1,355**	**26,737**	**1,893**
Denver Airport System:					
Revenue bonds	4,198,850	1,083,240	1,182,315	4,099,775	100,785
Unamortized premium	58,422	12,657	7,560	63,519	-
Deferred amount on refunding	(303,121)	20,942	13,001	(295,180)	-
Notes payable	61,671	15,295	13,318	63,648	14,368
Compensated absences	7,291	846	319	7,818	2,098
Total Denver Airport System	**4,023,113**	**1,132,980**	**1,216,513**	**3,939,580**	**117,251**
Nonmajor enterprise funds:					
Revenue bonds	6,480	-	370	6,110	385
Unamortized premium	59	-	9	50	-
Compensated absences	784	53	68	769	154
Total nonmajor enterprise funds	**7,323**	**53**	**447**	**6,929**	**539**
Total Business-type Activities	**$ 4,058,210**	**$ 1,133,351**	**$ 1,218,315**	**$ 3,973,246**	**$ 119,683**
Major Component Units:					
Revenue bonds[1]	$ 641,695	$ 2,230	$ 6,239	$ 637,686	$ 12,465
General obligation bonds[2]	61,451	-	18,887	42,564	11,555
Capitalized lease obligations	64,576	-	7,040	57,536	7,392
Increment bonds and notes payable[3]	338,963	182,963	187,677	334,249	11,922
Customer advances	51,363	9,932	14,759	46,536	-
Compensated absences	6,837	2,922	2,572	7,187	2,754
Other post employment benefits	3,591	1,266	-	4,857	-
Other long term liabilities	2,493	103	-	2,596	-
Total Major Component Units	**$ 1,170,969**	**$ 199,416**	**$ 237,174**	**$ 1,133,211**	**$ 46,088**

[1]Includes unamortized premium of $13,046; and deferred loss on refunding of ($8,740).
[2]Includes unamortized discount of ($146) and deferred loss on refunding of ($15).
[3]Includes deferred amount on refunding of ($4,987).

8. **Swap Agreements.** On September 6, 2006, the City entered into interest rate swap agreements with Morgan Stanley Capital Services, Inc. and JPMorgan Chase Bank, N.A. to protect against interest rates rising prior to the anticipated issuance of its 2008 general obligation bonds. The notional amount of each swap was $91.5 million. No cash was paid or received by either party when the swaps were initiated. On February 20, 2008, concurrent with the issuance of the Series 2008 General Obligation bonds, there was a mandatory unwind of the swap agreements. At the time of the unwind, the swaps had negative value to the City, resulting in total payments to the counterparties of $13,420,000 that were recorded as interest expense.

The Denver Airport System has entered into interest rate swap agreements in order to lock in interest rate savings and protect against rising interest rates. **Table 34** provides a profile of the terms of the Airport's swap agreements (all rates as of December 31, 2008):

Table 34

Associated Debt	CP, 2002C 2008B [1]	2006A	2007F-G	2008C2-3	2008C1 [2]
Payment to counterparty	6.503%	4.562%	4.009%	4.740%	4.760%
Payment from counterparty	(1.232%)	(4.391%)	(0.305%)	(1.000%)	(0.405%)
Net swap interest rate	5.271%	0.171%	3.704%	3.740%	4.355%
Associated bond interest rate	1.217%	4.950%	2.617%	1.000%	0.950%
Synthetic interest rate	6.488%	5.121%	6.321%	4.740%	5.305%

[1]Swaps currently associated by the Airport with $100mm CP, $78.8mm Series 2008B, and a portion of the Series 2002C Bonds.
[2]Associated 1998 Swap with Lehman was terminated 1/8/09 and replaced with 2009 Swap Agreement. Not reflected here.

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2008, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, are reflected in **Table 35** (dollars in thousands).

Table 35

Year	Principal	Interest	Interest Rate Swaps Net	Total
2009	$ 5,575	$ 28,462	$ 36,209	$ 70,246
2010	1,730	28,387	36,172	66,289
2011	2,385	28,355	36,132	66,872
2012	2,540	28,398	36,296	67,234
2013	6,750	28,229	35,947	70,926
2014 - 2018	251,005	128,596	170,166	549,767
2019 - 2023	604,930	82,533	93,405	780,868
2024 - 2025	253,795	10,036	10,134	273,965
Total	**$ 1,128,710**	**$ 362,996**	**$ 454,461**	**$ 1,946,167**

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31 2008.

Table 36 provides a summary of the Airport's interest rate swap transactions (dollars in thousands):

Table 36

Counterparty	Trade Date	Effective Date	Notional Amount	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Fair Values 12/31/08
1998 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	1/22/98	10/4/00	$ 100,000	11/15/25	2008C2-C3	4.7600%	Bond Rate	$ (32,002)
Societe Generale, New York Branch	1/22/98	10/4/00	$ 100,000	11/15/25	2008C2-C3	4.7190%	Bond Rate	(31,527)
Lehman Brothers Special Financing, Inc.	1/22/98	10/4/00	$ 100,000	11/15/25	2008C1	4.7600%	Bond Rate	(13,853)
1999 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	7/22/99	10/4/01	$ 100,000	11/1/22	[2]	5.6179%	BMA	(30,962)
Merrill Lynch Capital Services, Inc.	7/22/99	10/4/01	$ 50,000	11/1/22	[2]	5.5529%	BMA	(15,139)
RFPC, LTD.	7/22/99	10/4/01	$ 50,000	11/1/22	[2]	5.6229%	BMA	(15,507)
2002 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	4/11/02	4/15/02	$ 100,000	11/1/22	[2]	BMA	76.33% LIBOR	(6,628)
RFPC, LTD.	4/11/02	4/15/02	$ 100,000	11/1/22	[2]	BMA	76% LIBOR	(6,721)
2005 Swap Agreements								
Royal Bank of Canada	4/14/05	11/15/06	$ 55,917	11/15/25	2006A	3.6560%	70% LIBOR	(11,309)
JP Morgan Chase Bank, N.A.	4/14/05	11/15/06	$ 55,917	11/15/25	2006A	3.6874%	70% LIBOR	(11,506)
Jackson Financial Products, LLC	4/14/05	11/15/06	$ 111,834	11/15/25	2006A	3.6560%	70% LIBOR	(22,617)
Piper Jaffray Financial Products, Inc.	4/14/05	11/15/06	$ 55,917	11/15/25	2006A	3.6560%	70% LIBOR	(11,309)
2006B Swap Agreements								
Royal Bank of Canada	8/9/06	11/15/06	$ 55,917	11/15/25	2006A	BMA	4.0855%	8,332
JP Morgan Chase Bank, N.A.	8/9/06	11/15/06	$ 55,917	11/15/25	2006A	BMA	4.0855%	8,332
Jackson Financial Products, LLC	8/9/06	11/15/06	$ 111,834	11/15/25	2006A	BMA	4.0855%	16,664
Piper Jaffray Financial Products, Inc.	8/9/06	11/15/06	$ 55,917	11/15/25	2006A	BMA	4.0855%	8,332
2006A Swap Agreements								
Bear Stearns Capital Markets, Inc.[1]	6/1/06	11/15/07	$ 180,850	11/15/25	2007F-G	4.0085%	70% LIBOR	(39,724)
GKB Financial Services Corp.	6/1/06	11/15/07	$ 60,117	11/15/25	2007F-G	4.0085%	70% LIBOR	(13,241)
2007A Swap Agreements								
Bear Stearns Capital Markets, Inc.[1]	12/21/07	5/1/10	$ 150,000	11/1/22	[2]	76.165% 1M LIBOR	65.55% 10Y LIBOR	191
Royal Bank of Canada	12/21/07	5/1/10	$ 50,000	11/1/22	[2]	76.165% LIBOR	65.55% 10Y LIBOR	64
2008A Swap Agreements								
Royal Bank of Canada	12/18/08	12/18/08	$ 120,233	11/15/25	2007F-G	4.0080%	1 Month 70% LIBOR	(26,955)
TOTAL								**$ (247,085)**

[1]On May 30, 2008, the Bear Stearns Companies Inc., merged with JP Morgan & Company. JP Morgan & Company has indicated its intention to, with agreement from the City, novate the swap with Bear Stearns Capital Markets, Inc. to JP Morgan Chase Bank, N.A. As of December 31, 2008, this novation has yet to occur.

[2]Swaps are currently associated with Commercial paper Series 2008B and a portion of Series 2002C.

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, 2008. 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, 2008. 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, 2008, 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 stable 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, 2008, 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
Bear Stearns Capital Markets, Inc. (Bear Stearns Companies) (JP Morgan & Company) [1]	A+	Aa2	AA-
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	AA-	A1	A+
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	A	A1	AA-
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A	A2	A+
JP Morgan Chase Bank, N.A.	AA-	Aaa	AA-
LOOP Financial Products, LLC (Deutsche Bank, AG, New York Branch)	A+	Aa1	AA-
Merrill Lynch Capital Servies, Inc. (Merrill Lynch & Co., Inc.)	A	A2	A+
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	A	A2	A
RFPC, LTD (Ambac Assurance Corp.)	A	Baa1	not rated
Royal Bank of Canada	AA-	Aaa	AA
Societe Generale, New York Branch	AA-	Aa2	AA-

[1]On May 30, 2008, the Bear Stearns Companies Inc. merged with JP Morgan Chase & Company. JP Morgan Chase & Company has indicated its intention to, with agreement from the City, novate the swap with Bears Stearns Capital Markets Inc. to JP Morgan Chase Bank, N.A. As of December 31, 2008, this novation has yet to occur.

As of December 31, 2008, 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.

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. **Table 38** provides the swap rates as of December 31, 2008.

Table 38

	2006	2008A-1	2008A-2
Fixed payment to counterparty	3.816%	5.259%	4.598%
Variable payment from counterparty (USD-SIFMA Municipal Swap Index)	-0.9	-0.9	-0.9
Net interest rate swap payments	2.916%	4.359	3.698
Variable-rate bond coupon payment	1.186	1.185	1.185
Synthetic interest rate on bonds	4.102%	5.544%	4.833%

As of December 31, 2008, debt service requirements of the variable-rate debt under swap agreements and net swap payments, assuming current interest rates remain the same, for their term are summarized in **Table 39** (dollars in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary.

Table 39

	Principal	Interest	Interest Rate Swaps, Net	Total
2009	9,105	2,716	8,614	20,435
2010	9,750	2,606	8,299	20,655
2011	10,980	2,484	7,946	21,410
2012	12,785	2,339	7,525	22,649
2013	23,450	2,174	7,044	32,668
2014 - 2018	48,625	8,248	27,295	84,168
2019 - 2023	58,065	5,013	16,413	79,491
2024 - 2027	56,435	1,008	3,188	60,631
Total	**$ 229,195**	**$ 26,588**	**$ 86,324**	**$ 342,107**

The terms of the swap agreements are summarized in **Table 40** (dollars in thousands).

Table 40

Counterparty	Trade Date	Effective Date	Notional Amount	Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Fair Values 12/31/08
2006 Swap Agreements								
Royal Bank of Canada	10/25/06	10/25/06	$ 43,195	9/1/13	2006A,B,C,D	3.816%	SIFMA	$ (2,793)
2008A-1 Swap Agreements								
Merrill Lynch Capital Services, Inc.	5/11/04	5/1/07	33,642	12/1/24	2008A-1	5.259%	SIFMA	(7,631)
Lehman Brothers	5/11/04	5/1/07	19,229	12/1/24	2008A-1	5.259%	SIFMA	(4,362)
Bank of America, N.A.	5/11/04	5/1/07	19,229	12/1/24	2008A-1	5.259%	SIFMA	(4,362)
2008A-2 Swap Agreements								
Merrill Lynch Capital Services, Inc.	1/28/05	6/1/08	56,950	12/1/25	2008A-2	4.598%	SIFMA	(11,488)
Merrill Lynch Capital Services, Inc.	1/28/05	6/1/08	56,950	12/1/25	2008A-2	4.598%	SIFMA	(11,488)
Total			**$ 229,195**					**$ (42,124)**

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, 2008. 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, 2008.

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 credit risk with respect to the Series 2008A-1 Lehman swap has been realized by its bankruptcy, as discussed below. The ratings of the other counterparties, or their credit support providers, as of December 31, 2008, 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
Royal Bank of Canada	AA-	Aaa	AA
Merrill Lynch Capital Services, Inc.	A+	A1	A+
Bank of America, N.A.	A+	Aa2	A+

In September 2008, Lehman Brothers Holdings Inc., the guarantor of the obligations of Lehman Brothers Special Financing, Inc. (LBSF) under the 2008A-1 swap, filed for federal bankruptcy protection. The bankruptcy constituted an event of default, and gave DURA the authority to terminate the swap. DURA had not exercised this right as of December 31, 2008. The event of default also gave DURA the right to suspend making regularly-scheduled payments under the swap agreement, provided that the unpaid amounts would be required to be paid, with interest, upon any termination of the swap, along with any termination payment. DURA and LBSF have exercised their right to suspend making payments. DURA has collected and accounted for the amounts of such payments and $111,957 has been accrued for the suspended payments to LBSF as of December 31, 2008.

As of December 31, 2008, 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 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 any of such swap agreements.

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.

IV. 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 2008, the City Attorney estimates there is no liability determined as probable (in accordance with FASB Statement No. 5) and incurred but not reported claims and judgments at December 31, 2008. The City Attorney also estimates that pending cases having a reasonably possible likelihood of resulting in an additional liability aggregating approximately $22,090,000 at December 31, 2008. 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 42** (dollars in thousands):

Table 42

	2008	2007
Beginning balance - January 1	$ 1,520	$ 2,500
Current year claims and changes in estimates	4,441	581
Claims paid	(5,961)	(1,561)
Ending Balance - December 31	**$ -**	**$ 1,520**

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

Effective January 1, 2008, the City implemented the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The City has determined that the implementation of GASB 49 had no material effect on prior year financial statements.

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, 2008, the City accrued a liability, measured at its expected amount, using the expected cash flow technique, of $528,890 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. 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, which has been approved by the bankruptcy court.

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.

Additionally, the Denver Airport System has accrued a liability of $19,365,644 as of December 31, 2008, 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 $32,256,896 as of December 31, 2008, 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 five years plus the outstanding liability for claims as of the end of the previous year. This requirement at December 31, 2008, for 2009, was $14,534,000. The Workers' Compensation internal service fund has current assets and appropriations set aside in 2008 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, 2008 through December 31, 2008, 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 43** (dollars in thousands):

Table 43

	2008	2007
Beginning balance, undiscounted - January 1	$ 32,496	$ 31,258
Current year claims and changes in estimates	18,374	19,647
Claims paid	(8,863)	(8,648)
Ending balance undiscounted	**42,007**	**42,257**
Less discount	(8,983)	(9,761)
Ending Balance - December 31	**$ 33,024**	**$ 32,496**

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: the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, and the Recycling Plant. 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, 2008, claims liabilities consisting of medical and dental benefits were $2,659,000. Changes in the balances of these liabilities are shown in **Table 44** (dollars in thousands):

Table 44

	2008	2007
Beginning balance - January 1	$ 1,452	$ 1,966
Current year claims and changes in estimates	11,635	10,310
Claims paid	(10,428)	(10,824)
Ending Balance - December 31	**$ 2,659**	**$ 1,452**

Note E – Subsequent Events

1. **Denver Airport System.** There have been various adjustments of airport swap counterparties or credit support providers' credit ratings since December 31, 2008. As of May 11, 2009, Societe Generale was rated A+ by S & P and by Fitch Ratings, Merrill Lynch & Co., Inc. was rated A2 by Moodys and A by S & P, JP Morgan Chase Bank was rated Aa1 by Moodys, Goldman Sachs Group was rated A+ by Fitch Ratings, and Ambac Assurance Corp. was rated Ba3 by Moodys.

   The 1998 airport swap with Lehman Brothers Special Financing was terminated in January, 2009 and replaced with a new swap agreement with Loop Financial Products, with Deutsche Bank, AG, New York Branch providing credit support.

2. **Bond Issuance and Commercial Paper.** On April 14, 2009, the City issued an additional $15 million in commercial paper notes. The currently outstanding $53 million of commercial paper notes mature June 1, 2009, at an interest rate of 0.5%.

   On May 1, 2009, the City issued $73,630,000 of Series 2009A Excise Tax Revenue Refunding Bonds, with a fixed interest rate of 6.0% and a premium of $6,158,852, for the purpose of current refunding the $74,000,000 outstanding variable rate Series 2001B Excise Tax Revenue Bonds.

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, 2008, the City's General obligation debt outstanding was $624,219,000 and the City's legal debt margin was $1,788,986.

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, 2008, 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 45 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, 2008 (dollars in thousands):

Table 45

Program	City EBT Authorizations	City Share of Authorizations	Expenditures by City Warrant	City EBT Authorized Plus Expenditures by City Warrant	Total Expenditures
Colorado Works	$ 11,070	$ 2,603	$ 24,540	$ 35,610	$ 27,143
Child Care	22,619	1,288	4,222	26,841	5,510
Child Welfare	42,823	7,516	39,199	82,022	46,715
County Administration	-	-	16,006	16,006	16,006
Non-allocated Programs	8	2	152	160	154
Core Services	8,059	1,963	478	8,537	2,441
HB 1414 Activities	-	-	970	970	970
Child Support Enforcement	-	-	12,753	12,753	12,753
Low Income Energy Assistance	6,114	-	595	6,709	595
Aid to the Blind	(1)	-	-	(1)	-
Adult Foster Care	16	1	-	16	1
Aid to Needy and Disabled	4,489	898	-	4,489	898
Home Care Allowance	2,944	147	-	2,944	147
Old Age Pension	20,590	-	559	21,149	559
Colorado Refugee Services	-	-	56	56	56
Food Assistance Benefits	68,474	-	-	68,474	-
Food Assistance Job Search	-	-	1,354	1,354	1,354
Child Support Grants	-	-	250	250	250
Foster Care Celebration Program	-	-	2	2	2
Title IV-B Sub Part 2 - PSSF	217	-	434	651	434
Title IV-E Independent Living	66	-	167	233	167
ADP Pass Thru	-	-	688	688	688
County Only Pass Thru	-	-	9,220	9,220	9,220
TANF Collects-EBT	(169)	(34)	-	(169)	(34)
Federal Grants	-	-	6,490	6,490	6,490
Total	**$ 187,319**	**$ 14,384**	**$ 118,135**	**$ 305,454**	**$ 132,519** [1]

[1]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, 2008, the aggregate principal amount payable for the bonds was approximately $266,086,000.

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, 2008 Special Facility Revenue Bonds outstanding totaled $309,900,000.

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 2008.

   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 $2,250,000, 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 $11,051,964 as of March, 2009). 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 Colorado Housing and Finance Authority with an outstanding balance of $2,741,824 at December 31, 2008. 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 $32,033,000. The amendment is also applicable to several component units, which have established emergency reserves of $255,000.

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.

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 $15,500 for 2008. Those who are age 50 and older may save an additional $5,000 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 $31,000 for 2008.

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 post-retirement 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, 2008, 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
777 Pearl Street
Denver, Colorado 80203

Fire and Police Pension Association
5290 DTC Parkway, Suite 100
Greenwood Village, Colorado 80111

2. **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 2.50% 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, 2008, 2007, and 2006 were $41,313,000 $38,862,000, and $36,036,000, respectively, which equaled the required contributions each year.

   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. The City's contributions to FPPA for employees hired before April 8, 1978, for the years ended December 31, 2008, 2007 and 2006 were $30,135,266, $30,353,579, and $29,659,628, respectively, which was over 100% of the required contributions. The City also made contributions for the years ended December 31, 2008, 2007, and 2006 for police officers and fire fighters hired on or after April 8, 1978, in the amounts of $12,443,683, $11,728,730, and $10,977,086, respectively. There are no long-term contracts for contributions to the State Plan. The City's annual pension cost for the current year and related contribution information for DERP (plan totals) is shown in **Table 46, 47** and **48** (dollars in thousands):

Table 46

	DERP	DERP Health Benefits
Actuarially determined contribution rates (percentage of covered payroll):		
Employer	7.75%	0.73%
Plan members	2.27%	0.22%
Annual pension costs	$54,668	$5,211
Total contributions made	$57,167	$5,437
Actuarial valuation date	1/1/08	1/1/08
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	5-year smoothed mkt.	5-year smoothed mkt.
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	3.0-6.3%	3.0-6.3%
Includes inflation at	3.00%	0%
Cost of living adjustment	None	None

Table 47

Three-year Trend Information

December 31, 2008 (dollars in thousands)

	Year	Annual Actuarial Required Contribution (ARC) [1]	Percentage of ARC Contributed	Net Pension Obligation
DERP	2006	$ 53,428	92.2%	$ -
	2007	50,536	100.0%	-
	2008	54,668	100.0%	-
DERP Health Benefits	2006	$ 5,292	99.5%	$ -
	2007	5,475	100.0%	-
	2008	5,211	100.0%	-

[1]Employers made contributions based on the legally required rates.

Table 48

Defined Benefit Pension Plans Schedule of Funding Progress

December 31, 2008 (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 Liab. as a % of Covered Payroll
DERP						
January 1, 2006	1,735,209	1,782,505	47,296	97.3%	495,285	9.5%
January 1, 2007	1,837,476	1,862,773	25,297	98.6%	499,463	5.1%
January 1, 2008	1,950,011	1,985,651	35,641	98.2%	545,835	6.5%
DERP Health Benefits						
January 1, 2006	90,228	123,775	33,547	72.9%	495,285	6.8%
January 1, 2007	93,089	127,133	34,044	73.2%	499,463	6.8%
January 1, 2008	96,457	128,607	32,150	75.0%	545,835	5.9%

Note I – Change in Reporting Entity

The Denver Preschool Program, Inc. (DPP) has been deemed a component unit of the City because the Mayor appoints six of the seven DPP board members and City Council appoints the remaining member. To reflect the change in reporting entity, DPP is presented as a discretely presented component unit as of and for the year ended December 31, 2008. Net assets for the City's discretely presented component units as of January 1, 2008, have been restated in the amount of $9,113,000 to report DPP's net assets as of that date.

* * * * *

This page left blank intentionally.

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

December 31, 2008 (dollars in thousands)

	General Fund			
	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 578,170	$ 582,984	$ 573,915	$ (9,069)
Licenses and permits	24,833	20,047	27,763	7,716
Intergovernmental revenues	27,257	26,973	32,107	5,134
Charges for services	149,677	148,506	137,160	(11,346)
Investment and interest income	9,453	8,323	11,692	3,369
Fines and forfeitures	40,237	41,497	38,416	(3,081)
Contributions	-	-	11	11
Other revenue	13,402	16,454	8,652	(7,802)
Total Revenues	**843,029**	**844,784**	**829,716**	**(15,068)**
Budget Basis Expenditures				
General government	212,384	186,489	177,559	8,930
Public safety	412,899	422,877	424,884	(2,007)
Public works	82,484	83,479	81,710	1,769
Human services	-	-	-	-
Health	43,061	43,061	42,514	547
Parks and recreation	49,620	51,418	50,375	1,043
Cultural activities	32,617	32,574	32,531	43
Community development	17,535	17,739	17,209	530
Total Budget Basis Expenditures	**850,600**	**837,637**	**826,782**	**10,855**
Excess (deficiency) of revenues over budget basis expenditures	(7,571)	7,147	2,934	(4,213)
Other Financing Sources (Uses)				
Insurance recoveries	-	-	74	74
Certificate of participation issued	-	-	9,710	9,710
Proceed from sale of asset	-	-	-	-
Transfers in	21,177	26,377	30,731	4,354
Transfers out	(31,731)	(67,592)	(67,591)	1
Total Other Financing Sources (Uses)	**(10,554)**	**(41,215)**	**(27,076)**	**14,139**
Excess of revenues and other financing sources over budget basis expenditures and other financing uses	**$ (18,125)**	**$ (34,068)**	(24,142)	**$ 9,926**
Add grantor expenditures			-	
Net change in fund balances			(24,142)	
Fund balance - January 1			195,591	
Fund Balance - December 31			**$ 171,449**	

See notes to required supplementary information.

Human Services Special Revenue Fund				
Budget				Variance with
	Original	Final	Actual	Final Budget
	$ -	$ -	$ 46,176	$ 46,176
	-	-	-	-
	-	-	80,388	80,388
	-	-	2,655	2,655
	-	-	6	6
	-	-	75	75
	-	-	1,616	1,616
	-	-	160	160
	-	**-**	**131,076**	**131,076**
	-	-	-	-
	-	-	-	-
	-	-	-	-
	169,366	175,977	162,630	13,347
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	169,366	**175,977**	**162,630**	**13,347**
	-	-	(31,554)	31,554
	-	-	6	(6)
	-	-	-	-
	-	-	-	-
	-	-	150	(150)
	(43)	(43)	(43)	-
	(43)	**(43)**	**113**	**(156)**
	$ (43)	**$ (43)**	(31,441)	**$ 31,398**
			18,874	
			(12,567)	
			20,993	
			$ 8,426	

BUDGETARY INFORMATION

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.

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 with the general improvement district.

PERMANENT FUND

- **Cableland Trust -** to account for resources restricted by ordinance to be used to maintain the residence know 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 Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

This page left blank intentionally.

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2008 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Assets					
Cash on hand	$ 4,587	$ -	$ -	$ -	$ 4,587
Cash and cash equivalents	73,119	57,956	69,581	883	201,539
Receivables (net of allowances for uncollectibles of $49,776):					
Taxes	32,559	80,196	50,955	-	163,710
Special assessments	-	-	-	-	-
Notes	83,174	-	-	-	83,174
Accounts	28,818	-	6	-	28,824
Accrued interest	388	206	277	53	924
Interfund receivable	2,695	-	-	-	2,695
Due from other governments	35,251	-	4,355	-	39,606
Prepaid items and other assets	102	-	-	-	102
Restricted assets:					
Cash and cash equivalents	48,251	-	87	3,000	51,338
Assets held for disposition	5,743	-	-	-	5,743
Total Assets	**$ 314,687**	**$ 138,358**	**$ 125,261**	**$ 3,936**	**$ 582,242**
Liabilities and Fund Balances					
Liabilities:					
Vouchers payable	$ 23,646	$ -	$ 11,479	$ -	$ 35,125
Accrued liabilities	1,071	15	-	-	1,086
Due to taxing units	569	-	-	-	569
Interfund payable	4,614	-	18	-	4,632
Deferred revenue	69,756	77,891	50,739	-	198,386
Advances	3,504	-	-	-	3,504
Total Liabilities	**103,160**	**77,906**	**62,236**	**-**	**243,302**
Fund Balances:					
Reserved for:					
Notes receivable	83,174	-	-	-	83,174
Prepaid items and other assets	102	-	-	-	102
Assets held for disposition	5,743	-	-	-	5,743
Emergency use	30,018	-	15	-	30,033
Debt service:					
Long-term debt	1,734	40,717	72	-	42,523
Interest	-	19,735	-	-	19,735
Unreserved:					
Designated for subsequent years' expenditures	-	-	57,629	-	57,629
Undesignated:					
Special revenue funds	90,756	-	-	-	90,756
Capital projects funds	-	-	5,309	-	5,309
Permanent fund	-	-	-	3,936	3,936
Total Fund Balances	**211,527**	**60,452**	**63,025**	**3,936**	**338,940**
Total Liabilities and Fund Balances	**$ 314,687**	**$ 138,358**	**$ 125,261**	**$ 3,936**	**$ 582,242**

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

For the Year Ended December 31, 2008 (dollars in thousands)

	Special Revenue	Debt Service	Capital Projects	Cableland Trust	Total
Revenues					
Taxes:					
Facilities development admission	$ -	$ 3,056	$ 6,960	$ -	$ 10,016
Lodgers	15,387	23,760	-	-	39,147
Occupational privilege	-	-	-	-	-
Property	33,603	84,192	48,135	-	165,930
Sales	12,012	25,197	-	-	37,209
Specific ownership	-	-	54	-	54
Telephone	6,710	-	-	-	6,710
Special assessments	-	-	1,394	-	1,394
Licenses and permits	1,601	-	-	-	1,601
Intergovernmental revenues	119,814	-	15,077	-	134,891
Charges for services	48,063	-	1,616	-	49,679
Investment and interest income	4,213	3,240	3,629	710	11,792
Fines and forfeitures	2,978	-	4	-	2,982
Contributions	5,652	-	1,743	-	7,395
Other revenue	31,125	-	183	-	31,308
Total Revenues	**281,158**	**139,445**	**78,795**	**710**	**500,108**
Expenditures					
Current:					
General government	79,501	-	2,207	-	81,708
Public safety	110,144	-	122	-	110,266
Public works	-	-	34,975	-	34,975
Health	9,457	-	220	-	9,677
Parks and recreation	45,066	-	5,185	-	50,251
Cultural activities	7,224	-	1,004	-	8,228
Community development	20,589	-	10	-	20,599
Economic opportunity	31,486	-	-	-	31,486
Principal retirement	8,664	58,860	-	-	67,524
Interest	15,091	47,081	109	-	62,281
Capital outlay	-	-	39,317	-	39,317
Total Expenditures	**327,222**	**105,941**	**83,149**	**-**	**516,312**
Excess (deficiency) of revenues over expenditures	(46,064)	33,504	(4,354)	710	(16,204)
Other Financing Sources (Uses)					
Sale of capital assets	(58)	-	2,584	-	2,526
Capital leases	20,780	-	-	-	20,780
Bond premium (discount)	(237)	-	-	-	(237)
Insurance recoveries	6	-	-	-	6
Transfers in	66,002	41	9,146	-	75,189
Transfers out	(4,814)	(30,235)	(8,531)	(161)	(43,741)
Total Other Financing Sources (Uses)	**81,679**	**(30,194)**	**3,199**	**(161)**	**54,523**
Net change in fund balances	35,615	3,310	(1,155)	549	38,319
Fund balances - January 1	175,912	57,142	64,180	3,387	300,621
Fund Balances - December 31	**$ 211,527**	**$ 60,452**	**$ 63,025**	**$ 3,936**	**$ 338,940**

Combining Balance Sheet - Nonmajor Special Revenue Funds

December 31, 2008 (dollars in thousands)

	General Government	Public Safety	Health
Assets			
Cash on hand	$ -	$ 576	$ -
Cash and cash equivalents	20,021	20,275	-
Receivables (net of allowances for uncollectibles of $48,598)			
Taxes	1,929	30,630	-
Notes	15,127	-	-
Accounts	341	1,495	-
Accrued interest	92	56	-
Interfund receivable	926	63	15
Due from other governments	2,243	6,798	2,445
Prepaid items and other assets	-	-	-
Restricted assets:			
Cash and cash equivalents	30,018	-	-
Assets held for disposition	-	-	-
Total Assets	**$ 70,697**	**$ 59,893**	**$ 2,460**
Liabilities and Fund Balances			
Liabilities:			
Vouchers payable	$ 3,594	$ 9,289	$ 421
Accrued liabilities	34	166	18
Due to taxing units	-	569	-
Interfund payable	17	1,758	1,342
Deferred revenue	324	33,503	20
Advances	-	-	-
Total Liabilities	**3,969**	**45,285**	**1,801**
Fund Balances:			
Reserved for:			
Notes receivable	15,127	-	-
Prepaid items and other assets	-	-	-
Assets held for disposition	-	-	-
Emergency use	30,018	-	-
Debt service:			
Long-term debt	-	-	-
Unreserved - undesignated	21,583	14,608	659
Total Fund Balances	**66,728**	**14,608**	**659**
Total Liabilities and Fund Balances	**$ 70,697**	**$ 59,893**	**$ 2,460**

	Culture and Recreation	Community Development	Economic Opportunity	Special Funds	Total
	$ 4,009	$ -	$ 2	$ -	$ 4,587
	13,208	4,944	-	14,671	73,119
	-	-	-	-	32,559
	-	68,047	-	-	83,174
	2,084	-	-	24,898	28,818
	5	5	-	230	388
	3	-	1,688	-	2,695
	288	21,638	1,839	-	35,251
	48	-	54	-	102
	16,499	1,734	-	-	48,251
	-	5,743	-	-	5,743
	$ 36,144	**$ 102,111**	**$ 3,583**	**$ 39,799**	**$ 314,687**
	$ 4,366	$ 3,201	$ 1,329	$ 1,446	$ 23,646
	327	81	445	-	1,071
	-	-	-	-	569
	319	187	923	68	4,614
	255	11,458	806	23,390	69,756
	3,504	-	-	-	3,504
	8,771	**14,927**	**3,503**	**24,904**	**103,160**
	-	68,047	-	-	83,174
	48	-	54	-	102
	-	5,743	-	-	5,743
	-	-	-	-	30,018
	-	1,734	-	-	1,734
	27,325	11,660	26	14,895	90,756
	27,373	**87,184**	**80**	**14,895**	**211,527**
	$ 36,144	**$ 102,111**	**$ 3,583**	**$ 39,799**	**$ 314,687**

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

For the Year Ended December 31, 2008 (dollars in thousands)

	General Government	Public Safety	Health
Revenues			
Taxes:			
Lodgers	$ 15,387	$ -	$ -
Property	3,468	30,135	-
Sales	12,012	-	-
Telephone	-	-	-
Licenses and permits	1,599	-	-
Intergovernmental revenues	8,786	69,136	9,442
Charges for services	1,716	5,402	-
Investment and interest income	1,553	438	-
Fines and forfeitures	2	2,976	-
Contributions	721	95	13
Other revenue	7,413	387	66
Total Revenues	**52,657**	**108,569**	**9,521**
Expenditures			
Current:			
General government	72,856	-	-
Public safety	-	110,144	-
Health	-	-	9,457
Parks and recreation	-	-	-
Cultural activities	-	-	-
Community development	-	-	-
Economic opportunity	-	-	-
Principal retirement	-	387	-
Interest	-	125	-
Total Expenditures	**72,856**	**110,656**	**9,457**
Excess (deficiency) of revenues over expenditures	(20,199)	(2,087)	64
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Capital leases	3,045	-	-
Bond premium (discount)	-	-	-
Insurance recoveries	4	-	-
Transfers in	33,182	2,967	-
Transfers out	(3,204)	-	-
Total Other Financing Sources (Uses)	**33,027**	**2,967**	**-**
Net change in fund balances	12,828	880	64
Fund balances - January 1	53,900	13,728	595
Fund Balances - December 31	**$ 66,728**	**$ 14,608**	**$ 659**

Cultural and Recreation	Community Development	Economic Opportunity	Special Funds	Total
$ -	$ -	$ -	$ -	$ 15,387
-	-	-	-	33,603
-	-	-	-	12,012
-	-	-	6,710	6,710
2	-	-	-	1,601
1,405	18,516	12,529	-	119,814
19,653	358	18,226	2,708	48,063
80	1,348	-	794	4,213
-	-	-	-	2,978
4,093	730	-	-	5,652
19,100	956	-	3,203	31,125
44,333	**21,908**	**30,755**	**13,415**	**281,158**
480	-	-	6,165	79,501
-	-	-	-	110,144
-	-	-	-	9,457
45,066	-	-	-	45,066
7,224	-	-	-	7,224
-	20,589	-	-	20,589
-	-	31,486	-	31,486
799	-	-	7,478	8,664
503	-	-	14,463	15,091
54,072	**20,589**	**31,486**	**28,106**	**327,222**
(9,739)	1,319	(731)	(14,691)	(46,064)
-	(58)	-	-	(58)
17,735	-	-	-	20,780
(237)	-	-	-	(237)
2	-	-	-	6
10,059	-	456	19,338	66,002
-	-	-	(1,610)	(4,814)
27,559	**(58)**	**456**	**17,728**	**81,679**
17,820	1,261	(275)	3,037	35,615
9,553	85,923	355	11,858	175,912
$ 27,373	**$ 87,184**	**$ 80**	**$ 14,895**	**$ 211,527**

Combining Balance Sheet - Nonmajor Debt Service Funds

December 31, 2008 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement District	Total
Assets					
Cash and cash equivalents	$ 22,108	$ 19,819	$ 16,000	$ 29	$ 57,956
Receivables (net of allowances for uncollectibles of $997):					
Taxes	45,259	31,531	2,907	499	80,196
Accrued interest	-	161	45	-	206
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Total Assets	**$ 67,367**	**$ 51,511**	**$ 18,952**	**$ 528**	**$ 138,358**
Liabilities and Fund Balances					
Liabilities:					
Vouchers payable	$ -	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	15	-	15
Deferred revenue	45,616	31,776	-	499	77,891
Total Liabilities Balance	**45,616**	**31,776**	**15**	**499**	**77,906**
Fund Balances:					
Reserved for debt service:					
Long-term debt	21,751	-	18,937	29	40,717
Interest	-	19,735	-	-	19,735
Total Fund Balances	**21,751**	**19,735**	**18,937**	**29**	**60,452**
Total Liabilities and Fund Balances	**$ 67,367**	**$ 51,511**	**$ 18,952**	**$ 528**	**$ 138,358**

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

For the Year Ended December 31, 2008 (dollars in thousands)

	Bond Principal	Bond Interest	Excise Tax Revenue Bond	General Improvement District	Total
Revenues					
Taxes:					
Facilities development admission	$ -	$ -	$ 3,056	$ -	$ 3,056
Lodgers	-	-	23,760	-	23,760
Property	47,201	36,678	-	313	84,192
Sales and use	-	-	25,197	-	25,197
Investment and interest income	-	2,254	986	-	3,240
Total Revenues	**47,201**	**38,932**	**52,999**	**313**	**139,445**
Expenditures					
Principal retirement	45,380	-	13,175	305	58,860
Interest	-	33,127	13,850	104	47,081
Total Expenditures	**45,380**	**33,127**	**27,025**	**409**	**105,941**
Excess (deficiency) of revenues over expenditures	1,821	5,805	25,974	(96)	33,504
Other Financing Sources (Uses)					
Transfers in	-	-	-	41	41
Transfers out	-	(5,520)	(24,715)	-	(30,235)
Total Other Financing Sources (Uses)	**-**	**(5,520)**	**(24,715)**	**41**	**(30,194)**
Net change in fund balances	1,821	285	1,259	(55)	3,310
Fund balances - January 1	19,930	19,450	17,678	84	57,142
Fund Balances - December 31	**$ 21,751**	**$ 19,735**	**$ 18,937**	**$ 29**	**$ 60,452**

Combining Balance Sheet - Nonmajor Capital Projects Funds

December 31, 2008 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Assets			
Cash and cash equivalents	$ 2,913	$ 47,984	$ 10,711
Receivables (net of allowances for uncollectibles of $181):			
Taxes	-	49,154	-
Special assessments	-	-	-
Accounts	-	2	-
Accrued interest	8	193	41
Interfund receivable	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Total Assets	**$ 2,921**	**$ 97,333**	**$ 10,752**
Liabilities and Fund Balances			
Liabilities:			
Vouchers payable	$ 520	$ 6,577	$ 1,097
Interfund payable	-	16	-
Deferred revenue	-	49,534	-
Total Liabilities	**520**	**56,127**	**1,097**
Fund Balances:			
Reserved for:			
Emergency use	-	-	-
Long-term debt	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	2,349	41,206	8,892
Undesignated	52	-	763
Total Fund Balances	**2,401**	**41,206**	**9,655**
Total Liabilities and Fund Balances	**$ 2,921**	**$ 97,333**	**$ 10,752**

	Other Capital Projects	Entertainment and Culture	Special Assessments	General Improvement District	Total
	$ 759	$ 6,443	$ 642	$ 129	$ 69,581
	-	610	953	238	50,955
	-	-	-	-	-
	-	-	-	4	6
	12	22	1	-	277
	-	-	-	-	-
	4,355	-	-	-	4,355
	72	-	-	15	87
	$ 5,198	**$ 7,075**	**$ 1,596**	**$ 386**	**$ 125,261**
	$ 2,838	$ 438	$ 1	$ 8	$ 11,479
	-	2	-	-	18
	14	-	953	238	50,739
	2,852	**440**	**954**	**246**	**62,236**
	-	-	-	15	15
	72	-	-	-	72
	2,274	2,784	118	6	57,629
	-	3,851	524	119	5,309
	2,346	**6,635**	**642**	**140**	**63,025**
	$ 5,198	**$ 7,075**	**$ 1,596**	**$ 386**	**$ 125,261**

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

For the Year Ended December 31, 2008 (dollars in thousands)

	Winter Park Capital Fund	Capital Improvements	Conservation Trusts
Revenues			
Taxes:			
Facilities development admission	$ -	$ -	$ -
Occupational privilege	-	-	-
Property	-	47,709	-
Specific ownership	-	-	-
Special assessments	-	-	-
Intergovernmental revenues	-	-	5,818
Charges for services	-	466	-
Fines and forteitures	-	-	-
Investment and interest income	125	2,637	450
Contributions	-	-	-
Other revenue	-	-	7
Total Revenues	**125**	**50,812**	**6,275**
Expenditures			
Current:			
General government	-	2,207	-
Public safety	-	122	-
Public works	-	30,427	-
Health	-	220	-
Parks and recreation	628	1,571	2,860
Cultural activities	-	446	-
Community development	-	-	-
Interest	-	-	-
Capital outlay	3,133	16,162	2,660
Total Expenditures	**3,761**	**51,155**	**5,520**
Excess (deficiency) of revenues over expenditures	(3,636)	(343)	755
Other Financing Sources (Uses)			
Sale of capital assets	-	2,580	-
Transfers in	2,028	7,118	-
Transfers out	-	(4,037)	(876)
Total Other Financing Sources (Uses)	**2,028**	**5,661**	**(876)**
Net change in fund balances	(1,608)	5,318	(121)
Fund balances - January 1	4,009	35,888	9,776
Fund Balances - December 31	**$ 2,401**	**$ 41,206**	**$ 9,655**

Other Capital Projects	Entertainment and Culture	Special Assessments	General Improvement District	Total
$ -	$ 6,960	$ -	$ -	$ 6,960
-	-	-	-	-
-	-	-	426	48,135
-	-	-	54	54
456	-	938	-	1,394
9,259	-	-	-	15,077
1,150	-	-	-	1,616
4	-	-	-	4
143	238	22	14	3,629
1,743	-	-	-	1,743
-	9	-	167	183
12,755	**7,207**	**960**	**661**	**78,795**
-	-	-	-	2,207
-	-	-	-	122
3,467	-	897	184	34,975
-	-	-	-	220
126	-	-	-	5,185
-	558	-	-	1,004
10	-	-	-	10
109	-	-	-	109
13,292	3,716	-	354	39,317
17,004	**4,274**	**897**	**538**	**83,149**
(4,249)	2,933	63	123	(4,354)
4	-	-	-	2,584
-	-	-	-	9,146
(318)	(3,259)	-	(41)	(8,531)
(314)	**(3,259)**	**-**	**(41)**	**3,199**
(4,563)	(326)	63	82	(1,155)
6,909	6,961	579	58	64,180
$ 2,346	**$ 6,635**	**$ 642**	**$ 140**	**$ 63,025**

Schedule of Expenditures Compared with Authorizations - General Fund

For the Year Ended December 31, 2008 (dollars in thousands)

	2008 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
General Government:			
Mayor's Office	$ 1,817	$ 1,774	$ 43
Civic Events	916	916	-
Education/Advocacy Initiatives	1,113	1,052	61
Employee Assistance	444	425	19
City Council	4,326	4,241	85
Telecommunications	367	304	63
Board of Ethics	106	103	3
Career Service Authority	6,222	6,187	35
Career Service Authority Hearing Office	355	359	(4)
City Attorney	14,286	13,611	675
Airport Legal Services	1,971	1,844	127
Human Service Legal Services	4,589	4,494	95
Clerk and Recorder	9,896	9,658	238
Board of Adjustment	248	247	1
Human Rights and Community Relations	1,173	1,075	98
General Services:			
Administration	1,229	1,205	24
Facilities and Planning	18,509	17,900	609
Purchasing	1,944	1,829	115
Public Office Buildings Utilities	28,092	26,540	1,552
Auditor	4,954	4,386	568
Auditor - Airport	1,106	1,014	92
Department of Finance	37,079	36,866	213
Adams Mark Tax Increment	1,025	1,025	-
Annual Rental Payments	772	572	200
Downtown Historical District	174	(6)	180
Payments to Elderly and Disabled	1,500	1,088	412
Excise and Licenses	1,504	1,478	26
Technology Services	36,587	33,435	3,152
Contract Compliance	3,609	3,507	102
Contract Compliance - Airport	576	430	146
Total General Government	**$ 186,489**	**$ 177,559**	**$ 8,930**
Public Safety			
911 Call Center	$ 8,838	$ 9,216	$ (378)
Civil Service Commission	1,674	1,603	71
Collective Bargaining	160	66	94
County Court	20,584	20,753	(169)
District Attorney	17,437	17,296	141
Emergency Management	627	526	101
Fire	100,382	100,722	(340)
Independent Monitor	654	640	14
Mayor's Youth Program	379	281	98
Police	169,414	171,542	(2,128)
Police Airport	2,513	2,575	(62)

continued

Schedule of Expenditures Compared with Authorizations - General Fund - continued

December 31, 2008 (dollars in thousands)

	2008 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Police Photo Radar	2,957	2,429	528
Safe City Initiative	1,475	1,383	92
Safety Administration	3,834	3,777	57
Undersheriff	91,949	92,075	(126)
Total Public Safety	**$ 422,877**	**$ 424,884**	**$ (2,007)**
Public Works			
Administration	$ 5,200	$ 4,971	$ 229
Operations	45,980	45,414	566
Transportation	32,299	31,325	974
Total Public Works	**$ 83,479**	**$ 81,710**	**$ 1,769**
Health			
Environmental Health	$ 9,915	$ 9,390	$ 525
City Payments to Health Authority:			
Clinic	244	222	22
Public Health	2,267	2,267	-
Denver C.A.R.E.S.	2,995	2,995	-
Poison Center	97	97	-
Medically Indigent	27,543	27,543	-
Total Health	**$ 43,061**	**$ 42,514**	**$ 547**
Parks and Recreation			
Administration	$ 3,874	$ 3,667	$ 207
General Parks	26,670	26,229	441
Recreation	20,874	20,479	395
Total Parks and Recreation	**$ 51,418**	**$ 50,375**	**$ 1,043**
Cultural Activities			
Art, Culture, and Film	$ 1,220	$ 1,233	$ (13)
Denver Public Library	31,354	31,298	56
Total Cultural Activities	**$ 32,574**	**$ 32,531**	**$ 43**
Community Planning/Development	$ 17,739	$ 17,209	$ 530
Total Community Planning/Development	**$ 17,739**	**$ 17,209**	**$ 530**
Total	**$ 837,637**	**$ 826,782**	**$ 10,855**

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

For the Year Ended December 31, 2008 (dollars in thousands)

		2008 Annual Authorizations After Revisions	Budget Basis Expenditures	Authorized Balance
Grants - Currently Active				
13001	HSOA Human Services Grant	$ 2,981	$ 2,981	$ -
13007	Community Service Block Grant	802	802	-
13007	Community Service Block Grant FY07-08	79	79	-
13009	Emergency Food and Shelter Program	18	18	-
13009	Emergency Shelter FY06	-	(1)	1
13009	Emergency Shelter FY07	5	5	-
13009	Emergency Shelter FY08	391	391	-
13012	Shelter Plus Care Anchor	45	45	-
13012	Shelter Plus Care Anchor Community	34	34	-
13012	Shelter Plus Care Anchor Community FY06-07	-	(19)	19
13012	Shelter Plus Care Collab-Homelessness FY03-04	535	535	-
13012	Shelter Plus Care Dave's Place	38	38	-
13012	Shelter Plus Care Durkin	-	(39)	39
13012	Shelter Plus Care Durkin	13	13	-
13012	Shelter Plus Care Durkin Project	170	170	-
13012	Shelter Plus Care Ex-offenders	-	(10)	10
13012	Shelter Plus Care Homeless Veterans FY07-12	6	6	-
13012	Shelter Plus Care Mariposa Housing	37	37	-
13012	Shelter Plus Care Rental Assistance	28	28	-
13012	Shelter Plus Care Rowan Gard	50	50	-
13012	Shelter Plus Care Scattered Sites FY07-08	342	342	-
13012	Shelter Plus Care Seniors	32	32	-
13012	Shelter Plus Care Seniors	63	63	-
13012	Shelter Plus Care STAR	37	37	-
13012	Shelter Plus Care STAR	38	38	-
13012	Shelter Plus Care Woman FY 08-09	21	21	-
13012	Shelter Plus Care Woman's Project	-	(20)	20
13012	Shelter Plus Care Women	250	250	-
13012	Shelter Plus Care Xenia	94	94	-
13012	Shelter Plus Care Xenia FY07-08	100	100	-
13015	Title IV Incentives	82	82	-
13017	Child Care	7,841	4,480	3,361
13019	Homeless Vets Reintegration	161	161	-
13019	Homeless Vets Reintegration FY06-07	49	49	-
13019	Homeless Vets Reintegration FY08-09	188	188	-
13601	Child Welfare System Improvement	500	500	-
13601	Family to Family (F2F) Anchor Site	137	137	-
13601	Family to Family (F2F) Anchor Site	172	172	-
13601	Parents are the Power FY07	19	19	-
State/County Welfare				
13005	Child Welfare	41,941	40,358	1,583
13008	County Public Welfare	98,040	91,261	6,779
13013	County Veterans Service Office	2	2	-
13301	Parental Fees	18	18	-
13302	Aid to the Blind	1	1	-
13303	Aid to the Needy Disabled	1,000	443	557
13304	Board for Developmentally Disabled	8,719	8,719	-
13305	General Assistance	1,311	1,324	(13)
13306	Local Funded Community Service	4,825	3,893	932
13308	Denver Senior	198	198	-
13308	Title III Older Americans	270	270	-
City and Other Projects				
13502	Integrated Care Management Incentive	282	282	-
13602	Parents are the Power FY06	3	3	-
13701	Americorp – Donations	38	38	-
13704	Homeless Services Donations	1,434	1,434	-
13802	Family Crisis Project	10	19	(9)
13806	Youth Transitional Housing	46	46	-
13808	Energy Assistance	1,867	1,799	68
13809	Excess Federal IV-E Reimbursement	614	614	-
Total		**$ 175,977**	**$ 162,630**	**$ 13,347**

[1] *Includes grantor expenditures of $18,874 reported in the Economic Opportunity Special Revenue Fund*

Balance Sheets - General Fund

December 31, 2008 and 2007 (dollars in thousands)

	Totals December 31, 2008		Totals December 31, 2007	
Assets				
Cash on hand	$	30	$	2
Cash and cash equivalents		94,089		94,691
Receivables (net of allowances for uncollectibles of $22,306 and $595):				
Taxes		117,668		113,616
Notes		25		25
Accounts		13,737		14,292
Accrued interest		781		1,111
Interfund receivable		31,596		30,977
Due from other governments		215		289
Prepaid items and other assets		861		-
Restricted assets:				
Cash and cash equivalents		21,001		40,817
Total Assets	**$**	**280,003**	**$**	**295,820**
Liabilities and Fund Balances				
Liabilities:				
Vouchers payable	$	10,672	$	13,576
Accrued liabilities		19,160		12,168
Due to taxing units		30		2
Interfund payable		3,408		2,774
Deferred revenue		75,272		71,706
Advances		-		3
Compenseted absenses		12		-
Total Liabilities		**108,554**		**100,229**
Fund Balance:				
Reserved for:				
Notes receivable		25		-
Prepaid items and other assets		861		-
Emergency use		-		20,101
Debt service:				
Long-term debt		21,001		20,716
Unreserved-undesignated		149,562		154,774
Total Fund Balance		**171,449**		**195,591**
Total Liabilities and Fund Balance	**$**	**280,003**	**$**	**295,820**

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

For the Year Ended December 31, 2008 and 2007 (dollars in thousands)

	Totals Year ended December 31, 2008	2007
Revenues		
Taxes:		
Lodgers	$ 14,626	$ 13,483
Motor Vehicle ownership	19,514	16,963
Occupational priveledge	43,040	21,376
Public service	-	18,478
Property	62,703	79,232
Sales and use	430,928	418,177
Telephone	3,104	3,231
Licenses and permits	27,763	28,094
Intergovernmental revenues	32,107	32,861
Charges for services	137,160	107,519
Investment and interest income	11,692	18,717
Fines and forfeitures	38,416	34,253
Contributions	11	3
Other revenue	8,652	11,162
Total Revenues	**829,716**	**803,549**
Expenditures		
Current:		
General government	173,300	156,040
Public safety	424,718	400,469
Public works	81,710	84,310
Health	42,514	41,783
Parks and recreation	50,375	47,003
Cultural activities	32,531	31,386
Community development	17,209	17,499
Principal retirement	378	571
Interest	4,047	2,737
Total Expenditures	**826,782**	**781,798**
Excess of revenues over expenditures	2,934	21,751
Other Financing Sources (Uses)		
Sale of capital assets	-	13
Capital leases restructured	260,000	-
Payment to escrow	(250,290)	-
Insurance recoveries	74	1
Transfers in	30,731	32,333
Transfers out	(67,591)	(44,163)
Total Other Financing Sources (Uses)	**(27,076)**	**(11,816)**
Net change in fund balance	(24,142)	9,935
Fund balance - January 1	195,591	185,656
Fund Balance - December 31	**$ 171,449**	**$ 195,591**

PRIOPRIETARY 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, 2008 (dollars in thousands)

	Environmental Services	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 13,872	$ 4,788	$ 18,660
Receivables:			
Accounts	1,136	49	1,185
Accrued interest	54	19	73
Inventories	-	128	128
Interfund receivable	8	25	33
Restricted assets:			
Cash and cash equivalents	1,184	-	1,184
Accrued interest receivable	4	-	4
Other receivables	416	-	416
Total Current Assets	**16,674**	**5,009**	**21,683**
Capital assets:			
Land and construction in progress	3,168	4,004	7,172
Buildings and improvements	672	8,457	9,129
Improvements other than buildings	131	13,092	13,223
Machinery and equipment	163	4,223	4,386
Accumulated depreciation	(901)	(14,263)	(15,164)
Net capital assets	3,233	15,513	18,746
Bond issue costs and other assets	-	182	182
Total Noncurrent Assets	**3,233**	**15,695**	**18,928**
Total Assets	**19,907**	**20,704**	**40,611**
Liabilities			
Current liabilities:			
Vouchers payable	181	339	520
Revenue bonds payable	-	385	385
Accrued liabilities	590	189	779
Interfund payable	1,118	489	1,607
Compensated absences	-	154	154
Deferred revenue	-	98	98
Current liabilities (payable from restricted assets):			
Vouchers payable	123	-	123
Total Current Liabilities	**2,012**	**1,654**	**3,666**
Noncurrent liabilities:			
Revenue bonds payable	-	5,725	5,725
Unamortized premiums	-	50	50
Compensated absences	218	397	615
Total Noncurrent Liabilities	**218**	**6,172**	**6,390**
Total Liabilities	**2,230**	**7,826**	**10,056**
Net Assets			
Invested in capital assets, net of related debt	3,233	9,585	12,818
Restricted for capital projects	1,481	-	1,481
Unrestricted	12,963	3,293	16,256
Total Net Assets	**$ 17,677**	**$ 12,878**	**$ 30,555**

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

For the Year Ended December 31, 2008 (dollars in thousands)

	Environmental Services	Golf Course	Total
Operating Revenues			
Charges for services	$ 7,260	$ 8,396	$ 15,656
Other revenue	277	3	280
Total Operating Revenues	**7,537**	**8,399**	**15,936**
Operating Expenses			
Personnel services	2,467	4,563	7,030
Contractual services	2,066	257	2,323
Supplies and materials	64	1,067	1,131
Depreciation	14	668	682
Other operating expenses	1,725	1,399	3,124
Total Operating Expenses	**6,336**	**7,954**	**14,290**
Operating income	1,201	445	1,646
Nonoperating Revenues (Expenses)			
Investment and interest income	604	226	830
Interest expense	-	(299)	(299)
Total Nonoperating Revenues (Expenses)	**604**	**(73)**	**531**
Income before transfers	1,805	372	2,177
Transfers out	(250)	-	(250)
Change in Net Assets	1,555	372	1,927
Net assets - January 1	16,122	12,506	28,628
Net Assets - December 31	**$ 17,677**	**$ 12,878**	**$ 30,555**

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

For the Year Ended December 31, 2008 (dollars in thousands)

	Environmental Services	Golf Course	Total
Cash Flows From Operating Activities			
Receipts from customers	$ 7,992	$ 8,465	$ 16,457
Payments to suppliers	(3,998)	(3,805)	(7,803)
Payments to employees	(2,415)	(4,516)	(6,931)
Other payments	(1,485)	-	(1,485)
Net Cash Provided by Operating Activities	**94**	**144**	**238**
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	-	(370)	(370)
Acquisition of capital assets	(26)	(2,865)	(2,891)
Interest paid on capital debt	-	(299)	(299)
Net Cash Used by Capital and Related Financing Activities	**(26)**	**(3,534)**	**(3,560)**
Cash Flows from Investing Activities			
Interest received	638	259	897
Net increase (decrease) in cash and cash equivalents	456	(3,131)	(2,675)
Cash and cash equivalents - January 1	14,600	7,919	22,519
Cash and Cash Equivalents - December 31	**$ 15,056**	**$ 4,788**	**$ 19,844**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 1,201	$ 445	$ 1,646
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	14	668	682
Accounts receivable	455	13	468
Inventories	-	7	7
Vouchers payable	(1,628)	(1,179)	(2,807)
Unearned revenue	-	53	53
Accrued liabilities	52	47	99
Interfund payable	-	90	90
Net Cash Provided by Operating Activities	**$ 94**	**$ 144**	**$ 238**
Noncash Activities			
Amortization of bond premium	$ -	$ 9	$ 9

Combining Statement of Net Assets - Internal Service Funds

December 31, 2008 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Assets					
Current Assets:					
Cash and cash equivalents	$ -	$ 2,203	$ 2,289	$ 23,912	$ 28,404
Receivables (net of allowance of $4):					
Accounts	16	58	-	149	223
Accrued interest	-	-	-	99	99
Interfund receivable	1,241	1,911	13	1,101	4,266
Inventories	116	2,141	402	-	2,659
Restricted cash and cash equivalents	14	-	-	-	14
Total Current Assets	**1,387**	**6,313**	**2,704**	**25,261**	**35,665**
Capital Assets:					
Buildings and improvements	715	-	3,392	-	4,107
Improvements other than buildings	-	15	67	-	82
Machinery and equipment	828	6,528	957	-	8,313
Accumulated depreciation	(661)	(5,301)	(3,405)	-	(9,367)
Net capital assets	882	1,242	1,011	-	3,135
Total Assets	**2,269**	**7,555**	**3,715**	**25,261**	**38,800**
Liabilities					
Current Liabilities:					
Vouchers payable	486	367	104	314	1,271
Accrued liabilities	9	196	13	30	248
Interfund payable	1,520	6	5	129	1,660
Capital lease obligations	74	-	-	-	74
Compensated absences	11	225	-	7	243
Claims reserve	-	-	-	11,371	11,371
Total Current Liabilities	**2,100**	**794**	**122**	**11,851**	**14,867**
Noncurrent Liabilities:					
Capital lease obligations	243	-	-	-	243
Compensated absences	40	716	41	87	884
Other accrued liabilities	-	-	-	-	-
Claims reserve	-	-	-	21,653	21,653
Total noncurrent liabilities	283	716	41	21,740	22,780
Total Liabilities	**2,383**	**1,510**	**163**	**33,591**	**37,647**
Net Assets					
Invested in capital assets, net of related debt	566	1,242	1,011	-	2,819
Unrestricted (deficit)	(680)	4,803	2,541	(8,330)	(1,666)
Total Net Assets (Deficit)	**$ (114)**	**$ 6,045**	**$ 3,552**	**$ (8,330)**	**$ 1,153**

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

For the Year Ended December 31, 2008 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Operating Revenues					
Charges for services	$ 4,853	$ 21,576	$ 8,354	$ 15,868	$ 50,651
Other revenue	7	386	1	833	1,227
Total Operating Revenues	**4,860**	**21,962**	**8,355**	**16,701**	**51,878**
Operating Expenses					
Personnel services	482	7,279	514	1,062	9,337
Contractual services	270	140	24	536	970
Supplies and materials	1,076	13,469	6,482	468	21,495
Depreciation	137	413	240	-	790
Claims payments	-	-	-	8,863	8,863
Change in claims reserve	-	-	-	528	528
Other operating expenses	3,145	480	532	1,896	6,053
Net Operating Expenses	**5,110**	**21,781**	**7,792**	**13,353**	**48,036**
Operating income (loss)	(250)	181	563	3,348	3,842
Nonoperating Revenues (Expenses)					
Loss on disposal of assets	-	-	-	-	-
Investment and interest income	-	-	-	1,134	1,134
Interest expense	(24)	-	-	-	(24)
Total Nonoperating Revenues (Expenses)	**(24)**	**-**	**-**	**1,134**	**1,110**
Transfers in	-	50	-	-	50
Change in net assets	(274)	231	563	4,482	5,002
Net assets (deficit) - January 1	160	5,814	2,989	(12,812)	(3,849)
Net Assets (Deficit) -December 31	**$ (114)**	**$ 6,045**	**$ 3,552**	**$ (8,330)**	**$ 1,153**

Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended December 31, 2008 (dollars in thousands)

	Central Services	Fleet Maintenance	Asphalt Plant	Workers' Compensation	Total
Cash Flows From Operating Activities					
Receipts from customers	$ 4,430	$ 22,197	$ 8,399	$ 13,522	$ 48,548
Payments to suppliers	(3,787)	(14,291)	(7,282)	(796)	(26,156)
Payments to employees	(468)	(7,223)	(515)	(1,012)	(9,218)
Other receipts (payments)	-	-	-	541	541
Sale of salvage	-	-	-	-	-
Claims paid	-	-	-	(8,758)	(8,758)
Net Cash Provided by Operating Activities	**175**	**683**	**602**	**3,497**	**4,957**
Cash Flows from Noncapital Financing Activities					
Transfers in	-	50	-	-	50
Net Cash Provided by Noncapital Financing Activities	**-**	**50**	**-**	**-**	**50**
Cash Flows from Capital and Related Financing Activities					
Principal payments	(151)	-	-	-	(151)
Acquisition of capital assets	-	-	(29)	-	(29)
Loss on disposal of assets	-	207	-	-	207
Interest paid	(24)	-	-	-	(24)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(175)**	**207**	**(29)**	**-**	**3**
Cash Flows From Investing Activities					
Interest received	-	-	-	1,123	1,123
Net increase in cash and cash equivalents	-	940	573	4,620	6,133
Cash and cash equivalents - January 1	14	1,263	1,716	19,292	22,285
Cash and Cash Equivalents - December 31	**$ 14**	**$ 2,203**	**$ 2,289**	**$ 23,912**	**$ 28,418**
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	$ (250)	$ 181	$ 563	$ 3,348	$ 3,842
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	137	413	240	-	790
Accounts receivable	2	(27)	8	302	285
Interfund receivable	(432)	262	36	(939)	(1,073)
Inventories	4	(234)	(322)	-	(552)
Vouchers payables	190	15	80	92	377
Accrued liabilities	10	80	(1)	50	139
Interfund payable	514	(7)	(2)	116	621
Claims reserve	-	-	-	528	528
Net Cash Provided by Operating Activities	**$ 175**	**$ 683**	**$ 602**	**$ 3,497**	**$ 4,957**

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, 2008 (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	$ 41,025	$ 1,966	$ -	$ 42,991
Securities lending collateral	144,352	6,920	-	151,272
Receivables:				
Accounts	2,060	99	-	2,159
Accrued interest	6,111	293	-	6,404
Investments:				
U.S. Government obligations	131,432	6,301	-	137,733
Domestic stocks and bonds	829,142	39,748	-	868,890
International stocks	203,867	9,773	-	213,640
Annuity	-	-	342,997	342,997
Mutual funds	-	-	32,841	32,841
Real estate	168,445	8,075	-	176,520
Other	82,200	3,940	8,198	94,338
Total Investments	1,415,086	67,837	384,036	1,866,959
Total Current Assets	**1,608,634**	**77,115**	**384,036**	**2,069,785**
Capital assets, net of accumulated depreciation	960	46	-	1,006
Total Assets	**1,609,594**	**77,161**	**384,036**	**2,070,791**
Liabilities				
Vouchers payable	3,868	185	-	4,053
Securities lending obligations	150,181	7,200	-	157,381
Total Liabilities	**154,049**	**7,385**	**-**	**161,434**
Net Assets Held in Trust for Pension and Other Employee Benefit Trust Funds	**$ 1,455,545**	**-**	**$ 384,036**	
Net Assets Held in Trust for OPEB Benefits		**$ 69,776**		
Net Assets Held in Trust for Benefits				**$ 1,909,357**

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

For the Year Ended December 31, 2008 (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	$ 37,602	$ 3,711	$ -	$ 41,313
Denver Health and Hospital Authority	6,761	543	-	7,304
Plan members	12,805	1,183	33,011	46,999
Total contributions	**57,168**	**5,437**	**33,011**	**95,616**
Investment earnings (loss):				
Net appreciation (depreciation) in fair value of investments	(571,798)	(27,770)	-	(599,568)
Interest and dividends	55,299	2,695	(103,535)	(45,541)
Total investment loss	**(516,499)**	**(25,075)**	**(103,535)**	**(645,109)**
Less investment expense	(8,678)	(422)	-	(9,100)
Net loss from investments	**(525,177)**	**(25,497)**	**(103,535)**	**(654,209)**
Securities lending earnings	6,885	336	-	7,221
Securities lending expenses:				
Borrower rebates	(4,475)	(219)	-	(4,694)
Agent fees	(604)	(29)	-	(633)
Net earnings from securities lending	**1,806**	**88**	**-**	**1,894**
Total net investment loss	**(523,371)**	**(25,409)**	**(103,535)**	**(652,315)**
Total Additions	**(466,203)**	**(19,972)**	**(70,524)**	**(556,699)**
Deductions				
Benefits	115,091	10,823	31,036	156,950
Refunds of contributions	493	24	-	517
Administrative expenses	2,840	138	14	2,992
Total Deductions	**118,424**	**10,985**	**31,050**	**160,459**
Change in net assets	(584,627)	(30,957)	(101,574)	(717,158)
Net assets - January 1	2,040,172	100,733	485,610	2,626,515
Net assets - December 31	**$ 1,455,545**	**$ 69,776**	**$ 384,036**	**$ 1,909,357**

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended December 31, 2008 (dollars in thousands)

	Balance January 1	Additions	Deductions	Balance December 31
Employee Salary Redirect Plan				
Assets				
Cash and cash equivalents	$ 83	$ 4,495	$ 4,496	$ 82
Accrued Interest	-	1	-	1
Total Assets	**$ 83**	**$ 4,496**	**$ 4,496**	**$ 83**
Liabilities				
Vouchers payable	$ -	$ -	$ -	$ -
Other accrued liabilities	83	4,441	4,441	83
Total Liabilities	**$ 83**	**$ 4,441**	**$ 4,441**	**$ 83**
Agency				
Assets				
Cash on hand	$ 4,028	$ 822	$ 1,236	$ 3,614
Cash and cash equivalents	12,877	440,996	437,552	16,321
Receivables (net of allowances for uncollectibles of $6,222):				
Taxes	485,093	506,022	490,325	500,790
Accounts	26	16	18	24
Total Assets	**$ 502,024**	**$ 947,856**	**$ 929,131**	**$ 520,749**
Liabilities				
Vouchers payable	$ 326	$ 44,075	$ 43,622	$ 779
Other accrued liabilities	4,130	444,584	443,561	5,153
Due to taxing units	497,568	525,982	508,733	514,817
Total Liabilities	**$ 502,024**	**$ 1,014,641**	**$ 995,916**	**$ 520,749**
Total - All Agency Funds				
Assets				
Cash on hand	$ 4,028	$ 822	$ 1,236	$ 3,614
Cash and cash equivalents	12,960	445,491	442,048	16,403
Receivables (net of allowances for uncollectibles of $6,222):				
Taxes	485,093	506,022	490,325	500,790
Accounts	26	16	18	24
Accrued interest	-	1	-	1
Total Assets	**$ 502,107**	**$ 952,352**	**$ 933,627**	**$ 520,832**
Liabilities				
Vouchers payable	$ 326	$ 44,075	$ 43,622	$ 779
Other accrued liabilities	4,213	449,025	448,002	5,236
Due to taxing units	497,568	525,982	508,733	514,817
Total Liabilities	**$ 502,107**	**$ 1,019,082**	**$ 1,000,357**	**$ 520,832**

This page left blank intentionally.

Component Units

This page left blank intentionally.

Combining Statement of Net Assets - Nonmajor Component Units

December 31, 2008 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID	Denver Art Museum
Assets				
Cash and cash equivalents	$ 15	$ 918	$ 284	$ 7,664
Investments	-	-	-	510
Receivables:				
Taxes	-	2,859	332	-
Accounts	-	20	-	165
Other	-	-	-	10,587
Inventories	-	-	-	428
Prepaid items and other assets	-	94	-	1,711
Restricted Assets:				
Cash and cash equivalents	-	8,150	13	954
Net assets held by third party	-	-	-	103,767
Capital Assets:				
Land and construction in progress	-	1,273	-	4,600
Buildings and improvements	-	15	-	37,234
Machinery and equipment	-	188	-	1,839
Accumulated depreciation	-	(148)	-	(28,579)
Net Capital Assets	-	1,328	-	15,094
Long-term receivables	-	-	-	6,621
Other assets	-	208	-	-
Total Assets	**15**	**13,577**	**629**	**147,501**
Liabilities				
Vouchers payable	-	353	21	1,904
Accrued liabilities	-	91	-	1,544
Deferred revenue	-	2,859	332	1,942
Noncurrent liabilities:				
Due within one year	-	271	-	1,484
Due in more than one year	-	9,030	-	8,770
Total Liabilities	**-**	**12,604**	**353**	**15,644**
Net Assets				
Invested in capital assets, net of related debt	-	155	-	15,094
Restricted for:				
Emergency use	-	88	11	-
Debt service	-	1	-	-
Donor restrictions:				
Expendable	-	-	-	17,422
Nonexpendable	-	-	-	99,058
Unrestricted	15	729	265	283
Total Net Assets	**$ 15**	**$ 973**	**$ 276**	**$ 131,857**

Denver Museum of Nature and Science	Denver Metro Convention and Visitor's Bureau, Inc.	Denver Preschool Program, Inc.	Downtown Denver BID	Old South Gaylord BID	West Colfax BID	Total
$ 12,712	$ 3,109	$ 9,413	$ 1,306	$ 18	$ 56	$ 35,495
5,508	137	-	-	-	3	6,158
-	-	-	4,364	-	-	7,555
2,470	1,719	-	287	-	-	4,661
3,095	-	-	-	-	-	13,682
329	-	-	-	-	-	757
1,056	319	7	41	-	-	3,228
-	2,600	5,717	-	-	-	17,434
60,077	135	-	-	-	-	163,979
-	-	-	-	-	-	5,873
-	744	-	618	-	-	38,611
7,236	1,402	19	(180)	19	-	10,523
(6,179)	(1,511)	(2)	-	(19)	-	(36,438)
1,057	635	17	438	-	-	18,569
-	-	-	-	-	-	6,621
-	-	-	-	-	-	208
86,304	**8,654**	**15,154**	**6,436**	**18**	**59**	**278,347**
2,158	759	2,631	316	-	-	8,142
733	715	5,996	-	10	-	9,089
589	522	-	4,365	-	-	10,609
-	47	-	-	-	-	1,802
-	58	-	-	-	-	17,858
3,480	**2,101**	**8,627**	**4,681**	**10**	**-**	**47,500**
1,057	635	17	438	-	-	17,396
-	-	-	153	-	3	255
-	-	-	-	-	-	1
60,685	-	5,717	-	-	-	83,824
3,182	-	-	-	-	-	102,240
17,900	5,918	793	1,164	8	56	27,131
$ 82,824	**$ 6,553**	**$ 6,527**	**$ 1,755**	**$ 8**	**$ 59**	**$ 230,847**

Combining Statement of Activities - Nonmajor Component Units

For the Year Ended December 31, 2008 (dollars in thousands)

	Cherry Creek Subarea BID	Cherry Creek North BID	Colfax BID	Denver Art Museum
Expenses	$ 11	$ 2,421	$ 277	$ 37,740
Program Revenues				
Charges for services	-	137	-	9,449
Operating grants and contributions	-	-	-	19,812
Total Program Revenues	**-**	**137**	**-**	**29,261**
Net expenses	(11)	(2,284)	(277)	(8,479)
General Revenues				
Taxes:				
Lodgers	-	-	-	-
Property	11	2,684	336	-
Sales and use	-	-	-	5,780
Specific ownership	-	212	24	-
Investment and interest income	-	33	6	(5,209)
Other revenues	-	-	2	3,884
Total General Revenues	**11**	**2,929**	**368**	**4,455**
Change in net assets	-	645	91	(4,024)
Net Assets - January 1, as previously reported	15	328	185	135,881
Restatement for change in reporting entity	-	-	-	-
Net Assets - January 1, as restated	15	328	185	135,881
Net Assets - December 31	**$ 15**	**$ 973**	**$ 276**	**$ 131,857**

Denver Museum of Nature and Science	Denver Metro Convention and Visitor's Bureau, Inc.	Denver Preschool Program, Inc.	Downtown Denver BID	Old South Gaylord BID	West Colfax BID	Total
$ 32,979	$ 15,661	$ 14,459	$ 5,026	$ 38	$ 89	$ 108,701
12,843	3,396	-	-	-	-	25,825
11,340	-	35	349	-	-	31,536
24,183	**3,396**	**35**	**349**	**-**	**-**	**57,361**
(8,796)	(12,265)	(14,424)	(4,677)	(38)	(89)	(51,340)
-	13,744	-	-	-	-	13,744
-	-	-	4,210	20	103	7,364
6,807	-	11,552	-	-	-	24,139
-	-	-	-	-	-	236
(30,970)	115	286	-	-	-	(35,739)
4,983	37	-	792	-	24	9,722
(19,180)	**13,896**	**11,838**	**5,002**	**20**	**127**	**19,466**
(27,976)	1,631	(2,586)	325	(18)	38	(31,874)
110,800	4,922	-	1,430	26	21	253,608
-	-	9,113	-	-	-	9,113
110,800	4,922	9,113	1,430	26	21	262,721
$ 82,824	**$ 6,553**	**$ 6,527**	**$ 1,755**	**$ 8**	**$ 59**	**$ 230,847**

This page left blank intentionally.

Other Supplementary Schedules

This page left blank intentionally.

Combined Schedule of Bonds Payable, Commercial Paper, and Escrows

December 31, 2008 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate	Amount Outstanding	1st Optional Call Date	Mandatory Sinking Fund Redemption
Denver Airport System						
1991D Airport System Revenue	$ 600,001	2013	7.75%	$ 69,211	Not callable	2009-2012
1992F-G Airport System Revenue[1]	135,000	2025	0.90%	45,400	1/2/2009	2009-2024
1995C Airport System Revenue	107,585	2012	6.50%	10,625	Not callable	2010-2011
1997E Airport System Revenue	415,705	2011-2013	6.00%	34,462	Not callable	n/a
1998A Airport System Revenue	206,665	2025	5.00%	175,990	11/15/2009	2021-2024
1998B Airport System Revenue	103,395	2025	5.00%	103,395	11/15/2009	n/a
Escrow - LOI	54,880	2013-2025	6.125-7.75%	54,880	5/15/2009	n/a
2000A Airport System Revenue	330,625	2009-2023	4.80-6.00%	233,270	11/15/2010	2022
2001A Airport System Revenue	395,635	2009-2017	5.00-5.625%	206,912	11/15/2011	n/a
2001B Airport System Revenue	16,675	2013-2016	4.70-5.50%	16,675	11/15/2011	n/a
2001D Airport System Revenue	70,540	2009-2024	5.00-5.50%	53,510	11/15/2011	n/a
2002C Airport System Revenue[1]	49,000	2024	0.90%	38,400	1/2/2009	2009-2024
2002E Airport System Revenue	203,565	2009-2023	4.00-5.50%	152,440	11/15/2012	n/a
2003A Airport System Revenue	161,965	2026-2031	5.00%	161,965	1/2/2009	2027-2030
2003B Airport System Revenue	125,000	2033	5.00-5.75%	75,460	11/15/2013	2031-2032
2005A Airport System Revenue	227,740	2011-2025	4.00-5.00%	224,510	11/15/2015	n/a
2006A Airport System Revenue	279,585	2009-2015	4.00-5.00%	279,585	11/15/2016	n/a
2006B Airport System Revenue	170,005	2015 -2025	5.00%	133,555	Not callable	n/a
Escrow - ABS	77,263	2009-2024	5.00-7.75%	137,750	11/15/2009	n/a
2007A Airport System Revenue	188,350	2023-2030	5.00%	188,350	11/15/2017	2028-2029
2007B Airport System Revenue	24,250	2032	5.00%	24,250	11/15/2017	n/a
2007C Airport System Revenue	34,635	2016-2033	5.00%	34,635	11/15/2017	n/a
2007D Airport System Revenue	147,815	2016-2023	5.25-5.50%	147,815	11/15/2017	n/a
2007D2 Airport System Revenue	31,950	2014-2015	5.00%	31,950	Not callable	n/a
2007E Airport System Revenue	47,400	2032	2.99-3.25%	47,400	11/15/2017	2030-2031
2007F1-F4 Airport System Revenue[2]	208,025	2025	4.025%	208,025	1/2/2009	2021-2024
2007G1-G2 Airport System Revenue[3]	148,500	2025	2.00%	148,500	1/2/2009	2021-2024
2008A1 Airport System Revenue	221,215	2009-2017	5.00-5.50%	201,830	Not callable	n/a
2008A2-A4 Airport System Revenue	387,625	2032	5.00-5.25%	387,625	5/16/2010	2016-2031
2008B Airport System Revenue[1]	81,800	2025	1.45%	78,800	1/2/2009	n/a
2008C1-C3 Airport System Revenue[1]	292,600	2025	0.95-1.00%	292,600	1/2/2009	n/a
2008 Commercial Paper	100,000	2009	1.10%	100,000	n/a	n/a
Total Denver Airport System				**4,099,775**		
Deferred amount on refundings				(295,180)		
Unamortized premium net of discount				63,519		
Net Denver Airport System				**3,868,114**		
Wastewater Management						
2002 Wastewater Revenue Bonds	30,700	2009-2022	4.25-5.50%	24,250	11/1/2012	n/a
Unamortized premium				68		
Total Wastewater Management				**24,318**		
Golf Enterprise						
2005 Golf Enterprise Revenue Bonds	7,365	2009-2020	4.375-5.50%	6,110	9/1/2016	2010-2018
Unamortized Premium				50		
Total Golf Enterprise				**6,160**		

continued

Combined Schedule of Bonds Payable, Commercial Paper, and Escrows - continued

December 31, 2008 (dollars in thousands)

	Amount Issued	Maturity	Interest Rate	Amount Outstanding	1st Optional Call Date	Mandatory Sinking Fund Redemption
Water Board						
1999 Refunding General Obligation Bonds	$ 14,530	2010-2029	5.50-6.00%	$ 14,530	10/1/2013	n/a
2000 Refunding General Obligation Bonds	12,700	2011-2015	4.80-5.50%	3,245	10/1/2011	n/a
2001A Refunding General Obligation Bonds	11,215	2009-2016	4.00-4.70%	6,595	9/1/2011	n/a
2001B Refunding General Obligation Bonds	75,170	2009	4.00%	10,340	n/a	n/a
2002 Refunding General Obligation Bonds	11,610	2009-2022	3.125-4.50%	8,015	10/1/2012	n/a
2003A Revenue Bonds	50,000	2009-2023	2.50-5.00%	49,500	6/1/2013	n/a
2003B Revenue Bonds	77,155	2009-2016	3.75-5.00%	61,215	6/1/2013	n/a
2004 Revenue Bonds	43,655	2009-2024	4.125-5.50%	38,155	12/1/2014	n/a
2005 Revenue Bonds	30,000	2009-2025	3.25-5.25%	26,940	12/1/2015	2024
2007 Revenue Bonds	100,000	2012-2037	3.00-5.00%	100,000	12/15/2018	2021-2036
2008 Revenue Bonds	1,800	2009-2022	0.75%	1,680	n/a	2009-2036
Total Water Board				**320,215**		
Deferred amount on refunding				(953)		
Premium net of discount				4,487		
Net Water Board				**323,749**		
General Obligation						
1999A Various Purposes (mini-bonds)	3,134	2014	4.75%	3,133 [4]	not callable	n/a
2000 Various Purpose Bonds	29,000	2009-2015	4.75-5.10%	16,050	8/1/2010	n/a
2002 Art Museum Bonds	52,500	2009-2017	4.25-5.00%	35,410	8/1/2012	n/a
2003A Auditorium Theatre/Zoo Bonds	35,000	2009-2018	3.00-5.50%	19,965	8/1/2013	n/a
2003B Medical Facilities Bonds	148,000	2009-2018	4.00-5.00%	105,925	8/1/2013	n/a
2005 Justice System Facilities/Zoo Bonds	77,000	2009-2025	4.00-5.00%	66,700	8/1/2015	n/a
2006 Justice System Facilities Bonds	125,000	2009-2025	4.25-5.00%	125,000	8/1/2016	n/a
2007 Justice System Facilities (mini-bonds)	8,861	2022	4.75%	8,861 [4]	not callable	n/a
2008 Justice System Facilities	174,135	2009-2025	3.00-5.50%	170,635	not callable	n/a
2008 Commercial Paper	38,000	2008	0.90%	38,000	n/a	n/a
Total Primary Government				**589,679**		
Unamortized premium				34,540		
Net Primary Government				**624,219**		
1998 Gateway Village GID	2,000	2009-2018	6.00%	585	6/1/2009	n/a
2004 Gateway Village GID	2,010	2009-2012	3.00-3.40%	1,630	12/1/2009	n/a
Deferred amount on refunding				(57)		
Total General Obligation				**626,377**		
Excise Tax Revenues Bonds						
1999 Excise Tax Refunding	74,340	2009-2014	5.25-5.50%	36,945	9/1/2009	n/a
2001 Excise Tax Revenue Series A	186,500	2009-2010	4.00-5.00%	13,955	3/1/2011	n/a
2001 Excise Tax Revenue Series B[1]	75,000	2025	3.75%	74,000	1/2/2009	2021-2025
2003 Excise Tax Refunding	28,245	2009-2015	3.00-5.25%	17,040	5/1/2013	n/a
2005 Excise Tax Refunding	149,190	2009-2020	3.50-5.25%	148,990	not callable	n/a
Total Excise Tax Revenues Bonds				**290,930**		
Deferred amount on refunding				(2,433)		
Unamortized premium				12,132		
Net Excise Tax Revenue Bonds				**300,629**		
Total General Long-Term Debt				**927,006**		
Total Bonds Payable				**$ 5,149,347**		

[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 $1,805 and $731 of compound interest on the Series 1999A and 2007 mini-bonds, respectively.

Variable rate issues reflect rate in effect as of December 31, 2008

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-08
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	$ 96,210,605.00
3. Other local imposts (from page 2)	$ 1,207,962.00
4. Miscellaneous local receipts (from page 2)	$ 536.00
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)	$ 97,419,103.00
B. Private Contributions	$ -
C. Receipts from State government (from page 2)	$ 19,249,000.00
D. Receipts from Federal Government (from page 2)	$ -
E. Total receipts (A.7 + B + C + D)	$ 116,668,103.00

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	$ 54,531,068.00
2. Maintenance:	$ 15,332,854.00
3. Road and street services:	
a. Traffic control operations	$ 10,253,244.00
b. Snow and ice removal	$ 6,223,194.00
c. Other	$ 12,382,000.00
d. Total (a. through c.)	$ 28,858,438.00
4. General administration & miscellaneous	$ 2,901,340.00
5. Highway law enforcement and safety	$ 15,044,403.00
6. Total (1 through 5)	$ 116,668,103.00
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)	$ 116,668,103.00

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
	$ 116,668,103.00	$ 116,668,103.00		$ -

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.

LOCAL HIGHWAY FINANCE REPORT City and County of Denver	STATE: Colorado YEAR ENDING (mm/yy): Dec-08

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	$ 1,207,962.00	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.)	$ 1,207,962.00	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	$ 19,249,000.00	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)	$ 19,249,000.00	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		158,490	$ 158,490.00
b. Engineering Costs		5,685,770	$ 5,685,770.00
c. Construction:			
(1.) New Facilities		0	$ -
(2). Capacity Improvements		6,562,257	$ 6,562,257.00
(3). System Preservation		37,749,713	$ 37,749,713.00
(4). System Enhancement & Operation		4,374,838	$ 4,374,838.00
(5). Total Construction (1)+(2)+(3)+(4)	0	48,686,808	$ 48,686,808.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	54,531,068	$ 54,531,068.00
			(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

FORM FHWA-536 (Rev.12-96) PREVIOUS EDITIONS OBSOLETE

This page left blank intentionally.

Statistical

Contents

This part of the City and County of Denver's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's over financial health.

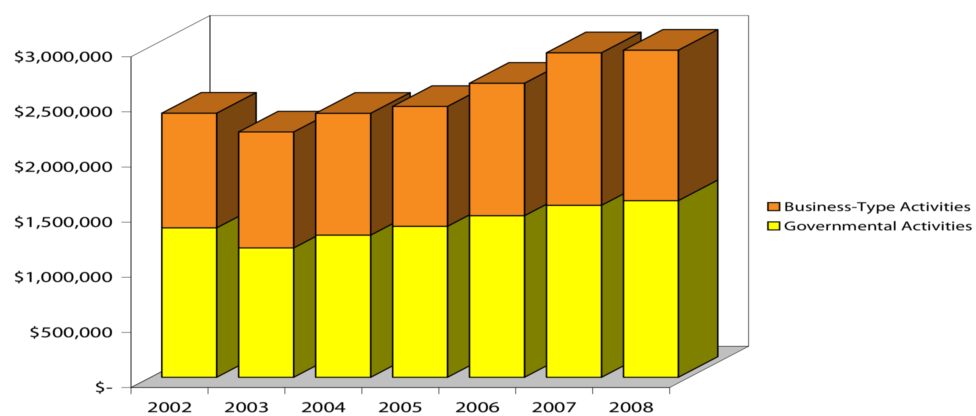
This page left blank intentionally.

Net Assets by Component

Last Seven Fiscal Years* (dollars in thousands - accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	$ 644,804	$ 744,167	$ 869,239	$ 958,776	$ 922,261	$ 1,170,496	$ 1,238,768
Restricted	82,085	85,203	173,850	212,958	168,361	274,159	340,270
Unrestricted	627,471	343,468	245,817	197,074	374,913	115,047	22,243
Total governmental activities net assets	**$ 1,354,360**	**$ 1,172,838**	**$ 1,288,906**	**$ 1,368,808**	**$ 1,465,535**	**$ 1,559,702**	**$ 1,601,281**
Business-type activities							
Invested in capital assets, net of related debt	$ 169,337	$ 92,613	$ 149,591	$ 84,598	$ 171,814	$ 317,488	$ 262,385
Restricted	379,620	459,196	496,591	572,175	546,394	678,687	681,263
Unrestricted	491,327	499,679	459,387	431,008	483,427	387,282	421,159
Total business-type activities net assets	**$ 1,040,284**	**$ 1,051,488**	**$ 1,105,569**	**$ 1,087,781**	**$ 1,201,635**	**$ 1,383,457**	**$ 1,364,807**
Primary government							
Invested in capital assets, net of related debt	$ 814,141	$ 836,780	$ 1,018,830	$ 1,043,374	$ 1,094,075	$ 1,487,984	$ 1,501,153
Restricted	461,705	544,399	670,441	785,133	714,755	952,846	1,021,533
Unrestricted	1,118,798	843,147	705,204	628,082	858,340	502,329	443,402
Total primary government net assets	**$ 2,394,644**	**$ 2,224,326**	**$ 2,394,475**	**$ 2,456,589**	**$ 2,667,170**	**$ 2,943,159**	**$ 2,966,088**

Primary Government Net Assets



The requirement for statistical data is ten years; only seven years are available at this time.

Changes in Net Assets

Last Seven Fiscal Years* (dollars in thousands - accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	$ 272,095	$ 185,756	$ 187,616	$ 210,158	$ 214,976	$ 262,209	$ 257,780
Public safety	371,437	363,706	365,856	428,094	435,094	475,728	536,382
Public works	129,251	99,233	92,968	104,375	103,687	79,496	134,698
Human services	118,171	107,614	100,488	98,766	112,754	132,535	139,895
Health	49,559	194,221	46,132	50,222	47,776	45,345	52,332
Parks and recreation	73,299	63,166	61,025	58,866	64,003	63,778	105,232
Cultural activities	87,960	82,313	73,912	66,188	86,490	89,967	62,499
Community development	45,078	67,185	38,013	36,864	31,964	47,098	39,945
Economic opportunity	24,357	22,803	19,417	18,723	20,362	26,280	31,647
Interest on long-term debt	31,857	44,843	54,572	52,498	55,772	54,592	76,073
Total governmental activities	**1,203,064**	**1,230,840**	**1,039,999**	**1,124,754**	**1,172,878**	**1,277,028**	**1,436,483**
Business-type activities:							
Wastewater management	62,399	65,473	70,260	57,829	66,488	76,298	75,122
Denver airport system	596,076	588,437	588,126	686,315	617,250	679,022	780,501
Stadium	1,298	-	-	-	-	-	-
Environmental services	5,638	9,480	9,315	11,864	5,076	12,319	6,336
Golf course	7,707	7,462	6,856	7,535	8,279	6,570	8,252
Total business-type activities	**673,118**	**670,852**	**674,557**	**763,543**	**697,093**	**774,209**	**870,211**
Total primary government expenses	**$ 1,876,182**	**$ 1,901,692**	**$ 1,714,556**	**$ 1,888,297**	**$ 1,869,971**	**$ 2,051,237**	**$ 2,306,694**
Program Revenues							
Governmental activities:							
Charges for services:							
General government	$ 42,754	$ 47,395	$ 58,075	$ 66,067	$ 71,106	$ 51,541	$ 76,106
Public safety	51,556	52,897	52,738	56,666	62,015	64,802	67,396
Public works	38,449	39,010	38,094	35,163	41,541	39,439	50,812
Community development	17,414	18,413	17,660	19,246	20,357	23,202	19,288
Other activities	40,800	27,546	25,177	25,992	36,088	38,044	47,862
Operating grants and contributions:							
General government	16,447	16,116	15,862	14,731	18,210	18,578	19,356
Public safety	21,846	18,547	24,311	31,990	25,487	29,266	69,663
Public works	24,285	21,444	22,023	20,833	29,432	32,333	29,902
Human services	83,280	71,070	64,459	63,135	76,593	82,879	82,004
Community development	55,058	35,518	36,991	18,138	15,859	26,151	19,282
Other activities	23,835	24,826	21,122	18,430	22,429	22,373	27,653
Capital grants and contributions:							
Public works	7,619	5,597	12,485	37,517	42,078	9,207	8,822
Other activities	7,549	8,216	25,303	14,008	15,828	16,809	7,997
Total governmental activities program revenues	**430,892**	**386,595**	**414,300**	**421,916**	**477,023**	**454,624**	**526,143**

continued

Changes in Net Assets - continued

Last Seven Fiscal Years* (dollars in thousands - accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008
Business-type activities:							
Charges for services:							
Wastewater enterprises	64,113	65,827	67,091	70,220	73,684	75,750	76,590
Denver airport system	435,523	438,345	477,665	494,491	500,810	530,151	540,760
Other activities	13,668	11,923	13,290	14,512	14,609	16,773	15,936
Operating grants and contributions:							
Denver airport system	67,304	63,674	62,304	84,240	94,076	97,515	106,173
Capital grants and contributions:							
Wastewater enterprises	7,357	15,205	13,509	10,727	7,202	9,906	7,690
Denver airport system	91,152	40,542	62,205	31,547	29,188	2,426	14,392
Total business-type activities program revenues	**679,117**	**635,516**	**696,064**	**705,737**	**719,569**	**732,521**	**761,541**
Total primary government program revenues	**$ 1,110,009**	**$ 1,022,111**	**$ 1,110,364**	**$ 1,127,653**	**$ 1,196,592**	**$ 1,187,145**	**$ 1,287,684**
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property	$ 139,112	$ 148,213	$ 179,497	$ 212,778	$ 217,119	$ 227,188	$ 274,809
Sales and use	394,160	385,361	381,891	412,288	420,693	455,436	468,137
Other	114,262	117,304	117,162	110,918	121,539	151,387	136,211
Investment and interest income	30,695	12,473	14,449	16,612	26,287	39,990	34,340
Other revenue	27,589	28,888	48,428	30,026	35,442	40,309	38,157
Special item loss on revised capital lease	-	(27,985)	-	-	-	-	-
Transfers	10,508	756	340	118	(28,498)	2,261	265
Total governmental activities	**716,326**	**665,010**	**741,767**	**782,740**	**792,582**	**916,571**	**951,919**
Business-type activities:							
Investment and interest income	46,353	27,626	24,982	39,760	62,814	87,885	90,279
Other revenue	8,722	19,670	7,932	376	66	33	6
Transfers	(10,508)	(756)	(340)	(118)	28,498	(2,261)	(265)
Total business-type activities	**44,567**	**46,540**	**32,574**	**40,018**	**91,378**	**85,657**	**90,020**
Total General Revenues and Other Changes in Net Assets	**$ 760,893**	**$ 711,550**	**$ 774,341**	**$ 822,758**	**$ 883,960**	**$ 1,002,228**	**$ 1,041,939**
Changes in Net Assets							
Governmental activities	$ (55,846)	$ (179,235)	$ 116,068	$ 79,902	$ 96,727	$ 94,167	$ 41,579
Business activities	50,566	11,204	54,081	(17,788)	113,854	43,969	(18,650)
Total primary government	**$ (5,280)**	**$ (168,031)**	**$ 170,149**	**$ 62,114**	**$ 210,581**	**$ 138,136**	**$ 22,929**

**The requirement for statistical data is ten years; only seven years are available at this time.*

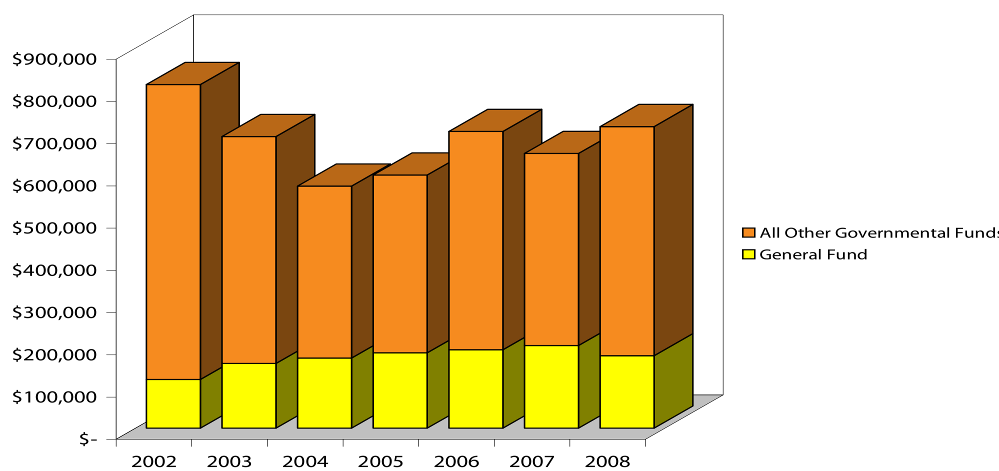
This page left blank intentionally.

Fund Balances of Governmental Funds

Last Seven Fiscal Years* (dollars in thousands - modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	$ 37,410	$ 64,450	$ 58,838	$ 57,938	$ 56,842	$ 40,817	$ 21,887
Unreserved	77,928	88,857	107,123	120,632	128,814	154,774	149,562
Total General Fund	**$ 115,338**	**$ 153,307**	**$ 165,961**	**$ 178,570**	**$ 185,656**	**$ 195,591**	**$ 171,449**
All other governmental funds							
Reserved	$ 436,583	$ 395,899	$ 256,762	$ 242,792	$ 278,996	$ 338,498	$ 183,353
Unreserved:							
Special revenue funds	64,190	68,058	87,541	64,599	61,626	96,139	97,139
Capital projects funds	194,361	70,016	59,542	110,099	172,918	16,871	258,295
Permanent funds	3,167	3,147	3,359	3,412	3,285	3,387	3,936
Total all other governmental funds	**$ 698,301**	**$ 537,120**	**$ 407,204**	**$ 420,902**	**$ 516,825**	**$ 454,895**	**$ 542,723**

Fund Balances of Governmental Funds



The requirement for statistical data is ten years; only seven years are available at this time.

Changes in Fund Balances of Governmental Funds

Last Seven Fiscal Years* (dollars in thousands - modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008
Revenues							
Property taxes	$ 139,112	$ 148,213	$ 179,497	$ 212,778	$ 217,119	$ 227,188	$ 274,809
Sales and use taxes	394,160	385,361	381,891	417,079	420,693	455,436	468,137
Other taxes	113,307	116,308	116,507	123,326	121,539	150,017	136,211
Special assessments	955	996	655	1,467	1,359	1,370	1,394
Licenses and permits	17,358	21,401	23,667	26,173	27,438	29,383	29,364
Intergovernmental revenues	202,427	177,461	192,256	170,760	188,010	211,351	247,386
Charges for services	123,794	128,264	130,888	121,920	160,030	156,564	189,494
Investment and interest income	30,695	12,473	14,449	16,612	26,287	39,990	34,340
Fines and forfeitures	33,338	33,559	33,512	32,844	36,856	37,013	41,473
Contributions	3,130	7,009	18,951	13,698	15,871	8,668	9,022
Other revenue	61,457	52,247	37,520	26,729	38,246	40,376	40,167
Total revenues	**1,119,733**	**1,083,292**	**1,129,793**	**1,163,386**	**1,253,448**	**1,357,356**	**1,471,797**
Expenditures							
General government	218,320	183,328	166,375	170,543	203,266	236,694	255,008
Public safety	353,887	352,755	364,355	427,634	437,632	470,978	534,984
Public works	79,012	74,641	67,957	69,247	74,339	96,313	125,668
Human services	120,481	105,784	98,234	98,041	112,112	129,451	139,013
Health	47,856	46,138	45,767	46,533	47,739	48,694	52,191
Parks and recreation	45,112	51,707	48,840	50,224	52,297	59,791	100,928
Cultural activities	60,680	52,560	54,226	66,901	81,307	72,974	40,826
Community development	45,796	54,955	44,273	41,062	34,069	53,877	37,808
Economic opportunity	24,369	22,551	19,130	17,702	20,512	26,122	31,486
Principal retirement	44,175	84,540	66,784	88,669	79,837	81,685	70,807
Interest	30,524	38,884	56,037	52,227	56,525	53,387	82,598
Bond issue costs	-	-	297	205	1	421	833
Capital outlay	234,944	497,190	211,182	102,394	88,695	95,821	210,430
Total Expenditures	**1,305,156**	**1,565,033**	**1,243,457**	**1,231,382**	**1,288,331**	**1,426,208**	**1,682,580**
Deficiency of revenues under expenditures	(185,423)	(481,741)	(113,664)	(67,996)	(34,883)	(68,852)	(210,783)

continued

Changes in Fund Balances of Governmental Funds, continued

Last Seven Fiscal Years* (dollars in thousands - modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses)							
Proceeds from sale of capital assets	494	1,033	1,038	5,057	8	5,724	2,526
Developer advance	-	-	92	-	43	-	-
Repayment of developer advance	-	-	-	-	(375)	-	-
GID bonds issued	-	-	2,411	-	-	-	-
Payment to refunding escrow	-	-	(2,287)	(165,529)	-	-	-
Proceeds from certificates of participation	32,530	63,330	-	-	-	-	-
Excise tax revenue bonds issue	-	28,245	-	149,190	-	-	-
Capital leases	-	55,160	3,808	62,342	-	-	20,780
Refunding of capital lease	-	-	-	(55,985)	-	-	-
Capital leases restructured	-	-	-	-	-	-	260,000
Payment to escrow	-	-	-	-	-	-	(250,290)
Commercial paper issued	-	-	-	-	-	-	38,000
Other financing sources	33	-	-	-	-	-	-
General obligation bonds issued	52,500	183,000	-	77,000	125,000	8,861	174,135
Bond premium	-	20,297	-	21,296	10,408	-	17,407
Proceeds from sale of registered coupons	-	-	-	-	-	-	11,610
Insurance recoveries	-	-	-	397	99	11	86
Transfers in	117,338	111,527	81,200	92,325	79,514	85,346	111,590
Transfers out	(113,604)	(124,171)	(89,860)	(91,790)	(76,805)	(83,085)	(111,375)
Total other financing sources (uses)	**89,291**	**338,421**	**(3,598)**	**94,303**	**137,892**	**16,857**	**274,469**
Net change in fund balances	**$ (96,132)**	**$ (143,320)**	**$ (117,262)**	**$ 26,307**	**$ 103,009**	**$ (51,995)**	**$ 63,686**
Debt service as a percentage of noncapital expenditures	6.3%	9.7%	12.2%	12.1%	11.1%	10.7%	10.8%

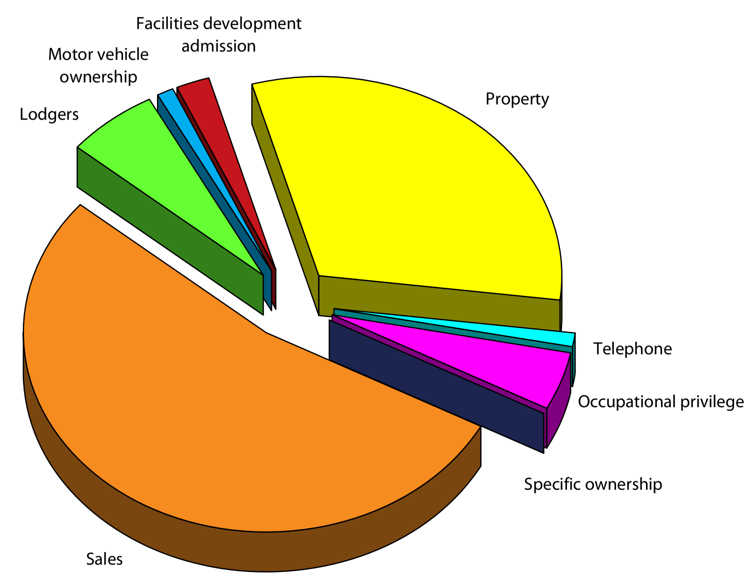
**The requirement for statistical data is ten years; only seven years are available at this time.*

Governmental Activities Tax Revenues by Source

Last Seven Fiscal Years* (dollars in thousands - modified accrual basis of accounting)

Taxes	2002	2003	2004	2005	2006	2007	2008
Facilities development admission	$ 7,729	$ 8,181	$ 7,637	$ 9,174	$ 9,761	$ 10,092	$ 10,016
Lodgers	27,340	27,333	28,036	32,725	43,258	49,651	53,773
Motor vehicle ownership fee	14,894	15,476	16,655	16,815	15,884	16,963	19,514
Occupational privilege	41,026	41,191	40,138	41,500	41,502	42,751	43,040
Property	139,400	148,410	179,826	212,778	217,119	227,188	274,809
Sales	394,160	385,361	381,891	412,288	420,693	455,436	468,137
Specific ownership	57	58	59	62	60	64	54
Taxicab operators	71	31	35	-	-	-	-
Telephone	9,376	9,075	7,422	9,175	11,074	9,918	9,814
Total primary government taxes	**$ 634,053**	**$ 635,116**	**$ 661,699**	**$ 734,517**	**$ 759,351**	**$ 812,063**	**$ 879,157**

2008 Tax Revenues by Source



Note: *2006, 2007, and 2008 property taxes include taxes of $28,725,000, $28,990,000 and $30,135,000 for Fire and Police Pension Association. This was previously disclosed in the agency funds.*

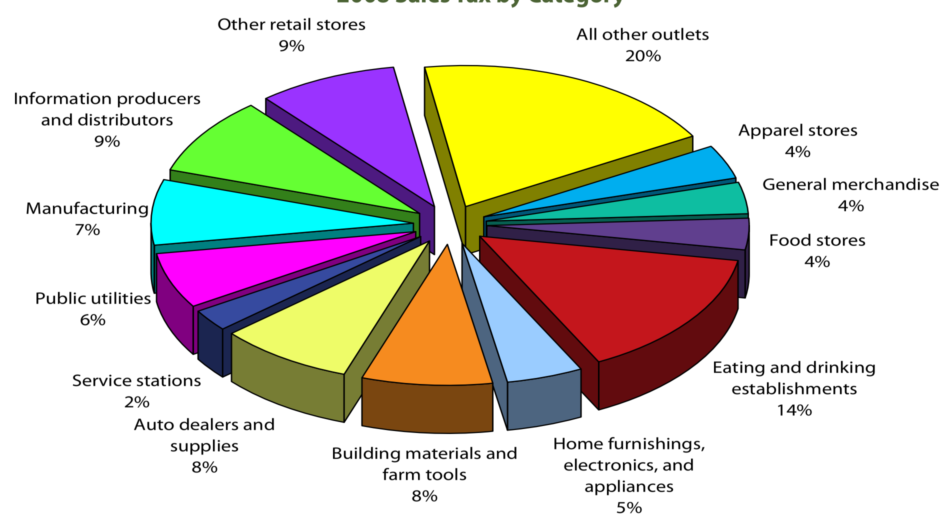
**The requirement for statistical data is ten years; only seven years are available at this time.*

Sales Tax by Category

Last Ten Calendar Years (dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Apparel stores	$ 9,964	$ 10,375	$ 10,682	$ 10,699	$ 10,676	$ 14,380	$ 15,207	$ 15,179	$ 16,474	$ 17,691
General merchandise	17,581	18,500	17,970	17,755	18,077	16,583	16,356	16,892	16,209	16,953
Food stores	9,917	9,641	10,234	9,649	9,441	15,420	15,845	16,729	16,210	17,961
Eating and drinking establishments	56,665	58,424	60,022	61,427	62,948	53,763	56,824	60,252	60,097	67,878
Home furnishings, electronics and appliances	67,335	75,208	76,908	65,422	71,162	17,727	20,255	21,268	21,543	22,461
Building materials and farm tools	36,795	38,984	40,847	45,944	42,225	35,058	39,322	39,353	35,826	37,741
Auto dealers and supplies	68,289	75,824	77,657	70,827	71,332	40,394	38,860	38,093	38,350	39,584
Service stations	-	-	-	-	-	14,597	13,390	13,702	11,942	10,719
Public utilities	-	-	-	-	-	21,928	24,598	25,068	24,503	30,145
Manufacturing	-	-	-	-	-	31,124	33,720	35,808	34,033	34,947
Information producers and distributors	-	-	-	-	-	34,329	37,376	39,768	36,164	41,431
Other retail stores	128,956	176,840	146,777	112,437	99,500	28,409	27,543	25,506	44,383	40,913
All other outlets	-	-	-	-	-	58,179	77,783	73,075	99,702	89,713
Total	**$ 395,502**	**$ 463,796**	**$ 441,097**	**$ 394,160**	**$ 385,361**	**$ 381,891**	**$ 417,079**	**$ 420,693**	**$ 455,436**	**$ 468,137**
City direct sales tax rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

2008 Sales Tax by Category



Note: *Beginning in 2003 data was tracked by NAICS code rather than SIC code and the number of categories was expanded in order to provide more detail when tracking revenues. This change was not done retroactively, so data in 2003 and prior has no corresponding NAICS information for these categories.*

Source: *Denver Controller's Office*

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Vacant property	$ 104,289	$ 95,301	$ 107,816	$ 98,117	$ 157,090	$ 141,131	$ 185,080	$ 172,889	$ 198,284	$ 210,633
Residential property	2,575,404	2,645,155	3,359,931	3,432,857	3,583,839	3,669,393	3,840,654	3,933,051	4,394,658	4,510,588
Commercial property	2,252,828	2,284,608	2,830,244	2,868,476	3,107,218	3,134,198	3,304,533	3,340,741	4,372,532	4,383,397
Industrial property	102,992	102,015	110,394	109,900	121,464	116,022	122,717	120,660	130,130	125,108
Agricultural property	325	332	39	35	77	40	288	49	113	56
Oil and gas property	-	21	1,828	935	898	761	929	1,043	1,279	3,286
Personal property	703,529	743,538	760,173	705,114	726,988	728,422	728,843	715,287	779,600	792,393
State assessed property	559,155	620,867	715,041	785,876	734,170	743,202	760,124	750,830	784,031	837,783
Total taxable assessed value	**$ 6,298,522**	**$ 6,491,837**	**$ 7,885,466**	**$ 8,001,310**	**$ 8,431,744**	**$ 8,533,169**	**$ 8,943,168**	**$ 9,034,550**	**$ 10,660,627**	**$ 10,863,244**
Total direct tax rate	67.299	67.321	58.745	59.855	64.162	64.402	66.202	66.948	66.897	66.783
Estimated actual taxable value	**$ 39,279,855**	**$ 40,422,071**	**$ 52,321,631**	**$ 53,268,701**	**$ 61,738,950**	**$ 62,867,794**	**$ 65,842,159**	**$ 66,999,158**	**$ 76,813,114**	**$ 78,563,808**
Assessed value as a percentage of estimated actual value	16.0%	16.1%	15.1%	15.0%	13.7%	13.6%	13.6%	13.5%	13.9%	13.8%

Note: *The TABOR amendment, which was approved by Colorado voters in 1992, requires all assessors to use only the market approach in valuing residential property. For commercial real property, the income approach is generally the appropriate method to use in estimating value. Under Colorado law, all assessors must reappraise real property every two years; this occurs in every odd-numbered year (2003, 2005, 2007, etc). If home sales have been very active, and home prices have been increasing, then the property value and assessment for many types and styles of homes typically will increase during these reappraisals. Property tax is determined by the mill levy, which is set in December of each year by the taxing authorities in Denver (the school district, city council, special districts, etc.)*

Taxable assessed values are reported net of tax-exempt property.

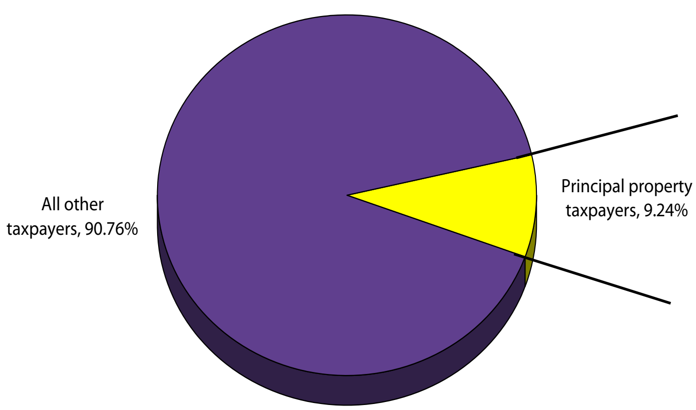
Source: *Abstract of Assessment documents*

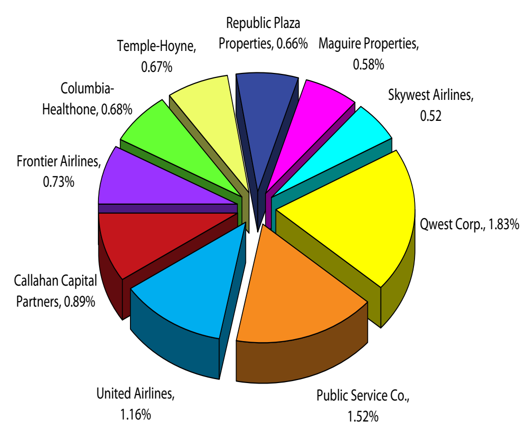
Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

	2008				1999			
Taxpayer		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Qwest Corp.	$	198,396	1	1.83%				
Public Service Co.		164,862	2	1.52%	$	133,732	2	2.12%
United Airlines, Inc.		125,728	3	1.16%		116,032	3	1.84%
Callahan Capital Partners		96,813	4	0.89%				
Frontier Airlines		78,783	5	0.73%				
Columbia-Healthone, LLC		74,173	6	0.68%		63,171	5	1.00%
Temple-Hoyne Buell Foundation		73,060	7	0.67%		51,691	8	0.82%
Republic Plaza Properties		71,261	8	0.66%		52,232	7	0.83%
Maguire Properties - Denver Center, LLC		63,074	9	0.58%				
Skywest Airlines		56,395	10	0.52%				
U. S. West						164,752	1	2.62%
Equity Office Properties						79,707	4	1.27%
Crescent Real Estate Funding						61,195	6	0.97%
Cornerstone Denver, LLC						31,388	9	0.50%
Denver Plaza Associates, Ltd.						29,753	10	0.47%
Totals	**$**	**1,002,545**		**9.24%**	**$**	**783,653**		**12.44%**

2008 Principal Property Taxpayers





Source: *Denver County Assessor*

Property Tax Levies and Collections

Last Ten Fiscal Years (dollars in thousands)

General Fund

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
1999	61,938	$ 483	$ 61,167	99.54%	$ (178)	$ 61,472	99.25%	$ 78
2000	63,456	445	62,549	99.27%	317	63,311	99.77%	116
2001	67,297	574	66,033	98.97%	132	66,739	99.17%	
2002	69,763	563	67,394	97.41%	1,265	69,222	99.22%	
2003	72,151	529	70,800	98.86%	(135)	71,194	98.67%	
2004	73,536	462	72,317	98.97%	1	72,780	98.97%	
2005	75,646	561	74,192	98.82%	(227)	74,526	98.52%	
2006	79,818	571	78,698	99.31%	(132)	79,137	99.15%	
2007	63,216	437	62,213	99.10%	-	62,650	99.10%	
2008	65,079	510	n/a	0.78%	-	-	-	

Bond Principal Fund

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
1999	29,279	$ 228	$ 28,915	99.54%	$ (84)	$ 29,059	99.25%	$ 18
2000	29,997	211	29,567	99.27%	150	29,928	99.77%	26
2001	31,424	268	30,838	98.99%	58	31,164	99.17%	
2002	36,189	292	34,957	97.40%	659	35,908	99.22%	
2003	50,995	374	50,040	98.86%	(95)	50,319	98.67%	
2004	51,348	323	50,494	98.97%	3	50,820	98.97%	
2005	53,381	396	52,355	98.82%	(160)	52,591	98.52%	
2006	59,356	425	58,523	99.31%	(98)	58,850	99.15%	
2007	47,618	329	46,862	99.10%		47,191	99.10%	
2008	45,532	357	n/a	0.78%	-	-	-	

Bond Interest Fund

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
1999	14,051	$ 110	$ 13,876	99.54%	$ (40)	$ 13,946	99.25%	$ 18
2000	14,396	101	14,190	99.27%	72	14,363	99.77%	26
2001	10,406	89	10,212	98.99%	18	10,319	99.16%	
2002	13,619	109	13,157	97.41%	248	13,514	99.23%	
2003	17,922	131	17,586	98.86%	(33)	17,684	98.67%	
2004	18,046	113	17,746	98.96%	1	17,860	98.97%	
2005	18,668	138	18,310	98.82%	(56)	18,392	98.52%	
2006	12,842	92	12,662	99.31%	(21)	12,733	99.15%	
2007	36,921	255	36,336	99.11%	-	36,591	99.11%	
2008	31,679	248	n/a	0.78%	-	-	-	

continued

Property Tax Levies and Collections, continued

Last Ten Fiscal Years (dollars in thousands)

Human Services Fund

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
1999	27,818	$ 217	$ 27,472	99.54%	$ (80)	$ 27,609	99.25%	$ 18
2000	28,500	200	28,093	99.27%	142	28,435	99.77%	52
2001	30,224	258	29,672	99.03%	43	29,973	99.17%	
2002	31,325	253	30,258	97.40%	571	31,082	99.22%	
2003	39,420	289	38,681	98.86%	(73)	38,897	98.67%	
2004	40,077	252	39,411	98.97%	3	39,666	98.97%	
2005	41,334	306	40,541	98.82%	(124)	40,723	98.52%	
2006	42,841	265	42,281	99.31%	(71)	42,475	99.15%	
2007	46,545	322	45,806	99.10%	-	46,128	99.10%	
2008	47,966	376	n/a	0.78%	-	-	-	

Capital Improvement and Maintenance Funds

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
1999	-	$ -	$ -	-	$ -	$ -	-	$ -
2000	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	
2002	-	-	-	-	-	-	-	
2003	-	-	-	-	-	-	-	
2004	-	-	-	-	-	-	-	
2005	-	-	-	-	-	-	-	
2006	-	-	-	-	-	-	-	
2007	47,969	332	47,208	99.11%	-	47,540	99.11%	
2008	49,402	386	n/a	0.78%	-	-	-	

Total

	Taxes levied	Prepaid amounts collected within the fiscal year of the levy	Amount collected in year due	Percentage of levy prepaid and collected in year due	Collections in subsequent years [1]	Total collections to date: Amount	Total collections to date: Percentage of levy	Cancellations [2]
1999	133,086	1,038	131,430	99.54%	(382)	132,086	99.25%	151
2000	136,349	957	134,399	99.27%	681	136,037	99.77%	249
2001	139,351	1,189	136,755	98.99%	251	138,195	99.17%	
2002	150,896	1,217	145,766	97.41%	2,743	149,726	99.22%	
2003	180,488	1,323	177,107	98.86%	(336)	178,094	98.67%	
2004	183,007	1,150	179,968	98.97%	8	181,126	98.97%	
2005	189,029	1,401	185,398	98.82%	(567)	186,232	98.52%	
2006	194,857	1,353	192,164	99.31%	(322)	193,195	99.15%	
2007	242,269	1,675	238,425	99.10%	-	240,100	99.10%	
2008	239,658	1,877	n/a	0.78%	-	-	-	

1 *Net of adjustments based upon the appeals process.*

2 *Taxes are determined to be uncollectable after six (6) years from the date of becoming delinquent are cancelled as authorized by C.R.S. 39-10-114(2)(b).*

Note: *The property tax is certified by the City's Assessor on or before December 15 of each year, unless there is a special election. 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.*

Source: *Denver Controller's Office*

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities										
General obligation bonds	$ 303,114	$ 295,740	$ 268,226	$ 280,505	$ 424,524	$ 378,977	$ 404,667	$ 472,309	$ 422,924	$ 551,680
Commercial paper notes	-	-	-	-	-	-	-	-	-	38,000
Special assessment bonds	2,275	1,495	975	885	460	290	260	-	-	
Excise tax revenue bonds	122,065	115,715	367,635	358,575	343,840	335,205	320,585	313,920	304,105	290,930
Certificates of participation	64,907	85,115	133,253	161,551	217,970	208,610	-	-	-	-
Capital leases	22,187	212,031	209,129	204,992	256,034	257,399	445,429	430,477	416,914	435,306
Unamortized premium	-	-	-	2,172	21,557	19,901	39,116	40,415	35,646	46,672
Unamortized gain of refunding	-	-	-	-	-	-	3,062	2,852	2,642	2,432
Line of credit	-	-	-	-	11,915	11,915	8,996	5,209	735	770
Note payable	-	-	-	-	22,395	15,901	14,832	16,082	14,038	14,532
Business-Type Activities										
Revenue bonds	4,045,715	4,120,709	4,038,167	4,109,355	4,158,358	4,115,355	4,010,932	3,903,190	4,230,760	4,130,135
Unamortized (discount)/premium	(146,655)	(113,225)	(47,966)	(12,241)	(13,880)	(12,792)	9,660	39,317	58,554	63,637
Deferred loss (gain) on refunding	(110,177)	(158,573)	(225,536)	(261,404)	(252,165)	(244,015)	(275,305)	(301,054)	(303,121)	(295,180)
Capital leases	8,161	12,730	6,384	-	5,105	3,114	1,062	-	-	-
Certificates of participation	6,215	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	60,000	76,213	56,763	88,985	61,671	63,648
Total primary government	**$ 4,317,807**	**$ 4,571,737**	**$ 4,750,267**	**$ 4,844,390**	**$ 5,256,113**	**$ 5,166,073**	**$ 5,040,059**	**$ 5,011,702**	**$ 5,244,868**	**$ 5,342,562**
Percentage of personal income	22.43%	21.02%	20.18%	20.42%	21.68%	20.22%	18.93%	17.34%	16.95%	n/a
Per capita	8,508	8,243	8,413	8,610	9,263	9,023	8,694	8,604	8,859	8,860

Note: *Details regarding the City's outstanding debt can be found in the notes to the financial statements.*

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years (dollars in thousands, except per capita amount)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General obligation bonds	$ 303,114	$ 295,740	$ 268,226	$ 280,505	$ 424,524	$ 378,977	$ 404,667	$ 472,309	$ 422,924	$ 551,679
Less amounts available in debt service fund	(28,608)	(28,607)	(25,469)	(22,029)	(18,450)	(23,485)	(23,683)	(19,288)	(19,930)	(21,751)
Total	**$ 274,506**	**$ 267,133**	**$ 242,757**	**$ 258,476**	**$ 406,074**	**$ 355,492**	**$ 380,984**	**$ 453,021**	**$ 402,994**	**$ 529,928**
Percentage of estimated actual taxable value of property	0.70%	0.66%	0.46%	0.49%	0.66%	0.57%	0.58%	0.68%	0.53%	0.67%
Per capita	$ 541	$ 482	$ 430	$ 459	$ 716	$ 621	$ 657	$ 778	$ 681	$ 885

Note: *Details regarding the City outstanding debt can be found in the notes to the financial statement.*

Direct and Overlapping Governmental Activities Debt

December 31, 2008 (dollars in thousands)

	Debt Outstanding	Percentage Applicable	City and County of Denver Share of Debt
Direct Debt			
General long-term debt	$ 892,466 [1]		
Denver Airport System bonds	3,868,114		
Wastewater Management bonds	24,318		
Golf bonds	6,160		
Water Board bonds	323,749		
Gross Bonded Debt	**5,114,807**		
Less self supporting-bonds:			
Gateway Village bonds	2,158		
Golf bonds	6,160		
Excise tax revenue bonds	300,629		
Denver Airport System bonds	3,868,114		
Wastewater Management bonds	24,318		
Water Board bonds	323,749		
Less amount reserved for long-term debt	21,751		
Total Net Direct Debt	**567,928**		
Overlapping Debt			
Denver Metropolitan Football Stadium District	115,418	30.2% [2]	$34,856
Regional Transportation District	948,275	30.2% [2]	286,379
Metro Wastewater Reclamation District	69,266	35.0% [3]	24,243
School District #1	616,042	100.0%	616,042
Total Overlapping Debt	**1,749,001**		**961,520**
Total Net Direct and Overlapping Debt	**$ 2,316,929**		**$ 1,529,448**

[1] *Does not include $34,540 unamortized premium on general obligation bonds.*

[2] *Percentage calculated on estimated Scientific and Cultural Facilities District sales and use tax for Denver City and County compared to State total, per the Colorado Department of Revenue, Office of Research and Analysis.*

[3] *Percentage calculated on Denver's wastewater charges compared to the entire metro district per Metro Wastewater Reclamation District.*

Legal Debt Margin Information

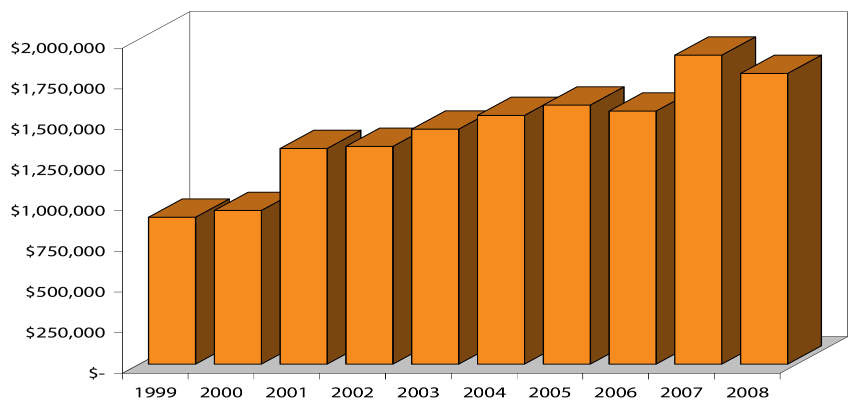
Last Ten Fiscal Years (dollars in thousands)

Calculation of Legal Debt Margin for Fiscal Year 2008

Total Estimated Actual Valuation	**$ 78,563,808**
Maximum general obligation debt, limited to 3% of total valuation	$2,356,914
Outstanding bonds chargeable to limit	589,679
Less amount reserved for long-term debt	21,751
Net chargeable to bond limit	**567,928**
Legal Debt Margin – December 31	**$1,788,986**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	$ 1,178,396	$ 1,212,662	$ 1,569,649	$ 1,598,061	$ 1,852,139	$ 1,886,034	$ 1,975,265	$ 2,009,975	$ 2,304,393	$2,356,914
Total net debt application to limit	274,506	267,133	242,757	258,476	406,074	355,492	380,984	453,021	402,994	567,928
Legal debt margin	**$ 903,890**	**$ 945,529**	**$ 1,326,892**	**$ 1,339,585**	**$ 1,446,065**	**$ 1,530,542**	**$ 1,594,281**	**$ 1,556,954**	**$ 1,901,399**	**$ 1,788,986**
Total net debt applicable to the limit as a percentage of debt limit	**23.29%**	**22.03%**	**15.47%**	**16.17%**	**21.92%**	**18.85%**	**19.29%**	**22.54%**	**17.49%**	**24.10%**

Legal Debt Margin



Note: *Section 7.2.5, Charter of the City and County of Denver: The City and County of Denver shall not become indebted for general obligation bonds, to any amount, which, including indebtdness, shall exceed three percent of the actual value as determined by the last final assessment of the taxable property within the City and County of Denver.*

Convention Center Excise Pledged-Revenue Coverage

Last Nine Fiscal Years* (dollars in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Pledged lodger's tax revenues	$ 10,005	$ 9,099	$ 8,418	$ 8,359	$ 8,626	$ 10,068	$ 12,074	$ 13,857	$ 15,006
Pledged food and beverage tax revenues	7,764	7,804	7,833	7,840	8,201	8,537	9,326	10,396	10,720
Pledged short-term auto rental tax revenues	6,632	6,164	5,876	5,776	6,103	6,673	7,116	7,957	7,721
Other sources	1,486	1,381	688	730	243	441	677	1,026	849
Total pledged excise tax base	**$ 25,887**	**$ 24,448**	**$ 22,815**	**$ 22,705**	**$ 23,173**	**$ 25,719**	**$ 29,193**	**$ 33,236**	**$ 34,296**
Debt service (1999A bonds)	$ 7,377	$ 7,378	$ 7,384	$ 7,382	$ 7,376	$ 7,376	$ 7,380	$ 7,383	$ 7,380
Pledged excise tax base remaining after payment of 1999A bonds debt service	**$ 18,510**	**$ 17,070**	**$ 15,431**	**$ 15,323**	**$ 15,797**	**$ 18,343**	**$ 21,813**	**$ 25,853**	**$ 26,916**
Pledged short-term auto rental increase	5,753	5,380	5,110	5,066	5,353	5,552	6,227	6,962	6,756
Pledged lodgers' tax increase	5,653	5,262	4,907	4,874	5,032	5,875	7,043	8,083	8,754
Available for Series 2001A, 2001B and 2005A Bonds debt service	**$ 29,916**	**$ 27,712**	**$ 25,448**	**$ 25,263**	**$ 26,182**	**$ 29,770**	**$ 35,083**	**$ 40,898**	**$ 42,426**
Debt service (2001A, 2001B and 2005A bonds)	$ -	$ 16,620	$ 11,618	$ 11,923	$ 12,630	$ 14,120	$ 11,507	$ 13,165	$ 16,365
Coverage	3.51	1.67	2.19	2.12	2.07	2.11	3.05	3.11	2.59
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Note: *The pledged excise tax base is funded by portions of the lodger's tax (3%), short-term auto rental tax (2%), and food and beverage tax (.5%). The pledged excise tax base is used to pay the debt service on the series 1999A Excise Tax Bonds. The pledged excise tax increase is funded by portions of the lodger's tax (1.75%) and short-term auto rental tax (1.75%). The pledged excise tax increase can only be used to pay the 2001A, 2001B, and 2005A Excise Tax Bonds. Any deficiency in the pledged excise tax increase revenue is covered by excess funds in the pledged excise tax base. All of the bond issuances funded the expansion of the Colorado Convention Center.*

Wastewater Management Fund Pledged-Revenue Coverage

Last Seven Fiscal Years* (dollars in thousands)

	2002	2003	2004	2005	2006	2007	2008
Net pledged revenues	$ 21,660	$ 26,540	$ 22,800	$ 24,144	$ 22,873	$ 14,993	$ 16,013
Series 2002 combined average debt service requirements	$ 2,467	$ 2,451	$ 2,446	$ 2,441	$ 2,449	$ 2,450	$ 2,387
Debt service coverage ratio	8.78	10.83	9.32	9.89	9.34	6.12	6.71
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Wasterwater bonds were issued in 2002

Note: *The Wastewater Management bonds are secured by the net revenues derived from the operation of Wastewater Management's Storm Drainage Facilities and Sanitary Sewer Facilities.*

Golf Fund Pledged-Revenue Coverage

Last Seven Fiscal Years* (dollars in thousands)

	2002	2003	2004	2005	2006	2007	2008
Net pledged revenues	n/a	n/a	n/a	n/a	$ 628	$ 2,590	$ 1,114
Rate maintenance account	n/a	n/a	n/a	n/a	$ 240	$ 240	$ 240
Available fund balance	n/a	n/a	n/a	n/a	$ 10,432	$ 12,507	$ 12,883
Annual debt service requirement	n/a	n/a	n/a	n/a	$ 684	$ 687	$ 682
Service coverage ratio	n/a	n/a	n/a	n/a	1.27	4.12	1.99
Required coverage	n/a	n/a	n/a	n/a	1.35	1.35	1.35

Golf bonds were issued in 2006

Note: *The Golf bonds were issued to fund improvement to the City-owned golf courses and are secured by the gross revenues of the Golf Enterprise fund minus certain Operating and Maintenance Expenses.*

Occupational Privilege and Facilities Development Admission Excise Tax Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Pledged occupational privilege tax (OPT) revenues	$ 40,580	$ 44,188	$ 43,021	$ 41,028	$ 40,867	$ 40,118	$ 41,500	$ 41,503	$ 42,751	$ 43,041
Pledged facilities development admission (FDA) tax revenues	10,924	8,696	9,368	7,327	8,434	7,906	9,352	10,016	10,110	9,765
Payments in lieu of FDA taxes[1]	-	-	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Other revenues[2]	377	302	329	194	-	-	-	-	-	-
Total pledged revenues	**$ 51,881**	**$ 53,186**	**$ 55,418**	**$ 51,249**	**$ 52,001**	**$ 50,724**	**$ 53,552**	**$ 54,219**	**$ 55,561**	**$ 55,506**
Debt service	$ 6,033	$ 6,030	$ 6,027	$ 6,032	$ 6,036	$ 3,058	$ 3,054	$ 3,055	$ 3,054	$ 3,056
Coverage	8.60	8.82	9.19	8.50	8.62	16.59	17.54	17.75	18.19	18.16
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

1 *Payments in Lieu of FDA taxes represents an agreement made by the City and County of Denver and the Denver Broncos in exchange for early release of the Mile High Stadium lease. The payment is to be be made through 2008 in lieu of taxes the Mile High Stadium would have generated to pay existing debt.*

2 *Interest earnings on OPT and FDA tax revenues were pledged towards payment of the bonds until the issuance of the 2003 bonds.*

Note: *The excise bonds were issued to fund improvements to City-owned venues, secured by the FDA tax, which is 10% of the admission price to events at City-owned venues, and the OPT, which $9.75 per month per employee working in Denver.*

Denver International Airport Fund Pledged-Revenue Coverage

Last Ten Fiscal Years (dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006 [1]	2007	2008
Gross Revenues	$ 522,098	$ 530,694	$ 526,631	$ 499,435	$ 527,567	$ 543,044	$ 567,853	$ 592,110	$ 616,106	$ 635,607
Operation and maintenance expenses	186,596	192,384	211,272	216,791	201,573	220,254	231,733	262,559	282,746	305,382
Net revenues	**335,502**	**338,310**	**315,359**	**282,644**	**325,994**	**322,790**	**336,120**	**329,551**	**333,360**	**330,225**
Other available funds	67,247	55,620	54,558	46,751	50,807	54,849	55,173	50,791	53,251	53,575
Total amount available for debt service	**$ 402,749**	**$ 393,930**	**$ 369,917**	**$ 329,395**	**$ 376,801**	**$ 377,639**	**$ 391,293**	**$ 380,342**	**$ 386,611**	**$ 383,800**
Debt service requirements for the senior bonds	$ 269,370	$ 243,423	$ 226,504	$ 202,797	$ 204,897	$ 221,453	$ 223,331	$ 205,935	$ 229,923	$ 250,580
Debt service coverage	1.50	1.62	1.63	1.62	1.84	1.71	1.75	1.85	1.68	1.53
Required coverage	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

[1] *Per restated financial statements.*

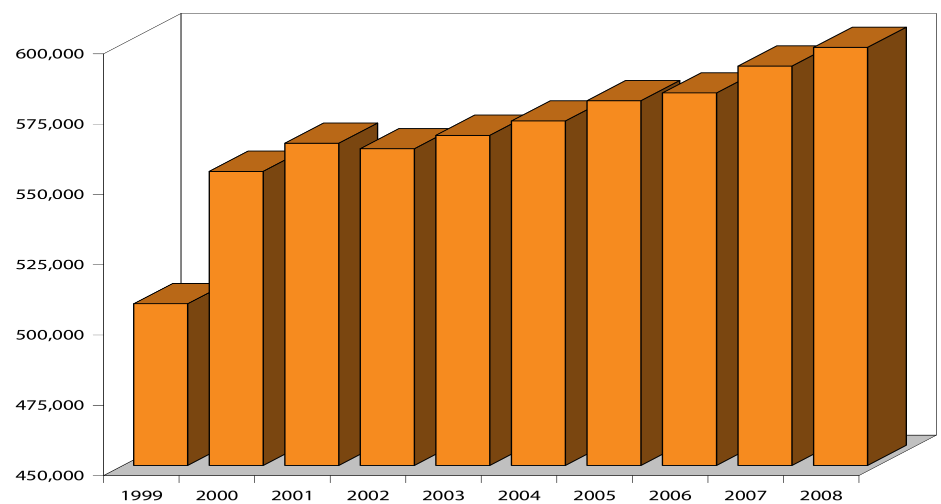
Source: *Official Bond Statements*
Denver Treasury

Demographic and Economic Statistics

Last Ten Calendar Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Population	507,500	554,636	564,606	562,657	567,431	572,526	579,744	582,474	592,052	598,707
Personal income (expressed in millions)	$ 19,247	$ 21,746	$ 23,535	$ 23,729	$ 24,239	$ 25,551	$ 26,622	$ 28,902	$ 30,949	n/a
Per capita personal income	$ 37,925	$ 39,208	$ 41,684	$ 42,173	$ 42,717	$ 44,629	$ 45,920	$ 50,193	$ 53,908	n/a
School enrollment	69,776	70,956	72,437	72,617	72,489	72,901	73,018	73,399	73,873	75,269
Unemployment rate	3.10%	3.00%	3.50%	5.90%	6.00%	5.60%	5.00%	4.30%	3.90%	6.10%

City and County of Denver Population



Source: *Colorado Department of Labor*
Denver Public Schools
U.S. Department of Commerce

Principal Employers
Current Year and Eight Years Ago

	2008			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City and County of Denver	10,598	1	2.9%	11,418	1	3.0%
U. S. D. A. National Finance Center	9,942	2	2.7%	5,782	6	1.5%
Denver Public School District #1	9,672	3	2.6%	9,523	2	2.5%
State of Colorado Central Payroll	9,082	4	2.5%	9,061	4	2.3%
United Airlines, Inc.	5,473	5	1.5%	9,136	3	2.4%
University of Colorado	5,087	6	1.4%	6,495	5	1.7%
Denver Health and Hospital Authority	4,305	7	1.2%	-	-	-
Qwest Corporation	4,050	8	1.1%	4,117	8	1.1%
U. S. Postal Service	3,750	9	1.0%	4,870	7	1.3%
Frontier Airlines	3,433	10	0.9%	-	-	-
Total	**65,392**		**17.8%**	**60,402**		**15.8%**

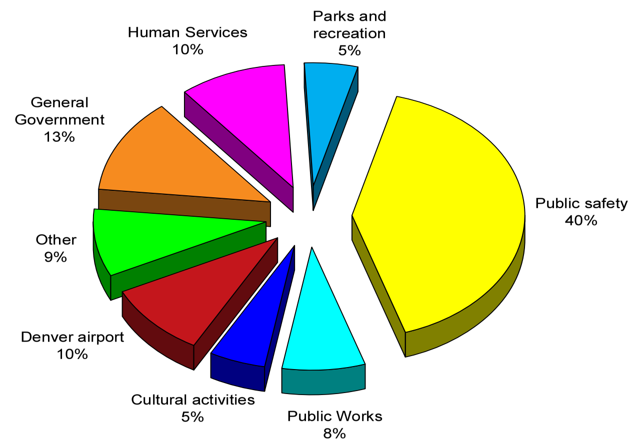
Source: *Based on 2008 and 2000 Occupational Privilege Tax Remitters.*

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years (dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	1,199	1,176	1,245	1,242	1,132	1,174	1,216	1,319	1,309	1,329
Public safety	4,084	4,152	4,221	4,082	4,057	4,070	4,128	3,452	4,303	4,327
Public Works	786	789	858	851	801	810	779	778	804	822
Human Services	1,063	1,045	1,121	1,093	1,017	887	897	990	1,060	1,050
Health	119	120	126	119	121	122	126	115	120	126
Parks and recreation	579	593	610	634	594	576	547	544	548	542
Cultural activities	612	567	604	585	546	539	552	545	575	563
Community development	253	262	273	268	255	235	229	229	225	215
Economic opportunity	74	80	105	107	126	134	165	151	226	249
Wastewater management	245	241	250	259	262	261	251	247	255	271
Denver airport system	839	845	872	877	896	910	924	948	990	1,030
Environmental services	21	19	17	21	21	19	20	20	26	26
Golf course	46	48	43	42	43	41	44	40	44	48
Total	**9,920**	**9,937**	**10,345**	**10,180**	**9,871**	**9,778**	**9,878**	**9,378**	**10,485**	**10,598**

2008 Full-Time City Employees by Function



Source: *Denver Controller's Office*

Operating Indicators by Function

Last Four Fiscal Years

	2008	2007	2006	2005
Police				
Physical arrests	70,883	75,312	73,668	67,095
Traffic violations	132,659	119,336	117,855	111,307
Fire				
Emergency responses	84,953	91,838	80,418	83,165
Fires extinguished	1,043	690	530	596
Inspections	31,819	23,946	23,134	22,370
Sheriff				
Average daily population	2,334	2,412	2,475	2,337
Number of jails	2	2	2	2
Public works				
Parking tickets issued	618,556	585,290	578,547	577,478
Recyclables collected (tons)	28,067	26,550	21,760	17,673
Refuse collected (tons)	219,675	231,956	234,059	248,596
Other public works				
Alleys paved (square yards)	170,336	74,887	117,611	288,268
Potholes repaired (tons of asphalt)	4,346	4,273	3,943	2,855
Street resurfacing (square yards)	1,887,206	549,260	624,609	754,619
Human services				
Family Medicaid Application for Denver clients	14,513	13,747	13,247	11,783
New child welfare case involvements	2,656	2,501	2,169	1,995
Community development				
Permits issued	45,999	52,184	52,958	60,568
Economic opportunity				
Low income affordable housing units created	45	30	261	652
Percent of job seekers entering employment	66.74%	61.84%	59.70%	59.60%
Parks and recreation				
Admissions	556,601	614,390	629,270	918,487
Memberships	21,659	18,856 [1]	33,513 [1]	33,370
Library				
Total volumes borrowed	9,776,905	9,517,573	9,244,353	8,428,033
Volumes in collection	2,398,677	2,436,793	2,455,965	2,483,487
Wastewater				
Average daily sewage treatment (thousands of gallons)	50,210	59,945	70,226	65,537
Denver airport system				
Passenger air traffic	51,200,000	49,800,000	47,000,000	43,388,000
Excise and Licenses				
Number of business license transactions	17,895	18,355	15,311	15,902

[1] *Department changed the way they are counting memberships.*

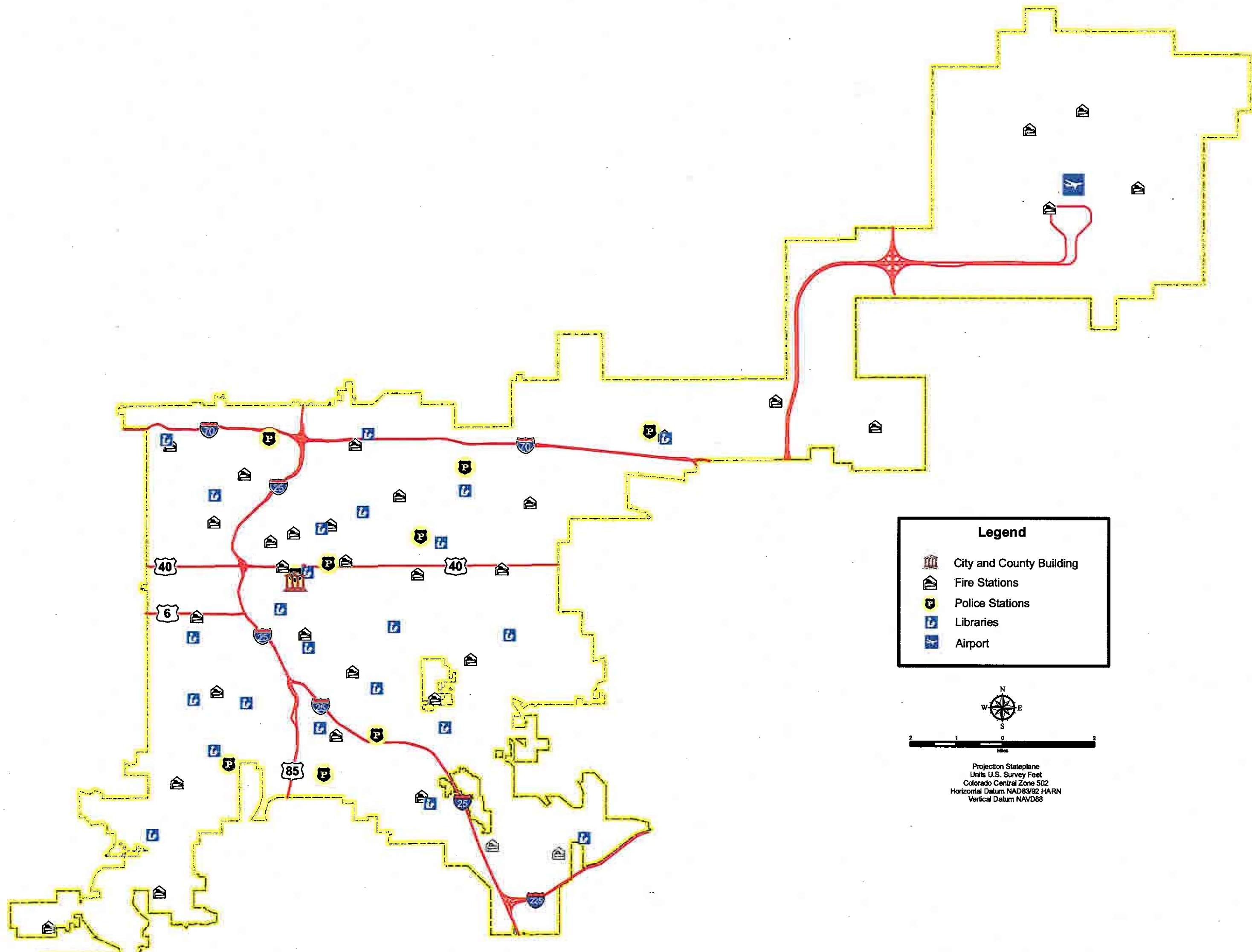
Source: *Denver Department of Aviation*
Denver Department of Community Planning and Development
Denver Department of Excise and Licenses
Denver Department of FinanceDenver
Department of Human Services
Denver Department of Parks and Recreation
Denver Department of Public Works
Denver Department of Safety
Denver Office of Economic Development
Denver Public Library

Capital Asset Statistics
Last Four Fiscal Years

	2008	2007	2006	2005
Fire				
Number of engines/trucks	39/23	39/23	39/23	39/23
Number of stations	33	33	33	33
Police				
Number of marked/unmarked vehicles	313/101	313/101	314/78	307/83
Number of stations	6	6	6	6
Public works				
Bridges (major/minor)	290/179	288/177	287/175	283/175
Alleys				
paved	4,573	4,340	4,216	-
unpaved	563	791	915	923
Streets (centerline miles)	2,005	1,949	1,868	1798
Traffic signals	1,259	1,255	1,249	1251
Parks and recreation				
Acreage	19,500	19,100	19,000	19,000
Golf courses	8	8	7	7
Mountain acreage	14,000	14,000	14,000	14000
Number of parks (includes mountain parks)	393	399	397	368
Parkways (miles)	100	100	100	100
Athletic fields/lighted	324/28	322/28	329/27	329/27
Recreation centers	29	29	29	29
Swimming pools	28	28	28	29
Tennis courts/lighted	129/39	140/67	140/67	140/67
Cultural activities				
Concert venues	7	7	7	7
Public libraries	23	23	23	23
Wastewater				
Sanitary sewers (miles)	1,887	1,875	1,872	1867
Storm sewers (miles)	1,017	985	966	954
Treatment capacity (millions of gallons)	18,888	18,888	18,888	18888
Denver airport system				
Acreage	33,800	33,800	33,800	33800
Number of runways	6	6	6	6
Seating Capacities				
Boettcher Concert Hall	2,679	2,679	2,679	2,634
Colorado Convention Center	20,000	20,000	20,000	20,000
Denver Auditorium Theatre	2,245	2,245	2,245	2,065
Denver Coliseum	11,500	11,500	11,500	10,500
Ellie Caulkins Opera House	2,225	2,225	2,225	2,247
Red Rocks Amphitheater	9,450	9,450	9,450	9,450
Temple Hoyne Buell Theatre	2,844	2,844	2,844	2,882

Source: *Denver Department of Aviation*
Denver Department of Finance
Denver Department of General Services
Denver Department of Parks and Recreation
Denver Department of Public Works
Denver Department of Safety
Denver Public Library

City and County of Denver



Disclaimer: The City and County of Denver shall not be liable for damages of any kind arising out of the use of this information. The information is provided "as is" without warranty of any kind, express or implied, including, but not limited to, the fitness for a particular use. This is not a legal document.

Source: *Denver Geographic Information Systems*

This page left blank intentionally.

Department of Finance
Office of the Controller

201 West Colfax, Department 1109
Denver, Colorado 80202

www.denvergov.org/controller

City and County of Denver

Single Audit Reports

Year Ended December 31, 2008

City and County of Denver

Single Audit Reports

Year Ended December 31, 2008

Contents

BKD LLP

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 29, 2009, which contained references to the reports of other accountants, contained an explanatory paragraph regarding a restatement of beginning net assets for the aggregate discretely presented component units resulting from a change in the reporting entity and an explanatory paragraph for the implementation of Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other accountants audited the financial statements of the Denver Art Museum, Inc., Denver Museum of Nature and Science, Denver Convention Center Hotel Authority, Cherry Creek North BID, Downtown Denver BID, Denver Metro Convention and Visitor's Bureau, Inc., d/b/a Visit Denver, Denver Preschool Program, Inc., and Gateway Village General Improvement District as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants. The financial statements of Denver Art Museum, Inc., Denver Museum of Nature and Science, Cherry Creek North BID, Downtown Denver BID and Denver Metro Convention and Visitor's Bureau, Inc., d/b/a Visit Denver and Denver Preschool Program, Inc., component units included in the financial statements of the aggregate discretely presented component units and the financial statements of Gateway Village General Improvement District, a component unit included in the financial statements of the aggregate remaining fund information, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Audit Committee
City and County of Denver

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-01 and 08-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that neither of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to the City's management in a separate letter dated May 29, 2009.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing body, management and others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

May 29, 2009

BKD LLP

Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs and Schedule of Expenditures of Federal Awards

Audit Committee
City and County of Denver
Denver, Colorado

Compliance

We have audited the compliance of City and County of Denver (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City based on our audit.

The City's basic financial statements include the operations of Denver Urban Renewal Authority (DURA), a discretely presented component unit, which expended $649,296 in federal awards during the year ended December 31, 2008, which is not included in the accompanying schedule of expenditures of federal awards. Our audit, described below, did not include the operations of DURA because the discretely presented component had its own single audit performed in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

Audit Committee
City and County of Denver

As listed in the chart below and described in the accompanying schedule of findings and questioned costs, the City did not comply with certain requirements that are applicable to certain of its major federal programs. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to those federal programs.

CFDA No.	Program	Type	Type of Opinion	Finding Number
14.218	Community Development Block Grant - Entitlement and (HUD-Administered) Small Cities Cluster	Cash Management/ Equipment and Real Property Management	Qualified	08-09
14.239	HOME Investment Partnerships Program	Activities Allowed or Unallowed and Allowable Cost/Cost Principles	Qualified	08-11
97.067	Homeland Security Cluster	Equipment and Real Property Management	Qualified	08-31

In our opinion, except for the noncompliance described above, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-03, 08-05, 08-06, 08-07, 08-08, 08-10, 08-12, 08-13, 08-16, 08-17, 08-18, 08-19, 08-20, 08-22, 08-23, 08-24, 08-25, 08-26, 08-27, 08-28, 08-29, 08-30, 08-32 and 08-33.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-04, 08-05, 08-07, 08-08, 08-09, 08-11, 08-14, 08-15, 08-16, 08-20, 08-21, 08-22, 08-25, 08-27, 08-28, 08-29, 08-30, 08-31, 08-32, 08-33 and 08-34 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 08-09, 08-11 and 08-31 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the 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 as of and for the year ended December 31, 2008, and have issued our report thereon dated May 29, 2009, which contained references to the reports of other accountants, contained an explanatory paragraph regarding a restatement of beginning net assets for the aggregate discretely presented component units resulting from a change in the reporting entity and an explanatory paragraph for the implementation of Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Audit Committee
City and County of Denver

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

July 28, 2009, except for the Schedule of Expenditures
of Federal Awards as to which the
date is May 29, 2009

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Office of National Drug Control Policy				
High Intensity Drug Trafficking Area (HIDTA)	Inter-Government Agreement		07.999	$ 1,063,510
Department of Agriculture				
Supplemental Nutrition Assistance Program (n)	Colorado Department of Human Services		10.551	68,474,234
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Colorado Department of Human Services		10.561	8,285,702
Total Department of Agriculture (Food Stamp Cluster)				76,759,936
Department of Commerce				
Economic Adjustment Assistance			11.307	422,655
Department of Housing and Urban Development				
Community Development Block Grants (CDBG)/Entitlement Grants (Cluster)			14.218	12,284,330
Community Development Block Grants/State's Program	Colorado Department of Local Affairs/Division of Housing	H7CDB06045G	14.228	125,000
Emergency Shelter Grants Program			14.231	394,712
Shelter Plus Care			14.238	1,844,309
HOME Investment Partnerships Program			14.239	6,014,588
Housing Opportunities for Persons with AIDS			14.241	1,491,286
Community Development Block Grants/Brownfields Economic Development Initiative			14.246	333,586
Community Development Block Grant - Section 108 Loan Guarantees Program (HUD Section 108)			14.248	7,513,628
Lead-Based Paint Hazard Control in Privately-Owned Housing			14.900	637,241
Total Department of Housing and Urban Development				30,638,680
Department of Interior				
National Natural Landmarks Program			15.910	4,000
Save America's Treasures			15.929	49,966
Total Department of Interior				53,966

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Department of Justice				
Property Confiscation		.	16.000	431,355
Prisoner Reentry Initiative Demonstration (Offender Reentry)	Colorado Division of Criminal Justice	27-RE-01-2-1, 28-RE-01-10-1	16.202	49,016
Juvenile Accountability Block Grants	Colorado Division of Criminal Justice	27-JBS21-319	16.523	3,574
Juvenile Justice and Delinquency Prevention_Allocation To States	Colorado Division of Criminal Justice	05-LO-30	16.540	2,000
National Institute of Justice Research, Evaluation, and Development Project Grants	Institute for Law and Justice	N/A	16.560	1,008,793
Crime Victim Assistance	Colorado Division of Criminal Justice	26-VA-2-86	16.575	50,790
Crime Victim Compensation	Colorado Division of Criminal Justice	20067-VC-GX-0029, 26-VA-2-86	16.576	1,045,000
Edward Byrne Memorial Formula Grant Program			16.579	75,015
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs			16.580	42,744,949
Drug Court Discretionary Grant Program			16.585	(5,197)
Violence Against Women Formula Grants	Colorado Division of Criminal Justice	26-VW-2-47, 27-VW-2-47	16.588	90,928
Grants to Encourage Arrest Policies and Enforcement of Protection Orders			16.590	330,523
State Criminal Alien Assistance Program			16 606	900,000
Bulletproof Vest Partnership Program			16.607	44,550
Community Prosecution and Project Safe Neighborhoods	Colorado Division of Criminal Justice	27-CP-04-4-4	16.609	41,262
Public Safety Partnership and Community Policing Grants			16.710	1,843,980
Enforcing Underage Drinking Laws Program	SOC Office of Juv Justice & Delinq	TAA 08/00032, TAA 07/00036	16.727	41,234
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Division of Criminal Justice, Colorado Department of Public Safety	26-DJ-02-28-1, 27DJ03521	16.738	650,145
Forensic DNA Backlog Reduction Program			16.741	170,242
Paul Coverdell Forensic Sciences Improvement Grant Program	Colorado Division of Criminal Justice	27-DN-01-20-1	16.742	21,297
Forensic Casework DNA Backlog Reduction Program			16.743	45,266
Anti-Gang Initiative	Colorado Division of Criminal Justice	26-AG-01-503-1, 27-AG-02-3-2	16.744	95,578
Criminal and Juvenile Justice and Mental Health Collaboration Program	Colorado Department of Justice	2006-MO-BX-0025	16.745	43,512
Support for Adam Walsh Act Implementation Grant Program			16.750	46,087
Total Department of Justice				49,769,899
Department of Labor				
Employment Service/Wagner-Peyser Funded Activities	Colorado Department of Labor and Employment	08 KAA 0004, 08 KAA 0004, 09 KAA 0004	17.207	1,410,094
Disabled Veterans' Outreach Program (DVOP)	Colorado Department of Labor and Employment	08 KAA 0004, 09 KAA 0004	17.801	15,007
Local Veterans' Employment Representative Program	Colorado Department of Labor and Employment	08 KAA 0004, 09 KAA 0004	17.804	11,737
Subtotal Employment Service Cluster				1,436,838
Homeless Veterans Reintegration Project			17.805	398,081

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
WIA Adult Program	Colorado Department of Labor and Employment	07 KAA 0004, 08 KAA 0004, 08 KAA 0004	17.258	3,272,848
WIA Youth Activities	Colorado Department of Labor and Employment	07 KAA 0004, 08 KAA 0004, 08 KAA 0004	17.259	2,328,213
WIA Dislocated Workers	Colorado Department of Labor and Employment, Colorado Department of Local Affairs	07 KAA 0004, 07 KAA 0004, 06WFDC/08WF06DC, 06WFDC/08WF04DC, 06WFDC/08WF16DC, 08 KAA 0004, 08 KAA 0004, 08 KAA 0004, 06WFDC/09 KAA 00027, 06WFDC/09KAA 00052	17.260	1,051,880
Subtotal WIA Cluster				6,652,941
WIA Pilots, Demonstrations, and Research Projects	Colorado Department of Labor and Employment	06 KAA 0209	17.261	3,826,748
Work Incentive Grants	Colorado Department of Local Affairs	06WFDC/L8DPNDC	17.266	29,100
Total Department of Labor				12,343,708
Department of Transportation				
Airport Improvement Program			20.106	13,993,410
Highway Planning and Construction (Cluster)	Colorado Department of Transportation (CDOT), Regional Transportation District	13020, 14171, 14170, 20024, 14785, 14442, 15198, 14411, 15162, 15233, 15232, 15398, 15170, 16220, 15632, 16178, 15759, 15673, 16017, 16015, 16016, 16265, 16294, 16395, 16070, PO# 291000282, PO#29100308	20.205	6,903,272
State And Community Highway Safety	Colorado Department of Transportation (CDOT)	HAA DENV-4109-4	20.600	15,052
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	Colorado Division of Criminal Justice	84-600000580, 08ADMPLN402.111	20.601	37,721
Total Department of Transportation				20,949,455
National Foundation on the Arts and the Humanities				
Museums For America			45.301	28,605
Grants to States	Colorado Department of Education	FY08-025	45.310	19,999
Institute of Museum and Library Services_National Foundation on the Arts and the Humanities (National Leadership Grants)			45.312	471,256
Laura Bush 21st Century Librarian Program			45.313	495,762
Total National Foundation on the Arts and the Humanities				1,015,622

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Veterans Health Administration, Department Of Veterans Affairs				
VA Homeless Providers Grant And Per Diem Program			64.024	225,078
Environmental Protection Agency				
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating To The Clean Air Act			66.034	125,000
Community Action for a Renewed Environment (Care) Program	Groundwork Denver Inc	N/A	66.035	122,101
Water Pollution Control State, Interstate, and Tribal Program Support	Colo. Dept of Public Health and Environment, Water Quality Division	OE-FAA-WQC07000047	66.419	6,845
Performance Partnership Grants			66.605	394
Superfund State, Political Subdivision, and Indian Tribe Site_ Specific Cooperative Agreements			66.802	256,914
Solid Waste Management Assistance Grants			66.808	32,990
Brownfields Assessment And Cleanup Cooperative Agreements			66.818	199,747
Total Environmental Protection Agency				743,991
Office Of Energy Efficiency And Renewable Energy, Department Of Energy				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			81 117	29,373
Department of Education				
Rehabilitation Services_Vocational Rehabilitation Grants To States	CO Dept of Local Affairs	POIHA REHB0810, 06WFDC/08WF03DC	84 126	73,343
Literacy for Incarcerated Adults			84.255	232,586
Special Education - State Personnel Development	Colorado Department of Education	2170-09	84.323	2,420
Total Department of Education				308,349
State Energy Program Special Projects				
Help America Vote Act Requirements Payments	State of Colorado, Department of State	POVAA0600000000077	90 401	128,575
Department of Health and Human Services				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	Denver Regional Council of Governments	EX08036	93.044	197,677
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	Colorado Department of Human Services	N/A	93 048	81,931
Public Health Emergency Preparedness	Colorado Dept of Public Health & Environment	OE-FHA-EPI08000025, PO FHA EP1090035	93.069	77,421
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse			93 087	1,055,891

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Injury Prevention and Control Research and State and Community Based Programs	Colorado Department of Public Health and Environment	OE FAA HSV08000003	93.136	2,550
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Colorado Department of Justice Colorado Department of Human Services	2006-MO-BX-0025, PO ADA 07011, PO IHM ADA 07	93.243	571,444
Drug-Free Communities Support Program Grants			93.276	112,068
Centers For Disease Control and Prevention_Investigations and Technical Assistance	Denver Health and Hospitals Authority	E1589D	93.283	83,000
Abandoned Infants			93.551	223,640
Promoting Safe and Stable Families	Colorado Department of Human Services	PO IHA CWSX0701228, 09-IHA-00413	93.556	643,097
Temporary Assistance for Needy Families	Colorado Department of Human Services		93.558	28,584,966
Child Support Enforcement	Colorado Department of Human Services		93.563	8,814,666
Refugee and Entrant Assistance_State Administered Programs	Colorado Department of Human Services		93.566	55,521
Low-Income Home Energy Assistance	Colorado Department of Human Services		93.568	6,411,364
Community Services Block Grant	Colorado Department of Local Affair Colorado Department of Labor	L7CSBG13, L8CSBG13	93.569	881,276
Child Care and Development Block Grant	Colorado Department of Human Services	OE IHA CCLC0700003	93.575	7,471,313
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Colorado Department of Human Services		93.596	14,621,586
Subtotal CCDF Cluster				22,092,899
Refugee and Entrant Assistance_Targeted Assistance Grants	Colorado Department of Human Services	07 IHA 00425	93.584	495,077
Head Start			93.600	7,744,555
Child Support Enforcement Demonstrations and Special Projects	Colorado Department of Human Services		93.601	2,208
Adoption Incentive Payments	Colorado Department of Human Services	P.O. # OE-IHA-CWSX0500010	93.603	1,451
Voting Access for Individuals with Disabilities_Grants to States	Colorado Department of State, HAVA Division	42 U.S.C. 15421	93.617	66,144
Child Welfare Services_State Grants	Colorado Department of Human Services		93.645	1,055,299
Adoption Opportunities	CO Coalition of Adoptive Families	90-CO-1004	93.652	33,724
Foster Care_Title IV-E	Colorado Department of Human Services		93.658	13,281,896
Adoption Assistance	Colorado Department of Human Services		93.659	4,005,340
Social Services Block Grant	Colorado Department of Human Services		93.667	13,826,035

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Cluster/Program	Pass-through Entity	Pass-through Identifying Number If Applicable	CFDA Number	Amount Expended
Chafee Foster Care Independence Program	Colorado Department of Human Services		93 674	233,063
Medical Assistance Program	Colorado Department of Human Services		93 778	6,617,385
HIV Emergency Relief Project Grants			93.914	8,269,664
Total Department of Health and Human Services				125,521,252
Corporation for National & Community Services				
AmeriCorps	Governor's Commission on Community Support	06AFHCO00100002, 08AFHCO0010	94.006	279,850
Department of Homeland Security				
Urban Areas Security Initiative	Colorado Department of Local Affairs, Division of Emergency Management	5EM75717U	97.008	286,244
Pre-disaster Mitigation (PDM) Competitive Grants			97.017	2,371,557
Emergency Food and Shelter National Board Program	United Way	LRO101200-016	97 024	18,000
Emergency Management Performance Grants	Colorado Department of Local Affairs, Division of Emergency Management	6EM06L17, 7EM07L17	97.042	105,407
Assistance to Firefighters Grant			97.044	35,229
Homeland Security Grant Program (Cluster)	Colorado Department of Local Affairs	5EM75517, 7EM76517L, 7EM76717, 8EM77717, 8EM77517,	97.067	5,509,169
Law Enforcement Terrorism Prevention Program	Colorado Department of Local Affairs	5EM75517L	97.074	(6)
Buffer Zone Protection Program (BZPP)	Colorado Department of Local Affairs	8EM76B17P	97.078	188,938
Transportation Security Administration DTSA20-03-A-01854			97.000	703,155
Total Department of Homeland Security				9,217,693
Total Federal Expenditures				$ 329,471,592

(n) noncash federal award

See Notes to Schedule of Expenditures of Federal Awards

City and County of Denver

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2008

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of the City and County of Denver (the City). The City's reporting entity is defined in Note I-A in the City's basic financial statements for the year ended December 31, 2008. The schedule does not include $649,296 in Federal Awards expended by Denver Urban Renewal Authority (DURA) because the discretely presented component unit had its own single audit performed in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

   The information in the accompanying schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule of expenditures of federal awards includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the State of Colorado or other nonfederal entities.

2. **Basis of Accounting**

   Governmental funds and proprietary funds account for the City's federal grant activity. Amounts reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund except for the following programs, which are reported in the schedule of expenditures of federal awards on the cash basis:

Food Stamp Cluster	10.551, 10.561
Promoting Safe and Stable Families	93.556
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Refugee and Entrant Assistance_State Administered Programs	93.566
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596
Child Welfare Services_State Grants	93.645
Foster Care_Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
Chafee Foster Care Independence Program	93.674
Medical Assistance Program	93.778

The City's summary of significant accounting policies is presented in Note I in the City's basic financial statements.

City and County of Denver

Notes to Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2008

3. Human Services Programs

The City's Department of Human Services operates several federally funded human services programs where benefits are provided to qualified citizens. The benefit distribution method consists of participants receiving benefits, including food stamps, using a state-maintained electronic banking card (EBT) instead of the City's cash disbursements. The Colorado Department of Human Services provided total EBT authorizations to qualified citizens in the City, in the amount of approximately $187,319,000, of which $112,861,000 is the Federal share. The revenue and expenditures associated with these federal programs are not recognized in the City's basic financial statements.

4. State Information Technology System

In 2004, the State implemented the new Colorado Benefits Management System (CBMS), which consolidated legacy systems into one system and also incorporated a rules engine for determining eligibility and calculating and issuing benefits payments. As a result, the counties and the State split eligibility determination functions for certain federal Human Services' programs under CBMS. Counties are responsible for data collection from applicants and data entry of applicable information into CBMS. Concurrently, the State maintains the computer system supporting the eligibility determination process and pays benefits to the participants. The actual eligibility and payment determinations become the State's responsibility utilizing CBMS.

5. Revolving Loan Fund

The City has certain revolving loan funds, which were originally financed with federal awards through the Community Development Block Grant Program, the Community Development Block Grant-Section 108 Loan Guarantees Program (HUD Section 108), the HOME Investment Partnerships Program and the Housing Opportunities for Persons with AIDS program. The outstanding balances of these loan funds at December 31, 2008, are as follows and have not been included in the schedule of expenditures of federal awards:

Neighborhood Development Loans	$ 5,797,000
Economic Development Loans	48,226,000
Housing Development Loans	43,283,000
	97,306,000
Less allowance for uncollectibles	(32,818,000)
Notes receivable, net	$ 64,488,000

City and County of Denver

Notes to Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2008

6. Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program	CFDA Number		Amount Provided to Subrecipients
Community Development Block Grants	14.218	$	4,528,532
Community Development Block Grants/State's Program	14.228		125,000
Emergency Shelter Grants Program	14.231		273,282
Shelter Plus Care	14.238		1,720,051
HOME Investment Partnerships Program	14.239		827,642
Housing Opportunities for Persons with AIDS	14.241		1,448,866
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		588,883
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		150,017
WIA Youth Activities	17.259		1,277,059
WIA Dislocated Workers	17.260		25,661
WIA Pilots, Demonstrations, and Research Projects	17.261		2,905,817
Community Action for a Renewed Environment (Care) Program	66.035		64,510
Community Services Block Grant Discretionary Awards-Community Food and Nutrition	93.569		584,194
Child Care and Development Block Grant	93.575		1,243,776
Head Start	93.600		6,229,108
HIV Emergency Relief Project Grants	93.914		7,415,067
		$	29,407,465

City and County of Denver

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):
   (Check each description that applies)

   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting described:

   Significant deficiency(ies) noted considered material weakness(es)? ☐ Yes ☒ No

   Significant deficiency(ies) noted that are not considered to be a material weakness? ☒ Yes ☐ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:

   Significant deficiency(ies) noted considered material weakness(es)? ☒ Yes ☐ No

   Significant deficiency(ies) noted that are not considered to be a material weakness? ☒ Yes ☐ No

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was (were):
   (Check each description that applies. If any other than unqualified apply, also list the name of each major program by the type of opinion applicable to that program.)

   ☒ Unqualified ☒ Qualified ☐ Adverse ☐ Disclaimed

   Qualified opinions for CDBG – Entitlement and (HUD-Administrered) Small Cities Cluster (14.218), HOME Investment Partnerships Program (14.239) and Homeland Security Cluster (97.067)

City and County of Denver

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2008

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☒ Yes ☐ No

7. The City's major programs were:

Cluster/Program	CFDA Number
Food Stamp Cluster	10.551, 10.561
Community Development Block Grant--Entitlement and (HUD-Administered) Small Cities Cluster	14.218
HOME Investment Partnerships Program	14.239
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Programs	16.580
Public Safety Partnership and Community Policing Grants	16.710
WIA Cluster	17.258, 17.259, 17.260
WIA Pilots, Demonstrations and Research Projects	17.261
Airport Improvement Program	20.106
Highway Planning and Construction Cluster	20.205
Temporary Assistance for Needy Families	93.558
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596
Child Welfare Services-State Grants	93.645
Foster Care - Title IV-E	93.658
Adoption Assistance	93.659
Medical Assistance Program	93.778
Homeland Security Cluster	97.067

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was $3,000,000.

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

City and County of Denver
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2008

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
08-01	**Administration and Accounting for Grants Receivable**

Criteria or specific requirement: Grants receivable should be reconciled on a regular basis and balances that are inaccurate or grants that should be closed should be adjusted in a timely manner and any excess funds transferred to the General Fund or returned to the grantor. Closed grants should also have their budgets rescinded.

Condition: Throughout our grant receivable testing, we discovered several grants that had not been recorded in the general ledger because management was uncertain as to the validity of the receivable or deferred revenue balances at year-end. In many cases we determined that management was correct in not recording these items, however, it took considerable time and research during the audit process to reach this conclusion. The lack of resolving these issues during the fiscal year also resulted in a delay in closing several grants. Some of these grants have excess funds that the City is permitted to retain, and these funds should be transferred to the General Fund after the required ordinance is approved by City Council. However, this process cannot begin until the grant is closed and, at year-end, the funds had not been transferred. There was at least one grant which should have been closed during 2007 and the funds transferred to the General Fund in 2008. Funds, which the City is not permitted to retain, should be returned to the grantor after the grant is closed.

Context: Across all funds tested, there were approximately $1.4 million in receivable balances not recorded at year-end and $1.1 million in deferred revenue not recorded, for a net of approximately $300,000.

Effect: Management is spending a great deal of time attempting to reconcile the grant receivable accounts at year-end and resolve discrepancies. This has also resulted in inefficiencies when auditing this area.

Cause: The primary cause is a lack of adequate reconciliations by the agencies and when reconciliations are performed, discrepancies are not resolved in a timely manner. In many cases, grants have a life span of many years and in some cases errors have occurred in prior years that have not be adequately resolved. Finally, issues are not being fully communicated between the individual agencies and the Controller's Office which is resulting in additional time being required to resolve issues at year-end, when the Controller's Office is focused on the various external audits and the issuance of the Comprehensive Annual Financial Report and other financial statements.

Recommendation: The Controller's Office should initiate a process in which each grant is evaluated for proper recognition and errors and discrepancies are identified and resolved. However, the individual agency responsible for grant administration must assist in this process by researching the grant history and communicating to the Controller's Office the status of grants.

Reference Number	Finding

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. A project team was formed within the Department of Finance earlier this year to start closing open grants that expired prior to 2009. The team is holding monthly meetings with agency personnel to identify, research, and resolve outstanding issues so that expired grants can be closed. As part of the close process, any remaining cash that the City can retain will be transferred out of the grant fund.

The Controller's Office will also develop better monitoring tools to ensure agencies are reconciling and closing grants throughout the year rather than waiting until year end or later to research and resolve discrepancies. In addition, the year-end package that agencies must submit to report grant information to the Controller's Office will be enhanced to address known reporting issues and minimize errors and inefficiencies at year-end.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Controller's Office.

Anticipated completion date: Project completed by December, 2009.

Reference Number	Finding
08-02	**Municipal Airport System – Transaction Review and Performance of Analytics**

Criteria or specific requirement: Transactions and general ledger balances should be reviewed, reconciled, and properly reported by checking mathematical computations and by reviewing the underlying data, including contracts, bond documents, etc., to ensure that correct reports are used for the calculations, that the methodology applied to the data is reasonable, and that the results fall within expected ranges. Additionally, transactions that are unusual in nature should be closely evaluated to determine proper accounting treatment is afforded the transaction. Such evaluation should include a thorough reading of all related agreements and associated documents.

Condition: The Municipal Airport System had amounts held for the construction of certain rental car facilities reported as retainages payable as of December 31, 2008. These amounts are to be held in escrow until construction is complete. Construction of the facilities, however, was completed during December 2008. Additionally, the Municipal Airport System, through the City, terminated an interest rate swap agreement with Lehman Brothers Special Financing (Lehman Brothers) as a result of Lehman Brothers filing a voluntary petition for bankruptcy protection. As part of the transaction to enter into a replacement swap, a loan of $21.1million was embedded in the new swap agreement with Royal Bank of Canada to cover the loss on the swap termination with Lehman Brothers. For financial reporting purposes, the Municipal Airport System netted the loan with the deferred loss from the termination of the interest rate swap of an equal amount on the statement of net assets. The loan and deferred loss (a liability and asset, respectively) should have been recorded gross, rather than net, on the statement of net assets.

Context: Misstatements resulted in the removal of a retainage liability for the rental car facility of approximately $3.9 million and the recording of an asset and liability of $21.1 million for the interest rate swap termination and loan transactions.

Effect: Adjustments were recorded to correct the misstatements.

Cause: Documentation for all significant transactions does not always reach accounting personnel of the Municipal Airport System quickly enough for a thorough evaluation of documentation to determine proper accounting treatment of the transactions. The interest rate swap transaction was initiated and closed by other departments in the City and complete documentation of the transaction was not received by the Municipal Airport System in a timely manner.

Reference Number	Finding

Recommendation: We recommend the Municipal Airport System continue to strengthen its formal process for the oversight of its reported data and that the oversight process incorporate tests of contracts for compliance with revenue provisions, the use of analytics to determine if reported revenues and expenses are consistent with expectations of management, and the evaluation of underlying support for calculations to ensure that the information is the correct information, the results of the calculations are reasonable based on expectations, and that the periods used in the calculations are correct. Additionally, we recommend that documentation of transactions initiated by other departments of the City be provided to accounting personnel of the Municipal Airport System timely and that, for unusual transactions, the accounting personnel of the Municipal Airport System work with the Controller's Office to help assure proper accounting treatment of the transactions.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. The Airport will continue to find ways to strengthen its review processes. In addition, it will maintain current practices, which include utilizing a checklist of financial items that are performed quarterly. The Airport accrues all revenues and expenses quarterly and, at year-end, adjusts the estimates to actual amounts. The Airport and the Department of Finance will also continue to meet monthly to discuss transactions and events that affect both areas.

Person responsible for implementing: Laura Trujillo, Associate Manager of Accounting/Controller, Denver International Airport.

Anticipated completion date: Quarterly and year-end are already in place at the Airport. Regular monthly meetings are being held between the Airport and Department of Finance.

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding
08-03	**Finding:** Allowable Costs/Cost Provisions

CFDA No. 10.551, 10.561 - Food Stamp Cluster

Pass-through Colorado Department of Human Services

Criteria: Benefits are to be issued to clients for only allowable periods.

Condition: We noted one instance where a client was not eligible to receive benefits during 2008, but received restorative benefits in 2008 which were outside the period of allowability in the amount of $50.

Questioned Costs: Undeterminable.

Context: We selected 30 clients who received benefits during the year to determine whether they were eligible to receive the benefits and identified the issue above. Upon further review, we noted a series of benefits were issued by Colorado Benefits Management System (CBMS) in 2008 for periods from August 2004 to December 2007. We were unable to determine which payments were within and outside the 12 months of allowability and, in certain cases, these payments may be allowable.

Effect: Unallowable benefits were issued to clients that were outside the period of eligibility.

Cause: This error was a result of a systemic problem in CBMS, which is disclosed in the "State of Colorado Statewide Single Audit" for the fiscal year ended June 30, 2008. However, we noted that while the City is aware of systemic CBMS issues and has been working with the State to mitigate the risks associated with such issues, this particular issue has been difficult to identify.

Recommendation: We recommend that the Denver Department of Human Services (DDHS) continue to evaluate its current review process to incorporate a review of benefit payments issued from CBMS for unusual situations such as the one identified above in order to proactively identify such issues and mitigate unallowable benefits continuing to be issued to clients.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. The Denver Department of Human Services (DDHS) will examine restorative benefits paid through continuous monitoring by DDHS' quality improvement team. In addition, DDHS will provide ongoing communication to the state for CBMS system updates and corrections.

Person responsible for implementing: Shirley Clair, Agency Training Supervisor and Andrea Albo, Interim Quality Improvement Manager.

Implementation date: December 31, 2009.

Reference Number	Finding
08-04	**Finding:** Procurement

CFDA Nos. 10.551, 10.561 – Food Stamp Cluster
CFDA No. 14.218 - CDBG--Entitlement and (HUD-Administered) Small Cities Cluster
CFDA No. 14.239 – HOME Investment Partnerships Program
CFDA No. 16.580 - Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
CFDA No. 16.710 – Public Safety Partnership and Community Policing Grants (COPS)
CFDA No. 17.258, 17.259, 17.260 – WIA Cluster
CFDA No. 17.261– WIA Pilots, Demonstrations, and Research Projects
CFDA No. 20.205 - Highway Planning and Construction Cluster
CFDA No. 93.558 – Temporary Assistance for Needy Families (TANF)
CFDA No. 93.568 – Low-Income Home Energy Assistance
CFDA Nos. 93.575, 93.596 – CCDF Cluster
CFDA No. 93.645 – Child Welfare Services
CFDA No. 93.658 – Foster Care – Title IV-E
CFDA No. 93.659 – Adoption Assistance
CFDA No. 93.778 – Medical Assistance Program
CFDA No. 97.067 - Homeland Security Cluster

Criteria: Per 2 CFR 180, all non-federal entities are prohibited from contracting with or making sub-awards under covered transactions with parties that are suspended or debarred or whose principals are suspended or debarred. They are also required to follow their own internal polices and procedures related to procurement. Policies for the City are described in Executive Order #8, which includes requirements relating to proof of insurance and competitive bids.

Condition: Documentation to support compliance with the above requirements was not available in all instances.

Questioned Costs: None.

City and County of Denver
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2008

Reference Number	Finding

Context: We tested procurement case files as identified below to evaluate the City's compliance with the applicable procurement requirements including the documentation of insurance, review of the excluded party list, and competitive bids. We noted the following results:

	CDBG	HOME	WIA	Homeland Security	Edward Byrne	Public Safety	TANF	Highway Planning	All Others	Totals
Files Tested:	16	6	6	4	27	5	9	5	30	108
Procurement:										
Suspension and Debarment Exceptions	5		2	4		3	3	5	2	24
Proof of Insurance Exceptions	5	3			1		1		2	12
Competitive Bid:										
Lack of Documentation	7								3	10
Insufficient Documentation					2				7	9
Documentation not Retained									2	2

Effect: By not verifying whether contractors/vendors are not on the excluded party list, the City risks making payments to a contractor/vendor that has been suspended or debarred in violation of Federal regulations. By not verifying that contractors/vendors are insured, the City is at risk for not being covered by insurance in an instance of loss. By not documenting the competitive bid process, the City is at risk of improperly evaluating the bid process which could result in higher than necessary costs and unfair procurement practices.

Cause: Departments within the City do not appear to be fully aware of the procurement requirements, particularly as they relate to federal awards. The procurement process appears to be fairly decentralized with each Department following slightly different procedures.

Recommendation: We recommend that the City clarify which procurements fall within its existing guidelines. For each applicable procurement, the "Excluded Parties List" should be reviewed on an annual basis and prior to awarding a contract or purchase order. The City should implement policies and procedures to ensure that required insurance coverage is current. Documentation of the bid evaluation process and compliance with other requirements should be maintained in the procurement file. In addition, we recommend that the City's policy or lack of policy for extending existing contractual arrangements be evaluated and appropriate guidance communicated to all Departments.

Reference Number	Finding

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. The Purchasing Department's current policy requires that they review the "Excluded Parties List" prior to awarding any purchase order or annual bid that could be used with federal funds. For all other types of contracts, agencies are required to review the "Excluded Parties List" prior to award. The Controller's Office will ensure that these policies are in place in each applicable agency and verify they are being followed and documented.

The Purchasing Department maintains all bid documentation and also maintains proof of insurance coverage for purchase orders and annual bids. For all other types of contracts, agencies are required to maintain appropriate proof of insurance. The Controller's Office will ensure that these policies are in place in each applicable agency and verify they are being followed and documented.

The City does not have a formal policy on when a contract should be extended and when the City will do a Request for Proposal. We believe that each situation should be evaluated individually in conjunction with the City Attorney's Office to determine what would be in the best interest of the City and the most effective in terms of maximizing the benefits of the grant.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Controller's Office.

Implementation date: October 31, 2009.

Reference Number	Finding
08-05	**Finding:** Eligibility

CFDA No. 10.551, 10.561 - Food Stamp Cluster

Pass-through Colorado Department of Human Services

Criteria: Information obtained from clients should be accurately input into CBMS and agree to supporting documentation included in the case file for accurate determination of eligibility benefits and populations, financial, performance, and special reports.

Condition: Four instances of inaccurate or inconsistent information were noted during our testing procedures.

Questioned Costs: None.

Context: We tested 30 individuals who received food assistance for the year ended December 31, 2008 and noted the following issues:

1. Two instances where identification information of non-US citizens were documented as "Hawaii DMV" in CBMS based on superseded guidelines.
2. One instance where citizenship verification was documented as "Birth Certificate" but there was no birth certificate in the file.
3. One instance where the client's rent costs in CBMS did not agree to the case file.

Effect: The State's CBMS system may be determining eligibility based on incorrect or incomplete data or data could be entered that is not supported with information contained in the case file. Ultimately, by not having the appropriate controls in place regarding the input into CBMS, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for in an incorrect amount.

Cause: There is a significant amount of information to process relating to these cases. Policies and procedures have changed over the years resulting in inconsistent application across technicians. Information may apply to multiple programs and therefore be managed by different technicians resulting in Food Assistance supporting information residing in TANF or Medicaid case files resulting in some lack of accountability.

Recommendation: We recommend that DDHS continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve consistent processing of data. Furthermore, we recommend that the Case Record Filing Order (attachment E to DDHS Agency Letter 06-16-GEN) be utilized and, when information is located in other program files, that file should be specifically referenced.

Reference Number	Finding

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. DDHS will develop a report that identifies active cases with citizenship coding errors, which will ultimately lead to improvements in updating cases with accurate information. In addition, DDHS will provide ongoing training to reinforce the importance of accurate documentation. Ongoing monitoring will also occur through supervisory reviews and monitoring by DDHS' quality improvement team.

Person responsible for implementing: Shirley Clair, Family and Adult Division.

Implementation date: December 31, 2009.

Reference Number	Finding
08-06	**Finding:** Special Tests and Provisions: Issuance Document Security

CFDA No. 10.551, 10.561 - Food Stamp Cluster

Pass-through Colorado Department of Human Services

Criteria: Security measures outlined in Colorado Electronic Benefit Transfer Bulletin, Volume 4, Number 3, and other State Agency letters, require at least two people, not from the card issuance staff, to destroy the EBT cards, record the cards that have been destroyed and sign the Destruction Logs for EBT Cards (EBTCard-7) report. DDHS has issued Policy Letter #06-5-FS in response to the State requirements. This policy requires the Issuance Supervisor to log and destroy cards on a weekly basis.

Condition: In two instances, someone other than the EBT Issuance Supervisor destroyed the EBT cards. For the months of April and June there were no destruction logs available for one of the card issuance sites and therefore verification of proper destruction could not be made.

Questioned Costs: None.

Context: We selected three destruction logs from each of the three sites where EBT cards are issued. All exceptions related to one site.

Effect: Failure to follow established control procedures places DDHS at risk of fraudulent issuance and use of EBT cards.

Cause: The EBT issuance site did not adhere to policies and procedures in place to minimize the risk of fraudulent issuance and use of EBT cards.

Recommendation: We recommend that each EBT card issuance site strictly adhere to the policies and procedures in place to minimize stated risks.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. DDHS is aware of the importance of separation of duties and has implemented control measures and internal control reviews this year. Staff will be continually monitor compliance with internal policies and procedures through quarterly site visits and testing.

Person responsible for implementing: Stan Wilmer and Calvin Maryland, Performance Improvement and Accountability Division.

Implementation date: January 1, 2009.

Reference Number	Finding

08-07 **Finding:** Eligibility: Determination of Benefits

CFDA No. 10.551, 10.561 - Food Stamp Cluster

Pass-through Colorado Department of Human Services

Criteria: DDHS is required to timely update the residency of clients to ensure that only Denver County residents receive food assistance from Denver County. DDHS is required to support benefits with a redetermination of eligibility application (RRR). DDHS is also required to process applications for benefits timely and ensure that benefits are only issued for periods of eligibility.

Condition: We noted the following issues:.

1. One instance where the client did not reside in Denver County but received benefits from the City - $30.
2. One instance where a redetermination of eligibility application (RRR) does not exist to support eligibility from January 2008-September 2008 - $1,458.
3. One instance where the application was not processed timely, which resulted in inappropriate termination of benefits.
4. One instance where the client received benefits for months in which they were determined not to be eligible - $4,176.

Questioned Costs: $5,664.

Context: We tested 30 individuals who received food assistance for the year ended December 31, 2008 and noted the 4 issues above. The tested population covered benefits issued totaling $75,992. The total population included benefits issued of approximately $65.6 million.

Effect: The State's CBMS system may be determining eligibility and allocating benefits based on incorrect, incomplete, or outdated data. Ultimately, by not having the appropriate controls in place regarding the above requirements, benefits could be allocated to the incorrect county, provided to ineligible applicants, denied to eligible applicants, or benefits paid for an ineligible period.

Cause: There is a significant amount of information to process relating to these cases.

Recommendation: We recommend that DDHS continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve the processing of data.

Reference Number	Finding

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS previously formed a process improvement team that developed internal controls and streamlined functions, including processing cases more timely, documenting applications, and ensuring benefits are issued only for periods of eligibility. DDHS currently has a pilot program for implementing those new processes and will continue to adopt the processes throughout all programs.

Person responsible for implementing: Pam Flowers, Family & Adult Division and Andrea Albo, Performance Improvement & Accountability Division.

Implementation date: Pilot started in June, 2009.

Reference Number	Finding
08-08	**Finding:** Allowable Costs/Cost Principles

CFDA No. 14.218 - CDBG--Entitlement and (HUD-Administered) Small Cities Cluster

Criteria: Expenditures should be recorded in accordance with cost principles as outlined in the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments,* which requires expenditures to be supported by underlying documentation and to be recorded in the proper accounting period under accounting principles generally accepted in the United States of America.

Condition: Two expenditures tested, totaling $4,201, were not supported by underlying documentation as the subrecipient did not supply the required time sheets to support the requested reimbursement. One of these same expenditures, in the amount of $1,795, was for services provided during 2007 and improperly recorded as an expenditure in 2008.

Questioned Costs: $4,201.

Context: We tested a sample of thirty expenditures for allowable costs/costs principles. The tested population totaled $112,420. The total population included expenditures of approximately $12.3 million.

Effect: By not obtaining supporting documentation, a payment may be made to a subrecipient for an expenditure which did not occur, may be unallowable, or may be in the wrong amount. Additionally, by not recording expenditures in the proper period, the schedule of expenditures of federal awards and financial reports to awarding agencies may not be accurate.

Cause: The Office of Economic Development's (OED) approval process failed to detect that supporting documentation provided by the subrecipient was insufficient. Additionally, at the time the 2007 transactions were recorded, the City did not have adequate internal controls to ensure proper cut-off and accrual of federal expenditures, which may be subjected to a smaller materiality threshold.

Recommendation: We recommend that OED ensure that all grant payments are properly supported and periodic training be provided relating to this topic. Additionally, we recommend that the City continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a federal program level than a citywide financial reporting level.

Reference Number	Finding

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees that payments should be properly supported and the Office of Economic Development (OED) will continue to provide ongoing training to accounts payable staff to reinforce this. The City also agrees that costs should be charged to the proper accounting period, but believes that the current process provides the best assurance that this occurs. Each year, OED requests a list of all outstanding invoices from vendors in order to accrue expenses in the proper period. OED makes every attempt to ensure all invoices are received and processed in the correct period, and contacts those vendors who do not respond in order to obtain accrual information. The invoices noted in the audit were received in the third quarter of 2008, well after our deadline to record the expenditures in the prior year period.

The Controller's Office will also implement a tracking mechanism for invoices received after the deadline but before issuing the CAFR to document the decision process on whether or not to accrue the invoices at that point in time.

Person responsible for implementing: Ami Webb, Accounting Supervisor, Office of Economic Development.

Implementation date: June 30, 2009.

Reference Number	Finding
08-09	**Finding:** Cash Management/Equipment and Real Property Management

CFDA No. 14.218 - CDBG--Entitlement and (HUD-Administered) Small Cities Cluster

Criteria: Upon the sale of real property the granting agency should be contacted to determine how the proceeds should be returned to the program. The method chosen by the City was to apply proceeds against cash draws.

Condition: During 2008 OED sold a parcel of land with a cost of $843,900. The granting agency was not consulted as to how the proceeds should be applied. The transaction was recorded in program income as a loss. The proceeds from this sale and escrowed funds from a 2007 real property transaction of $712,590 and $57,735, respectively, were not applied to the program via reduction of the amount of federal funds requested. In addition, the recorded loss amount of $131,310 offset other program income used to reduce cash draws resulting in a cash advance of $901,635.

Questioned Costs: None.

Context: We tested the single real property transaction for the cluster during 2008.

Effect: Cash draws were not reduced for the sale of the land resulting in federal funds being requested in advance, when the reimbursement method is required by the program.

Cause: It is OED's policy to reduce cash draws by the amount of program income recorded. However, since proceeds from the sale of the land were not recorded in program income and a loss was recorded, subsequent cash draws were not reduced.

Recommendation: We recommend that OED evaluate its procedures for recording such transactions and calculating requests for reimbursement to ensure that proceeds from the sale of real property are returned to the program. In addition, we recommend that OED contact the granting agency for confirmation that this is how proceeds should be dealt with going forward.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. The Office of Economic Development (OED) will reverse the entry recorded as a loss in program income in order to correct the dollar amount reflected in the federal system. OED will continue to ensure program income is reconciled and recorded monthly in order to properly account for all reimbursements to the program. OED will also review how future gains and losses on land sales are recorded and create a written policy to ensure proper accounting occurs.

Person responsible for implementing: Ami Webb, Accounting Supervisor, Office of Economic Development.

Implementation date: July 31, 2009.

Reference Number	Finding
08-10	**Finding:** Reporting

CFDA No. 14.218 - CDBG--Entitlement and (HUD-Administered) Small Cities Cluster
CFDA No. 14.239 – HOME Investment Partnerships Program

Criteria: OED is responsible for complying with grant reporting requirements.

Condition: The HUD 60002 report was completed incorrectly. A combined report was submitted, however, only one program was identified on the reports. Additionally, certain applicable information was either left blank or reported incorrectly.

Questioned Costs: None.

Context: We tested the HUD 60002 report which was intended to cover both programs. This is an annual report.

Effect: By not properly completing all reports, inaccurate information is communicated to the awarding agency.

Cause: OED did not properly follow the instructions for completion of the report.

Recommendation: We recommend that OED require a more detailed supervisory review of all reports to ensure compliance with grant requirements and report form instructions and continue to emphasize the importance of accurate reporting to awarding agencies.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. The Office of Economic Development will ensure that future reports are completed and reviewed by the Fiscal Management Unit and the Contract Performance Unit to verify completeness and accuracy.

Person responsible for implementing: Ami Webb, Accounting Supervisor and Nancy Strudwick, Manager of Contracted Services, Office of Economic Development.

Implementation date: July 31, 2009.

Reference Number	Finding
08-11	**Finding:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles

CFDA No. 14.239 – HOME Investment Partnerships Program

Criteria: Expenditures should be for activities allowable under the grant and should be recorded in accordance with cost principles as outlined in the OMB Circular A-87 which requires expenditures to be recorded in the proper accounting period under accounting principles generally accepted in the United States of America.

Condition: Four expenditures selected for testing related to unallowable activities. Two expenditures selected for testing were incurred in 2007 and improperly recorded in 2008.

Questioned Costs: $7,978.

Context: We selected 30 transactions for testing. We noted 4 payments totaling $7,978 that related to unallowable costs. ($21 in late fees, $6,100 for advertising for market rate units and website advertising for units, $300 security deposit refund to a third party, $19 for a balloon tank rental, and $1,538 for coffee table books). We noted 2 payments totaling $75,051 relating to 2007 expenditures recording in 2008. ($10 of unallowable late fees are also included in the 2007 expenditure issue). The tested population included expenditures of approximately $2.0 million. The total population included expenditures of approximately $6.0 million.

Effect: Expenditures for unallowable activities should not be funded by the grant and may need to be returned to the awarding agency. Additionally, by not recording expenditures in the proper period, the schedule of expenditures of federal awards and financial reports to awarding agencies may not be accurate.

Cause: OED's approval process failed to properly identify these costs as unallowable. Additionally, at the time the 2007 transactions were recorded, the City did not have adequate internal controls to ensure proper cut-off and accrual of federal expenditures, which may be subjected to a smaller materiality threshold.

Recommendation: We recommend that OED ensure that all grant payments are reviewed and approved by program personnel knowledgeable of allowable costs and periodic training be provided relating to this topic. Additionally, we recommend that the City continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a federal program level than a citywide financial reporting level.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees that payments should be properly supported and the Office of Economic Development (OED) will continue to provide ongoing training to accounts payable staff to reinforce this. The City also agrees that costs should be charged to the proper accounting period, but believes that the current process provides the best assurance that this occurs. Each year, OED requests a list of all outstanding invoices from vendors in order to accrue expenses in the proper period. OED makes every attempt to ensure all invoices are received and processed in the correct period. and contacts those vendors who do not respond in order to obtain accrual information. The invoices noted in the audit were received in the third quarter of 2008, well after our deadline to record the expenditures in the prior year period.

The Controller's Office will also implement a tracking mechanism for invoices received after the deadline but before issuing the CAFR to document the decision process on whether or not to accrue the invoices at that point in time.

Reference Number	Finding

OED agrees with all of the unallowable activities identified except for the advertising costs. For the items OED agrees with, OED is strengthening the review and payment process. OED is updating it's policies and procedures that require OED Accounts Payable staff ensure invoices are for allowable costs and notify their supervisor when questionable costs are found. The AP staff will be trained on the updated policies and procedures. In addition, the AP supervisor will approve all payments and will verify costs are allowable and supporting documentation is attached.

OED disagrees with the finding in regards to the advertising and website reimbursements, totaling $6,100. OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* states:

2. Advertising and public relations costs.

a. The term "advertising costs" means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.

b. The term "public relations" includes community relations and means those activities dedicated to maintaining the image of the governmental unit or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. Advertising costs are allowable only when incurred for the recruitment of personnel, the procurement of goods and services, the disposal of surplus materials, **and any other specific purposes necessary to meet the requirements of the Federal award...** (emphasis added)

Ensuring that the public at large is aware that a new housing development is being constructed, and providing information regarding such, is deemed necessary to accomplish the purpose of the federal award.

Person responsible for implementing: Ami Webb, Accounting Supervisor, Office of Economic Development.

Implementation date. June 30, 2009.

Auditor Rebuttal: Given the questionable nature of advertising costs in general and these in particular, we recommend that a formal ruling on their allowability, detailing the specific circumstances, be obtained from the awarding agency.

Reference Number	Finding
08-12	**Finding:** Reporting

CFDA No. 16.580 - Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program

Criteria: The granting agency requires that all financial reports be prepared using the cash basis of accounting.

Condition: The Denver Department of Safety (DDS) incorrectly utilized the accrual basis of accounting for the December 31, 2008 SF-269 (Financial Status Report).

Questioned Costs: None.

Context: We tested the accuracy of the Financial Status Reports (SF-269) for the periods ending September 30, 2008 and December 31, 2008. The September 30, 2008 report utilized the correct basis of accounting. Only these two reports were required during the audit period.

Effect: DDS failed to properly report their federal expenditures on a federally required financial report.

Cause: The December report was prepared from the general ledger that included year-end accruals whereas the September general ledger did not necessarily include accruals.

Recommendation: We recommend that the preparers of federal reports understand the reporting requirements and work with the Controller's Office to derive the appropriate reporting information. In addition, when the cash basis is required for federal reporting, a reconciliation should be required between the financial reports and the general ledger.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. The Department of Safety will prepare all financial reports in the format required under the grant requirements. The Department will also work with the Controller's Office to prepare federal reports on a cash basis when required and reconcile between the financial reports and the City's General Ledger.

Person responsible for implementing: Mel Thompson, Deputy Manager of Safety, Department of Safety.

Implementation date: June 24, 2009.

Reference Number	Finding
08-13	**Finding:** Special Tests and Provisions

CFDA No. 16.580 - Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program

Criteria: A certification was required to be submitted to The Bureau of Justice Assistance (BJA) certifying that all grant-funded equipment was purchased and operational no later than 14 calendar days prior to the Democratic National Convention (DNC) held August 25 - 28, 2008 in Denver, Colorado.

Condition: One piece of equipment was not operational fourteen days prior to the DNC and was therefore not included in the certification.

Questioned Costs: $11,047.

Context: We tested 14 equipment acquisitions exceeding the $5,000 federal threshold for the year ended December 31, 2008 totaling approximately $3.8 million. The total population of equipment acquisitions for the year was approximately $5.5 million.

Effect: By not properly disclosing the status of equipment purchased with grant funds as required by the federal grant agreement, the City is at risk for not being in compliance with the grant and therefore being liable for the questioned costs not included in the certification.

Cause: The original equipment did not arrive in time and DDS had to work around the situation which contributed to the missing disclosure. Another similar situation was disclosed and approved by the granting agency.

Recommendation: We recommend that DDS continue to emphasize the importance of complete and adequate disclosures to granting agencies.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. The Department of Safety concurs that complete and adequate disclosure to granting agencies is required. The equipment referenced in the finding was critical for public safety for the Democratic National Convention. The Department had to use an existing piece of equipment from the City's inventory prior to the certification date and replenished the stock after the event. We believe this was a unique situation that will not happen in the future.

Person responsible for implementing: Mel Thompson, Deputy Manager of Safety, Department of Safety.

Implementation date: June 24, 2009.

Reference Number	Finding

08-14 **Finding:** Equipment and Real Property Management

CFDA No. 16.710 – Public Safety Partnership and Community Policing Grants (COPS)
CFDA No. 97.067 - Homeland Security Cluster

Criteria: Property records should capture the cost and sufficient detail of capital assets acquired with federal funds including proportionate shares, where applicable, so that upon disposition, any proceeds can be returned to the appropriate program or granting agency as required in the grant agreements. In addition, Fiscal Rule 4.2 requires that all capitalizable asset costs are recorded in 800000's account series.

Condition: In some cases, capital asset information did not adequately identify federally funded asset acquisitions, detailed information was inaccurate, and capital assets were not recorded to the proper account series. Inaccurate detail included such issues as improper description, purchase price and/or quantity purchased.

Questioned Costs: None.

Context: Relating to the COPS program, we noted that non-capitalizable asset costs in the amount of $30,583 were included in the capitalizable account series. Relating to the Homeland Security Cluster, we tested 30 capital assets purchased during 2008 and noted that 5 of these assets were not properly recorded on the City's capital asset listing. Both of these grants involve the acquisition of significant capital assets.

Effect: By not properly recording capital asset costs and information, the City will have a difficult time identifying and determining the amount of gain or proceeds to be returned to the program or awarding agency depending on the grant requirements.

Cause: In most cases, City personnel were unaware of the federal requirements surrounding the identification, recording, and disposition of capital assets purchased with federal funds or a portion thereof.

Recommendation: We recommend that the City consider specific training emphasizing the importance and details of this federal requirement.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. The Controller's Office (CO) will determine the most effective way to use the City's Asset Management system to track assets that have been purchased with federal funds. The CO will also provide training to grant agencies on properly recording capital asset costs and verify they are aware of federal requirements surrounding the identification, recording, and disposition of federally funded capital assets.

Reference Number	Finding

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Controller's Office.

Implementation date: October 31, 2009.

Reference Number	Finding
08-15	**Finding:** Reporting

CFDA No. 16.710 - Public Safety Partnership and Community Policing Grants (COPS)

Criteria: The schedule of expenditures of federal awards (SEFA) should accurately report all federal expenditures that occurred during the fiscal year.

Condition: The Denver Police Department (DPD) received matching fund assistance from the Denver Department of Safety (DDS). An ordinance was not created to transfer these funds, but rather expenditures associated with the program were recorded in DDS' general ledger. However, in preparing the SEFA, the City only used expenditures recorded to the DPD's fund resulting in an understatement of $50,000 which was subsequently corrected.

Questioned Costs: None.

Context: Total expenditures under the grant totaled $1,843,980.

Effect: The original SEFA was misstated prior to the recording of an audit adjustment.

Cause: Inconsistencies in recording federal and matching expenditures in the general ledger and failure to follow established procedures increase the difficulty in determining the proper amounts to include in the SEFA.

Recommendation: We recommend that the City evaluate, establish, and train all departments on the policies and procedures for recording grant and associated matching expenditures to ensure all grant expenditures can be captured as easily as possible to facilitate preparation of an accurate SEFA.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. The Controller's Office will provide training to agencies on accounting for matching funds to ensure agencies are accurate and consistent and understand how grant expenditures should be reported on the SEFA.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Controller's Office.

Implementation date: October 31, 2009.

Reference Number	Finding

08-16 **Finding:** Subrecipient Monitoring

CFDA No. 16.710 - Public Safety Partnership and Community Policing Grants (COPS)

Criteria: DPD is responsible for ensuring that subrecipients spend awards and document expenditures in accordance with applicable laws, regulations, and provisions of contracts and that subrecipients expending $500,000 or more are incompliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Condition: DPD did not monitor the sole subrecipient under the grant.

Questioned Costs: None.

Context: We selected the sole subrecipient under the grant and noted that monitoring was restricted to reviewing invoices prior to reimbursement. During fiscal year 2008, DPD began implementing a subrecipient monitoring process in response to their fiscal year 2007 audit finding. However, we noted that the process was not operational for the year ending December 31, 2008.

Effect: By not establishing an adequate subrecipient monitoring plan and not conducting timely reviews, errors in applicable compliance requirements could remain undetected.

Cause: DPD had not fully implemented procedures to ensure subrecipients are monitored for compliance with grant requirements.

Recommendation: We recommend that DPD continue its implementation of the subrecipient monitoring processes, including documentation of procedures performed, results of the testing, and follow-up action to ensure that subrecipients are appropriately expending funds in accordance with applicable laws, regulations and provisions of contracts, and are receiving OMB Circular A-133 audits.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. The Police Department is in the final stages of developing policies and procedures for subrecipient monitoring that will comply with the Fiscal Accountability Rule 9.1 on Grant Management.

Person responsible for implementing: Jeannie Springer, Director of Finance, Police Department.

Implementation date: August 1, 2009.

Reference Number	Finding
08-17	**Finding:** Allowed and Unallowed Activities and Allowable Costs/Cost Principles

CFDA No. 17.258, 17.259, 17.260 – WIA Cluster

Pass-through Colorado Department of Labor and Employment

Criteria: Expenditures should be recorded in accordance with cost principles as outlined in the OMB Circular A-87 which requires expenditures to be supported by underlying documentation and to be recorded in the proper accounting period under accounting principles generally accepted in the United States of America.

Condition: One expenditure tested did not agree to the amount on the underlying supporting documentation as payroll costs should have been charged directly to one program but instead were allocated across various programs ($1,069). One expenditure tested was for costs incurred in 2007 and improperly recorded as a 2008 expenditure ($115).

Questioned Costs: $1,069.

Context: We tested a sample of thirty expenditures for allowable costs/costs principles noting the two above exceptions. The tested population included expenditures totaling $151,077. The total population included expenditures of $10.7 million.

Effect: By not recording expenditures based on supporting documentation, costs may be overcharged to the grant resulting in expenditures for unallowable activities. Additionally, by not recording expenditures in the proper period, the schedule of expenditures of federal awards will not be accurate.

Cause: At the time the payroll error occurred, time records were being manually entered into the payroll system resulting in data input errors. At the time the 2007 transaction was recorded, the City did not have adequate internal controls to ensure proper cut-off and accrual of federal expenditures, which may be subjected to a smaller materiality threshold.

Recommendation: We believe the implementation of the new payroll system during 2008 will improve controls over the allocation of payroll. However, we recommend that the City continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a federal program level than a citywide financial reporting level.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees that one individual's time was mistakenly allocated versus being charged directly to a grant. The Office of Economic Development (OED) believes that this was an aberrant occurrence and it does not reflect the level of attention that is routinely given the time allocation process. Additionally, in 2008, OED implemented a time tracking database that automates this process.

OED agrees that in 2007, an expenditure was not accrued, but believes that the current process provides the best assurance that this occurs. Each year, OED requests a list of all outstanding invoices from vendors in order to accrue expenses in the proper period. OED makes every attempt to ensure all invoices are received and processed in the correct period, and contacts those vendors who do not respond in order to obtain accrual information. Additionally, for fiscal year end 2008, OED tested subsequent accounts payable for invoices processed during the first six weeks of 2009 as an additional process to help ensure the matching of revenues and expenditures.

Reference Number	Finding
	The $115 invoice noted in the audit is immaterial and in the future the tracking mechanism that will be implemented by the Controller's Office will document the decision process to not accrue immaterial invoices received after the deadlines.
	Person responsible for implementing: Barbara Callison, Accounting Supervisor, Office of Economic Development.
	Implementation date: September 30, 2009.

Reference Number	Finding

08-18 **Finding:** Reporting

CFDA No. 17.258, 17.259, 17.260 – WIA Cluster
CFDA No. 17.261– WIA Pilots, Demonstrations, and Research Projects

Pass-through Colorado Department of Labor and Employment

Criteria: Reports submitted to the Colorado Department of Labor and Employment should be submitted on time and in accordance with grant requirements. WIA Pilots, Demonstrations, and Research Projects expenditure reports are required to be submitted by the 25th day following the end of the month being reported. WIA Pilots, Demonstrations, and Research Projects expenditure reports are required to be submitted by the 20th day following the end of the month being reported.

Condition: Three reports selected were submitted after the due date. The exceptions all related to the monthly report of expenditures which are submitted in combination for the two programs.

Questioned Costs: None.

Context: We selected 8 reports from each program for testing for a combined total of 16 reports tested.

Effect: Failure to submit reports timely may impact operating efficiencies to the awarding agency, ultimately resulting in sanctions or funding reductions in the future. In addition, if expenditure reports are the basis for reimbursement, then delayed submission also delays reimbursement.

Cause: OED failed to adequately monitor and comply with the required due dates.

Recommendation: We recommend that OED consider implementing a reminder mechanism to help ensure that all reports are submitted by the required due date and continue to emphasize the importance of timely submission of reports to improve the cash flow position of the City.

Views of responsible officials and planned corrective actions:

Response. The City and County of Denver agrees with the finding. Due to the level of detail in the allocation process, two of the untimely submissions were the result of the Office of Economic Development (OED) requiring a minimal amount of additional time to prepare a complete and accurate report. In these instances, OED believes that the benefit of submitting a complete report outweighed the few additional days that minimally affected the City's cash flow position.

In the future, if OED is unable to submit the report by the contractual due date, OED will request and document permission for an extension granted by the Colorado Department of Labor and Employment.

Person responsible for implementing: Barbara Callison, Accounting Supervisor, Office of Economic Development.

Implementation date: June 30, 2009.

Reference Number	Finding
08-19	**Finding:** Special Tests and Provisions

CFDA No. 17.261– WIA Pilots, Demonstrations, and Research Projects, passed through the Colorado Department of Labor and Employment

Criteria: Effective August 28, 2008, subrecipients were required to submit requests for reimbursement to OED no later than 60 days after the month in which the expenditures are incurred.

Condition: One expenditure selected for testing, and subject to the above requirement, totaling $8,902 was not submitted within 60 days by the subrecipient.

Questioned Costs: None.

Context: We tested a sample of thirty expenditures for allowable costs and costs principles. Of this sample, three expenditures were subject to the requirement noted above.

Effect: Expenditures not submitted in a timely manner are not in compliance with the grant agreement and could be disallowed by the awarding agency.

Cause: We noted that while OED has communicated this requirement and possible sanctions to the subrecipient, it did not enforce the requirement.

Recommendation: We recommend that OED continue to work with subrecipients to ensure that requests for reimbursement are submitted timely and consider denying any requests not submitted within 60 days to avoid noncompliance with grant requirements and possible sanctions by the awarding agency.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. OED will continue to work with its subrecipients and its subcontractors to improve timely submittal of invoices. Additional notifications and follow-up will be performed in 2009 ensuring compliance with all grant close out requirements. OED believes that denying payment of an invoice would put undue hardship on subrecipients and would prefer to work with them to resolve late invoices.

Person responsible for implementing: Barbara Callison, Accounting Supervisor, Office of Economic Development.

Implementation date: June 30, 2009.

Reference Number	Finding
08-20	**Finding:** Allowable Costs/Cost Principles

CFDA No. 20.205 - Highway Planning and Construction Cluster

Pass-through Colorado Department of Transportation

Criteria: All costs should be recorded to the correct period to ensure that federal expenditures are properly reported.

Condition: We noted instances where expenditures relating to 2007 were recorded as expenditures in 2008.

Questioned Costs: None.

Context: We tested all seven expenditures paid in 2008 that were for services provided in 2007 and noted 4 instances where expenditures were not recorded in the proper year.

Effect: The schedule of expenditures of federal awards may not be accurate.

Cause: At the time of these transactions, the City did not have adequate internal controls to ensure proper cut-off and accrual of federal expenditures, which may be subjected to a smaller materiality threshold.

Recommendation: We recommend that the City continue to emphasize the review of expenditures through the financial reporting date to ensure that all appropriate expenditures are accrued into the correct period. The review should include a mechanism to track and monitor the results of this process so that decisions can be made based on overall materiality, which may be much lower at a federal program level than a citywide financial reporting level.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. Public Works will work in conjunction with the Controller's Office to put mechanisms in place to identify payments that are made outside the current calendar year to ensure proper expenditures are accrued.

The Controller's Office will also implement a tracking mechanism for invoices agencies receive after the deadline but before issuing the CAFR to document the decision process on whether or not to accrue the invoices at that point in time.

Person responsible for implementing: Don Andriese, Agency Controller and Terri Goodwin, Manager 1- Procurement, Public Works.

Implementation date: December 31, 2009.

Reference Number	Finding
08-21	**Finding:** Reporting

CFDA No. 20.205 - Highway Planning and Construction Cluster

Criteria: The schedule of expenditures of federal awards (SEFA) should accurately report all federal expenditures for the given fiscal year.

Condition: The original SEFA did not accurately reflect all federal expenditures based on the Department of Public Works inconsistent recording of federal versus matching expenditures.

Questioned Costs: None.

Context: Original federal expenditures reported were $6,549,201. Final expenditures reported were $6,903,272.

Effect: An audit adjustment totaling approximately $354,000 was required to accurately state the SEFA.

Cause: The Department of Public Works (DPW) records project expenditures into unique funds designated for each federally-funded project. Many of these projects require additional local funding revenue to cover the total costs of the project. We noted that both the local and federal funds were properly included in determining expenditures to be reimbursed by federal funds. However, in preparing the SEFA, the City only used expenditures recorded to the federal fund.

Recommendation: We recommend that the City issue clear policies and procedures relating to the identification and recording of federal and matching expenditures that will facilitate accurate SEFA reporting.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. Public Works will ensure payments are made per the specified matching percentages and reconcile all associated funds on a quarterly basis. Public Works will also process corrective entries prior to year-end as needed. The worksheet Public Works prepares that identifies SEFA amounts will contain more details on expenditures, including project-to-date data with required matching percentages. This updated worksheet will identify errors and enable timely corrections to be made.

Person responsible for implementing: Don Andriese, Agency Controller and Terri Goodwin, Manager I-Procurement, Public Works.

Implementation date: September 30, 2009.

Reference Number	Finding

08-22 **Finding:** Special Tests and Provisions - Sampling Program

CFDA No. 20.205 - Highway Planning and Construction Cluster

Criteria: DPW is required to test, on a sample basis, construction projects to ensure that materials and workmanship conform to approved plans and specifications.

Condition: Two construction contracts selected for our review from DPW's sample testing did not have underlying documentation to support that DPW ensured that materials and workmanship conformed to approved plans and specifications.

Questioned Costs: None.

Context: We tested a sample of 15 construction contracts for compliance with sample testing requirements. The two exceptions noted above were associated with one project.

Effect: Failure to effectively document control procedures places the City at risk of materials and workmanship that do not meet the approved plans and specifications causing project expenditures to be considered unallowable and therefore not be reimbursed by the funding agency or, even worse, faulty construction resulting in injury.

Cause: Controls were not operating effectively resulting in the insufficient documentation.

Recommendation: We recommend that DPW continue to emphasize the importance of following the required control procedures to clearly document the sample testing that is required and the results of the testing conducted.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees with the finding. Public Works will ensure proper documentation is kept in accordance with stated materials and workmanship specifications. A separate file will be kept for each project with the appropriate documentation.

Person responsible for implementing: Larry Grauberger, Engineering Manager, and Matt Wager, Assistant Director, Public Works.

Implementation date: September 30, 2009.

Reference Number	Finding
08-23	**Finding:** Eligibility

CFDA No. 93.558 - Temporary Assistance for Needy Families (TANF)

Criteria: DDHS is responsible for ensuring that all children who are included in a family that receives TANF benefits have their immunizations brought up-to-date by no later than the first redetermination of eligibility as described in section 3.604.4 in Volume #3 of the State Plan. Any family that fails to provide updated immunization records is to be sanctioned and their benefits reduced by no less than 25% of the grant up to the full value of the grant as described in section 3.621.1 in Volume #3 of the State Plan.

Condition: We noted one instance in which DDHS did not enforce sanctions when a family failed to provide immunization records as required. The family continued to receive unsanctioned benefits for an eight-month period.

Questioned Costs: Undeterminable.

Context: We selected 30 of the 4,643 families who received benefits during the year ended December 31, 2008 to determine whether updated immunization records were received timely and noted the issue above. During the year, this family received approximately $1,400 in benefits. The sample population covered total issued benefits of $67,645. The total population of benefits issued was approximately $10.3 million.

Effect: A portion of the benefits paid may be unallowable as they should have been reduced by a sanctioned amount. In addition, the objective of the compliance requirement is to ensure children are immunized. This objective may not be met if sanctions are not enforced.

Cause: Internal controls were insufficient to ensure that notification of the required sanction was sent and enacted.

Recommendation: We recommend that DDHS evaluate control procedures over the verification of updated immunization records as part of their case review. Furthermore, any families found to be deficient of this requirement should have their benefits sanctioned as described in 3.621.1 in Volume #3 of the State plan.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS has implemented targeted quality improvement reviews to enforce the accountability of the internal immunization record policy. This was recently revised to align with state rule in June of 2008. Ongoing monitoring will also continue to occur with supervisory reviews of Colorado Works eligibility determinations and work practice.

Person responsible for implementing: Kate Owen, Family & Adult Division and Andrea Albo, Performance Improvement and Accountability Division.

Anticipated completion date: June 30, 2009.

Reference Number	Finding
08-24	**Finding:** Eligibility

CFDA No. 93.558 - Temporary Assistance for Needy Families (TANF)

Criteria: DDHS is responsible for ensuring that all families who receive TANF benefits (beneficiaries) complete a monthly status report (MSR) to verify that they are eligible for the following month's benefits.

Condition: DDHS did not ensure that MSRs were obtained as required by State rules to support the monthly issuance of benefits to clients as follows:

1. One instance where DDHS failed to obtain an MSR to support benefits issued of $432.
2. One instance where DDHS failed to detect that CBMS incorrectly determined the required MSR to be "No Change - System" that resulted in one additional month of benefits being issued to the client in the amount of $280.

Questioned Costs: $712.

Context: We selected 30 of the 4,643 families who received benefits during the year ended December 31, 2008 and noted the two issues above. The sample population covered issued benefits of $67,645. The total population of benefits issued was approximately $10.3 million.

Effect: By not ensuring that the required MSRs have been obtained, DDHS is at risk of issuing benefits to ineligible beneficiaries.

Cause: DDHS internal controls were insufficient to ensure that beneficiaries had properly completed the required MSR and returned it in a timely manner to receive benefits for the following month.

Recommendation: We recommend that DDHS evaluate its control procedures over MSRs to ensure that they are effective in mitigating the risk of providing benefits to families that are not eligible.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS will conduct specialized training for the Colorado Works / Temporary Assistance for Needy Families (TANF) program staff. Training will be focused on applying the internal procedure that is in place to correct system generated "No-Change Status" for monthly status reports (MSRs), as well as ensure that each MSR is mailed to customers in order to verify customers continue to meet eligibility requirements. Additionally, staff will be trained to report systems problems to the DDHS Colorado Benefits Management System (CBMS) help desk who will then compile and communicate to the Colorado Department of Human Services (CDHS) CBMS help desk when these situations occur.

Person responsible for implementing: Lynda Proctor and Kate Owen, Family and Adult Division.

Implementation date: September 30, 2009.

Reference Number	Finding
08-25	**Finding:** Special Tests and Provisions - Failure to Comply with Work Verification Plan

CFDA No. 93.558 - Temporary Assistance for Needy Families (TANF)

Criteria: DDHS is responsible for ensuring that all TANF cases selected by the Colorado Department of Human Services (CDHS) for Work Verification Rate review are properly reviewed in accordance with CDHS Agency Letter TCW-07-05-P. This policy requires that all cases selected be reviewed by the end of the month following selection.

Condition: Evidence of some reviews was not available and other reviews were not adequately documented to establish compliance with City and state policies.

Questioned Costs: None.

Context: We selected 30 case files identified by CDHS as requiring Work Verification Rate review for the year ended December 31, 2008. Ten reviews did not occur as required and ten reviews were insufficiently documented.

Effect: The City may be out of compliance with state and federal compliance requirements.

Cause: The Agency Letter is relatively new and the City is in the initial stage of implementation of compliance controls.

Recommendation: We recommend that DDHS continue implementing procedures to ensure that the review of all cases selected for Work Participation Rate review occurs by the end of the month following selection. DDHS should complete all questions within the questionnaires. If a question is not applicable, it should be documented as "N/A" rather than leaving it blank, so it is clear to any subsequent reviewer that the question was addressed by DDHS as required by CDHS Agency letter TCW-07-05-P. DDHS should document the date that each case is selected by the State and the date that the review is conducted.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS' Colorado Works / TANF program experienced a significant change to supervisory personnel in 2008, which created substantial gaps in program knowledge, case file review, and coverage as the new supervisory staff required program training. Colorado Works / TANF supervisors have a working knowledge of the program requirements and case file review process and are aware of the monthly state required reviews. Completion of reviews will be verified by DDHS management. The DDHS quality improvement team will also monitor completion of supervisor reviews and perform a 10% sample of the completed monthly supervisor reviews.

Person responsible for implementing: Kate Owen, Family and Adult Division and Andrea Albo, Performance Improvement and Accountability Division.

Implementation date. January 1, 2009.

Reference Number	Finding
08-26	**Finding:** Allowable Costs/Cost Principles

CFDA No. 93.575, 93.596 - CCDF Cluster

Pass-through Colorado Department of Human Services

Criteria: Expenditures should be supported by underlying documents such as contracts and should be paid in accordance with the contractually agreed-upon rates.

Condition: Two payments to providers did not agree to contract rates resulting in underpayments of $102.

Questioned Costs: None.

Context: We tested a sample of thirty expenditures for allowable costs/cost principles and noted the two exceptions above. The tested sample included contractual payments of $104,194. The total population included contractual payments of approximately $23.1 million.

Effect: In the above exceptions the providers were underpaid, however, by not ensuring payments are in accordance with contracted rates, payments to providers may be greater than allowed.

Cause: DDHS' controls over back-end review of contractual payments to providers were insufficient to detect these differences in contractual rates.

Recommendation: We recommend that DDHS consider improving controls on the front-end to ensure contractual rates are properly input and updated in the system.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS has implemented an automated monthly process that compares payment rates associated with each participating child against the system tracked provider contractual rates. This automated process was developed to recognize a non-match with payment rates for a specific child and default to the contractual rate listed for that specific child. Additionally, DDHS will perform monthly reviews of all new provider contracts as well as a sample number of existing contracts. This will detect any rates which have been entered incorrectly into CHATS by comparing them to the original source documents from the providers.

Person responsible for implementing: Kristyne Hernandez.

Implementation date: May 1, 2009.

Reference Number	Finding

08-27 **Finding:** Eligibility

CFDA No. 93.645 – Child Welfare Services -- State Grants

Pass-through Colorado Department of Human Services

Criteria: Procedures are to be performed and reviewed timely. The Family Services Plan should be completed within 60 days of eligibility and case reviews of the Family Services Plan should be performed at least every 90 days (State Staff Manual Volume 7.301.3 Family Services Plan Review and Updates).

Condition: There was not sufficient documentation to show that the required plans and 90-day reviews were performed within the required time frames and reviewed within a reasonable period of time.

Questioned Costs: Undeterminable.

Context: We tested 35 case files for eligibility for the year ended December 31, 2008, and noted the following three issues in a total of eleven cases:

1. In four cases the supervisor review occurred anywhere from two to seven months after the completion date.
2. In three cases the 90-day reviews were not performed within the 90-day time frame.
3. In four cases the Family Services Plan was not completed within 60 days of eligibility.

Effect: If cases are not reviewed timely, individuals who become ineligible may receive benefits longer than allowed, resulting in unallowable costs. If Family Service Plans are not in place timely, benefits may be determined to be unallowable. Supervisory reviews are ineffective if not performed timely.

Cause: DDHS' internal control system did not include sufficient reminder updates to ensure that all case reviews and Family Services Plans were completed and reviewed timely.

Recommendation: We recommend that DDHS review controls over case file reviews and determine if a reminder mechanism can be implemented to improve the timeliness of case file and Family Service Plan completion and review.

Reference Number	Finding

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS has developed a database that will notify social case workers and supervisory staff of deadlines for the development of the Family Services Plan (FSP) and subsequent 90-day reviews. It also provides reports related to compliance in these regards. Additionally, annual performance plans for DDHS child welfare supervisors will include responsibilities related to the timely completion of FSPs and 90-day reviews. DDHS administrators, with cases requiring an FSP or 90-day review, will review data at a minimum of every 90 days with supervisory staff. If these reviews identify the supervisor is responsible for non-compliance, a corrective action will be taken.

Person responsible for implementing: Jason McRoy, Performance Improvement and Accountability and Ron Mitchell and Child Welfare Administrators, Child Welfare Division.

Implementation date: September 1, 2009.

Reference Number	Finding
08-28	**Finding:** Eligibility

CFDA No. 93.658 – Foster Care – Title IV-E

Pass-through Colorado Department of Human Services

Criteria: Procedures are to be performed and reviewed timely. Case reviews of the Family Services Plan are to be performed at least every 90 calendar days (State Staff Manual Volume 7.301.3 Family Services Plan Review and Updates).

Condition: There was not sufficient documentation to show that the required 90-day reviews were performed within the required time frames and reviewed within a reasonable period of time.

Questioned Costs: Undeterminable.

Context: We tested 30 case files for eligibility for the year ended December 31, 2008, and noted the following three issues in a total of five cases:

1. In three cases the supervisor review occurred anywhere from 2 to 3 months after the completion date.
2. In one case a supervisor review was not documented.
3. In one case the 90-day review did not occur within the 90 day time frame.

Effect: If cases are not reviewed timely, individuals who become ineligible may receive benefits longer than allowed, resulting in unallowable costs. Supervisor reviews are ineffective if not performed timely.

Cause: DDHS' internal control system did not include sufficient reminder updates to ensure that all case reviews were completed and reviewed timely.

Recommendation: We recommend that DDHS review controls over case file reviews and determine if a reminder mechanism can be implemented to improve the timeliness of case file completion and review.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS has developed a database that will notify social case workers and supervisory staff of deadlines for the development of the Family Services Plan (FSP) and subsequent 90-day reviews. It also provides reports related to compliance in these regards. Additionally, annual performance plans for DDHS child welfare supervisors will include responsibilities related to the timely completion of FSPs and 90-day reviews. DDHS administrators, with cases requiring an FSP or 90-day review, will review data at a minimum of every 90 days with supervisory staff. If these reviews identify the supervisor is responsible for non-compliance, a corrective action will be taken.

Reference Number	Finding

Person responsible for implementing: Jason McRoy, Performance Improvement and Accountability and Ron Mitchell and Child Welfare Administrators, Child Welfare Division.

Implementation date: September 1, 2009.

Reference Number	Finding

08-29 **Finding:** Eligibility

CFDA No. 93.778 - Medical Assistance Program (Medicaid; Title XIX)

Pass-through Colorado Department of Human Services

Criteria: Information relating to each potential Medicaid case must be correctly entered into the CBMS so that proper eligibility determinations can be made by CBMS. In addition, information entered into CBMS must be supported by documentation in the file.

Condition: Inaccurate information was detected in our review of CBMS data and supporting documentation was missing from case files.

Questioned Costs: Undeterminable.

Context: We tested 32 case files for eligibility for the year ended December 31, 2008, and noted the following six issues:

1. One instance where savings accounting information within CBMS does not agree to the case file.
2. One instance in which there is no documentation within the case file to support the eligibility of the client's needy newborn.
3. One instance where the application that supports the timeliness of the redetermination of eligibility was not located in the case file.
4. One instance where the address listed in CBMS does not agree to the case file.
5. One instance where the application date entered into CBMS is earlier than the date the application was received.
6. One instance where there is no documentation to support vehicle resources in the case file.

Effect: The State's CBMS system may be determining eligibility based on incorrect or incomplete data or data could be entered that is not supported with information contained in the case file. Ultimately, by not having the appropriate controls in place regarding the input into CBMS, benefits could be provided to ineligible applicants, denied to eligible applicants, or benefits paid for an incorrect amount.

Cause: There is a significant amount of information to process relating to these cases. Policies and procedures have changed over the years resulting in inconsistent application across technicians. Information may apply to multiple programs and therefore be managed by different technicians resulting in Medicaid supporting information residing in TANF or Food Stamps' case files resulting in some lack of accountability.

Reference Number	Finding

Recommendation: We recommend that the City continue to enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. In addition, we recommend that current policies and procedures be reviewed in a formal setting with all technicians to improve communication regarding the importance of these issues and improve consistent processing of data. Furthermore, we recommend that the Case Record Filing Order (attachment E to DDHS Agency Letter 06-16-GEN) be utilized and when information is located in other program files that file should be specifically referenced.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS previously formed a process improvement team that developed internal controls and streamlined functions, including client education, pre-scheduling interview appointments, case transfer policy changes, supervisory reviews, and DDHS quality improvement monitoring. DDHS currently has a pilot program for implementing those new processes and will continue to adopt the processes throughout all programs.

Person responsible for implementing: Pam Flowers, Family & Adult Division and Andrea Albo, Performance Improvement & Accountability Division.

Implementation date: June 30, 2009.

Reference Number	Finding
08-30	**Finding:** Allowed and Unallowed Activities

CFDA No. 97.067 - Homeland Security Cluster

Pass-through State of Colorado Department of Local Affairs

Criteria: Expenditures should only be approved for allowable activities under the respective grant award.

Condition: One expenditure selected was an advance of funds for travel that ended up being refunded and one expenditure selected was recorded to the 2006 grant for a project that was only allowed under the 2005 grant.

Questioned Costs: $9,919.

Context: We tested a sample of thirty journal vouchers for allowed and unallowed activities and noted the two above exceptions. The tested population included journal vouchers totaling $255,124. The total population of journal vouchers was approximately $1.7 million.

Effect: Expenditures for unallowable activities should not be funded by the grant and may need to be returned to the awarding agency.

Cause: The refunded travel costs were an unusual item and the Office of Emergency Management and Homeland Security (OEMHS) failed to reverse the related expenditure from the program upon receiving the refund. OEMHS was transferring costs back and forth between award years which was cited as an issue during oversight program audits.

Recommendation: We recommend that OEMHS, particularly grant accounting personnel, be acutely aware of unusual situations which may impact grant accounting to ensure transactions are recorded appropriately. In addition, we recommend OEMHS continue its efforts to record expenditures to the proper program award year thereby reducing the utilization of transfers.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. OEMHS agrees that the events leading up to this finding were unusual and they had occurred under different leadership. The current staff has been trained and is aware of the importance of accurately recording transactions.

It is OEMHS' intent to utilize all grant funds as allocated. If for some reason that cannot occur, OEMHS will get approval from our State granting agency prior to moving funds. Additionally, OEMHS will create procedures for handling refunded monies to help guide staff in handling these situations.

Reference Number	Finding

Person responsible for implementing: Lin Bonesteel, Program Administrator, Office of Emergency Management and Homeland Security.

Implementation date: October 31, 2009.

Reference Number	Finding
08-31	**Finding:** Equipment and Real Property Management

CFDA No. 97.067 - Homeland Security Cluster

Pass-through State of Colorado Department of Local Affairs

Criteria: OEMHS is responsible for ensuring that equipment purchased with Federal awards is disposed of in accordance with grant requirements. If equipment is sold or disposed, proceeds from the disposal must be returned to the program.

Condition: As part of the grant award, OEMHS purchased equipment for other agencies included in the Urban Area Security Initiative. Recipients of this equipment were not specifically required to notify the City when equipment is sold or disposed.

Questioned Costs: None.

Context: We reviewed six out of thirty contracts with members of the Urban Area Security Initiative and noted that none of the reviewed contracts contained requirements to notify the City if equipment is disposed or sold.

Effect: By not requiring the recipient of the equipment to notify the City when equipment is disposed or sold, proceeds from the sale cannot be returned to the grantor.

Cause: OEMHS did not include the necessary notifications in the contracts with the recipient organizations to require recipients of equipment to notify it when equipment is disposed or sold.

Recommendation: We recommend that OEMHS either add an addendum to the respective contracts or develop an alternative mechanism to notify recipients of the requirements associated with the disposal or sale of equipment provided under this federal award.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees each contract should contain a clause requiring recipients to notify the City upon disposal of equipment paid for by the grant. Currently, OEMHS utilizes a form that requires recipient agencies to acknowledge receipt of asset tags. This form has been modified to include language requiring that any changes to the location and or disposition of Homeland Security assets, regardless of cost, must be relayed to the Homeland Security program administrator prior to any changes occurring. This form will be used on all future correspondence beginning immediately.

Person responsible for implementing: Lin Bonesteel, Program Administrator, Office of Emergency Management and Homeland Security.

Implementation date: June 30, 2009.

Reference Number	Finding

08-32 **Finding:** Allowable Costs/Cost Principles

CFDA Nos. 10.551, 10.561 – Food Stamp Cluster
CFDA No. 93.558 – Temporary Assistance for Needy Families (TANF)
CFDA No. 93.568 – Low-Income Home Energy Assistance
CFDA Nos. 93.575, 93.596 – CCDF Cluster
CFDA No. 93.645 – Child Welfare Services
CFDA No. 93.658 – Foster Care – Title IV-E
CFDA No. 93.659 – Adoption Assistance
CFDA No. 93.778 – Medical Assistance Program

Criteria: Payroll expenditures should be recorded to the correct County Financial Management Systems (CFMS) cost pool that will allocate funds to the appropriate federal programs through the Random Moment Sampling (RMS) process. The Department uses the Colorado Department of Health and Human Services' Coding of Positions on CFMS/CEDS (ABA-08-04-P) agency letter and time reports received from supervisors to determine the basis for the correct CFMS cost pool to record payroll expenditures. As described in the agency letter, "the costs in each cost pool should reasonably reflect the efforts of staff coded to that cost pool".

Condition: We noted the following issues during our testing:

1. One instance where DDHS assigned an employee to the incorrect CFMS cost pool resulting in an improper allocation of expenditures to federal funds.
2. Three instances where an employee who provided services only to Family and Adult programs (FAD) had their payroll costs allocated to all federal programs, 0500-7000 "Common Support County Admin" cost pool, which includes Family and Children's programs (FAC). As a result, FAC programs, including but not limited to Adoption Assistance (CFDA No. 93.659), Foster Care (CFDA No. 93.658), and Child Welfare (CFDA No. 93.645), were incorrectly allocated expenditures for services they did not receive.

Questioned Costs: Undeterminable.

Context: We tested 30 employees whose payroll was expensed to a cost pool that allocated costs to a federal program selected as a major program. Total payroll costs for the year ended December 31, 2008 were approximately $37 million. The sample tested represents approximately $52,000 of the total payroll expenditures. These deviations were observed over only the selected payroll period and were approximately $5,700.

Effect: By not adequately applying the Colorado Department of Health and Human Services' *Coding of Positions on CFMS/CEDS (ABA-08-04-P)* agency letter, the City's and State's SEFA will not properly report expenditures of federal programs.

Reference Number	Finding

Cause: The first issue resulted from incorrect information being presented on the time report by the supervisor. The second issue resulted from the Department using the "100% Charging to Cost Pools(s)" method instead of the "100% time reporting" method as described in the agency letter.

Recommendation: We recommend that DDHS consider additional training relating to time reporting and a formal review of the Colorado Department of Health and Human Services' Coding of Positions on CFMS/CEDS (ABA-08-04-P) agency letter and discuss with the state agency about any misunderstandings of this policy. Additionally, the Department should implement a review process to verify the accuracy of the payroll costs recorded to CFMS cost pools.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS will develop and implement improved tools for gathering the information needed to correctly assign cost pools. New forms will require first and second-level supervisory signatures. Accuracy training will be provided to all managers and supervisors on time reporting. Additionally, DDHS will request that the State create additional cost pools so that accurate assignments can be made in instances where 100% time reporting is not feasible. An internal policy and procedure will be issued related to all aspects of time reporting and cost pool assignments. A semi-annual 100% review of all cost pool assignments will continue to detect and correct errors prior to the City and State year-end close.

Person responsible for implementing: Paul Cavender, Financial Services Division.

Implementation date: October 31, 2009.

Reference Number	Finding
08-33	**Finding:** Equipment and Real Property Management

CFDA Nos. 10.551, 10.561 – Food Stamp Cluster
CFDA No. 93.558 – Temporary Assistance for Needy Families (TANF)
CFDA No. 93.568 – Low-Income Home Energy Assistance
CFDA Nos. 93.575, 93.596 – CCDF Cluster
CFDA No. 93.645 – Child Welfare Services
CFDA No. 93.658 – Foster Care – Title IV-E
CFDA No. 93.659 – Adoption Assistance
CFDA No. 93.778 – Medical Assistance Program

Criteria: The City is required to document the proportionate share of federal and non-federal funds used to acquire capital assets to ensure that, upon disposition, if the fair market value of the capital asset is $5,000 or more, the program or awarding agency is properly reimbursed. In addition, the City has established policies and procedures to ensure the disposition of capital assets has been approved, properly recorded and occurred as regulated by the City.

Condition: DDHS does not appear to be tracking the proportionate share of local and federal funds used to acquire fixed assets. In addition, the required City forms were not utilized in relinquishing assets.

Questioned Costs: None.

Context: We tested six capital assets that were disposed of during the year ended December 31, 2008 and noted that the proportionate share of federal and non-federal funds used to acquire capital assets was not documented. In addition, for the six capital assets dispositions tested, the required "Transfer of Surplus (13 G/S)" form was not completed.

Effect: By not documenting the proportionate share, the City will be unable to reimburse the federal agency for their share of the fair market value of the asset when it is disposed. In addition, by not utilizing the required forms, the City will have a very difficult time tracking capital asset dispositions and ensuring compliance with City regulations regarding the disposal of capital assets.

Cause: The City does not have a system in place to track and record the proportionate share of funds used to acquire capital assets. The failure to utilize the required form for disposal of capital assets appears to result from the capital asset physical inventory that was conducted during the year whereby it was detected that these assets were no longer in DDHS' possession and as such an adjustment was recorded.

Recommendation: We recommend that the City establish a mechanism to identify the proportionate share of all federal and non-federal funds used in the acquisition of capital assets and that the City consider specific training emphasizing the importance and details of these federal and City requirements.

Reference Number	Finding

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. DDHS will work with the Controller's Office to assess the utilization and practice of recording the source of funds for assets. As an alternative measure of tracking, DDHS will also explore the development of a tool that would capture the source of funds for each new asset. DDHS will issue a policy related to Fixed Asset accounting, which will conform to the City's Fiscal Rule on Fixed Assets. It will include the requirement that all forms be completed in asset disposal situations.

Person responsible for implementing: Kristyne Hernandez, Financial Services Division.

Implementation date: September 1, 2009.

Reference Number	Finding

08-34 **Finding:** Reporting

CFDA No. 14.218 - CDBG--Entitlement and (HUD-Administered) Small Cities Cluster
CFDA No. 16.710 - Public Safety Partnership and Community Policing Grants (COPS)
CFDA No. 17.258, 17.259, 17.260 WIA Cluster
CFDA No. 17.261 WIA Pilots, Demonstrations, and Research Projects
CFDA No. 93.575, 93.596 - CCDF Cluster

Criteria: The Schedule of Subrecipients contained in the Single Audit report should properly report the subrecipients utilized by the City during the year and the amount of federal expenditures passed through to subrecipients.

Condition: During our testing of the Schedule of Subrecipients, we noted inconsistencies between the reported information and the information provided during Single Audit procedures.

Questioned Costs: None.

Context: Revisions were made to the Schedule of Subrecipients to decrease the reported amount of pass-through funds by approximately $2.1 million. The final reported amount of funds passed-through to subrecipients was approximately $29.4 million.

Effect: By not ensuring the accuracy of this information, the City will be unable to provide an accurate Single Audit report as required by OMB Circular A-133.

Cause: Information submitted to the Controller's Office was not properly reviewed by department personnel prior to submission to ensure it was accurate.

Recommendation: We recommend that the City continue to emphasize to departments the importance of providing complete and accurate information to the Controller's Office and consider implementing a monitoring control to ensure that all supplementary schedules required to be presented in the Single Audit report are properly reviewed and reported.

Views of responsible officials and planned corrective actions:

Response: The City and County of Denver agrees. The Controller's Office (CO) will provide training to grant agencies to emphasize the importance of providing complete and accurate information regarding the Schedule of Subrecipients at year-end. This training will also instruct agencies on how to complete the CO's Single Audit package for year-end, which includes the subrecipient list. The CO will also develop procedures that will help verify the information submitted by agencies in the Single Audit package.

Person responsible for implementing: Kelli Bennett, Director of Financial Reporting and Analysis, Controller's Office.

Implementation date: October 31, 2009.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2008

Reference Number	Summary of Finding	Status
07-01	Denver Department of Human Services (DDHS) *Reconciliations and Communications* - The City needs to impress upon DDHS the importance of communication between the Controller's Office and DDHS. DDHS should immediately assess its staffing requirements and ensure that those requirements are met. The City needs to assure that agencies understand the importance and need for timely and accurate reconciliations in order to maintain accurate financial reporting.	Implemented.
07-02	Municipal Airport System *Transaction Review and Performance of Analytics* - The Municipal Airport System should develop a formal process for the oversight of its reported data that incorporates tests of contracts for compliance with revenue provisions, the use of analytics to determine if reported revenues and expenses are consistent with expectations of management, and the evaluation of underlying support for calculations to ensure that the information is the correct information, the results of the calculations are reasonable based on expectations, and that the periods used in the calculations are correct.	Partially implemented. See current year finding 08-02.
07-03	Municipal Airport System *Capital Assets* - The Municipal Airport System should establish policies and procedures for a review of bond documents/loan agreements to determine how property, financed by such agreements, is titled. The Municipal Airport System should continue its development of procedures to improve communication on projects and ensure proper capitalization of construction in progress items. A physical inventory should be performed annually of capital assets.	Implemented.
07-04	Various Agencies *Reconciliation of Accounts* - City agencies must implement controls to ensure that timely and accurate reconciliations are being performed throughout the year, and especially at year-end. Communication between the agencies and the Controller's Office should be improved and the Controller's Office should be involved in all significant accounting determinations and decisions.	Partially implemented. See current year finding 08-01.
07-05	Wastewater Management Enterprise Fund *Capital Assets* - The Wastewater Management Enterprise Fund should adhere to the City and County of Denver's written policies covering capital assets so that there is a consistent application of policies for the capitalization of fixed assets.	Implemented.
07-06	Wastewater Management Enterprise Fund *Accounting Function* - The Wastewater Management Enterprise Fund should perform all necessary accounting procedures, including reconciliations, on a daily, or if applicable, monthly basis and that interim financial statements be prepared and reviewed by appropriate management personnel. Journal entries should be reviewed more closely to ensure they are accurately prepared and posted. Adequate training should be provided to all accounting personnel on an as-needed basis.	Implemented.
07-07	Municipal Airport System *Cutoff of Cash Receipts* - The City should process cash receipts on a timely basis or report reconciling items properly so that transactions can be reported properly in the financial statements.	Implemented.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2008

Reference Number	Summary of Finding	Status
07-08	Public Trustee Office *Lack of Sufficient Controls Over Outstanding Checks* - The Public Trustee Office must become current on all reconciliations and resolve the issues relating to the outstanding checks. The Public Trustee Office should cross-train employees to perform this function.	Implemented.
07-09	Public Safety Partnership and Community Policing Grants (COPS) *Subrecipient Monitoring* - The City should institute and follow subrecipient monitoring procedures. Monitoring should document procedures performed, results of the testing, and follow-up action to ensure that subrecipients are appropriately determining eligibility and are expending funds in accordance with applicable laws, regulations and provisions of contracts.	Partially implemented. See current year finding 08-16.
07-10	Child Care Cluster *Subrecipient Monitoring* - DDHS should implement and follow subrecipient monitoring policies. Documentation of monitoring should include procedures performed, results of the testing and follow-up action.	Implemented.
07-11	HOME Investment Partnerships Program *Davis - Bacon Act* - The City should implement the necessary internal controls and reviews to ensure all contracts subject to the Davis-Bacon Act are monitored for compliance from the beginning of the contract.	Implemented.
07-12	HOME Investment Partnerships Program *Subrecipient Monitoring* - The City should institute and follow subrecipient monitoring procedures. The monitoring should document procedures performed, results of the testing, and follow-up action to ensure that subrecipients are appropriately determining eligibility and are expending funds in accordance with applicable laws, regulations and provisions of contracts.	Implemented.
07-13	HOME Investment Partnerships Program *Earmarking/Subrecipient Monitoring* - The City should institute and follow subrecipient monitoring procedures to ensure the earmarking requirements are met. The monitoring should document procedures performed, results of the testing and follow-up action.	Implemented.
07-14	Child Welfare Services: State Grants *Eligibility* - The City should institute and follow procedures to adequately document individuals' eligibility for the Child Welfare program.	Implemented.
07-15	Medical Assistance Program (Medicaid, Title XIX) *Eligibility* - The City should enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. The review should include an examination of the sample files for completeness and should ensure that the information within CBMS is properly supported by information in each case. Once the review of case files has been completed, proper follow-up procedures should be performed to ensure any discrepancies, inaccuracies or missing information noted are properly resolved.	Partially Implemented. See current year finding 08-29.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2008

Reference Number	Summary of Finding	Status
07-16	Food Stamp Cluster *Special Tests and Provisions* - The City should enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. The review should include an examination of the sample files for completeness and should ensure that the information within CBMS is properly supported by information in each case. Once the review of case files has been completed, proper follow-up procedures should be performed to ensure any issues noted are properly resolved.	Partially Implemented. See current year finding 08-05.
07-17	Child Care Cluster *Eligibility/Allowable Costs/Unallowable Costs* - The City should institute and follow procedures to adequately and accurately document individuals' eligibility for the Child Care program within the CHATS system.	Implemented.
07-18	Shelter Plus Care *Earmarking/Subrecipient Monitoring* - The City should establish policies and procedures to obtain documentation to support the administrative expenditures earmarking requirement from subrecipients and carefully review each invoice submitted for reimbursement for the required support.	Implemented.
07-19	Shelter Plus Care *Allowable Costs/Cost Principles* - The City should implement the necessary internal controls and reviews to ensure that expenditures are accrued and reported in the proper period.	Implemented.
07-20	HOME Investment Partnerships Program *Allowable Costs/Cost Principles* - The City should implement the necessary internal controls and reviews to ensure that all expenditures are accrued and reported in the proper period. This should include follow-up with all grantees and vendors to ensure that invoices are received by the City in a timely manner.	Partially Implemented. See current year finding 08-11.
07-21	Public Safety Partnership and Community Policing Grants (COPS) *Allowable Costs/Cost Principles* - The City should implement the necessary internal controls and reviews to ensure that all expenditures are accrued and reported in the proper period.	Implemented.
07-22	Public Safety Partnership and Community Policing Grants (COPS) *Reporting* - The City should establish procedures to verify only federal expenditures are reported on the SEFA and ensure those responsible for reporting are aware of federal requirements.	Partially implemented. See current year finding 08-15.
07-23	Airport Improvement Program *Equipment and Real Property Management* - The City should compile a list of equipment that has been purchased with federal awards and conduct a physical inventory of that list at least once every two years to comply with the requirements of OMB Circular A-110.	Implemented.
07-24	Temporary Assistance for Needy Families (TANF) *Allowable Costs/Cost Principles and Period of Availability* - The City should implement the necessary internal controls to ensure expenditures are accrued and paid timely.	Implemented.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2008

Reference Number	Summary of Finding	Status
07-25	Low-Income Home Energy Assistance *Allowable Costs/Cost Principles* - The City should institute and follow procedures to adequately document the allowability of LEAP benefits.	Implemented.
07-26	Foster Care Title IV-E, Child Welfare Services *Eligibility* - The City should implement the necessary internal controls and case reviews to ensure that the 90-day reviews are completed fully and timely.	Partially implemented. See current year finding 08-28.
07-27	Adoption Assistance *Eligibility* - The City should implement review procedures that require program supervisors to perform reviews of case files and retain documentation of the review. The City should develop a formal policy regarding information to be retained in the case file.	Implemented.
07-28	WIA Program Cluster *Allowable Costs/Cost Principles* - The City should implement the necessary internal controls and reviews to ensure that all expenditures are accrued and reported in the proper period. This should include follow-up with all grantees and vendors to ensure that invoices are received in a timely manner.	Partially implemented. See current year finding 08-17.
07-29	Adoption Assistance, Foster Care Title IV-E *Reporting* - The City should begin reconciling the assistance payment reports from the TRAILS system with the CFMS expenditure reports on a regular basis.	Implemented.
07-30	Food Stamp Cluster, TANF, Child Support Enforcement, Low-Income Home Energy Assistance, Child Care Cluster, Child Welfare Services, Foster Care-Title IV-E, Adoption Assistance, Social Services Block Grant, Medical Assistance Program *Procurement* - The City should ensure compliance with verification that vendors are not on the excluded party list and that they have documentation of the vendor's insurance coverage.	Partially implemented. See current year finding 08-04.
07-31	Food Stamp Cluster, TANF, Child Support Enforcement, Low-Income Home Energy Assistance, Child Care Cluster, Child Welfare Services, Foster Care-Title IV-E, Adoption Assistance, Social Services Block Grant, Medical Assistance Program *Activities Allowed or Unallowed, Allowable Costs/Cost Principles* - DDHS should establish and follow policies and procedures to ensure that administrative expenditures are recorded in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.	Implemented.
07-32	HOME Investment Partnerships Program *Allowable Costs/Cost Principles* - The City should implement the necessary internal controls and reviews to ensure only allowable costs are charged to the grant.	Not implemented. See current year finding 08-11.
07-33	HOME Investment Partnerships Program *Procurement* - The City should implement policies and procedures to ensure that all contractors maintain current insurance coverage. Documentation should be maintained in the contractor's file.	Partially implemented. See current year finding 08-04.

City and County of Denver
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2008

Reference Number	Summary of Finding	Status
07-34	Temporary Assistance for Needy Families (TANF) *Eligibility* - The City should enforce eligibility review procedures that require case supervisors to perform reviews and retain records of the review over a representative sample. The review should include an examination of the sample files for completeness and should ensure that the information within CBMS is properly supported by information in each case. Once the review of case files has been completed, proper follow-up procedures should be performed to ensure any issues noted are properly resolved.	Partially implemented. See current year finding 08-24.
07-35	Low-Income Home Energy Assistance *Eligibility* - The City should institute and follow procedures to adequately document individuals' eligibility for the LEAP program.	Implemented.
07-36	Food Stamp Cluster *Special Tests and Provisions: Issuance Document Security* - The City should implement procedures to occur at each EBT Card issuance site to ensure the destruction of cards is completed and witnessed by non-issuance staff.	Partially implemented. See current year finding 08-06.
07-37	Food Stamp Cluster, TANF, Child Support Enforcement, Low-Income Home Energy Assistance, Child Care Cluster, Child Welfare Services, Foster Care - Title IV-E, Adoption Assistance, Social Services Block Grant, Medical Assistance Program *Allowable Costs/Cost Principles* - The City should establish and follow policies and procedures so that all indirect expenditures are recorded and reported into CFMS consistently and in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.	Partially Implemented. See current year finding 08-32.
07-38	Food Stamp Cluster, TANF, Child Support Enforcement, Low-Income Home Energy Assistance, Child Care Cluster, Child Welfare Services, Foster Care - Title IV-E, Adoption Assistance, Social Services Block Grant, Medical Assistance Program *Equipment and Real Property Management* - The City should establish and follow policies and procedures so that all tracked and controlled assets are disposed of in accordance with the State's rules and regulations.	Partially Implemented. See current year finding 08-33.